

EIR

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Deflationary shock wave hits stock market
Western Europe, the key to war or peace
Ozone, greenhouse hoaxes exposed in Australia

**LaRouche: How Congress must
act to rebuild after the crash**



FOOD FOR PEACE

On June 23, 1989 Executive Intelligence

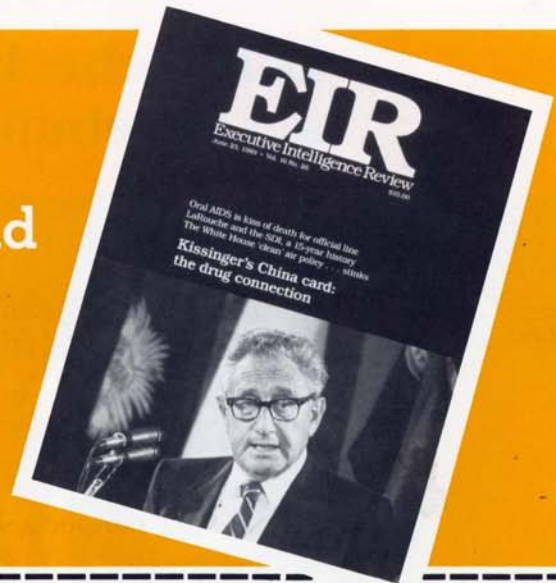
Review exposed Henry Kissinger's lucrative interest in keeping the Beijing butchers in power, in "Kissinger's China card: the drug connection."

On September 15, 1989 Wall Street

Journal published "Mr. Kissinger Has Opinions—And Business Ties: Commentator-Entrepreneur, in Wearing Two Hats, Draws Fire From Critics," where Kissinger's conflict of interest was exposed—without mentioning the heroin trade.

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From the Editor

The dreadful earthquake that shook the San Francisco Bay area, the political tremors rocking Eastern Europe, and the shock wave which struck the Wall Street markets on Friday Oct. 13, combine to pose the questions of radical policy changes at the top of the Western Alliance, even for many citizens who have tried to deny reality up to now.

In this issue, we present two policy-statements that give both principles and concrete measures required in the present crisis. The *Feature* excerpts from the jailed U.S. statesman Lyndon LaRouche's platform for his campaign in the 1990 congressional race from Virginia's 10th C.D. It is primarily directed toward defining what the U.S. Congress and government must do *now* to avert further disaster.

Leading the *International* section is an in-depth report by his wife Helga Zepp-LaRouche, directing her comments primarily to the citizens and leaders of the Federal Republic of Germany, where she chairs the Patriots for Germany party, and the other European countries. She argues that since the U.S. administration is unwilling to fill the political vacuum of leadership in the face of the collapse of the Communist empire, Western Europe—led by West Germany, France, and Italy—must drastically strengthen its European Monetary System and must enlist Ibero-America's assistance in solving the food crisis and rebuilding Poland.

I would like to draw your attention also to the appeal on pages 48-49, regarding the anti-drug newspaper *El Espectador* in Colombia, which has been targeted for destruction by the drug-trafficking cartels. Since *EIR*, along with other publications associated with the LaRouches, has been targeted for shutdown by powerful interests in collusion with the drug traffickers, including the terrorist bombing of our Paris office in 1986, and the ongoing legal persecution of our editors and political fundraisers, our full solidarity with *El Espectador* is only natural. It is a moral obligation to give support, including the necessary financial means, to those press outlets that stand up to the death merchants even at the risk of their lives and liberty.

Any "war on drugs" that omits this, is *hypocrisy*, as condemned by the unforgettable words of Christ in Matthew 23:23-39.

Nora Hamerman

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Peter Sawyer has been branded in Australia as an "extremist threat," because he had the courage to debunk the anti-technology mob's campaigns to brainwash people into accepting the shutdown of modern industry. *EIR* reprints Sawyer's humorous, step-by-step exposé, which first appeared in his own newspaper *Inside News*.

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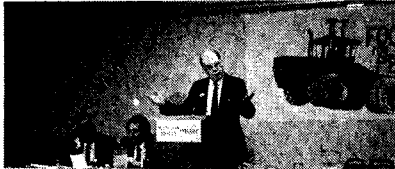
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Bay quake: Infrastructure deficit becomes a killer

by Chris White

Early estimates attributed about 250 of the 270 deaths in northern California's 6.9 on the Richter scale Oct. 16 earthquake disaster to the collapse of a more than one-mile section of Interstate highway 880 in Oakland. Those estimates will probably change as rescue work proceeds. The point is, however, no matter what the final toll in that tragedy turns out to be, that those who died in the collapse of Interstate 880 did not have to. The dead are unnecessary victims of the last 25 years' lack of investment in construction and maintenance of the country's basic economic infrastructure. Tuesday's tragedy in the San Francisco Bay Area proves that the negligence of the last 25 years has become a killer.

After earthquakes in 1971 revealed dangerous deficiencies in the California highway system, a program was elaborated, by 1974, to bring the system up to standard. The program, as devised in the early 1970s, was to have been a three-phase effort. In Phase I, beginning in 1974, \$54.2 million was to be spent to bring 1,262 bridges in the system up to standard. Work was done on I-880, as part of the Phase I program beginning in 1977. In Phase II it was planned to spend another \$64 million to provide steel and concrete sheathing for support columns in some 2,000 structures in the highway system. Phase II of the upgrade, planned by 1974, is still not scheduled to begin until March of 1990. Phase III, in which it was planned to deal with double-column bridge structures, such as the collapsed I-880, remains deferred, 15 years after the work was originally commissioned, pending the completion of engineering studies at San Diego University.

According to Jerry Oliver, Chief of Maintenance for CalTrans, the state's transportation authority, there was not enough money available to finish the job. "We knew the structure needed some changes," he told Reuters news agency. "I do not think there was any intentional effort to avoid correcting the problem. It was a question of where the finances were."

Kyle Nelson, a public information department employee with CalTrans, reported that the Nimitz Freeway (I-880) "doesn't meet today's standards." Stanley Hullet of the California State Transportation Commission told the press, "It is well known that we have no money left in the pot with which to build highways, much less to fix these highways." A CalTrans memo of May 31, 1989 reported that the "degree of retrofit," earthquake-proofing of the highways, was "a balance between economic and technical considerations." The California highway system was not brought up to standard because there wasn't enough money available to do the job.

A national problem

This is the same old song that has been heard so often during the years of the Great Economic Recovery that the country has supposedly been enjoying since 1983. "We don't have enough money," "It costs too much," "You are not considering the realities of the budgetary process." Another CalTrans employee, structures engineer Jim Roberts, put it this way: The shortage of funds during the Reagan administration was, he said, "a national problem." But the national "problem" goes back further than 1981 when the first Reagan administration took office.

California's Gov. George Deukmejian has appointed an investigative commission to examine the causes of the tragic highway collapse. Ian G. Buckle from the National Center for Earthquake Research has been appointed its head; the National Transportation Safety Board, the Federal Highway Administration, and private industry and individuals will be represented. Buckle has already been quoted defending the CalTrans approach of "fixing simple things first, difficult things last." Other officials and engineering experts point to possible design flaws in the structure (dating from 1955—when work on it began—it is one of the oldest in the Califor-

nia freeway system), insufficient employment of reinforcing steel, and the possibility that the structure was mislocated on top of a soft soil structure.

The point is that while people died in the collapse of I-880, that freeway was not the only part of the Bay Area's highway transportation grid to collapse or sustain damage. At least 10 bridges or elevated freeways in the Bay Area were affected. The Embarcadero freeway in San Francisco itself, a construction of the same design as I-880, is likely to be closed indefinitely, though the structure did not fall. Sections of U.S. Highway 101 in San Francisco and San Benito County to the south of the city are shut because bridges and access roads collapsed, and California State highway 17 from Santa Cruz to San Jose is shut. The state coastal Highway 1 is also closed. Such structures were all supposed to have been part of the three-phase earthquake proofing program adopted in 1974, but never implemented.

LaRouche-Riemann model foresaw threat

Nor is the problem, aggravated by the known danger of earthquakes, limited to California. In 1982 and 1983 this magazine did a series of studies of the nation's basic economic infrastructure. Economic infrastructure is comprised of the transportation grid, power generation and distribution, water management and distribution, and communications. The studies were commissioned by Lyndon H. LaRouche, Jr., as part of broader work associated with the development of his model of the physical economy, known as the LaRouche-Riemann economic model. Three features of those studies remain of interest.

Firstly, it was established, from studies of the 1960s, that there is a direct correlation between investment to expand and improve infrastructural capabilities, and increases in the productivity of the economy as a whole. Between 1960 and 1967, when, under the driving impetus of President J.F. Kennedy's Apollo moon-landing program, infrastructure investment, and overall economic productivity were increasing, the curve of increasing productivity, matched the curve of increasing investment in infrastructure exactly, but with one year's delay between the two.

The 1960s saw both the most rapid expansion in the national interstate highway system, planned and begun under President Eisenhower, and also advances in provision of energy supply which have not been matched since. In per capita terms, supply of energy has actually retreated to the levels of the early and mid-1960s, back to before the benefits of that investment surge were realized.

Secondly, studies were done of the failure to maintain investment in all aspects of infrastructure from 1970 onwards. By 1983 we estimated that the accumulated unamortized shortfall, from the standard levels of the late 1960s was in the range of \$3 trillion. By now, highway engineering consultants concur that another \$2 trillion has been added to that estimate in unamortized depreciation and unmet mainte-

nance costs, for a total of \$5 trillion. In the last year people at the Chicago Federal Reserve and at the Massachusetts Institute for Technology have begun to replicate in their own studies work that *EIR* did six and seven years ago.

Thirdly, that such unamortized depreciation and uncovered costs are nowhere accounted for in any of the currently employed tools used for what passes as economic analysis, in either agencies of government or the so-called private sector. Yet the economic costs of producing and supplying every other aspect of economic life are increased, proportional to the decline and collapse of infrastructure construction and maintenance.

Yet, in this respect, California, with the hazards of the earthquake danger taken into account, is really no different than anywhere else in the country. California's highway system, like those in other states, was designed in the 1950s and early 1960s as adequate for traffic volumes which were also reached by the late 1960s and early 1970s. Current volumes of traffic using the system, in California, as in other predominantly urban areas, are three to four times the volume for which the systems were designed.

The gutting of railroad freight systems, typified by the early 1970s bankruptcy and reorganization of the Penn Central system, combined with the effects of Jimmy Carter's trucking deregulation to force freight carriage onto the highways, where unit costs are far more expensive than in either rail or water-borne modes.

Furthermore, the highways were designed to have a service life of between 25 and 30 years. As with electrical generating capacity, built during the same late 1950s-early 1960s timeframe, such structures are, by now, approaching the end of their designed useful life.

This is the overall context in which the lack of funding of infrastructure in California became a killer. Contrary to what the President and his economic advisers say, the economy is not sound. The collapse of infrastructure has been leading the physical economy downward into the condition of economic bankruptcy reached in 1982. Since 1984-85, the U.S. went into financial bankruptcy, too, for in that year, the earnings of the economy in terms of cash flow generation became insufficient to cover debt service and amortization charges on approximately \$7 trillion of debt. Since then, the official word has been, "It costs too much," "We can no longer afford it," when it comes to funding for such necessary investments and improvements. That hasn't stopped us from adding another \$5 trillion debt, and about the same amount in outright speculation over the same four-year timeframe.

In California, Peter Yanev of EQE Engineering in San Francisco reported, "There were no surprises. . . . That we've known these things for years and had no concerted push to do anything is tragic." And Tom Tobin from the State Seismic Commission said, "I get very angry when I see the damage in San Francisco. The government and engineers just have not done what needs to be done. . . . What does it have to take?"

After deflationary shock, market turnaround belies financial collapse

by Steve Parsons

Although the markets were manipulated on Oct. 16 to prevent a repeat of the 500-point dive in the Dow Jones Industrials that occurred exactly two years ago, the financial crash that was supposedly averted after Oct. 13's 200-point drop, is on the contrary, in full swing.

The crash began one month ago, as *EIR* then reported. On Sept. 13, the retail empire of leveraged buyout (LBO) kingpin Robert Campeau failed to refinance a debt payment of \$400 million, and two days later defaulted on its loans and junk bonds. This event triggered a collapse in the junk bond market, with dealers hard put to find buyers, and many bonds becoming little more than toilet paper.

The end of the junk bond boom meant the end of the speculative era of leveraged buyouts—the “creative financing” technique where exorbitant amounts of money are borrowed to merge and purchase corporations. These companies are then stripped of their assets, which are sold off for cash to repay the debt. The cash flow from what remains of normal operations is increasingly diverted for more debt payments, and the company cannot meet either its usual operating expenses or its debt obligations.

In the process, the assets of these debt-ridden firms have been valued at many times greater than their actual worth, and almost invariably have been the collateral for further loans for bigger ventures. The Campeau affair a month ago signaled that the game was now over. The bubble had burst, triggering a deflationary shock wave that is now reverberating throughout the financial system.

Reverse leverage

Within days, reverse leverage started unraveling the rest of the financial system. The collapse of junk bonds and LBOs began to hit the mutual funds market, at the same time that collapsing real estate prices were driving highly leveraged real estate ventures and partnerships into insolvency. All of this intersected falling sales in the retail sector of the economy, as the debt-strapped consumer has simply been reaching the limit on his ability to purchase goods.

It was only a matter of time—in fact four weeks—before the stock market was hit by the expanding shock wave. Contrary to the nonsense pouring forth from the “experts” on Wall Street and the idiot-savants in universities and the na-

tion's capital, virtually *all* of the stock market's “recovery” since the 1987 crash has been driven by these LBOs bidding up the “value” of corporate stock. Such “value” was based on hot air speculation, not on any relationship to what these firms actually produced. Such “creative” techniques have destroyed the real wealth-producing value of the targeted companies.

Black Friday for junk. . .

It was the collapse of the United Airlines LBO deal that triggered the near-crash of the stock market on Friday, Oct. 13. When the UAL buyout group announced that it could not arrange \$6.75 billion in financing for the deal, a stampede out of the market erupted, as panic set in over the collapse of LBOs and junk bonds. “There were so many difficulties in financing so many of these deals, and this appeared to be the best of the bunch,” said one trader.

Several junk bond issues took big losses. One \$500 million junk issue of Southland lost 25% of its value, even though it was not even traded. “Now,” wrote the *Wall Street Journal*, “dozens of corporations . . . that are counting on at least \$7 billion of scheduled new junk financings to keep their highly leveraged takeovers and buyouts afloat, may never get the money.”

While the immediate collapse of the stock market was averted over the following week, the fortunes of LBOs and junk bonds have gone into an irrevocable tailspin—despite Wall Street's insistence that the market has stratified into “quality junk” and lesser junk. During the week of Oct. 9-16, major takeover stocks lost a significant percentage of their value, including: AMR (American Airlines), -26%; Ramada, -24%; UAL (United Air Lines), -21%; MGM/UA, -19%; US Air, -16%; and Delta Airlines, -13%.

. . .and the banking system

But the junk/LBO debacle is threatening far more than the stock market. At extreme risk is the weakened heart of the financial system, the banks and investment houses, as a terrified *New York Times* pointed out Oct 16:

“The turmoil in the junk bond market will almost certainly hurt the companies that have short term ‘bridge loans’ with Wall Street [investment] firms. The rates on these loans,

which are used in buyouts or other recapitalizations, are almost 15%, or as much as 6 percentage points over the bond yield paid by a high-rated company. If the turmoil in the junk bond market continues, such companies, like Prime Computer and Grand Union," could find it almost impossible to replace these expensive loans with junk bonds.

"And if the companies must then pay higher-than-expected interest rates at a time when the economy may be slowing, some companies could default, leaving Wall Street firms like First Boston, Shearson Lehman Hutton, Salomon Brothers, and Merrill Lynch with non-performing loans."

That's exactly what has been happening over the last month, and emphatically so in the week after Friday the 13th. In fact, the big \$1.1 billion junk bond offering for Grand Union could not generate enough interest, despite the traveling road show presentation by its investment banker, Salomon Brothers, which had scoured the country looking for investors. Salomon now holds \$32 billion in Grand Union stock, and has made a \$130 million short-term bridge loan to the company. If they can't market the junk, Salomon gets stuck with a bad loan, which they will then convert to even more equity in the company's increasingly worthless stock.

Like Salomon Brothers, Shearson Lehman Hutton is desperately trying to find investors to buy \$150 million of junk issues of R.P. Scherer & Co. Shearson is now stuck owning 95% of the company's equity and also has a \$116 million bridge loan to it, which could well go the way of the Salomon bridge loan. Prudential-Bache Capital Funding is in a similar bind with York International, having had to postpone a junk offering because of what it says is the "deteriorating" market. It too has both equity and short-term bridge loan overexposures, to the tune of \$57 million and \$180 million, respectively.

Another case is the investment firm of Kidder Peabody, which can't find any buyers for a mere \$156 million of junk bonds of Ethan Allen & Co., a furniture dealer. Kidder also can't market issues of V Cable Inc., which were registered last spring and have not moved out of Kidder's vault since then.

As for new LBO purchases, Kohlberg & Co. has sent a letter to its limited partner investors on how its investment banker—none other than Drexel Burnham—has failed to come up with funds to finance Kohlberg's buyout last summer of Colorado Prime Corp. What this means is that the limited partners of Kohlberg must now finance that buyout by *themselves* coming up with a bridge loan to Colorado Prime! Kohlberg then told his partners that he hopes to be able to pay them back through a junk bond issue by the end of the year.

Other LBO-acquired firms are slipping deeper into irretrievable bankruptcy, as potential buyers vanish. On Oct. 17, Moody's lowered the credit rating of food-processing giant Beatrice, which has been seeking to borrow more

money to meet \$983 million in debt obligations coming due soon. Moody's said the proposed recapitalization may "limit the company's ability to realize its profit potential" and could squeeze "basic business operations."

Even worse, Integrated Resources, which defaulted on debt payments in June and helped trigger the junk bond crisis, has had yet another planned asset sale collapse. The company announced yesterday that a deal to sell its core financial businesses to an unidentified buyer had fallen through, and that its second-quarter losses would exceed the previously announced \$600 million. Earlier, a \$310 million deal with the Bronfman's Whitehall Financial Group fell through.

To top the insanity, mutual funds are also strung out on junk, with some even having borrowed money to buy them. As the junk bond market continues its slide, the mutual funds that use leverage to buy junk bonds could be forced to sell these and other bonds from their portfolios to raise the cash to pay back their borrowings. Shares of one such fund, the New America Fund, have declined 42.5% this year, while the value of its bond portfolio has declined 18%. The closed-end junk bond funds are down sharply this year, with the 13 funds falling an average of 19%.

Furthermore, as Reuters reports in the Oct. 17 issue of *Investor's Daily*, big banks may be losing the means to fund LBOs, due to problems with Third World debt and domestic real estate. Banks will be forced to cut back their lending, and leveraged takeovers may have to be cut back, analysts say.

"The wherewithal to finance leveraged buyouts is shrinking rather dramatically," said analyst George Salem at Prudential-Bache. "When the money center banks added to Third World loan-loss reserves, capital fell, which will result in banks originating fewer deals."

"The banking industry has reduced capital to lend," said Richard Bove at Dean Witter Reynolds. "In the last 10 days, about \$3.5 billion has been cut from the banks' equity from reserve-adding. In theory, this cuts lending."

The pool of institutions which can fund such deals is shrinking. "Not only are the Japanese less enthusiastic buyers, but also U.S. regulators have told thrifts they can hold fewer junk bonds and fewer highly leveraged loans," said Norman Jaffe of Fox-Pitt Kelton.

"U.S. banks will have to increase their holdings of senior debt with the withdrawal of other players," said Salem. "Money center banks will be stuck with larger portions as deals are refinanced and other players wriggle out."

And there won't be much help from Europe. "I hope that Europe will be effective in insulating itself against American financial speculation," a former Swiss bank chairman told *EIR*. "But I also hope that stock market speculation in Europe becomes less. We need a return to more traditional banking instead. We have had enough of financial market liberalization. It had a certain role to play, but that role is now over."

'Invisible' hand steers Wall Street recovery

by William Engdahl

On Friday Oct. 13, the Dow Jones Index of 30 industrial companies plunged in the second worst one-day fall in its history, dropping 190 points in the last hour of trading, a fall of 6.9%, four days after hitting a record high. All eyes of the world were on New York as trading began on Monday Oct. 16. I thought it would be interesting to show readers the actual details of modern American "free market" mechanisms as they worked during this latest crisis.

Over the weekend following the latest Black Friday, there were crisis meetings involving the White House, Treasury Secretary Nicholas Brady, the Federal Reserve, the New York Stock Exchange, and the Chicago commodities futures markets—Chicago Board of Trade and Chicago Mercantile Exchanges. While President Bush was told to "project an image" of calm and control to the public, privately the officials readied their strategy.

Then, at 9:00 a.m. Wall Street's New York Stock Exchange began trading. The Dow immediately plunged a further 65-70 points. Then strange events began to occur. Wire service reports to market traders worldwide were momentarily interrupted with the message that Citicorp's Quotron computer price quotation system had broken down. Most feared the worst. After 40 minutes of trading, the White House issued a terse statement, "We have full confidence in Alan Greenspan." Then the so-called miracle on Wall Street began. But it began in Chicago's stock index futures markets which open one hour after Wall Street. A slow but growing flood of buy orders began to push the futures price for December delivery upward.

Market manipulation

A favorite form of manipulation in recent years has been for the huge Wall Street brokerages such as Morgan Stanley, Goldman Sachs, or Merrill Lynch to make tiny profits into large ones by making "arbitrage" or profits on small per share divergences between the price in Chicago and the actual stock in New York. Computer programs execute split-second "buy" or "sell" programs once the difference between the New York stock index and its "futures" price in Chicago go beyond a pre-set amount. If a broker is large enough, his hour by hour trades can actually move the entire index of stock prices for some minutes of that trading day, and he can take his profits before anyone realizes, leaving the stock market price to fall back by day's end. This game of Chicago-

New York arbitration is called "program trading."

Over the weekend, the Fed and the relevant officials told the large mutual fund managers such as the Fidelity Investment Fund, which pools billions from small investors into central stock funds, that they must ignore the huge number of sell orders they had collected over the weekend. The Fed promised, via select banks, to give the huge mutual funds what monies were needed to satisfy their customers. The Wall Street professional stock wholesale traders were also told by the most prestigious New York bank J.P. Morgan, that they were entitled to up to a \$1 billion credit line Oct. 16, no questions asked, to buy any "sell" orders placed. This insured a virtual selling freeze for the Wall Street stocks which comprise the Dow Industrials Index.

The wider public was told nothing of these free market manipulations by the modern-day version of Adam Smith's modern "invisible hand."

With New York Dow Industrial stocks under control, action moved to the Chicago futures pits. By the morning of Oct. 16, futures traders had been told by the exchange authorities in Chicago that they were not to execute any sell orders but to only buy on that day. After months of FBI *Nacht und Nebel* raids for alleged "insider-trading" abuses, the Chicago traders apparently decided to comply.

Miraculous reversal

The Fed then used the same network of insider banks such as J.P. Morgan and First Chicago to pump funds into the futures markets. This began, under the rigged conditions. The little-known Major Market Index, a selection of only 20 of the 30 companies which comprise the Dow Industrial Index, began to rise inexplicably. These futures, unlike the actual stocks, can be bought on only a tiny percentage of their actual value, a margin of 10%. So, relatively small funds on Oct. 16 in Chicago activated huge movements in the futures MMI and other indices such as Standard & Poor's 100. This triggered automatic buy programs in New York for the stocks of the 30 companies in the Dow Industrials.

Thus, suddenly, while the world held its breath, as if by magic, the Dow began to go from minus 65 points to *plus* 14 by the second hour of trading. With some hesitation, it continued upward, taking about 15 minutes lag between each new "buy" plateau in Chicago to trigger "buy" in New York. By day's end the Dow Industrials had recovered 88 points.

"So much for the free market," commented one angry U.S. stock market analyst. According to this person, Greenspan and company rigged a similar "recovery" on Oct. 20, 1987, the day after the Dow fell 508 points. That time they spent some \$50 million to trigger the Dow rally in New York. This "reverse leverage" is one reason it seemed the Fed pumped in only a tiny amount of funds on Oct. 16-17, some \$2 billion to select banks each day. But as one participant noted, "This is desperation action which can buy time for a few days at best."

Argentina goes to the IMF; poverty deepens

by Cynthia Rush

Anxious to mend fences with foreign creditors and international lending agencies, the government of Argentine President Carlos Menem has just presented a letter of intent to the International Monetary Fund. If the Fund accepts the proposed program to "stabilize" Argentina's economy, it will grant a \$1.4 billion standby loan, the first tranche of which could be forthcoming by the middle or end of November.

The document submitted by Argentina largely complies with bankers' demands that the economy be "deregulated." This means privatizing the state sector, removing dirigistic policymaking tendencies associated with it, and opening up the economy to large amounts of foreign investment, particularly in raw materials extraction.

In monetarist fashion, the letter of intent blames the nation's extraordinary economic crisis on "the lack of fiscal discipline," and promises to reverse this situation by imposing strict austerity to achieve desired goals for controlling inflation and the fiscal deficit. The government says it will reduce the public sector's global deficit from 16% of Gross Domestic Product to 1.25% in 1990; as part of its deficit-reduction plan, it will privatize 26 state-sector enterprises and slash spending overall in the public sector. The letter of intent proposes an inflation target of no more than 2% monthly by the end of this year—September's rate was 9.4%—and an annual economic growth rate of 5-6% for 1990.

Included among the state-owned companies slated for privatization are the telephone company, ENTEL, the airline company Aerolíneas Argentinas, the railroads, the merchant marine fleet, and the service company responsible for maintenance of highways. A decree just promulgated by the government also approves a gradual deregulation of the country's state-run oil industry. Within six months, the government intends to sell 250 oil wells now controlled by YPF, the state oil concern.

Shock measures

The government's economic program, formulated by the Bunge and Born grain cartel, relies heavily on the oil and agricultural sectors to be the "drivers" of the Argentine economy. A recently promulgated decree makes it possible for foreign investors to set up or purchase businesses in the country, with no previous requirements, and eliminates the "buy Argentine" law which offered a degree of protection to nationally produced goods. Almost all tariff barriers are to be eliminated to facilitate imports.

Since taking office on July 8, Menem has reduced the panic which afflicted the country, at that time in the throes of hyperinflationary chaos. Through a series of emergency "shock" measures, his government brought inflation down from the monthly high of 200% in July to 9.4% in September. Despite his call that the population accept greater sacrifice, Menem remains extremely popular.

Given the levels of impoverishment, however, it is unlikely that people can tolerate for long the type of continued austerity demanded by the recent letter of intent. The success of the Bunge and Born plan is dependent on restricting wages and rallying the organized labor movement, controlled by Peronism, behind the program's goals. The government hopes to consolidate a Mexican-style "social pact" in which government, business, and labor agree to wage and price controls.

This is not likely to happen soon. On Oct. 11, the leadership of the General Confederation of Labor (CGT) split over the issue of support for the government's economic policies. Labor leaders close to Labor Minister Jorge Triaca, who claims that the labor movement must unreservedly support Menem's economic policies, and not contemplate the possibility of strikes, ousted CGT Secretary General Saul Ubaldini and other more militant Peronists who had been critical of aspects of the government plan. National media claimed Ubaldini's criticism of economic policy reflected the outmoded "corporatist, fascist" tendencies of Peronist trade unionism which now must be made more "democratic."

Real wages have not recovered from the dramatic 30% decline suffered under the previous regime of President Raúl Alfonsín, despite initial wage increases granted by Menem's government. While most salaries remain in the range of 35,000 to 50,000 australes (\$50), recent studies by the state statistical agency estimate that a minimal salary of 93,000 australes is required to cover the costs of the basic family market basket.

A key indicator of the decline in industrial activity is the fact that membership in the Union of Metallurgical Workers has fallen from 485,000 in 1976 to 290,000 in 1989. Officially, total unemployment stands at 16%.

Statistics released by several private think tanks as well as government agencies reveal that one-third of the Argentine population, or 9 million people, now lives in extreme poverty. Between 1980 and 1988, poverty in metropolitan and suburban Buenos Aires increased by 50%, reflecting the IMF austerity policies imposed by both the 1976-83 military junta and the "democratic" regime of Alfonsín. The statistical agency reports that 725,000 households fall into this category, and of this number, 69% can be classified as "newly impoverished."

In the country where few once went hungry, 44 children nationwide daily die of malnutrition. In the province of Buenos Aires alone, over 2,000 soup kitchens operate to feed the hungry.

France's anti-drug program

President Mitterrand vows to be pitiless with drug-money banks, and to fight for development in producer countries. By Christine Schier.

The French government has defined a bold, two-pronged attack to the drug problem which, if carried through, could lead to a global reform of the international financial system. The two prongs are shutting down money-laundering networks and ensuring development in producer countries. Such were the themes which dominated President François Mitterrand's mid-October trip to Ibero-America. He made a surprise stopover in Bogotá in order to attest to "France's support for the fight being waged by Colombia against the drug-traffic," according to Elysée spokesman Hubert Vedrine.

Mr. Mitterrand linked the success of the war on drugs to a policy of economic development and of debt reduction. In Venezuela, in Ecuador, and in Colombia, Oct. 9-15, he expressed deep skepticism over the U.S. Brady Plan, which claims to alleviate the crushing foreign debt burden, and he "passionately" denounced those international banks that launder proceeds for the drug mafia.

France has long recommended a global approach to the Third World debt problem, as opposed to the case-by-case negotiations used by the United States. Speaking to the Venezuelan Congress, Mr. Mitterrand described the Brady Plan as "too slow and biased"; case-by case-approach "allows powerful countries to exercise their force more than they should." The root of the drug problem, in his words, is "misery." "It is not enough for [producing] countries to counteract drug trafficking. Every responsible country in the world should be concerned with the means of reducing misfortune and misery." He insisted upon the need to give indebted countries the means to develop alternative production to cocaine and of stabilizing the prices of raw materials.

Although this may not sound new to people familiar with Lyndon LaRouche's proposals, it is probably the first time that a Western head of state has shown any determination to act on the problem. It should also be noted that for the first time the French media were posing on a daily basis the alternative in very clear terms: development or drugs, debt relief or drugs. The U.S. government, and the British government of Mrs. Thatcher, have on the contrary attempted to divorce the drug problem from the economic context.

Mr. Mitterrand declared in Bogotá: "I disapprove of the

breaking of the international convention on coffee, which was motivated by considerations of an ideological nature about the free market." This is a clear attack on U.S. policy, since the decline in coffee prices imposed by Washington has caused Colombia to lose \$500 million and encouraged Colombian peasants to go into coca production. As Colombia's President Virgilio Barco has pointed out, the loss amounts to eight times the anti-drug aid package offered by the Americans. Mr. Mitterrand intends to bring the issue up within the European Community, of which he is chairman until the end of the year. Fully one-third of Colombia's export earnings come from coffee.

This is not the first intervention the French government has made in favor of stabilizing commodity prices: The President of the Ivory Coast, Félix Houphouët-Boigny, has been waging a tireless war, supported by France, to maintain coffee and cocoa prices on world markets. Last May, the French government canceled the debts of the 35 poorest countries in the world.

Parallel to Mitterrand's visit to South America, the Presidents of the main drug-producing countries—Colombia, Bolivia, Peru—were meeting in Ica to map out a common strategy, and called for a special Inter-American summit on drugs, which George Bush agreed to attend. Mitterrand was also invited by Peruvian President Alan García, who undoubtedly would like him to counterpose his views on development to those of Washington.

It would not be the first clash between Paris and Washington on the subject. At the Paris summit of the Group of Seven last July, Washington, supported by London and Bonn, refused to discuss the global approach to the debt crisis proposed by Mitterrand, as well as great infrastructure projects for the Third World that France is working on (especially flood control in Bangladesh and greening projects in the Sahara).

The recurrent flaw in French proposals is that the government never challenges the World Bank and International Monetary Fund policies. Indeed, Mitterrand makes it a point to applaud their activities in the Third World. It may be relevant, that French technocrats have frequently headed



French President François Mitterrand. In pledging support for Colombia's fight against the drug traffickers, he emphasized that economic development is the key to winning the war on drugs.

these institutions (Michel Camdessus, Jacques de Larosière).

Abolish banking secrecy

In Caracas, Venezuela, François Mitterrand shocked many by stating he was in favor of "abolishing banking secrecy in the world," and calling on banks "everywhere in the world, to investigate and check the origin of funds" deposited. In this, he said, "we must be absolutely ruthless." Any French banker caught laundering drug money "will face harsh sanctions and be treated like a common criminal." In the European Community, "so-called honorable institutions may be making a living from receiving and using this money. . . . I do not wish to make any hasty statements. But I have my suspicions."

After the G-7 heads of state had agreed in Paris on the need to dismantle banking circuits involved in dirty money, the French government organized a conference at the end of September which brought together banking and police experts from the different countries to discuss the problem. Oddly enough, the meeting was entirely secret and no information filtered out into the press, except to report that offshore banking paradise Luxembourg had refused to participate.

The anti-drug program developed by Interior Minister Pierre Joxe (see box) is heavily focused on money laundering and greatly increases the means of law enforcement agencies to track down financial criminals.

Claude Cheysson, former foreign minister and former head of the European Commission, recently called for a "brutal repression of those who every government knows are laundering drug money. This criminality should be a felony." He also showed skepticism about controlling the export of chemicals used in refining heroin or cocaine, and other addicting drugs: "Let's not fool ourselves. The power of the pharmaceutical companies far outweighs ours."

During the same conference, held in Paris Oct. 8, French Health Minister Claude Evin stated he "was ferociously against any decriminalization. This would be a Munich-type approach to the problem," he said, referring to the infamous

appeasement of Hitler in 1938 at Munich. In a well-aimed blow at Milton Friedman and his acolytes in France such as Guy Sorman, Evin added: "The theoretical argument in favor of decriminalization brings to mind the disastrous economic policies of the Chicago School."

Finally, we should note an important editorial published in *Le Figaro* of Oct. 13. The well-known journalist George Suffert denounced the indispensable "complicity of certain states and many banks" in drug running. The "banking universe" is a "closed circle with its own rules and especially secrets" that must be opened up, according to George Suffert. He does not hesitate to attack Syria by name: "Should Syria be allowed to finance her military adventures with the blood of the youth from New York, London, Paris, or Bogotá?"

In Venezuela, Mitterrand ended a speech on the banks by advising "just a little more patience." But such an attitude, given the precariousness of the financial system and the intensity of the drug mafia's reprisals, could prove fatal.

The "sacred duty" of France

French Interior Minister Pierre Joxe announced his plan for fighting drug-running in an interview with the daily *France-Soir* of Sept. 9. Stopping the drug plague is the "sacred duty of France" according to this Socialist minister who considers this task "the most important job of his ministry." The measures he announced involve important increases in manpower for various law enforcement agencies. Other highlights are:

- Creation of an agency for repression of financial crime. Fifteen "super-cops" specialized in finances, accounting, and taxes, will be responsible for identifying and dismantling drug money connections.
- Specialized groups have been set up within the judicial police of four major cities (Marseilles, Bordeaux, Versailles, Lyons) in order to investigate all kinds of financial traffic, but especially drug-related ones.
- The number of investigators at the French drug enforcement agency, OCTRIS will be doubled.
- Anti-drug specialists from the French police will be sent to many "risk" countries, in accordance with international agreements. They will act as technical consultants and intelligence relays.

