

# EIR

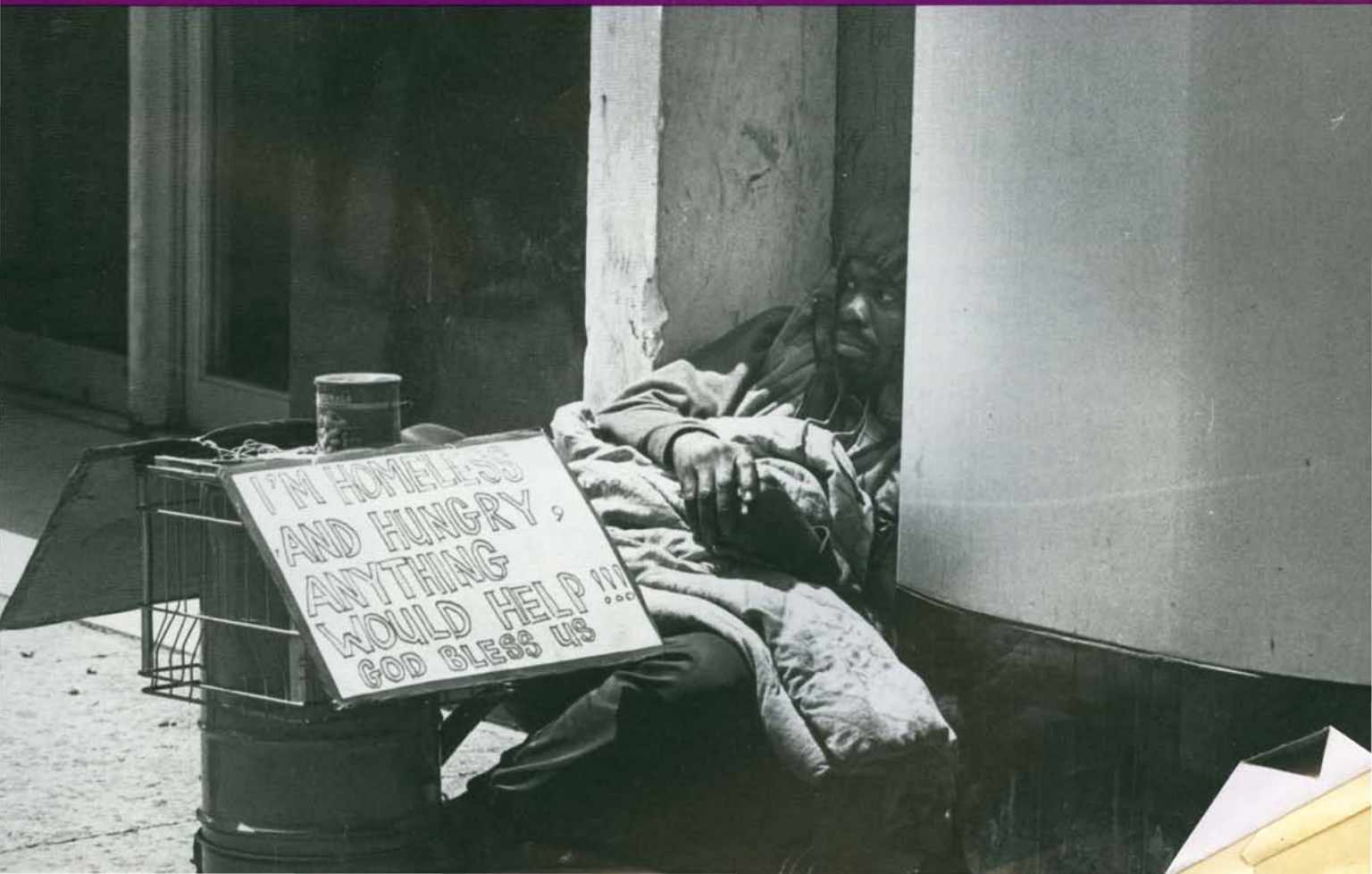
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East German opposition's first free congress  
Oliver W. Holmes and the subversion of America  
Panama under U.S. rule—a crumbling society

**Shadow of economic debacle  
looms over Bush presidency**





# **A TOTAL WAR STRATEGY AGAINST PEKING**

**by Gen. Teng Chieh**

**"All we need do is to understand how to make the most of our strengths to attack the enemy's weaknesses. Then we can snatch victory out of the jaws of defeat. The Chinese Communist Party is extremely weak, just like a paper tiger—one poke and you could pierce it through. All the masses on the mainland are opposed to communism."**

*—Gen. Teng Chieh*

This amazing little book by one of the top leaders of Taiwan's Kuomintang party, published by Chinese Flag Monthly in December 1988, charted the course for the Chinese students' revolution that erupted just a few months later. Preface by Lyndon H. LaRouche, Jr.

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# EIR

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I would like to especially share two thoughts with you that were voiced during the week we were preparing this issue for publication.

One came from Pope John Paul II. During his eight-day tour of the parched Sahel region of Africa, the Pope confided to local bishops in Burkino Faso that he thanked Providence for allowing him to appeal to the world to stop the suffering in Africa before he died.

“Since we cannot resign ourselves to any human suffering . . . the great transformations under way in Eastern Europe must not distract attention from the south and from Africa in particular,” the pontiff said on Jan. 29. Keep in mind that the Polish-born Pope played a major role in the process leading to democratic change in the East.

*EIR*'s editors would like to underline his appeal, adding that it is precisely the need to create an economic boom to rescue the developing sector, that has inspired the enthusiasm of many Eastern European patriots for Lyndon LaRouche's “central European productive triangle” program, highlighted in our last issue.

A second, related observation comes from *EIR* founder LaRouche. On Feb. 2, he raised the question of whether there is a relationship between the so-called environmentalist features of George Bush's State of the Union message, and Bush's approach to the possible liberation of East Germany from Soviet dictatorship—which approach, is to delay it as long as possible. LaRouche points out that Bush's “stewardship” concept of nature is a specifically Gnostic, quasi-Satanist concept. Bush's program is that his administration should be living the “Life of Reilly”—while the rest of the world starves to death in a concentration camp created by Bush's so-called pro-environmentalist policy. Case in point: Africa.

LaRouche predicts that unless this obscene policy is rejected very soon, “the Creator is going to punish the United States very cruelly.” Although the United States was not a barbaric nation, it has become a nation of cultural boors who admire Hollywood prostitutes. A nation with a passion for spectator sports, but not for truth.

Will the United States perish like Sodom and Gomorrah, for committing treason against humanity? We've designed this magazine to give readers every tool required to prevent that. Now it's up to you, to use it.

*Nora Hamerman*

# EIR Contents

## Interviews

### 39 Nils Castro

A leader of Panama's Democratic Revolutionary Party, now in exile in Mexico, describes how the lawless U.S. invasion of Panama destroyed not only the country's sovereignty, but its physical economy as well. Part I of two.

## Book Reviews

### 52 Justice Holmes, and the subversion of America

Stanley Ezrol draws devastating conclusions from *Honorable Justice: The Life of Oliver Wendell Holmes*, by Sheldon M. Novick.

### 56 Real thrifts story—the deregulation disaster—has yet to be told

Texas candidate for U.S. Senate Harley Schlanger on *Inside Job: The Looting of America's Savings and Loans*, by Stephen Pizzo, Mary Fricker, and Paul Muolo, and *Other People's Money: The Inside Story of the S&L Mess*, by Paul Zane Pilzer with Robert Deitz.

### 58 Willie Nelson and the dirt behind the 'Country image'

Marcia Merry, classical musician and expert on agriculture and physical geography, reviews *Willie: An Autobiography*, by Willie Nelson and Bud Shrake, and *Country: The Music and the Musicians*, by the Country Music Foundation.

## Departments

### 9 Vatican

Pope: World must not forget Africa.

### 12 Andean Report

Venezuelans protest economic disaster.

### 47 Report from Bonn

Bush dumping Kohl to help Gorbachov?

### 48 Dateline Mexico

Bush launches military actions.

### 49 From New Delhi

Tremors in the Hindu kingdom.

### 72 Editorial

The real state of the union.

## Economics

### 4 The return of Herbert Hoover

Bush is cast in the role of the Depression President, while Federal Reserve chairman Alan Greenspan plays Russian roulette with the economy.

### 6 Currency Rates

### 6 Louisiana considers parity farm prices

### 8 Domestic Credit

Bush's budget from fantasyland.

### 10 International Credit

The panic of the short-sighted.

### 11 Soviet Economy

Railroads snarled again.

### 13 Banking

Neil Bush decides to fight.

### 14 Agriculture

Food shortages: a national security risk.

### 15 Medicine

Are high fiber diets worth the gas?

### 16 Business Briefs

## Feature



Jon Pearl

A scene in downtown Chicago, during the Reagan-Bush "Recovery."

### 18 Shadow of economic debacle looms over Bush presidency

As the United States plunges into the worst depression of this century, millions are being denied even such fundamental rights as the freedom from hunger and the right to a place to live. We present first-hand reports from the Jan. 13-15 Martin Luther King Tribunal, showing why the allegedly popular Bush is heading for a precipitous fall.

### 20 American farmers, back to serfdom

George Gentry, Oklahoma farmer and U.S. Senate candidate.

### 22 Food for the hungry a matter of justice

Paul Magno, Zacchaeus Community Kitchen, Washington, D.C.

### 23 Health holocaust of the medically indigent

Elsie Pilgrim, infectious disease control specialist, Newark, New Jersey.

### 26 Intolerable plight of America's homeless

Juliet Grant, community activist, Newark, New Jersey.

## International

### 30 World freedom imperiled as never before: LaRouche

The world is heading toward war under the Bush administration's "deluded, wishful, insane trust" in Mikhail Gorbachov.

### 32 Kernel of truth in Gorbachov rumors

### 33 Romanian thugs trash opposition offices

### 34 Czech leader outlines plan for free Europe

### 35 Germany's 'Democratic Revolution' party holds first free congress

An exclusive first-hand report.

### 37 U.S. destroys fabric of society in Panama

### 41 Is Bush Danny Ortega's campaign manager?

### 42 Policy disarray in Argentine government

### 43 Bush, Thatcher under fire for Lockerbie coverup

### 44 West German Social Democrats backed East German communists to the end

### 46 East bloc revolutions threat to appeasers

### 59 International Intelligence

## National

### 62 Bush's State of the Union: a U.S. strategic retreat

The official Democratic Party spokesman, Speaker Foley, had nothing of substance to say about the President's substanceless speech. But Virginia congressional candidate LaRouche put forward a strong alternative.

### 64 Attempt to break Billington in prison

LaRouche's associate thrown into "The Hole" in prison—for no reason.

### 65 Truth suppressed; Phau convicted

Another chapter in Bush's police-state vendetta in Virginia.

### 66 Perle shows true colors, against SDI

### 67 Eye on Washington

Bankers plot against war on drugs.

### 68 Congressional Closeup

### 70 National News

## The return of Herbert Hoover

by Chris White

U.S. Federal Reserve Board chairman Alan Greenspan told the presumably bemused members of the congressional Joint Economic Committee on Jan. 30, that what he calls “the current economic slowdown” is only a temporary phenomenon. He added that he sees no danger of the United States slipping into a recession unless there are unforeseen weaknesses in the economy.

For the pagan and superstitious who believe in luck and who bet, Greenspan rated the chances of a recession, sometime in the next six months, at one in five.

The chairman’s remarks also surprised his associates on the Federal Reserve’s Board of Governors. Nine out of the eighteen were interviewed by the *New York Times*, and their consensus was that the odds against a recession had not improved, but that prospects for the future are uncertain and the possibility of a recession, distinct.

Most relevant is Greenspan’s caution of “unforeseen weaknesses,” which one could surely put into the same category of thinking as his colleagues’ “uncertainties” and possibilities.” The remarks ought, finally, to answer the representative of Russia’s exiles who wrote the editors of this magazine a while ago to complain about our characterization of Greenspan as an “ayatollah” and follower of the Russian mystic Ayn Rand. If he should still want to follow Greenspan’s advice, and trust to fortune’s odds of one-in-five, then he were no doubt better advised to play another game where the odds are also about 1-in-5, namely Russian roulette. The results would be about the same.

Where Greenspan is concerned, it is definitely not a matter of “unforeseen weaknesses” which will determine the outcome. It is rather what he, and those like him, whether in government or outside it, refuse to consider to be “weaknesses.” Self-blinded, like any ideological fundamentalist,

Greenspan, and those like him, have ensured that four of the five chambers of the pistol are loaded, and that the one remaining will only be empty if they are able to do what they have always refused to contemplate so far: change.

### LaRouche’s warning

Back in September, U.S. political prisoner and economist Lyndon LaRouche warned from the Rochester, Minnesota federal prison where he is held, that the United States would face a new financial crisis around Oct. 10. LaRouche insisted, then, that it would be better to accept the crisis at that point, than to attempt to delay it again, by the usual methods of crisis management, until the coming spring. He insisted on this, on the grounds that the pain and the costs associated with the deepening collapse into economic depression would be much worse, if the reckoning were again delayed.

LaRouche was right about what would happen in September and October, just as he had been right in the spring of 1987, when he warned of the October stock market blowout which occurred on Oct. 19 of that year; and as he had been right, with the economic forecasts associated with his LaRouche-Riemann economic model between the end of 1979 and the beginning of 1983.

This is all well known to Greenspan and his friends, and has been well known since at least 1979. It happens to be chief among the reasons why LaRouche is currently sitting in jail, while Greenspan has the Federal Reserve chair, and other members of the Bush League occupy other positions of so-called power.

So, when Greenspan tells the Congress about the “unforeseen weaknesses,” it is useful to know that he has known, since the late 1970s, from the man whose forecasting method has produced unique results, what the chief class of expected

developments would be, and that he, like others around Bush's crowd, together with the friends of Henry Kissinger, not only ignored those results in their practice, but violently and brutally opposed LaRouche because of the scientific method by which he came up with them.

There is only one conclusion that can be drawn from this: that the accumulating disasters which are impelling the world toward the abyss, because of the economy's slide into depression, are the desired result for those like Ayatollah Greenspan, who knew what the country's leading expert thought, knew what competent alternatives were available, and yet opposed what reason dictated. Perhaps, where Greenspan and company are concerned, it would be more correct to consider that the contents of the domain of the "unexpected weaknesses" include primarily the people and the policies which could reverse the slide into depression.

### **The real issue: physical economy**

The issue is in the method of physical economy, and in the conception of the universal importance of each human individual, as fundamentally distinct from the lower beasts, from which the method is derived.

LaRouche measures economic progress in terms of increase of potential relative population density. To survive, a human society, and mankind as a whole, must increase the modal level of its technological organization, and thereby its productivity. The successful results are reflected in the upward transformation of per capita and per hectare values for density of energy throughput, and increasing productivity of labor in the production of better quality and greater quantity of standard market baskets of consumption, for production and for households alike.

Thus, unlike any of the lower beasts, mankind has increased his potential population density over the course of his historical existence, from about 10 million baboon-like hominids to 50 billion or so people today—if current technologies were made generally available to the world's population.

Greenspan and company have insisted on doing exactly the opposite, and still so insist. And most of the Americans who have voted in elections over the past generation or so have, with their toleration, supported the effort of such idiots.

So, we hear the echoes of the ghost of Herbert Hoover after the stock market crash of 1929. "The economic fundamentals are sound," they say. Whereas, in terms of the economy's capacity to transmit the impetus for technological progress and increased productivity, to secure the livelihood of future generations, and more crudely, to produce, from its own resources and labor, for the generations alive now, the essentials have been and are being destroyed, in the deepest depression of the century to date. The first of such capacities has been under unreversed attrition since the late 1960s; the second, since the U.S. trade deficit began to take off in 1982. By both standards of measurement of the real economy, the

United States is economically bankrupt.

### **The administration's blunders**

This is one of the matters which Alan Greenspan, like George Bush, knows about, and has decided to ignore. Because of this, anything that Greenspan and his President decide to do will only make things worse. They may appear to disagree on such idiotic questions as whether or not interest rates should go up or down at any given point in time. But where the actual economy is concerned, they are of the same mind: The problem doesn't exist.

Things have indeed gotten worse since the debacle LaRouche projected for last fall. And they will get still worse until the policy is changed.

The 1990s were to be, in the view of Greenspan and company, the decade of "new management methods" brought in by the growth of indebtedness of corporations taken over in leveraged buyouts. The collapse of Robert Campeau's department store empire beginning last Sept. 15, as a consequence of collapsing consumer purchasing power, ended that. Yet we heard about the difference between "quality" junk debt and other junk debt. Now, the "quality" junk has gone, as of Moody's recent downgrading of the \$25 billion associated with RJR-Nabisco.

Last year, the Bush administration was going to solve the crisis in the savings and loan institutions, by closing down the S&Ls bankrupted by former Fed chairman Paul Volcker and by banking deregulation, and kept afloat to protect Bush's election prospects. Now, William Seidman, the official in charge of the process, announces that the U.S. government cannot afford to do it. From \$50 billion, the money costs have skyrocketed to \$250 billion, and then to more than \$500 billion. And the nation's commercial banks, as *EIR* has said for years, are in even worse shape than the thrifts.

The real estate speculation which helped Volcker and the deregulators kill the thrifts, has also finished off the commercial banks. Federal Reserve regions in New England, New York, and the Southwest are right now engaged in the kind of "pump-priming" which was done to the S&Ls between 1985 and 1989.

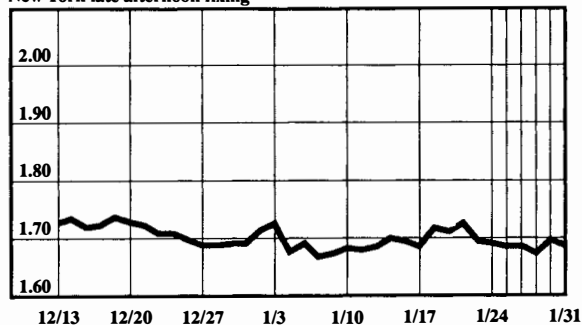
The foreign funds on which the United States has depended increasingly since 1982, at a level of \$160-180 billion per year, have, since early October, been in the accelerating process of liquidation. Their managers have concluded that under present leadership, the United States is just not viable much longer.

These are all matters which Greenspan knows about, including how they have worsened since the fall of 1989. He must know, because he is the one cast in the role of Holland's national hero, with his finger in the dike. So, when he and his friends talk about the "unforeseen," remember what it means, and that he and his friends, including those in the White House, are treating all of us to their game of Russian roulette.

# Currency Rates

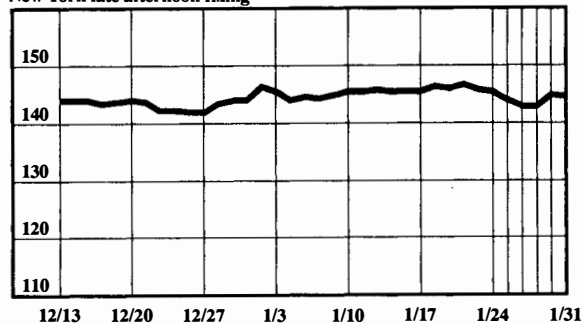
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New York late afternoon fixing



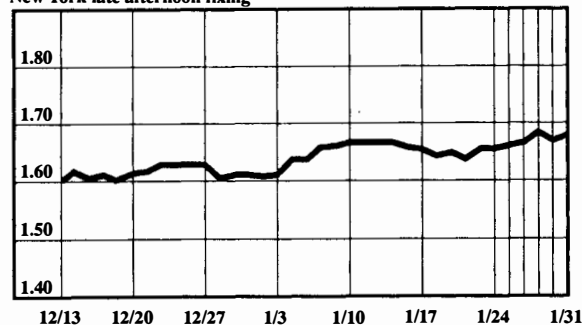
## The dollar in yen

New York late afternoon fixing



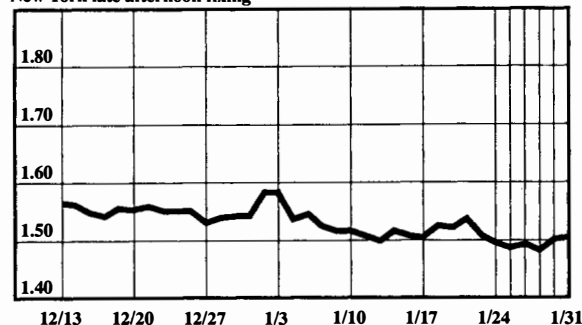
## The British pound in dollars

New York late afternoon fixing



## The dollar in Swiss francs

New York late afternoon fixing



# Louisiana considers parity farm prices

by Marcia Merry

On Jan. 29, the Agriculture Committee of the Louisiana House of Representatives held a hearing on Bill 929, to establish parity prices for agricultural products sold in the state. The measure would go into effect when other states enacted similar laws which, combined, would affect 60% of domestic U.S. production of farm commodities such as grains, cotton and other fibers, livestock, fruit, vegetables, nuts, milk, and other farm products.

The bill mandates that farmers would be paid 90-115% of a parity or cost-of-production price as defined by the federal Agricultural Adjustment Act. This would resume the highly successful policy which the United States adopted during World War II and adhered to until the early 1950s, which ensured a financially secure farm sector, and abundant and stable agricultural production. In the long term, parity pricing is the lowest cost food policy.

The full legislature does not go into session until April; before then, the House Agriculture Committee has scheduled at least one more hearing on the proposed law.

The parity pricing bill is similar to bills introduced in the past 15 years in the Midwest farmbelt states. But while many policymakers have abandoned prior efforts to establish parity pricing and similar fundamentals of sound farm and industry policy such as the granting of tax benefits and low-interest credit for capital improvements and expanded output, and the development of water and other infrastructure, and have bowed to pressures from Washington to stick to issues of "environmental protectionism," "rural development" through small-scale, cottage industry techniques, and orientation to free trade and the "world market," Louisiana legislators have taken up the fight.

## Farm, food crises spark state action

The legislative initiative in Louisiana reflects the courage of some maverick legislators, including the principal sponsor Rep. James David Cain (D-Dry Creek), who is part of the Independent Caucus in Baton Rouge. The bill arises out of general alarm over the mass impoverishment in the state of Louisiana, where farmers, and entire farm communities are being shut down, while the larger cities are in crisis over lack of food and the other basic necessities of life.

A strong advocate of Bill 929 is Fred Huenefeld, a political activist from Monroe in northeast Louisiana. Huenefeld



is on the executive board of the National Organization of Raw Materials, and is an advocate of the economic program efforts of Lyndon LaRouche, who once addressed a Louisiana Democratic Party convention.

On Jan. 29, Huenefeld led off the testimony in favor of passage of the bill. He stressed that guaranteeing a parity price to farmers, who now receive only about 50% of what would be a fair price, would set into motion "multifactor" benefits throughout the general economy, to stimulate jobs and the creation of "real wealth."

Huenefeld presented the committee with a petition of 400 signatures in support of the bill from the northern Louisiana area, and he gave a packet of international statements of support for the state action.

Farmers from Texas and Illinois testified. Australian farm leader Ian Murphy—who operates one of the largest ranches in the world, said, "Speaking for thousands of farmers in Australia, who are organizing and working hard to implement a parity pricing policy in our country to save the family farm, I would encourage the adoption of the parity pricing bill you are considering.

"The uncontrolled fluctuations of world farm commodity prices to levels below the cost needed to maintain a strong and economically viable family farm production base must be stopped. The passage of your parity bill will send a significant signal to farm producer organizations and legislative efforts around the world, that Louisiana is taking the lead in bringing about a farm policy that will be beneficial to not only food producers but food consumers as well."

A graphic picture of hunger and deprivation in the state of Louisiana was provided from the Archdiocese of New Orleans by Mr. Gregory Ben Johnson, director of the diocesan office serving the food needs of the poor.

Johnson wrote, "The hunger needs in the Greater New Orleans Area are tremendous. . . . Today, over 52,000 certified eligible low-income mothers, infants, children, and senior citizens receive a 40-pound box of food each month. Over 2 million pounds of high protein food commodities are being distributed each month through this federal program. Currently there is a freeze on certifying any new participants in this program which is facing a caseload increase of 15,000 participants per month. . . .

"For fiscal year ending June 30, 1989, over 4 million pounds of donated food items were distributed to over 270 certified eligible charitable agencies throughout the state of Louisiana. The demand for this food surpasses the resources. . . . The demand for food assistance by needy individuals has always been greater than the available resources."

A Louisiana State University economist objected to the arguments defending the agriculture parity pricing concept as "too simple." In reply, one House committee member pointed out that with a caseload increase of 15,000 people a month needing food supplements, parity pricing for farmers was not at all "too simple."