France has already extended technical assistance to Colombia. Teams from the Security police are there to train Colombian investigators in detecting drug traffic, and others are collaborating on the security systems for prisons.

Avtex subjected to 'green' witchhunt

by Nancy Spannaus

Mrs. Spannaus, a LaRouche Democrat running for U.S. Senate in Virginia, issued the following statement on Oct. 18 in the town of Front Royal, summing up the plight of the Avtex Fiber company, the nation's only producer of carbonized rayon, a key component of the engine nozzles for the Space Shuttle.

From everything I have been able to learn about the so-called pollution problem at Avtex, there is only one conclusion to be drawn: Avtex is the victim of a witchhunt by an anti-science mob which is committed to tearing down our country's high-technology industry piece by piece.

The history of the prosecution of Avtex, beginning at least in 1988, is one of a group of radical environmentalists committed to shut down a plant which is producing a strategically vital material for our space and defense program. Each time that a pollution problem was identified, a fine was imposed. Each time a pollution problem was corrected, a new one was sought and found. Legally, the state escalated as well, going as far as to now threaten criminal penalties for allegedly deliberate pollution.

Virginia Attorney General Mary Sue Terry has foamed at the mouth because Judge Markow has refused to immediately shut down the plant without a trial. Is Miss Terry an expert in environmental science? There is surely no evidence of that. She has certainly shown no concern about the workers here. In fact, there is precious little evidence that there is any threat to human health at all from the plant. Rather, the pattern is that Miss Terry is prepared to use the tactic of punitive fines and prosecutions to shut down any organization which she finds politically objectionable—from publishing companies associated with Lyndon LaRouche, to the United Mine Workers of America, to Avtex.

Why does Miss Terry find Avtex politically objectionable? That's a good question to explore. It is well known that Miss Terry has been politically sponsored by certain coal companies, including A.H. Massey. Recently, it has also come to light that she was heavily promoted in her political career by one of her clients from Patrick County, one Didier

Primat, who happens to be a very rich board member of the international corporation, Schlumberger Ltd. Schlumberger is known for its banking, oil exploration, and international gun-running operations. One thing is for sure: Miss Terry is not acting in the interests of the general good of the citizens of Virginia.

While it is granted that Avtex is an old plant, which should have the credit available to it for modernization, I am highly suspicious of all the accusations of its being a serious polluter. For example, one of the environmental violations was for too high emissions of sodium sulfate—a chemical recently found not to be carcinogenic or harmful at all!

Then there is the question of PCBs, polychlorinated biphenyls, about which the current scare is being raised. PCBs, a chemical used for insulation, have been banned since the late 1970s. But they have never been proven to cause cancer, or be lethal to humans in the United States, when used normally. They are chemicals which have been used for 50 years, and heavily discarded into the nation's waterways, where they dissolve extremely slowly. There was one major incident of PCB poisoning in Japan in 1968, when 1,300 people consumed rice oil contaminated with a PCB heat-transfer gas. Otherwise there is one study allegedly proving that PCBs cause cancer in rats, while other studies yield no such proof.

Environmentalist hokum

Now, obviously Miss Terry is not the source of the scare about PCBs in general. That has come from the Environmental Protection Agency and the whole host of well-heeled environmental groups which are roaming the country looking to remove all chemicals and industrial processes which have been associated with our increasing standard of living. When the EPA and foundations like the World Wildlife Fund, the Environmental Defense Fund, and the Rockefeller Brothers Fund began this dirty work in the 1960s and 1970s, our citizens looked askance. After 20 years of anti-science hysteria, we have swallowed this lie—hook, line, and sinker.

Let me give a good example of the reliability of the EPA. Back in 1972 the EPA came on the political scene in a big way, with the banning of DDT, the pesticide that kills disease-carrying insects. The EPA's claim, on the basis of alleged studies, was that DDT caused cancer in humans. In fact, even the scientific testimony presented to the EPA didn't support that contention. But the EPA administrator banned DDT, depriving millions of people of the ability to cheaply and efficiently kill insects carrying deadly diseases.

In January 1989, a ten-year medical study was released that underlined this point. The study, published by the *American Journal of Public Health*, studied 919 people over 10 years, and analyzed their mortality rate and cause of death in relationship with the levels of DDT in their blood. The conclusion was unequivocal: "The findings of this study do

not support the hypothesis that exposure to DDT increases cancer mortality.”

We need technological progress

The most corrosive influence afoot in today’s environment is the sabotage of technological progress. Gradually our nation is being de-industrialized on the “theory” that progress is dangerous to our health.

This kind of thinking is turning us into superstitious and immoral fools. It is obvious that industrialized society has lengthened our life spans and improved our standards of living, and our capacity to vastly increase our mastery of nature and the Solar System. If we decide to stop that process now, we are first and foremost, denying those benefits of technological progress to that vast majority of individuals on this Earth who are still living hand to mouth. This is immoral.

Secondly, if we stop that progress, we will destroy the very basis for our own continued existence. My agricultural adviser Jack Hall has one good example. We could always go back from tractors to horses, Jack says, to prevent “polluting” with diesel fuel and the like. But, if we do that, we will have to face the fact that what is now a “surplus” of grain beyond what the farmer needs, is going to have to be fed to those draft horses. (This is not even to mention the problem of all that horse manure!) A lot of the grain available for feeding the city folk, and for export to other countries, is going to be eaten by those horses. And people will starve.

In other words, industrialization has allowed us to improve our productivity per individual, and per hectare, so that we can support more and more people at higher and higher living standards. If we reverse that process, our capacity to support people shrinks—and people die. That’s what many of the environmentalists openly want. Hopefully, most of the American people, deluded as they may be by environmentalist mumbo-jumbo, won’t agree with them yet.

In fact, the suppression of industrialization is what now is throwing us into the worst depression of the 20th century. To stop this depression, in which hundreds of millions could die, we must restart our farms and our industries, build infrastructure like mad, and bring millions into high-technology industrial projects. Environmentalist actions such as this one at Avtex, are obstacles to getting out of the depression. For the sake of our future, and that of the entire world, this environmentalist insanity must be stopped!

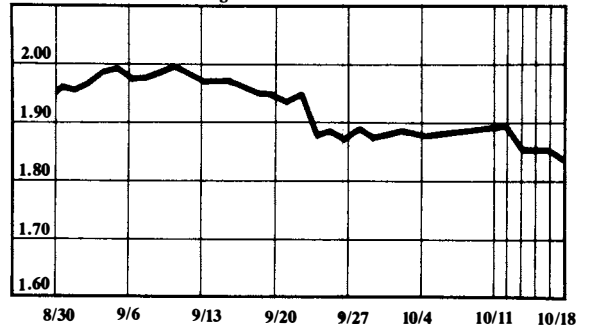
Senator John Warner, my political opponent, has called hearings on Avtex, to be held in the next weeks. Senator Warner has showed himself to be precipitous, and foolhardy, if not worse, in his statements and decisions on Avtex during the past months. Those who know something about this plant, should ensure that the environmentalists do not control those hearings.

In addition, I believe that Miss Terry, who is acting on a political motivation to shut this plant, should get some political heat for her actions. Not to apply it is suicidal.

Currency Rates

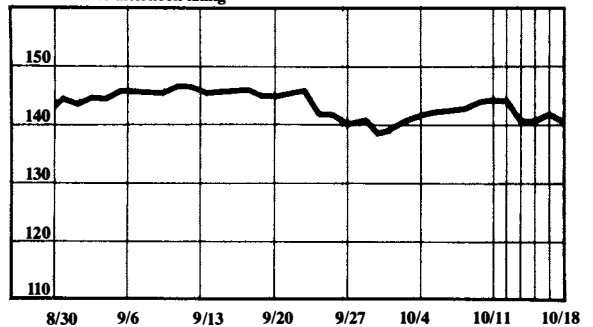
The dollar in deutschemarks

New York late afternoon fixing



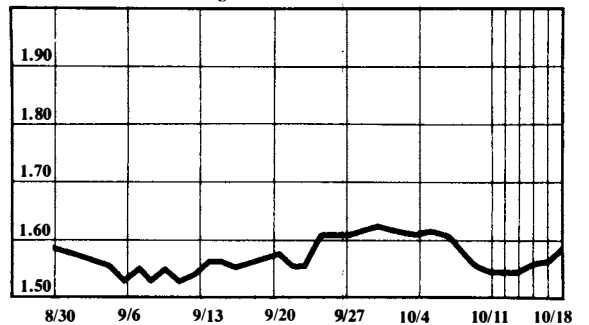
The dollar in yen

New York late afternoon fixing



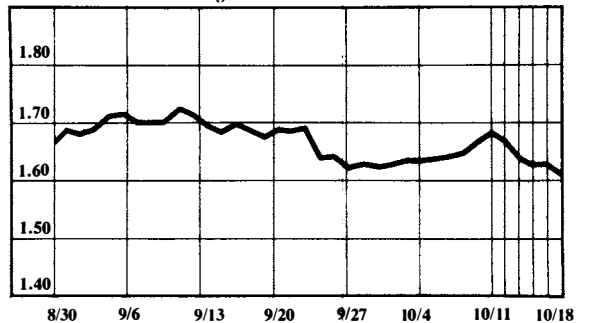
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



There's no tradeoff between food production and population growth

by Marcia Merry

Crocodile tears flowed freely at the Mayflower Hotel in Washington, D.C. on Oct. 16-17, when 100 people gathered for the 17th annual conference of the Agriculture Council of America (ACA). The conference was entitled "Food and the Environment: a Crisis of Public Confidence," and its theme was how to reconcile the job of feeding hungry people with that of providing "safe" food (free of "chemical contamination," etc.) and of not depleting the environment.

A close look at the concepts presented over the two days shows that the conference actually resembled a gathering of foxes discussing how to be charitable to the poor chickens.

Among the more than 20 speakers were former Agriculture Secretaries Orville Freeman—president of the ACA—along with John R. Block and two members of Congress active in agriculture and environmentalist legislation, Sen. Wyche Fowler (D-Ga.) and Rep. Pat Roberts (R-Kan.). The event was co-sponsored by the Resources for the Future subgroup of the National Center for Food and Agriculture Policy.

The theme struck by the conference is, on the surface, a reasonable one: There should be no tradeoff between feeding people and maintaining the environment. In the words of Freeman, "As I have said on many occasions before, I think we make a potentially dangerous mistake when we frame the question in an adversarial light—to serve humanity or the environment. These goals need not and should not be mutually exclusive. Properly focused, the combined resources of the food and fiber industry, along with the environmental and conservation community, should be able to acknowledge the importance of both goals, and forge a commitment to pursue them together."

Orville Freeman has even been making an issue of the fact that millions are starving in the world. In July, at the World Future Society Conference in Washington, D.C., Freeman said that meeting the food needs for population increase "will take a total mobilization of all global productive resources—including land, infrastructure, people skills, and technology—to prevent massive famine in the decade

of the 1990s and beyond. Even conservative projections call for a population increase of over 1 billion people—bringing the world's population to 6.2 billion by the year 2000. These same projections predict a population of nearly 11 billion by the year 2050. This increase will take place in a world where already over 75% of the population can barely feed themselves; where almost 500 million people are severely malnourished; where 15 million children worldwide die each year from starvation—that is over 41,000 every day."

In this sentiment, Freeman would appear to stand out in opposition to such other "experts" as Lester Brown, the head of the Washington, D.C. World Watch Institute. Brown says, "The only reasonable goal will be to try and cut [population growth] in half by the end of the century, essentially what Japan did in the '50s and what China did in the '70s."

But look again. Orville Freeman has had a long career of service to the international food cartel, which has wrecked the production capabilities of independent farmers in the advanced sector and kept Third World countries in backwardness. For many years he was governor of Minnesota, the home base of Cargill Corp., one of the premier food cartel companies. He then served as agriculture secretary in the Johnson and Kennedy administrations, where his "free trade" agriculture policies gave a free rein to the cartel companies.

And look behind the façade of reason presented by Freeman in his "Opening Remarks" section of the Oct. 16 conference agenda, and you find policies elaborated that will lead to further starvation, on the scale of genocide, if they are implemented. The key, is the elimination of advanced technology in agriculture.

Look at the conference panels.

The first panel was "Agritechnology in the 21st Century; A New Era of Sustainability." Here various types of retrograde agriculture practices were presented, which any farmer would be familiar with, which systematically call for *less* energy per acre to be applied to food output (e.g., manure, not chemical fertilizers; foregoing insecticides) This is an automatic prescription for less food in the future, for degrading acreage, and for pauperizing farmers. The common de-

nominator to these proposals is that the farming would be *low cost*—primitive and labor-intensive. The buzz words for these practices are “sustainable” or “alternative” agriculture, as distinct from “conventional” or modern, high-technology farm practices which enhance the environment and produce higher food yields at the same time.

It is estimated that by systematically imposing low-energy farming, also called Low Input Sustainable Agriculture, or LISA, food output would drop by at least 15-25%, and the environment would accordingly decline. Many of the member organizations of the ACA know this full well, especially the chemical companies, but they favor population reduction, and go along with the hoax that low input agriculture will not reduce yields.

Another panel was called “A Balancing Act of Science and Politics.” Foremost among the speakers on this topic was Georgia Sen. Wyche Fowler. Fowler is decidedly “unbalanced” on the side of radical environmentalism. His key points were that if there is even a hint of public suspicion of danger from a farm chemical or other practice, then the chemical or practice should be eliminated immediately, and don’t worry about the scientific issue involved. He said this would prevent undue conflict between Congress and the regulatory agencies, such as the Environmental Protection Agency and the U.S. Department of Agriculture.

Back to the pyramids?

Fowler is the pet politician of fanatic environmentalist circles like the World Wildlife Fund/Conservation Foundation, the Audubon Society, and the Rodale Institute. This past spring, he introduced draft federal legislation, in the name of “Water Conservation and Farm Preservation,” that called for sweeping penalties on farmers for violations of proposed new regulations to maintain water purity and other environmental concerns. Fowler said that the “sustainable” farming practices of ancient Egypt were good for the environment and a good model for today. He joked that he possesses these insights because he has been reincarnated from the time of ancient Egypt until now. One can only assume that he has overlooked the fact that the only thing “sustained” since the time of ancient Egypt are the tombs—the pyramids!

The final conference panel was on “Public Impressions: Media Images of the Food and Fiber System.” Here, the introductory speaker, former Agriculture Secretary John Block, now president of the National American Wholesale Grocers Association, gave a flag-waving tribute to how science should prevail over “fiction” when it comes to questions like the safety of chemical pesticides. On the surface, Block spoke in opposition to Fowler; but he simply appealed for public education to counter the onslaught of misinformation over food safety now being spread by the media.

What the event added up to was a mish-mash of platitudes and wrongheadedness—such as that of poor Senator Fowler—called “Witch Fowler” by Georgia farmers—while the

real “public education” drive of the group will be run from behind the scenes.

On Oct. 18, the new chairman of the board was elected, William F. Kirk, from the agriculture products department of Edgar Bronfman’s Du Pont Corporation. This reveals more of the real story behind the entire gala proceedings. In case after case, Du Pont has led the way in both sabotaging new technologies that would produce more food, and do it safely. For example, in the case of applying pesticides to crops, there could be one-quarter less chemical pesticides used in greenhouse and field crops if the chemical application were electrically charged first. The R&D for this was worked out decades ago. FMC Corp., the food and farm equipment manufacturer, was prepared to start mass-producing the needed equipment. But Du Pont did everything possible to sabotage this innovation, in the wrong perception that its own interests would be harmed by falling sales of farm chemicals. FMC backed away from manufacturing the equipment.

Even more outrageous, Du Pont has done everything to orchestrate the international ban on chlorofluorocarbons, which are used in refrigeration. Now Du Pont expects to gain simply from controlling, along with a cartel of other chemical firms, the patents on processing of alternative, less efficient refrigerants. This will make food refrigeration prohibitively expensive for billions of people.

So much for the new leadership of the ACA. Yet the membership of the group is so diverse, that the confusion that ACA can wreak upon the public is great. The ACA does not lobby for legislation, but functions as an umbrella public relations group for a broad spectrum of food related groups and companies.

The ACA officers and members of the board include individuals from ICI Americas, the Chicago Board of Trade, the pork producers, peanut growers, the wheat associations, and John Deere and Co. The ACA Education Foundation board includes representatives from the National Farmers Union, National Farmers Organization, Riceland Foods, Du Pont, and Women Involved in Farm Economics.

Over its 17-year history, the ACA has defined the “line” that is to go out through many different channels to the farm and food community. For example, in recent years two ACA-certified issues have been the necessity for international “fair trade,” and the issue of Third World development. In both cases, the ACA put out smokescreen propaganda for the international financial and commodities cartel interests—such as Du Pont and the major banks—which defined fair trade as that which was free from sovereign, national restrictions on the functioning of the cartels. These select interests defined Third World development as requiring only low-cost, low-level, “appropriate” technology for agriculture and the food industry.

At its Oct. 18 board meeting, the ACA adopted a new program, “A Program for Environmental and Food Related Issues,” which is to be elaborated over the coming months.

Another Brady Plan failure

International bankers are refusing to bail out Venezuela, while the looting continues and social upheaval looms.

In March 1989, U.S. Treasury Secretary Nicholas Brady announced the imminent implementation of a plan to reduce the Ibero-American foreign debt by 50% while bringing fresh money to the most indebted countries. His plan was to begin with Mexico and Venezuela. Seven months later, the deal announced with Mexico is an admitted fiasco. With respect to Venezuela, spokesmen for the international banks are now saying that the potential for applying the Brady Plan to that country is "virtually null."

On Sept. 22, when it had become evident to all that the banks had no intention of implementing a Brady Plan bailout of Venezuela, President Carlos Andrés Pérez convoked a summit meeting of all the economic, political, and labor sectors of the country. He attempted to explain the Venezuelan debt situation, bitterly complaining that the banks "lacked heart," but that Venezuela could not present them with an ultimatum because "a debtor country cannot impose conditions."

Miguel Rodríguez, planning minister and architect of the government's austerity package, explained to the same gathering that the banks had rejected Venezuela's initial proposal for reducing the debt, because it was "too ambitious." Now, he said, Venezuela's negotiators are prepared to offer new guarantees to the creditors. He also said that one shouldn't fixate on "magic numbers" regarding reduction of the debt, and stressed that Venezuela will offer "better guarantees" than Mexico in winning an agreement with the banks.

But what are these "better guarantees"? In the first months of the year,

Venezuela carried out bankers' orders and imposed a brutal package of austerity measures which has reduced real wages by 50%, while paralyzing industry and agriculture. This "good behavior" earned Venezuela an expanded credit facility from the International Monetary Fund (IMF) for several billions of dollars, of which they have only received \$450 million to pay overdue interest on the debt for the first quarter. The creditor banks have neither reduced the debt nor delivered a cent in fresh money.

The banks then demanded the immediate payment of more than \$900 million in debt service arrears. Given the physical impossibility of meeting that demand, 15 of the creditor banks gave Venezuela a "bridge credit" of \$600 million, to be paid—with interest—on Dec. 28. Venezuela had to draw on \$300 million of its own shrinking reserves, paying the \$900 million on Oct. 6.

But the banks want other kinds of guarantees as well. Creditor spokesmen are insisting that Venezuela not be permitted to discount its debt because it has adequate resources of its own, especially oil, iron, aluminum, and gold, exploited primarily by state-sector companies. Until now, President Pérez has rejected the banks' bid for oil futures or stock in the state oil company PDVSA. However, proposals for debt-equity swaps and privatization of heavily indebted public sector companies are growing ever more popular.

For example, there is the case of SIDOR, the national steel company. The Venezuelan press revealed a World Bank proposal for progressive

privatization of SIDOR, as the spearhead for a so-called "industrial reconversion" of the Venezuelan Corporation of Guayana, which also includes bauxite, aluminum, and gold companies. The argument is that SIDOR and the other companies are "technically bankrupt" because their debt in bolivars soared when the IMF decreed a unified exchange rate which eliminated the preferential dollar of 14.5 bolivars and raised the free rate of 38 bolivars to the dollar.

In case any doubt remains about the intention to bankrupt Venezuela's basic enterprises, to auction them off to creditors, Planning Minister Rodríguez announced Oct. 13 that the Eighth National Plan cuts the budget for the state-sector companies of the industrial city of Guyana by a whopping 722 billion bolivars, down to a mere 136.5 billion, "because there is no money for monumental projects when resources are scarce."

According to official figures, the GNP will fall by more than 6% this year, unemployment will surpass 17%, and inflation is expected to reach 80%. Minister Rodríguez has admitted that inflation will continue to rise, especially food prices, in large part due to a 40% drop in agricultural production over last year's already reduced output.

The construction industry is paralyzed, since the population is devoting more than 70% of its income merely to food, without the ability to acquire or improve housing. Economist Domingo Maza Zavala recently revealed that workers' buying power has suffered a fall that will reach 50% by January 1990, threatening "a social explosion of untold consequences."

Many people believe the explosion could occur sooner. On Oct. 6, neighborhood and street vendor protests were smashed by the police.

Funny business in the corn harvest

Are the USDA and the food cartels using the aflatoxin scare against the beleaguered American farmer?

Just as the corn harvest is reaching completion, reports are coming in of corn rejected for delivery by the grain cartel companies because of reputed presence of aflatoxin—a toxin produced from mold in the crop. While this has been a problem in the corn belt, especially in the 1988 harvest, there are some open questions today about the aflatoxin problem. Farmers in Texas and Oklahoma are reporting that their corn is being rejected for top grade sale because it tests positive for aflatoxin. But the farmers cannot arrange corroborating tests. And, they add, there is some “funny business” going on in the grain trade.

In any case, if there is widespread aflatoxin contamination of corn, then the farmers hit by the low prices it brings must have emergency help, or this will be the last harvest for thousands of them. This is a matter of concern for the preservation of our national food supply, and our ability to export.

Aflatoxin is a deadly substance produced by a mold that tends to occur in corn under certain, dry growing conditions. In the right concentrations, it is very damaging to livestock; it can also be harmful if ingested by humans (for example, in “organic” peanut butter or similar unprocessed foods). In the killer drought of 1988, the mold became very extensive in corn. However, this year, the conditions were less favorable for this pest.

In the southernmost parts of the corn belt—in central Texas and sections of Oklahoma, the corn harvest has been in for 45 days or less. The weather has been dry, but not exces-

sively so. In fact, yields have been mercifully up over the average, and very much increased over last year’s drought-stricken harvests.

In central Texas, this year’s corn came in at 100 bushels an acre, compared with 80 bushels an acre “normally.” Grain sorghum in the same area came in at 4,800 pounds per acre this year, compared with the “normal” yield of 4,500 pounds per acre.

Therefore, it came as a shock when farmers went to ship their corn out, and the buyers claimed it was contaminated. This claim is based on tests the farmer has no ability to confirm—or challenge.

The situation is a disaster for the individual farmer. One Oklahoma farmer near the Missouri border had pre-contracted on the futures market to sell half his corn crop for delivery now, at a price giving him about \$30,000. He did this as a hedge against price changes. However, suddenly, the whole deal is off—at his expense. The recipient has refused to take delivery, claiming that the corn is contaminated by aflatoxin. The farmer has no immediate recourse to get alternative tests to verify this claim.

In Texas, farmers have been told the same thing about their grain stored at an independent elevator near Austin. Local farmers brought in their corn, which was clean grain, with good “bushel weight,” but after a time, the elevator officials informed them that the grain trade brokers refused to buy, because of claims that the grain tested positive for aflatoxin.

The plot thickens. The USDA’s

Federal Grain Inspection Service began using a new aflatoxin test this October. As of Oct. 1, the FGIS began replacing the Holaday-Velasco (HV) minicolumn and the thin-layer chromatography (TLC) methods that have until now determined the presence of aflatoxin in corn, with the new test kits at FGIS field office service points. There will be an interim period until April 1990, when the TLC and HV methods will still be used, upon request, to test grain for domestic and export contract requirements. After April next year, the newly approved commercial aflatoxin test kits will be used.

Besides tinkering with tests, what is the USDA doing to aid farmers hit with this crop mold because of weather? Nothing. On Sept. 29, the USDA simply issued a press release on the new aflatoxin test procedures, not on what to do about the problem.

This serves the interests of the big name companies that form the grain cartel (Cargill, Archer Daniels Midland, Bunge, Continental, Garnac/André, Louis Dreyfus). There are grounds for the suspicion that these companies are in line to acquire the condemned grain at rock bottom prices, and then to mix it with uncondemned grain, or use the wrongfully condemned grain, to meet contracts. These companies control 90% of the world grain trade. There is no market outside their control.

One Texas farmer points to an amazing “coincidence” that has occurred in the last month. Some farm magazines, such as the *Farm Journal* and the *Farmer-Stockman*, have begun carrying advertisements by grain buyers looking for “off-grade grains.” In turn, these scavengers could quietly funnel the grain right back to the channels of the grain cartel companies, which now would get grain at dirt cheap prices.

Business Briefs

Inflation

Italian daily warns of financial 'Hiroshima'

The Italian daily *La Repubblica* warned of a financial "Hiroshima" triggered by a massive new injection of liquidity into the international financial system, in an Oct. 15 editorial.

The editorial comments that "the mountain of paper already circulating is tremendous," so if massive new amounts are brought in, the result will be a —financial equivalent of the atomic bomb dropped on Hiroshima, but on a world scale.

The "mountain of paper is out of control," *La Repubblica* warned, adding that this applies not only to the United States but also to Europe.

Stock Market Crash

Germany's Schmidt sees 'domino effect'

Former West German Chancellor Helmut Schmidt warned of a "domino effect" in the aftermath of the Oct. 13 stock market crisis.

Speaking at a conference in Rimini, Italy on Oct. 15, he said that there was a risk that "complications" could arise in the world exchanges, a "domino effect," or "chain reaction" going from exchange to exchange. He said there was a "technical incapacity" to deal with the situation, because of the massive deregulation that had developed globally. Schmidt's warning was prominently covered in the Italian daily *Corriere della Sera* on Oct. 16.

Sharing the podium with him to discuss the global financial situation, were Alain Minc, financier Carlo De Benedetti's right hand man in France; Cornelius van der Klugt, chairman of the board of the Dutch Philips conglomerate; and Robert Hormats of Goldman Sachs investment brokers in the United States. Except for Hormats, the speakers were generally cautious or pessimistic about the immediate prospects in the world financial situation.

Schmidt also called for an emergency economic aid program for the Third World—but tied to radical malthusian measures for population control. He characterized the global financial situation as "disastrous," and "on the edge of collapse," and said the main cause for this was the debt of the developing sector.

What is needed, he said, is an "emergency economic program for investment in the developing sector," but on one condition: that it be linked to population control. Schmidt appealed to all churches of the world, to support programs for economic investment connected to population control.

Manufacturing

Former British defense chief deploras collapse

Former United Kingdom Defense Minister Michael Heseltine pointed to the collapse of manufacturing and called for an interventionist industrial policy, in an interview with the London *Sunday Express* published Oct. 9.

"It makes me weep to see what is happening. The collapse of manufacturing is at the heart of what has gone wrong and the gravity of the situation has to be recognized. The economy will not simply come right by the squeeze of high interest rates," Heseltine said.

At the Conservative Party's annual conference in Blackpool, Heseltine made what the *Times* of London on Oct. 11 called "a devastating assault yesterday on the government's economic and industrial policies." His attack focused on the Thatcher industrial policy, particularly the refusal by the state to support British industry and the belief that the British economy can survive by services, without a manufacturing base.

Heseltine attacked the fact that Britain was trying to live on services, tourism, and overseas profits alone. "Our rivals excel because they *make* the things we import," he said. He called for an interventionist strategy for industrial reconstruction, and said that what was necessary was a "climate of long-term excellence, discipline to pursue it, and the backing

of government in such endeavors."

The social costs of the past 10 years' policies, Heseltine said, have been "polluted rivers, filthy streets, and bodies bedded down on doorsteps."

Heseltine's initiative stands in contrast to the outlook of Chancellor of the Exchequer Nigel Lawson, who had told the House of Lords in May 1985, "I must confess I do not understand the argument . . . that a pound earned by providing a service is not as valuable as a pound earned by producing a manufactured good. . . . If it turns out that we are relatively more efficient in world terms at producing services than at producing goods, then our national interest lies in a surplus on services and a deficit on goods."

Ecological Holocaust

Another famine is coming in Ethiopia

The third famine in five years is now looming in Ethiopia, the U.N. Food and Agriculture Organization (FAO) reported in early October. There was almost complete crop failure in Eritrea, with the harvest one-fifth of normal, and drought has hit Tigre province hard. One million people will need food aid this year, and the number should rise to 2 million by next year. There are no substantial food stocks in Ethiopia, the FAO said.

The food crisis is also worsening in Ibero-America. Venezuelan protein and calorie consumption levels have dropped to 1949 levels, the Venezuelan daily *El Universal* reported on Oct. 12. According to a spokesman from the Venezuelan Chamber of the Food Industries, CAVIDEA, purchasing power has dropped dramatically. From Oct. 25-29, CAVIDEA will have its seventh national conference, where it will prepare a document on agro-industrial policy to improve levels of protein and calorie consumption which will be given to President Carlos Andrés Pérez for consideration.

Some 42% of Colombians are malnourished, according to DANE, the government

statistical agency. More than 1 million young children are mentally retarded because of lack of adequate nutrition, and 4,400 children are estimated to die each year directly due to lack of food, reports the national Institute of Health.

Poverty

Mexico at its limit, World Bank admits

The poorest sections of Mexico's population cannot be squeezed any further to contribute to the repayment of debt, the World Bank admits.

In a long study of Mexico's food and nutrition situation, the bank reports that the capacity of the poorest people to degrade their diet further to deal with the economic crisis "is almost completely exhausted."

Since 1983, relative to the minimum wage, the price of tortillas has risen 70%, of beans 80%, milk 32%, eggs 94%, sugar 67%, and vegetable oil 35%. Most of this has occurred since 1986, when government food subsidies began to be lifted.

AIDS

Africa plague threatens globe

"A Plague Over Africa," was the headline of an article in the *Times* of London Oct. 18, which warned that the "AIDS situation is out of control in Africa." Over the continent, 2.5 million are infected, by conservative World Health Organization estimates.

The *Times* commented, "A human tragedy on an almost unimaginable scale is unfolding across the African continent. Potentially far worse than any famine and certain to take its toll for decades, the AIDS epidemic is out of control."

The warnings came as a three-day conference began on Oct. 18 in Marseilles, France of several hundred leading specialists on AIDS in Africa and researchers from around the world.

French AIDS experts attending the conference warned that the explosion of AIDS in Africa poses a mortal threat to the rest of the world as well. Luc Montagnier, who discovered the AIDS virus, warned that the rest of the world would be affected, through trade and tourism. French expert Jean Tilliny warned that the AIDS virus will spread throughout the world if not brought to a stop in Africa. Without being neo-colonialists, he said, the more developed, OECD countries must be at the forefront of an international effort to halt the spread of AIDS in Africa.

The *Times* reports the consensus among attendees, that AIDS is wiping out the most productive elites of Africa, people who are, or who are training to become, doctors, teachers, civil servants, army officers, and politicians. Across the continent, there is an "orphan culture" emerging. So desperate is the situation, that efforts must be focused on saving the continent's children, because it is too late for the parents.

In Uganda and Zaire, there are villages where one out of every four adults is HIV-infected, and one in five babies. In Kenya, in 1984, there was one reported AIDS case, but now there are an estimated 200,000 infected out of a population of 23 million.

Infrastructure

U.S. told to triple bridge repair budget

The United States should triple its budget for bridge repair and replacement, according to a new program proposed by the American Road and Transportation Builders Association on Oct. 17.

The ARTBA calls for tripling spending on bridge maintenance to \$5 billion per annum, doubling the budget to repair the nation's interstate system to \$6.8 billion, adding another \$4.5 billion to ease traffic congestion, \$3.5 billion to upgrade highways in rapidly growing areas not served by the interstate system, and a one-time \$4 billion appropriation to finish construction of the interstate system.

Briefly

● **THE VATICAN** is planning to host an international AIDS conference in November. Archbishop Fiorenzo Angelini announced the plan and said, "The Church . . . is particularly aware of the drama of AIDS victims and identifies closely with the commitment of scientists and public bodies to offer new hope, both to victims and all those who help them."

● **A BANK** for International Settlements study released days before the Oct. 13 crash argued that the huge U.S. deficits can continue to be financed by foreign monies for at least the next five years. The study is an abrupt about-face from earlier BIS insistence that the U.S. halt its reliance on foreign funds.

● **THE PHILIPPINES** and Bangladesh called on Oct. 11 for a global approach to solving Third World problems of debt, depressed commodity prices, and protectionism, in a statement at the end of a visit to Manila by Bangladesh President Hossein Mohammad Ershad.

● **CHRYSLER** Corp.'s chief financial officer told bankers in West Germany that, aside from the gain resulting from selling off 45% of its holdings in Mitsubishi Motor Corp., "I doubt we did much better than break even" in the third quarter.

● **ALAN GREENSPAN**, the U.S. Federal Reserve chairman, warned bankers of unexpected events, in a speech to the American Bankers Association meeting in Washington on Oct. 16. Greenspan told them to maintain a solid capital cushion against financial risks.

● **THE ANGRA I** nuclear plant, the only functioning nuclear power plant in Brazil, was ordered closed, pending the correction of flaws noted in a report prepared by two scientists and presented by Green leader and presidential candidate Fernando Gabeira.

Ozone hole and greenhouse hoaxes exposed in Australia

Australian publisher Peter Sawyer lays bare the twin hoaxes: the hole in the ozone layer and the greenhouse effect. With an introduction by Katherine Notley.

This week we are extending our Science & Technology space to one of the few other publishers in the world who has the fighting spirit to expose the facts that there is no hole in the ozone layer caused by man's pollution, and no threat of "global warming" from the make-believe greenhouse effect. What makes Mr. Sawyer's approach different from many others—and therefore places him in a small, but much-maligned fraternity—is his approach to the subject. Peter Sawyer is not a scientist by profession, but a political journalist, and like a good journalist, once he discovered the flimsy rationalizing behind such a hoax as the ozone hole, he sought out the reasons why anybody would put so much effort into such a poor excuse for a big lie.

His two-part article, which we are reprinting slightly abridged, appeared in his monthly newspaper *Inside News*. Although the press run of *Inside News* is 25,000, a study conducted by Sawyer's opponents showed that his readership is 200,000. Australia's population is only 16 million. How thoroughly Sawyer's exposé material hits the mark is evident by the reaction it has received. He first broke into national prominence in 1987 when he published an eyewitness book-length account of fraud and abuse in the public welfare system, entitled *Dole Bludger*. Since then, he has become known as a leading figure in what Australians call the "Freedom Movement."

The most recent issue of *Inside News*, September/October 1989, became one of the few English-language publications in the world to cover the U.S.-Soviet collusion in claiming that Lyndon LaRouche was responsible for the murder of Swedish Prime Minister Olof Palme. In this article, titled "Soviets Murder Swedish Prime Minister," Sawyer states: "In an incredibly short period of time for a lumbering bureau-

cracy, the Soviets were able to put to air a 'simulated documentary,' starring a Soviet actor as a sinister LaRouche, plotting and overseeing the assassination. The American media machine quickly picked up on the sensationalism, and began running stories on this 'sinister, insidious, extremist' organization, and its 'mysterious leader,' Lyndon LaRouche. At the height of the media-inspired hysteria, LaRouche's headquarters were raided by U.S. government officials." The feature includes details of the attempt to kill LaRouche in prison, and a box "Do You Want to Help Lyndon LaRouche?"