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## Bush's budget from fantasyland

*All recent budgets have had their numbers cooked, but even smoke and mirrors can't mask Bush's budget debacle.*

President Bush has presented his first budget proposal to Congress, and like all else Bush has done as President, it has little or no connection to reality.

The key assumption of the Fiscal Year 1991 budget is that revenue will grow 9%, while spending increases will grow only 3%. Spending, however, grew 6% in 1988 and 7.5% in 1989, while revenue so far this year shows every sign of collapsing.

The growth in revenue is derived from an assumed 2.6% growth in Gross National Product. But the Commerce Department just announced that the U.S. economy has practically ground to a halt; GNP in the fourth quarter of last year increased at an anemic annual rate of one-half of one percent. In fact, revenues in December 1989 were \$89.13 billion, 4.9% below December 1988. That brings the deficit in the three-month-old current fiscal year to \$69.69 billion—two-thirds the figure allowed by the Gramm-Rudman-Hollings law for the fiscal year. In FY1989, the deficit for the first quarter of the year was \$67.58 billion.

In reality, the economy is contracting—fast. Auto makers plan to make 14% fewer cars and trucks this year—if the market rebounds. In the first two weeks of this month, General Motors produced *only* 3% of what it produced in the same period last year. Orders for new machine tools fell 22% last year, and as the industry's backlog is worked down, it will be forced to lay off workers. Home construction will fall through the floor by late spring, as homebuilders are no longer able to find financing, because of new

thrift regulations. Even the vaunted yuppie spending spree has come to an end, according to the Jan. 30 *Washington Times*.

Notwithstanding the collapse of the physical economy, the budget is riddled with fraud and fakery. Director of the Office of Management and Budget Richard Darman, appearing on a TV talk show, was unable to refute reporter Robert Novak's assertion that the FY1991 budget deficit is more like \$269 billion, rather than Darman's \$63 billion, because the budget is robbing revenues earmarked for numerous trust funds—including the Social Security trust surplus, the highway trust fund, and others.

This, of course, is the scandalous truth that is being cynically exploited by the Democrats, led by Sen. Daniel Patrick Moynihan's (D-N.Y.) proposal to cut the Social Security payroll tax. The Democrats are just as willing as the Bush men to use fraud and fakery, as in the case of former presidential candidate Michael Dukakis and his state budget disaster known as the "Massachusetts miracle."

Most importantly, the Democratic leadership is not proposing an immediate reversal of the insane environmentalist "post-industrial" policies that bankrupted the U.S. in the first place; rather, they are fanatically pushing corporatist austerity. "This is a 'take two aspirin and call me in the morning' budget, instead of the major surgery we need to confront the deficit issue," said House Budget Committee chairman Rep. Leon Panetta (D-Calif.).

In response to the political firestorm unleashed by Moynihan's pro-

posal, Bush has proposed that every last cent in the Social Security trust fund surplus go into a Social Security Integrity and Debt Reduction Fund, which will be used to buy down the national debt—one of the most egregious frauds yet.

Bush's proposed budget is so riddled with fantasy and fakery, that even the British are beginning to gag. "One of the quite extraordinary features of the U.S. budgetary process is the extent to which the figures are make-believe," the London *Independent* wrote on Jan. 30, in a lead article on its financial page. "We jeer at the way in which the figures of the *ancien regime* in Romania showed the grain harvest to be three times the actual amount, or the manipulation of the inflation figures within the Soviet Union. . . . To narrow the U.S. fiscal gap to the level required by Gramm-Rudman, the administration has overestimated revenue and underestimated spending. . . . The Soviet bloc can no longer operate on phony figures. Can the U.S.?"

Appropriately enough, Darman authored an introduction to Bush's budget proposal that extensively draws on childish images from fairy tales, electronic video games, and the Sesame Street television program. The federal budget is the "Cookie Monster" who "cannot resist gobbling up anything and everything that might be consumed," Darman said. Future federal insurance liabilities (such as student loans or pensions) are "like a hidden Pacman, waiting to spring forward and consume another line of resource dots in the budget maze." The budget process is a "wonderland," where three different "games" can be played. There is the "Spend-the-Peace-Dividend Game," the "Cut-Social-Security Game," and the "Beat-the-Budget Game," Darman said.

## Pope: World must not forget Africa

*In the midst of the turmoil of Eastern Europe, to not feed Africa is "criminal indifference."*

**P**ope John Paul II issued an appeal to all nations of the world and to all humanity during his tour of five of Africa's poorest countries: "I pray you: do not treat hungry Africa with contempt but help it," he urged while in Burkina Faso Jan. 31. "It is necessary that the world know that Africa is facing a very deep poverty: resources are shrinking, the earth is becoming sterile, malnutrition is chronic for dozens of million of people and too many children are dying. How is it possible that such a miserable situation is not felt by the whole of humanity?" asked the Pope.

"Once again I have to launch a solemn appeal to all humanity in the name of all humanity," he continued. "How will history judge a generation that has the means to feed the whole human population but opposes this commitment out of criminal indifference?" Pope John Paul II called upon the people in each nation of the North to pressure their governments to act immediately in solidarity with the poor countries.

The Pope also called on journalists who have not covered his current African tour, to spread his appeal to save Africa. The ominous silence by the press reflects a clear decision by oligarchical financial powers to abandon Africa and the Third World sector to death.

On Jan. 30, Pope John Paul II said, "I passionately call on all the world to support you who know the weight of poverty," to crowds who turned out for a mass at Bobo-Dioulasso, a dusty railroad town in western Burkina Faso. "I also ask you not to

be discouraged," he added. The Sahel region has been made into one of the poorest regions in the world, through two decades of International Monetary Fund "conditionalities" imposed on African nations as part of its genocide and looting policy.

The pontiff, nearing the end of a tour of poverty-stricken sub-Saharan Africa, believes it is an act of divine Providence that he has been given the chance of reviving interest in Africa at a time when it risks being forgotten because of turmoil in Eastern Europe. Vatican spokesman Joaquín Navarro Valls quoted the Pope as telling local bishops Monday night that he could not have died in peace without launching his appeal to the world's conscience.

About 30,000 people packed the square in front of the station and lined approach roads. A large sign at the station read: "Welcome to the pope, leader of the Vatican and friend of the Sahel."

"The leitmotif of the journey is to underline to the world that there are not only problems in Eastern Europe but here too," explained Vatican spokesman Joaquin Navarro-Valls. "Poverty, the legacy of colonialism, health, security, dignity, the lack of a future."

On his last trip in 1980 the Pope had launched an appeal for funds to help the Sahel, in the spirit of Pope Paul VI's 1967 encyclical, *Populorum Progressio*, in which the theme taken up was "Development is the New Name for Peace." Even then, the effects of the policies of the international bankers could be seen in the form of

drought and the encroaching desert.

Other themes which the Pope emphasized throughout his tour, included the need to improve Christian-Muslim relations, the moral importance of the family, and, for adolescents, resisting the seduction of drugs and sexuality.

While in Chad, the Pope called on the citizens of that nation to cast aside "fratricidal indifference" and help Africa. "I hope that this peace will be consolidated . . . in a persistent search for forgiveness and reconciliation," the Pope remarked in a plea to both Muslims and Christians. And in an address to Malian bishops, he said, "Muslims are bearers of authentic religious values which we are called to recognize and respect." The Pope called for respectful dialogue with Moslems despite severe opposition, prejudice and a refusal in some Islamic countries to recognize freedom of worship for Christians.

At a mass in Burkina Faso, the Pope stressed, "It is normal to respect and have respected human life in every stage of its development to natural death." He added, "We must guarantee the stability of the family and allow couples to live a responsible maternity and paternity, resisting the invasion of those methods which go against the dignity of the woman and which do not honor man."

Speaking in Chad, where church marriages are infrequent and polygamy is common, the Pope preached the importance of a faithful Christian marriage. "The worthy and serious undertaking of marriage excludes the possibility of divorce and taking away the life of an already conceived baby," he said. In addressing the young people of the region, the Pope warned that while young people must "face the plagues of modern times," they must resist "the seduction of drugs and misunderstood sexuality."

## The panic of the short-sighted

*You'd have to be crazy to think a revival of European steel and nuclear industries is a threat to the United States.*

There is a "secret" behind the program put forward by American economist Lyndon LaRouche, and increasingly being echoed from the governments of Helmut Kohl in Bonn and François Mitterrand in France, as well as the European Community in Brussels. LaRouche's proposal to create a fulcrum of expanding industrial growth radiating out of a rail and electrification project in a triangle from Paris to Berlin to Vienna, draws on a little understood secret of successful economic policy, all but forgotten in postwar American economic classrooms.

What is going to come from the governments of Western Europe and most probably also Japan, will not be any new charity or "foreign aid." Rather, the tens of billions of dollars in long-term low interest credit backed by the governments and the new European Bank for Reconstruction and Development (EBRD), will result in a net public "payback" over the next decade or more, many times more than any nominal sums lent.

Core infrastructure investment by governments—transport infrastructure, water, electricity—unlike other forms of government spending, acts as a "lever" or catalytic impulse for subsequent private sector investment utilizing on that new infrastructure. The increase in net government revenues from the private sector boom repays the public coffers a factor of 3-400% over say, a 10-15 year investment cycle. This is the real secret behind the Japanese economic miracle of the past three decades.

But this will fail if, as many in Washington and Wall Street foolishly

hope, economies of Eastern Europe are opened like Mexico or Bolivia for new raw "colonial" looting by large foreign multinationals of their "cheap" labor and raw materials.

For the first time since the 1970s, Western Europe faces an immediate large market for export of *capital goods* to a less developed region. In the center of this capital goods transfer and investment will be some of Europe's best known corporations. Framatome, the French nuclear supplier which leads the world in state-of-the-art nuclear plant construction technology, has formed a consortium with the Kraftwerke Union Group of Siemens of West Germany, Nuclear Power International. This will focus revitalization of the stagnating West European nuclear industry in the process of rebuilding Eastern Europe's electric capacities.

That will be a catalyst to a new "boom" in West European steel and engineering, especially high-quality specialty steels and other specialized metals. Power plant experience from such firms as VEBA, Preussen Elektra, and Deutsche Babcock AG will also be in strong demand.

Steel itself, from Thyssen, ARBED, Hoesch, Voest Alpine, Hoogovens in the Benelux region, Ilva Spa in Italy, and Sollac in France will rapidly become a precious and scarce commodity. For 10 years West European steel industry has cut and idled steel-making capacities under the Davignon Plan under a perspective of a collapsing world demand. This will now begin to reverse. Dramatic expansion of heavy construction firms as well as

creation of new joint firms with East European partners will be a major focus. Firms such as Hochtief, Philipp Holzmann AG, Oerlikon Buehler, Dyckerhoff & Widmann AG, and Spie Batignolles and Bouygues from France will be critical.

A second area will draw on the capacities of West European machine tools. West Germany today dominates the world machine tool sector, together with Japan. Italy, Switzerland, and Germany together form the world's biggest concentration of machine tool infrastructure and engineering skills. Capacities of West European machine tool production are already at their limits or beyond. Only some form of government backing such as credit guarantees from the new European Development Bank will insure rapid capacity expansion to meet the urgent needs of the reconstruction in East Europe. Trumpf in Baden-Wuerttemberg, Kapp & Co. of Coburg, Zeiss in Oberkochen, Rofin-Sinar of Hamburg, and Kuka in Augsburg are some of the leaders of this expansion.

The implications of significant investment in construction, steel, electric energy, and transportation will be a spillover into thousands of feeder companies and industries across Western and Eastern Europe well into the next century.

This prospect seems to terrify some U.S. financier circles. For example, David Hale, of Kemper Financial in Chicago, on Jan. 29, warned his clients of "potential consequences of Eastern European economic developments for the global financial equilibrium which permitted America to borrow over a trillion dollars externally during the 1980s." Hale added, "The destruction of the Wall symbolized an upheaval which could ultimately divert hundreds of billions of capital." From what, pray tell—leveraged buyouts and junk bonds?

## Railroads snarled again

*With another 4 million tons of imported grain due, the freightcar supply is "much worse than was expected."*

**T**he lame Soviet economy got a reprieve thanks to milder than expected weather so far this winter, but new disasters on the rail system threaten to cripple it anyway. There are again shortages of freight cars and backlogs of unloaded ones throughout the Soviet rail grid, just as there were last fall.

Ripple effects from the renewal of blockades on the Azerbaijan Railroad, in the Transcaucasus war zone, are partly to blame. On Jan. 18, TASS reported that 7,500 cars with freight for Armenia were backed up on Azerbaijani lines. The same day, *Izvestia* said that a shortage of rail cars had stranded 2.63 million metric tons of imported grain on board 108 ships, mostly in the southern ports of Novorossiisk and Odessa. There lacked 6,650 cars for transporting grain.

With another 4 million tons of imported grain due to arrive by the end of January, V. Nikitin of the State Commission for Food and Purchases assessed the freightcar supply situation as "much worse than was expected" when imported food delivery schedules were drawn up. The backlogged shipments are feed grain, which "requires immediate processing," but "disruptions could also arise in food supply" since grain for bread-baking starts coming next.

In 1989, the Soviet Union paid \$32 million in fines for ships detained in harbor beyond schedule, waiting to be unloaded. The fines are piling up at a faster rate now. On Jan. 13, Soviet television reported that First Deputy Prime Minister Lev Voronin is now heading a special commission established at the Council of Ministers "in

connection with the emergency state of affairs on rail transport." A conference held at the Ministry of Railways heard a report that every day, 1,400 tank-trucks and 31,000 freight cars go unloaded. The ministry quintupled fines for delays in unloading freight, for Jan. 15 to April 30, but *Pravda* voiced doubt that this would cure the crisis.

The reported level of unloaded cars is nearly twice the 17,000 freight cars which were failing to be unloaded each day last October, when the official Soviet trade union leadership termed the resulting consumer market situation "critical." At that time, the Ministry of Railways reimposed centralization, which had been eroded in the name of economic reform. There were "bans on loading particular types of freight in favor of priority, vital freight—otherwise, the winter may turn into a disaster." By Nov. 4, Railways Minister Konarev asserted that the unshipped imported cargo had been cut by 400,000 tons, to 1,572,000 tons.

The detention of freight cars in the Transcaucasus can snarl traffic as far away as Estonia and Leningrad, because of huge underinvestment in infrastructure. The Soviets reckon that, to run without hitches, a railroad needs a reserve capacity of 30% of its throughput and processing capacity. The lack of such a margin loses the Soviet economy 10-12 billion rubles per year, says Deputy Minister of Railways G. Fadeyev. At a meeting in July 1989, rail officials blamed faltering railway service "on the capabilities of the national economy as a

whole and above all those related to the delivery of passenger and cargo cars, locomotives, rails, ties, track vehicles, spare parts, construction materials and mechanisms, and the allotment of the necessary capital investments."

During the 1980s, growth in investment in the railroads did not keep pace with other investment growth. Investment in rail fell from 2.98% of total capital investments in the Soviet economy in 1980, to 2.73% of the total in 1985, and 2.68% of the total in 1987. During the 1970s and into the 1980s, a huge portion of Soviet rail investment went to the Baikal-Amur Mainline (BAM), the second trans-Siberian railroad. While an orientation to great projects ought to help an economy, in the Soviet context of an unrelenting war industry drive and stagnating agricultural and industrial output, the BAM sucked away resources from the rest of the rail system.

In a November 1989 interview, Konarev begged for investments. "Our fixed capital is quite obsolete," he said. "It needs to be renewed in order for us to be up to more intensive work." Once again showing that the Gorbachov-era reforms have worsened the Soviet economy, he voiced gratitude that some centralized command procedures were restored: "The government's decision to extend the state [guaranteed purchase] order to the main types of industrial products delivered to railway transportation is very significant. This eliminates the lack of logic which was built in during the development of the new economic mechanism, with surprising ease, and in keeping with which, deliveries to railway transportation were divided into mandatory and non-mandatory." Many factories have simply stopped producing items for which there is no state order, if they can get a higher price for some other product.

## Venezuelans protest economic disaster

*Church, labor, and political leaders are critical of the President's strict adherence to IMF austerity policies.*

**P**resident Carlos Andrés Pérez, known in Venezuela as CAP, is arguably the most unpopular person in Venezuela today. Unlike in Mexico, where the ruling PRI party still supports President Carlos Salinas de Gortari's economic austerity policy, as dictated by the International Monetary Fund, not even CAP's own Democratic Action (AD) party backs him in his application of IMF strictures against the economy.

The most dramatic repudiation of CAP's program came Jan. 31, when the executive council of the nation's trade union federation, the CTV, linked to CAP's party, voted to call a strike of more than 2 million workers on Feb. 15 if the President doesn't abandon his IMF "adjustment" program before then. The council voted to hold demonstrations in eight major cities, and large meetings in all other important cities of the country, on that date.

The demonstrations will demand that CAP rescind the announced increases in gasoline prices, bus fares, utility rates, food, medicines, and public services, end the firings through reactivating the economy, lower interest rates, and strictly control the price of basic goods and services.

The CTV's decision was propelled by the recent wave of mass firings, and the soaring inflation of prices for basic commodities and services not compensated by wage increases. Labor Minister German Lairet announced on Jan. 29 that unemployment was already over 1 million—out of only 6 million members of the work force—17%, with at least another

500,000 expected to lose their jobs by June, according to CTV officials. And the purchasing power of those workers who still have jobs has been cut in half in 12 months, and is less than 30% of the level it was in 1982.

Reflecting the effect this mass ferment is exerting on the ruling political party, AD Secretary General Humberto Celli joined the attack on CAP's economic policies. He charged at a Jan. 26 meeting of the AD leadership that they were fast turning Venezuela into an economic colony of the developed countries.

CAP's economic program "has changed the relative prices of the factors of production, cheapening labor power and raising capital and land costs. . . . It is moving to make Venezuela into a runaway shop, transforming it into a country which supplies cheap labor along with raw materials and energy, which it can produce at competitive advantage due to natural conditions," Celli charged, describing the classical symptoms of colonial economies.

Celli decried CAP's strategy on the foreign debt, which promised to reduce the debt burden. "Not achieving that objective, all the sacrifices we have subjected the Venezuelans to, could be in vain. . . . Debt reduction has not been achieved and the tendency is to increase it through new loans and interest," he said.

Celli was joined by most of the rest of the executive committee in blaming CAP and his policies for the crushing defeat suffered by the AD in state elections last Dec. 3. Even before the party's Jan. 26 executive meeting, the organizational secretary of the party,

Luis Alfaro Ucero, had said that "the economic policy must be changed, because elections are not won with hunger."

The Church, normally reticent to interject itself into political matters, has also felt obliged to speak out. "Increased gasoline prices could cause a catastrophe in this country," said the archbishop of Maracaibo, Venezuela's second largest city. "I am praying constantly for the government to do an about-face in its plans," he added, referring to the gasoline price hikes that sparked a week of rioting beginning last February that left 1,000 dead.

Even stronger was Monsignor Miguel Delgado, the secretary of the Venezuelan Bishops' Council. "Applying the package's measures simultaneously is unjust, and the nations which demand we pay the debt should be made to realize that," he said, referring to the package of measures implemented by CAP beginning last February and March.

"I reiterate that if the 'package' strangles the poorest sectors, it is inhumane to insist on its being applied, because the consequences will [not only] be social disorders, but also many people getting frustrated and losing confidence in democracy which fails to satisfy their needs," Delgado said Jan. 27.

So far, however, CAP is standing firm behind his recessive program. "I know only one world, the one we live in, the planet named Earth," he said Jan. 24, "and on that planet there is precisely one international financial system, only one, whose headquarters is the IMF."

And at the Jan. 26 AD executive meeting, the President defended himself, saying that "The IMF agreement is indispensable. No country in the Western world gives a single penny of credit without an IMF agreement."

## Neil Bush decides to fight

*A fight against persecution of S&L executive scapegoats could put Daddy George between a rock and a hard place.*

When Neil Bush refused to voluntarily accept an order from the Office of Thrift Supervision directing him to refrain from engaging in any conflicts of interest should he ever again become an officer or director of a federally insured financial institution, he placed his father, President George Bush, squarely between the proverbial rock and a hard place.

On the one hand, it has been the policy of President Bush and his administration to target and prosecute to the fullest extent of the law—and beyond—officers of failed thrifts. This group includes his son Neil, a former director of Silverado Banking S&L of Denver, which failed in December 1988, a failure which will cost the taxpayers some \$1 billion.

On the other hand, Daddy George has a personal interest in the case. There is a father's legitimate concern for his son, but there is also a political question. If Neil Bush is guilty of conflicts of interest, fraud, and influence peddling, as some have alleged, then Daddy George might also be implicated. After all, whose influence would the president's son be trading upon, if not his father's?

The irony is worth savoring. If President Bush treats his son with the same disdain for justice and due process as he is treating other S&L officials, and allows his son to be sacrificed, the prosecution could backfire and hit George himself. If Bush protects his son and uses his influence to stop the investigation, he exposes himself to charges of wrong doing. Either way, George loses.

"I will fight . . . although I know that taking on the Feds is tough," Neil Bush told a Denver press conference Jan. 28. Of course, if you decide to "take on the Feds," it helps if your father is the President. Neil said that he had talked to his father about the matter. "He's giving me the same advice he has given me for 35 years: Do what's right. And I'm doing what's right."

The OTS plans to take the matter to an administrative law judge, according to OTS Deputy Director Karl Hoyle, and request that a cease-and-desist order be issued against Neil. Should such an order be issued, Bush has vowed to take the matter to the courts.

Based upon events so far, it would appear that favoritism is indeed being shown to the President's son. Whereas five former Silverado directors have been banned from banking for life, the OTS has declined to impose that penalty upon Neil. The OTS's planned administrative action against Neil Bush—having him agree not to engage in conflicts of interest should he ever again get involved in banking—amounts to a slap on the wrist. Neil Bush sat at the same table and was involved in the same decisions. Surely, if the five are guilty, so is the sixth. Why the double standard?

The plot thickens because President Bush must soon appoint a new director of the OTS to replace the outgoing M. Danny Wall, who is resigning. Since the OTS has already announced that it is continuing to inves-

tigate the Silverado case and that criminal charges are under consideration, whoever is selected to replace Wall might very well be called upon to decide whether or not to file criminal charges against the President's son.

The new OTS nominee will be subject to Senate confirmation, where the subject of Neil Bush will no doubt be raised. The White House naturally denies that Neil Bush's fate is in any way tied to the selection of a new OTS director.

"The President's decision on a nominee for the thrift office will be made completely independently of this or any other case," said White House spokesman Alixe Glen.

Further complicating matters for the President and his son, the House Banking Committee, chaired by Rep. Henry B. Gonzalez (D-Tex.), has announced that it will hold a series of hearings on the thrift crisis, specifically including the Silverado case. The committee has already indicated that it will question Michael Milken, the former Drexel Burnham Lambert junk bond king, on the role of junk bonds in the demise of the thrift industry. Milken and his junk bonds played a prominent role in the collapse of Silverado.

Finally, hanging over the entire affair is the specter of Iran-Contra. Then-Vice President Bush ran the Iran-Contra operation from his position as head of the Special Situation Group. The President's brother Prescott Bush and the President's son Jeb Bush have been implicated in various phases of the Iran-Contra operation, including alleged laundering of funds. Given Neil Bush's role as a director of Silverado, some suspect that Neil Bush may have also been involved in this "family affair." If so, the Silverado case may turn out to be the case that brings down the Bush administration.

## **Food shortages: a national security risk**

*Don't wait for empty shelves to appear in the grocery stores before you believe there are food shortages.*

**M**any people hold the mistaken belief that the "proof" of an economic depression comes on the day that you go to the bank, and the doors are locked, or on the day that the "Big Crash" on the market takes place.

There is a similar belief that the proof of food shortages comes on the day that you go to the grocery store, and the shelves are empty.

Both views are naive, and go far to explaining the current passivity of Americans generally, as the national economy disintegrates, and food scarcities worsen month by month.

In the case of food, the sheer volume of domestically produced commodities entering the national food supply pipeline has diminished.

Where it now shows up most dramatically is in the reduced food stocks for the national network of food banks and soup kitchens: There is less emergency food for the needy, the very young, and the very old.

In fall 1989, the U.S. Department of Agriculture ceased supplying milk powder and cheese—key sources of animal protein—to school lunch programs, and to supplemental food services for the poor. Beef and other USDA commodities are also in short supply, or have been cut off, because of the 1988 drought and the ongoing Department of Agriculture policies to suppress farm production.

In the 1986-87 school year, school cafeterias' nutrition programs received \$442 million worth of "bonus" commodities from the USDA (stocks that the government owned and could disburse). But in the current school year, that assistance has shrunk to about \$125 million, most of which is

for butter, which many school programs already have.

"Schools around the country are having to cope with these massive shortfalls," according to Kevin Dando, spokesman for the American School Food Service Association. "This is the school year when it's been a major trauma. The term I keep hearing about is 'the silent erosion' of the school lunch program."

The crisis in school lunch programs this year in California, the nation's top agriculture state, is indicative of most of the nation. In San Diego, 17% of the students who bought lunch at school have now stopped. Last summer, when the city's board of education faced the loss of \$600,000 in USDA commodities this year, the officials raised the lunch prices by 20¢, and as a result, 305,000 lunches will be sold this year.

In Los Angeles, the Unified School District lost more than \$7 million in federal food subsidies this year, and then raised its lunch prices for elementary school children from 50¢ to 75¢, and for secondary level students from \$1.25 to \$1.50. As a result, there will be a drop of about 13% in the number of lunches provided this year, which amounts to 1.4 million fewer meals supplied to the children.

School lunches provide one-third of the daily nutritional requirements for millions of children. Without access to these inexpensive meals, many will absolutely suffer malnutrition. Jane Bohrer, the San Diego food services director, stresses that moderate- and low-income families are terribly "price sensitive," and are quick to re-

act when school lunch prices are raised. For millions of children, a more expensive meal price means they will now skip lunch altogether.

The original National School Lunch Act was passed by Congress in 1946, when analysis of the war effort showed that one-third of all draftees rejected for service in World War II were found to be physically unfit because of nutritional deficiencies. The stated motivation for the new program was "as a measure of national security."

In addition to the lack of federal commodities for schools, local districts will be hard hit by federal budget cuts proposed Jan. 29 by President Bush. The administration proposes to cut \$180 million in 1991 by making it more difficult for families to qualify for free school lunches for their children, in case of emergency and poverty.

In the face of the squeeze on food supplies, what is the USDA policy? More cuts in output and capacity to produce. In January, Agriculture Secretary Clayton Yeutter cut the support price of milk for the farmer by another 50¢ per hundred pounds of raw milk, in order to prevent the possibility of "surpluses."

In terms of grain, the situation is the same, although not so obvious. Wheat is so scarce nationally that Yeutter has even authorized dipping into the National Wheat Reserve, which, since 1982, was supposed to have been held for emergencies. U.S. wheat stocks are their lowest since the early 1970s. Yet no special measures are in effect to compensate for a continued poor outlook for wheat harvests and stock replenishing.

Oats—despite all the media hype about the alleged benefits of oat bran—are a net import crop for the United States. The nation is no longer self-sufficient.



## Are high fiber diets worth the gas?

*The fixation on the virtues of bran is not new, but bran does not play a key role in lowering cholesterol.*

An article in the Jan. 18 *New England Journal of Medicine* deflates the claims made for oat bran as a cholesterol-lowering agent. It reports on a study done at the Brigham and Women's Hospital in Boston to figure out the cause of the reductions in serum cholesterol associated with consumption of oat bran supplements. The authors describe the study as follows:

"Previous studies have shown that supplementation of the diet with oat bran may lower serum cholesterol levels. However, it is not known whether oat-bran diets lower serum cholesterol levels by replacing fatty foods in the diet or by a direct effect of the dietary fiber contained in oat bran. To determine which is the case, we compared the effect of isocaloric supplements of high-fiber oat bran (87 grams per day) and a low-fiber, refined-wheat product on the serum lipoprotein cholesterol levels of 20 healthy subjects, 23 to 49 years old. After a one-week baseline period, during which they consumed their usual diets, the subjects were given each type of supplement for six-week periods in a double-blind, crossover trial."

A double-blind crossover study is one in which both groups participate in both parts of the study, at different times. This eliminates the possibility of undetected differences between the groups being responsible for differences found between two treatment programs. Each group serves as both a test group and a control.

The researchers discovered no significant difference in cholesterol levels whether the subjects were on a high

fiber supplement or a low fiber supplement. Both supplements lowered cholesterol levels by the same amount from the base line level.

The reduction in serum cholesterol occurred because the subjects ate less saturated fat and cholesterol while consuming either supplement. This reduction in fat consumption completely accounted for the reductions in serum cholesterol.

The fixation on the virtues of bran is not new. It dates almost from the beginning of the republic, or at least from the time the process of producing milled white flour from wheat was first introduced. "Put back the bran," thundered Samuel Graham, inventor of the Graham cracker and the first of the roughage riders, in 1830. Graham was a vegetarian, a homeopath, and a fundamentalist preacher. In other words, he was very typical of the current of pragmatism inherent in American culture, then and now.

More recently, Dr. Denis Burkitt and Dr. H.C. Trowell, two missionaries working in Uganda, attributed the rarity of "Western" diseases in the Africans they treated to the high percentage of roughage in the African diet. They developed the "fiber hypothesis" that these diseases did not occur in Africans because their diets contained much roughage, which had been purified out of Western diets.

The flip side of this argument has been underemphasized. To wit, what are the potential *negative* effects of excessive roughage? In Uganda, for example, Trowell described the syndrome of infant malnutrition, known

as Kwashiorkor. Studies in the United States have suggested that excessive bran ingestion can result in malabsorption of several vitamins.

In the Boston study there was one significant difference between the two supplements. While only one person on the low-fiber supplement complained of constipation, 15 of the 20 subjects had many complaints while on the high-fiber supplement. These included flatulence, cramping, bloating, loose stools, and diarrhea.

The authors note that it is possible that the oat bran they used may have had a small cholesterol lowering effect that was not detected by the study. However, "Such a small decrease in response to such a large daily intake of oat bran is unlikely to be important in a practical sense, particularly in view of the uncomfortable gastrointestinal reactions produced.

"Decreases in dietary fat and cholesterol cause serum cholesterol levels to decline by a similar percentage in persons with levels in the upper or lower portions of the range. The clinical usefulness of oat bran in patients with hyperlipidemia [elevated levels of fat in the blood], even if a true effect on serum cholesterol levels is confirmed in controlled trials, would seem to be limited by the large amounts of oat bran that would be needed (more than 100 grams per day), the likely adverse gastrointestinal effects, and the monotony of the overall diet needed to provide such a high daily intake of oat bran."

The bottom line is that if you replace fat calories by carbohydrate calories, you probably will lower your serum cholesterol if it is normal or elevated. More important, if you use low-fiber white flour products, instead of the bran muffins so beloved of the roughage riders, you can do it without gassing out your neighborhood or constantly trotting off to the crapper.

# Business Briefs

## **Population Control**

### **Policy needs tyranny to work, council admits**

The New York-based Population Council has openly admitted that their population control policies require communist tyranny to work.

The council, long directed by McGeorge Bundy representing the U.S. and British banking elites, has issued several recent warnings that the weakening of the Beijing regime would prove fatal to the mass sterilization, mass abortion program.

In a treatise, "The Evolution of the One-Child Policy in Shaanxi Province," council researcher Susan Greehalgh complains of the difficulties of "achieving rapid fertility reduction . . . [when the] values are pronatalist." "Coercive measures are probably the only measures available to policymakers to achieve this kind of goal," she writes. "The campaign impetus will diminish as it moves down the political system—the closer to the bottom one goes, the weaker the enforcement methods become, the thinner the resources grow, and the greater the identification of cadres with those whose fertility they are supposed to restrict."

## **Nuclear**

### **Soviets to market space reactor to U.S.**

At the annual Space Nuclear Power Symposium in Albuquerque, New Mexico in mid-January, Space Power, Inc. of California announced they will sell the Soviet Topaz space nuclear reactor in the United States.

Declassifying what had been a strictly military technology, diagrams and details of the Topaz were presented. The Soviets use it to power ocean reconnaissance satellites.

Joseph Wetch of Space Power stated that because the U.S. space nuclear SP-100 program has suffered so many budget cuts, using the already-tested Topaz would save 5-10 years of development time.

In an interview with *21st Century Science and Technology*, Wetch said the applications he sees for the Topaz are for high-power com-

munications satellites, other Earth-orbital applications, and later for lunar base and other programs. Wetch, who was one of the inventors of the 1960s SNAP space-nuclear reactor in the U.S., said the Soviets would insist that the Topaz is not used by the U.S. for military applications.

## **War on Drugs**

### **DARPA to head R&D for drug interdiction**

The Pentagon's Defense Department Advanced Research Projects Agency (DARPA) will become the lead agency to centralize and deploy funding for R&D for new detection and interdiction technologies for the war on drugs, according to the chief scientist of a company involved in developing such technology.

DARPA is known as an efficient R&D funding agency which supports small and higher-risk projects, and gives innovative companies a chance to submit and win research proposals.

This scientist reported that the cover story on the war on drugs in the January to February issue of *21st Century Science & Technology* is being circulated to many high-tech firms which may become involved in this effort. "These companies know a lot about technology," he said, "but not about the war on drugs."

## **Corporate Bonds**

### **Defaults expected to be at record levels**

U.S. corporate defaults on long-term bonds will be at record levels in 1990 according to Moody's Investor Service Global Outlook report, the Jan. 24 *Financial Times* said.

The 1989 record of 50 companies defaulting or renegotiating bonds at losses to bondholders will be surpassed this year, it said, as will the amount of \$9.3 billion. It predicted that 1990 will be the sixth consecutive year in which the number of corporate credit downgradings, 339 during 1989 and 246 in 1986,

will greatly exceed upgradings.

One-quarter of all corporate bond issues rated by Moody's are graded as junk bonds, up from just 6.5% in 1981, or \$22.6 billion out of \$348 billion worth of corporate bonds, with 42% of the junk bonds getting its least risky junk rating of Ba. Today, junk has grown to \$226.2 billion out of \$891 billion of corporate bonds, with only 25% of the junk rated as high as Ba. Of the \$543 billion increase in corporate debt since 1981, some \$204 billion—37.6%—has been junk.

Junk bonds are defaulting at a 38% annual rate, which means that 13% of all corporate debt will go into defaults this year, according to a recent study by the non-profit Bond Investors Association. But this assumes that the economy has had its soft landing. "If we have a mild recession," says Moody's senior economist John Lonski, "we may find that banks and other sources will not be able to lend short-term money to make up for cash shortfalls of junk bond issuers."

## **Health**

### **Asbestos removal may be unnecessary**

The removal of asbestos from schools, hospitals, and other facilities is a huge waste of money, according to a team of lung disease experts in an article in the latest issue of *Science* magazine.

The specialists maintain that facilities across the United States are removing asbestos at a price tag of billions, yet there is little evidence that asbestos is a major health risk outside the workplace. "I think it's grossly overdone. It's panic and fear and anxiety and many of the removals are unnecessary," said Dr. J. Bernard Gee of the Yale University School of Medicine. "Available data do not support the concept that low-level exposure to asbestos is a health hazard in buildings and schools," said Gee.

The link between asbestos and lung disease such as asbestosis and lung cancer is well documented in miners and others exposed to high concentrations of the fibers on the job, but the level of exposure in most suspect buildings

is too low to be a health hazard, and the most commonly found particles are not the type associated with lung disease, they said.

## Markets

### Columnist: financial rigging can't last

*New York Post* financial columnist John Crudele warned in an article in the Jan. 21 *Los Angeles Times*, that any appearance of "safety" in the stock market is an illusion rigged by the investment banks and doomed to fail.

Describing the "stability" that returned to the markets after the 71-point Dow Jones plunge on Jan. 12 and the 19-point drop on Jan. 15, Crudele writes, "The truth is the market didn't calm down for any solid reasons. . . .

"The apparent stabilization . . . was more the result of some razzmatazz trading engineered by the big investment firms that have been controlling the stock index futures markets in Chicago. . . . The Chicago traders may have managed to create the illusion that the markets were back to normal, but that is probably far from the truth."

## Unemployment

### Soviets admit jobless problem for first time

Soviet officials are openly admitting for the first time that mass unemployment exists in the U.S.S.R. Nikolai Belov, deputy chairman of the state statistical committee, said Jan. 25 that the overall unemployment figure was 13 million, although he claimed that 10 million of these didn't count since they were nursing mothers, seasonal workers, and people refusing jobs in the social sector. "The real figure is around 3 million," he said.

Belov painted a devastating picture of the Soviet economic breakdown under Gorbachov, and said the economy had been severely disrupted by "mass disorders, pogroms, arson and destruction." Seven million working days

had been lost through strikes and national unrest. "This is the equivalent of losing 30,000 working people a day," he claimed.

Belov asserted that "time-wasting, reduced efficiency and industrial disputes have severely hindered the implementation of the state plan." "An additional \$254 billion worth of production would be required to cover the unsatisfied demand for consumer goods," he said, adding that the situation is aggravated by panic buying.

Belov also talked of a massive shadow, or black, economy, run by "speculation, illegal distilling, and other illicit transactions."

Last summer's miners' strike lost the U.S.S.R. 7 million tons of coal and resulted in a 6% drop in high-quality coking coal output, Belov said, adding that there were declines in freight transport and output of oil and gas.

## East Bloc

### Investment enormous, Financial Times admits

The Jan. 27 *Financial Times* of London reluctantly acknowledged the enormous scope of investment under-way in Eastern Europe.

While claiming it has none of the normal "security" for investors—there are no stock markets, the local economies are "rickety," the currencies are vulnerable—the *Financial Times* does outline the vast scope of the deals and the huge potential for continental firms, especially companies dealing in capital goods, retailing, and construction.

One investment opportunity cited is Deutschebank's Germany Fund and New Germany Fund, which have goals in sharp contrast to that of such Anglo-American funds as Bear Stearns' Hungary Fund. While the latter is looking for investments like hotel development and the McDonald's franchise, the Deutschebank's funds have "the specific aim of investing in small and medium-sized West German companies" that will be involved in serious development of the East. This emphasis by the Germans and other Europeans is forcing even British financial firms like Tyndall to put their capital into real production.

# Briefly

● **THE BANK OF TOKYO** will soon open an office in East Berlin, the first Japanese bank to do so, West German press reported Jan. 26. Many Japanese companies have already decided to open branches in West Berlin and Japanese money is being invested in German stocks, especially those that will profit from future investments in East Germany.

● **RAIL CAR LOADINGS** in the U.S. fell 7.5% in December from a year earlier, the sixth consecutive monthly decline, reflecting the worsening depression in the real economy. Railroad traffic for the full year of 1989 was down 1.6% from 1988. Loadings in the first two weeks of January were down 53%.

● **THE BELGIAN** segment of a high-speed rail route from Paris to Cologne was given official approval by the Belgian government Jan. 23. The go-ahead for a segment of another high-speed rail route from Paris to London via Brussels, Antwerp, and Ostend was also given.

● **HUNGARIAN** trade minister Tamas Beck declared a temporary ban on all trade accounted in rubles beginning Jan. 25, the Hungarian Press Agency (UPD) said. According to UPD, Hungary had a surplus of 1 billion transfer rubles in 1989, and 60% of such exports are machinery, delivered mostly to the Soviet Union.

● **PERU** has reacted favorably to a proposal by Sen. Joseph Biden (D-Del.) to reduce a nation's debt by the amount of its expenditures in combatting drug trafficking. "The idea . . . is feasible and acceptable," said Peruvian foreign debt negotiator Abel Salinas.

● **WORLD BANK** President Barber Conable recommended to his executive board that the bank resume lending to Red China after getting "clearance from the United States, Japan, and other principal governing powers of the bank," the *Washington Post* reported Jan. 27.

## Shadow of economic debacle looms over Bush presidency

by Marcia Merry

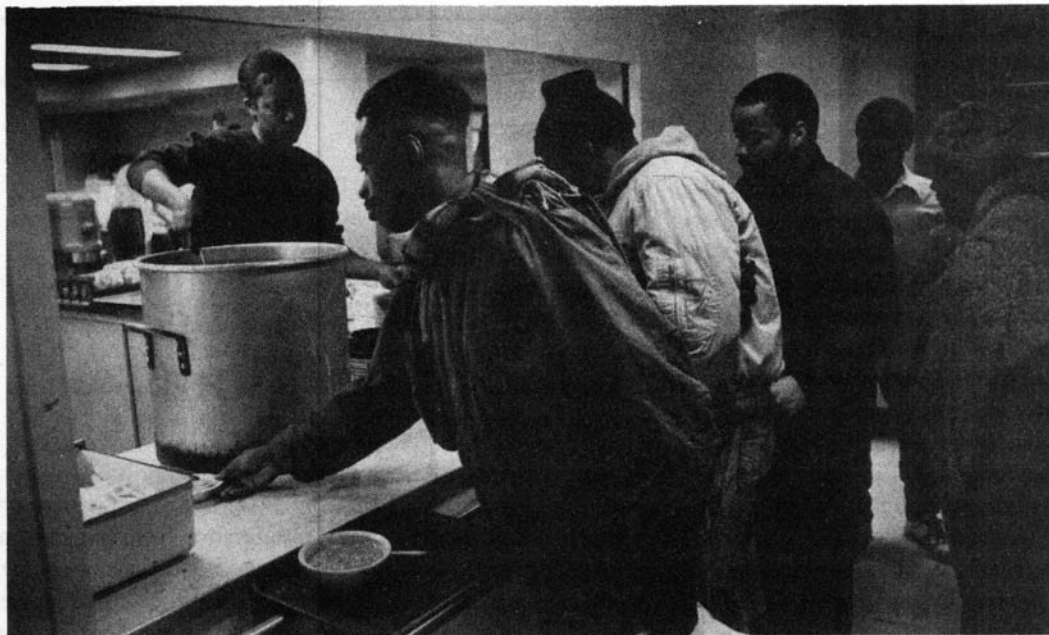
On the weekend of Jan. 13-15, a broad spectrum of activists from the United States and abroad gathered in Washington, D.C. for the Martin Luther King Tribunal, to hear reports on freedom struggles taking place around the world, and to honor the martyred civil rights leader on his birthday, with a commitment to continue his cause. Alongside speakers from China, East Germany, and other points of political revolution, a number of American farmers and urban activists came forward to report on the crisis conditions in their respective home states.

The King Tribunal was originally founded in January 1989 in outrage against the railroad trial and imprisonment of Lyndon LaRouche. Called together by the Commission to Investigate Human Rights Violations, the Tribunal has raised fundamental issues of international human rights before the court of world opinion.

The latest conference took place within a few city blocks of the White House, from whose windows can be seen dozens of homeless huddled over heating grates in the sidewalks around Lafayette Park, to ward off the winter cold. However, President Bush's only action on the domestic crisis this winter has been to strike a pose as being against the scourge of drugs. In this, Bush is no more effective than he was when he invaded Panama in the name of "democracy."

Economist Lyndon LaRouche warned in late January that the Bush presidency was so attached to the so-called "economic recovery" that it would try to cover up any signs of impending economic doom. But, he said, the "Big One"—the crash, could be at hand. "Whenever this crash hits, now, next week, late March, early April, it is the end of every policy, economic policy, monetary policy, to which George Bush and his co-thinkers have been committed for over 25 years. It is those policies which the Bush administration continues to defend with such stubborn commitment, which has caused the collapse of the United States economy, into almost a rustbucket, and the ultimate collapse of the financial system, as a result of the collapse of the economy."

LaRouche stated that while the "Bushmen" could not face economic reality,



Shuart Lewis

*January 1990: a scene in Washington's Zacchaeus Community Kitchen. Food relief programs all over the United States are faced with more and more people to feed, and less and less food.*

that reality would ultimately assert itself and bring ruin upon them and whoever tried to be the "new Herbert Hoover" of the Great Depression of the 1990s. The failure to face reality, he said, would cause the unnecessary deaths of millions of people around the world and in this country who might otherwise have been saved if a recovery program were organized sooner.

"What we need now is a rapid and fundamental change in policy to organize an economic recovery. Undoubtedly this will have to come from the Democrats, from Democratic leadership, a Democratic leadership which believes in scientific and technological progress, as did Franklin Roosevelt when he organized the recovery from the Great Depression of the 1930s, and as did President John Kennedy, when his space program, his investment tax program, and other programs organized a recovery from the deep recession of 1957-59. I offer such a program, and certain conclusions follow from that."

### **A picture of the crisis**

In the following pages, four speeches from the Martin Luther King Tribunal are presented in edited form—covering the dispossession of farmers in Oklahoma and the farmbelt, the desperate numbers of homeless in New Jersey and New York, the crisis of AIDS and lack of health care in New Jersey, and a soup kitchen emergency food program in Washington, D.C.

These presentations were made by individuals directly involved in their immediate projects for many years. Their reports do not give a national overview in terms of the statistics of the crisis, but, instead, they provide a dramatic picture of needless suffering and human losses taking place as a result of the continuing "Reagan-Bush Recovery" that is

causing misery everywhere. Each of these reports typifies the situation in thousands of cities and farm counties cross country.

"There are parts of the United States that look worse than the G.D.R.," was the observation made by Klaus Grasslaub, an East German who visited the West for the first time in January, and participated in the Martin Luther King Tribunal. Grasslaub made the remark after touring Pittsburgh and other formerly industrialized centers.

### **Mayors discuss emergency situation**

On Jan. 24-25, dozens of mayors came to Washington, D.C. for the annual U.S. Conference of Mayors Midwinter conference. Bush used the occasion to announce a request for \$1.2 billion increased federal budget outlays to fight drugs in the U.S. Representing the sentiment of most of the local leaders present, Philadelphia Mayor W. Wilson Goode criticized Bush for misestimating the situation, and said, "We are in the trenches."

Next to no coverage was given to an earlier session of the conference, where 100 mayors of the Hunger and Homeless Taskforce met. At that meeting, Taskforce chairman Mayor Flynn of Boston reported that the lack of basic necessities for millions in the cities has become an emergency.

Observers have pointed out that Gorbachov may not survive the winter in the East Bloc due to the politics of presiding over deprivation; but they could say the same thing about Bush, if the will to correct economic injustice were to take shape in the United States. In 1990, no matter what happens "officially" or in the media, Bush is not going to be able to sail blithely along on his hoked-up popularity poll ratings.

Even the Bush's sycophants at the luxury Watergate

apartments—Republican as well as Democrat—are now recognizing the plight of the homeless, though from a nasty point of view. In January, seven trailers were placed near Kennedy Arts Center and the Watergate, on the Potomac River, in order to house some homeless from the winter cold, in compliance with a court order. Many Watergate residents, and their neighbors in Foggy Bottom, home of the State Department, scurried into court in January to get a temporary restraining order to prevent a shelter being located near them; but they were turned down. One Watergate resident called the homeless “opportunists.” But the Watergate upper crusts, and Bush himself, cannot ultimately escape the consequences of a crisis on the scale now unfolding.

### **Food shortages**

One common theme that came through the reports given at the Martin Luther King Tribunal last month is that even as basic a right as freedom from hunger is no longer guaranteed for millions of Americans. An estimated 15 million children nationally are in circumstances where nutrition is questionable.

Over the past year testimony has been repeatedly given to Congress on the food supply crisis. To date, there has been little action. Though already bad in the 1980s, the emergency food supply situation has become more and more acute since the 1988 drought, which hit basic fruit and vegetable crops (for canning), as well as the grain harvests and livestock herds. For farmers, there has been no real recovery since that disaster. Now consumers are paying more and more, and food aid services are overwhelmed.

For localities already short of food prior to 1988, the situation is a catastrophe. New Orleans Mayor Sidney Barthelemy told the Nutrition Subcommittee of the House Agriculture Committee in 1988 that, “In New Orleans the problems of hunger continued to grow during 1987. Requests for emergency food assistance increased by 20%. Particularly alarming is the fact that seven out of every 10 people requesting such food assistance were members of families, children and their parents.

“The food assistance provided is generally an emergency box which contains food that is healthy and nutritious, and enough for three days. Persons are limited to one box in a three month period, however. While our food banks can only provide food for three days once every three months, our people get hungry every day.

“We estimate that 20% of the demand for emergency food assistance went unmet in New Orleans last year because we just do not have the money to meet it. We have to turn away people in need who ask for help.

“Chronic poverty, chronic unemployment, under-employment, low wages and low benefit levels in government assistance programs are the main causes of the problems of the hunger in my city. It is because we are a poor city that we are unable to feed the hungry.”

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George Gentry

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## **American farmers, back to serfdom**

I am a farmer, my father is a farmer, his father was a farmer, and as far as I know, I am from a continuing line of farmers from the time of my family’s immigration from England. In those days of feudal Europe, we were called serfs, or relegated to a class, under a titled nobility or lordship. In other words we were property, chattel, or assets, used for profit or influence for the benefit of the landed aristocracy. We came to America for freedom and a chance to unshackle ourselves from bondage and slavery.

This is still the battle we are fighting today. The constitutional democratic republic of the United States is now under a state of siege. It is being completely destroyed and eliminated. Our enemy wishes to reestablish the slave system. The battle against a strong independent farming sector is one of the targets when you are imposing policies to re-enslave a people.

Food is the ultimate strategic weapon when you are controlling people. For freedom to flourish, a people cannot be living in bondage for the next meal.