As noted, Sawyer has joined that small fraternity of political journalists who can measure their effectiveness by the "freakout factor" of their enemies. On Sept. 29, 1988, a call went out in the National Parliament of Australia for the Freedom Movement to be investigated as an "extremist threat" in part, because of its opposition to the Australian government's abetting the lies about *glasnost* to cover up the Soviets' war plans. A Labor Member of Parliament denounced Sawyer's movement as being "the most sophisticated political structure in this country [that] has carefully and strategically infiltrated what could add to hundreds, if not thousands of organizations and associations . . . this festering, cancerous, and dangerous movement. The most insidious, sinister, and extremist threat coming from the most extremist force that this nation has ever seen or witnessed," and called for a national investigation. Sawyer then observes, "It was not until I recently started to investigate the LaRouche matter that I came across a stunning fact. Most of the stories branding LaRouche and his organization responsible for the Palme murder, carried very similarly worded phrases and words. . . . It was almost as if everybody, from Australia's

politicians, to the feature writers of America's major papers, had been working from a sort of 'list' of key-words and phrases. . . ." There was no investigation.

Interestingly, the same method of operation is used with the ozone layer and greenhouse hoaxes. The hoaxes are intended to help impose austerity during the present economic collapse by shutting down industry and infrastructure, and by attacking and destroying science itself.

Last year, the National Geographic Society released in book form the results of a Gallup Poll of 10,000 individuals internationally, testing their knowledge of geography. The National Geographic Society considers it—quite correctly—a mark of illiteracy that 56% of American respondents do not know the population of the United States, 32% cannot name any of the members of NATO, and 50% cannot name any members of the Warsaw Pact. But not to worry: "Most Americans (84%) are aware of concerns that fluorocarbons and other chemicals may be destroying the Earth's ozone layer. Among those that are aware, almost all (94%) realize that the impact of a depleted ozone layer would be felt all over the world. Nearly three in four (73%) of all respondents knew that 'wind patterns,' and not the ozone layer, ocean currents, or sun spots, spread the fallout from the nuclear accident at Chernobyl."

As the Soviets have emphasized, as part of their *glasnost* disinformation campaign, we in the free world must no longer see them through the lenses of an "enemy image." The new enemy is—us: "International economic security is inconceivable unless related not only to disarmament but also to the elimination of the threat to the world's environment," said Mikhail Gorbachov to the United Nations General Assembly on Dec. 7, 1988. "Time is running out. Much is being done in various countries. Here again I would just like to underscore most emphatically the prospects opening up in the process of disarmament—particularly, of course, nuclear disarmament—for environmental revival."

Scam One: The 'holes' in the ozone layer

The surface of this planet is covered by dry bits, called "land," and wet bits, called "water." Where these two bodies meet is termed a "beach," which may be sandy, rocky, cliff-face, or any one of many other types. Where these "beaches" occur, there is, to a greater or lesser extent, a certain amount of wave activity called "surf." Imagine you are strolling along a beach somewhere, minding your own business, and enjoying the view, when, out of nowhere, comes a demented, hysterical character who wants to enlist your help in freeing the beach of board-riders, because they are "wearing down the surf." He goes on to earnestly explain that the thin line of "surf" is the only thing "holding back" the ocean, and if the board-riders wear it out enough, the "layer of surf" will

become so depleted that it can no longer "hold back" the ocean, and the ocean will flood over the land and destroy mankind. What would be your reaction to such a person? You'd quite possibly conclude, quite correctly, that such a person should be confined to the local "funny farm" as quickly as possible, wouldn't you?

And yet, this is *exactly* the kind of logic being used to support the "hole in the ozone layer" scam. And erstwhile intelligent people are running around with varying versions of this Chicken Little story that the "sky is falling," without ever making even the slightest attempt to find out what is really happening, and why. As with the "greenhouse effect," it is only necessary to understand a few very simple scientific facts, to totally debunk this "scam." First of all, what exactly is the "ozone layer," or "ozone mantle" as it is now being called, which supposedly "protects" us from all that unwanted ultraviolet light? Well, quite simply and bluntly, there *isn't* one!! Just as the "surf" is not a magical barrier to the ocean flooding the land, and is, in reality, simply an *effect* of where land and water meet, so too is the so-called "ozone layer" merely an area where an *effect* can be detected, not a *cause*. Let's start with a very basic chemistry lesson, which again can be confirmed with junior high school textbooks. First of all, existing on this planet Earth, and probably elsewhere, is an element called "oxygen." According to my dictionary, oxygen is an element, with the chemical symbol "O." Now, oxygen, for reasons I won't go into here, but which you can readily find out for yourself from the aforementioned junior high school chemistry book, rarely, if ever, exists as the single atom "O." Such a single atom of oxygen, or most other "elements," is called an "ion," and it is very difficult for most substances to exist freely in their "ionic" state. What normally happens is that two atoms of "O" combine, or "stick" together, and form the molecule "O₂," of "oxygen" as you and I know it. This is the stuff you and I and all other living creatures breathe in and expel as "carbon dioxide," or CO₂ (one carbon atom, two oxygen atoms). In yet another of nature's wonderful balancing acts, green plants "breathe" in the CO₂, extract the atom of carbon (C) as a "building block" in their cellular growth, and expel oxygen, or "O₂." This is why it is so important that we stop destroying all the green stuff on the land by overclearing, and stop polluting up the oceans, and thereby killing all the little green plants known as "plankton."

"O₂," or two oxygen atoms "stuck together" if you like, is the "normal," or most prevalent form of oxygen in the atmosphere. But it is by no means the only one. If one applies various forms of energy to the "O₂" molecule, it will break down to its ionic state and reform into another configuration, one where *three*, not two, atoms of oxygen "stick together" to form a new molecule. This new molecule is called "O₃," or "ozone." Now, the "energy" required to perform this little trick can come from a variety of sources. An electrical discharge through the air will do it. Unlike "oxygen" (O₂),

which is odorless, "ozone" has a distinct, pungent smell. Pick up your kid's electric train engine, or radio-controlled car, after it has been operating a while, and you will smell this odor. The electrical discharge where the bushes run on the motor turns a certain amount of "oxygen" (O_2), into "ozone" (O_3). Electrical storms, or at least the subsequent bolts of lightning, ionize a great deal of the surrounding air, and create a certain amount of "ozone."

By far and away the biggest "source" of energy for the conversion of "oxygen" (O_2) into "ozone" (O_3), however, comes from the Sun, in the form of ultraviolet light. What happens is a cycle something like this: You and I breathe in oxygen (O_2), and breathe out CO_2 , carbon dioxide. Plants, on the other hand "breathe in" carbon dioxide, and expel oxygen (O_2). This cycle is more or less endless. Oxygen (O_2), however, is slightly lighter than the other elements which make up the "air" (nitrogen, carbon dioxide, and so on), and so a certain proportion of the molecules of oxygen O_2 drift upwards to the outer fringes of that blanket of gases that surround the planet, which we call our atmosphere. From the other direction, light from the Sun streams in. A certain amount of this light is absorbed or deflected by various elements, atoms, molecules, and particles of other matter. The bulk of this light from the Sun, however, continues its downward journey toward the planet's surface, until it encounters the oxygen (O_2) molecules rising up from the surface. At the point where the sunlight reaches a sufficient concentration of O_2 molecules, a "reaction" takes place. A certain portion of the light from the Sun, that portion known as the "ultraviolet" section, strikes the rising O_2 molecules, and imparts its

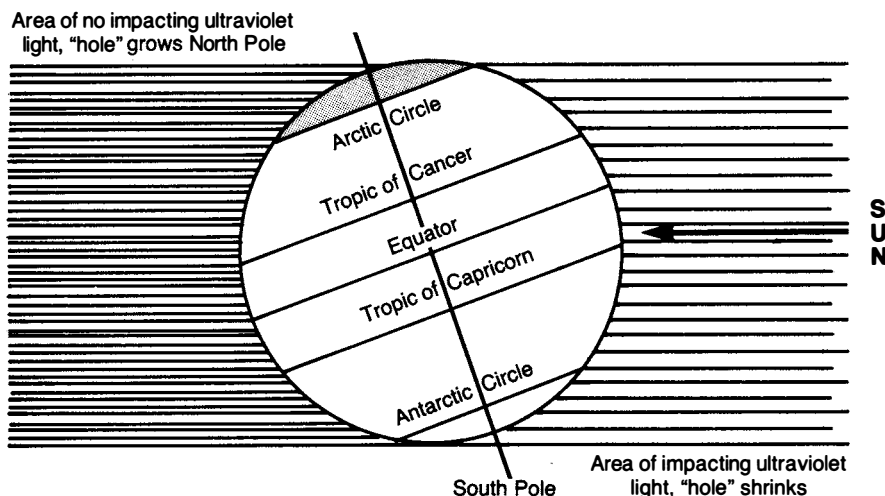
energy to the oxygen molecule it has struck. This has two effects. First, it greatly reduces the amount of ultraviolet light which would otherwise reach the Earth's surface, because the "ray," or unit, or "beam" of light loses energy and becomes light in the lower spectrums, the ones we call "colors." This is one of the causes of that spectacular light show called the "Southern," or "Northern" Lights. Second, it converts the "oxygen" molecules (O_2), into "ozone" molecules (O_3).

There is a portion of our atmosphere, from 10, to 50 kilometers up, which does not, however, get this name because it contains some magical, mysterious "layer" of matter known as "ozone" which exists, and has existed, from the beginning of time to "protect" us from ultraviolet light, and which is now under "dire threat" from various man-made products. It is called this name because this is the region where rising O_2 oxygen molecules are struck by incoming ultraviolet light, and convert to O_3 ozone molecules, and it therefore has a higher proportion of " O_3 " molecules to " O_2 " molecules. There will continue to be an "ozonosphere," or, as it is incorrectly termed, an "ozone layer," for as long as the planet's surface continues to manufacture oxygen to rise, and for as long as the Sun continues to emit light to encounter that rising oxygen. Just as there will always be "surf," for as long as there are places where "water" meets "land." The misnamed "ozone layer" will continue to simply be the end result of where two opposing forces and systems meet, until such time as one or the other of those forces or systems ceases to exist. Just as there will always be "surf," for as long as there is "land" and "water," there will be an "ozonosphere" as long as there is "oxygen" and sunlight. If either one of

FIGURE 2

Northern winter:

Sun directly overhead at Tropic of Capricorn



Source: *Inside News*.

French vulcanologist debunks ecologists

French vulcanologist Haroun Tazieff gave an interview to Agence France-Presse in Grenoble Oct. 9 where he denounced the "panic organized" by ecologists manipulated by the large chemical firms against chlorofluorocarbons (CFCs), which are used in aerosols, refrigerators, climate-control equipment, and in the manufacture of synthetic foam, which they charge "without any proof" destroy the ozone layer.

The researcher was responding to the work of a team of New Zealand scientists, according to which the hole in the ozone layer observed above the Antarctic was second only to the record in 1987.

"The hole in the ozone layer can only be observed in the South Pole during October, when summer arrives in this part of the globe, after six months of night," Haroun Tazieff explained. "Little by little, the hole fills up again and, at the end of the polar summer, it no longer exists." For the former French Secretary of State for Major Risks, "The ecologists' anti-CFCs theory is false: They claim that the great cold and the Sun's ultraviolet rays dissociate the CFCs and produce chlorine monoxide (ClO). This

molecule is chemically aggressive and captures the ozone molecules (O_3) which it dissociates into one molecule of oxygen (O_2) and one atom of oxygen (O). . . .

For him, this hole has existed "for all eternity," by reason of the absence of ultraviolet irradiation over six months of the year. It is seen over the South Pole, which is completely uninhabited, while 80% of the CFCs are manufactured and used in the Northern Hemisphere. "If the CFCs were causing damage to the ozone layer, it would be true directly overhead," Tazieff figured. CFCs were, for a long time, only produced by the large chemical companies of the wealthy countries, but now, any small enterprise can do it, and these small companies are becoming competitors with the big ones. If you make the CFC molecules illegal, and they are replaced by another molecule more difficult to produce, you will suppress competition by poor countries, and then, the big companies can divide up the market," he explained.

"This great fear of the year 2000, which would increase the number of cancers, is unfounded. We would do better to spend the billions of francs earmarked for replacing CFCs on something more useful," the vulcanologist concluded.

As *EIR* has reported, the giant Du Pont Company, controlled by Edgar Bronfman, enjoys a near monopoly of products which could replace CFCs.

surprise, surprise, there is a measureable "hole" there in the amount of O_3 in the ozonosphere. After the Southern Hemisphere solstice, the Sun begins its journey northward again, and as we here in Australia slip into our autumn, the "hole" at the Antarctic Circle starts to "grow" again, and the one at the Arctic Circle starts to "shrink." This is a natural cycle which has existed, and will continue to exist, for as long as the Earth is tilted, the atmosphere contains O_2 molecules, and ultraviolet light continues to come from the Sun to convert them to O_3 molecules. There are no laws that puny men can pass to stop the awesome forces and cycles of Nature, as King Canute learned when he attempted to "order" the tides to turn back. "Laws" to attempt to prevent the natural cycle of "holes" in the ozonosphere, fall into the same category, and should be treated with equal contempt.

So where did all this nonsense about "holes" in the ozone layer come from, anyway? Well, back in 1985, the British Climatological Team in Antarctica discovered the first "hole." There was a relatively short bout of hysteria, as always, whipped up by a compliant media because the whole thing was in "somebody's" interest; all front-page hype and speculation about how half the world's population would be dead from skin cancer by the year 2000, and similar preposterous stuff. If you think back to late 1985-early 1986, you

should be able to remember it all. You should also be able to remember that it had all just died away by late 1986-early 1987, and you heard nothing more about "holes" in the ozone layer until quite recently. But do you know why? Well, I'll tell you. It all died away because by that time the British scientists at the South Pole had been studying the phenomenon long enough to realize that it was not some hideous, dire threat to mankind's future, but part of a natural, endless, repetitive cycle. This was actually reported in the papers, but naturally enough, not in screaming page-one headlines, but buried up on page 53 or so, somewhere between the comics and the obituaries.

What *also* reported at the time was that the scientists, who now knew exactly what they were dealing with, were packing up in Antarctica, and moving camp to the Northern Polar regions to test their own predictions that there would be a similar "hole" there, at the opposite time of the year, thereby proving that the "holes" were not a new threat to the environment and to mankind, but part of a natural cycle. And that, of course, is exactly what they did, and that is exactly what they found. Of course, such a reassurance would not suit those who wish us to live our lives in a constant state of near panic, and therefore ever more prepared to hand over control of our lives to some form of "Big Brother" to save us

from these imaginary “threats.”

And so, rather than the papers correctly reporting that the British team had discovered a second hole above the Arctic Circle, a hole they had already predicted and had gone there specifically to confirm, thereby proving their theory that such phenomena were part of a natural cycle, the papers instead screamed out from their front pages, “Second Hole in Ozone Layer Discovered; Dire Double Threat to Mankind,” and other similar hysterical drivel. And now, Maggie Thatcher, the head of government in Britain, the person who was ultimately responsible for the team that discovered the first “hole,” and the person ultimately responsible for sending the team to the Arctic Circle to substantiate their theories, the person with access to *all* this information, and the person who should be leading the way in debunking this scam, is the person inviting scientists and leaders from all over the world, to formulate “policies,” and “agreements,” and if necessary, “world laws” to be administered by the United States, to tackle this new “threat.” And there are *still* people trying to convince me she’s one of the “good guys.”

Now, don’t get me wrong; I’m not in favor of *any* strange laboratory-created substances polluting the air I have to breathe, and I wholeheartedly endorse the current campaign to rid the atmosphere of chlorofluorocarbons (CFCs), the atoms being blamed for the so-called “holes” in the ozone layer. But just stop for a minute and think: If CFCs *caused* the so-called “holes,” why are they *only* over the polar regions? Are the polar explorers and scientists using too much spray-on deodorant and fly-killer? Of course not. If CFCs had much to do at all with the so-called “holes,” then the “holes” would be over New York, or Tokyo, or London, or at least somewhere relative to these places where it could be shown that the air currents were causing the CFCs to accumulate. But they are not. The “holes” only occur in two places; over the North and South Polar regions, exactly in accordance with natural forces which create the bulk of ozone, and exactly in accordance with the theories and predictions of the scientists who discovered them in the first place.

Aerosol cans and jet planes

Think about something else for a moment. Imagine a can of fly spray. If you like, think about a whole supermarket shelf of cans of fly spray or even an entire supermarket full of nothing else but cans of fly-spray. Picture in your mind how much CFCs are involved, and will find their way into the atmosphere to somehow (never actually explained) “destroy” ozone (O₃). Now picture in your mind a Boeing 747 jet, with its four massive engines. Now imagine that jet hurtling through the sky at hundreds of miles an hour, scooping literally *tons* of air into its jet engines, every minute or so. Now, what those jet engines are doing with that air, is extracting the available oxygen, tons and tons of the stuff, and using it to burn kerosene, thereby using up the oxygen and creating various carbonic gases. And where do these jets fly? Why,

predominantly in the ozonosphere.

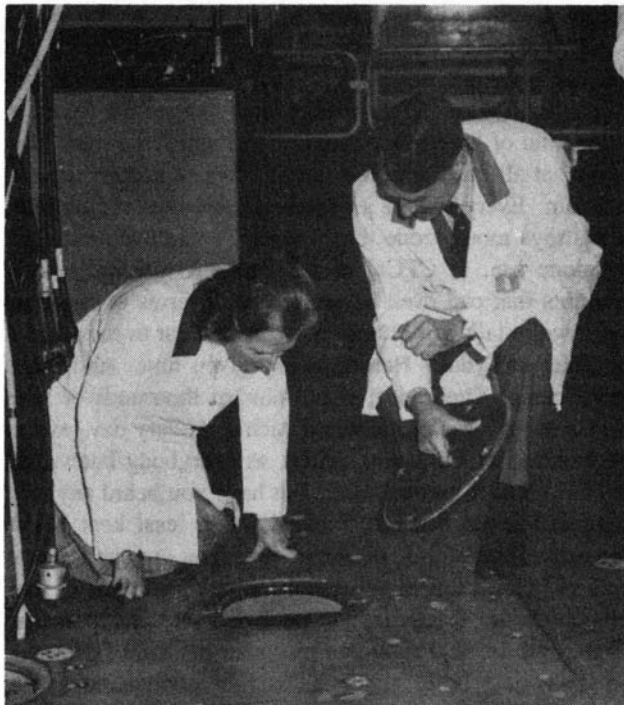
That’s right: The “oxygen” these jets destroy by the ton every minute or so, is not the “O₂” variety you and I breathe, it’s the “O₃” variety which *supposedly* exists as some kind of “protective mantle” and which we must now “save” at all costs, even at the sacrifice of democracy and freedom. Every time a jet takes off and flies somewhere, it destroys more ozone than you or I could even imagine, let alone use, as CFCs, in a lifetime. We’re not talking amounts that can even be conceived in terms of fly-spray cans; we’re talking volumes of ozone similar to the amount of water in Sydney Harbor at any given time. And that’s *one* Boeing. Thousands, if not tens of thousands of such flights occur all over the world each and every day (except in Australia at Christmas, when, as everybody knows, all the airline staff go on strike). But have you heard anybody suggest that jet flight be banned, or at least kept below the ozonosphere? No, of course not. You are supposed to believe that all this massive consumption, millions of tons of O₃ (ozone) every day, is perfectly safe and poses no threat, but the next time you reach for the can of Mortein, you may just bring about the end of civilization as we know it. If you accept this, then you probably really do believe that the surf protects us from the ocean, and we should stop the board-riders from “wearing it away.”

Now, I ask you, just who is kidding whom?

Scam two: The greenhouse effect

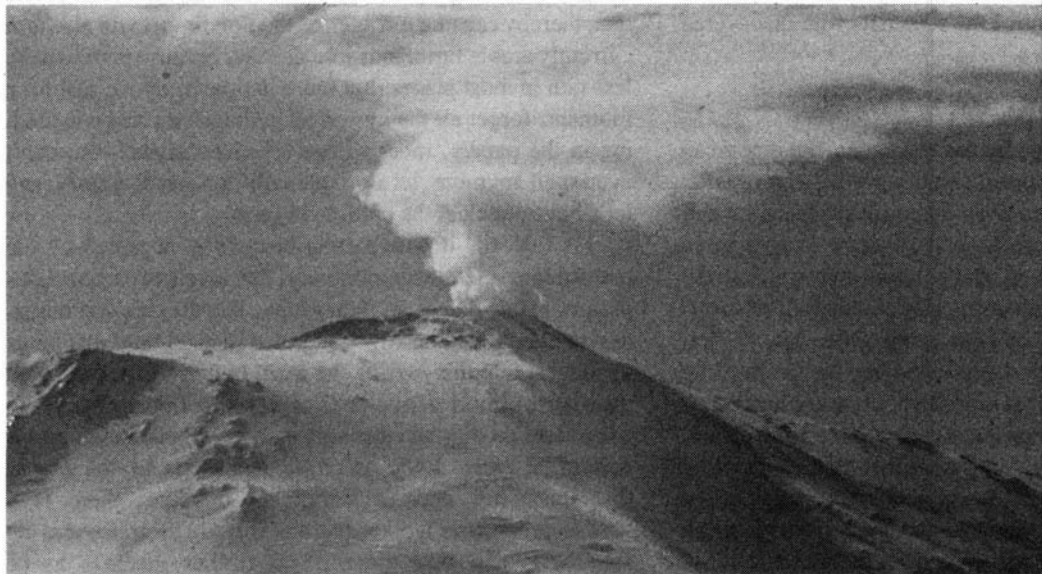
The other current “scare” is based on the so-called “greenhouse effect.” The scenario goes something like this; increases in the atmosphere of various gases, principally carbon dioxide, will cause an increase in the Earth’s mean atmospheric temperature. This, in turn, will cause amongst other things, a melting of the ice caps, making the ocean levels rise, thereby causing terrible coastal flooding; it will also turn currently arable farmlands into deserts, because there will be less rain in most places (but more in others). Now, just for a moment, forget all the hysterical garbage you’ve been reading in the papers, most written by “journalists” who can’t even spell anymore, let alone actually “research” a story, and let’s have a look at the cold, hard facts.

First of all, it hasn’t even been fully accepted by the mainstream scientific community, that levels of carbon dioxide are, in fact rising, or, if they have, that they are continuing to rise. There is a narrow band of statistical data that tends to suggest that this *may* be the case, but it has been collated over such a short period of time that it is impossible yet to accurately predict whether this is a “new” phenomenon, or part of a cycle. Even amongst supporters of the theory that there has been a significant increase, there is a sizable proportion who argue that the situation has already stabilized, and that there is no further increase to be



British Prime Minister Margaret Thatcher: Looking for the ozone hole?

expected. And even then, there is widespread scientific speculation as to whether such an increase in carbon dioxide, has actually caused an increase in temperatures. There is no doubt that such "increases" have been recorded, at least in some places. But whether it is "global" or not, and regardless, whether increases in carbon dioxide have caused it or not, are still mere speculation. One highly respected scientist has already pointed out that these "high temperature" statistics have all been collected in, or near,



Mt. Erebus, a volcano in Antarctica. Even if 10% of the Antarctic could somehow be induced to melt, it wouldn't even raise the height of the world's oceans two feet!

major cities, which not only have significantly higher levels of many gases like carbon dioxide, but are also veritable concrete and bitumen "jungles," which act as "heat-sinks," and will invariably produce higher temperature readings than the surrounding rural areas. While they may be bad news for people living in the very big cities, it is hardly indicative of what is happening globally.

For the moment, however, let us assume both factors needed to support the "greenhouse effect": that the level of carbon dioxide *is* increasing, and that this *will* cause the Earth's mean temperature to rise, as accepted facts, rather than speculation. Does it follow that sometime in the future we will see our coastal cities turned into new "Venices," and see the ocean "rise," or that our rural farmlands will become dust bowls? No, in fact, exactly the *opposite* would be true. . . .

To understand what *would* happen, if the Earth's temperature increased, for whatever reason, one must first of all understand a few simple, scientific facts. The first is that there is only a certain, relatively fixed amount of "water," on the planet. This water exists in four physical or geographical states. The bulk, of course exists in a liquid state as oceans and seas. It also exists in its liquid state as lakes, rivers, and ground water, most of which, at any given time, is involved in an inexorable trip back to the oceans. Another large amount exists as vapor in the form of clouds, and a certain amount is locked up as a solid, in the form of ice, principally at the polar caps. Now, changes in the Earth's mean temperature will change the *proportion* of water found in each of these states, but *not* the total amount.

The second fact to understand is that three of these forms are in a constant state of movement. The waters of the oceans are constantly evaporated into clouds. The clouds move over the land, where, under certain circumstances, it falls as rain.

The rain becomes ground water of one form or another, which starts its journey back to the oceans, where the process starts all over again. So, at any given moment, there is a certain amount of water lying in the oceans, a certain amount evaporated, on its way to become rain, and a certain amount on the land for the farmers to use. Now, the real scientific fact to understand, is that if you raise air temperatures, you *increase* the rate of evaporation. If you doubt this, simply take two shallow beakers of tap water, put one in the refrigerator (not the freezer), and the other on the kitchen window sill. The one on the window sill will very quickly evaporate away; the one in the refrigerator will last significantly longer.

So what does this mean in terms of the "greenhouse effect"? Simply, that if the Earth's temperature increases, it would rain *more*, not less. Marginal farmland would become more abundant, temperate climates would become subtropical, and so on. There would be far more fresh water in the rivers and lakes, for irrigation, and, if you think about it, the ocean levels would *drop* (discounting for a moment, the "melting ice caps" which we will come to). Conversely, if the temperature were to decrease, there would be *less* evaporation, and therefore *less* rain, and therefore *less* agriculture. This is substantiated historically, as well as scientifically, in that almost every major drought and famine in mankind's history has been accompanied by severe *winters*, not summers. Historically, it is the *cold* which destroys agriculture, not a rise in temperatures, principally for the reasons cited above. (Incidentally, we all know it rains a lot in the tropics, but do you know which is the *driest*—least precipitation—continent on the planet? Antarctica!!!)

So, all things being equal, a slight rise in temperature would lead to a boom in world agriculture, not the desert wastelands scenario we are currently being fed. But is such a situation likely, even if temperatures are going up at the moment? As we have seen, if mean temperature goes up, evaporation goes up. That means a great increase in cloud cover. Now, ask yourself, is it hotter on a sunny day or a cloudy day? You already know the answer. *If* the temperature were to go up, for whatever reason, there would be a corresponding increase in cloud cover. This, in turn, would cause a corresponding *decrease* in mean temperature. Within certain very confined parameters, the overall "system" is self-regulating, and will remain so as long as we don't replace too much green with concrete, stop polluting the oceans with oil that interrupts the evaporation process, and refrain from blowing ourselves and the planet to oblivion. Whoever designed the place, howsoever you conceive Him, certainly knew what He was doing.

Ahh, you say. That's all very well. Okay, the crops won't fail, but what about when the ice caps start to melt, and the oceans rise, and flood all of us living by the coast? Well, as I have said above, I doubt that such rises are sustainable over any period of time, and the polar regions are well capable of bearing significant temperature rises for

limited periods. The Arctic regions of Alaska, for instance, enjoy temperatures of around 20-25° in the "month of the midnight Sun" each year. This is comparable to a pleasant spring day. But even if the "greenhouse" scenario were true, *and* sustainable, and the ice caps melted, would that mean the ocean levels would rise sufficiently to "flood us out." Again, no. Let's look at the two ice caps separately, as they are very different.

What happens at the poles?

First, the Northern ice cap, better known as Arctica. Contrary to what many people believe, there is no "land" under the Arctic ice cap, it consists entirely of frozen water, ice, "floating" on liquid water. Water is a strange substance, in that instead of getting denser and denser as it turns from a liquid to a solid, below 4°C, which is just above freezing, it begins to expand. Once it is "frozen" (becomes a solid), it is actually 10% less dense than in its liquid form, and occupies 10% more space. This is why ice cubes float, and bottles of beer explode in the freezer. Taken in isolation, if the Northern ice cap melted totally, coupled to the increase in evaporation that would be associated with a "greenhouse effect," the levels of the oceans would *drop*. Of course, these things can't be taken in isolation, and this "drop" would, in fact, be almost exactly offset by the corresponding melting of all the ice currently existing in the form of glaciers and snow. (The Northern ice cap, plus *all* the glaciers and snow on all the continents, together only account for 10% of the Earth's frozen water. The other 90% is on Antarctica.)

Now let's turn to the Southern ice cap, Antarctica. Unlike Arctica, Antarctica *is* a continent; the ice there is sitting out of the water "up" on land. If it all melted, it *would* affect water levels, and quite significantly. But how likely is this? The average temperature at Antarctica is -50°, with temperatures as low as -88°, being recorded. Even the most ardent supporters of the "greenhouse effect" only claim sustained mean rises of 2-4°. That would mean Antarctica would enjoy an average of -46°. Not much ice melts at -46°. Even if by some extraordinary convulsion of all the known laws of physics, a full 10% of the Antarctic could be induced to melt, at an average temperature of -46°, the end result wouldn't even raise the average height of the world's oceans two feet!!! And if, by some as yet undiscovered means such a feat could be induced to happen, the subsequent changes to the weight distribution on the Earth's surface would probably mean a total realignment of our rotational axis, with consequent volcanoes, earthquakes, and possibly even whole continents sinking. Somehow, under those circumstances, I doubt that we would be worrying too much about an extra two feet of water where the beach at Surfer's Paradise used to be.

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How Congress must act to rebuild after the crash

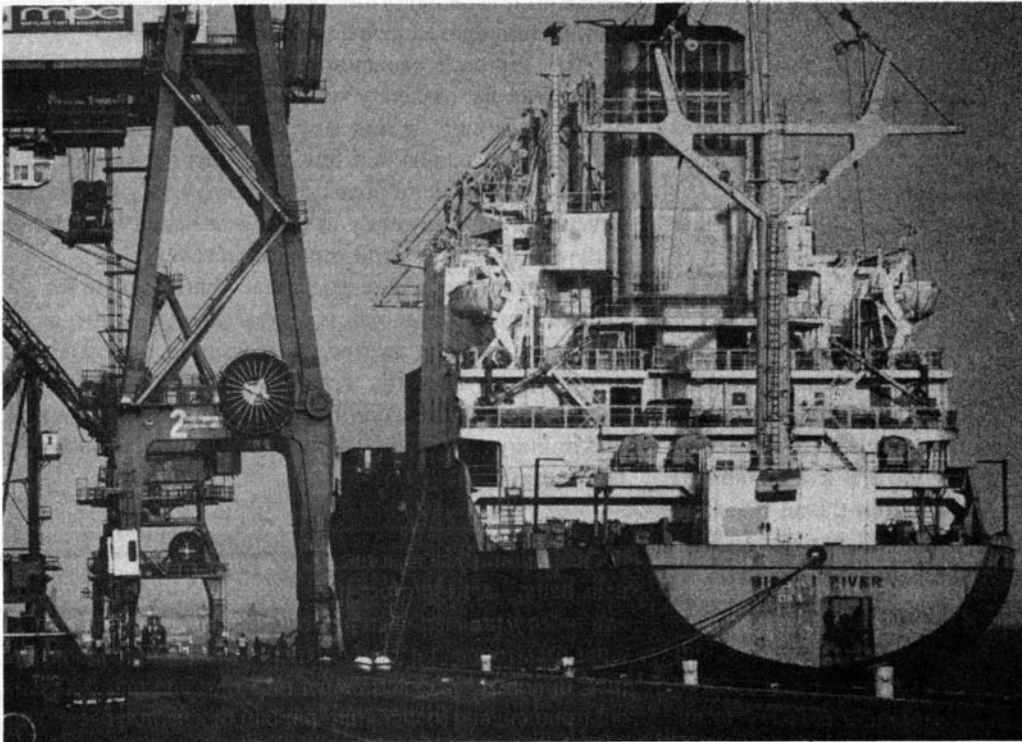
by Lyndon H. LaRouche, Jr.

EIR presents excerpts from the main body of the electoral platform of Lyndon LaRouche, candidate for U.S. Congress in the Tenth District of Virginia. The platform's preface, not included here, was published separately by LaRouche's campaign committee in July, in the form of a pamphlet entitled "The Great Crisis of 1989-1992." In that preface, LaRouche accurately predicted that a new series of financial convulsions would occur beginning in October of this year, and warned that unless the leadership of the United States gives up its illusions about what constitutes real economic wealth, rejecting the neo-malthusian, "post-industrial" follies of the past two decades, not only the United States, but the entire world will be plunged into a bottomless crisis. LaRouche pointed to his own candidacy for U.S. Congress as a centerpiece of the new, global, revolutionary nationalist movement—based on the principles of the global "American" revolution in the eighteenth century and its predecessor, the Italy-centered Golden Renaissance of the fifteenth century—representing humanity's only hope of averting the unspeakable misery which already today is sweeping this planet.

1.0 Primarily an economist

By profession, candidate LaRouche is an economist, a leading international authority in the science of *physical economy*. His expertise in some other professions will be identified, later in this platform, under relevant topics of policy-shaping; however, most of these additional skills were acquired over decades of applications of physical economy; and it is the candidate's skills as an economist which will be his principal technical contribution to the work of the crisis-stricken 1991–1992 Congress. Thus, for our purposes, he is primarily an economist.

Briefly, the science of physical economy was founded by Gottfried Leibniz over the years 1672–1716: This was the same Leibniz famous for his 1676 discov-



Suzanne Klebe

Congress must act "to create a U.S. flag maritime fleet of high-speed cargo vessels, most probably in the 50,000-100,000 ton class. This fleet shall be part of the military reserve."

ery of the differential calculus, and for founding more branches of mathematical physics than today's average science Ph.D. could name. Leibniz had great direct and indirect influence on the thinking of the leading patriots of the eighteenth-century English colonies in North America; Cotton Mather and Benjamin Franklin are but two most notable examples. It is Leibniz's economic science, not that of the British East India Company propagandist Adam Smith, which supplied the foundation for *the American System of political-economy*.

That is directly to the point today. Each time the U.S.A. has moved away from the so-called *mercantilist* economic policies reflected in Article I of our federal Constitution and Treasury Secretary Alexander Hamilton's famous three "constitution-like" reports of 1789-1791 to the U.S. Congress, our national economy has suffered a disaster. A few examples of this help to situate the great financial crisis of 1989-1990 in the most useful historical perspective.

The first administration of President George Washington rescued the young republic from national financial bankruptcy, and worse sequelae. Washington and Treasury Secretary (and military Inspector General) Alexander Hamilton left the U.S.A. solvent, economically prosperous, and well-defended.

From 1800 into 1812, the administrations of Presidents Jefferson and Madison ruined our economy and virtually dissolved our national defense. The enemy "mole" inside both administrations was the Swiss-born, left-wing Jacobin

Albert Gallatin, an agent of influence of the British East India Company—a kind of Henry A. Kissinger of his time. As a key, virtually controlling member of the Jefferson and Madison cabinets, Gallatin overturned the successful American System, in favor of the so-called British System of Adam Smith.