The international financial elite, represented by such institutions as the International Monetary Fund, the World Bank, and the U.S. Federal Reserve, is now committed to using their financial instruments, their control of credit and interest rates, and other conditionalities, to stifle freedom and human life before it can flourish, and also to destroy it where it does exist. Financial usury—excessive interest rates—is a tool that has been used for centuries, since the Babylonian Empire, to loot and starve and extinguish the light of freedom, sovereignty, and independence.

### **The destruction of the herds**

My particular case can be multiplied thousands of times across America. I used to produce beef cattle. I no longer do. I had to sell them in 1984 to pay interest and principal to the banks. Oklahoma is one of the major beef-producing states; now, the number of beef cattle in Oklahoma has been severely reduced. We have reduced our breeding herds to the numbers we had in the late 1950s and early 1960s. We have seen recent drastic price increases for beef. This is only a fraction of the price gouging that will happen if we do not

change these evil policies. Much of the beef we Americans eat now comes from starving Third World nations like Mexico and Argentina. We are eating their beef, which their poor never had a chance to eat. We are in very serious trouble. It takes several years to rebuild beef breeding herds.

The same situation, if not more dramatic, exists for our nation's dairy herds. There is now a severe shortage of milk in America. There is a severe shortage of both meat and milk products worldwide. What happened to the surpluses? Where is the cheese and butter for school lunch and emergency food assistance programs? They were lies. Surpluses never existed—only an inventory.

Why were my neighbors and other dairy farmers paid to sell and have their stock slaughtered and herds reduced just two years ago? The answer is pure and simple: genocide. The financial elite wanted to reduce the running inventories of this vital product, to be able to exercise more control of their population reduction policies.

This same general policy has, and is, being applied to our grain farmers. I still raise soybeans and wheat. But today I raise only 20% of the grain and 0% of the beef I raised six or seven years ago. I spend the majority of my time and now have totally extinguished my assets, fighting a corrupted legal system that is committed to preserving this house of abominations which is the rentier financier system, which loots producers and starves and enslaves the general population.

The name of the game now, if you still do remain in farming, is the survival of the fittest. Everything you do must be subordinate to the banker's bottom line. Once-proud farmers are being reduced to financial serfdom. They slave hours upon hours to pay the usurious bankers the bounty and loot. In this rule-of-the-jungle mentality, farmers must make business decisions based on business survival, not ethics or morality. If a neighbor is going out of business, his loss is fair game; in fact, you have to move in and benefit from his loss quickly. Make sure he goes down. If you don't, someone else will, and you may be the next one to go down.

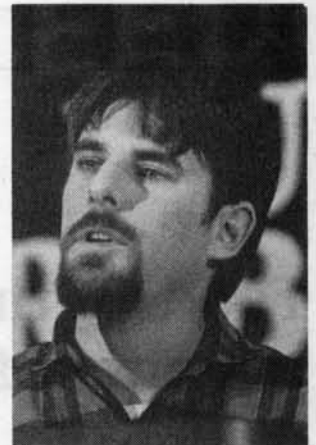
In the course of the last eight years, the Farmers Home Administration has accelerated foreclosure on my operation numerous times. I have had to sell my beef herd that I started building when I was a young boy. I was put into receivership by the FHA and Federal Land Bank and a commercial bank in 1986. I lost my home and farm that I had put more work and capital into than the total purchase price of the farmers that bought the farm and benefited from my loss.

I now live in town, and I am still trying to hang onto the last remnants of a once large highly productive beef and grain operation that used to feed thousands of people alone. It, like many others, no longer exists.

I am now in bankruptcy court. FHA and FLB are on full assault against me. I used my last liquid asset, "church bonds," to hire some attorneys to defend me. On Jan. 8 the bankruptcy judge ruled I could no longer retain the lawyers



*George Gentry, candidate for U.S. Senate, Oklahoma.*



*Paul Magno, of the Zacchaeus Community Kitchen in Washington, D.C.*

I had hired. Since I am in bankruptcy, the court has full disclosure of all my funds. They know I cannot afford other lawyers.

The reality of the current suicidal, evil political policies, is that neither I nor my son will be a farmer. We will be fortunate if we are able to live and eat, if these policies continue.

I realize that the answer lies within ourselves. Whether I salvage my personal farm is now irrelevant. We must take up the pledge our founding fathers made in the Declaration of Independence. "We pledge our lives, our fortunes, and our sacred honor." This is the pledge Martin Luther King took up. He continued this legacy. This is the pledge the courageous students took up in Tiananmen Square. This is the pledge the brave citizens took up in East Germany. They carried the light of freedom so others might live and be free.

Don't look to the other man. We, you, must take the pledge. It is a personal moral decision. If we can meet this test, the brotherhood of man can come together in spirit and in truth: We can and we shall overcome.

As a member and representative of the Food for Peace organization, I would like to lay out a solution that will get farmers in the U.S. producing again.

1) We need an immediate emergency debt moratorium to stop all farm foreclosures.

2) We need to immediately use the Federal Reserve to issue credits, several billion dollars worth, to farms, at 4% to revitalize the production of food. (When the last October crash occurred, the Federal Reserve could have actually contributed to real growth in the economy instead of bailing out a bunch of bankrupt brokerage houses with \$5-10 billion.)

3) A floor price or parity price to insure a fair rate of return on a properly capitalized farming enterprise.

Farmers do not need a subsidy program. This program would not cost taxpayers anything. In fact it would feed them!

## Food for the hungry a matter of justice

This fall Zacchaeus Community Kitchen began its 18th year of operation, serving a basic meal of soup, sandwiches, and tea to about 500 people each morning. It emerged from the social ferment that convulsed our country in the late 1960s and early 1970s as an effort by Christian peace activists to respond to the needs of the poor they encountered in our nation's capital.

Martin Luther King had been killed years before, but his mighty vision of a society based on justice and non-violence inspired such efforts. The very basic biblical imperative to share bread with the hungry, to show justice and compassion for the poor, led to the establishment of Zacchaeus Kitchen in 1972. In addition to providing food for the hungry as a matter of basic justice, Zacchaeus has been a place where we have learned a great deal: about our society's food production and consumption habits, about homelessness, hunger, poverty, and racism, but also about what we cannot help but call the grace of God, who has invited us into a place—Zacchaeus—where we learn to love the poor, to see Christ in them, as the Gospel promised we would, and to form community with them. This is and has been the spirit of the place, and I have been honored to have been part of it.

By way of sharing my experience at Zacchaeus—I have been involved in one way or another for 15 years now—let me describe who we feed and how we manage that. Our dining room on a given morning will probably see 400 or 500 people come through for a meal. These will be overwhelmingly black men; they would range in age from 20 to 80. Most of them live on the streets or in shelters, although an alarming number eat with us because they are employed in circumstances that don't allow them to make ends meet. In the racist society in which we live, about half of the young black men in our city can't get jobs if they want to and those who can hold marginal, low-paying jobs with no security or benefits to speak of. Hence the large and growing number of able-bodied young, black men eating at our soup kitchen.

We also worry about the elderly men and the small number of women we see consistently in our dining room. We typically speak of feeding 500 a day, twice the demand we faced even as recently as two years ago. How many we

actually feed in a day can fluctuate widely depending on the time of month, the weather and the time of year. Though we are talking 500 now, we are concerned that we could be overwhelmed by the numbers we might face at the coldest part of the coming winter. Friends involved in similar work all over the country likewise report that the need has increased, so it is not a matter of the problem of increased suffering being unique to Washington, D.C.

Zacchaeus, consistent with its philosophy, relies entirely on donated resources to carry on its work. We do not pursue grants or government funding, but subsist on donations from churches and individuals to pay our bills. Accordingly, we have on the order of \$100 per month to spend to purchase staple items with which to keep Zacchaeus running. We rely for food primarily on two private sources. One is our weekly food run, in which volunteers simply go from merchant to merchant at the wholesale outlets and beg for food. What we get is primarily produce, occasionally some meat or dairy items. This food, which would ordinarily be disposed of by the merchants because it is unsalable, with a bit of effort on our part, becomes the basis of over 1,000 meals a week at Zacchaeus and assists a couple of small shelters in town as well.

Our second steady source of food is what comes to us from the church groups that volunteer to cook at Zacchaeus, who purchase and bring in the meals they cook. This accounts for over 40% of the meals provided at Zacchaeus.

### USDA supplies have declined

Our other major source of food, of course, is the commodities which the Agriculture Department makes available to programs such as ours. Many of these items are an irreplaceable part of our effort to feed the many who come to Zacchaeus to eat. We use items such as rice, spaghetti, macaroni, peanut butter, honey, and oil, steadily, week in and week out, to prepare our daily meal. In addition we use both canned and dried fruit, dried beans, canned meat, and potatoes consistently when these are made available. Generally, the variety, frequency of availability, and quantities of these items increased briefly for a few months last year but has been stagnant of late.

One area that has hurt our program has been the decline in availability of dairy products. This has meant an end to the supply of butter, dried milk, and, especially, cheese. As we understand it, this is a result of changes in price support policies toward dairy farmers and subsequently of the terms on which these items are available to the state agency which then provides them to us. Whereas a year or two ago these were designated as surplus items by the USDA and distributed on that basis, they are now sold, I believe, at market prices to state agencies. Accordingly, the District of Columbia, with an already strapped budget, has opted to purchase less expensive food items, and forego these.

This has been the double effect of implementing unbri-



dled market economics into our society's food system, that there is effectively greater hardship for both the producers—the farmers—and the consumers—the poor and working-class people whose numbers and needs have been increasing, especially among people of color. We know that in addition to the racial characteristics of poverty, homelessness, and hunger, it has increasingly become the problem of women and children.

I recall reading a few months ago that one in four young children in our country lives in circumstances of poverty. These, too, rely, as my own family does, on government-supplied commodities for basic nutrition. While the numbers of such people in need continue to grow in our cutthroat economy, the availability of these food supplies does not—it even diminishes! To draw again on our experience at Zacchaeus Kitchen, the single most reliable source we have had for large quantities of meat is the USDA commodities program. The canned pork and canned beef we've received has been indispensable to our ability to provide the quality of the nutritious meals we presently serve. Without such basic foods I daresay we would be compelled to drastically curtail service, something that would be virtually unconscionable in this period of increasing hunger in our city. These foods are very badly needed by programs such as ours.

I'm aware that there is a need to be concerned with maintaining a viable farm economy, too. Indeed, without the farmers, nobody eats. The people who grow the food—and I mean the working men and women who plow the fields and harvest the crops, not the agribusiness people who have hijacked our food economy for profit—need to be able to work their fields *and* make an honest living *while* the food they grow meets everybody's need and right to eat decently. I have had the good fortune to travel all over this country over the years, including to our nation's farmlands. It seems clear to me that we have the land and the talent and wealth in this country—in short, all the means—to provide abundant food for our people and many more besides.

If there is any place in the history of the world where the biblical miracle of loaves and fishes can occur, it is in our society. But as in that Scripture story, accomplishing the miracle depends entirely on our willingness to understand that people have the right to eat and that those with the means to provide food need to respond to hunger as a matter of compassion and justice. We are in crisis in this society because we disparage our most basic resource—our people—across the whole spectrum of our society and because too many of us have insisted on scrapping with each other for the crumbs from the rich man's table when we ought to unite as Martin Luther King showed us, in a non-violent struggle for justice for everybody. We have done our best over nearly two decades to participate in such an effort at Zacchaeus Community Kitchen and we would invite any of you to come and see for yourself what a miracle of caring and sharing looks like and how it can free our society.

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Elsie Pilgrim

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## Health holocaust of the medically indigent

Martin Luther King's legacy was well known in the black community, and especially by many people who had worked hard in the field of civil rights. They had tried very, very hard. And even before Martin started, there were many, many people, especially in the state of New Jersey—where you might have thought many rights had already been put into place. But I am here to tell you, in 1946, there were many things still closed to all types of citizens in the state of New Jersey. For example, there were blacks who were not allowed to go into nursing schools in New Jersey. There were theaters which were closed to blacks. Some theaters were opened, if you would sit in the balcony. And there were entertainments such as roller-skating rinks, and many other businesses where you were not even allowed to work.

I myself, as a young child, as a teenager, I remember going to Woolworth's and putting in an application to work. The woman looked at me, and she smiled, and she put my application into the wastepaper basket.

Still, those who believed in civil rights and economic justice for all people struggled on. And when Martin Luther King came on the scene, we thought, this is truly the anointed one, this is the one who will lead us all. And we all got together, people who were white, black, blue, green—because many of the things that Martin Luther King talked about, economic justice, really rang true for all people. Such as the farmers, those people who were in the West, those people in the East. It had a common ring of clarity and truth. And even those who went to the U.N. expounded on some of the thoughts of Martin Luther King. And one of the main things was about the right of every person to have good health care. And there were those who took up the cause and who are still trying today. There are people, regardless of whether they're white or black, who still try, within the inner cities, to see that all people get decent health care.

But I will still say to you today, there is still, in the United States, a double system of health care, a dichotomy. There is a system of affordable health care for those people who can afford it, and there is a system of no health care at all, for those people who must use Medicare. When I talk about those people who have absolutely no health care, these are

the people who are medically indigent. Some of the people perhaps work, or do not work, and are not able to get into the Medicaid or Medicare system. And these people do not go to hospitals, do not go to doctors, because they cannot afford to. Some of the people who are on welfare, mothers who are on Aid to Dependent Children, can go to a health care system which affords them the opportunity to wait long hours to be mistreated, to be abused, and not have the opportunity to go to their private physician.

### **Minority health professionals discouraged**

There is a concerted effort in the inner city to discourage private physicians, especially black or Afro-American private physicians, to take care of their own.

To give you an example: Many of these private physicians, if they take the welfare cases, have to wait long periods of time before they receive their check. And the physician, in order to keep his office going, in order to have all of the things that allow him to have this type of care—he needs to have the money returned to him.

In other instances, these physicians, all over the United States, not just in inner city Newark or East Orange or Orange or West Orange—all over the country, feel that they are being persecuted. They are being investigated about the claims that they make, and they are being hauled into court. And this is forcing people with very bad health care to go to public institutions, and the more people who go to public institutions, the less likely they are to get the type of health care they need. It is a really vicious cycle.

The medically indigent, if they manage to have to go to the hospital for an emergency, in our particular area, will pay anywhere between \$95 and \$110 per visit. Now just imagine, if you're underemployed, and maybe you are working at a place of business where you are making \$250 a week, and maybe you have a family of four—your wife, and maybe two children—and suddenly you have a problem for which you must go to a hospital for an emergency, and you get a bill for \$95. That takes a large portion of your check. And if you live in a four-room apartment that costs you \$600 a month, you don't have any money to pay for this. Your food bill for a family of four is going to cost you somewhere over \$100-200 a week, just to eat. So what do you do? The system causes you not to tell the truth. You go because you have to, this is an emergency. Your child is sick, someone has gotten hurt. You must tell an untruth. And this is the untruth that you tell: You give an address that does not exist. And so when they send the bill, the bill goes to that unknown address. And you don't feel sorry about this—why should you feel sorry? It was your right to receive health care; it was your basic human right to receive the best health care possible. And if you're a mother or a father and your child needs health care, you have to do what is basically right on your part to make sure that you achieve it.

This dichotomy of health care does not encourage people from the lower economic groups to go into the professions. At one time, there was such encouragement. I can remember, even though I told you I was previously turned down for nursing school, there were people who did try to help minorities. There was a particular organization in Jersey City that paid for my whole three years in nursing school. But what is now happening, as far as minorities going into nursing schools, is that the costs of the college or baccalaureate program for these nurses are absolutely out of their reach. They cannot afford it. And this has nothing to do with your color, because it is affecting many, many people who cannot afford to go to college. The number of people from the lower economic groups who are going to college is actually diminishing.

You might say, well what happened to all these EOF programs? They have been cut back. And now they are attacking people who were unable to pay for the programs through their loans, and many people within the inner city cannot even afford to get a loan.

We must face the fact that institutional racism is involved in the health care picture. Because when we see certain figures coming from specific races, we know there has to be a concerted effort to oppress certain numbers of people.

I would like to give you an example. In the city of Newark, the infant mortality rate is 19 per 1,000 live births. That is higher than some of the Third World countries. This is a country that has a Gross National Product that produces billions and billions of dollars, yet some segments of the country have an infant mortality rate like those countries which have a much lower Gross National Product.

This means that for every 19 babies out of 1,000 live births—they die. They die because of malnutrition and all of the problems with the concerted effort to suppress people of the cities and the inner cities.

### **Black males an endangered species**

The black male is number one as far as the death rate. The black male is really an endangered species. I heard someone talk about the whales. And yes, it's true, the powers that be, the powers that are responsible, and make the decisions on who lives and who dies, who eats and who starves in this country, would certainly not send out a whole militia to prevent the extinction of the black male. Now why am I saying the extinction of the black male? Because his death rate is the highest. He is number one in the death rate of cancer, strokes, heart disease, and also homicide. One in every 21 black males dies in a homicide. There are at least 2-3 million black males in prison in the United States today. In New Jersey, 85-90% of the persons in prison are black. And that is a horrifying statistic. It is not the same all over the United States, but that is how it is in New Jersey.

Another problem that makes all of these other problems

possible is the feeling of hopelessness. When you take away a person's hope, what else does he have? People say, "They don't even try." But if you're a young black male, and if you've gone out there, and you've tried to get a job, right now the majority of the manufacturing jobs are outside of the city. Now our current transportation system does not afford the average black person the ability to go out into the suburbs to get to this job. So number one, he doesn't have transportation to get to his job. The second problem is, he doesn't have the skills. Why doesn't he have the skills? I can't speak for the whole United States, but I can speak for New Jersey: There is a disproportionate amount of funds spent on the education of people in the inner city, as opposed to the suburban areas. Right now, in the inner city, children and their parents are collecting Shop-Rite [cash register receipt] tapes, in order to get computers. And many of the schools in suburbia have computers.

So the black male does not often gain the skills that he needs to get the job, coupled with racism, therefore he is not afforded the opportunity to get the job, and he feels hopeless, and the other problems of drug addiction and other illnesses come into play.

### **AIDS, a viral holocaust**

Because this does occur, the inner city, with all of its vast problems, of homelessness, the economic deprivation, we in the inner city have now been visited with a viral holocaust. You might say, "A viral holocaust?" No one else calls it a viral holocaust. Elsie Pilgrim calls it a viral holocaust. I call AIDS a viral holocaust, just as people have called the holocaust which was caused by the Germans many, many years ago. This viral holocaust is the vehicle, but the root cause of this holocaust is racism. It is visited on people in disproportionate amounts, the people who can least afford to resist it. The people who lack the resources to mount the attack against this terrible disease.

New Jersey has almost 8,000 cases as of the end of 1989. These are cumulative cases, from 1981. The United States has over 113,000 cases. And I'm sure you're aware that the overall fatality from AIDS is 50%. But first, you must understand the disproportionate amount that is occurring in the inner city, by means of the fact that 42% of the national cases are represented by blacks (27%) and hispanics (15%). Whereas the black community is 20.5 times more than what the white community has. And the picture in New Jersey is even bleaker. The black population has 53% of the cases; in the United States 27% of the cases. But please understand, the black population both in New Jersey and in the United States is only 11%. So 11% of the population is carrying the burden of 53% of the cases in New Jersey, and also 27% of the cases in the United States. Please let that sink in. Eleven percent of the population is carrying this big burden.

Essex County, in the state of New Jersey, has 30% of the

cases of the women, and Essex is number one in the case load in New Jersey. Hudson County is number two. But what is interesting is that Hudson County is a smaller county than Essex County, and when you put it on the one-to-one per capita, it actually comes out that Hudson County, per capita, has a larger amount.

But this should really sink in to let you know what is happening in this viral holocaust in New Jersey and in the United States.

The inner cities all over the United States have suffered from benign neglect. It has been *all right* to watch this holocaust be visited on these innocent people. The powers that be have decided that it's *all right* to see this amount of people die. It's all right to see, in New Jersey, 90% of the children with AIDS to be black and hispanic—it's all right to see these children die.

Ladies and gentlemen, even with the research that they are doing, they found 1 in every 22 mothers—although they printed it as being 1 in every 22 babies—as having the virus, or being HIV-positive. That means they are carrying the antibody, and that means that, in order for them to have the antibody, they had to have the virus first. They say this about the children, but what it really means is that 1 in every 22 mothers is carrying the virus.

And what makes me cry, and weep, and be so sad, is that when those statistics were out, they talked about the infants, and they forgot to emphasize that the mothers were the ones who were carrying it, because the babies get their antibodies in the first year of life from their mothers.

### **People are not told**

This was an anonymous study. None of these people knew—at least for 90 days—that they were carrying the virus. And I personally feel that anyone who is to be tested, and if their results are positive, they should be told, in a confidential way in which they have time to digest the information, and also that the powers that be make the resources available for treatment. Because I am sure you are well aware of those patients who received AZT, a special drug for AIDS, the cost of this drug was almost \$10,000 a year. Now the drug companies have felt a little bit sorry, and have reduced it a little bit—I think it's now down to about \$7,000 a year. And they also talk of the possibility, once you find out that you have an antibody to AIDS, that you can receive the AZT as a prophylactic. But I put it to you, ladies and gentlemen, many of these people who are being tested will not have made available to them the AZT they need in order to survive.

So what are we looking at for the future? A potential in New Jersey of about 70,000 or more people who are probably already infected. There are numbers of teenagers that we possibly won't know until later on, when they become sick. There are teenagers who are out on the street who are known to be carrying the virus, who will not come in, who are



Elsie Pilgrim, infection control specialist, Newark.



Juliet Grant, community activist, Newark.

actually walking time bombs. There are people who are homeless who have AIDS, who cannot come in to any shelter. And I would put it to you: I have seen patients who have had AIDS who had to go to shelters, where you could sleep there all night, and they didn't dare tell the people they had AIDS. And they had to walk the streets during the day. I know of a patient who had no place to go, no food, no shelter—he purposely walked out in the middle of the street, in order to get hit by a car, so that he could have a reason to be admitted to the hospital.

### Dr. King's dream was for all

In this country today, we are looking the other way. And I'm sure Martin cries, and the Lord Jesus—or whoever you believe is the Supreme Being—cries to see people looking the other way. Not all people: There's a young man who is trying very hard to feed the hungry; there's another person who has worked with the homeless. There are still people trying, people out there in the bushes still drumming up and still hoping that this country will come to the full realization of the dream of Martin.

Last week, I saw on TV a young man—and I felt so sorry for him, because he didn't realize what a predicament he was in, and what he was saying—it was a picture taken of the Ku Klux Klan march last year against Martin Luther King's birthday. And he had on his chest a T-shirt with a picture of Martin Luther King with a circle around it; he had a bullet hole in his head. And it said, "We killed Martin's dream, and I'm glad." And the reason it went through me, is that I said, "This man doesn't realize that Martin's dream was for all people, even him. And when he killed Martin's dream, he killed his own dream, because Martin loved him just as well as everybody else."

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## Juliet Grant

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# Intolerable plight of America's homeless

I'm very pleased to be here as we celebrate the birthday of Dr. Martin Luther King. I've had the privilege and sometimes the un-privilege of working in shelters in the City of Elizabeth, New Jersey and in New York City.

### Who is a homeless person?

I want to start by giving you a brief definition of a homeless person: *single man, single woman, single parent with children, family, mother, father, and children, adolescents, young adults, children, small siblings, children put into foster care*, quite often because the family is homeless, *runaway adolescents, displaced homemakers*.

Additional reasons for homelessness are: *incarceration in jail, hospitalization for a long period, AIDS victims, TB and other diseases, loss of a job, non-payment of rent, eviction from your apartment, property foreclosure, farm foreclosure* like the gentleman who spoke to us earlier [George Gentry]. One of the things that happens quite often, especially with property foreclosure, is that by the time the average citizen finds out that there are places that they could go for counseling it's probably too late and they're in the street, or they had too much pride, and just couldn't tell people how bad it was.

*Alcoholism, drug addiction, fighting*, all these contribute to homelessness. *Difference in life-styles, overcrowded facility*. A lot of people have five, six, seven, eight, and ten people in an apartment. The landlord is squawking because he didn't rent the apartment to you with this large amount of people, and therefore he will evict you. *A fire victim*, one of the most devastating things that can happen to anybody in their life. *Release from a mental institution*—a lot of people are just released from mental institutions with nowhere to go, the family network has fallen apart, the family that they did have, has moved and therefore they're supposed to be tracked through the mental health systems, and they fell through the crack of the mental health systems.

### A day's life in a shelter

As I worked in New York City in one of the largest shelters, a 200-bed facility for women, let me tell you what I feel a day is in a New York shelter.

The first thing in the morning the women are awakened for breakfast. That's about 6:30. They're supposed to take their shower, get ready to come down for breakfast. The second thing is to clean up their space. They don't have a room, they have a cot. And some of the shelter people will make an example by saying, "Oh, these people don't care. All they need is three meals and a cot." The cot is so small, it's just a little bit bigger than this podium, and if you are kind of plump like me, you'd have a problem staying in this bed.

Lunch is one of the most important meals during the day. Clients sit in the TV room and watch TV all day, just wasting away. In the afternoon they check in. The next thing is supper. Late in the evenings or early nighttime people are constantly coming by, looking for a bed. Supper is served around 5:30. Once again the TV is turned on, while people watch, and one of the most sad things is that the most important and most eventful time of the day is meals, TV, and going to bed. 10:00 p.m. is bedcheck. If you're not in the house by 10:30 or quarter to 11, you might lose your bed.

The most important event of the day is daily distribution of [subway] tokens. I used to give out 150 to 200, \$200 worth of tokens per day. A lot of people don't even realize that a lot of homeless people go out and work every day. But they make such low salaries, that they can't afford to rent an apartment in New York. Menu is breakfast, lunch, supper. Homeless clients must live for the next meal.

There are programs on TV, but a lack of educational programs, lack of training to reenter the world of work.

One of the most devastating things is when a person first comes to a shelter, the first night. It's my opinion that these are some of the things they experience when they walk through the door. First is loneliness, feeling deserted, afraid, fear of the unknown, afraid to sleep at night, tired from lack of sleep.

Each homeless woman can only bring two bags of clothing to the average shelter. Now most people carry around everything they own, in these two bags. But quite often there's more bags. When someone loses his or her bed in a shelter, their clothing is placed in a large storage room. After approximately anywhere from seven to ten days, most clothing is thrown into the garbage. If something should happen to that client, the client has to go to the hospital, for example, and if the social worker in the hospital doesn't call the shelter and tell them that this person lost their bed because they were in the hospital, then that person will probably lose their clothing because it will be stored away and at the end of those ten days, because they constantly have to replace and make room for additional clothing for new clients, that person's clothes are thrown away. Therefore, homeless families, homeless single men, single women, can never accumulate anything. All homeless clients are advised not to have large amounts of clothing.

Some of the most important documents that a person could need, perish; and a person could need to have these

documents, to cash a check, to identify themselves, etc. A lot of times people will lose their birth certificate, family albums, marriage license, baptism papers, driver's license, all kinds of ID, and Social Security cards. Mothers lose their children's school documents, report cards, medical cards, and high school diplomas, and so forth.

Most homeless shelters will tell a person not to bring money into the shelter because they could get robbed by fellow homeless people. Additionally, New York's shelter would hold a homeless client's money in a safe deposit box, to be given back upon termination of the shelter stay.

All shelters require residents to adhere to a bedtime curfew. Most shelters require that a homeless person must be in the shelter at or before 10 p.m. Some vary. In New Jersey it was 9 o'clock. If a client should arrive after 10, and had not made a telephone call alerting the house manager to hold the bed because that person is working, or that person might have gone to visit a relative, or the person might have missed a subway, or missed a bus, or possibly might be ill, waiting somewhere in an emergency room, with emphasis on Bellevue Hospital in New York, or just out, doing whatever they felt like doing, if they don't call and reserve that bed, when they do check into the shelter, they have lost that bed.

Most family shelters have a limit on the amount of days that a family can stay in a shelter. In most cases referrals are made by social service agencies; in New York it's the HRA, Human Resources Agencies, and in New Jersey it's other additional community resources. A lot of these resources and agencies will pay for a client's stay in a shelter. Especially Salvation Army, Goodwill Mission, Human Resource Agencies, private agencies, and different church associations will give money, and some churches in New Jersey have opened up their churches for homeless people to stay in.

The length of a stay at a shelter varies from state to state, and in some different counties, such as Essex County and Union County in New Jersey. Termination of a client from a New York shelter can only be done by three different ways: 1) if the person does not adhere to the curfew; 2) if a client is disruptive and starts a fire, they could be "Code 3" as it's called. The New York system has everything computerized and it is managed through the HRA administrative office. A house manager or an aide can all HRA and say, Mrs. Jones just started a fire at the 51st Street shelter, and therefore you have the right to put that person out; 3) if a person is caught using drugs—you will not very often catch anyone using drugs, so therefore very few people get put out of shelters for that—threatening management, or fighting with another shelter person.

## **No affordable housing**

The average welfare grant for a single man or a single woman who has no children and who is on Public Assistance in Essex County, is anywhere from \$140 a month to \$160 a month for the disabled. The average Aid to Families with

Dependent Children (AFDC) grant to a single parent, with a child, is about \$335 per month. The average apartment rental in the city that I come from which is Newark and the East Orange areas, is \$650 per month for five rooms, up to \$750. The average room, one single room, with limited cooking, and then sometimes no cooking at all, and shared bathrooms, shared cooking, is \$90-100 a week. The average rental for four rooms runs from \$550 to \$650 per month. Please tell me how could a welfare recipient pay this kind of rent? It is humanly impossible. Therefore, we have a whole group of homeless people. With the AFDC grant from welfare, how can a single family pay rent, pay for utilities?

In a lot of apartments now the landlords have gotten very sophisticated: They don't supply heat, they put in separate units, and each tenant is required to pay for their own heat. They have to pay for heat, gas, and electric, buy food, some clothing for children. Welfare grants do not pay marketable rents in 1990 and in the future.

Homeless clients in New Jersey in the city that I worked in, Elizabeth, were unable to have a bank account. If a woman lived in a shelter and she was going out to work, it was more feasible for her to put some money in the bank and try to make arrangements to save a little bit of money and get an apartment. Well, when she went to the bank and applied for a bank account, she told them that she was living in a shelter and she didn't have an adequate address, they would not allow her to get a bank account.

It is expensive to be homeless. For example, parents in New Jersey, with emphasis on Newark, they've just passed a new policy where a mother will have to pay for her food while she's in the shelter. The system automatically makes this person continue to be in the system, because how can you live in a shelter and try to save some money so you can get out of this situation, and now you're told that you must buy your food, you've got to buy clothing for your children, and you've got to exist on a daily basis?

At a lot of the shelters, the women have to leave early in the morning, and they're supposed to be going out looking for apartments. They have to pay for their own transportation. If they're taking three or four children with them, the children get hungry during the day, and they're going to have to feed them, and if they can afford to, they might have to pay someone to watch the children a couple of hours while they go look for an apartment.

After they get out and look for the apartment, in most cases, it is an endless Catch-22 situation. They're ripped off by the real estate agent. The real estate agent will tell them to come out to the office, they think they have an apartment. When they get there they're told that they have to put a deposit down, and that their name will be put in a pool and that their name will be listed for six months up to a year. In most cases they never get the apartment. They spend what money they have looking for affordable apartments and rooms to live in. They have a lack of transportation and lack

of child-care, and, in most cases, feel like the system has just abandoned them, and they have to have someone to be an advocate to speak for people who are living in a shelter.

### **Could you become homeless?**

In the shelter that I worked in, in Elizabeth, New Jersey, let me give you just one classic example. I was the director of the Salvation Army for Homeless in Elizabeth, and it was a 24-bed unit. It was quite small. In those 24 beds—it was a one-family home—we had single men, single women, and families. This was one of the nicer shelters, because the women did have one room and they had four bunk beds in there, and a family could live in there fairly decently. However, during the winter months, when it was extremely cold, people would come in off the street after I had filled up the 24 beds. Men would come in and I would say to them, there aren't any more beds, but if you don't mind sitting up in the kitchen, or sitting up in a chair in the living room, I'll be happy to accommodate you for the night, and they were very grateful and thanked me. But the system found out that I was doing this, and a news reporter came to the shelter and pretended to be a homeless person. I think I told him the same thing and it appeared on TV and I could have gotten in a lot of trouble, but luckily enough the Salvation Army was very concerned and they thought it was nice that I was decent enough to let them sit in the chair.

But eventually I had to stop this kind of operation. Therefore, when people came to the door and the beds were all full, it was first come, first served, I would have to say, "I'm sorry, there are no more beds," and they would have to leave. This is so devastating to a homeless person. It's also devastating to the person that is working with them.

We have an ongoing lack of affordable housing in our county and all across the country. Homelessness can come after separation of a parent, death of a family member, mother, father, grandfather, and other relatives, who are acting as a child caretaker. Within the low income families, most working people don't even realize how devastating it is to be homeless. It is my opinion that if you're in a low economic level, and you're living in an inner city such as Newark, East Orange, Jersey City, and Elizabeth, every working person who does not have stocks and bonds and a huge bank account to fall back on, is just two paychecks away from being homeless. And if you don't believe this, if you become homeless in the next month or two, and you find out that the little money that you have saved in the bank will have to take care of you. Or if you get laid off and you find out that you don't have your health benefits, you don't have other things, and you have a crisis in your home, where you have to go to the doctor, or someone in your family is sick, and you utilize all the money that you've saved in a small bank account, you eventually will become homeless.

Homelessness is one of the things that doesn't discriminate. There are white people that are homeless, there are

black people that are homeless, there are hispanics that are homeless. I have run into some people who have been important people in their life, and now they're homeless. The system has just beaten them down.

Additionally, if a person does not have community resources, and a good family network, and friends who can provide temporary shelter to assist you in your crisis, believe me, you will be homeless.

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*Every working person who does not have stocks and bonds and a huge bank account to fall back on, is just two paychecks away from being homeless. Or if you get laid off and you find out that you don't have your health benefits, and you have a crisis in your home, you eventually become homeless.*

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The homeless system is so demoralizing to anyone who is in dire need of shelter. Emergency shelter means just what it says: emergency, temporary shelter. It does not mean long-term. "If we can provide a bed for you tonight. . ." that's what's mostly said.

One of the major catastrophes in our country is the ongoing lack of affordable housing and newly renovated apartment buildings, with limited subsidy or rental assistance. Rental assistance certificates are given out in the inner city for people who cannot pay the market rent, the market rent being most of the rents that I mentioned earlier. Within the last couple of years, those kind of rental subsidy assistance certificates are running out far and wide. In order for a family to survive with the rental market the way it is now, the average working family needs a little boost with some subsidy.

### **The stigma**

There is so much stigma about being homeless, as it relates to why people are without a home. We need to educate our citizens and make them more sensitive to the plight of the homeless population: sleeping in the hallway, sleeping in the train station, making a paper cardboard home, sleeping in the subway, sleeping all over Washington, all over any other city that you can find in this country, sitting in the

libraries all day long, pretending that they're reading books, leaving the library, walking the street, some people can't sleep, some people won't sleep, walk the streets two or three nights before sleeping. Just recently, a friend of mine went to get some money out of the bank at one of the MAC stations, and there were two homeless people in the MAC area that had gotten in, I don't know how they got in, but they were there. Walking the streets at night is dangerous, staying in the shadows of the dark, deserted abandoned buildings, and there is a lack of adequate health care.

One of the things that happened in both of the shelters that I worked in, was that people did not have adequate health care. Most of the clients went to Bellevue Hospital. When I worked in Elizabeth, most of the clients went to Elizabeth General, and when they went out to go to the hospital, clients were saying, well you'll see her tomorrow 'cause she'll be there for days. Now in New York I understand that there is a project that one of the entertainers has where he takes around a van to different shelters where families are and provides health care for small children. I was very happy when I saw that on TV.

There's unusual lack of concern about you and your family when you are homeless, including a lack of followup for children in school. A single mother is so stressed at having an ongoing, daily problem, of coping with the shelter system, until she forgets or neglects to take the child to a school which is near the shelter that she has just transferred to. I wonder who cares about little Sara, not going to school. Also who cares about little Sara being so embarrassed that she doesn't want anyone to know she lives in a shelter. Therefore, she will encourage her mother not to send her to school. When Sara is officially transferred into a new school system, she cries because she refuses to allow anyone to know where she lives. Every day she walks five or six blocks in a different way to confuse any one of her friends who might know she is living in a shelter. If someone asks her where she lives, she will deliberately give them the wrong address.

Children are ashamed of living in a shelter, being homeless, etc. Children should not be subjected to shelters, which make them feel like third- or fourth-class citizens.

Dr. Martin Luther King fought for the poor, for equality for all men and women, for the right to housing and dignity for all people. In order to avoid being homeless, most people will have to share apartments, and young married couples will have to continue staying at home with their parents. It is indeed a sad state that I am telling you today about the homeless in our country. I feel very committed to this topic, and I feel that we all have to get out and organize and go to our legislators and demand that we do something about market rent, and demand we do something about the kind of living that welfare recipients are experiencing. In this year 1990, I think that no one can sit by idly, while our young people and our young parents are being subjected to homelessness in America.

## World freedom imperiled as never before: LaRouche

Lyndon LaRouche, the leading political dissident in the United States, who has been unjustly imprisoned for over a year, warns that the world is heading toward war under the “deluded, wishful, insane trust” in Mikhail Gorbachov evinced by the Bush administration. So obsessed with Gorbachov’s fate was George Bush, that the U.S. President telephoned the Soviet leader Jan. 31, following rumors that Gorbachov might resign as head of the Soviet Communist Party, and briefed him on his plan to announce drastic reductions in U.S. troop strength in central Europe, in an attempt to salvage Gorbachov.

“If we continue in the path that George is treading,” LaRouche had said of such behavior, already on Jan. 3, “we will find ourselves unable to check the military power of a Soviet empire that has only military power, and reaches out in desperation to grab what it needs for its internal survival. Then we’ll be in World War III.”

On Feb. 2, the Democratic former U.S. presidential candidate, now running for Congress from northern Virginia, made a sharp point of the fact that aside from himself, only a few policy analysts in Germany recognize the reality that the breakdown of the physical economy in both the United States, and the Soviet Union, is rapidly steering those two nations into oblivion. He dismissed as “garbage” all talk that Gorbachov is going to make it through the coming period. “It’s not that we know he is going to be tossed out,” the jailed statesman clarified: “But anybody who says they know of certainty that he’s not going to be tossed out, is an idiot.”

### Two imperial powers

LaRouche developed the strategic danger in a taped message to a Washington, D.C. conference on Jan. 14. “Today around, at least, most of the world, freedom is in the greatest

danger it has been in my memory,” he said. “Certainly the danger today is greater globally, than it was during the darkest days of World War II.”

LaRouche said that the pronouncements of U.S. Attorney General Richard Thornburgh, justifying kidnap and murder of foreign leaders, and George Bush’s backing for that doctrine, “indicate that the United States has constituted itself an imperial power, in respect to which all other nations of the hemisphere and many other nations, as well, are simply colonies. The Soviet Empire has expressed itself as having the same view. And both empires are working together at the top, the heirs of Andropov, such as Gorbachov on the one side, and Mrs. Thatcher’s friends and the circles of President George Bush on the other. The two superpowers have established what they call a condominium, along lines laid out by the late Soviet KGB chief and late head of the Soviet government Yuri Andropov in an April 1983 interview published in *Der Spiegel*, a leading German newsweekly.

“The philosophy is that whatever these two empires agree upon, every other nation and every other individual in the world shall submit—helplessly—and shall be judged harshly for resisting the agreements of these two superpowers,” LaRouche charged. “What is expressed on the Soviet side, in terms of philosophy and attitude toward man, is purely evil. It degrades man to the level of a beast, denying that which sets man above and apart from the beasts. It denies the sanctity of human individual life; it denies the existence of a divine spark of reason which sets man above and apart from the beasts.

“However, the laws of nature do not deal kindly with empires of this sort. We have seen the ancient empires of the Middle East, modeled on the same doctrines which George Bush or Richard Thornburgh express today, we have seen



the Roman Empire, we have seen the Byzantine Empire and the Ottoman form of the Byzantine Empire, and so forth and so on, collapse. All of these have collapsed, because the oligarchical rule of this form, whether of the Persian form, the Babylonian form, the Roman form, the Byzantine form, the Ottoman form, this imperialism—including British imperialism of the 18th and 19th century, into the 20th—these are abominations against God and nature.

*“And with the aid of the right arm of good men and women, God’s laws of nature will destroy these empires, as surely as ancient Greeks forecast the doom of the gods of Olympus,”* Mr. LaRouche predicted.

### **Global economic crisis**

He went on, “The doom of these empires is made apparent by the global economic breakdown crisis. There are pockets which resist absolute breakdown, such as Japan, South Korea, the Republic of China on Taiwan, Central Europe centered around West Germany, and so forth, but most of the world is already in a hideous economic depression.” The Soviet collapse, he said, “was caused by the errors of Communist economy as such, and . . . worsened by Gorbachov’s foolish adoption of some version of Thatcherism, called perestroika, and superimposing this upon the Soviet economy, which altogether ruined the Soviet economy over the past approximately five years.

“In the West, England, the home of Thatcherism, is the economic basket case of the Western world: Unsalvageable in its present form without outside help, it is a Third World nation in every respect but arrogance. . . . In North America, we’re in the same condition. We’re not quite as bad as Britain, but we’re headed there fast. . . .

“South and Central America are ruined by our dominion. Africa is being ruined, genocidally, by the common dominion of the International Monetary Fund and its auxiliaries. Similar conditions are spreading throughout Asia. The Middle East, on the verge of a new general war worse than all those preceding it, is also affected similarly.

“As long as these two empires, the Soviet and the Anglo-American empire, persist in their delusions of power, and express those delusions by a system of usury which they call ‘free’ trade—slave trade is now called ‘free trade,’ how Orwellian!—they destroy the economic basis upon which the physical power of these empires depends. They unleash, thus, by imperiling human physical existence, eruptions of social and political determination to be rid of such oppression and such folly.

“And so, as the new revolution in Communist China unfurled itself, first this past spring—it was drowned in blood, but it will come back again—and so as the Chinese Revolution, centered around Beethoven’s ‘Ode to Joy’ as its theme, moves through Eastern Europe, it is moving around the world. It will destroy tyranny everywhere, including tyranny here in the United States and in the Western Hemisphere

more generally.

“However, the Creator does not give us goods by His own act alone. He demands our participation. He demands our right arm be employed in aid of His undertakings. So, although we may be sure that the Creator will destroy tyranny around the world, including the tyranny which has raised itself recently in the United States, that the Creator will not allow us to have this great benefit, this great boon, except that we participate in earning it at least in some degree, by aid of our right arm, by our courage, by our determination,” LaRouche challenged his listeners.

### **Soviet Union is the adversary**

It is clear, LaRouche emphasized in a Jan. 16 analysis, that the United States has no military policy. “We have strategic insanity, based on the hope that the Soviet problem . . . will never come about.” What would be an alternative to the current insane method by which the United States negotiates and measures its military capabilities? “It’s obvious that the mission of military force is the adequacy of the total force in its firepower mobility depth, and in its total warfare depth, as well as its purely military depth, to engage and efficiently defeat the most probable adversary that it must confront.

“Now, that adversary remains nothing but the Soviet Union. And any military capability which is defined for the United States for any lesser adversary, than the maximum capability of the Soviet Union, is an incompetent, and virtually treasonous commitment.

“In the case of the Soviet Union, we have an empire at the verge of imploding, an empire which has the greatest military capability on Earth. It may be short of having the ability to launch, and win, the kind of war for which the new order of battle of the Ogarkov Doctrine is planned,” he said, referring to the war buildup plan of Marshal Nikolai Ogarkov. “But, nonetheless, it outguns us. It has many problems, especially logistical ones; military logistical ones as well as other ones, and they are crucial ones. But, nonetheless, it has the power and the commitment which the United States lacks—especially a United States wallowing in the swamp of the Gramm-Rudman-Gorbachov bill.

“We have to have that commitment,” LaRouche concluded. We must be “able to persuade even desperate men in the Soviet Union: A) that a war is not what they want to undertake against the United States and its allies; and B) if they avoid war, as we desire them to do, a much happier alternative for the people of Muscovy, and so forth, is available. So this means that we must resort to a military strategy which is a *total war strategy*.”

That includes deterrence—the military capability to win war or to inflict such destruction on an adversary that his launching a war would be suicide for him; the fastest possible development of the SDI; and “B,” the war-avoidance policy, exemplified by LaRouche’s plan for a productive triangle of development in central Europe (see *EIR*, Feb. 2, 1990).

# Kernel of truth in Gorbachov rumors

by Konstantin George

The world was rocked by the report on Jan. 30, from American CNN Television, that Mikhail Gorbachov was planning to resign as Communist Party General Secretary, but would remain President of the U.S.S.R. That report was based on a deliberate leak from the Soviet KGB. For the weeks just ahead, nothing of the sort will happen; yet, the report contains a very important kernel of truth, because it opens the question of what direction the Soviet leadership is taking, in its efforts to respond to the systemic breakdown crisis shaking their empire.

The indications are multiplying that the Soviet Union is moving very quickly in the direction of an *executive state dictatorship*, with a dictatorial concentration of power in the hands of the President, or head of state. One week before the CNN report, an editorial in the Soviet government newspaper *Izvestia* demanded a "dictatorship of law," and that "the head of state" act now to proclaim one. The Jan. 31 Communist Party daily *Pravda* answered, in the form of a roundtable discussion in which participants responded to "readers' demands" that President Gorbachov be granted expanded powers. The participants, quoted approvingly in *Pravda*, stressed that "the powers of the Soviet President should be strengthened"; that Gorbachov was blocked from taking earlier decisive action to deal with the revolts in Nakhichevan and Azerbaijan, because, allegedly, "The President could have had his say, but he had no authority."

## Policy, not personalities

It would be ridiculous to locate the drive for an executive state dictatorship in the framework of pro- or anti-Gorbachov factions. The policy leading to a form of nationwide martial law, euphemistically labeled "dictatorship of law," is not a policy revolving around the person of Mikhail Gorbachov. It is a policy that has the total support of the Soviet KGB, the Military Command, the Interior Ministry police apparatus, the Justice apparatus, and, last but not least, that part of the Communist Party leadership, above all the leaders of the military industrial complex, who, while nominally occupying high posts in the Politburo and Central Committee Secretariat, institutionally identify primarily with the Russian state. The presidential dictatorship in the making will be based on these powerful forces, and the President-dictator

will submit to their demands. For the short term, that dictator-President will be Mikhail Gorbachov; beyond that, it is an open question who will fill that role.

The Soviet security apparatus is being restructured at present in accordance with such a "dictatorship of law." On Jan. 31, Radio Moscow cited KGB chairman Vladimir Kryuchkov's endorsement of the new draft law for the KGB, being worked out by the U.S.S.R. Supreme Soviet's Committee on Defense and State Security. According to Kryuchkov, the new law "will place on a legal basis all activities by the KGB," and will place the KGB "under the Supreme Soviet." To the average Westerner, such language means that the KGB is now being placed under "parliamentary" controls, and therefore it "sounds good." Reality is quite different. The U.S.S.R. Supreme Soviet is ruled by its Presidium, and the chairman of that Presidium is the Soviet President—Gorbachov. Thus, the KGB, which until now, at least in theory, was responsible to the Council of Ministers, or government, is being placed, under the disguise of "parliamentary control," under the jurisdiction of the presidency.

This having been said, we return to the CNN report concerning Gorbachov's intention to resign as General Secretary. That question cannot yet be definitively answered, though once the executive state dictatorship is established, that option indeed will exist for the Soviet President. The Soviet Communist Party is in a mortal crisis. Its authority has collapsed across the country. Members are quitting in droves, and in the Party youth organization, the Komsomol, the departures have reached such flood proportions, that the institution is beyond salvage. The full dimensions of the Party's demise will become very clear in early March, after the local, regional, and republic-level "elections" in the three republics constituting the empire's core: Russia, Ukraine, and Belorussia. Those elections will produce an across-the-board defeat for party officials, with devastating implications for the Communist Party as a whole.

In short, the locus of power in the Soviet Union has shifted from the party apparatus to the state apparatus. That process has not yet matured sufficiently to where a Soviet President can say privately to his colleagues, "Given the growing irrelevance of the Party, holding on to the post of General Secretary no longer really matters, so I can concentrate on the post of President, from which real power is wielded."

Matters have come so far in Moscow's most loyal satellite, Bulgaria. On Jan. 30, as the CNN report was making headlines, Bulgaria's Communist President, Petar Mladenov, opened the Bulgarian Communist Party Congress by proposing that the posts of President and General Secretary no longer be occupied by the same person, namely himself. Mladenov made no secret of where true power will lie, when he told the delegates that he would remain President, and throw open the post of General Secretary to a successor. Today Bulgaria, tomorrow Russia?

# Romanian thugs trash opposition offices

by Konstantin George

On Jan. 28, one day after well over 100,000 Romanian patriots demonstrated peacefully in the capital city of Bucharest demanding the resignation of Romania's communist National Salvation Front regime, the Soviet stooges of the NSF struck back, using terror tactics borrowed from the behavior of the Romanian Communist Party during the immediate postwar years, 1945-47, against the non-Communist majority. The not-so-democratic Stalinist face of Romania's new President, Ion Iliescu, showed itself to the world, when NSF thugs invaded and ransacked the headquarters of the recently founded two largest opposition parties in the country, the National Liberal Party and the National Peasants Party.