Our economy was ruined, near to bankruptcy, and Gallatin almost succeeded in destroying our Army and Navy in the face of British plans to conquer and dismember us.

It was the 1812 election of Henry Clay's "Warhawks" to Congress which saved the United States from foreign military occupation and dismemberment.

Under President James Monroe and Secretary of State John Quincy Adams, we threw away the bankrupt Adam Smith system, and returned to Hamilton's American System. Our defenses were rebuilt, and although modest, were technically the best-built and best-manned in the world at that time.

Mid-term under President Andrew Jackson, beginning approximately 1832, we were ruined again. The American System was thrown out, and with that our prosperity and national solvency. Adam Smith was brought back in. All of this was managed by an intellectual fellow-traveler of Albert Gallatin, Jackson's "Svengali" and later President himself, Martin Van Buren. The result of Jackson's and Van Buren's return to Adam Smith, was the catastrophic "Panic of 1837."

In 1865, and undeniably after that, the United States emerged as the world's second industrial power—after a

united Germany—and the world's leading military power in land and naval forces.

This was ruined under Presidents Johnson and Grant, by a drift back to Adam Smith. The virtually treasonous U.S. Specie Resumption Act of the 1870s plunged us instantly into a degree of national bankruptcy we had not suffered since, until the second Reagan administration.

The depressions of the 1870s, 1880s, 1890s, the Panic of 1907, and the crash of 1929 are rightly called the gift of Adam Smith.

To be fair to America's old enemy Adam Smith, even that proudly immoral and fervently irrational old hedonist would be disgusted by each and all among that succession of putative sages, beginning with silly Professor Milton Friedman, who served as "economic adviser" to Presidents Nixon, Ford, Carter, Reagan, and (the first five months of) Bush. Perhaps not since President Martin ("Ivan Boesky") Van Buren's catastrophic Panic of 1837 has our U.S.A. seen a succession of economic and monetary policies as cheerfully lunatic as the drift of practice during the recent twenty years.

On their records, the leaders of the official economists in the universities and private sector are not better. To where shall a desperate Congress turn, then, to find competence enough to meet the requirements of the 1989-1990 financial collapse? There is no solution, but to return to Alexander Hamilton's *American System of political-economy*. For these reasons, the fact that the candidate is one of a very few leading competent economists, defines the major contribution he must provide our next Congress.

On the subject of *physical economy* as such, the following definitions are relevant to the topics of this platform:

Leibniz founded the science of physical economy by examining the function of steam-powered machinery in raising the level of physical productivity. (Under his leadership, Denis Papin developed the first successful steam-powered engine used to power a [river] boat.) Leibniz attacked this matter both in terms of engineering problems, and from the standpoint of fundamental principles of physics. In this connection, he discovered the concept of *technology*.

Today, we define *physical economy* as a study of the cause-effect relationship, by means of which increase of energy-intensity and advances in level of technology, increase the productive power of labor both per capita and per square kilometer of land-area in use.

These measurements are made by disregarding *money* and *money-price*; only *physical* relations of production, distribution, and consumption are considered. Since Leibniz's first dissertation on economics, his 1672 *Society and Economy*, we measure *economic value* in first approximation, in terms of family household market-baskets. We define the physical goods and essential services needed to maintain a family household at a certain level of culture and potential average productivity of its labor-force members. We measure the in-

crease in the *economy of labor* effected by technological progress, by reference to such a standard market-basket.

The approach becomes most clearly indispensable at those times the monetary system, and therefore the system of money-pricing, breaks down, as it is in the process of doing in the months and few years just ahead. We must employ the science of physical economy as a guide to constructing a new monetary system, one suited to foster an early and durable general economic recovery.

The candidate's leading original contribution to the science of physical economy is a breakthrough known as *the LaRouche-Riemann method*, in measuring the correlation among energy-intensity, technology, and productivity. The candidate's technical contributions in biophysics, aerospace, and military science, are derived chiefly as applications of that breakthrough.

2.4 Banking

The U.S. banking system as a whole is bankrupt. In 1982, when candidate LaRouche presented his master-plan for solving the 1982 debt crisis, the U.S. banking system could still have been saved. Now, it is too late: The "patient" would have survived then; now, seven years later, his condition is long too far gone. The best banking system we shall have, come the year 1992, will be the reorganized system pulled out of bankruptcy.

The principal policy-issue now, is what will be our choice of a newly created banking system, to replace the bankrupt old?

Candidate LaRouche's choice is one he has outlined repeatedly and consistently.

For the U.S.A. domestic banking system. We must "federalize" the Federal Reserve System, to transform that institution, and to transform it into a "Hamiltonian" form of national banking system.

The semi-private Federal Reserve System's past authority to create new issues of Federal Reserve currency notes shall be terminated. Instead, the *creation of new volumes of credit* (excepting lending of deposits, trade credit, and strictly personal, non-commercial loans) shall be by issue of U.S. Treasury currency-notes, as prescribed by the U.S. Federal Constitution.

For the period of the emergency, these issues of U.S. Treasury currency-notes should be loaned through the national banking system, chiefly through banks, at discount rates of between 1% and 2% per annum. However, to prevent these issues from becoming an engine of inflation, the lending of this money must be restricted in application, to physical production and related investments and operating loans in agriculture, manufacturing, and basic economic infrastructure.

This credit shall be concentrated as much as possible in

medium to long term fixed capital investments in agriculture, manufacturing, and basic economic infrastructure.

3.1 Agriculture

There is presently a worsening and worldwide food shortage, but, so far, the U.S. Department of Agriculture continues the policy of deliberately bankrupting farmers, lowering agricultural productivity, lowering quality of agricultural product, and turning fertile farmland into infertile wasteland, even dust-bowls.

The secret for bankrupting farmers is to leave them at the mercy of the giant cartels which dictate USDA policy, firms such as Cargill, Archer Daniels Midland, and Armand Hammer's Iowa Beef Processors. By forcing farmers to sell at prices 30% or more below fair true cost of production, sooner or later the depleted farm is ruined, and the farmer bankrupt.

In order to keep an adequate food supply for the nation, we must prevent farmers from being driven into bankruptcy by the grain cartel's and agri-business giants' looting. To prevent the farmer from being looted, and to protect our nation's food supplies, someone just as powerful as the grain cartel must move in to ensure that the individual farmer is given fair play.

Those who argue that farmers' prices are low because of an excessive supply of food, are either simply ignorant or they are lying. There is already a massive and worsening worldwide food shortage, and we are also on the verge of major shortages inside the United States.

The key to farm prosperity—and your food supply—is parity. When a farmer is paid "90% of parity" for his product, the farmer is receiving no more than the competitive cost of producing what he sells. There is no "handout."

Moreover, the American family farmer is key to our overall economic health. Among American businessmen, no sector of business has plowed as high a percentage of its income back into improving production as American farmers. Few businessmen represent the level of relative technological competence of these farmers. As a group, the proven performance of these farmers proves that they are the best managers in our national economy.

Also, these farmers have been a major purchaser of industrial output. Our modern, independent farms and ranches have been major buyers of steel in various forms: pipe, fencing, and so forth. They have been a considerable part of the market for our chemical industry. The volume of their purchases of tractors, bulldozers, and other farm machinery is legendary. Entire townships, and even some cities of the United States more or less depend for their economic existence on production for and sales to farmers. When the farmer stops buying, or goes out of business, a lot of our citizens lose their jobs, or their businesses, and even heavy basic industry feels the pinch.

So, it is vital not only to the general health of our national economy, but to our national security, that we maintain the number of family- and intra-family-operated farms in at least the present numbers.

Generally, of course, the present troubles of these farmers are a product of the same misguided monetary policies and post-industrial society trends which afflict every sector of basic industry. However, the present crisis in food supplies was caused either by special circumstances affecting agriculture more than most other parts of the economy, or by the special way in which energy and banking policies of the 1973-1984 period affect the exceptional features of agriculture.

The most significant of the special circumstances is the fact that since Orville Freeman's term at the Department of Agriculture, that department's "supply management" policies have been designed to assist the grain cartel in wiping the independent American farmer off the map.

Otherwise, the special problems of agriculture erupted with the 1973-1974 energy crisis. Energy is the most critical of the raw materials of modern agriculture. Electricity for such things as irrigation and for farm equipment, fuels consumed in large quantities to operate farm machinery, and energy in the form of large volumes of fertilizers and other chemical products, give the general picture. Therefore, within limits, agriculture is more sensitive to a rise in the cost of energy than rises in interest rates. The sudden leap in energy costs, beginning 1973-1974, started the chain-reaction putting farms into their presently threatened condition.

The introduction of Jimmy Carter's and Paul Volcker's high-interest-rate policies, in October 1979, had almost immediate, and disastrous impact on agriculture.

Then, since President Reagan's first term, there have been severe droughts in large areas of the United States. Now, traditional sources of farm credit are being shut down. By the end of 1984, nearly half the acreage in production at the time of President Reagan's 1981 inauguration was out of production. Meanwhile, dustbowl conditions are already emerging in Texas, threatening to repeat the dustbowl pattern of the 1930s.

The past 15 years of U.S. agricultural policy have been consistently a disaster, a policy which has been, in effect, a simply immoral policy.

The Congress must act immediately, and move the President to act, to effect the following measures:

1. There must be an immediate moratorium on farm foreclosures, nationwide.

We must implement a policy of something like the following formulation: *Any farm which was in the top 75% of economic performance during a five-year period preceding 1981 should be protected from foreclosure. This action must be implemented under the title of National Security Emergency.*

2. Establish immediately, a policy of intervention to

maintain farmers' prices at 90% of parity.

Generally, such a policy is implemented in the following way.

If a farmer can not sell a designated crop at the established percentile of a parity price or higher, the Department of Agriculture intervenes to buy that crop at that price. Then, later, either the grain cartel or the agribusiness can pay government that price plus a service charge for its purchase of this stock, or, some of the stock is retained by the government as national strategic reserves, or, the government may directly market such stocks abroad under government to government trade agreements.

3. The President and Congress must intervene with emergency measures to facilitate the reorganization of financial affairs.

It should be axiomatic, that by rescheduling existing farm debt of viable farms, at interest rates between 2% and 4%, a 100% repayment of the principal value of the carried-forward debt will be the normal result. Federal action is required to ensure that restructured debt be classed as performing bank assets, and to provide simple procedures for conducting the financial reorganization.

It should be normal procedure, in these cases, that additional loan capital be supplied, at prime rates of between 2% and 4% for loans based on lendable issues of gold reserve U.S. currency-notes through local banks. This should include crop-production loans, and also medium-term and long-term loans for needed capital improvements and replacements.

Such loans should be available to farmers generally.

4. Disaster relief for farms in relevant regions of the nation.

For example, in regions hit by persisting drought conditions.

5. Immediate action to develop fresh-water management systems in areas suffering or threatened by major water shortages.

Candidate LaRouche has co-sponsored revival of proposals to develop a continental water-management system, to include bringing water now flowing into the Arctic Ocean down through the Western states: one line running in the arid region between California and the Rocky Mountains, and the second to the east of the Rockies, across the river-systems flowing eastward into the Mississippi. The feasibility of such a program was developed years ago by a major engineering firm, a design named the NAWAPA project (North American Water and Power Alliance). LaRouche has adopted an expanded version of this proposal, which would integrate the eastern United States via the Great Lakes and the Tennessee and Mississippi states' water systems. Such a continental system of water-management would be integrated with state and regional water-management systems. The expanded version of NAWAPA, combined with these state and regional water-management systems would therefore constitute a sin-

gle, combined, continental water-management system for the United States as a whole.

3.2 Labor force

The central feature of employment in the U.S. economy over the recent forty years, has been the decline of the percentile of the labor force employed as productive operatives—as opposed to “services” employment—from 62% of the total labor force in 1946, to a shrinking 20% (actual) today.

Today, this declining ratio of operatives employed, as a percentile of the total labor force, must be considered under conditions that the population as a whole is dying. Fewer children are being raised. When there are fewer children born, the total labor force shrinks by a corresponding amount twenty years later. The ratio of retired persons to total population increases, and the ratio of retired persons to the total labor force increases. If the present U.S. population-trends continue, during the coming century, the U.S. population will have shrunk from 230 million persons today, to a projected 125 million—largely starving senior citizens. The United States is not “lowering its population growth,” it is committing demographic suicide.

This demographic trend is key to strong pressures on governments, from profit-minded international insurance cartels, to cut back drastically on medical care of persons who are either over fifty years of age, or younger persons with serious forms of long-term impairments. The ratio of the adult labor force, those who pay contributions to medical care and retirement funds, to senior citizens, is declining at accelerating rates. Poorer persons, without financial means to pay significant contributions for major medical care, are being urged to “die with dignity.”

A calculation has been made: What would the number of employed operatives have been, in 1970, 1978, 1979, and 1980, if 40.3% of the employed labor force, the ratio in 1960, had also been so employed in those years, instead of dropping as it did? The result would have been that, instead of the 30.43 million productive operatives left in 1980, we would have had roughly 40 million. In other words, there should have been at least 9.976 million more persons employed as operatives in productive jobs than there were actually reported so employed in 1980.

And yet, even the 40.3% figure for operatives as a percent of employed labor force does not represent a normal condition for the U.S. economy. Nineteen sixty was the fag-end of the 1957-58 recession. From study of changes in employment patterns over the course of the 1946-57 period, a healthy condition for the U.S. economy would be between 50% and 55% of the total labor force employed as operatives.

We estimate the total labor force as equivalent to approximately 63-66% of the adult population, and use the standards of the late 1940s and the 1950s in estimating “normal”

unemployment.

What is clear is that operatives' employment ought to be between 50% and 55% of the labor force, that science and R&D must be between not less than 5% and as close as possible to 10%, infrastructure is about right at the 15% level, capital goods at 20% consumer goods production at 10% of employment, and so forth.

The most significant among the arguable features of these suggested ratios is the leap in capital-goods employment. The barebones argument for this choice is that output of consumer goods ought to increase chiefly as a benefit of increased productivity of operatives—rather than increased operatives—on the condition that high rates of technologically progressive, capital-intensive investment prevail. Most of the increases in employment of operatives ought to be concentrated in infrastructure (15%) and capital goods (20%) production, including capital-goods production for infrastructure building.

These ratios are to be considered the approximate values of targets to be reached within a period of approximately ten years of proper investment, tax, and credit policies.

3.3 Basic economic infrastructure

A study conducted by associates of candidate LaRouche has shown that during the postwar period, the rate of increased national investment in basic economic infrastructure correlated directly with the rate of increase of labor-productivity. Generally, U.S. investments in basic economic infrastructure increased in rate through approximately 1966. Such investment increased in total amount at a slower rate until 1970. From 1970 to the present, the level of such investment has dropped below the level required to replace existing infrastructure. Rates of increase of productivity correlate precisely with rate of change of investment in infrastructure, by a lag of twelve months.

Our productivity is dropping, and we are becoming rapidly a national junk-heap. It is a fair estimate that, simply to repair decay of existing infrastructure, to bring our nation's basic economic infrastructure back up to 1970 levels, the United States would have to spend about \$3 trillion!

Basic economic infrastructure is chiefly:

- Fresh-Water Management Systems;
- Systems of Energy Production and Distribution;
- Transportation Systems: Ports, Inland Waterways, Roads and Highways, Railroads, Air Traffic Systems, Pipeline Systems;
- Communication Systems;
- Urban Infrastructure;

In the last category, Urban Infrastructure, fall two sub-categories:

1) Utilities, other than energy production; Sanitation, including sewage treatment; Intra-Urban Mass Transit;

Docks, Warehouses and Freight Transfer Facilities; Medical Institutions.

2) Educational Institutions; Libraries, Museums; Public Halls of Assembly; Parks; Government Buildings.

In the greater part, *the development and maintenance of infrastructure is an economic function of either government, or of government-regulated utilities*, as distinct from unregulated forms of private ownership. It is, properly, the major non-military expenditure of government, which must either provide this out of its own expenditure, or must regulate the delegation of some among such functions to public utilities.

There has been, lately, greatly exaggerated praise for the glories of "deregulation" of what had become traditionally areas of economic or regulatory responsibility of, variously, our federal, state, or local branches of government. It can not but be the case that most of those promoting "deregulation" or "privatization" suffer an astonishing ignorance of relevant parts of our national history. A few references to that history are therefore appropriate.

From the beginnings of our federal republic, increasing portions of basic economic infrastructure were the adopted responsibility of government.

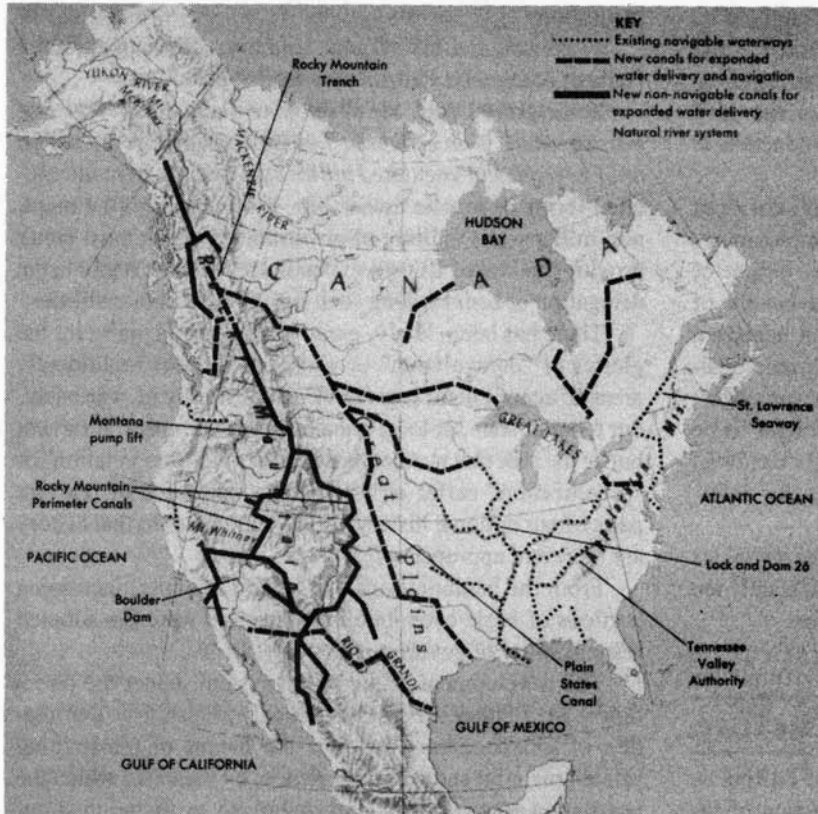
The development of the postal system, under the direction of Dr. Benjamin Franklin, not only predated the Declaration of Independence, but was the means of transmitting printed material and correspondence, by means of which the population was educated and mobilized to accomplish our independence.

Prior to 1776, patriots including George Washington recognized the wisdom of France's eighteenth-century "Colbertistes" in regarding the responsibility of government for developing and maintaining roads, bridges, and canals as a vital economic-strategic, as well as military-strategic function of government. The wars against French and French-deployed Indian forces were won substantially by aid of the foresight of those leading colonists who both developed the American militia according to republican military principles, and developed the economic-strategic arteries of transport by means of which settlement and military victory marched together.

Among the heated practical issues prompting Washington, Franklin, and others to convene the 1787 Constitutional Convention was the frustration and disgust, so reported by Washington, at the lack of a central government authority to assume efficient responsibility for such public works.

In chief, the pre-1870s development of the railway system of the United States was accomplished by the federal and state governments, and could not have been accomplished otherwise. It was after private financier interests took over the railways, and looted them, beginning the 1870s, that the troubles began.

The development of the telegraph system by Samuel Morse, was originally projected as a military venture. Morse worked with scientists in Paris, to extract from the develop-



Courtesy of Bucyrus-Erie Company

The North American Water and Power Alliance, a water-management plan for channeling arctic waters southward to the U.S.-Mexico border, is over 20 years old, but is all the more urgent today. The 102-mile Central Sacramento Valley Project waterway, pictured at right, shows what the nation can do if it ignores the malthusians.

ment of electricity a means for producing a system of rapid communications, by aid of which the vast territory of the United States could be defended.

In chief, most of the elements of infrastructure developed have been created either directly as an economic function of government, or, indirectly, through government subsidies. Respecting the notable cases of financial and other mismanagement of such enterprises, as the instance of the looting of railways and the case of the New York City transit system illustrate, it has been the takeover of such functions by private financier interests which has been the prevailing cause for the bad reputation public utilities have popularly acquired.

Infrastructure, by its nature, partakes of the characteristics of monopoly. Additionally, the development of large-scale infrastructure involves a large-scale risk, which the existing species of financier interest will not hazard without governmental guarantees and subsidies.

There are two additional, important points to be considered in setting forth infrastructure policy.

First, the \$3-4 trillion deficit in U.S. infrastructure today, relative to 1970, is obviously \$3 trillion of unpaid depreciation on past investments in infrastructure. *If so large an amount had been deducted from reported national-income*

accounts during the past decade, there would have been no reported growth at all in the U.S. economy during this period! How is it that so large an item of unpaid costs of production was (chiefly) unreported? The reason is elementary: Most of this infrastructural loss was a loss to various levels of government. The problem is, on this account, that the entire system of national income accounting presently in use is grossly incompetent.

The second point to be made, is that total infrastructural cost is a very large component of total costs of production of goods. Except as this is reflected in the utility bills of firms, that cost is not reflected in the cost-accounting of private industries and agriculture; the businessman seldom recognizes that the development and maintenance of government- and utility-provided infrastructure is a major part of every businessman's costs of doing business, a very substantial part of the real cost of everything produced in our economy.

Just as adequate and reliable supplies of energy and water are indispensable to the production of goods, so are each and all of the other items of infrastructure named above. If these elements of infrastructure should break down, or merely deteriorate significantly, the costs of doing business must rise accordingly, and business may not be able to function at all.

This is, broadly speaking, the reason that the close correlation between rises in development of infrastructure and rises in the rate of productivity are the two factors most closely statistically correlated in economics. Before a producing firm (or any other sort of firm) can start business, it must have available to it the quantity and quality of basic economic infrastructure required by the scale of business operations and by the type of business and the level and type of technology employed.

Therefore, government promotion of high rates of investment in improving and maintaining infrastructure must be a leading feature of any workable program of economic recovery.

The concrete policy-actions to be taken by the federal government prominently include the following measures:

1. There must be immediate and large flows of gold-reserve credit to public utilities and capital programs of government for infrastructure development.

2. The state governments must be supplied with long-term credit for construction loans, at 2% prime interest rate, for work on development of a national fresh-water management grid, including the NAWAPA project, with priority on construction in areas most affected by drought and lowering of water tables.

3. Long-term credit must be made available, at 2% prime interest rate, to public utilities, for creating not less than 5 trillion kilowatt hours of generating capacity during a period of not more than fifteen years ahead. The credit issued shall be used initially to finance the construction phases, prior to certification. On certification, part or all of the loan may be rolled over in the form of a medium-term or long-term permanent mortgage, until such time as private bondholders may buy out portions or the entirety of the loan.

4. Long-term credit shall be issued for construction of a renovated freight and passenger rail system between principal population centers. The transport of passengers by air between population centers 200 to 300 miles apart is becoming a critical factor in air-traffic control. With the modes of high-speed rail transport available to us, passengers can be moved such downtown-to-downtown distances with no greater, or even significantly less total time of travel than by present-day airlines. If outlying (usually) air terminals are linked to urban rail-traffic centers by direct rapid-transit links, optimal efficiency in inter-mode transition among various modes of inter-city and intra-urban-area passenger transport can be secured.

5. The U.S. Army Corps of Engineers must be expanded, both for its essential role in developing the national fresh-water management grid, and its related role in rebuilding and extending the nation's system of inland waterways and ports. In addition to accelerated dredging of waterways and repairs of locks, immediate priorities must focus upon the Ohio and Mississippi river systems, on the completion of the Tennessee-Tombigbee system, and the completion of a

barge canal linking Lake Erie to the waterways in the Pittsburgh region. The constructions for these programs should also be funded by gold reserve credit.

Water transport continues to be the lowest-cost mode per ton-mile. Given the slower speed of such low-cost transport, it is best suited for carrying of either bulk freight, or cargo too heavy or bulky to be carried by other modes. Hence, inland waterways are optimal for carrying of cereals and for fostering heavy industry along the waterways. The immediate objects of development of the indicated inland waterways are: a) to restore the industrial heartlands of the Mississippi-Ohio systems, and, b) to open up for expanded economic development the basic industry of the region of Tennessee and Mississippi.

6. To create a U.S.-flag maritime fleet of high-speed cargo vessels, most probably in the 50,000-100,000 ton class. This fleet shall be part of the military reserve.

7. To refurbish the essential ocean-vessel ports of the United States, and incorporated construction and repair facilities.

8. To provide gold-reserve credit to states and local government for urgent capital repairs of essential infrastructure.

9. To reinvigorate the system of veterans' hospitals by aid of making such institutions national centers of clinical care and laboratory research facilities in treatment of diseases of aging of tissue, such as cancer. To provide loans for capital improvements and expansion of plant and equipment for this purpose.

10. To supply low-cost, long-term credit to those industries which must expand and/or retool their production capacities, that they might fulfill their functions as vendors to both national defense and the principal infrastructure development programs making use of loans of gold-reserve credit.

11. To establish several experimental stations whose activities are inclusively devoted to development of improved methods and procedures of desalination of salt water.

As the energy-flux density of energy production rises from the 10,000 to 40,000 kilowatts per square meter of systems generally in use today, desalination will become increasingly economical. There are methods which are more economical than distillation of vapor produced by boiling, but all require energy. The cheapness of energy, and the energy-flux density of produced energy, are crucial.

Additionally, the time is fast approaching that we shall require supplementary production of fresh water by desalination to meet water requirements of various regions of the nation and the world. As energy costs, for both desalination and pumping, are brought down, endemically water-short regions can be supplied adequately by this supplementary means, and large arid regions of our own and other nations can be opened for development and habitation.

If we push ahead now, we will have this new source of fresh water in time.

Why Europe must become a bastion of freedom

by Helga Zepp-LaRouche

The following policy statement was released in the Federal Republic of Germany on Oct. 10 by Mrs. Zepp-LaRouche, who is chairman of the Patriots for Germany party. It has been translated from the German.

The sense of desperation with which tens of thousands of refugees from East Germany have fought their way to freedom, is dramatic proof that an era is coming to an end. These people left everything behind them, and some risked their own and their small children's lives in order to escape the hated repression there. And within a few short weeks, they have also created a situation in which the word "freedom" means something again. Beneath their often panicked decisions to flee, lay their well-founded fear that soon after the 40 anniversary of the founding of the German Democratic Republic (G.D.R.), there would be a wave of repression such as occurred in China; and the brutality shown by the East German police against the demonstrators in many cities has already given us a foretaste of what is to come.

The reaction of the West German public to this wave of emigration, gives us a striking example of how swiftly public opinion can do an about-face in times of crisis. For years—indeed, for decades—the West has sought to court and assuage the East Berlin regime by proffering multiple economic assistance packages. West Germany's Social Democratic Party (SPD) compulsively pushed ahead with its fraternization offers with East Germany's ruling Socialist Unity Party (SED). But now, all of a sudden, a large chunk has fallen from the façade, revealing the SED state's ugly face under-

neath. Suddenly, everyone is speaking of the G.D.R. as a great jailhouse holding 16 million Germans prisoner, and that to live in the G.D.R. means being swindled out of the best part of one's life.

It is patently evident, that the parties in West Germany's capital Bonn have no idea how they should react to this situation. Chancellor Helmut Kohl is suddenly not sounding so self-assured that he can weather any crisis, and one cannot help getting the impression that he, like many of his more realistic colleagues, is terrified by the events now unfolding in the East bloc. The SPD, meanwhile, is about to see the complete demise of its policy of "change through convergence" with the SED; and all the liberals' assurances that the "German question" can only be settled in a European context, have the hollow ring of all such empty formulas in times of crisis.

While Bonn is basically adrift, limiting itself to humanitarian assistance and supplies for the refugees, a few articles have appeared in journals in other European countries, warning that the specter of a possible reunification of the two Germanies has returned to haunt European political life, and arguing that the German question is too important to leave it up to the Germans themselves. But what the writers of these articles completely overlook, is that what these refugees from the G.D.R. desire above all else, is *freedom*; and people in France, at least—in this 200th anniversary of the French Revolution—really ought to have some understanding of that.

What, then, shall we do? How can the dangerous political vacuum be filled?

The current strategic situation is chiefly determined by two elements: the collapse of the Communist empire, including China; and the rapidly worsening world economic depression and the associated immediate danger of an international financial crash. No political initiative will succeed unless it takes this political reality into account. Therefore, all considerations must begin with a sober and illusion-free evaluation of these two aspects.

The collapse of the Soviet Empire

The Soviet Empire is in the throes of an irreversible collapse; we are witnessing the death of Communism as an ideological system. The more than 40 years of primitive accumulation practiced by Moscow toward the various nationalities inside the Soviet Union and its satellite states in the East bloc, has reached a certain objective limit. The essential reason why the East bloc states have been so ruthlessly plundered—preventing their citizens from ever having a standard of living fit for human beings—lay, of course, in the Soviets' striving to achieve military superiority over the West. Especially since 1983, when the the Ogarkov plan for a pre-war economic and military mobilization began to enormously intensify the plundering of the people of the East bloc for military purposes, there has been a tremendous increase within the Eastern European nations, and within the Soviet Union itself, of the will to resist the central authorities in Moscow.

Perestroika, i.e., restructuring, means nothing other than putting the Soviet Union's economy on a footing to sustain the pre-war mobilization. Gorbachov saw the policy of *glasnost* as his only means of winning over the popular masses—who are rather backward culturally and hence tend to resist all innovation—into supporting this mobilization. But to the degree that the authorities permitted open discussion of the former crimes of Josef Stalin—the supposed proof that Gorbachov's new leadership was different from what came before—to that same degree there grew a desire to throw off today's repressive system, and the resulting demand for national independence. So, for Gorbachov, *glasnost* has turned out to be a genie in the bottle: Once he let it out, he could never force it back inside.

Over the past few months, the entire East bloc economy has undergone a further dramatic collapse. The supply situation in the Soviet Union is in fact worse today than it was in 1953 under Stalin. This, in turn, has led to strikes and uprisings in virtually every part of the Soviet Union, along with serious frictions in Eastern Europe. The Eastern Institute in Cologne recently issued a study which predicts a catastrophic winter and "Romanian conditions" throughout the East bloc, including the G.D.R. and Czechoslovakia. Recall that in Romania last winter, many people either starved or froze to death.

It is not difficult to anticipate that hunger, combined with a pressing lack of basic daily necessities, will make



"No to the Evil Empire," declares this poster circulated by the Patriots for Germany party shortly after its founding in 1985. Many West Germans are now regretting that they didn't follow that advice back then.

the political oppression even more unbearable. This fully confirms Lyndon LaRouche's warning that the worldwide food shortage has become the number-one threat to world peace. At the most recent meeting of the Soviet Academy of Sciences' U.S.A.-Canada Institute in Vermont, the Soviet representatives confronted their terrified Western interlocutors—who had set their hopes on a great *perestroika* boom—with the candid assertion that Moscow will soon have no choice but to send the Russian Army into the hotbeds of political unrest.

Such brutal repression by the Army is not all that far off; there are just too many crises breaking out simultaneously. In stark contrast to wishful thinking in the West about Gorbachov, the Soviet leader has made it quite clear to the SED leadership, that even though the SED will have to find its own way out of the crisis, under no circumstances must stability be threatened on the western frontier. Even if Honecker is replaced at the SED's upcoming party congress in November, or if he steps down earlier than that for health reasons, this should be no cause for celebration. Those who know the system first-hand—namely, the refugees from the G.D.R.—describe the upcoming generation of SED functionaries as hardened party technocrats who are even worse than Honecker. There may be a few cosmetic reforms, perhaps; but without a fundamental change—a change which would have to be introduced through a policy shift in the West—the crisis in the G.D.R. will grow progressively worse. If the SED regime reaches the point of losing control, the most probable option will be a direct intervention by the Soviet army.

How long will Moscow put up with the course of events in the Baltic nations? After Lithuania, now also Latvia has demanded independence, and has already drafted emergency

plans to ensure vital supplies in the event of a total boycott by the central government in Moscow. In Poland the supply situation is desperate, and Lech Walesa has already warned of the imminent danger of civil war. In Armenia, even the Russian military has so far been unable to break the blockade in the Nagorno-Karabakh enclave. Bloody fighting is going on between Azerbaijanis and Armenians. But the situation is also extremely tense in Siberia, the Ukraine, Georgia, and the Moldavian Republic. And it is highly doubtful that workers will honor the Supreme Soviet's decision to ban all strikes in virtually every sector of the economy.

Meanwhile, Gorbachov, who only a few weeks ago was ridiculing those who were "talking a crisis into existence," changed his tune in an alarming speech before the Supreme Soviet, saying that the situation is catastrophic and that the Moscow leadership is losing control. Gorbachov's economic adviser Leonid Abalkin declared that it were better that the necessary control measures be taken by the present leadership, rather than by a future one. Gorbachov's reason for hesitating to order such comprehensive repressive measures, must lie in his recognition that it would shatter his image as a reformer, just as surely as Deng Xiaoping's image was shattered on June 4.

No objective basis for a superpower condominium

Following the massacre in Beijing, Lyndon LaRouche stated with great precision that China's action had destroyed any objective basis for maintaining the condominium of the superpowers. For, the moment the Chinese leadership lost its "mandate from heaven" in the eyes of the people along with it died the illusion of "reform Communism." The brutality shown by the military in executing Deng's orders against the Chinese youth, conclusively exposed "reform Communism" as a Communist trick, whose only purpose was to lull the "useful idiots" in the West. At the same time, it became evident that a massacre similar to the one at Tiananmen Square could be easily replicated in other locations within the East bloc.

It should be recalled, that I presented precisely this analysis of East bloc developments during a campaign spot which I made for the European parliament elections, and which had been scheduled to be shown over the ARD and ZDF television stations on June 14. But in an unparalleled example of political censorship, ZDF refused to air the program, because on that same day Gorbachov was in West Germany on a state visit, and Gorbymania in Bonn had reached fever pitch. It took a court order to force ZDF to belatedly air the program, whereas ARD jawboned, claiming technical difficulties, so that it only aired the program after Gorbachov had already departed.

Since then, warnings about an impending Beijing-style crackdown against the opposition in the East bloc have been repeated by numerous commentators, and even by Honecker

himself. So, who was right?

The breath-taking speed with which the process of disintegration has been unfolding throughout the East bloc over the past few months, has more than confirmed LaRouche's analysis. The objective basis for a condominium of the two superpowers no longer exists—even if the Bush administration still wants to cling to that illusion. Meanwhile, a ham-fisted battle is being fought out within the Soviet *nomenklatura*: On the one side stands the grouping around Gorbachov which wants to stick with *perestroika*, so as to entice the West into giving further financial and economic assistance; on the other side is a faction within the military and the party which is convinced that Gorbachov has allowed developments to drift out of control for too long in the Transcaucasus, in the Baltic, and elsewhere.