The siege of the parties' headquarters forced the president of the National Peasants Party to leave in an armored car under military escort. "We have lost our office; General Secretary Radu Campeanu left through the window," said Felix-Fernand Petrarch of the National Liberal Party to Reuters in a telephone interview from inside the building. Foreign reporters were refused entry by people who appeared to support the NSF.

The National Liberals' insignia was torn down and replaced with posters of the NSF.

This vandalism occurred during the course of the regime's well-organized and well-funded "counter-demonstration," which brought into central Bucharest dozens of truckloads of "supporters" of the Soviet-backed regime, given the day off, with full pay, from Bucharest-area factories.

## Phony vs. real revolutions

The contrast between the two demonstrations tells all concerning the difference between Romania's first—and phony—"revolution," the Army coup of Dec. 22 which replaced the despotism of the Ceausescu clan with a gang of Soviet agent Communists, committed to reestablishing a dictatorship, and the genuine second revolution—exemplified by the Jan. 28 turnout in Bucharest, which reflected the mood of the overwhelming majority of Romanians, who want to be rid of Communist despotism once and for all.

The demonstration on Sunday, Jan. 28 against the Communist Iliescu regime was very emotional, but totally peaceful. Western press reports warning of "anarchy" and "chaos" are either lies, or misinformed, taking seriously the propa-

ganda being put out by the Iliescu regime. If "chaos" occurs in Romania, it will not be because the population wants the Communists ousted from power, but because of the obstinate refusal by the Communists, a tiny power-hungry, Soviet-run minority, to surrender the reins of power.

This refusal to relinquish any real power is increasing by the day the rage of Romanians against this quisling regime. The rage is now greater than ever, after the vandalism against the opposition parties, and after the scandalous way in which Romanian Television covered the anti-Iliescu demonstration.

Romanian Television did not show the anti-Iliescu demonstration at all. Instead, it continually focused, with close-ups, on a small group that appeared "miraculously" before the cameras with pro-Iliescu and pro-NSF banners, giving the impression of a pro-Iliescu "mass" demonstration alongside that of the opposition. Romanian television broadcast what it claimed to be live coverage of Iliescu's speech to the crowd, when he appeared on a balcony. In reality, a heavily censored tape was broadcast, carefully editing out all parts where Iliescu was booed and whistled down by the crowd. For the rest of the evening, Romanian TV broadcast appeals by the NSF regime, warning the country of "the danger of chaos and anarchy," as the only alternative to NSF rule.

Bucharest was not the only scene of opposition protests that Sunday. In the city of Timisoara, near Hungary and Yugoslavia, 3,000 people held a rally calling for the Iliescu regime to resign. The protesters also demanded a return of land to the farmers.

## Decrees and insults

The biased media coverage was the last straw for Romania's opposition forces, who are now insisting that the Communist Party immediately relinquish its control over the mass media. The response by the National Salvation Front was to come up with an ingenious "solution" to the problem of media partisanship. On Jan. 30, led by its director Aurel Dragas Munteanu, the entire leadership of Romanian State Television "resigned" from the NSF, and declared themselves "non-partisan," in that they are no longer formally members of a political party. Parallel with this, the NSF passed a decree declaring party membership and functions in the mass media incompatible.

In one stroke, all Romanian patriots who belong to the newly created anti-Communist parties, were banned from any access to the media.

Ion Iliescu will continue with decrees and new tricks to pull every string to stay in power. His Stalinist maneuvers, however, will not be accepted by a citizenry that wants a permanent end to the past 45 years of misery and tyranny, of Communist rule in their country. The second revolution, as the Jan. 28 demonstration showed, has declared war on Romania's would-be new dictator, "Ion-icolae Ceau-iliescu."

# Czech leader outlines plan for free Europe

by Laurent Murawiec

"A united Europe will not need to be protected by superpowers," Czechoslovak President Vaclav Havel told the Polish Parliament on Jan. 25. It was seated in special session to hear him outline his conception of the rebuilding of the European order. Central Europe, Germany, and Europe as a whole were the three themes he tackled.

Poland, Hungary, and Czechoslovakia should seek "some form of foreign policy coordination to jointly return into Europe. On its own, each of our countries will be slower," Havel said, and joint efforts would prevent rivalries. "We should not compete in who is going to overtake whom and who will first win a seat in some European body, but we should do just the opposite: help each other in the spirit of that solidarity with which in worse times you protested against your repression and we against ours. . . . If we were to return to Europe individually, it would certainly take much longer and it would be much more complicated than if we act together.

"Before us is a historic opportunity to fill a large political vacuum created in Central Europe after the fall of the Hapsburgs," he said, and the countries "until recently colonized by the Soviets" should unite into a "new formation," though he added that it was "hard to forecast the institutional shape that our East European or Central European cooperation will create."

Irony was not missing from the situation. Havel told the Parliament—including President Gen. Wojciech Jaruzelski, who had administered martial law in Poland for the Russians—"we were dissidents." He reminded his audience of the clandestine meetings held 12 years ago between Czech and Polish opponents of the regimes: "We were then dissidents, ridiculed, hunted down, and repressed by police. If anyone had then told my friends [Adam] Michnik, [Jacek] Kuron, and [Karel] Litynski that one day, we would be deputy, minister, or President, we would all have had a good laugh. Now, we can only laugh when TV cameras are not on us."

Havel stressed, "We do not want to step back into Europe as poor relatives, or former prisoners who have just been freed. *We have to wake up those in the West who missed out on our awakening.*" Havel was equally frank toward Moscow: "We hope that the Soviet Union, in the interest of good relations with her former satellites, will gradually withdraw her armies. Talks are under way and sooner or later will lead to a positive end." Indeed, on Jan. 30, the Czech

Foreign Ministry issued a communiqué announcing that an agreement on the withdrawal of the 80,000 Soviet occupation troops would be arrived at "before Feb. 12."

## The German question

Both in Warsaw and in Budapest, where Havel addressed the Parliament on Jan. 26, he addressed the theme of German reunification. "It is *impossible* to imagine a united Europe with a divided Germany," he said, or, conversely, "a united Germany in a divided Europe." Indeed, "the German question is the key to the future of Europe. . . . The artificial division of Europe must be overcome," and similarly, "the artificial division of Germany." His strong words raised eyebrows in the Polish Parliament, just as some Polish newspapers had criticized him for having chosen Germany, East and West, for his first official trip abroad. Acknowledging that his choice had also "caused some reservations" in his own country, Havel explained: "That is precisely why I chose to go. On both sides of Germany, people are reasonable."

What Havel was facing was precisely what he has committed his foreign policy to: breaking down the legacy of the 1919 Treaty of Versailles, and the Teheran, Yalta, and Potsdam conferences, which shaped World War II and the Cold War dominated by the Soviet threat. Quite some courage was necessary for him to state, in Czechoslovakia, that the bloody mass expulsion of hundreds of thousands of Germans from the western part of Bohemia had been a crime and a mistake. This raised a storm of criticism among Czech chauvinists who justified every murder in the name of "anti-fascism." "Had there been even one innocent among those expelled, that sufficed to make it an injustice," Havel retorted. "The principle of collective guilt which was invoked as the grounds for the expulsion is an immoral principle." The Archbishop of Prague, Cardinal Tomasek, seconded the President on the issue.

Those are the principles, which Havel in his essays has called "ethical responsibility," that inspired his activity as "dissident," and now as President.

The leaders of Hungary and Poland have been invited to join him in Bratislava for a one-day meeting, where the perspective of a Central European "unit" of some form or shape should be reviewed, which clearly should be the motor for the new definition of the European order. "We want to be part of a friendly community of independent States," he said, "of a stable Europe, a Europe which does not need any longer the protection of the superpowers, because it will be able to protect itself by having developed its own security system."

In centuries past, Poland, Bohemia, and Hungary had often had the same king, and shared dynasties—in the 15th century, the Bohemian King Jiri of Podebrady had even launched the idea of an "international peace league," in cooperation with French King Louis XI. Given the keen sense of history that prevails in Prague, one may suspect that such ideas are not forgotten.

# Germany's 'Democratic Revolution' party holds first free congress

by Rosemarie Schauerhammer

The numbing jostling from pothole to pothole on the highway, desperate attempts to make a single telephone call, tests of patience at the few gasoline pumps and restaurants, everywhere the same downcast, uniform gray color of the facades of the buildings—these were my first impressions as a West German citizen on her way to the party conference of one of East Germany's leading opposition parties, the Demokratische Aufbruch (Democratic Revolution). But then, suddenly, what a contrast! The frazzled traveler is standing inside the town hall of the little village of Fischbach near Gotha, immaculate and well-appointed enough to be the envy of many communities in the Federal Republic of Germany. And the party organization functioned equally well: a press conference room, modern loudspeaker equipment, ballot boxes, multicolored ballots—all the way down to the tables bearing placards with many as yet unfamiliar names.

It had all the looks of the work of professional politicians, but, thank God, those looks were deceiving. The organization runs smoothly, but in the discussions there was not a trace of routine or well-worn procedural mechanisms.

People listen attentively to the greetings from the guests from the Federal Republic (West Germany), and eagerly seek to bring new things into the discussion. The West German Social Democratic Party (SPD) has sent a low-level person to say hello, while the West German Christian Democratic Union (CDU) comes with a hefty delegation: Dr. Wagner, Minister-President of the state of Rheinland-Palatinate, and Herr Milde, the interior minister of the state of Hesse. Both of them speak with practiced ease, and receive well-wishing applause. But what a shame, since neither even acknowledge the existence of the many fundamental questions which are preoccupying the citizens of the German Democratic Republic (G.D.R.); and when Herr Milde attempted to give a definition of the Christian image of man, he was simplistic to the point of embarrassment.

And then came a small incident which gave a foretaste of how the best-laid plans of these practiced and oh-so-superficial election managers from the West will go awry when they endeavor to back the upcoming election in the G.D.R. Among the gifts which the CDU has brought for the Demok-

ratische Aufbruch are well-styled bumper-stickers bearing the letters "DA" and, of course, the colors red and green (for "social" and "ecological"). The stickers are happily passed around; but then the room becomes filled with grumbling noises. One delegate, a bearded fellow who in the West would be easily taken for sympathizer of the Greens, could be heard murmuring in disappointment: "Why red and green? They've got to be black, red, and gold!"—Germany's national colors. This becomes the unanimous consensus in the room, and is later expressed in an overwhelming majority vote by the state organization to adopt the sticker's design as their logo, but to change the colors to black, red, and gold.

The people there do not deal delicately with each other, but speak out openly, and the discussions immediately get down to essentials. A policy address by Edelbert Richter is interrupted in mid-course with calls of "Keep it shorter!" at the point when he launches into a historical summary. People want to get down to what is essential, and that means the future! Opinions clash strongly at that point. The SPD has acted decisively: It has formed a common opposition front against the SED power apparatus. But what's the right answer? Should we continue to represent all interests as broadly as possible; or, should we show a distinct profile and develop ties with the parties in the governing coalition in Bonn, the West German capital? People really don't want the latter; they want to shape themselves into something new.

The popular desire for unification with the Federal Republic is overwhelming. All agree with the demand, "Let's get rid of the SED!" But as for programmatic content, for the elections they want to confine themselves to "non-intellectual" statements, and to stick by the simple question: "Are you SPD, or are you a party of the center?"

## To align, or not to align

Throughout all the separate votes at the congress, the conflict continues between the advocates of a party with an image of being open from all sides—even following the splitting out of the SPD—and those who advocate a clear recognition of the governing Christian Democratic-Free Democratic (Liberal) coalition in Bonn. One further reason for the particular acrimony of this debate, was that everyone knew that

their decision in this region would be decisive for the direction of the entire Demokratische Aufbruch, since Thuringia is the party's stronghold. So there was a lot of hard debating—but no jawboning.

People fight things out without dissimulation, and a high value was put on personal integrity. It is decided that no former SED functionary can become a member of Demokratische Aufbruch, and that even former rank-and-file SED members must have been out of the party for at least three

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*'We will soon be economically stronger and more capable. Let us go to Poland, then, so that they can see that we are serious about a policy of peace, which means understanding and immediate aid.'*—Wolfgang Schnur, party chairman of Demokratische Aufbruch

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years before the revolution in order to qualify for membership in the DA in Thuringia. Anyone who wants to run for the party's state executive committee will have to undergo merciless questioning concerning his moral integrity; anyone who leaves the slightest doubt about that, won't have a chance. Indeed, many of the delegates there can boast of a family tradition of struggle against the SED dictatorship.

### **The fixed pole**

And finally, the most surprising and impressive experience for this writer at the party congress, was the appearance of one person who, amid all the back and forth, represented a fixed pole and emanated a quiet optimism: party chairman Wolfgang Schnur. From previous televised interviews, I had gotten the impression of a somewhat inflexible, inaccessible lawyer who often has to struggle to get his words out. But what I saw "live," was an easy-going man who could rise above immediate circumstances, with a refreshing sense of humor and great vision. Let me give examples of each of the latter two points.

First example: The chopping and stabbing of both currents is in full swing, the protagonists have obviously lost any overview, and someone calls out, "Well, we *do* have our party chairman in the room." An idea which will save the day? But what will happen now? Will the decision once more come "from above," just as it had over the past 40 years? Party chairman Wolfgang Schnur steps up to the microphone and tells his friends that they're all such "magnificent young democrats," but that there is one particular young democrat

who particularly pleases him, and who he has been observing the entire time. He then asks if the mother of that young democrat would please hold him up so that everyone could see how peaceful and happy he is. An obviously embarrassed but proud mother then holds her six-month-old little boy into the air. Thunderous applause fills the hall. In a moment, all the anger and partisan dispute is swept away, and the discussion continues—young, truly democratic, and not "from above."

The second example: In his address, Schnur presents a hopeful economic perspective, with a clear avowal of market economy and freedom of commerce. This, he says, has to guarantee social security, especially for people on pensions, and will require co-determination and actually free trade unions who are not controlled by a party monopoly. So far, so good. Then, in a statesmanlike manner, he puts Germany's responsibility for promoting international peace into this economic context, saying: "And when we hear about the problems of our Polish neighbors—that there's poverty there. Shouldn't we start an initiative from our side, and say: 'Dear Polish friends, we will help you?'" For a moment, there is a breathless pause in the entire room. Surprise is written in the faces of many: We, who are up to our necks in our own economic problems, we should offer them help? Schnur continues, confirming that idea: "We will soon be economically stronger and more capable. Let us go to Poland, then, so that they can see that we are serious about a policy of peace, which means understanding and immediate aid. The same for Romania, the same for Hungary, and the Soviet Union. Let us . . ."

Frantic applause breaks out suddenly; the speaker is unable to continue his speech; and indeed, he doesn't need to say more, since all have experienced what they could not have believed possible: They have raised themselves above their day-to-day struggle and have had a glimpse of a vision on the horizon which will serve as their reward for their courageous battles of the past few months.

People's faces became increasingly happy as the congress drew to a close. The new state chairman Horst Schulz definitively recognized the Bonn governing coalition as the party's main discussion partner. However, Schulz was not simply elected as a representative of the "conservative" wing, but as someone who, as state chairman, will lead his party with full vigor into the elections.

And I, too, was happy, as I drove home to West Germany. But despite this, rage began to well up as I reflected on the political situation in our country. How much better would the "young democrats" develop and carry out their ideas in East and West, if it weren't for the partisan stupidity of the SPD, which is looking greedily toward the political capital they can make in the next West German parliamentary elections, and which wants to run the steamroller of the West German political scene over this freshly plowed field of political culture!

# U.S. destroys fabric of society in Panama

by Carlos Wesley

In his State of the Union address on Jan. 31, President George Bush said that “the additional numbers of American troops” sent to invade Panama, will return to the United States before the end of February. If true, that means that the U.S. will still retain 13,500 troops in Panama, a number far in excess of the 10,000 authorized by the Panama Canal treaties.

But don’t bet on those troops coming home anytime soon. Three days before Bush’s speech, when Vice President Dan Quayle went to Panama to tell the U.S.-installed Panamanian President, Guillermo Endara, that the U.S. wanted to cut its forces to pre-invasion levels as soon as possible in order to start repairing its relations with Ibero-America, Endara said no. “We need the U.S. forces in Panama at this moment,” Endara said. “Our forces are not quite capable of protecting life, property, and public order that the Panamanian people wanted,” he added.

Endara’s cry of impotence indicates the kind of monkey trap the Bush administration has created for itself in Panama. By imposing by force a regime made up of Panama’s comprador class, the U.S. has ripped apart the entire fabric of Panamanian society and culture. Panama is no longer the oasis of peace and stability that it once was in violence-wracked Central America. Since the Dec. 20 invasion, Panama is fast becoming as ungovernable as any of the other countries in the war-torn region.

The U.S. now has to pay the price for its illegal and immoral invasion, by having to assume the imperialist burden of managing a colony in which the lawless action of its occupation forces is engendering general lawlessness.

U.S. forces in Panama are still taking political prisoners. On Jan. 25, U.S. occupation forces illegally detained Rómulo Escobar Bethancur, one of the chief negotiators of the 1977 Carter-Torrijos Panama Canal treaties. No charges have been brought against Bethancur, former head of the PRD party, and one of Panama’s highest ranking diplomats.

On Jan. 30, Panama’s *La Estrella* published a list of 18 detainees held for several weeks by U.S. occupation forces, who were to be transferred to Panamanian authorities. The information leaked to *La Estrella* by U.S. officials confirmed

that 10 of the 18 were being held “without charges,” another three were being held “in preventive detention,” and the remainder were jailed for “apologizing for crime,” a non-existent offense.

Former U.S. Attorney General Ramsey Clark said on Jan. 28 that the arrest of Bethancur and of the many other Panamanians “taken prisoner by the U.S. military [and] whose whereabouts cannot be ascertained,” is illegal. The U.S. government, said Clark, “has no legal authority under the U.S. Constitution, the Panama Canal Treaty, or any other body of international law” to carry out these activities.

The puppet Endara regime is also flouting legality. It suspended enforcement of Law 23, the Noriega-inspired law that modified Panama’s bank secrecy to make it easier to identify and prosecute drug-money launderers. Now, it’s resisting U.S. demands for even cosmetic modifications of the secrecy laws, claiming it will destroy what’s left of Panama’s offshore financial center.

Quayle returned from Panama bragging that he had gotten a pledge to establish more transparent banking. Not so, said Endara. “The changes we are talking about are not that major,” said Endara. Earlier, Second Vice President Guillermo “Billy” Ford, a banker whose companies have been implicated in drug-money laundering, told Reuters that there was no need to change the law at all. “Secrecy will not be used for illegal purposes, period,” said Ford. “They have a claim against an account, we have a judiciary now we feel proud of all the way up to the Supreme Court,” he said.

That Supreme Court is headed by a chief justice appointed by the government without congressional confirmation, as required by Panama’s constitution. He is Carlos Lucas López, a partner of Cali Cartel kingpin Gilberto Rodríguez Orejuela in the drug-money laundering First Interamericas Bank.

But, by its very make-up, the Endara regime violates Panama’s Constitution, says one of its supporters, Carlos Ivan Zuñiga, head of the small Popular Action Party (PAPO). Zuñiga denounced the government for issuing a decree abolishing Endara’s constitutional role as chief executive and establishing instead a ruling junta. The decree says that Endara must get the unanimous consent of First Vice President Ricardo Arias Calderón and of banker Ford for any policy decision. This is akin to “playing the piano with six hands,” said Zuñiga.

## No honor among thieves

The three adopted the troika concept, because they don’t trust each other. Neither Endara nor the other two see their role as that of governing; that responsibility belongs to Uncle Sam. Rather, like thieves, their concern is how to split the spoils. Regarding posts in the new government, “the new rules of the game have been set: priority for members of the Union Club, preferably those who are white, but who must at least belong to the right families,” said *Primera Plana*, a weekly

opposed to the invasion which managed to premiere on Jan. 27 despite the censorship imposed by the U.S. occupation.

Vice President Arias Calderón, who has the greatest political ambition of the three, has placed his Christian Democratic Party in charge of those government departments with the most patronage to dispense: Interior, Housing, Education, Public Works, and Health. Banker Ford has taken those dependencies that generate cash for his MOLIRENA party: Racetracks, the National Lottery, Casinos, the Colón Free Zone, Customs, the Treasury Ministry and the Comptroller General. Meanwhile, the corpulent Endara, despite representing the largest party in the coalition, finds himself with the presidency and little else. Perhaps that is because his party, which he inherited from pro-Hitler Arnulfo Arias, who was anti-Semitic, anti-Oriental, and anti-Black, managed to recruit a base from less privileged strata, attracted by Arias's populist rhetoric.

The troika members, and most of their supporters, come from Panama's upper crust, the comprador class known locally as "rabiblanco" (white asses), which traditionally has not been loyal to any principle, save making money. Their pathetic showing during the more than 30 months, during which the U.S. tried to use them to lead an opposition against the commander of Panama's Defense Forces (PDF), Gen. Manuel Noriega, proved their unwillingness to fight for anything. Virtually every strike against Noriega planned by the strategists at the U.S. embassy fizzled when this gang refused to shut down their businesses for fear of losing a day's profits. Such is their contempt for the blacks and mestizos who make up the majority of Panama's population, that they were never able to organize a mass base. So seldom were they willing to abandon the air-conditioned comfort of their cars to hold a demonstration, that the international press took to referring to them as "BMW revolutionaries."

The fact that not even the U.S. invaders' massive warfare propaganda machine could claim to have found a *single* political prisoner, not only speaks volumes about the true nature of the government headed by Noriega, but shows the lack of gumption of his opponents who now occupy the seat of government of Panama.

Since they came in, they have been destroying Panama's economy and dismantling all of the achievements of the revolutionary process initiated by Gen. Omar Torrijos in 1968, which Noriega continued until his overthrow. They have turned with particular viciousness against all those whom they perceive supported the previous government, including members of the now dismantled PDF, civil servants, the poor, blacks, mestizos, Indians—in short; against the majority. Former members of the PDF have been incorporated into a new Public Force, and garbed in uniforms "which look like those used by prisoners in U.S. army stockades, even the officers," say Panamanians. Orders are given by U.S. "instructors," who are armed with modern weaponry, while the Public Forces are issued only side-arms and nightsticks, to

fight criminals who are equipped with AK-47s and other heavy weaponry.

Members of the new body are sullen, disgruntled, and unwilling to do more than the minimally necessary to hang on to their paychecks. Violent crime has soared, and when people request the assistance of Public Force officers, their response is, "Call the Americans."

The city of Colón, always high in crime, has become a no man's land. Where before the PDF used to keep crime within tolerable levels, and the use of firearms by criminals was a rare occurrence, now there are almost daily shoot-outs between armed gunmen and U.S. forces in Colón.

Violent attacks against Americans in Panama were also rare before the invasion. But that changed with the armed robbery against David Baerg, Environmental Officer for the Panama Canal Commission, at his home on Jan. 21, and by the shooting death of the Commission's chief financial officer, William Joyce, Jan. 24.

An estimated 11,000 public workers have been dismissed by the government, and those remaining will experience drastic "pay cuts," said Iván Romero, Secretary General of the Christian Democratic Party, on Jan. 30. The same day Comptroller General Rubén Carles said that the government would have to reduce its payroll further, by privatizing state companies. The Public Workers Union has begun to mobilize against the mass lay-offs, by holding demonstrations and suing the Endara regime. Others have also begun to fight back.

Those left homeless by the destruction of Chorrillo, said they will sue the U.S. At a news conference Jan. 30, The Chorrillo War Refugees association charged that their houses were "bombed with laser beams, burned by the war of the U.S. government," not by the Dignity Battalions, reported *La Estrella* Jan. 31. They also charged that the U.S. placed the refugees in "concentration camps," and that the death toll was not 500, as claimed by the U.S. Southern Command, but between 5,000 and 7,000. A similar charge was made by Bishop José María Ariz of Colón and Bishop Rómulo Emiliani, of Darien, according to *La Estrella*. The two Catholic bishops said that "obstacles" have been created "by official Panamanian and U.S. circles" to cover up the exact number of deaths caused by the U.S. invasion.

Many in Panama reacted with glee when the censored local press carried the news on Jan. 24, albeit as a small item, that the "50 kilos of cocaine" the invasion force had previously announced it had captured at Gen. Noriega's headquarters, turned out to be a bunch of tamales wrapped in banana leaves. Three days later, the first issue of *Primera Plana*, the first uncensored newspaper to come out since the invasion, was sold out within hours of hitting the streets. "Everyone is asking for it. I have gotten dozens of calls," said a source. "Most want at least a copy of the editorial taken from the *Oakland Tribune* documenting the ties of the Endara government to the Colombian drug cartels."