Up to now, Gorbachov has been able to steer these conflicts to his own advantage, which has allowed him to accumulate increasing power in his own hands. But it is only a matter of time before he will be replaced by those who want to try using bloody repression as a means of bringing the situation under control. The most probable result will be a lengthy civil war.

The crisis in the West

The lack of any sense of reality within the Bush administration extends not only to its misevaluation of the possibility of maintaining a condominium arrangement with Moscow, but also to its distorted view of the economic and monetary system in the West. For the past two decades, the United States has been systematically reducing its industrial capacity, and its "post-industrial" economic and financial policies, which are solely oriented toward monetary criteria, has caused a grave economic crisis, with the result that the U.S. banking system is now on the verge of collapse.

Even if people might manage to once again postpone an outright banking collapse by means of massive expansion of monetary aggregates, such a combination of inflation and deflation will only exacerbate the problems of the real, goods-producing economy. It makes no difference whether the great banking collapse will be ultimately unleashed by worthless junk bonds, by failed leveraged buyouts, by the inability of Third World countries to pay their debt, or by the shock of a bloody crackdown in the East bloc; the fact is, one day in the near future, the speculative financial bubble is definitely going to burst.

Over the last few weeks, the Europeans' dwindling trust in the Bush administration has become one of the most important factors in policymaking. A veritable earthquake was set off among insider circles recently, when Central Intelligence Agency director William Webster gave a speech in Los Angeles, declaring that henceforth the CIA would concern itself less with the Soviet threat, and would instead concentrate more on America's allies who are also its economic competitors. The French daily *Le Figaro* correctly pointed

out that this reflects a new political orientation on the part of the Bush administration, turning it away from the Western Alliance and toward a condominium with Moscow. Henceforth, the newspaper stated, European firms should expect to find the CIA bugging their internal planning meetings.

Out of all this, it becomes clear that the postwar order is coming to a close—both for the Communist bloc as well as for the foreseeable relations within the Western Alliance. Under these circumstances, how can Western Europe protect its own interests, while defining a policy direction which answers the political vacuum in a positive way, furthering the cause of peace?

A new monetary system

Precisely because the United States is apparently dead-set on relinquishing its leadership role in the world, Western Europe itself must now prepare to become a bastion of economic growth and technological progress, in order to counter the impending chaos of a worldwide economic depression. If in the United States there is no sign of a return to economic reason, then Western Europe must take measures to protect itself against the effects of a financial crash and of a general depression.

It is therefore urgent that we expand the European Monetary System along the lines already specified by Lyndon LaRouche back in 1978, at a time when Western Europe was confronted with the equally unpredictable Carter administration. Back then, the unreliability of the U.S. administration prompted Chancellor Helmut Schmidt into repeated warnings that the world was on the brink of a Third World War. Responding to this danger, Schmidt and French President Valéry Giscard d'Estaing laid the foundations for a European Monetary System; but in its implementation, they fell far short of LaRouche's original proposal.

But now there is every reason to finally implement the full program. This would entail, first, linking European currencies into a firm alliance with fixed parities. These currencies should be backed by a gold reserve which could be used by the central banks for settling outstanding balances. The price of the monetized gold should be set by treaty between member states, at a rate above the current market price for gold.

In order to effect an immediate economic upswing, the national central banks—which should be put under the control of their respective governments—must issue long-term credits at low interest rates for productive investment in industry, agriculture, and infrastructure. These project-tied credits, with an effective interest rate of 2%, could then be passed on through the banking system. Such a method of money creation would not be inflationary, since these credits would be exclusively tied to the production of new physical goods. Because of the emphasis on technological innovation, these investments would probably even have a deflationary effect.

Provided this is done, Western Europe's economy would immediately experience an enormous upswing—especially if such a reorganization of the economic system within the European Community were linked with an export drive, particularly of capital goods, into those developing countries which are inclined to cooperate. Over the past years and months, European banks have been drawing the obvious conclusion from the Third World debt crisis, and have been writing off substantial portions of their outstanding credits. Now we can return to a policy like that pursued in the 1970s by Jürgen Ponto, the late chairman of the Dresdner Bank, of helping the nations of the so-called Third World to develop their own economies, and in so doing, making them into future expanding markets for us. To do this, we will need to open new credit lines for these countries, with the stipulation that such credits be tied to clearly defined projects for improving infrastructure, industry, and agriculture.

The core of such an expanded European Monetary System would have to be close cooperation between the Federal Republic of Germany, France, and Italy. Such a strong economic bloc could then form the basis for supporting the less developed Western European nations and regions, such as Spain, Portugal, and Italy's Mezzogiorno.

Once the EC is economically stabilized in this way, it could then turn to a further urgent task, namely, the reconstruction of the Polish economy. Indeed, the quantity and quality of support provided to the new Polish government—which must primarily come in the form of economic assistance—will determine the fate not only of Poland, but of the entire East bloc. Success, or lack thereof, in making Poland into a model of successful economic reconstruction of an East bloc country, might well be the decisive factor in whether the world will have war or peace.

Food for peace

A beefing-up of the EMS should be complemented by one further urgent measure: an emergency agricultural program. I have already mentioned the danger that the worsening worldwide food shortage is becoming the number-one threat to world peace. Thanks to the neo-malthusian policies of the U.S. Department of Agriculture and the EC Commission, today neither the United States nor the EC has any significant food reserves. This state of affairs was dramatically underscored by the difficulties encountered in assembling food supplies for relief shipments to Poland.

Now that winter is approaching, very little can be done in our latitudes to relieve this situation, until next spring. So if there is to be any short-term gearing up of agricultural production to deal with the emergency in the developing nations and in the East bloc, this would have to come largely from the Southern Hemisphere, where spring planting is now under way. The two nations which are predestined, as it

were, to make major contributions to the preservation of world peace through a massive expansion of their agricultural production, are Brazil and Argentina.

Therefore, Western Europe should decide to make short-term lines of credit available to these two countries so that they can maximize the acreage planted. Additional agreements should be made in order to increase imports of high-quality beef from Ibero-America.

The other nations of Ibero-America should be given comparable incentives to gear up their own agricultural production, not only for its own sake, but as a means of supporting those governments in their war against the drug mafia by encouraging peasants to grow food instead of drugs. Simply imagine the catastrophic effects of hunger riots in the East bloc, and what the food situation will look like this coming February, and it should be obvious that there is not a day to lose in putting these emergency measures into effect. At the same time, the West would also benefit by gaining greater maneuvering room in its negotiations with Moscow.

In view of the outrageous fact that according to World Health Organization statistics, only 1.8 billion people are adequately nourished, 1.5 billion poorly nourished, and 1.7 billion suffer from undernourishment, and in view of the shocking and shameful fact that over this decade millions of human beings have already died of hunger or its effects, the moral challenge of our century must be to eliminate this inhuman and utterly unnecessary state of affairs, and to set the stage for a general agricultural reconstruction program in the Southern Hemisphere. Looking beyond all the details, such a "food for peace" program is the only workable concept for preventing an impending war.

Science cities

It would be highly desirable that each Western European nation define approximately 20 great projects which could turn Western Europe into a bastion of economic progress. In the Federal Republic of Germany, for example, such a task would include the assembly and export of high-temperature gas-cooled nuclear reactors to the developing countries on a grand scale. These reactors would not only deliver cheap and environmentally safe electricity to build the economy, but could also produce heat for industrial applications while guaranteeing maximum safety because of their manner of construction.

The best way to highlight Western Europe's new orientation, would be for each country to undertake the construction of a new science city. For West Germany, this writer has already presented a proposal, in the form of a draft plan for a "Cusanusstadt."¹ The essential idea is to erect, from the ground up, an entirely new city which would gather together all future-oriented branches of science, but which would also be a work of art in its own right, both architecturally and from a city-planning standpoint, in the best tradition of Euro-

pean city-building. Such a city, if coupled with an emphasis on humanist² education and continuing education of its residents, could become a symbol for the new humanist renaissance.

West Germany has very immediate grounds for building such a Cusanusstadt. Since the beginning of this year alone, 135,000 people have come over to us from East Germany by one route or another. New housing will have to be built for them; if the construction of these new housing units is not simply left up to the haphazard decisions of individual communities, but is instead considered in connection with the Cusanusstadt plan, then it could provide an immense impulse for our overall economic development.

The doubts and suspicions which many people in France may harbor about such a perspective of a much-strengthened German industry, are without foundation. Such people ought to consider what is in store for us West Germans, in the event that Western Europe is unable to make this new orientation. And they should not forget that it was precisely the lack of a German national identity, which up to now has made Germans so susceptible to the campaigns for a neutralized Germany.³ In the context of a newly defined perspective for all of Western Europe, West Germany's economic strength would be a great boon, especially for its partners within the European Community.

There is only one way humanity can overcome the crises which are engulfing almost every part of the globe, and which are even putting the future existence of mankind into question: We must spark a new humanist renaissance. Western Europe, by virtue of its historic tradition, has a special role to play in this undertaking. We must return to the basic values of the Judeo-Christian West. The shift in moral values over the past 20 years, which is evident in the manifold manifestations of social collapse we see today, must be reversed. The face of Europe is distinguished by its many nations, each of which has developed its own culture and its own identity. Provided that we in Europe harken back to the very best of our tradition, infuse it with new life, and connect it with the peaceful aim of developing the Southern Hemisphere, then we in Europe indeed stand on the threshold of an exciting and hopeful future.

No matter what may come to pass, the Patriots for Germany are determined to put its constructive policies into the service of bringing about a renaissance of the European nations.

Editor's notes

1. "Cusa City," named after Nicolaus of Cusa (1401-1464), who can be regarded as the founder of modern non-euclidean mathematical physics.
2. Mrs. Zepp-LaRouche uses the accepted European definition of the term "humanism," signifying the Judeo-Christian humanism which asserts the potential divinity of the human soul and of man's ability to master the laws of the universe.
3. Under present political conditions, any reunification of the two Germanies would mean the de facto incorporation of West Germany into the Soviet Union's sphere of influence.

Gorbachov's 'glasnost' bites the dust

by Konstantin George

On Oct. 13, Soviet President Mikhail Gorbachov presided over a meeting of the Politburo, Central Committee secretaries, and leaders of the mass media, at which he read the riot act to the media, and thereby proclaimed the end of *glasnost* ("openness") in the Soviet Union.

Gorbachov branded four people as constituting "a power-seeking fascist clique": Boris Yeltsin, who heads the populist-fascist "inter-regional group", of deputies in the parliament; Gavril Popov, a deputy belonging to Yeltsin's group; Yuri Afanasyev, an anti-Stalin historian; and "liberal" economist Nikolai Shmelyov. Those publications and their chief editors most identified as the proponents of *glasnost* in the media, were subjected to scathing attacks. The chief editor of the weekly *Ogonyok*, Vitali Korotych, was accused of violating party discipline, by publishing "ultra-radical" demands and criticisms. Gorbachov singled out Vladislav Starkov, editor of the weekly *Argumenty i Fakti*, who had dared to print an article stating that, on the basis of readers' letters, the most popular Soviet deputy was physicist Andrei Sakharov. Gorbachov didn't stop there. He demanded that all readers' letters held by *Argumenty i Fakti*, which had criticized him, be turned over to him personally. The staff of the Moscow party youth newspaper, *Moskovsky Komsomollets*, was denounced as "a nest of anti-party organizations"; the U.S.S.R. party youth paper, *Komsomolskaya Pravda*, as producing "incomprehensible rubbish"; even the Soviet government newspaper, *Izvestia*, was not spared.

Crackdown on the Stalin model

Gorbachov is copying the method employed by Josef Stalin in the late 1920s and early 1930s, to play off opposition groupings against one another in order to crush them, one by one. This policy has emerged clearly since the Sept. 19-20 Central Committee Plenum, at which Gorbachov removed a major bloc of Politburo opponents, including internal security czar Viktor Chebrikov, and packed the Central Committee Secretariat with four new figures totally loyal to himself. Contrary to Western press commentaries, the removal of Chebrikov was no "victory for the liberals"; it cleared the way for Gorbachov to publicly adopt Chebrikov's own tough posture.

The group now on the chopping block is that around Boris Yeltsin, Russia's would-be Mussolini. As recently as September, Yeltsin had been portrayed positively on Soviet television, shown returning from his trip to America, distributing to Moscow hospitals the disposable syringes he had procured with royalties from his U.S. speeches. That was before the Chebrikov group was eliminated.

But shortly before the Central Committee Plenum, Soviet TV began the demolition of Yeltsin, by showing him delivering a speech in America. There was no commentary; none was needed. The footage clearly showed a totally inebriated drunkard. On Oct. 16, the full storm of ridicule broke over Yeltsin's head, as Interior Minister Vadim Bakatin addressed the Supreme Soviet to deliver a report on the "strange behavior" of Comrade Yeltsin who, on Sept. 28, had turned up at a police station soaked to the skin, and claimed that he was the victim of an "assassination attempt." He said he had been thrown into a car, taken to a bridge, and forced to jump into the Moscow River. Then, Bakatin reported, after Yeltsin was told that his story was impossible, since no one could survive a 15-meter fall into a 1.5-meter deep river without serious injuries, Yeltsin said that he had only been "joking." Gorbachov demanded an "explanation."

These factional developments are but one aspect of the shift under way. On Oct. 16, the Soviet parliament passed a law heralding a crackdown on the U.S.S.R.'s 100,000 private cooperatives. The law includes strict price controls on what the cooperatives sell, giving local authorities the power to set prices for all essential goods. Profits made from "excessive" prices must be paid back to the state, along with very high fines. All cooperatives are now subjected to regular inspection by tax and banking authorities, and all those holding responsible positions in state enterprises and organizations are barred from setting up or joining cooperatives. Cooperatives may continue to import Western goods, but the prices charged must be the same as those charged by state-run outlets.

The cooperatives employ more than 2 million people, and have played a useful role in absorbing the segment of the labor force discarded under *perestroika*. Now, they will play a useful political role, becoming the internal "enemy image" that the *kulaks*, or rich peasants and traders, were in the late 1920s. That is why Gorbachov has not banned them outright. Politically, it's much more useful to blame shortages and misery on "greedy" cooperative owners, and to stage show trials of the culprits.

That such show trials are on the agenda, was confirmed by an Oct. 17 Radio Moscow interview with KGB chairman Vladimir Kryuchkov, freshly promoted to the Politburo at the September Plenum. Kryuchkov announced that one of the KGB's main tasks is to go after "corruption" and "excesses" in "joint ventures [with Western firms] and cooperatives, which are often used by people for their own selfish ends."

New head, old policy in East Berlin

by Rainer Apel

"Krenz? It's a catastrophe," said an East German refugee in a discussion with this news service shortly after Egon Krenz was named successor to Erich Honecker as head of the communist Socialist Unity Party (SED), on Oct. 18.

The refugee, a resident of the city of Dresden before he made his way to West Germany through Hungary a few weeks ago, pointed out that Krenz, the Politburo member in charge of all security affairs since 1983, ordered all state crackdowns on the political opposition, including the brutal interventions of special riot squads of the Stasi state security agency, in East Berlin during the regime's Oct. 7 fortieth anniversary festivities.

Other refugees interviewed by the media in West Germany, but people in East Germany who spoke out before Western cameras, said they have no hope in fundamental changes under the new man at the party top. Many pointed to Krenz's staunch support of the Tiananmen Square massacre that his Chinese Communist Party comrades in Beijing launched on June 3-4, which has earned him the nickname "Egon the Chinaman."

"Egon smiles, he also laughs very often," a dissident still living in East Berlin who knows him personally commented, "but he'll keep the smile when ordering the execution."

Krenz is generally viewed as the man who, unlike "grandfather-like Erich Honecker," would order the security forces to open fire on mass protest rallies in East German cities. He is viewed as a ruthless party apparatchnik.

Born in 1937, Krenz joined the communist-run FDJ ("Free" German Youth) in 1953, and entered the SED in 1955. Backed by then-FDJ head Erich Honecker, he worked his way up, becoming a student at the international party cadre college of the Soviet Communist Party in Moscow. From 1964 to 1967, he was trained there in ideology and political control of economic cadre.

He was appointed member of the SED party central committee in 1973 and took over the chair of the FDJ in 1974, which he led until 1983. In 1976, Krenz was made candidate of the Politburo, and a full member of this central power group in 1983.

His career was not only promoted by the CPSU, but also by the Soviet KGB's international intelligence section, then headed by Viktor Chebrikov.

In 1983, Chebrikov recommended Krenz to be appointed a full member of the SED party Politburo, assigned to control security, defense, secret intelligence, and cadre affairs in 1983. This concentration of crucial functions in his hands made Krenz the most powerful single member of the Politburo and "crown prince" for the succession to Honecker at the party top. With a personality somewhat like a combination of Soviet Politburo member Yegor Ligachov and "loyal oppositionist" Boris Yeltsin (he also drinks a lot), Krenz was handpicked by the "Andropov kindergarten" cabal in Moscow for being the "East German Gorbachov of the late 1980s."

Elected new SED party general secretary on Oct. 18, Krenz promptly received Gorbachov's congratulations. The Soviet leader welcomed the election as "a prompt response to the challenges of our present time."

These "challenges" were addressed by Gorbachov before. Concluding his talks with the SED Politburo in East Berlin on Oct. 7, Gorbachov told an interviewer on Soviet television he saw three main points on their joint agenda: 1) intensification of bilateral economic cooperation; 2) more rapid application of scientific inventions to the process of high-tech production; 3) continuity of military cooperation, including the diplomatic promotion of in-depth arms reductions in Western Europe (withdrawal of U.S. troops).

Gorbachov thus addressed, again, the role of East Germany as a number-one supplier of high-tech and refined consumer goods for the Soviets, and its geo-strategic function as the "bastion of socialism at the Elbe River line," directly bordering on West Germany.

Another Gorbachov satrap

Krenz's first official, one-hour address to the East German population, transmitted live on G.D.R. television on the evening of Oct. 18, provided good evidence that the policy of the new man at the top will be entirely along the lines of the Gorbachov agenda.

"Our fraternal alliance with the Communist Party of the Soviet Union is of the first order," he said, adding that "exports to the Soviet Union at the full scope of the plan are a top priority, because they also secure the supply of our industry with raw materials and with equipment."

"Economic relations with the Soviet Union," Krenz said, "are the decisive point to be observed." He appealed to East German workers to "show great responsibility," and to be "cooperative and industrious."

Krenz furthermore emphasized, in a style reminiscent of Gorbachov's recent "blood, sweat, and tears" speeches, that "there'll be problems with the material supply," and "hardships which mustn't lead to the loss of confidence in the ideals of socialism."

Spokesmen of the various political opposition groups in East Germany said there would be no slowdown of the mass mobilization for change; indeed, Krenz's call for "working more and harder" is already provoking a new tide of protest.

Palme murder case back to square one

by Göran Haglund

Ordering the release on Oct. 12 of Christer Pettersson, the convicted "lone assassin" of Sweden's Prime Minister Olof Palme, the Stockholm Court of Appeals summarily terminated the desperate efforts of the Swedish political establishment to once and for all close the Palme murder case by having a defenseless scapegoat—admittedly one with an impressive criminal record—rot forever in jail. Pettersson had been convicted and sentenced to life imprisonment on July 27, based primarily on the testimony of Palme's widow, Lisbet Palme, in a trial where two professional judges, ruling for acquittal, were out-voted by six lay jurors, selected among the ranks of loyal members of Sweden's parliamentary parties.

The swiftness with which the appeals court acted to release Pettersson strongly underscores the degree to which the evidence, i.e., Mrs. Palme's self-assured testimony, lacked credibility. Rather than merely releasing Pettersson on Nov. 2, the seven judges of the Court of Appeals, before even beginning to draft the official text of their ruling, unanimously concluded that the evidence presented by the prosecution was inadequate for a conviction, and that Pettersson must be released immediately.

Thus, Pettersson, a drunkard previously convicted of manslaughter, who without blinking told the court that he has committed some 600 robberies, emerged from custody as a folk hero, the popular disbelief in his guilt having been confirmed, and the credibility of those in charge of the Palme case dropping toward a bottomless low.

A question of method

The release of Pettersson shows not only the absolute failure of Swedish law enforcement to catch Palme's murderer, but the inability of a discredited political establishment to impose an effective coverup upon a legal system which already has gone a long way toward totalitarianism. The prosecution's burning of Lisbet Palme as a credible eyewitness, more than anything else, shows that solving the murder case will not depend upon Sherlock Holmes-style deduction from little hard pieces of evidence found at the site of the murder; any solution will depend instead upon the method of hypothesis outlined by Lyndon H. LaRouche, Jr. in his memorandum of March 4, 1986 on the murder, titled "Operation Edgar Allan Poe."

Outlining the global strategic context in which the killing of Palme occurred, LaRouche noted that "the most important

clues to be considered, come from the area of news media coverage of the killing and investigations. Two characteristics of such news media coverage must receive special emphasis in the inquiry: efforts to divert suspicion to or away from certain classes of suspects [and] efforts to exploit the killing to generate a politically or strategically significant reaction. It need only be mentioned, that the Soviet disinformation channels are, so far, most active in attempting to generate variously politically or even strategically significant reactions to the killing."

Indeed, the very morning after Palme was shot, Soviet Central Committee member Georgi Arbatov launched an international campaign of disinformation diverting suspicion away from Moscow's own role and pointing his finger at Moscow's political enemy No. 1: LaRouche.

The consequent campaign of vilification of LaRouche, in which Western media and organizations such as the Anti-Defamation League, took part with great effort, played a significant role in setting up the political circumstances in which LaRouche was later framed up and railroaded into jail on "conspiracy" charges.

Relaunching a serious investigation into the Palme murder would have to include taking a close look at such deliberately neglected tracks as the mysterious role of Emma Rothschild, Palme's last mistress. The daughter of Lord Victor Rothschild, a figure suspected of being the "fifth man" in the group of Soviet intelligence moles associated with "Kim" Philby, Emma Rothschild has enjoyed complete protection from police scrutiny on the pretext of not wanting to meddle with Palme's "private life"—as though any murder investigation could stop short of investigating precisely the private life of the victim!

According to a U.S. friend of hers, Harvard's Allen Der-showitz, Emma Rothschild fled from the United States so fast, after her name was linked to the Palme investigation, that she left her sports car behind, which is still parked outside her apartment in Cambridge, Massachusetts. The Emma Rothschild lead had appeared in media reports in December 1986, precisely as the U.S. Department of Justice escalated its political persecution of LaRouche, claiming that notebooks seized in a raid against associates of LaRouche on Oct. 6, 1986 were of interest to the Swedish police, because they contained notes made by reporters in the course of investigating the murder.

Another lead which has never been fully pursued, involves a reported meeting at the Iranian embassy in Damascus, Syria, shortly before Palme was killed. Members of Iran's Revolutionary Guard, associated with Iranian then-Speaker of the Parliament Ali Akbar Hashemi Rafsanjani, according to a European journalist, ordered the Kurdish PKK terrorists to kill Palme, as a result of his changing policy on arms sales to Iran. News of the Damascus meeting was originally picked up by the Israeli intelligence service Mossad, and then passed on to the British, who then passed it on to the Swedes.

Republic of China at a crossroads as national elections approach

by Our Special Taipei Correspondent

The massacre of thousands of Chinese by the Communist government in Beijing's Tiananmen Square on June 4, gave the 78th anniversary celebrations on Taiwan of the founding of the Republic of China on Oct. 10, 1911, even greater meaning this year. The R.O.C. is both the first, and longest-lived republic in all Asia. For more than 15 years, the Republic of China on Taiwan apparently vanished from the international stage, ever since the R.O.C. was forced to both withdraw from the United Nations and break diplomatic relations with the United States, leading to general recognition of the Communist People's Republic.

But the world woke up with a horrible shock, when, before its very eyes, the tanks ran over the bodies of the unarmed students and guns fired on helpless civilians. There could be no more pretense about "reform." Finally, people were forced to realize that to attempt reason with the Communists is even more dangerous than throwing oneself into a lion's den.

The R.O.C., with strong government leadership in coordination with the hard work of the population, has created on Taiwan a miracle of economic progress, similar to Hong Kong, Singapore, and the Republic of Korea. Trade has spread worldwide. This has put the P.R.C. in a very embarrassing position because of its terrible backwardness.

Mainland China is so poor, that it cannot clothe its own army. Pictures from Beijing during May and June show People's Liberation Army (PLA) soldiers, who had to march many hours to enter the city, all wearing different canvas shoes, and, under their uniform jackets, civilian shirts—if they wore any shirts at all. It is standard practice for families to have to pay for the bullets when a member is executed by the government; after Tiananmen, families had to pay 7 yuan (about \$1.75) each for every bullet found in the bodies of students shot down.

When Deng Xiaoping seized power in late 1976, he stated that he was determined to settle the "Taiwan problem" by the 1990s. The end of his timetable is fast approaching. On Sept. 25, the new leadership appointed in mainland China after Communist Party head Zhao Ziyang was ousted, reiterated that the crackdown in Beijing "had not changed the goal of the recovery of Taiwan and the use of force cannot be ruled out." Even though the new Communist Party General Secre-

tary Jiang Zemin stated that there was no timetable for reunification of Taiwan and China, he did not deny that the possibility of using force to "solve the Taiwan problem." This situation deserves close attention.

The Communists have one way open for them to take action: Use the general national elections to be held by the R.O.C. on Dec. 2. These will be the first national elections since 1979, and the first election in the R.O.C. in 40 years in which political parties in opposition to the ruling Kuomintang (KMT) will be able to participate. The biggest and loudest of the opposition parties is the Democratic Progressive Party (DPP), which models itself on the Green parties of Europe. Its members have been involved in elections for the past 10 years, and a number were elected to the national legislature, but only proclaimed themselves DPP members after the party was officially recognized early this year. Since then, some 38 new political parties have "sprung up like bamboo shoots"—which can grow three feet in a few hours after a heavy rain. They have joined in an opposition faction for the elections.

The fundamental issue of the elections is whether the R.O.C. will remain committed to reuniting China under a republican government. The radical Movement Faction inside the DPP is committed to immediate "independence" for Taiwan, while the moderate Formosa Faction wants to concentrate on political "reform." Since Beijing regards Taiwan as nothing but a renegade province, any move towards independence would be *casus belli*—an open invitation to the PLA to invade and "recover" the island. High-level intelligence sources in Taiwan confirm that the radical DPP is working with Beijing to bring about just such a situation.

One critical issue in the R.O.C. is the "mainland deputies" in the National Assembly—some 900 deputies elected in the last election held on the mainland before the Communist takeover in 1949. They have remained in office, because, since the R.O.C. is the legitimate government of China, no legal elections for these posts can be held while the government is in exile. Opposition parties, and even some younger KMT members, have been campaigning to forcibly retire these deputies. On Oct. 15, a group of 150 "stood up" and formed a faction inside the KMT, committed to carrying out the goals of Dr. Sun Yat-sen, the founder of

the Republic of China, and to unifying China under the "Three Principles of the People." The group wants to ensure that the President and Vice President of the R.O.C., who will be elected in March following national elections Dec. 2, will not allow any movement toward "independence" of Taiwan. The group elected Gen. T'eng Chieh, a member of the Central Advisory Committee of the KMT and author of *Turning Defeat into Victory—A Total War Strategy Against Beijing*, as its leader. They are supporting Gen. Wego Chiang, the youngest son of the late R.O.C. President Chiang Kai-shek, for Vice President. The group is also determined to demonstrate the power of their policies to the opposition.

The R.O.C. elections will be nationwide. Not only will 101 members of the National Assembly—who next spring will elect the next President of Taiwan—be elected, but also provincial assemblymen, 21 mayors, county commissioners, and city councilors will be elected.

Kuomintang hit with scandals

The KMT, which has led the Republic of China during its entire existence, including against the Japanese invasion in World War II, in the civil war against Mao Zedong's Communists, and in building Asia's second most prosperous nation in just 40 years on Taiwan, is facing several dangerous situations. The opposition is successfully using a number of scandals for propaganda, hurting the KMT badly.

The biggest scandal is the so-called "First Golf Course" bribery case. A number of high-ranking government officials, including just-resigned Justice Minister Hsiao Tien-tzang, have been implicated. Hsiao was investigated for expediting approval for the building of a golf course by Education Ministry official Ho Min, who has since been jailed. (The Education Ministry also deals with sports.) The golf course was built on government property—something which usually requires about 100 different official approvals—and reportedly violated land conservation regulations. Hsiao was cleared of all charges, but in the process he took leave from office several times, and announced that there was a conspiracy against him.

Prime Minister Lee Huan, who was the top-ranking official in the Education Ministry at the time of the transactions, and other cabinet members could potentially be implicated in the scandal. The Taipei *Independence Morning Post* reported Sept. 26, that one of the reasons why the KMT has been reluctant to force Hsiao out of office, is that he "has evidence that many key KMT and government officials have engaged in lobbying." The scandal is being used to attack the entire judicial system. Taiwan's leading magazine, the *Journalist*, wrote, "Hsiao's various maneuvers to protect his post only demonstrate to the public the deteriorating mores and discipline of the judiciary. . . . This might wake up authorities to the fact that the judiciary needs to be reformed." The DPP has asked President Lee Teng-Hui to form a special task

force to investigate the Hsiao case, because it has seriously damaged public confidence in the government, the *China Post* reported Sept. 25. The KMT will not recover easily from the damage.

The second scandal rocking Taiwan is the violent death of Yu Teng-fa, one of the founders of the opposition party which later became the DPP, and was twice elected governor of Kao-hsiung County, which includes Taiwan's second-largest city. Yu was a very powerful politician, with great influence in the DPP. His daughter-in-law Yu Chen Ye succeeded him as governor of the city, and Yu's grandson is a member of parliament. He was found dead on Sept. 13, a heavy typhoon night. The family insisted that this was not a natural death and that Yu was murdered by KMT secret intelligence or special forces. The DPP is using the scandal to attack the government, although investigators consider the death was most likely accidental.

Communist operations on Taiwan

The case of dissident Hsu Hsin-Liang, who was arrested by R.O.C. police Oct. 2 while attempting to sneak back into Taiwan aboard a fishing boat from Fukien province on the mainland, is being used by the DPP to stage violent protest demonstrations. Hsu was, he said, trying to attend Yu's funeral. Hsu, a former KMT member and the governor of Taoyuen Hsiung County, joined the DPP after he failed to win a primary election in 1979. Hsu was involved in several demonstrations in Kao-hsiung city in December 1979, which were intended to overthrow the R.O.C. The whole movement eventually demonstrated deep connections with Communist China. Before the authorities took any action, Hsu left for the United States, where he continually led the Taiwan Independence movement. Hsu signed a declaration while he was in the United States 10 years ago, stating he would try to overthrow the R.O.C. government by force. While there, Hsu maintained fairly close relations to Rep. Stephen Solarz (D-N.Y.) and also with other Americans unfriendly with the R.O.C. government. Hsu's lawyer had a 40-minute meeting with officials at the American Institute in Taiwan (AIT) Oct. 4 about Hsu's case, and several congressmen have reportedly asked the AIT to look into the case.

DPP candidates have been rushing to Tucheng detention center, where Hsu is being held, every day, to attempt to get his endorsement for their campaigns. They think it will be a guarantee to winning elections. Why? Since the Chinese witnessed how powerful foreign armies destroyed the Imperial Army of the Chinese Empire, they cannot get rid of their fear of foreigners. Some of the Chinese think that the moon shines brighter on foreign soil than in China.

The separatism weapon

While the media has given a lot of coverage to the scandals facing the KMT, it has seldom called public attention to another secret weapon which the DPP could wield against

Taiwanese society, whether or not it wins elections.

Separatism has a long history inside Taiwan. However, apart from a small indigenous population, most of Taiwan's inhabitants are Chinese, who came from the mainland over many generations. The "newcomers" are the mainland Chinese who moved to Taiwan with the central government in 1949 when the Communists took over the mainland. A year before, in 1948, due to the misconduct of the appointed Chinese commissioner in Taiwan, the Communists orchestrated riots there, costing many Taiwanese lives. This planted the seed of the idea that Taiwan belongs to the "Taiwanese," and that mainland Chinese bring only problems. During the 1950s, Taiwanese avoided involvement in mainland Chinese affairs, and even shunned intermarriage with newcomers from the mainland. Later, due to careful handling by the government, a land reform system gave the Taiwanese far better economic interests, and regionalism was disarmed step by step. Currently, Taiwanese have more advantages than other mainland Chinese, because of their social background, and the average Taiwanese is better off financially than those who arrived from the mainland as refugees.

But for 40 years, only a few Taiwanese have been involved in the government service, which is why the DPP is demanding National Assembly elections and free presidential elections. They want to put more Taiwanese in policy-making circles to be able to control the central government.

At the Dec. 2 election, there are 16 important posts, including the mayor and the governor of Kao-hsiung. At present, the DPP holds six of these positions, in I-Lan, Kaohsiung, Tainan city, Hsinchu city, Cianghua city, and Chia-ye city. They intend to win another four positions in different cities and counties.

The DPP is also using more violent methods, essentially to undermine the social stability of the R.O.C. Intelligence sources report that many of the gangsters, also cropping up like bamboo shoots on Taiwan, are in the pay of DPP radicals, and armed from the growing weapons trade from the mainland. There are more than 1,000 "professional" goons throughout Taiwan, who are mobilized whenever the DPP needs to run a demonstration in Taipei city. The same familiar faces appear again and again in the front lines of the DPP demonstrations.

To prevent violence, it is essential that the government deal with these problems. If the DPP wins in the elections, it will push for an independent Taiwan. Even if they do not win, there is great danger of violence at the polls. If this occurs, there is no doubt that the U.S. observers will carry out a replay of their attacks on the elections in the Philippines and Panama, and will attempt to use the scandal against the KMT. The Communists are closely watching the situation, and Taiwan out of control is exactly what they want. If the R.O.C. does not guard its republic now, its citizens will be ashamed to face their ancestors, when they are gone.

South Korea opposes U.S. troop withdrawal

by Lydia Cherry

South Korean President Noh Tae Woo told a joint session of the U.S. House and Senate on Oct. 18 that tragic results would follow any reduction of U.S. troops from his country. "Any hint of weakening in the U.S. defense commitment or a precipitate lessening of the military presence might cause North Korea to misjudge the U.S. commitment to peace in the region," he said. "The results would be tragic. Thus far, security cooperation between our two countries remains strong and effective. Let us not disturb it until necessity dictates change. For this reason, I welcome and applaud the pledge of President Bush and the American government that U.S. ground troops will remain as long as the Korean people want and need them."

In an interview with a *New York Times* reporter timed to be published upon his arrival in the United States on Oct. 14, Noh had specified that "U.S. troops in Korea not only defend South Korea against a possible attack from North Korea. They are an important factor in the overall military balance of power in northeast Asia. There can be a slight modification as time goes by, but the general level of the American presence is not a subject for any possible change."

In reporting on both Noh's message to Congress and his talks with President Bush, the wire services and U.S. press report on a different slant that U.S. officials gave to the results of the talks. In Washington, the "decouplers," who advocate a U.S. military withdrawal, are gaining ground. "Mr. Noh went further [than had President Bush], suggesting the two leaders agreed that the number of U.S. troops in South Korea should remain steady at roughly 43,000," the *Washington Times* reported Oct. 18. "They agreed 'there should be no change in the current level of the Korean-U.S. combined defense capability,' Noh said. U.S. officials, however, refused to rule out future reductions in U.S. troops levels, and, in what could be interpreted as preparations for that eventuality, attempted to steer the issue away from precise numbers of troops."

The *Times* quoted an administration official suggesting that the United States could help South Korea defend itself at less cost, perhaps by changes in the U.S. military command

structure. But, said the official, "The threat from the North has not demonstrably eased. If anything, it's going in the other direction."

Richard Solomon, assistant secretary of state, was quoted by Reuters on Oct. 17 telling reporters that the size of the current U.S. contingent in South Korea could be significantly reduced from its 43,000 level. "We are not making the troop level, the number of troops, the measures of our security commitment," he said.

U.S. back-channels to the North

The Seoul daily *Choson Ilbo* on Oct. 8 revealed apprehension about the possibility that the United States might agree to a deal regarding the Korean peninsula, with or without Seoul's consent. It notes that "former U.S. Assistant Secretary of State Gaston Sigur, adviser to an institute on China and Soviet affairs at George Washington University in the U.S., is reported to be leaving for North Korea on Oct. 20 for a week-long visit. Before Mr. Sigur, North Korea's Academy of Social Sciences invited Robert Scalapino, professor at University of California. . . . Long before him, Dr. [John W.] Lewis, director of an institute for strategic affairs at Stanford University went to North Korea and had long talks with Kim Il-sung."

The daily added that, of the recent visits, "we attach far greater importance to Mr. Sigur's scheduled visit," in that "his career as such can have a far more powerful impact even on the Bush administration. . . . We are concerned about the possibility that the United States, being less familiar with the North Korean authorities' way of thinking and way of behaving than we are, could fall victim to the fraud of the 'Kim-Il-sungists.' Even when the negotiations were under way for an Armistice Agreement, we objected to being a signatory to it, because we know very well that it would provide the communists with an opportunity to reorganize and strengthen themselves. As a result, the United States signed it alone. Of course, we believe that the United States would not repeat the same mistake."

Choson Ilbo reports on four rounds of contacts between "influential diplomats" of the U.S. and North Korea which took place in Beijing in the last year. "The fourth contact that took place on 15 May draws our special attention, because it occurred shortly after James Lilley, who previously served as U.S. ambassador to Korea, assumed office in Beijing. Reports after that told us many things: that North Korea would fly chartered planes to the United States; that North Korea would soon send students to the United States for advanced studies before the end of this year; that the United States would issue visas to North Korean student tourists, and that the two countries would go so far as to open direct phone lines."

Looking at the backgrounds of the U.S. emissaries who have visited the North Korean capital of Pyongyang, Seoul has reason to question whether its interests will be protected

in the back-channel negotiations they are carrying out. John Lewis from Stanford, for example, wrote a joint proposal for a "Yalta"-type arrangement with the U.S.S.R. Academy of Sciences Institute of the Far East, as early as June 1988. Robert Scalapino has a long history of close association with the Soviet Union. And another such unofficial State Department emissary, Adm. Eugene LaRoque, director of the Center for Defense Information, had this to say in a speech at the National Press Club on Oct. 18. "Korea is a net drain for us. Korea does not contribute anything that we need in the way of economic help. They have a favorable balance of trade for Korea of about \$10 billion a year. There are no raw materials that we need from Korea. There is nothing to benefit us from Korea. So that from a purely military point of view, you could not justify the maintenance of U.S. forces in Korea. . . . We ought to take our forces out, and they will be out; they will be out by the end of this century—at the latest."

In a conversation following his presentation, LaRoque told *EIR* that his visit to North Korea the summer before last was partially at the behest of the U.S. State Department.

Sharing the podium with LaRoque was another friend of the State Department, Pharis Harvey, director of the North American Coalition for Human Rights in Korea, who is also National Council of Churches' "Korea hand." Harvey insisted that the administration and Congress rebuff President Noh Tae Woo's "lobbying operation." "Unless it is a lobbying effort to prevent withdrawal of U.S. troops from Korea," there is "no serious reason for President Noh Tae Woo to visit Washington at this time." Harvey continued that "the U.S. is in the unique position of being able to offer what North Korea most wants, the reduction, and even the eventual phaseout of its military presence in Korea, and for which it appears ready to pay a considerable price. The key to genuine dialogue is in our hands."

Who is revving up trade war?

In light of the above, the question of *cui bono*—who benefits?—has to be asked about the sharp intensification of the U.S. trade war tactics against South Korea. Seoul on Oct. 13 witnessed a wild scene in which U.S. Ambassador to Korea Donald Gregg had to run for his life to flee students protesting U.S. agricultural dumping policies against the Republic of Korea. The students broke into the ambassador's residence to protest U.S. pressure on Korea to open markets to U.S. agricultural products; they set off explosives and caused serious damage.

Though this is the most dramatic case, similar incidents have abounded in which it is the U.S. side which directly creates the reasons for the anti-U.S. sentiment, which the "decouplers" on the U.S. side then use to boost their case for pulling U.S. troops out. In the words of Admiral LaRoque, "U.S. troops will ultimately leave South Korea; They should do so before popular opinion in South Korea turns against the United States to the point that we are run out on a rail."

Anti-drug daily is 'voice of freedom'

by José Restrepo

On Oct. 11, the Bogotá office of this news service received a statement by the directors of *El Espectador*, Colombia's leading anti-drug newspaper, with the request that their communiqué be printed in *EIR* (see *Documentation*). *El Espectador* identified itself in its statement as "a free newspaper" with a commitment to the preservation of "Colombia's democratic system," and demanded full government protection of its operations from the cocaine mafias. *El Espectador*, in fact, represents a critical front of the Colombian government's declared war against the drug cartels, and its survival or extermination could well determine Colombia's future as a sovereign nation.

On Dec. 17, 1986, *El Espectador* editor Guillermo Cano was murdered by mafia assassins. Cano had been outspoken in his demands for a full-scale war against the drug mafias, and had begun naming the names of mafia front-men for investigation. *El Espectador* escalated its anti-drug polemics in response. On Sept. 2, 1989 the central Bogotá offices of *El Espectador* were severely damaged by a car-bomb that wounded nearly 80 people. The newspaper continued to publish. In late October, two of *El Espectador's* employees in mafia-riddled Medellín were slain, and 11 others threatened with death unless the newspaper permanently shut its doors in that city. It continues to publish, although home delivery has been suspended in Medellín and street vendors are selling the newspaper on the sly, if at all.

On Oct. 16, the offices of the regional daily *Vanguardia Liberal*, located in the Colombian city of Bucaramanga, were destroyed by a powerful car-bomb. Four people were killed and seven wounded in the Bucaramanga attack on the government-linked daily. The Bucaramanga bombing is seen as the mafia's latest effort to muzzle the remaining media outlets in Colombia, which continue to serve as the country's voice of conscience. Numerous other newspapers, including the

major Conservative Party dailies *La Prensa* and *El Colombiano*, are burying news of the government's military offensive against the cartels while editorializing incessantly for "dialogue" with the criminals who are slaughtering their country's finest.

In an Oct. 16 column, director Fernando Cano wrote, "Never have we been so free as now, with *El Espectador* under siege from the drug traffickers. . . . Daily they insult us and demand that we shut up. They murder us en masse, as directors, as journalists, as workers. . . . In the depths of this solitude, we are defending the others, all the others, all Colombians. A single word could bring bombs or assassinations. Is it not in such total responsibility, in such total solitude, that our freedom is to be found?"

Under constant threat of extinction and faced with a growing "fifth column" inside Colombia's political elite arguing for surrender to the drug mob, *El Espectador* has not hesitated to point the finger at the traitors within. On Oct. 14, an *El Espectador* columnist denounced Conservative Party presidential candidate Alvaro Leyva Durán and "respected" politician Joaquín Vallejo Arbeláez as "emissaries of the drug traffickers," for their advocacy of a government-mafia dialogue.

And on Oct. 17, the newspaper editorialized: "Some communications media fancy themselves the official agents of the most degraded circles of organized crime. . . . They are giving the public the mistaken notion that the country is losing the war, obscuring the blows the enemy is taking in its hiding places [while] reducing everything to the fact that the big drug-trafficking chieftains have not fallen into justice's hands. . . . They are putting undue pressure on public opinion, in contradiction to the national interest, giving it a defeatist sense. This . . . constitutes a genuine act of treason."

Seeking international support

El Espectador's directors have been touring internationally in search of support for their newspaper. Publisher Luis Cano was in Mexico Oct. 10, attended a meeting of the Inter-American Press Association, which formally expressed its support for *El Espectador*. He declared that he had been traveling for the previous 10 days in search of at least \$2.5 million in loans to rebuild the newspaper's offices. One million dollars have been pledged by publishers worldwide, who have also published editorials on the Colombian newspaper's behalf. On Oct. 16, the U.S. government sent Ambassador Thomas McNamara to tour the newspaper's damaged Bogotá office, along with U.S. Information Service director Bruce Gelb. No financial assistance was offered, however. Cano warned, "If we do not manage to rebuild the newspaper in the next 30 or 60 days, we cannot go on."

Domestically, *El Espectador* has won an important ally in its battle against the proponents of a government-mafia dialogue. In statements to the Italian magazine *30 Giorni*,

Colombian Cardinal Alfonso López Trujillo revealed that he had been receiving constant death threats from the drug traffickers, but that he stood firmly opposed to any dialogue with criminals. This stands in sharp contrast to the report, carried by the *Washington Times* of Oct. 20, that U.S. administration sources are now saying Washington would "accept Colombian proposals for plea bargaining in specific cases or partial amnesties if these furthered the goal of stopping the shipment of drugs to the United States." One can only wonder if Kissinger Associates, Inc., reportedly considered for hire by the Colombian drug mob as its public relations and consulting firm, is already on the job.

Documentation

El Espectador demands government protection

El Espectador on Oct. 10 requested an audience with acting President Dr. Carlos Lemos Simmonds, to give him the following declaration:

El Espectador has on several occasions, and despite the tremendous blows it has received—the last being the assassination in Medellín of its administrator Martha Luz López and its circulation manager Miguel Soler—reiterated its decision to continue in defense of the Colombian democratic system.

Such determination, however, does not rely exclusively on the directors or employees of a newspaper, but on the government's fulfillment of its constitutional obligation to "protect the lives, honor, and goods of all persons resident in Colombia, and to assure the fulfillment of the state's social duties," among them the guarantee of freedom of the press, the right and exercise of free enterprise.

There exists the public threat to prevent the circulation of *El Espectador* in Antioquia. That threat should not be seen as solely against this company, but against freedom of the press in the country. The war declared against the drug trade is not merely to silence this daily, but against the Colombian state, upon which depends the freedom of the press and all other freedoms.

El Espectador demands due protection for its company and its employees, and declares that it will only be able to survive as a free newspaper if the government meets its obligation to defend our lives and our goods.

Juan Guillermo Cano, director

Alfonso Cano Isaza, general manager

Fernando Cano B., director

Kremlin sponsors 'New Age' kookery

by Mark Burdman

On Oct. 11, the Soviet Foreign Ministry sponsored a most unusual press conference. With Foreign Ministry spokesman Gennadi Gerasimov standing by his side, Soviet mystic and faith healer Anatoly Kashpirovsky boasted to journalists about the success of his activities. "They idolize me," he said of the Soviet people. "I can reverse what was thought irreversible. I tap the inner resources of the body."

The next day, Radio Moscow's English-language broadcast lauded Kashpirovsky's "psycho-therapeutic" techniques, saying that Kashpirovsky's show on Soviet television was watched by 200 million viewers, and that he had "cured many of them." He would now be turning his bio-energies to curing AIDS, said Radio Moscow.

On Oct. 12, the London *Daily Telegraph's* Moscow correspondent commented that Kashpirovsky has become a "Soviet superstar, the talk of the land. When his television show is on, the streets are deserted. . . . As faith healer, hypnotist, national comforter and healer of the sick, he has millions hanging on his words."

Kashpirovsky is not the only popular occult game in town. Hundreds of thousands of Soviets, every morning, watch "healing energy" personality Alan Chumak on television. He has been called a "Good Samaritan version of the czarist mystic Rasputin." Chumak claims miracle cures for the multiple crises now facing the U.S.S.R. For example, on the devastating food shortage, he asserts: "Vast amounts of our farm produce just rots before it can get to the stores. Now we're doing an experiment to see if I can radiate the energy that will be a preservative and help store fruits and vegetables."

The Soviet government daily *Izvestia* recently reported that "practically every city now has its popular extrasensory healer. . . . *Glasnost*, miserable medical care, and a certain naive belief in extrasensory powers have led to their remarkable success in the Soviet Union."

The sudden obsession, both in the official media and in the population at large, with phenomena ranging from UFOs to the Abominable Snowman ("Yeti"), has begun to receive attention in the West. Britain's *Sunday Correspondent* re-

ported Oct. 15, under the headline, "Mother Russia Loses Her Marbles," that "regular visitors to Russia believe the country is becoming more unhinged." The paper quotes a woman watching the vast queues for every imaginable consumer good: "Only aliens from outer space can save us now." Noting that "the whole edifice" of the Marxist belief structure of previous regimes has been destroyed under Gorbachov, the paper adds: "Pre-revolutionary Russia was famed for its mystics and faith-healers. The most notorious, the Siberian monk Rasputin, thrived at a similar time of turbulence, in the last years of Czardom."

A Russian Nazi movement?

But such commentaries do not come to grips with *why* the Soviet elites are so blatantly sponsoring occultism, mysticism, and irrationalism. In part, this is an empire's classic reflex in a time of crisis, to provide a combination of cults and "bread and circus" forms of bizarre entertainment, to distract the masses from the misery of their lives. But the cultural engineers ultimately behind this occultism are thinking of something more ambitious and far more dangerous. They are creating the basis for a mass fascist transformation in the U.S.S.R., in the same sense that the proliferation of paganism, Satanism, and occultism in Germany was an essential part in forming the committed Nazi cadre. The greater danger in the Soviet case, is that the transformations occur in a Russian culture that is far more irrational to begin with, than was German culture earlier in this century.

Also, the relevant Russian elites believe that by doing this, and having it adequately publicized in the West, they will reinforce "New Age" movements globally. This has the aim of destroying the values of Western Judeo-Christian civilization. But beyond this, today's cultural managers, like the mystical Tibetan-born millionaire Badmayev and the creators of movements like Madame Blavatsky's theosophy in the 19th century, claim that the "Russian soul" is uniquely attuned to the values associated with the "Age of Aquarius," and that, therefore, Great Mother Russia will ultimately rule a world driven crazy. This belief in the superiority of the "Russian soul" is fully shared by Western leaders in such cult movements as anthroposophy and theosophy.

Applause from Lucifer

It is no accident that the "spiritualist" transformations in the U.S.S.R. are enthusiastically welcomed by the London-based Lucis (originally Lucifer) Trust. During an Oct. 12 discussion, a Lucis official expressed hope that mystical ideas could fill a vacuum in the country, as the popular faith in the Communist system collapses. The Lucis official said the mystical paintings of the late Nicholas Roerich and the writings of Roerich and his wife from earlier in this century, could form a good basis for this kind of spiritual renewal. She reported that Mikhail Gorbachov recently was quoted in an interview in the Soviet press, praising Roerich.

One Roerich follower now touring Britain, Russian-born Barbara Ivanowa, has reportedly been a student and disciple of Lucis founder Alice Bailey; she said. Ivanowa will be a featured participant at an Oct. 21-22 conference on parapsychology in London (see last week's *EIR*). She is one of the leaders of a "Madame Blavatsky revival" in the U.S.S.R. Blavatsky's theosophy, like Roerich's ideas, are used as a bridge between the "Aquarian" movements of East and West, but with the effect of proliferating Russian mysticism in the West.

In mid-October, the U.S.S.R.'s Association of Peace Through Culture sponsored an international conference honoring Roerich. Delegates from India, Mexico, Bulgaria, France, the United States, and other countries were in attendance. The meeting received favorable coverage on Radio Moscow.

Meanwhile, preparations are being geared up for a major Soviet patronized East-West Gnostic extravaganza during the first weeks of 1990. On Jan. 14-20, a thousand people—700 from the Soviet Union and 300 from the West—will be attending the second Global Forum of Spiritual and Parliamentary Leaders for Human Survival, taking place in Moscow, on the theme "Environment and Development for Survival." The four-man coordinating committee for the Global Forum includes Peru's former Finance Minister Manuel Ulloa and Rev. James Park Morton from the St. John the Divine Cathedral cult center in New York City. Official co-sponsors on the Soviet side include the Supreme Soviet, the Soviet Academy of Sciences, and the Interfaith Foundation for the Survival and Development of Humanity.

One example of the official Moscow sponsorship of the New Age, should give some insight into the brutality and cynicism underlying the Soviet government's "Operation Occult." The Oct. 12 *Daily Telegraph* of London wrote that, "in an extraordinary demonstration of its new-found faith in transcendental meditation, the Soviet Union has asked 1,000 followers of the Maharishi [Mahesh Yogi] to set up a futuristic domed settlement on the site of an Armenian city devastated by last year's earthquake. The Maharishi Ayar-Ved Foundation, named after the giggling guru who owns Mentmore, Bedfordshire, former home of the Earls of Rosebery, set up a clinic in Moscow earlier this year to teach Russian meditation techniques. Now, with the backing of the U.S.S.R. Ministry of Culture, a vast Maharishi delegation will travel to Leninakan, Armenia's second largest city, to teach techniques which the foundation claims will 'create coherence and stability throughout Armenia.' "

The same day that this article appeared, the international media were filled with reports of Soviet Army cadets shooting at Armenians in the disputed enclave of Nagorno-Karabakh. The Armenians are being starved out by a road blockade from Azerbaijan, which the Soviet authorities have refused to break. Obviously, this is a source of amusement for the "giggling gurus" at the Ministry of Culture in Moscow.

Russian Orthodox Church rises to save empire in 'time of troubles'

by Luba George

On Oct. 13, hundreds of Russians gathered to attend the first church service held at a cathedral inside the Kremlin walls since 1918. The location was the Kremlin's historic Uspensky Cathedral, where many of Russia's czars were crowned and Russian Orthodox Church (ROC) leaders are buried. The event was not merely of great symbolic importance, but marked a political turning point. It signified that the Russian Church has moved to the center stage of public life and has vastly augmented the increased stature it attained last year through the church-state celebrations of the millennium of Russian Orthodoxy. The service celebrated the 400th anniversary of the Moscow Patriarchate and the canonization in 1589 of Patriarch Iov, Moscow's first patriarch, and Patriarch Tikhon, the first patriarch to head the Moscow Patriarchate after it was reconstituted under the Bolsheviks (1918-25).

The March 1989 elections to the Soviet Congress of People's Deputies underscored the church's greatly increased role in society. For the first time in history, the Soviet parliament includes as deputies Russian Orthodox Church leaders, including Patriarch Pimen and nearly all the members of the church's executive, the Holy Synod.

The Soviet state's decision to continually raise the prestige of the Russian Church and strengthen its institutional role in society, is a necessity for a state confronted with a profound systemic crisis. In times of great crises, as in the U.S.S.R. today, with extremely strong centrifugal forces at work in the Baltic, Ukraine, the Transcaucasus, and the Muslim-populated areas, the state has to turn to the church if it is to have any hope of recreating a new form of reconsolidated central rule over the unruly domains of the Russian Empire.

The canonization of Patriarch Tikhon exemplified this policy. Tikhon symbolized for the church and for Russia the cardinal principle that the worst sins in a "Time of Troubles" are schisms and splits dividing the Russian Church and the Motherland. It was on that basis, to keep the Russian Empire intact, that he backed the Bolsheviks, despite his dislike for the Communist system and in spite of the fact that the Bolsheviks conducted a wholesale slaughter of the church's

leaders and clergy. According to Soviet church historian S. Korolev, "by 1919, 320,000 [Orthodox] priests had already been killed."

The ROC's changing image

The first turning point in church-state relations occurred last year, the year of the millennium celebrations, when state decisions were taken allowing the church to re-acquire its lost possessions and properties—seized by the Bolsheviks—as well as to engage in charitable activities. These decisions are totally transforming the structure of the church.

Being allowed to engage in charitable activities has meant that for the first time since 1917, the ROC has acquired independent wealth, apart from state budget subsidies. Bank accounts established for the restoration of church properties and charitable funds are bringing in millions of rubles to the church annually from supporters at home and abroad. In turn, the church's image is being enhanced by its contributing money—aside from the traditional contributions to state "peace" funds—toward the Soviet Cultural Foundation (initiated by Raisa Gorbachova), the Lenin Children's Fund, the Afghan War Veterans' Fund, and the Charity and Health Funds to help the poor and unemployed.

In an interview with the newspaper *Sovetskaya Kultura* published on June 15, Metropolitan Pitirim of Volokolamsk and Yuriev elaborated on the growing influence of the church in Russian society: "The church is becoming an equal partner in public life on a quite responsible level. This presents us with new conditions and creates new models of relations. . . . Many of the U.S.S.R.'s economic problems . . . including ecological ones, are the direct result of immorality."

'Josephite' revival

The state revival of the church is being accompanied by a church revival of the teachings of the historic tendency in Russian Orthodoxy known as "Josephitism" (Iosifyanstvo), founded by St. Josef of Volokolamsk (1440-1515). The significance of this, in the words of the Moscow Patriarchate: "Josef of Volokolamsk stands at the source of ecclesio-social movement of Josephites who spoke out for *state unification*

of Russian lands and in whose midst there rose the idea Moscow the Third Rome . . . St. Josef defended the economic program of increasing monastic properties as an indispensable condition for the wide participation of the church in the public life of the state [emphasis added],” (*Journal of the Moscow Patriarchate*, no. 1, 1989).

In the 15th century, the Josephites, whose monasteries possessed rich lands, peasants, and great material resources, promoted the monastic ideal of achieving salvation through “social labor” (organizing the poor and suffering)—a view that clashed with the extreme hesychastic tradition, which held the belief that personal salvation can only be achieved through asceticism and denial of worldly things. The Josephites joined with the czarist state to purge society of the Trans-Volga hermits along with the “reformers” and “cosmopolitans” of their day, called the “Judaizers.” The victory over their opponents provided the basis for Moscow’s adoption in final form of the Byzantine doctrine of the church-state concordat, and with it, the idea of “Moscow, the Third and Final Rome.”

Since the opening of the famous Danilov Monastery in 1983, the state, especially under Gorbachov, has restored to the church dozens of seminaries, monasteries, and thousands of churches.

Furthermore, Metropolitan Pitirim, often cited as a likely contender to succeed the 78-year old ailing Patriarch Pimen, has led the campaign to revive the Josef Volotsky Monastery, built in 1479, to “its traditional sense . . . as a center of monastic achievement and spiritual life and of culture and social service.” The monastery, regarded as the second most important center in Russian Church history after Zagorsk, is being lavishly restored, thanks to a Soviet-West German agreement concluded during Gorbachov’s visit to West Germany in June this year. Gorbachov was accompanied by a large ROC delegation led by Metropolitan Pitirim.

One current case of a Josephite social action program: Metropolitan Pitirim has launched a program to help physically rehabilitate the “Afghantsi,” Soviet war veterans, by arranging for them to lease land for farming in Volokolamsk. In Moscow, the patriarchate, under Pitirim’s direction, is co-sponsoring with state authorities a rehabilitation center for the Soviet war veterans injured in Afghanistan.

Pamyat and the church

The Russian Orthodox Church, together with other non-party Russian institutions, are crucial to the crisis-ridden Soviet state at a time where even the Communist Party organ *Pravda* on Oct. 16 had to admit that “the crisis of confidence” and “loss of authority” in the party are at an all-time high.

Earlier this year the ROC openly joined hands with Pamyat and other extreme Russian chauvinist organizations to found the Union of the Spiritual Revival of the Fatherland. The aim of the organization is to fill the vacuum in the “crisis-ridden state” being created by the people’s total distrust of

the Bolshevik leadership and its system. Metropolitan Pitirim sits at the Union’s Council with one of the U.S.S.R.’s most rabid anti-Semites and Russian chauvinists, Mikhail Antonov. The Union’s founding declaration called on all Russians to fight against “rootless cosmopolitanism, spiritual impoverishment, moral decline, drunkenness, drug addiction, prostitution, the increase in suicide attempts, [and] crime. . . . We will rekindle the fires of patriotism in our heart . . . we will return to a true spirituality and culture, and we will reject ‘pseudo-culture,’ which lacks roots among the people. We will defend and elevate the sacred notions of our native land and people.”

In times of famine

Russia is faced with extreme food and consumer goods shortages. Already, the church has begun to set up a far-flung network of alms houses and refuges for the millions of poor and the homeless, providing them with hospitals and food. Such activities are rooted in the past. During the great famine of 1601-03, during the succession crisis that resulted in the Romanov dynasty, for example, Russian monks from the St. Sergius Monastery helped the people survive the crisis by supplying Moscow markets with great quantities of bread at low prices, thereby reducing the prohibitively high prices.

This is evident in the church’s attitude today toward the cooperatives. Echoing Gorbachov’s new tough law hitting high cooperative prices, and riding the wave of popular hatred of the cooperatives, the church is attacking them for practicing the “sin of usury.”

‘Spiritual revival’ for ROC only

For the U.S.S.R.’s slavic population—Russians, Ukrainians, Belorussians—the current “spiritual revival” is strictly for the ROC and no other competing religions. The Ukrainian Uniate (Greek Catholic) and Ukrainian Orthodox churches continue to be banned. In February 1989, right before Gorbachov visited the Ukraine, the Ukrainian authorities consigned 430 formerly closed churches to the ROC and allowed them to be reopened for worship. Representatives of the banned Ukrainian Catholic Church said an estimated three-quarters of these churches had belonged to the Ukrainian Catholic Church before it was forcibly abolished in 1946 and taken over by the ROC.

The church restoration has now been extended into the Kremlin itself. The service in the Uspensky Cathedral asserted the emergence of a church-state “Third Rome” stratagem. Uspensky was the cathedral where Ivan the Terrible was crowned. Soon thereafter, Czar Ivan launched his series of wars to attempt the realization of the Josephites’ “Moscow the Third Rome” doctrine of conquest.

Will today’s “neo-Josephites” be able to recreate out of the wreckage of the present crisis a new centralized autocracy, and with it revive a new messianic “Third Rome” Muscovite world domination drive?

Britain's legalized drug policy, from the Opium Wars to the KGB

by Ned Haliburton and Dr. Reuel A. Lochore

Below is an excerpt from a paper entitled "The Drug Traffic: A Problem of National Security," which was submitted to the Statutes Revision Committee, Legislative Department, Wellington, New Zealand, in August 1980.

One of the authors, Edward (Ned) Haliburton, is a Scot who worked in the drug field in Britain for 15 years as an investigator and counselor. In 1968 he and his wife Grace converted their home into a rehabilitation center for those afflicted with drug problems. He is one of the few laymen to be elected to the Society for the Study of Addiction, an international body of inquiry into addiction problems. His outspoken criticism of the British government's high drug consumption policy made him so unpopular that in 1975 he decided to emigrate to New Zealand. The co-author, Reuel A. Lochore, a former member of the prime minister's and external affairs departments of the New Zealand government, was ambassador to West Germany in 1966-69, and after his retirement, specialized in Southeast Asian affairs.

Although the document we excerpt from here is nearly a decade old, much of the information and analysis it contains have not become public beyond New Zealand, and it seems to have exceptional relevance today, when the cry for legalizing drugs is going up throughout the West. For reasons of space, the second half of the paper, dealing with the British and Soviet intelligence services' work to spread the drug problem into Australasia and New Zealand, is omitted here.

. . . Britain's leadership of the world drug trade grew out of the cloud of romance attributed to the use of opium by writers such as Coleridge and de Quincey, and with the advantage of hindsight it is perhaps significant that de Quincey's *Confessions of an English Opium Eater* was made a set book for English school certificate in the 1960s as part of what could be seen as a plan to popularize drug taking among the young. Also in the 1960s English rock groups like the Beatles (decorated by the Queen) and Rolling Stones were beneficiaries of massive promotional outlays, becoming cult leaders amongst Western youth.

Returning to 1830: From romance opium quickly passed into commerce. The production of opium in South India for sale in China, the objective of the two Opium Wars, was carried through by the British Government in defiance of Chinese and world opinion and, in Britain itself, the stubborn opposition of a small body of enlightened Christians and

radicals. . . . Long afterwards, in 1896, the *Royal History of England, for Schools* still maintained in a stiff footnote:

"The war originated in an edict of the Chinese authorities forbidding the importation of opium, the use of which is very injurious to the natives. The edict was resisted in the interest of British merchants. Peace was concluded in 1842, and England gained Hong Kong."

In 1857 Prime Minister Palmerston acted again on behalf of the drugs lobby in Parliament when a Chinese patrol burned a Chinese junk carrying opium, which for the smuggler's protection, had been registered under the nominal captaincy of an English seaman. By what is known historically as the "Arrow Incident," the British government declared a second war on China, this time forcing the legalization of the sale of opium throughout the country. Opium sales from India to China rose from 30,000 chests annually to 57,000 in the year following decriminalization and by the late 1860s had attained 100,000 chests annually.

The incorrigible greed of British merchants being thus publicly vindicated, for the next hundred years British governments led the world's opium trade as covertly as possible but without a qualm, constantly soliciting markets in new countries and enforcing decriminalization where necessary.

In the late 1950s, British spy scandals (Burgess, McLean, Philby, etc.) revealed that a large area of British middle- and upper-class opinion, traditionally conservative, had been won over to the ideological support of Soviet communism. There is today serious evidence to suggest that about 1955 the British and Soviet intelligence services, coming to grips after extensive mutual infiltration, found a way out by seeking tacitly what ground they could hold in common. Britain ceased to question the Marxist dogma that the ultimate definitive victory of Soviet-type communism throughout the world was inevitable. In return, the Soviet Union agreed to facilitate British control of many of the world's drug markets and the supply of heroin to particular countries which the Soviet was planning to attack. The first of those countries was Britain itself.

Operation SIDEWALK

In pursuance of that accommodation between the two intelligence services, the heroin trade in Britain was decriminalized in 1967 after an intensive ten-year campaign by a small group of ideologically motivated medical practitioners,

called "junkie doctors," who by their prescribing policies literally created a heroin problem where no problem hitherto existed. (In 1958 there were only 68 known heroin addicts in the United Kingdom, all middle-aged or elderly people who took the drug to relieve intolerable pain. By 1967 there were over a thousand, two-thirds of whom were under 24.)

The junkie doctor operation, codenamed SIDEWALK by the two intelligence services, proliferated under the National Health Service with the gross over-prescribing of barbiturates. No attempt has ever been made in Britain to control the prescribing volume of this highly addictive drug which by 1969 had supplanted heroin in the forefront of the government-sponsored drug consumption program. By a doctors' census of patient habituation taken at the time, there were already then a quarter-million barbiturate addicts in the United Kingdom, fed from a supply of 2,000 million pills from 25 million prescriptions—enough to give every man, woman, and child 40 tablets. There are today [1980] over 2 million barbiturate addicts and an estimated 40-50,000 heroin addicts in the country, from 68 heroin addicts to almost as many thousands in 22 years. It is the greatest example of mass drugging since the Opium Wars. But whereas that war was fomented by Britain against the nationals of a foreign state which it proposed to exploit, the British government, foisting barbiturate and heroin addiction on the population of Britain, forebore to act in defense of the health of its own people. Britain justified decriminalization on the ground that it would bring the drug traffic under control and diminish addiction, although the British government knew full well since 1857, from forcing decriminalization on China literally at bayonet point, that the reverse was true, and that the Soviets' intention in urging decriminalization was to debilitate the British people to the point of passive acceptance of the communist revolution.

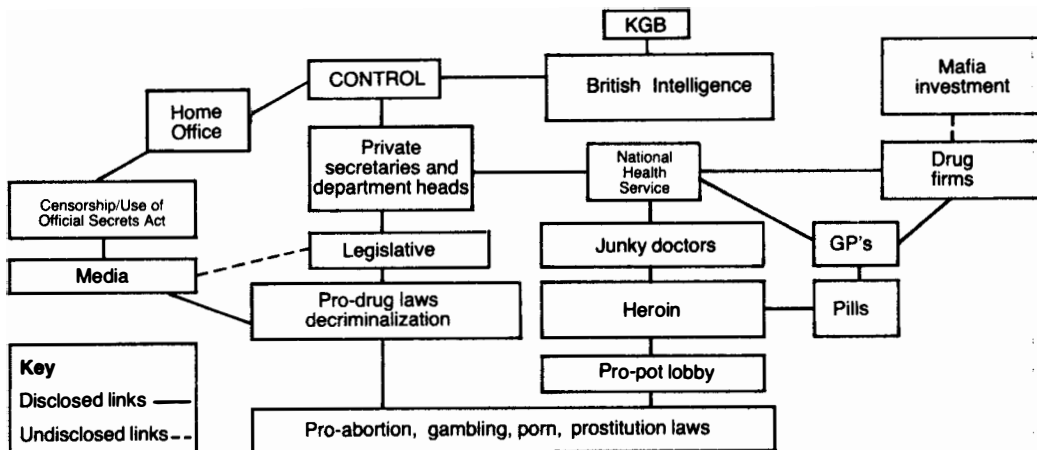
Official Secrets Act coverup

All details of Operation SIDEWALK were kept from the British public by use of the Official Secrets Act and service of D-notices [censoring news under the Official Secrets Act] on those sections of the media tempted to disclose any matters critical of the doctors implementing the program. Editors were reminded that it was "not in the public interest" to discuss matters which would undermine confidence in the medical profession and in the government's own measures to cope with addiction problems by decriminalization. This conspiracy of silence was buttressed by Home Office publication of false statistics which were deflationary in effect by severely understating the number of known addicts. The British drug addiction problem was presented in an extremely favorable light compared with that in other countries, especially that of the United States whose Narcotics Bureau was unable under the Freedom of Information Act to deflate statistics even if it wished to do so. In this way the British public was persuaded to ignore its own national drug problem while large sections of their population became submerged daily in a drugged stupor.

That a nation should be persuaded to embark on a course of self-destruction must confirm suspicion that the infiltration of the British Security Service by Soviet agents had already reached out to departmental level, and by now included some senior civil servants who in turn instructed the politicians. The further British spy revelations of 1979-80 have given substantial corroboration of this pact between the two intelligence services. . . .

So far Britain is believed to stand alone in the world as the one instance of a country which has decriminalized heroin to the position that it is prescribed free to addicts on medical prescription at the expense of the taxpayer. . . .

FIGURE 1
**Operation Sidewalk, the junkie doctor network:
 How Intelligence controls the British drug traffic**



According to this report, Operation Sidewalk is a KGB orchestrated operation formulated in 1955 to foist drug addiction onto the West by manipulation of the health services of those countries through the junkie doctor network.

Source: Copyright Ned Haliburton, 1979.

Anti-Communist League leader: Stop listening to Kissinger!

Laurent Murawiec interviewed Geneviève Aubry on Oct. 2, 1989, in Berne, Switzerland.

EIR: Mrs. Aubry, you are a member of the National Council, the lower chamber of the Swiss Parliament. You are the Chairwoman of the World Anti-Communist League (WACL)—which shows that Swiss neutrality does not prevent citizens from being actively committed. Can you present your own political work?

Aubry: Ever since I went into active politics, in 1977, I committed myself to defend the national security and national defense of my country, besides other main aspects of interest such as our energy supply, and balance in the media. Over the last two years, I have tackled the drug problem.