# Panama under the U.S. occupation

by Carlos Wesley

*Nils Castro is secretary for international affairs and a member of the political leadership of the Democratic Revolutionary Party (PRD) of Panama. He is also vice president of the Permanent Conference of Latin American Political Parties (COPPAL), and member of the executive committee of the Latin American Association of Human Rights (ALDH). He was one of the intellectuals who collaborated closely with Gen. Omar Torrijos, and was also an adviser on foreign relations to various Presidents of the Republic of Panama. He is currently living in exile in Mexico, where he coordinates the office which represents the Panamanian national resistance and the PRD abroad. What follows is the first part of a two-part interview, to be concluded next week.*

**EIR:** What can you tell us about the situation in Panama at this time?

**Castro:** There are two elements to the current Panamanian situation. First, the terrible socio-economic effects of 30 months of political and economic aggression on the part of the Reagan and Bush administrations against the Panamanian people, and the operations of harassment, intimidation, and military threats that characterized the final six of those 30 months. Then, there are the brutal effects of the military aggression and occupation of the country by the United States Army. To the indignity of the occupation and the virtual destruction of the national state and sovereignty of Panama can be added the disastrous effects of the massive destruction of infrastructure, housing, and economic activity. First by the air bombardments, and later by the occupation itself, which has had extraordinarily ruinous effects on the national Panamanian economy . . . to the extreme that more than 30,000 workers have lost their jobs both in the public and private sectors, following the invasion, which in turn has caused additional banking and financial restrictions due to the enormity of the damages incurred.

What has occurred in Panama is a coup d'état carried out through the intervention of a foreign army—a coup d'état which has placed in power a puppet triumvirate, in which

Mr. Endara has very limited political powers. Bearing the principal role in this puppet dictatorship are Mr. [Ricardo] Arias Calderón and Mr. Guillermo Ford, the first representative of extraordinarily reactionary interests and the other of financial-speculative interests. This triumvirate imposed by the United States Army has virtually destroyed the state of law and the political freedoms of the country. Since the installation of this puppet government, there is an environment of intense repression in Panama, where more than 50,000 prisoners have been kept in concentration camps, where the majority of neighborhood and popular leaders, business, labor and political leaders have been subjected to conditions of hiding and persecution, thanks to the other enormous violations of a genocidal and terrorist nature caused by the invasion itself, such as the fact that more than 5,000 persons have died, above all within the non-combatant civilian population, primarily as victims of the bombardments. It is calculated that at least one of every five Panamanians lost a relative or close friend in those first moments of the occupation.

**EIR:** President Bush says that the invasion was received with approval by the immense majority of Panamanians. There is even talk of a poll where more than 90% of the population came out in favor of the invasion. What do you say of this?

**Castro:** That contradicts the fact that in different parts of the country, the population stubbornly resisted the invaders, and that that resistance was carried out under extraordinarily difficult and unfavorable conditions. If there had been such satisfaction with the arrival of the invaders, there would not have been the scenes of heroism and martyrdom with which the invasion was met and rejected.

You also have to take into account manipulation in various forms. Remember that the country's economy and society suffered a lot during the previous two years from the aggression. And in the second place, the invasion was carried out with an extraordinary show of force, of power, intended to crush, to psychologically neutralize a population which

had been suffering severely for two years while saturated by an intense propaganda campaign. It is possible, I admit, that a portion of the population breathed a sign of relief to think that the economic aggression would cease, that perhaps better times would come. However, they immediately discovered that the effects of the economic aggression not only persist but are worse, and that far from an improvement, we have a much more dramatic situation now. Those who at some point suffered the illusion that some kind of bonanza would come after the invasion are already clearly disillusioned, not merely because the situation has worsened, but because on top of it has come a terrible climate of political repression.

Taking a poll under these new conditions of political repression, even more so if the poll is manipulated, will always yield highly doubtful results given that it takes place in an environment in which thousands of citizens are being detained day after day. These arrests were initially carried out, and continue to be carried out, by the United States Army. As the days have passed, the puppet triumvirate has been training its own repressive capability, and has now begun to carry out arrests as well. No one can feel truly free to answer polls, especially if the questions are asked in one's own home.

**EIR:** The Bush government has said that the invasion was to reestablish democracy.

**Castro:** That excuse, of a supposed concern for democracy, carries no weight. One should remember that in the resolution and declarations produced during the three OAS meetings prior to the invasion, the accepted consensus—including by the United States representative—had two constants: one, that of non-intervention, and two, the prompt holding of new elections in Panama. The general consensus of all the countries of the hemisphere in that resolution and in the OAS declarations was the refusal to grant any validity to the elections held under very controversial conditions last May, and to require the holding of new elections.

With the ink of the U.S. ambassador to the OAS still fresh on that consensus, the invasion flagrantly violated the OAS agreements, while enthroning a *de facto* regime instead of paving the way for new elections.

Thus we are speaking of something quite distinct from any democratic perspective. We are talking about the installation of a puppet government by force, instead of holding democratizing elections, which is what had been demanded by consensus by the Latin American governments before the invasion. And after the invasion, the OAS resolution again insisted on this concept. And in Panama, during the 30 months of aggression prior to the invasion, we were subjected to a climate in which one was apparently forced to choose between sovereignty or democracy. Defense of national sovereignty requires whatever is necessary to confront aggression versus the fact that they wanted to impose upon us a model of democracy not chosen by the Panamanian people

in accordance with their national reality. So, finally, we have arrived at a situation in which, via U.S. aggression, the country now has neither sovereignty nor democracy.

**EIR:** President Bush has just offered \$1 billion to Panama. Doesn't this represent an economic bonanza for the country?

**Castro:** In the year 1988 alone, the Panamanian national economy suffered losses of more than \$2.1 billion. [This included] retaining of funds not paid to Panama for use of the canal, taxes that the U.S. companies failed to pay Panama, etc., on the order of \$600 million. This caused the bankruptcy of the majority of small businesses, and a large portion of medium-sized companies in Panama, the layoff—in 1988 alone—of more than 70,000 workers and, therefore, the doubling of the unemployment rate that year. Also, serious shortages of food products and, above all, of medicines and medical-surgical equipment, all of which severely affected health care in Panama, including in the private medical sector.

The losses in 1989, prior to the invasion, were probably greater still. To that can be added the enormous losses caused by the invasion itself. The Chamber of Commerce, for example, estimates that damage to businesses in the capital city alone has amounted to more than \$1.1 billion. In this context, the amount mentioned by President Bush—on the presumption that it will in fact go to the Panamanian economy—proves insignificant in relation to the total losses caused by the U.S. aggression against Panama. It is far from what is required to make up for the economic and social cataclysm caused by that invasion.

**EIR:** How much money belonging to Panama did the U.S. freeze under the sanctions? The U.S. government is claiming that it is only holding in escrow \$400 million of Panamanian government funds. Is this figure accurate?

**Castro:** It was \$600 million in 1988, and between \$600 and \$700 additional millions in 1989. This is expressed in the fact that in 1988, the Panamanian treasury collected only 52% of what it had collected in 1987, and this same situation worsened throughout 1989. The greatest part of that deficit in tax revenues was due to the fact that U.S. companies and the canal failed to pay its debts to the Panamanian state.

**EIR:** So the U.S. government has at least \$1.2 billion of Panamanian tax revenues, according to your calculation, of which they only acknowledge \$400 million. What happened to the other \$800 million?

**Castro:** Well, a large part of that money was spent on the destabilization campaign to destroy the Panamanian national state, and obviously part of that money disappeared into thin air. Not only does the U.S. claim to be holding a much smaller amount, but it has not even bothered to return what they admit to having.

*Next week: What are the real U.S. strategic aims in Panama?*

# Is Bush Danny Ortega's campaign manager?

by Mark Sonnenblick

When George Bush invaded Panama and installed a bunch of drug-money launderers willing to pay the foreign debt, did he know he was helping Nicaraguan President Daniel Ortega become the first communist president in the hemisphere to be reelected in democratic elections? The Sandinista government has so horribly botched economic management of Nicaragua that any opposition offering a program for rebuilding the country would easily defeat them.

On Jan. 13-19, the Greenberg-Lake polling firm survey found that 51% of Nicaraguans said they would vote for Ortega and 24% for U.S.-backed Violeta Chamorro. Its previous survey, in November, had found Ortega holding only a 44-27% lead. Pollster Stanley Greenberg said the major factor in the shift was the U.S. invasion of Panama, judged "bad" or "very bad" by 64% of Nicaraguan voters. Only 18% approved. Greenberg said that after the Panama invasion, voters were more likely to believe that the U.S.-funded Contras, rather than the government, were responsible for Nicaragua's problems.

On Jan. 18, the Sandinista Television System broadcast a 75-minute economic debate between the National Opposition Union (ONU) economic adviser Francisco Mayorga and Sandinista candidates. Mayorga charged that the Sandinista government "has brought national production per capita to the levels it had 40 or 50 years ago. For most Nicaraguans, the FSLN [Sandinista National Liberation Front] has meant the loss of over 50% of the living standard during the shameful Somoza regime." No impartial observer would dispute that. Even Ortega admits everybody is angry about the economy.

## Bush makes Sandinistas look like patriots

Even the pro-Contra *Washington Times* reported Jan. 1, "the Sandinistas are making potent political points from the U.S. strike on Panama, equating the UNO opposition with the U.S.-installed government of Guillermo Endara." The Sandinista daily *Barricada* wrote, "Nicaraguans have been reminded that here also, in UNO, there are traitors like Endara who want to come to power by means of a bloodbath provoked by a Yankee invasion."

Henry Kissinger's minions think they were oh-so-clever to make Daniel Ortega fear the U.S. could invade Nicaragua after the Feb. 25 elections, if the United Nicaragua Opposition does not win. Deputy Secretary of State Lawrence Eagleberger, the former head of Kissinger Associates, Inc. said on

"Meet the Press" Jan. 7 that that was "a good point." The U.S. Army's ransacking of the Nicaraguan ambassador's residence in Panama City brought the majority of the United Nations Security Council to vote that the United States was violating international law. Such sabre-rattling provides a cover for stepped-up Soviet arming of Nicaragua.

By ambushing and killing two nuns, including an American, on New Year's Day, the Contras hardly helped their image as defenders of Western Christian values. The Contra resurgence, intended to prod people wanting peace to vote for the opposition, is backfiring, according to CIA-linked sources.

It also made it difficult for the legal opposition to win votes on the basis of Danny Ortega's wife's sponsoring a national Witch Doctors' Congress in March. His wife, the head of the culture institute, said psychologists, theologians, and experts in occult sciences had been invited to study natural medicine, fortune-telling and palm-reading—widely practiced in Nicaragua. Several Protestant ministers asked Ortega to ban the "Satanic Congress." The President said banning it would violate Constitutional "freedom of religion."

## Opposition wants IMF economic austerity

While the Sandinistas have been campaigning like crazy in every village, UNO candidate Violeta Chamorro has devoted herself to helping Jeb Bush (George's son) at fundraising affairs. A Democratic Party official said the ONU campaign was "almost invisible once you get a short distance away from Managua." The ONU has been sitting around complaining that the \$9 million in U.S. taxpayer funds Congress voted last year to help it win have been slow to arrive. Colombian ex-President Alfonso López Michelsen, the political partner of Medellín Cartel chief Pablo Escobar, and Jimmy Carter went down and got the Sandinistas to be super-nice to the ONU and to let them overrun the country with foreign election observers.

The ONU's Achilles' heel is that its economic alternative is the genocidal International Monetary Fund (IMF) policies Washington has imposed on almost every country in Ibero-America. Mayorga, the Yale economics Ph.D. who makes the ONU's economic policy, said in the TV debate, "Mexico managed to curb inflation in a few weeks and achieve major price stability." He wanted to apply in Nicaragua the IMF policies which have cut Mexican living standards by 50%.

Daniel Ortega countered in a Jan. 22 speech, "All that has to be done to implement a policy that wipes out the majority of the people and producers is to place oneself under the control of the IMF." He said that an IMF-style program would mean a 65% cut in defense spending, "a reduction of more than 55% of the education budget, a reduction of more than 55% of the social welfare budget." He concluded, "This is what a government subservient to U.S. policy and, therefore, to the IMF would do."

# Policy disarray in Argentine government

by Cynthia Rush

The government of Argentine President Carlos Menem is suffering increasingly from internal divisiveness and policy confusion, which belies its claims of successfully dealing with its profound economic crisis. Struggling to maintain credibility with international lending agencies, Menem has seen four of his cabinet ministers resign since taking office in July of 1989. The most recent resignation was that of Defense Minister Italo Luder on Jan. 22. Luder's resignation was followed by that of Domestic Trade Secretary Pablo Challu, and Juan Bautista Yofre, head of the State Intelligence Secretariat.

The defense minister's resignation, following a rift with Army Chief of Staff Gen. Isidro Cáceres, known for his opposition to the nationalist faction of the Army led by Col. Mohamed Alí Seineldín, signals an intensification of a longstanding military crisis. Seineldín, who was forcibly retired by the Army high command last December, is widely respected among the ranks for his defense of the institution of the armed forces and the Constitution against economic and strategic policies that threaten the national sovereignty.

Because of this, the friends of Henry Kissinger in the United States and inside Argentina have branded the colonel a coup-monger. When Seineldín issued a statement last December condemning the U.S. invasion of Panama and calling on Ibero-American patriots to defend Panama's sovereignty, he was sanctioned with 10 days of house arrest. In the context of existing deals between the U.S. and Soviet Union, the U.S. political establishment views individuals like Seineldín as an obstacle to its goals.

The immediate cause for Luder's resignation was the fact that Cáceres had gone over the minister's head to deal directly with Menem on questions of military policy, failing to invite Luder to a private meeting with the President on matters relating to internal security. Both the Army and the government are worried about the likelihood of a social explosion occurring as a result of the government's austerity policies. Last May, rioting and looting erupted in several cities around the nation, in response to hyperinflation and economic chaos.

On Jan. 22, Luder punished Gen. Cáceres' violation of protocol with 10 days of house arrest, but immediately resigned when Menem rescinded the order and sided with the chief of staff, rather than Luder. In recent months, Menem has increasingly lined up with the Army high command, composed largely of anti-nationalist generals. Shortly after

Luder's departure, Menem issued statements saying that he will "accept no proposals" regarding military or economic policy from anyone.

## Nationalists targeted

Analysts in Buenos Aires say that Gen. Cáceres has been strengthened by the episode, and will now move aggressively against nationalists in the Army. The chief of staff is reportedly predicting that he will have the internal dispute with nationalists cleaned up "within 30 days." Menem, meanwhile, has implied that nationalists like Seineldín, who question the policies of the high command, represent a threat to the Constitution. "The Armed Forces cannot be divided into sectors, that is, those who function . . . within the framework of the Constitution, and those others who call themselves *carapintadas* ["painted faces," a reference to the nationalist faction]." The new Defense Minister, Humberto Romero, is said to be sympathetic to the nationalists, but, after having resigned as Defense undersecretary in a dispute last July, he has reportedly made his peace with Cáceres and won't challenge his authority.

The stability of Argentina's institutions, including the armed forces, will finally be determined by the evolution of the country's economic crisis, however. At present, the government is attempting to renegotiate an agreement with the International Monetary Fund, due to Argentina's non-compliance with the terms of last September's \$1.4 billion standby agreement. If the Fund grants a waiver, as the government is now requesting, Argentina would be eligible to receive the second tranche of that loan, worth \$230 million. However it is unlikely that an IMF delegation now in Buenos Aires will approve it.

The Menem government claims that the program announced on Jan. 1, which drastically reduced the money supply, will successfully stabilize the economy within a few months. But production figures just released for January sharply dispute that prediction; and for 1989, Argentina's gross domestic product dropped by 5.5%, while agricultural production dropped by 6.5%. Yet in a desperate attempt to please foreign creditors, Menem has just taken steps to further punish a population weary of IMF austerity. In an effort to bring down the public sector deficit—one of the IMF's primary demands—the government on Jan. 31 raised public service tariffs by as much as 90%, and increased gasoline prices by up to 125%.

"This adjustment was not imposed by the IMF but by our own needs," Finance Minister Ermán González said. But no one is likely to believe him. The measures were announced following a meeting between finance ministry officials and the IMF delegation. Moreover, the government has promised the IMF that it will keep inflation at 15% for 1990, and reduce the fiscal deficit to 1.25% of gross domestic product. The latter now stands at 12% of GNP. Inflation for January reached 50%.

# Bush, Thatcher under fire for coverup

by Thierry Lalevée

The governments of the United States and Britain are coming under growing international pressure to “come clean” with the truth behind the terrorist bombing of Pan American’s flight 103 on Dec. 21, 1988, which killed 259 passengers and 11 people on the ground at Lockerbie, Scotland.

The Bush administration, in particular, was confronted by Bert Ammerman, chairman of the Victims of PanAm Flight 103, in an interview with the *Middle East Insider* newsletter on Jan. 20: “On Dec. 20, Bush invaded Panama . . . saying to the American public, that one American, one Marine was killed, and that another soldier and his wife were accosted. They invaded Panama to protect Americans. As I hear this information, I say to myself that, on Dec. 21, 1988, we had 188 Americans blown out of the air at 31,000 feet . . . and yet I receive a letter [from the White House] that they cannot make any move regarding terrorism because nothing has been substantiated that the PFLP-GC, Iran, and Syria are actively involved. . . . So this leads me to believe in one or two scenarios . . . that the 270 people killed on Dec. 21, 1988 . . . are *allowable casualties*.”

Syndicated columnist Jack Anderson on Jan. 11 and 23 accused Bush of having an agreement with British Prime Minister Margaret Thatcher to cover up the investigation, and questioned the rationale behind the President’s release of \$567 million of frozen assets to Iran in November.

Several recent events show that Bush and Thatcher will find it increasingly impossible to keep the lid on the whole affair.

First, the hard work of the associations of the families of the victims is bearing fruit. Their repeated demand for fuller inquiries is now getting widespread coverage. In England, Dr. Jim Swire of the U.K. Families of Flight 103 distributed on Jan. 31 an open letter to Thatcher asking bluntly: “Did you agree with President Bush to play down the truth?” Earlier, on Jan. 28, the Scottish supplement of the *Sunday Times* of London ran a headline which, for yet unexplained reasons, was not carried in either the English or international editions of the paper: “Thatcher and Bush Accused of a Coverup on

Lockerbie.”

Second, several private investigations have raised various new hypotheses on the plot. On Jan. 23, a “Frontline” investigation aired by the Public Broadcasting System suggested that the bomb may have been smuggled aboard the flight at London’s Heathrow Airport, or even in Cyprus, targeting a CIA team aboard the plane. But Syrian and Iranian intelligence can hit their targets without having to blow up planes, and since most members of the CIA team boarded the plane in Cyprus, it is also unlikely that the terrorists would have put a bomb aboard at the Cyprus airport, to have it explode after its departure from London.

Still, putting the spotlight on a potential link between the bombing and intelligence activities converges on the earlier suggestion made by a security team hired by PanAm’s insurance underwriters, according to which the smuggling of the bomb was facilitated by a CIA-protected drug-smuggling route. The PanAm security team went a step further on Jan. 24 when it polygraphed several airline employees to ascertain whether luggage had been switched during the night of Dec. 21. But suggesting pressure from various quarters, PanAm later tried to distance itself from the investigation.

The net result of these polygraphs is inconclusive; even if a suitcase had been switched in Frankfurt, that would not prove that it actually contained the bomb. Nonetheless, the tests prompted the U.S. Department of Justice to subpoena the polygraph specialist to appear before a grand jury on Feb. 2. Thus, for the first time, an American grand jury will hear evidence on the Lockerbie bombing, setting into motion a legal process which Washington will find hard to stop.

### The link to Syria and Iran

Last but not least, the net is closing around terrorist mastermind Ahmed Jibril and his backers, Syria and Iran. During one of his regular outbursts, broadcast on Jan. 10 on Al Quds Palestinian Arab Radio, Ahmed Jibril came close to directly admitting responsibility for the bombing, when he declared, “Our relations with the Islamic Republic of Iran precede the Pan Am airliner incident by a long period of time.”

That “incident,” as Jibril calls it, is indeed considered as a landmark in the cooperation between Iran and the PFLP-GC. Ahmed Jibril is now also considered a prime culprit in another terrorist atrocity. Investigations conducted in France have ascertained that Jibril was commissioned by Syrian intelligence for the Sept. 19, 1989 bombing of the UTA 772, killing 170 in the Chadian desert. Given Jibril’s responsibility for training the Iranian-backed Hezbollah fighters in Lebanon, there is no contradiction in the involvement of local Hezbollah networks in Africa. Despite the visit of Gen. Ali Duba, chief of Syria General Intelligence, to Paris in November, and his offers of “cooperation,” Syria is now being denounced for the UTA bombing. Additionally, direct Syrian involvement is also coming out in the trial of Tunisian Hezbollah member Fuad ali Saleh.

# West German Social Democrats backed East German communists to the end

by our European Bureau

The leadership of West Germany's Social Democratic Party (SPD), which has just formed an official branch within East Germany, has always stated that they want to help bring a "democratic socialism" into power within the German Democratic Republic (G.D.R.)—i.e., a "better" version of socialism. But the horse on which the party had sat up through the end of last year—namely, dictator Erich Honecker's Socialist Unity Party (SED)—has now become ill-suited, with the SED in the process of dissolution and East Germany's first free elections drawing near. The SPD is now out to form new partnerships—albeit very uneasy ones, since Germans "over there" have been making their revolution *against* socialism, and the last thing they want is merely another brand-name of the same thing.

In the material below, we present highlights of the SPD's six-year history of rapprochement, and finally close collaboration, with the communist SED regime.

The SPD's closing of ranks with the communists, which is part of the Socialist International's global strategy, in effect nullified the party's Feb. 26, 1971 resolution of incompatibility with the communists, and altered the party's ties to the West in favor of a "security partnership" with the communist states. SPD leader and former Chancellor Willy Brandt, the designer of *Ostpolitik* policy, has stated for his part, that it is "backwards-looking" to say that the German Question has not yet been settled.

## Shoulder-to-shoulder with Honecker

*November 1981:* Up-and-coming SPD leader Oskar Lafontaine tells the newspaper *Rheinpfalz*: "If I were forced to choose, I would prefer to lead the life of a wine-grower in Kirghiz, or of a factory worker in Moscow, than to be burnt to cinders in a [U.S.-instigated—ed.] nuclear holocaust."

*March 1984:* A delegation of the SPD's parliamentary group led by Horst Ehmke visits the G.D.R. People's Chamber of Deputies. It is the first official contact with the SED since 1946. At the same time, Hans-Jochen Vogel, Egon Bahr, and SPD disarmament specialists Karsten Voigt and Herman Scheer travel from Moscow in order to meet with Honecker together with Egon Bahr. During the same month,

in the West German state of Schleswig-Holstein there is held "the first dialogue on disarmament between the SPD and the neighboring SED party districts." This later results in the formation of a parliamentary-level working group.

*March 1984:* SPD business manager Peter Glotz tells the party magazine *Neue Gesellschaft*: "The SPD is not ready for a re-ideologization of the East-West conflict, and will stick by the concept of . . . 'security partnership.' An acute threat to freedom, in the sense of a conflict of systems, does not exist. The Polish freedom movement has our sympathy; but it is a sympathy of resignation, of one who can only look on. We—the West—had neither the opportunity to influence the regimes in the East, nor could we have effectively supported the freedom movement. . . . Now, as before, our only course remains that of . . . perhaps having the areas of freedom become slowly enlarged by means of a second *Ostpolitik*."

*May 17-20, 1984:* The SPD's national congress in Essen marks the party's turning away from its ties with the West, and toward the concept of "security partnership" with the communist states.

*September 1984:* SPD presidium member Egon Bahr writes in the communist monthly journal *Problems of Peace and Socialism*, published in Prague: "Our priority remains peace, without which nothing else will function. And for this, especially in the nuclear age, the communists are our indispensable partners."

*Sept. 20, 1984:* The first meeting takes place between executive committee members of the SPD and SED.

*Nov. 19, 1984:* First meeting of the SPD's Basic Values Commission under Erhard Eppler with SED social science experts in Freudenstadt, West Germany.

*May 1985:* SPD politician Jürgen Schmude demands that West Germany recognize citizenship in the G.D.R. He states that the German Question is acting "as a threat" to Germany's friends in the West.

*Sept. 19, 1985:* For the first time since his resignation as Chancellor in 1974 because of the Günter Guillaume spy affair, Willy Brandt travels to the G.D.R. and meets with Erich Honecker. The joint communiqué states: "Both sides

had an exchange of views on questions of the Elbe border [between West and East Germany], national citizenship, and the Salzgitter Information Bureau." The SPD wants to shut down the latter organization, which collects data on crimes committed by the G.D.R.