Being concerned with Switzerland's national security, I have naturally been interested in world affairs. I was invited by the World Anti-Communist League with observer status, and then joined WACL as I understood the importance of its work. I have chaired WACL since Aug. 21, 1988, and will, probably until August 1990. A member of the Defense Committee of the National Council for six years, I have been able to familiarize myself with matters of procurement, the defense of our territory, and . . . arms control. This was an excellent preparation to become head of WACL.

I am at present one of the seven Swiss delegates at the International Parliamentary Union. There, I can not only meet parliamentarians from all parts of the world who are members of WACL, but also the same categories of problems. My political commitment is global.

EIR: Last June, the democratic movement in China was bloodily put down by the Deng Xiaoping regime. How should the West react?

Aubry: The West ought to be much colder and tougher toward the Peking regime, and demand a democratic, open behavior, before we continue to have any economic relations.

EIR: Why is the West—U.S.A. and Europe—so soft in reacting?

Aubry: The softness in inflicting sanctions is due to the fear of losing an important market, and it is regrettable with respect to the democratic movement that arose in China.

EIR: Henry Kissinger sees in China's "stability" the absolute priority. How do you judge this strategy of "peace in cemeteries"?

Aubry: Kissinger favors business circles, which has always characterized his policy. People should not listen to him any longer, his influence has diminished, barring some limited circles.

EIR: Deng claims that China's "stability" was saved by repression, and says it is "indispensable to the great world power axis China-U.S.A.-U.S.S.R." What is your view of this New Yalta?

Aubry: Deng never acknowledged that there had been a repression, in spite of all incontrovertible evidence. The Chinese octopus with its "armed pillars" in Asia is more a danger than a means of union with the U.S.S.R. and the U.S.

EIR: One year ago, some thought that the plans of Gen. T'eng Chieh of Taiwan for a "total war against Communism" were utopian. What lesson do you draw of their actuality?

Aubry: I am the first astonished, for, like many others, I had found this strategy to be somewhat utopian. But, will it now be able to support the movement of Chinese students worldwide?

EIR: The West is sick with "Gorbomania," the U.S.A. and West Germany in the first place. Gorbachov has just tried to avert a putsch by bringing in new men, who are KGB men. Whither Russia?

Aubry: Gorbachov puts in "new faces" in the Politburo, to make believe in a new course. But those promoted are his men, they will implement his policy: Smile, do business with business layers in the free world, obtain support. If the West should contribute billions, new technologies, without any demands in return, the Soviets would become as strong as all

democratic nations taken together. Therein lies the danger, in my eyes, the Soviets then would be able to take us over without waging war, by sheer strength of mass and force.

EIR: What should the West do to help the Balts, the Ukrainians, etc., who are fighting to be free again?

Aubry: Intensify contacts with those nations that want to liberate themselves. Support them economically, trade, help them acquire financial independence.

EIR: Marshal Ogarkov is interested in the *next* war. What should be a Western policy of *si vis pacem, para bellum* [if you would have peace, prepare for war]?

Aubry: I do not know if Marshal Ogarkov still wants a war—the losses incurred in Afghanistan may have served as a lesson. But Europe must remain united in its defenses—NATO—and remain vigilant, with abundant and efficient weapons.

EIR: If we now turn to Switzerland, it is itself affected by the pacifist current fed by Gorbymania. In November, the country will vote on a referendum which calls for the abolition of the Army, the disarmament of police, and for the country to “develop a peace policy” as the basis for national defense. What do you think of this initiative?

Aubry: The “Switzerland without an Army” (SoA) referendum is very dangerous, and the “bourgeois” parties are fully committed to ensure that it be *strongly* rejected on Nov. 26.

EIR: How do you react?

Aubry: With a clear *no*, without qualification. Now, the Army is expensive, it is not involved in any conflict, we have not fought a war in 150 years and more. But this referendum is odious inasmuch as it restarts a debate on changing our society, and its well-established, neutral democracy.

EIR: Where does the initiative come from? With what motivations?

Aubry: The ultra-left, which then acquired the support of the left, first launched a popular initiative—after it had been rejected by Parliament—to have decisions concerning military procurement taken by popular ballot. Next, three initiatives were put on the ballot to change the status of conscientious objectors—they were squarely rejected every time. What is being applied is a “salami tactic,” which gnaws at the confidence of our citizens in their political institutions. Now, the debate about abolishing our Army started in West German universities and leftist groups before it emerged in the media. A film was shown on German TV screens, directed by a Swiss filmmaker, Bodenman. It was stepped-up media pressure which finally threw the matter onto the Swiss stage, and allowed the initiative to gather signatures. Those were given by those who do not want to serve, those disappointed by the military, old people who find that the Army is too expensive, and naive leaders of religious groups who push their parishioners in this direction, and so on.

EIR: With what impact?

Aubry: We are trying to cool down the journalists and the editors who bash our heads with “positions” and opinion polls that are often manipulated. We address all groups and individuals who are opinion leaders, for them to arouse the civic sense of citizens. The popular vote, in referendums, is always very low, but this time, we have to call upon the citizens’ sense of responsibility. Between the two “fronts,” pro and con, we must still win over the undecided. “Women for Peace” are very noisy, as well as priests and artists who appeal for a yes vote. And they receive coverage in the media!

EIR: Lyndon LaRouche has been in jail for over seven months. In the federal jail, he has been subjected to a savage, brutal treatment close to torture. What do you think of that?

Aubry: It seems that the jails in the United States have a regime quite different than in Switzerland. I cannot accept that brutal treatments be inflicted upon a man of Mr. LaRouche’s age, whatever the country where this occurs. He who has been convicted and is serving his sentence in jail is entitled by right to a humane treatment, without brutality, as long as he behaves normally.

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Election surprise

The announcement of elections to be held in November took the nation of India and especially the opposition by surprise.

The announcement of the Nov. 22 date for the general elections was a surprise all around—most of all, perhaps, for the opposition, whose capacity to present a united electoral front may turn out to be the decisive issue in the contest.

After charging Prime Minister Rajiv Gandhi with conspiring to postpone the elections and demanding for more than three months that he step down immediately, the opposition would clearly have preferred to have its own propaganda come true. Now, with the Nov. 22 date fixed, the ethereal quest for a combined opposition against the ruling Congress (I) party has suddenly become time-bound. Now, opposition leaders find themselves working against deadline to find a formula by which they can overcome a decade of squabbling.

All the deals will have to be in place by Oct. 31, the last day for registering candidates. Only then can one begin to evaluate what Nov. 22 polling holds in store. In the absence of opposition unity, the campaign against the government on the Bofors scandal, or the more serious issue of basic price inflation, is expected to fall flat.

The challenge is not to be underestimated. The last time the opposition united to fight elections was 1977. Then, Indira Gandhi's administration, coming out of a highly unpopular period of national emergency, faced a hostile electorate and was routed. Even so, the dissension within the opposition was only papered over by virtue of the electorate's pressure.

The so-called unity was given a heave-ho in favor of conflicting personal ambitions of the opposition leaders, and the erstwhile Janata government of Morarji Desai was driven out of office in disgrace just three years later.

The crux of the problem lies in the disparate character of the various opposition formations. The Janata Dal, a conglomerate of former Congress Party members and powerful farmers, has the largest base. It has followers throughout the country, but it is in the so-called Hindi belt of the states of Bihar, Uttar Pradesh, Madhya Pradesh, Haryana, and Himachal Pradesh, and Karnataka in the south, where the Dal has its muscle.

Though it contains such diverse and even contradictory ideologues as self-professed socialists, wealthy peasant mafia dedicated to free enterprise and proponents of appropriate technology, Janata Dal is generally considered a centrist party. Its leadership, however, is far from united, with the daily fallings-out among supremos such as Devi Lal, V.P. Singh, and Ajit Singh a matter of public record.

Three other distinct groups enjoy electoral strength in restricted areas. The Bharatiya Janata Party (BJP), with strength in the states of Madhya Pradesh, Rajasthan, Gujarat, and many urban centers in the Hindi belt such as Delhi, calls for establishing Hindu Rashtra (a Hindu religious state) and considers the Communists and socialists slightly superior to vermin.

The Communists—one brand of which runs the states of Kerala and West Bengal—are constantly in a quandary. Recent crackdowns in Moscow and Beijing have made huge dents in their ideological armor. Closer to home, the fact that they have always backed the foreign policy of the Nehrus and Gandhis, even while disapproving of their domestic policies, has made them slightly suspect. Now, with their credibility as opposition forces at stake, they have no choice but to join hands with the most disagreeable of the domestic lot—the religious fundamentalists.

The third force consists of a number of regional parties who have ousted the Congress (I) from state administrations on a "sons of the soil" local chauvinist plank. These parties dominate the states of Andhra Pradesh, Tamil Nadu, Assam, and Punjab. Several have joined with Janata Dal in a National Front against the Congress (I).

While the regional groups and the Communists are contained geographically, the same cannot be said of the Hindu fundamentalists. With the BJP as the political arm, Hindu fundamentalist groups have begun to surge ahead, arguably gaining ground in recent years. Their latest campaign to establish a temple at Lord Ram's birthplace in Ayodhya in Uttar Pradesh, on the spot where a Muslim mosque has existed for centuries, has already ignited communal rioting on a significant scale in Gujarat, Rajasthan, Madhya Pradesh, and Uttar Pradesh.

Flush with recognition of its growing power, the BJP will certainly claim an extra pound of flesh to join the combined opposition. The Communists, who have friends and sympathizers within the Janata Dal, the Congress (I), and perhaps even in the BJP, will also try to extract the maximum in exchange for delivering the Kerala and West Bengal vote.

Corrupt officials slander Noriega

Contrary to lying charges appearing in the Mexican press, Noriega does not own an illegal steroids lab in Tijuana.

With headlines such as "Partner of Panamanian Strongman Caught" and "Noriega's Mexican Partner Arrested," most Mexican media went wild with a totally false story linking Gen. Manuel Antonio Noriega with a Tijuana pharmaceutical company indicted for shipping mislabeled steroids into the United States. The false labeling—of Noriega—was suspiciously concocted by Mexican officials trying to ingratiate themselves with Washington.

Yet U.S. Customs officials have denied that the allegations have any basis in reality.

The faked "news item" was put out on the afternoon of Oct. 4, shortly after Mexican President Carlos Salinas de Gortari had given a speech to the U.S. Congress in which he did not satisfy the admonitions of the Bush administration that he condemn Noriega by name. The folks at the National Security Council and the Central Intelligence Agency were hardly pleased that Salinas had failed to provide them with a desperately needed veil of Ibero-American support for their botched efforts to capture or kill the Panamanian leader.

The story that Noriega owned a sleazy steroids lab was apparently fabricated by scurrilous Mexican officials to pressure Salinas into condemning Noriega by name.

The libel was based exclusively on a wire issued by Notimex, the Mexican government press agency. Notimex reported statements allegedly made by Attorney General Enrique Alvarez del Castillo, that documents mentioning Noriega had been found

by the Federal Judicial Police when they raided the offices of Milano Laboratories in Tijuana in April. Alvarez supposedly said the documents name Noriega as the company's prime owner. Notimex said that all the company's managers had escaped the raid. Another strange aspect to the story is that the Attorney General's statements are normally widely reported. In this case, no independent media confirmed them.

The case only reappeared in Mexico's press on Oct. 10, in a release by Deputy Attorney General Javier Coello's office. Coello is notorious among Mexican police, politicians, and press for his driving ambition to become Attorney General and for the extralegal methods he uses to "solve" cases. He is also willing to flout the law—and President Salinas's dictums on official morality—to protect his own political machine. He is refusing to turn even for disciplinary action—his bodyguards who were indicted in September for gang rape of young girls.

Coello's press release said the police had arrested Javier Macklis, Milano lab's chairman of the board, in Mexico City upon his return from Japan. He was brought directly from the airport to Coello's office. Coello blindfolded him and presented him to the public investigator, according to the official daily, *El Nacional*. Coello's press release claimed that Macklis then "confessed" that Noriega had financed the labs with an \$800,000 investment.

Coello's maneuver soon backfired. The Oct. 12 *Washington Post* re-

ported, in an article entitled, "Noriega Said to Profit From U.S. Athletes' Steroids," that "David Shaw, assistant special agent in charge of Customs in San Diego, said yesterday that while the Mexicans have shared some documents seized in the lab raid, they have not shown U.S. authorities anything linking Noriega to the lab. 'We know nothing of these facts,' said Shaw, whose office has conducted the steroid investigation." Shaw's statement was reprinted in Mexico the next day.

The daily *El Diario de México* Oct. 11 suggested that Macklis's "confession" was part of a "deal" he had made with Coello. The newspaper said that the police had actually arrested Macklis's son when they raided the drug company, but the judicial authorities had "suspiciously" released him. The rumors here are that, to free his son, the father volunteered to lie about Noriega.

Among Tijuana business circles, one can hear that the real owner of Milano is Jorge Hank Rhon, the son of Carlos Hank González, the secretary of tourism in Salinas's government. The story there is that Hank quietly injected the anabolic steroids made by his Milano labs into race horses at the Agua Caliente track in Tijuana. Hank is the general manager of that big-bucks gambling center.

On Oct. 16, Panamanian Ambassador to Mexico Jorge Turner delivered the *coup de grâce* to the dirty maneuver against Noriega. He sent an official letter to the press in which he explained that the Panamanian medical service had made a rush \$882,262 medicine purchase from Milano and had deducted \$139,987 from that because it received a substandard product. He stated, "There is no official, personal, or business link between Gen. Manuel Antonio Noriega and Laboratorios Milanos, nor with Mr. Juan Javier Macklis Mercado."

CIA chief proposes 'Murder, Inc.'

The target of a U.S. assassination bureau would be Panamanian Defense Forces commander Gen. Manuel Noriega.

The head of the U.S. Central Intelligence Agency, William Webster, is proposing that the CIA be given the authority to assassinate foreign leaders such as Gen. Manuel Noriega, commander of Panama's Defense Forces (PDF). In an interview published by the *New York Times* Oct. 17, Webster called for modifying an Executive Order that "no person employed by or acting on behalf of the United States government shall engage or conspire to engage in assassination."

Webster argued that the order has been interpreted incorrectly to bar any U.S. involvement in a coup that might potentially lead to a political assassination, such as the failed attempt against General Noriega on Oct. 3, which was sponsored by the U.S. "Now the next thing is, hire a guy to kill Noriega or fund a group who wants to kill Noriega," said Webster. "Our Executive Order would have in the past been construed at least that we could not do that, because we would just be using someone else to do what we couldn't do ourselves," he said.

This call for Noriega's murder implements the policy recently announced by Webster that the CIA will now be deployed against what he avers is the economic threat to the U.S. posed by its allies, specifically Western Europe and Japan, since the Soviet Union no longer poses a major military threat. Webster's CIA is joining forces with the Soviet KGB, supposedly to combat international terrorism and drug trafficking!

The Bush administration has been moving toward openly adopting state terrorism as an instrument of foreign policy since its Oct. 3 fiasco against

Noriega. "I would say that we certainly are in agreement with everything Judge Webster said," White House spokesman Marlin Fitzwater told reporters Oct. 17.

A few days earlier, it was revealed that the administration has authorized the FBI to get into the kidnaping business. On Oct. 13 Secretary of State James Baker III confirmed a leak to the *Los Angeles Times* that a new directive has been drafted: "Authority to the FBI to Override Customary or Other International Law in the Course of Extraterritorial Law Enforcement Activities." California Rep. Don Edwards condemned the move, saying "If we do it, that means Moscow could authorize the KGB to arrest somebody in our country." Mexico's Foreign Minister Fernando Solana was blunter: "Mexico will not accept that no matter what."

The administration has made clear that the "snatch authority" is aimed at General Noriega. The Panamanian leader was indicted on concocted charges of drug trafficking, because he stood in the way of the U.S.-Soviet power-sharing arrangements in Central America.

In a speech on Oct. 16 to the Foreign Policy Association in New York, Secretary of State Baker confirmed the deal on Central America by the two superpowers which was first revealed by Soviet Foreign Minister Eduard Shevardnadze in a speech to the same body on Oct. 3. As explained by Shevardnadze, under the accords "the two superpowers could act as guarantors" of a balance of forces in Central America.

Meanwhile, the commander of the U.S. Southern Command in Panama, Gen. Maxwell Thurman, is requesting the evacuation of all American civilian dependents, claiming that "the U.S. is at war in Panama," reported the *Washington Times* on Oct. 19.

Arguing from a relatively level-headed military standpoint, the former chairman of the Joint Chiefs of Staff, Adm. William Crowe, implicitly challenged the madness that has seized the administration. Crowe's wrote a letter that was published on Oct. 16 in the *New York Times*, in which he replied to an article, "Noriega Respects Power; Use it," penned by Elliott Abrams, the former Assistant Secretary of State for Inter-American Affairs, and one of the architects of the failed U.S. policy against Panama.

Crowe says: "Mr. Abrams's proposals during the various mini-crises involving Panama were both reckless in their formulation and reckless in their casual commitment of our military men and women. This latter phenomenon is not unknown among young political appointees who have never served in uniform." Crowe said that "it was Mr. Abrams who assured us that the mere 'threat' of sanctions would quickly bring Panamanians into the streets demanding General Noriega's overthrow. We tried that, and it didn't work. He then argued with great confidence that actually imposing sanctions would bring the general to his knees in two weeks. We tried that, and it didn't work either."

Crowe concluded that U.S. policy toward Panama should be guided by three criteria: that it be effective, that American lives not be risked unnecessarily, and that it not damage U.S. relations with other Ibero-American countries. "Unfortunately, the proposals of Mr. Abrams met none of those tests," wrote Crowe.

International Intelligence

Thai official to visit Communist China

Thailand's Prime Minister Chatichai Choonhavan leaves for the People's Republic of China the week of Oct. 23 for a three-day unofficial visit, and is scheduled to meet Chinese leaders to discuss bilateral issues.

A government spokesman had no details on a meeting with exiled Kampuchean Prince Sihanouk while in China, but it is clear that a discussion of the International Control Mechanism for Kampuchea is on the agenda.

In a discussion with *EIR*, a Taiwanese expert said that Chatichai is planning to act as a middleman between China and the U.S. He said that if Chatichai really wants peace in neighboring Kampuchea, he could stop the flow of Chinese arms to the Khmer Rouge, but he is not going to do that while acting as a middleman for both China and the U.S.

Chatichai plans to visit the United States, shortly after his China visit.

Soviet Red Army demands food

The Soviet Red Army is launching an "autumn counteroffensive" against the politicians who are trying to cut the Army's budget and contain the military's power, the Italian daily *Corriere della Sera* reported Oct. 16.

"Soviet Army Launches a Warning: Enough with Starvation Stipends," *Corriere* headlines its coverage of a recent article in the Soviet military daily *Red Star* written by General Kanarik, who headed a commission set up by the Soviet Defense Ministry to study the state of the Soviet Army.

Kanarik's findings are reported in *Red Star* under the headline, "The Poverty Threshold." He says bluntly, "A people which does not wish to feed its own Army, ends up feeding the Army of the enemy." Kanarik reports there is considerable malaise spreading throughout the Soviet Army.

"An Army is strong when the people loves it. But the people are spitting at us when we pass by, in the Baltic, in the Transcaucasus." The Soviet forces are "not motivated and not understood," he said.

Kanarik says budget cuts are making conditions of life more precarious. In the Leningrad Military District alone, 200 young officers have asked to be decommissioned, and "this figure is only the tip of the iceberg, of the spirit of demobilization." He says that 91% of 2,000 sample Soviet officers polled, complained that their salary does not correspond to the "physical effort, energy, time, and huge psychological responsibility demanded of them." Often, their families have nothing to live on, and their lodging is bad. "Young officers are living in misery." One Russian general tells Kanarik, "A soldier in the American Army earns more than I do, and I am a general, and a junior officer in the American Army earns more than our Defense Minister."

The Soviet Army as an institution has "by no means thrown in the towel," but is fighting back against those who are attempting to rein it in, says *Corriere*.

Kissinger in trouble again

Henry Kissinger's Brazilian friends are once again being linked to drugs.

Since Sept. 24, *Jornal do Brasil* has been running a series exposing the Brazilian networks who protected American drug-runner William Reed Elswick who escaped prosecution in the U.S. by establishing operations in Brazil. Those operations included setting up Claymore International Bank in the Cayman Islands using Elswick's dirty money. Brazilian Congressman Hermes Zanetti is calling for a parliamentary inquiry into the charge that Elswick's money was used to found Claymore International.

"Claymore is currently an inactive bank. But in its initial phase it counted on important names on its board," *Jornal* notes. "The President of Claymore International was Sergio Correa da Costa, Brazilian ambassador in the United States from 1985-87, and

an ex-partner of Henry Kissinger in a consulting firm in New York. . . . In the same period, Correa da Costa was also director of the Brazilian branch of the Bank of Credit and Commerce International, BCCI, which has already been accused twice by the Federal Police of attempting to send dollars out of Brazil illegally; last year, the BCCI of Miami was accused of being one of the leading financial institutions laundering money earned by the mafia by drug trafficking."

While Correa da Costa claimed he had never been President of Claymore International, *Jornal* replied, on Sept. 28, "In fact, two-thirds of the voting capital of the BCCI de Brasil, of which Sergio Correa da Costa is chairman of the board, formally belongs to Brazilians, but its president is Englishman Ashley Jenner and 50% of its finance capital is from the Bank of Credit and Commerce International of London."

U.S. troop pullout from Korea hinted

U.S. Ambassador to Japan Michael Armacost hinted Oct. 12 that the 43,000 American troops in South Korea might be reduced in the near future, but said the move would be made with full consultation with Seoul, the *Washington Times* reported Oct. 13.

"There will come a time when it is appropriate to adjust the size of our presence," Armacost said in a speech at the Asian Research Council. "As the [South Korean] economy has grown and as it has become more self-sufficient militarily, we have been prepared to make adjustments in our relationship."

Armacost said the U.S. is ready to respond to "genuine efforts" by North Korea to join the international community, and welcomed the upcoming visit to Pyongyang of Gaston Sigur, former U.S. Assistant Secretary of State for East Asian and Pacific Affairs. Sigur now heads the Sino-Soviet Institute at George Washington University. Sigur will visit there at the invitation of an institute of North Korea's Academy of Social Sciences. South Korean newspaper *Hanguk Ilbo* on Oct. 4 quoted a Sigur cohort

saying that Sigur will stay for about one week to "exchange views" with ruling circles "on all issues of interest of both the U.S. and North Korea."

Cardinal Ratzinger attacks modern 'art'

The modern arts are worshipping a cult of the ugly and evil, and are degrading man, Cardinal Joseph Ratzinger said in a speech at Dachau Castle in West Germany the weekend of Oct. 14-15.

There is a tendency in modern arts, he charged, that "turns the ugly into the basis of a new aesthetic theory, and meaninglessness into the new honesty."

This phony "new aesthetics" was taught in special depth by Theodor W. Adorno and his Frankfurt School, he said. Adorno said that the world is evil, therefore the arts couldn't present the good, and if it did, it was a lie. "What is expressed in this theory of the arts," said Cardinal Ratzinger, "is the ugliness of man and the world, man's evilness, hypocrisy and baseness."

Soviets fool around with ozone layer

The possibility that the Soviet Union is "punching holes" in the ozone layer as part of an "environmental warfare" grand strategy was raised by the Oct. 15 *Sunday Correspondent* of London in an article entitled, "Russia Researches Weather Wars."

"Soviet scientists are conducting experiments in the Arctic aimed at manipulating the weather for military purposes," the paper warns. The information comes from classified CIA documents that have been obtained by *The Economist's Foreign Report*. The Soviet program allegedly comprises "as many as 300 experiments falling directly under the Soviet high command," and could "contravene a U.N. ban on the military use of weather modification."

All nuclear powers except France and Communist China signed a convention at Geneva in 1977 prohibiting "hostile use of

environmental modification techniques," the paper said.

Author Amanda Mitchison comments that the CIA documents "claim there have been attempts to generate artificial lightning and punch holes in the ozone layer using bromine 'missile injectors.'"

Amnesty International backs drug mafia

Amnesty International intervened on behalf of Colombian drug traffickers, releasing a report on Oct. 10 blasting the Colombian armed forces and paramilitary groups for human rights abuses "on an unprecedented scale."

Amnesty warned that the current crisis over drugs could "divert attention" from this issue. It accused the Colombian armed forces of torture, causing "disappearances" of various personalities, and other abuses.

This stance may explain why Amnesty International's London headquarters has so far refused to intervene on behalf of political prisoner and anti-drug leader Lyndon LaRouche, even in the face of growing pressure from chapters and branches of Amnesty in different parts of the world.

NATO head cautions against force reduction

NATO Secretary General Manfred Woerner said at a symposium on NATO's future on Oct. 12 that the West has embarked on a risky strategy of encouraging the peaceful death of Communism in the Soviet bloc, but that this encourage-and-wait stance must march in step with a strong military posture in Western Europe until major arms agreements are concluded.

"It is a long-term program designed to reshape East-West relations fundamentally and to allow Communism to phase itself out peacefully," Woerner said. "But periods of great political change are also periods of greater risk. And the larger the risk, the more it must be underwritten by a sound insurance policy."

Briefly

● **THE BRAZILIAN** Congress has passed legislation which retroactively limits interest payments on foreign debt to a ceiling level of 6%, instead of the floating market-based interest rates which have been used ever since Brazil's debt crisis began in 1982.

● **VALERY GISCARD** d'Estaing, the former President of France, said that Gorbachov's economic *perestroika* policies will fail, in an interview with *Paris-Match* weekly Oct. 10. "One must be clear: He will not succeed." To the extent the Soviets continue to discover the reality, "they see an abyss at their feet."

● **B'NAI B'RITH** has opened chapters for the first time in Moscow, Leningrad, Riga, and Vilnius, the *Wall Street Journal* reported Oct. 13. The Soviet authorities apparently have not interfered, and an unprecedented founding dinner was held in a Leningrad Hotel.

● **PRINCE PHILIP**, president of the World Wildlife Fund, arrived in Thailand Oct. 17, and called on the King before presiding over a public function in Phuket organized by the Wildlife Fund of Thailand. He will proceed to Kuala Lumpur, Malaysia where Queen Elizabeth has been on a week-long state visit.

● **DRESDEN'S OPERA** House staff quoted what Ludwig van Beethoven had to say about freedom and truth, in the program notes for their new performance of his opera *Fidelio*. "Always hold freedom and truth in high esteem, especially when standing in front of the thrones of those who have the power."

● **'TORIES FIDDLE** While Economy Burns," headlined Oct. 15's *Sunday Times* of London report on the ruling Conservative Party's conference. While major upheavals had gone on that week, "there was no hint of any such fundamental change in the balance of power in Blackpool."

U.S. budget sequester betrays policy vacuum

by Nicholas F. Benton

"Is Government Dead?" asked the headline blaring across the cover of *Time* magazine, the largest circulation U.S. newsweekly. "Unwilling To Lead, Politicians Are Letting America Slip Into Paralysis," *Time's* commentary continued. The broadside by *Time* was only one of many similar blasts at the Bush administration and Congress this month, indicating that the honeymoon period between the national media and the new administration has come to an abrupt end.

The Oct. 3 Panama fiasco might have been a turning point, especially with the evidence that the Bush administration deliberately misguided the press about the role of the U.S. military in the aborted coup attempt.

But if ever there was a case of representative government abdicating its responsibility to govern, it came with the triggering of the automatic sequester provision of the insane Gramm-Rudman-Hollings deficit reduction law on Oct. 16.

The law, co-sponsored by Senators Phil Gramm (R-Tex.), Warren Rudman (R-N.H.) and Ernest Hollings (D-S.C.), passed in 1987 as a revolutionary method to force the federal government to systematically reduce the federal budget deficit down to zero by sometime in the 1990s.

Under the terms of the law, the Senate and the House, fail to agree on a budget with a combination of cuts and new revenue sources sufficient to meet each year's successive deficit reduction target, and if the President fails to agree to this with his own signature, then a pre-arranged formula programmed into the computers at the Office of Management and Budget takes control out of human hands, and dictates evenly distributed, across-the-board cuts throughout the budget.

The law set the size of deficit targets for each successive year, aimed at shrinking them to zero by the mid-1990s, and it set out a series of annual deadlines forewarning Congress and the President about how far their first attempts at budget compromises were from meeting the target. Everyone, under the law, has about nine months from the time the President first submits a budget to Congress in mid-January to come up with a final product that meets the stringent Gramm-Rudman-Hollings guidelines by mid-October.

There is what is called "wobble room" in the law, as well. Technically, the "automatic sequester" trigger mechanism is tripped at the beginning of the new fiscal year on Oct. 1, but that does not actually get ordered into effect until two weeks later. Also, there is a \$10 billion "buffer zone" above the annual deficit reduction target. For example, the target for the Fiscal Year 1990 (FY90) budget was a deficit of \$100 billion. That means that if a budget of \$110 billion was passed by the deadline, there would be no sequester.

This year has seen the worst forfeiture of government responsibility by Congress and the administration in the memory of many longtime Washington observers, resulting in the full implementation of "government by computer" on Oct. 16.

Worse, leaders on both ends of Pennsylvania Avenue—in the White House on one end and Congress on the other end—are commenting now that the best course of action will be to allow the computer-designated budget cuts to remain in place permanently. The decadent Roman Emperor Caligula set a precedent for this kind of government when he designated his favorite horse as his successor.

Any efforts to supersede the automatic sequester with ongoing negotiations aimed at a man-made budget are fruitless, they claim. "At least the Gramm-Rudman-Hollings cuts are real," quipped Richard Darman, the White House's director of the Office of Management and Budget, on a nationally televised interview program Oct. 14.

What the cuts will do

In reality, the Gramm-Rudman-Hollings cuts, as they are distributed under the automatic sequester, do more to devastate U.S. national security, public welfare, and infrastructure than anything short of a small thermonuclear war.

The sequester takes \$16.1 billion out of the budget, half from the domestic sections of the budget and half from defense. It can touch only the so-called "discretionary spending" segments of the overall \$1 trillion budget, which amounts to about \$280 billion. Pre-committed programs, such as Social Security payments to the elderly (for now), already-signed military procurement contracts and payments on the government debt (fast closing in on \$3 trillion), must, under the law, be exempted from cuts and paid in full.

This leaves, on the domestic side, about \$140 million in cuts that will come from Medicare reimbursements to hospitals and doctors (thus denying medical care to the elderly), the Drug Enforcement Administration (thus undermining the much-publicized "war on drugs"), the Federal Aviation Administration (at a point when citizens are rightfully increasingly jittery about air travel safety), and other vital domestic programs.

On the military side, about \$140 million in cuts must come from personnel salaries and discretionary programs such as research and development—namely, the entire modernization effort of the U.S. military, ranging from the MX and Midgetman missile programs to the Strategic Defense Initiative.

Military under the hatchet

Under the law, the President has the prerogative to exempt military salaries from the cuts, but according to the White House, President Bush will not do this. As a result, as many as 120,000 military employees—civilians and men in uniform—could be laid off if the current sequestration order remains in effect.

That's twice the number of men that the U.S. lost in combat in the entire Vietnam War.

The Pentagon's comptroller ordered the various branches of the U.S. military to have their draft plans for absorbing a \$15 billion cut in the defense budget ready by Oct. 20.

The extraordinary natural disasters that have struck both coasts of the continental U.S. in September and October have underscored the strain on the nation caused by such unnatural budget cuts. The federal government's entire disaster relief contingency fund of \$1.1 billion was depleted to respond to the devastation caused by Hurricane Hugo in the U.S. Virgin

Islands, Puerto Rico, and South Carolina in September.

But then, when the deadly earthquake hit the San Francisco Bay area in California Oct. 17, resulting in almost 300 deaths and tens of billions of dollars in damage, the federal government had only \$270 million in funds, which had been sent to help the hurricane victims, but which had not yet been spent.

Suddenly, the hurricane victims were cut off, and the \$270 million redirected to San Francisco, even though White House spokesmen admitted that far more than \$1.1 billion would be required to rescue the San Francisco area.

Hurricanes and earthquakes, like the AIDS pandemic, only draw attention to the frailty of the nation's public infrastructure due to the lack of attention Washington has been paying to it in its fixation on so-called "deficit reduction."

Chiseling the elderly

Another casualty of the process is the nation's elderly, who are being increasingly deprived of medical treatment by the repeated decisions of government to trim spending on Medicare insurance, and to restrict and delay reimbursement payments to hospitals and doctors for treatment.

The case of the nation's 37 million elderly is exemplary of what is happening to all Americans: They are politically disenfranchised through the budget deficit reduction process. Democrats and Republicans alike support chiseling the elderly to lower the deficit, even though everyone knows that most of the statistics on the deficit are phony, the product of proverbial "smoke and mirrors," to begin with. In one serious slap at Darman on ABC television Oct. 15, columnist George Will remarked that private citizens would go to jail for fraud if they tried to "cook the books" the way government in Washington does in order to try to lower the deficit.

The Republican Party-controlled White House and the Democratic Party-controlled Congress remain at an impasse, not in a policy debate over the well-being of the nation, but in a Washington power struggle. On the Republican side, it is expressed in Bush's "no new taxes" pledge; on the Democratic side, it is expressed in the effort to force Bush to crack on the tax issue. For the American public, their interests are served by neither.

But it is as if these postures have become transmuted into stone, creating a paralyzed government that leaves a computer to carry out the bloodletting they have decided to accept.

The ascent of such ideological posturing over real government was epitomized by the snide reaction of White House spokesman Marlin Fitzwater to a question from a reporter the day after the San Francisco earthquake. Asked how much of the \$270 million of remaining federal disaster relief funds would be lost to the Gramm-Rudman-Hollings sequester, Fitzwater snapped, "Is this the tax question?" He implied that the question was just a veiled attack on the President's "no new taxes" policy.

The Roanoke railroad: Judge rejects Billington motion for a mistrial

In one of the most extraordinary trials in U.S. legal history, a judge, prosecutor, and defense attorney in Roanoke, Virginia have all joined forces to assure the speedy conviction of a defendant who is facing up to 90 years in prison for political fundraising.

Michael Billington, a political activist and associate of Lyndon LaRouche, filed a motion for a mistrial on Oct. 13, in the “securities fraud” trial currently under way against him in Roanoke County Circuit Court. Billington argued that the conflict that exists between himself and his lawyer, Brian Gettings, has effectively muzzled his defense. Gettings had sought unsuccessfully to withdraw from the case and to have his own client declared mentally incompetent the day before the trial was set to begin on Sept. 28, because Billington had insisted upon his constitutional right to a jury trial.

Billington’s *pro se* motions—that is, motions filed on his own behalf—were denied by Judge Clifford Weckstein. Billington’s efforts to call a crucial witness on his behalf were also denied. The case is expected to go to the jury shortly.

Billington is already serving a three-year prison sentence as one of the “LaRouche Seven” convicted in federal court on hoked-up “fraud” charges last December.

His efforts to fire Gettings and retain another lawyer, John P. Flannery, were already denied by the judge.

We publish below excerpts from Billington’s motion and from an *amicus curiae* (“friend of the court”) brief filed at his request by Attorney Flannery.

Statement of Michael Billington

... [N]ow I am confronted with my most important decisions at this trial, 1) Whether to take the stand (which I wish to do) and 2) Who to call as witnesses on my own behalf (and there are several I wish to call).

As the government concludes its case, I am about to put on my defense. I am sorry to say that we are no better prepared now, than we were at the outset of this trial. My distrust of Mr. Gettings is at its height, based particularly on what has transpired within the last few weeks. He has asked me to sign notes confirming what each of us has said in our confidential discussions. And these recent events, including this “note-taking” exercise, are all the more disturbing as they confirm that Mr. Gettings still stands by his demeaning

opinions about me, the client he is charged to defend, particularly as to the undue influence he alleges others exert over me, claiming as a result, I lack free will.

In my opinion, Mr. Gettings’ opinions and statements of “the facts,” concerning me and my actions in the past years, as he disclosed them to this Court and to the public at large, are at odds with the views I hold, the testimony I would give from the witness stand, and otherwise make it impossible for Mr. Gettings to call me as a witness or to call many of the individuals I’ve asked him to summon to my defense. . . .

1. At the outset of this trial, Mr. Gettings charged that Mr. LaRouche (a) “direct[ed]” my decision to insist on a jury trial as well as other decisions . . . (b) masterminded a “set up” conspiracy to “gum up” this trial by manipulating me . . . and (c) implicitly threatened Mr. Gettings, albeit by asking that he be treated charitably, making Mr. Gettings “uncomfortable”. . . . Mr. Gettings therefore has an interest in demonstrating that he is correct, that these things are true.

2. The problem is that the government wants to prove the same thing is true, that I am directed by Mr. LaRouche, even as I deny that this is the case. . . .

4. It must be manifest that Mr. Gettings can hardly advise me whether or not to call Mr. LaRouche in my own defense, although pre-trial Mr. Gettings said he intended to debrief Mr. LaRouche for that purpose, to prepare him to testify and told me he intended to summon Mr. LaRouche here to Salem by *habeas* to prepare him further to testify in my defense. But then, just before this trial began, Mr. Gettings publicly attacked Mr. LaRouche as responsible for what was in fact my decision, to be tried by a jury, rather than a judge. Mr. Gettings’ personal animus toward Mr. LaRouche was very plainly expressed, as was his distrust of my judgment. There is no doubt that now Mr. Gettings has a stake in how Mr. LaRouche is perceived. And it is independent of his responsibility to me. For Mr. Gettings to put Mr. LaRouche on the stand, he would have to vouch for a witness who would contradict the representations he made to this Court about that witness. Under these circumstances, Mr. Gettings cannot render a disinterested opinion, certainly not one upon which I could rely, and he plainly cannot call LaRouche as a witness.

5. Worse, there is evidence Mr. Gettings’ distrust continues unabated. Most recently, on Thursday, October 5, 1989, at the Roanoke County Jail, I met with Mr. Gettings and Mr.

Thrasch. While discussing trial strategy that I had earlier reviewed with Mr. Gettings long before this trial, Mr. Gettings responded by questioning me in a very sarcastic tone, asking me whether this was my opinion "or someone else's." It was in fact "my opinion," and I asked Mr. Gettings to treat me in a civil manner. He then feigned amazement that I, who "had been found sane by the Court," he said, could embrace such an insane trial strategy. As if that wasn't enough, Mr. Gettings then said, "We've got to get this down," and began writing on a sheet of yellow paper. When he finished, he shoved the sheet with his handwritten declaration across the table toward me, instructing me, "Sign this!" I asked Mr. Gettings if he was doing this, asking me to sign this statement, so he could prepare some legal action against me. He said, "I don't know." I refused to adopt the language he wrote. I wrote instead my own account of the matter, and signed that, emphasizing that this aspect of my proposed trial strategy had not changed since we first discussed it, that is, last Spring, before I had retained Mr. Gettings.

6. As Mr. Gettings' position is coincident with the Commonwealth's position, for different reasons, it is in direct conflict with my defense. . . . Mr. Gettings has told me that he will agree to put me on the stand. But I have learned enough about a jury trial to know you cannot just speak your mind when you're on the stand. Consider the fact that I cannot trust my counsel when he's cross-examining the principal government witness. How can I trust him to prepare me to testify? . . .

Conclusion

Under the circumstances, I think the only remedy is for a mistrial. I respectfully ask this Court to grant such application based on what has transpired including the account contained in this statement.

In support of Billington's motion

This memorandum was submitted on Oct. 18 by Attorney John P. Flannery. It was not accepted by Judge Weckstein as part of the court record.

. . . [I]t does now appear that this Court has insisted on Mr. Billington's right to a speedy trial in denigration of other constitutional protections. As a result, [he] is assured of nothing more than that his trial shall be quickly begun and concluded. . . .

13. Until Sunday, September 17th, Mr. Gettings and Mr. Billington had a cordial relationship including the ability to discuss, debate and resolve upon trial strategy. Mr. Gettings had, in fact, agreed to substantial aspects of Mr. Billington's proposed defenses. . . .

14. But then Mr. Gettings reported to Billington that the Court, following a denial of Mr. Billington's double jeopardy motion, urged a bench trial, in a chambers discussion with Gettings. Mr. Billington was not present for this discussion, nor was the conference recorded. According to Gettings, the

Court cited a reluctance to reduce jury sentences as its reason for suggesting the bench trial. Billington gave the matter consideration . . . consulted with associates about his decision, and rejected it, insisting on his right to a jury trial, the reason his case was transferred from Loudoun to Roanoke County.

15. Over Billington's strenuous objection, Gettings filed a motion to withdraw on Monday . . . claiming that Billington's decision was not the product of a free mind. His motion tracked the language of the Virginia competency statute. Gettings therefore invoked statutory language to have his client declared incompetent for deciding to exercise a constitutional right. . . .

31. Thus, by frivolously invoking an incompetency hearing of Mr. Billington (this Court found not one "iota" of evidence that Billington was incompetent or could not assist in his own defense), Mr. Gettings unnecessarily opened privileged matters to the prosecution and the public, injecting further prejudicial publicity to potential jurors by his own actions, and otherwise he failed to withdraw from the case in a manner consistent with the ethical rules, that is, protecting the interest of his client. . . .

32. Billington's distrust stemmed from the fact that through no action of his own making—he exercised a Constitutional right—his attorney espoused against him the same prosecutive theories and innuendo concerning the [La-Rouche movement] which Billington heard repeated in Boston (without success) and since in other courtrooms.

34. In summary, Billington was unrepresented at his hearing, his rights were in conflict with an attorney attempting to protect his own ethical dilemmas at this point and subsequently in the process, his attorney became a witness against him, in the most fundamental sense.

42. When the critical Commonwealth witness, Wayne Hintz testified, Gettings did not appear to actively pursue a second major defense . . . that nonrepayment was caused by significant government and private interference with the finances of the corporations under indictment. Hintz testified in New York that negative publicity generated from government actions and the March, 1986 Illinois primary had an extremely significant impact on the ability to repay loans. Mr. Gettings was quoted in the *Roanoke Times* on October 9th to the effect that a government interference defense was "not in the best interest" of his client. According to Billington's objection . . . Gettings refused to pursue these lines of inquiry. . . .

43. Since Gettings has apparently rejected this defense publicly and adopted substantial aspects of the Commonwealth's contentions concerning the "beliefs" of [La-Rouche's associates] . . . any effort by Gettings to now put on such a defense has already been prejudged by Billington's only advocate of record.

Argument

This Court has a unique opportunity to put at an end the injustice Mr. Billington has suffered by declaring a mistrial. . . .

Is U.S. intelligence community to commit 'kinder, gentler' assassinations?

by Scott Thompson

Although President George Bush promised a "kinder and gentler" America during his presidential campaign, it is notable that his Director of Central Intelligence, William Webster, and Attorney General Richard Thornburgh, have opened a debate in the major press as to whether or not the U.S. intelligence community can murder or else kidnap foreign heads of state during "gunboat diplomacy" coups d'état of the sort recently attempted against Panama's Gen. Manuel Noriega. The outcome of this debate threatens to plunge the United States once again into becoming the engine of global "chaos and confusion" that it last became during the Kissinger years, when coups and assassinations against Western heads of state were the order of the day, while the U.S. intelligence community was assigned to act as a sort of "Murder, Inc."

DCI Webster started the debate in an interview with the *New York Times* on Oct. 17, when he called for a reassessment of an Executive Order issued by President Gerald Ford in 1976, that had been implemented by Presidents Carter and Reagan, which ruled out U.S. government involvement in assassinations. Webster made it clear that he wanted to be empowered to conduct coups d'état, where "deadly force" might be employed to eliminate a "dictator." "It could very well make a difference in the next one [coup], because the likelihood for the next plotter planning that he may probably have to take Noriega out is real," said Webster.

Webster seems unable to grasp that the CIA's "cowboys" have not been able to engineer a successful coup, because in the global depression it is still possible to launch a covert action to destabilize a nation, but impossible to restabilize the situation instantly thereafter, as previously happened. The reason, quite simply, is that under the conditions of physical economic breakdown of the last decade, coup-style destabilizations result in quagmires resembling the "Thirty Years War" situation that erupted in Central America, after a series of U.S. coups in Nicaragua, Panama, and elsewhere. Or else, the descent of a "New Dark Age" as happened after President Carter and his National Security Adviser Zbigniew Brzezinski created in the Middle East with their decision to topple the Iranian Shah and play the "fundamentalist card."

It is notable that DCI Webster is a holdover from that very same Carter administration, when President Carter and the so-called "Liberal Establishment" of the Congress worked in league with the bankers of David Rockefeller's Trilateral Commission, forerunner of the Project Democracy which installed a secret government in the Reagan-Bush administrations, partly by mounting coups to destabilize alleged "dictators," many of whom simply believed in national sovereignty. The only recent "success" of these Project Democracy gunslingers has been the State Department-led People Power coup that toppled Philippines President Ferdinand Marcos.

National mission or bankers' errand boys?

Leaving aside this important "technical adjustment" in the global strategic situation that makes coups turn into bleeding sores, there is another problem that arises from involvement of the U.S. intelligence community in missions of the sort that Webster now advocates in Panama. The republican West Point tradition, which characterized especially the U.S. military intelligence services, has become a mere ghost of itself, as Presidents have given the intelligence community missions that only serve the major banks' view of national interest.

Immediately before DCI Webster's public call to be able to kill foreign leaders like Gen. Manuel Noriega, Webster had given a speech on Sept. 19, 1989 before the Los Angeles World Affairs Council, where he said that it was no longer the East bloc that are our enemies, rather economic warfare must be run against our allies. This is precisely the line of the bankers' Project Democracy employed by Webster's predecessor, William Casey, who turned the awesome national technical means the U.S. had developed during the Cold War, against Ibero-American heads of state who sought to save their countries from International Monetary Fund genocide under the debt crisis starting in 1982-83. Starting with the 1982 eruption of the debt crisis in Mexico, when Mexican President José López Portillo fought for his nation's sovereign rights, Casey and his sidekick Leo Cherne, who is vice-chairman of the powerful President's Foreign Intelli-

gence Advisory Board, set up a Third World Debt Task Force which targeted the full range of intelligence capabilities previously employed against the U.S.S.R.—ranging from the electronic intercept capabilities of the National Security Agency to the psychological warfare experts of the Central Intelligence Agency—against any Third World leader who protested that an attempt to pay the inflated debts would mean so much austerity that their populations would die.

Now, Webster, himself a product of David Rockefeller's Trilateral Commission stranglehold upon the executive that began under President Carter, stated that he would employ more such economic warfare, because "our political and military allies are also our economic competitors." Citing in particular Japan and Western Europe, Webster elaborated a mission for U.S. intelligence that would make "the connection between economics and national security" ever greater.

Thornburgh supports kidnaping and murder

Among Webster's strongest supporters in this bid to turn the U.S. intelligence community into a "Murder, Inc.," has been Attorney General Richard Thornburgh, whose tenure at the U.S. Justice Department also saw the granting of what the Oct. 14 *Los Angeles Times* called "the President's snatch authority." This legal directive, issued on June 21 under the title, "Authority to the FBI to Override Customary or Other International Law in the Course of Extraterritorial Law Enforcement Activities," had been prepared by Assistant Attorney General William P. Barr of the Office of Legal Counsel at the request of Attorney General Thornburgh. Basically, it would give the FBI the right to enter a country like Panama surreptitiously, in order to kidnap Panama Defense Forces commander Gen. Manuel Noriega.

Ironically, Attorney General Thornburgh forgot to mention this new power to President George Bush, who, when he was questioned about "the snatch authority," responded: "I'm embarrassed to say I don't know what it is you're . . . I'll have to get back to you with the answer to your question. Marlin [Fitzwater], will you take care of that?"

Revelation of "the snatch authority" brought instant condemnation around the world. A leading expert on international criminal law, Edward M. Wise of Wayne State University, noted: "Without local consent, I don't see that it's any different from sending an army across the borders. It counts as an invasion. I don't think there is anything that is a more clear violation of that country's sovereignty and international law." Said former Justice Department prosecutor Lawrence Barcella, "There is the danger that a foreign country, with whom we have good relations, might lodge a diplomatic complaint or might even issue a kidnaping warrant" against the FBI.

Only a few days after it was revealed that Thornburgh had empowered the FBI to be a "snatch squad," on Oct. 17, Independent Counsel Lawrence E. Walsh accused Thornburgh of thwarting the Iran-Contra prosecution of former Costa Rica CIA station chief Joseph Fernandez "through

unjustifiable delaying tactics" that are designed to "tie this case in a knot of endless litigation." Walsh's criticism of the Attorney General was contained in a request asking the U.S. Fourth Circuit Court of Appeals in Richmond, Virginia to rescind an order issued Oct. 13, that allows the Justice Department 30 more days to decide how it will handle a dispute over the release of classified information, specifically six documents all of whose content has otherwise been known to the public.

Jury selection in the Fernandez trial was abruptly halted in July, when the Attorney General sought to intervene in the case, but a three-judge appellate panel rejected that intervention, whose intention had been to give the Justice Department a checkmate upon the trial judge's discretion involving release of classified information. Apparently, it was the Attorney General's intention to derail the remaining Iran-Contra trials by capitulating to "graymail" over the disclosure of national security information sought by the defendants during discovery.

All the king's horses and men

While President George Bush was apparently ignorant of his Attorney General granting the FBI the right to kidnap fugitives abroad, the President has certainly supported DCI Webster in his demand for a reinterpretation of the 1976 Executive Order that bans U.S. intelligence involvement in coups that might result in murder of the incumbent head of state. Certainly, Kissinger clone Gen. Brent Scowcroft, who is President Bush's national security adviser, stated on Oct. 18, that, "We [at the White House] certainly are in agreement with everything Judge Webster said yesterday" in his *New York Times* interview. But, then, General Scowcroft came in for a drubbing for his mishandling of the Panama coup attempt, and he has been desperately trying to shift the blame for President Bush's "Bay of Pigs" onto the congressional intelligence committees, which, he claims, hamstrung the White House's ability to act.

Likewise, White House press spokesman Marlin Fitzwater seemed to support the call for clarification on the use of "deadly force" in coups, when he said: "We're saying we're opposed to assassinations. The prohibition and executive order stands. But there's clarification needed on other kinds of activities, and we want to discuss it with Congress. What he [Webster] said was that there are interpretations and discussions and understandings with the Hill that should be reconsidered in light of their impact on coup activities. I would say we certainly are in agreement with everything Judge Webster said."

The real test of whether the Bush administration will deliver a "kinder and gentler America" depends on whether the President decides to dump the Trilateral Commission's bully boys—DCI William Webster and an Attorney General who supports kidnaping by FBI law enforcement officials—and replaces them with level-headed professionals.

U.S.-Turkish relations shaken by Armenian bill

The Senate Judiciary Committee approved a bill Oct. 17 setting aside April 24, 1990 to memorialize 1.5 million Armenians slain between 1915 and 1923 during waning the days of the Ottoman Empire. The committee action sets the stage for severely straining U.S.-Turkish relations.

The measure, which called the slayings "genocide," was passed by an 8-6 vote by the Senate panel and will now go to the Senate floor. The resolution has angered the Turkish government, and the Bush administration is attempting to stop the measure. Turkey sees the resolution as tantamount to a comparison with the Hitler regime in Nazi Germany. The administration has summoned the U.S. ambassador from Ankara to lobby against the measure.

Turkey is the only member of NATO that borders the Soviet Union, and has been a special target of Soviet efforts to drive a wedge between it and Washington.

Senate votes down flag amendment

The Senate rejected on Oct. 19 a joint resolution proposing an amendment to the Constitution of the United States which would authorize the Congress and the states to prohibit the physical desecration of the flag of the United States. The vote of 51-48 fell substantially short of the necessary 67 votes needed for passage.

Proponents of the amendment such as Senate Minority Leader Robert Dole (R-Kan.) argued that there were many laws on the books barring destruction of such things as mailboxes, and therefore including

the flag in such bans was no significant legal step.

Opponents of the amendment, led by Senate Majority Leader George Mitchell (D-Me.), argued that it would weaken the freedom of speech guarantees of the First Amendment. Duke University law Professor Walter Dellinger summed up this viewpoint in earlier testimony before the Senate Judiciary Committee: "This potentially dangerous amendment would create an entirely unlimited exception to either one, some, none or all of the Bill of Rights; it would place this power in the hands of all future Congresses, 50 state legislatures, the government of the District of Columbia, and perhaps as many as 14,000 local governments; it would set a dangerous precedent for resorting to the amendment process for the curtailment of the rights of the unpopular in general, and for unpopular speech in particular; and it would deprive the First Amendment of much of its moral legitimacy by suggesting that speech that is deeply offensive to most of us will be suppressible, while speech deeply offensive to others must continue to be tolerated."

Bush approaches abortion issue with trepidation

President Bush is expected to veto legislation that provides federal funding for abortion to poor women who are the victims of rape and incest, a provision passed as part of a spending bill for the Departments of Health and Human Services and Labor, according to White House officials Oct. 16. Such funding has been outlawed by Congress each year since 1982.

The Senate passed the measure on Oct. 19 on a 67-31 vote, enough to override a presidential veto. But the

House, which had passed the measure on Oct. 11, did so on a 216-206 vote, far short of the votes required to override.

Bush, who has been officially opposed to abortion, tried to find "room for flexibility" in the face of the legislation, fearing, in characteristic fashion, to alienate some important element of the body politic on a controversial issue. White House officials, opponents of abortion, and Republican leaders, in a series of meetings and telephone conversations, failed to provide, according to the *Washington Post*, "any good, solid reasons" why the president should change his opposition to such funding. Although not wanting to become the brunt of attacks by pro-abortion forces, the President reportedly fears subjecting himself to the charge of "waffling" on major issues.

Bush's advisers have reportedly concluded that a compromise that would not turn into a full-scale battle with abortion rights advocates was not possible at this point.

Gramm-Rudman cuts take effect

At 11:59 p.m. on Oct. 16, the Gramm-Rudman sequestration automatically knocked out \$16 billion in the federal budget. The failure of the Congress and the White House to agree on legislation reducing the deficit to below the Gramm-Rudman targets led to the automatic sequestration.

As yet panic has not set in as the White House and the Congress intend to come up with the cuts in the next month or so, making the effect of the sequestration minimal. The nature of the process was best expressed by Rep. Leon Panetta (D-Calif.), chair-

man of the House Budget Committee: "Until both sides are willing to put everything on the table and make those tough choices [between tax increases and defense budget cuts], we're going to continue to play games."

The Gramm-Rudman legislation has come in for some heavy criticism from Sen. Ernest Hollings (D-S.C.), one of its co-sponsors. Hollings is concerned that the Social Security surplus is being included in the budget calculations, although that surplus actually represents expenditures in the future. The Hollings criticism is becoming the basis for a Democratic move to exclude the Social Security surplus from the calculation of the budget. If this occurs, demands for more austerity could lead to even more draconian measures, further gutting social and defense expenditures.

The real problem is that Gramm-Rudman determines policy through its budget "dictatorship." As Van Doom Ooms, chief economist for the House Budget Committee noted, Gramm-Rudman "is forcing policy into configurations you may not want. . . . There's tremendous pressure to write defense bills that have programs that spend out slowly because of Gramm-Rudman. The question is, are these the policies the Congress would choose if it was not forced into this situation of hitting the numbers?"

Senators linked to S&L deals face ethics probe

Sen. Phil Gramm (R-Tex.) said on "Meet the Press" on Oct. 15 that it was "inevitable" the Senate Ethics Committee would investigate five senators who intervened on behalf of a California savings institution after receiving

large campaign contributions from its owner. "I think you're going to see, as a result of the savings and loan fiasco, a real look by the Ethics Committee at members and how they were involved and what they did," said Gramm.

The five are Alan Cranston (D-Calif.), Dennis DeConcini (D-Ariz.), John McCain (R-Ariz.), John Glenn (D-Ohio), and Donald Riegle (D-Mich.). Fred Wertheimer of Common Cause, a lobby group which monitors Congress, urged investigations of the senators who met with regulators in April 1987 at the request of Charles Keating Jr., chairman of American Continental Corp., Lincoln's parent.

The axe of "corruption scandals" incorporated into recent thrift legislation, which the Justice Department has used to make S&L owners scapegoats for the collapse of the thrift industry, may now start falling on the necks of the very legislators who approved this police-state legislation.

Webster attacked by Members of Congress

CIA chief William Webster has come under fire this week from a variety of sources, including members of the congressional Intelligence Committees, who have questioned Webster's lack of knowledge about many issues the agency has to deal with, and his commitment to the job. Many political partisans also view Webster as another holdover from the disastrous Carter administration.

The most vocal critics of Webster's performance have been supporters of the Afghan resistance in the Senate and House, who hold him responsible for a failure to get U.S. arms to the guerrilla rebels last spring when

they were planning a major offensive against the Soviet-backed Kabul government. Congressmen who met with Webster in August to discuss the shortcomings of the Afghan operation found that he was not well informed on its details and unaware of many of the problems of the operation. They blamed him for placing a CIA analyst, rather than someone from the operations division of the agency, in charge of the whole operation.

Senate Intelligence Committee chairman David Boren (D-Okla.), a confidant of the CIA director, gives him "the highest possible marks." Even Boren admits, however, that Webster "has his critics as well as his supporters."

House committee: Soviets slow in cutting forces

The House Armed Services Committee issued a study on Oct. 15 that says the Soviet Union is on schedule in withdrawing forces from Eastern Europe but has made little progress on military reductions within its borders.

But even the "withdrawal" from Eastern Europe has not been carried out as Western observers expected. "Rather than withdrawing a tank division in its entirety, the motorized rifle regiment assigned to it is being transferred to a division that would remain in Eastern Europe and a tank regiment from that division withdrawn instead," the report said. The report also expressed "great uncertainty about what the Soviets will do with the equipment being removed from their forces." The study found that tanks withdrawn from Eastern Europe and slated to be destroyed or converted will likely replace older equipment in units within the Soviet Union.

National News

N. Y. physicians asked to track AIDS victims

The New York City health commissioner has sent out a mailing to 27,000 physicians asking them to counsel AIDS victims and their sexual and drug partners, the *New York Daily News* reported on Oct. 17.

"Contacts need to know that they have been exposed to a lethal disease. We've been doing this for syphilis and tuberculosis all over the country for a long time," Dr. Stephen Schultz, deputy health commissioner, told the *News*.

Under the proposed notification guidelines, the patients can ask the Health Department for help in tracing their former partners, or the doctors can do it. Before the doctor contacts the department, the physician must believe there is a significant risk to a patient's partners, he must counsel the patient regarding tracing, and he must believe the patient won't notify the partners. The patient's name will remain confidential with the physician.

The Gay Men's Health Crisis criticized the plan, saying that it supports the idea of contact tracing, but that the health commissioner is making doctors keep a list of everyone who tests positive. A spokesman said, "That would only raise people's fears."

Drug testing approved in Chicago school

A program for drug testing of students, faculty, and administration at a Chicago parochial school has been approved.

The Chicago Catholic Archdiocese and the American Civil Liberties Union announced they would not oppose such testing—the Archdiocese on the basis that it would not conflict with its standing guidelines on drug matters, and the ACLU on the basis that activity in private schools does not come under the same constitutional provisions as that in public schools.

Father Pflieger of St. Sabina School said that he will seek approval from parents and the parish for across-the-board drug testing at the school, and said, "I'll be the first to take the test, because we adults have to be role models for the kids."

In a related development, the U.S. Navy started a new drug test the week of Oct. 16, to catch users of methamphetamine, commonly referred to as "speed." Officials estimate that they will catch 6,500 sailors and Marines during the next year and hope to curtail the escalating use of the drug by Navy personnel. This new test, utilizing a radio-immunoassay, is reported by the *Los Angeles Times* to be virtually foolproof, and will also snare such designer and derivative drugs as MDMA, "Ecstasy" and "Ice."

Du Pont Smith says trustees lost his money

Lawyers for Lewis du Pont Smith appeared before Judge Lawrence Wood in Pennsylvania on Oct. 16, three days after the stock market fell 190 points, to argue for a hearing date for his petition to regain control of his finances.

Du Pont Smith, an heir to the du Pont family fortune and a political collaborator of Lyndon LaRouche, was declared "mentally incompetent" by the judge in 1985, when his family objected to his financial contributions to LaRouche's political movement. He was stripped of political and civil rights—including the right to marry—and of control over his finances.

Smith's petition argues that it is the court-appointed guardian of his money, Wilmington Trust, which is incompetent on economic matters. He lost approximately \$3.5 million in October 1987, after Wilmington Trust ignored his warnings on the volatility of the market and his request to move his trust assets out of stocks and into more stable instruments.

In August 1989, Smith sent another communication to Wilmington Trust, in which he warned that he was expecting another blowout in the stock market, "possibly as early as late September or early October."

Again Wilmington Trust ignored his advice; Smith estimates that in the crash of Oct. 13, they lost him another \$500,000-750,000.

Smith's lawyer commented that he was glad he had taken the advice of a so-called incompetent, and not that of the "experts," or he would have lost his shirt.

Stones hype 'Sympathy for the Devil'

The high point of a recent New York concert by Mick Jagger and the Rolling Stones was Jagger's "Sympathy for the Devil," according to a review in the Oct. 11 *New Jersey Bergen Record*, lending more confirmation to charges that such groups are explicit promoters of Satanism.

Similar New Jersey concerts by the Grateful Dead left the "body count" at one teenager dead and two in critical condition, the *Bergen Record* reported Oct. 17. Adam Katz, 19, was found murdered outside the stadium after the concert. Three hospitals treated more than 15 fans for drug overdoses, and two were in critical condition from LSD overdoses.

Numerous arrests were made for drug possession, driving while under the influence, and other offenses. In June, another rock fan was murdered at New Jersey's Meadowlands Stadium, after a concert by The Who rock group.

Lawyers Guild and FBI settle spying suit

The National Lawyers Guild reached a settlement in its long-running suit with the FBI, which stemmed from Guild charges that it had been subject to 40 years of illegal surveillance and harassment by the agency.

A key part of the agreement prohibits the government from ever using the FBI record of the surveillance obtained between 1940 and 1975, according to Reuters Oct. 14. The government states, without admitting guilt, that the FBI tried to disrupt the

Briefly

operations of the Guild and conducted various types of surveillance. However, the settlement does not provide for the government to pay any of the \$57 million in damages asked for by the Guild.

"We believe we achieved a substantial step forward in the continuing problem with government spying. In an unprecedented move, the government has agreed never to use in any fashion the fruits of that spying. The government has admitted for the first time engaging in a series of wire taps and burglarizing a legal organization, which is clearly inappropriate in our society," said Michael Krinsky, attorney for the Guild.

Krinsky said that in 12 years of litigation, the FBI was forced to turn over 400,000 pages of documents showing FBI phone tapings, bank record seizures, and mail surveillance actions directed against the group.

N. Y.'s Mayor Koch: 'Execute drug pushers'

New York Mayor Edward Koch called for harsh penalties for drug pushers, in a speech Oct. 13 in Montreal, Canada, at the European and North American Conference on Urban Safety and Crime Prevention. The meeting was attended by 900 delegates from 31 countries.

"When you talk about executing drug pushers, people say it's barbaric," Koch said. "Why is it barbaric? They are responsible for the deaths of dozens, hundreds of people."

Koch minimized the effect of poverty in aggravating the drug problem. "It's not poverty that causes drugs," he said. "It is the fact we're not willing to deter with stiff sentences. . . . I remember when Malaysia executed major drug pushers. So long as they executed Malaysians, nobody cared. And then when they executed two white Australians, then everybody went bananas around the world. I'm told that since those two Australians were executed in Malaysia, no Australian has sold drugs in Malaysia. It's a deterrent."

Koch said that convicted drug dealers should be sent to prisons in isolated areas of the country. "I would fill tent camps in parts of our country so desolate that there's no place they can go to escape. For example, I would send them to the deserts . . . and to the ice floes in Alaska."

The final communiqué issued by the conference was described by Montreal newspapers as a compromise between the hard line of Koch and others, and the preference of Dutch representatives in particular for a greater emphasis on education and prevention.

Philadelphia Mayor Wilson Goode, president of the American Mayors' Conference, said he would see to it that the Montreal declaration makes the round of American cities. "Do not underestimate the danger posed by the cocaine cartels, the traffickers' power, and how quickly drugs can assail your cities, overwhelm your police departments, your social, judicious, and even your health services," he said.

Astrologer set Bush's pro-Soviet policy

Joan Quigley, the San Francisco-based stargazing adviser to Nancy Reagan while she was First Lady, told CBS News on Oct. 17 that she was responsible for President Reagan's dropping of the "Evil Empire" polemic against the Soviet Union, after she analyzed Mikhail Gorbachov's horoscope.

Quigley said, "I talked with Nancy for two or three hours, convincing her that Gorbachov was intelligent, open to new ideas, and that he had a vision like Reagan."

Quigley reports that she was paid \$3,000 per month by the First Lady and set the times for "almost all" of President Reagan's speeches, including the signing of the treaty on intermediate nuclear force reductions (INF), and for the takeoffs and landings of the presidential jet.

"I also affected, definitely, the relationship between the superpowers because of my reading of Gorbachov's horoscope. The minute I read it, I knew I had to change the Evil Empire attitude," Quigley said.

● **JAMES BAKER** said Oct. 17 that the U.S. has no intention of supporting Baltic aspirations for independence: "No one—I repeat, no one—will benefit if the entire trend toward beneficial economic and political changes is engulfed in violence. But all will benefit if the reforms succeed in Eastern Europe."

● **THE STATE** Department announced on Oct. 20 that it was unilaterally declaring Panama's Gen. Manuel Noriega to be "a Cuban national" under U.S. law, in order to effect a ban against any U.S. citizen carrying out commercial dealings with him.

● **THE WASHINGTON** Times editorially attacked the RICO racketeering statutes on Oct. 17: "If it turns out that Congress can't pass legislation that distinguishes between protectors and gangsters, between generals and mobsters, politicians ought to forget about reforming RICO and scrap it entirely."

● **RUDOLPH GIULIANI** and David Dinkins, New York City mayoral candidates, agree that many campaign promises like putting more cops on the street are now "on hold" because of the budget crisis, that tax hikes and service cuts are not out of the question, and that the city work force is too large, the Oct. 17 *Daily News* reported.

● **'ICE,'** the highly addictive crystallized form of methamphetamine which is smokable and can cause a high which can last from 6-14 hours, could become a major competitor of "crack" nationally.

● **VIRGINIA** coal-miners strike leader James Hicks told Italy's *Corriere della Sera* Oct. 14, "President Bush sends [striking miners in the Soviet Union and Poland] money and sympathy. . . . But . . . they send us police, black legs [strikebreakers], and spies."

Editorial

AIDS and ecological fascism

The axiomatic assumptions underlying the ecologist movement are that 1) there are too many people in the world, and 2) that the sharpest reductions should be among the peoples of Africa, Ibero-America, and Asia. The policies of the World Bank, the International Monetary Fund, and their representatives within national governments, have already been fulfilled in the awful impoverishment we see not only in the underdeveloped sector, but increasingly in the United States as well.

One consequence is the unchecked pandemic spread of AIDS. Over the past six years, this magazine has exposed a continued policy among governments and world health officials to lie about the danger of a new plague. When LaRouche warned that diseases like AIDS were the inevitable outcome of the global collapse of the real economy, and called for emergency measures, he was attacked for panic mongering. Now, finally, the extent of the crisis is being admitted, but the approach is still woefully inadequate.

The Hudson Institute has issued a 200-page report, *The Catastrophe Ahead: AIDS and the Case for a New Public Policy*. Authors William B. Johnson and Kevin R. Hoplins reckon that 14.5 million Americans will be infected by the year 2002—more than are officially admitted to be infected in the whole world, today. They recommend the institution of a free, voluntary national testing program. What is sorely needed is an accelerated program of basic research using the frontier methods of optical biophysics.

The report reiterates the accepted shibboleth that AIDS is transmitted either sexually or through intravenous injection and contaminated transfusions. The reality is that AIDS is a disease of poverty, and will prove to be transmitted—if not now—in the near future, as a respiratory virus. There is convincing evidence that it is already transmitted by insects such as mosquitoes.

AIDS is increasingly a disease of the ghetto poor, as is shown by the following statistic: Nearly 42% of the U.S. black population aged 15-50 is expected to be infected by HIV by the turn of the century, according to the Hudson report.

The situation in Africa, the poorest continent of all, and the one scheduled by the malthusians for a early death, is devastating. An international conference on AIDS, held in Marseilles, France, amply documented this reality. The spread of AIDS in Africa will be “explosive” over the next few years, warned World Health Organization AIDS program coordinator Dr. Jonathan Mann, in his keynote speech.

Mann said this explosion would occur in the context of a huge worldwide spread of AIDS in the next decade. Already, the WHO has reports of 5-10 million infected in 152 countries around the world, but “we expect the number of people with AIDS to increase dramatically in the next few years.” Mann said that 48 of Africa’s countries were reporting growing numbers of AIDS cases, spreading through both the heterosexual community and through mother-to-child transmission, and from the cities to rural areas.

American AIDS researcher Dr. Shaw presented important findings at the conference, which showed that the amount of AIDS virus contained in the blood of infected people is vastly higher than earlier thought. Shaw showed that the virus increases as the patient gets sicker, making him or her extremely infectious.

EIR’s reporter on the scene, Dr. Jonathan Tennenbaum, stresses that Shaw’s measurements put the amount of infection into the domain of the horse virus disease which is transmitted by insects. Tennenbaum himself developed an epidemiological model for the spread of AIDS three years ago (reported in *EIR*), which predicted the accelerated spread of the disease as the density of infection in populations increased.

It is a major scandal that his work was not picked up by mainstream institutions, and only now—six years after the virus itself was discovered—are they willing to consider its obvious implications. To reverse the threatened biological holocaust, all of the economic and political assumptions of ecological fascism will have to be sharply reversed, and we will need a crash economic effort to rebuild the global infrastructure, and to care for the world’s sick and poor.

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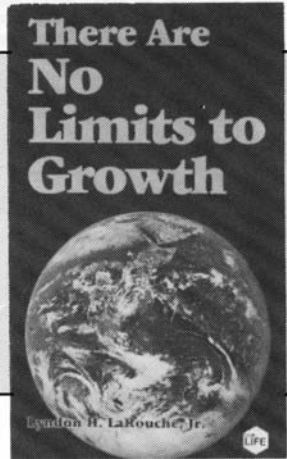
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