*Nov. 13, 1985:* Oskar Lafontaine, now SPD state chairman and prime minister in Saarland, meets with SPD bigwigs Erich Honecker, Hermann Axen, and Günter Mittag in East Berlin, in order to "deepen the inner-German dialogue." Lafontaine issues a plea for recognition of G.D.R. citizenship.

*March 1986:* Erhard Eppler and the SPD Basic Values Commission confer in the Black Forest with SED social science experts.

*March 1987:* Gerhard Schröder, head of the SPD's state parliamentary group in Lower Saxony, meets in East Berlin with Hermann Axen. Schröder calls for recognition of G.D.R. citizenship.

*May 15, 1987:* Hans-Jochen Vogel, then head of the SPD parliamentary group, visits Honecker at Werbellinsee.

*June 1987:* The West German Communist Party (DKP) newspaper *Unsere Zeit* reports that many prominent Social Democrats—among them Oskar Lafontaine—sent greetings to commemorate the 40th anniversary of the founding of the Verein der Verfolgten des Naziregimes (VVN), a communist front-organization financed by the East German security organization, the Stasi.

### **The joint 'Ideology Paper'**

*August 1987:* After three years of discussions, the SPD and SED publish a joint Ideology Paper authored by Erhard Eppler of the SPD and Otto Reinhold of the SED. One part reads: "Social Democrats and communists both hark back to Europe's humanist tradition. Both commit themselves to carrying this tradition forward, to representing the interests of the working people, and to bringing about democracy and human rights."

The SPD writes in the document that there should be competition over "which of the two systems can make the most effective contribution to solving humanity's most urgent problems, and which can offer the most favorable social conditions for humanity's development."

Eppler commented on Aug. 27, 1987: "Relaxation of political tension is not possible without an ideological loosening-up."

*September 1987:* Peter Pahmeier, SPD executive committee member in Ostwestfalen-Lippe, says that the new document means "that German Social Democrats and communists, despite their existing differences . . . finally want to jointly confront the most urgent problems. . . . Social Democrats and communists should begin an open process of learning and discussion. . . . During this dialogue, both sides should free themselves of mutual stigmatization. It's clear that all hindrances to an open dialogue must be cleared away. This goes for the occupational ban [against Communists

holding government jobs] as well as for anti-communism."

*September 1987:* Oskar Lafontaine receives SED chief Honecker, whose visit he evaluates as "one further sign of normalization of relations between both German states."

*Oct. 25, 1987:* Ignoring an official West German government boycott, Oskar Lafontaine and Hamburg mayor von Dohnanyi honor the G.D.R. regime under Honecker at the SED's celebration of the 750th anniversary celebrations for the city of Berlin.

*Nov. 15, 1987:* Erhard Eppler, commenting on an article appearing in the East German party newspaper *Neues Deutschland*, says the author is "not entirely wrong" when he writes that "People who preach every day about the threat from the East . . . are of course not very attractive, when it's been proven that socialism is able to develop and reform itself."

*Nov. 29, 1987:* Disregarding the Stasi attacks against members of East Berlin's Zionist community, the joint SED-SPD working group meets for a new round of discussions under the leadership of Hermann Axen and Egon Bahr.

*Jan. 29, 1988:* Dr. Thomas Meyer, member of the SPD Basic Values Commission and co-author of the Ideology Paper, holds a discussion with Prof. Reissig of the SED Central Committee's Academy for Social Sciences. Dr. Meyer says: "The Social Democracy does not regard itself as a party which defends the capitalist system. . . . We want to utilize [pluralism and multi-party democracy] in order to transform the capitalist system, because our final political aim is democratic socialism. Our criticism of the G.D.R. is not that it is socialist, but rather that it is not socialist according to our own measures."

*May 1988:* The SPD-SED joint working group holds its fourth meeting with Bahr and Axen.

*June 1988:* A joint SPD-SED communiqué on confidence-building in Europe says: "It is in keeping with their [SPD's and SED's] conviction . . . to demonstrate how additional stability and peace can be assured via the long path of creating a zone of confidence in Europe, which includes not only security, but also trust through comprehensive collaboration."

*Sept. 30, 1988:* The SPD in Bremen and the SED in Rostock agree upon "collaboration on the official level."

*September 1988:* Erhard Eppler says, "The SPD can not, as a matter of principle, exclude the DKP from the internal dialogue within our republic."

*March 1989:* The SPD wants to establish "ecological partnership" with the G.D.R. and floats the idea of debt-forgiveness, in return for "ecological measures" by East Germany. SPD politician Büchler says, "In contrast to the CDU [governing Christian Democrats], reunification is not the most prominent aim of our Germany policy."

*Sept. 13, 1989:* Hans-Jochen Vogel, questioned about the re-founding of the SPD within the G.D.R., says, "One would do well to leave such initiatives up to them over there."

# East bloc revolutions a threat to appeasers

by Mark Burdman

The revolutions in Eastern Europe are beginning to hurt those influentials in the Anglo-American establishment who have advanced their careers by appeasing communist dictators. One of the early victims of this process is the KGB-linked British publishing magnate Robert Maxwell. Another could soon be Canadian liquor baron Edgar Bronfman, president of the World Jewish Congress.

On Jan. 26, West Germany's daily *Frankfurter Allgemeine Zeitung* reported that Maxwell had made an offer to help non-communist political groups in Czechoslovakia set up new publishing ventures. His offer was categorically rejected; the relevant Czech interests refused to deal with Maxwell, no matter what concessionary conditions he offered. To add insult to injury, Maxwell, born Jan Ludwig Hoch, is himself of Czech origin.

Some people, it seems, recall with abhorrence Maxwell's affections for East bloc dictators over the years. His Pergamon publishing house has published the biographies of East Germany's Erich Honecker, Leonid Brezhnev, and others. These books have been filled with the oozing prose one finds in the officially sanctioned biography of Maxwell himself, written by Joe Haines, an underling at the Maxwell-owned *Mirror* newspaper chain.

In the Haines biography, there is a photograph of Maxwell standing next to Bulgaria's Todor Zhivkov. In an Aug. 5, 1988 interview with Israel's *Jerusalem Post*, he described Zhivkov as "a good personal friend." British sources assert that Maxwell had a soft spot in his heart for Ludmila Zhivkova, Zhivkov's late daughter, who was one of the cultural mavens of the communist world, renowned for her occult and mystical proclivities.

Regrettably, the trial of Zhivkov now mandated by the post-Zhivkov Bulgarian "communism with a new face" regime in Sofia, is shaping up as a 1990s version of a classic Stalinist show trial. Were a real trial of the Zhivkov clique to be held, some of the dark secrets of the "Bulgarian Connection" to international drug trafficking and terrorism would certainly be revealed. Were that to happen, what might the world discover about Robert Hoch-Maxwell!

Precisely at the moment that East Germany's revolution was reaching dramatic peaks in the autumn of 1989, Maxwell travelled to the G.D.R. and praised Erich Honecker as the great father of the East German "nation." Maxwell's comments received banner coverage in the state media, since they

were among the very rare pro-Honecker declarations being made in those days.

By the end of January, Honecker was being put behind bars. What does that presage for his chief admirer in Great Britain? In Britain, a campaign was initiated by some parliamentarians for Maxwell to, in effect, pay reparations to the East Germans, because of his past backing for Honecker. This campaign comes in the form of parliamentary Early Motion No. 257, which reads, "That this House calls upon Robert Maxwell, former member of this House, to publicly apologize to those East Germans who fought for freedom and democracy against the former regime under harsh and repressive circumstances, for describing Erich Honecker as the Father of the Nation and to donate generously from his wealth, as some very limited recompense, a substantial sum of money to assist the restoration of democracy in East Germany."

The Jan. 19, 1990 issue of the British magazine *Private Eye* challenged Neil Kinnock, head of the British Labour Party, to endorse this motion "condemning Maxwell for his supine support of one of the most odious men in the modern world." The magazine ran a spoof calling him "Robert Maxwelllescu," which began, "Yesterday millions of sight-seers queued round the clock in a remote part of the countryside to see for the first time the fabled palace of the world's most hated dictator, Robert Maxwelllescu."

There is, certainly, much more to the Maxwell dossier. Some European insiders consider him the modern-day Willi Münzenberg, the German Communist Party publisher who built a vast publishing empire that served the Comintern in the 1920s and 1930s.

## Trouble for Bronfman?

Edgar Bronfman could soon also be in deep water. In 1988, he received the highest "Order of the East German State" from Erich Honecker. Under Bronfman's leadership, the World Jewish Congress has collaborated intimately with networks of the Soviet KGB and the East German Stasi intelligence service, in concocting propaganda campaigns about a "revival of neo-nazism" in West Germany.

On Jan. 30, the West German daily *Die Welt* ran a commentary by Israeli analyst Ephraim Lahav, which charged that, in receiving the medal from Honecker, Bronfman was re-enacting the biblical story about selling one's patrimony for a "mess of pottage". For the mere promise of East German reparations money for the Nazi holocaust that the East German regime had no intention of paying in any case, Bronfman was willing to sell out the interests of the West.

Both Lahav and Munich-based Jewish professor Michael Wolffsohn charged that Bronfman has become a tool in a cynical game, in which the East German communists cultivate Israeli and diaspora-Jewish individuals and organizations opposed to German reunification, in order to contain the momentum toward German unity.



## **Bush dumping Kohl to help Gorbachov?**

*The Bush administration is backing the Social Democrats to halt the movement for German reunification.*

**A** new joint public opinion poll conducted by the London *Economist* and the *Los Angeles Tribune* documented that a vast majority of Americans support a policy of reunifying Germany. Some 61% of all Americans are for and only 13% are against German unity.

But official Washington has a different opinion. An opinion poll conducted at the State Department or at the White House these days would probably show 61% against, and only 13% for German unity.

As far as the Germany policy of the Bush administration is concerned, there is deep disappointment among the policymaking circles around Chancellor Helmut Kohl here in Bonn. The hand-shaking of Secretary of State James Baker with the communist SED regime of Hans Modrow in East Berlin a few days after the Malta summit of Bush and Gorbachov, was, as a Bonn diplomat put it politely, "more than inappropriate, if not to say, an embarrassment for us."

Baker assured Modrow and his regime of U.S. support for their efforts to keep their system stable. Many in West Germany were reminded of the bitter fact that during the first phase of the East German crisis in September-October 1989, the U.S. Embassy in East Berlin turned East German mothers and children seeking asylum at the embassy building over to the SED regime's police.

George Bush's remarks at the Malta summit, that reunification of Germany should not come that fast, signaled that his administration was out to throw bigger roadblocks in the way of Chancellor Kohl's German unity program at the next-best occasion.

The occasion was offered with the Saarland state elections in West Germany Jan. 28. Oskar Lafontaine, the governor of the state and national vice chairman of the Social Democratic Party (SPD), scored a big election victory which enabled him to boost his chances for becoming chancellor candidate of his party against incumbent Chancellor Kohl. Lafontaine capitalized on the fact that the chancellor, deeply involved in difficult diplomacy around the situation in East Germany, paid little attention to the ongoing election campaign.

Lafontaine launched a demagogic back-stabbing campaign against Kohl around the nonexistent threat of East German emigrés who would flood West Germany and exhaust the social welfare system. In tandem with similar scare stories in the largely left-wing West German media, he succeeded in winning an absolute majority of 55% of the vote. The 800,000 voters of the small Saarland state are only 2.5% of the national electorate, but the public relations effect of Lafontaine's election victory was immense.

Lafontaine's campaign style cohered with his often-stated view that there should be two sovereign German states, and no reunification. After the East German crisis broke out into the open, and the SED regime of Erich Honecker was replaced under the pressure of ever-growing mass rallies, Lafontaine was among those who declared that there was no reason for refugees coming west after the situation in East Germany had allegedly changed "completely."

Lafontaine's SPD has always been closer to the communist SED regime

than to the opposition, and has pursued an official dialogue with the SED on a party-to-party level since the spring of 1984. The immorality of this policy was shown in June 1989 when, a few days after the Chinese Communists had massacred the democracy movement, Lafontaine hosted a senior SED party delegation led by Politburo member Egon Krenz, who publicly declared his support for the Red Chinese regime.

When mass rallies in East German cities began to issue calls for German reunification in late October 1989, Lafontaine and other SPD politicians went around saying that "reunification is a self-betrayal."

But Lafontaine and his ilk are walking on thin ice. Asked by an interviewer on West German television in December 1989 why the SPD was silent on the human rights violations under the SED regime in East Germany, Lafontaine flew into a fit of rage, threatening to break off the interview, should the interviewer dare to ask another such question.

But questions have to be asked also about Bush's policy. Immediately after Lafontaine's Saarland election victory, a close adviser to Bush at the White House told journalists that Lafontaine was "more in line with the views of the administration than Chancellor Kohl's emotion-tainted policy" on the German question. Word is out in Washington that Lafontaine might well be the "next Chancellor in Bonn," and that Bush and Baker intend to make direct contact with him before the December 1990 elections for West German parliament.

The U.S. backing of Lafontaine is mirrored by Moscow's efforts to build up a Social Democratic option to govern East Germany after the March 18 elections. Secret Malta summit agreements of Bush and Gorbachov are apparently operational.

## **Bush launches military actions**

*Mexicans fear recent hostile actions are a prelude to overt military operations, disguised as "anti-drug."*

**O**n Jan. 31, Mexico was shaken by two ominous applications of the Bush administration's new "Thornburgh Doctrine," the outrageous idea that the U.S. government has the right to do whatever it wants, wherever it wants, to catch anyone the Department of Justice believes may have transgressed U.S. laws. In both cases, the "war on drugs" was the pretext.

In one incident, a Cuban-owned freighter carrying chrome concentrates from Cuba to Mexico refused demands from a U.S. Coast Guard cutter in the middle of the Gulf of Mexico that it submit to a search. The Pentagon ordered the cutter to fire on the freighter. It "escaped" over Mexico's 12-mile limit after being hit 70 times in the rudder, machine room, and the bridge by 12mm cannon and machine-gun fire. The Cuban government called it an "act of piracy." The Mexican government, seeking to avert a major confrontation with the United States, denied initial reports that the barrage had continued into Mexican waters. Mexico refused U.S. demands to be allowed to search the ship inside Mexican waters. Its own search found nothing but chrome.

The second tremor was in Los Angeles, where the Justice Department obtained indictments of two former Mexican police chiefs for allegedly taking part in the 1985 kidnapping and murder, in Mexico, of Drug Enforcement Administration agent Enrique Camarena. The indictment named Manuel Ibarra Herrera, former director of the Federal Judicial police, and former Interpol director in Mexico, Miguel Aldana Ibarra. They were

indicted along with Juan Ramón Mata Ballesteros and 17 other Mexicans. Mata is now serving a life sentence in the United States.

What is at issue is not whether Mexican ex-police officials were clean or corrupt, but whether national sovereignty means anything to the United States anymore. A sovereign state ought to be helped by other sovereign states to enforce its laws over crimes committed in its territory. While the Justice Department has refused to provide Mexican prosecutors with the evidence it has of crimes committed in Mexico by narcotics suspects under arrest there, it is avid to indict Mexican officials in the United States.

Mexicans fear these hostile acts are a prelude to overt military operations against them. During the Jan. 7-9 screening of NBC's docudrama on the Camarena Case, NBC anchorman Tom Brokaw asked whether "after Panama, everything will be set to intervene in Mexico."

Mexico's official news agency, Notimex, reproduced Jan. 22 an article from the *San Antonio Light*, which reported: "The United States is silently concentrating military forces all along the Mexican border. . . . First, the National Guard was called out to search vehicles crossing the international bridges between Mexico and the United States for drugs. Then the Marines were sent to the Rio Grande to train the Border Patrol. And now, the U.S. Army has set up a command in El Paso to help anti-drug agents from Brownsville to San Diego." *The Light* concludes, "This unprecedented militarization is the most extensive

seen until now on the Mexican-U.S. border to support the war on drugs."

The revised anti-drug plan George Bush sent to Congress Jan. 25 named the Mexican border as one of the five prime targets of interdiction efforts. He said the United States would press Mexico to permit hot pursuit to intercept "planes crossing Mexican space or which land in Mexico." He pledged he would "do whatever it takes" to interdict drug shipments across the border or across the Gulf.

Historically, Mexico, which has lost half its territory to an expansionist United States, has had to worry about U.S. disregard for sovereignty. In March 1916, an incident in which several U.S. sailors were insulted in the port of Tampico, the same one to which the Cuban freighter was headed, led President Woodrow Wilson to order a U.S. Marine occupation of Mexico's main ports, customs houses, and rich oilfields. This "champion of democracy's" invasion of "the Halls of Montezuma" lasted until the Mexican President was overthrown. In 1916-17, the U.S. Army tramped over northern Mexico in hot pursuit of Pancho Villa and to impose conditions on the next President.

One Mexican diplomat warned in Britain's *Guardian*, "If we don't put up 'Hunting Prohibited' signs, our land will be devastated once again. We must put up our signs fast, and if necessary, use prudence and firm will to make them obeyed."

The government daily *El Nacional* in a long editorial Feb. 1 warned "yesterday's incident, in international waters . . . comes on top of a series of actions which have created tension in the Caribbean." The daily concludes, "No government is against taking energetic measures against drug trafficking. But there are ways and means dictated by international coexistence which must be respected."

## Tremors in the Hindu kingdom

*A banned political party held an open conference demanding a multi-party political system in Nepal.*

**T**he conference organized by the proscribed Nepali Congress at Kathmandu in December against the best wishes of the Nepalese government, outlines the shape of things to come. The "partyless democracy" ploy instituted by the monarchy to prevent the growth of a political process has come under sharp attack lately, and the decision taken by the Nepali Congress, the leading political party, at the conference, to launch a nationwide movement from Feb. 18 is bound to disturb the monarchy's tranquility.

The conference was attended by high-level political leaders belonging to India's ruling Janata Dal as well as the Opposition Congress (I). It discussed political reform. Withstanding covert armtwisting from His Majesty's government, the conference rejected the present set-up of the *Rashtriya Panchayat* (parliament) in which 140 members are elected indirectly or are nominees of the king.

It is this control which allowed the monarchy to sidle closer to China and make moves which irritate India, its other neighbor. China finds it convenient to use the monarchy to maintain its presence along India's northern borders, and to promote a system somewhat analogous to its own. The dissension against the "partyless system," if it gains momentum, will be reflected in Sino-Nepalese relations, although as of now this has remained unspoken.

The Nepal monarchy, headed by King Birendra, is a decadent institution. There are reports of the King's perpetual drunkenness and persistent rumors of royalty's covert involve-

ment in drug trafficking. Critics also point out that King Birendra, who is seldom in a state to stay in touch with what is going on in the country, is under the thumb of three Harvard graduates, outside the royal family, who are virulently anti-India and who dream of turning Nepal into a "Singapore" or the "Hong Kong" of South Asia.

Yet the monarchy as an institution is revered by the Nepalis living in rural areas. Perhaps for this reason the Nepali Congress—a mishmash of nationalists, communists, and socialists—has not yet attacked the monarchy directly.

King Birendra and his handpicked politicians are expected to blame India for the current tremors. It is also not unlikely that some high-level government official will visit Beijing to shore up further support. So far, the Indian government has acted with circumspection by advising its ambassador at Kathmandu not to attend the Nepali Congress's conference. The Nepalese Foreign Ministry had asked diplomatic missions in Kathmandu to stay away from this "unlawful assembly." While India complied with the edict, the British and the U.S. ambassadors attended the conference.

After the expiration of the trade and transit treaty on March 23, 1989, Nepal submitted a draft treaty which, among other things, called for ending the age-old special relationship with India and opting for a "most-favored nation" status instead. Nepal also wants all trade to be transacted in hard currency, except for the "payments in connection with border trade." The trade is now conducted in Indian cur-

rency, and Nepal would clearly like to enhance the smuggling potential of the border business. The Nepalese government has also asked for continuance of 17 transit points to enable the kingdom to receive consignments from abroad. Under international law, landlocked Nepal is entitled to one point of transit.

Besides objecting to the draft for dropping the special relationship status and encouraging border smuggling, India notes that the draft does not mention the earlier provisions banning export of opium and other dangerous drugs, a matter of concern to Indian Customs.

The straining of relations between the two countries has a deeper history. Nepal's large-scale arms purchases from China, King Birendra's campaign with active support of the Chinese to make Nepal a "zone of peace," allowing the Chinese to build roads close to the Indo-Nepal borders, the construction of a road linking Tibet to Kathmandu with Chinese help, and enforcement of laws requiring work-permits on Indian workers (Nepali workers do not require work permits in India), have raised India's suspicion about Nepal's motives.

So far, the United States has refused to take Nepal's side in the dispute with India. Testifying before the House Subcommittee on Asia and Pacific Affairs recently, U.S. Assistant Secretary of State John H. Kelly said the United States is of the opinion that India did not violate any international law by closing the transit routes to Nepal in March 1989.

The Nepalese government has taken measures to silence dissension within its borders. Chief district officers have been provided with unlimited authority whereby they can detain individuals for 18 months under the pretext of being a threat to national security.

# International Intelligence

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## ***EIR's Tiny Rowland exposé draws blood***

*EIR's* series "The Tiny Rowland File," on the life and crimes of the boss of Britain's Lonrho company, has provoked some interesting reactions in Britain where it has been extensively circulated. The series appeared in our issues of Nov. 3, Nov. 10, Nov. 24, and Dec. 8, 1989.

In the Jan. 16 issue of the *Special Office Brief*, a well-known British intelligence newsletter, publisher Kenneth DeCourcy recounts the charges of personal corruption which Rowland has leveled against Prime Minister Margaret Thatcher, and then notes that there are even more serious charges against Rowland himself. He quotes *EIR's* charges that the ostensible rogue elephant Rowland is in fact a creature of the British Establishment, then concludes: "British prestige now imperatively requires a full inquiry into . . . the truth or falsity of the allegations published by *Executive Intelligence Review*."

City of London insiders have also noted the curious, sudden promotion to full cabinet status of Michael Howard, a Rowland crony and a target of the *EIR* series, who had earlier been discredited by his use of public office to benefit Rowland. As the *Times* of London noted with surprise, the Queen even interrupted her Christmas vacation to dub Howard "The Right Honorable" and place him on the Privy Council.

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## ***Savimbi: UNITA won't join one-party state***

Angolan rebel leader Jonas Savimbi says it would be tantamount to suicide for his UNITA movement to accept a one-party state as demanded by the country's Marxist government, Reuters reports. "It's out of date, even for the conditions in Angola," he said in a television interview Jan. 27 after arriving in Portugal for his first visit in 15 years. "Who today in the world would accept a one-party system?"

Savimbi dismissed the peace proposals

presented by President José Eduardo dos Santos in a New Year's speech as sophistry which did not advance the peace process. He was particularly scornful of dos Santos's suggestion that independent associations could exercise political freedoms under the one-party rule of the Popular Movement for the Liberation of Angola (MPLA).

"Associations to be controlled by one political party, that does not represent anything," he said with a laugh. "That is not democracy. I cannot accept that. You don't ask a man to commit suicide to gain peace."

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## ***Sri Lanka denounces Amnesty International***

"Amnesty International is another terrorist organization. You can say that I said that," Foreign Minister Ranjan Wijeratne told a news conference, Reuters reported on Jan. 18. Wijeratne was commenting on a statement by opposition leader Sirimavo Bandaranaike asking aid-giving nations to probe the government's record on human rights and alleged erosion of democracy on the island.

"I charge that in Amnesty International there are terrorist sympathizers and terrorists," said Wijeratne in a reference to the organization's previous accusations of human rights violations by the Colombo government. "Amnesty International comes in sheep's clothing and does diabolical things to destabilize democratic governments," he said.

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## ***Soviet press warns of breakup of U.S.S.R.***

Since the beginning of this year, Soviet publications have featured an extraordinary discussion of the possible breakup of the Soviet empire and collapse of the socialist system.

In the Jan. 17 *Komsomolskaya Pravda*, the Soviet Communist youth paper, Moscow scientist S. Stolbun lamented, "It is

very likely that the very concept of the Union of Soviet Socialist Republics will disappear from the political map of the world in 1990." This is because since late 1988, perestroika "became openly anticommunist," with the result that "the year 1989 will go down in history as the year that the world socialist system collapsed."

The magazine *New Times*, in its first issue for 1990, forecast "the aggravation of all kinds of crises including the crisis of unity on the territory of the Russian Federation in the course of the coming year." Authors K. Myalo and P. Goncharov wrote that "the euphoria of the early years of perestroika" had given way to individual and national identity crises, then the nationalist movements in various republics.

Alluding to the non-Russians who inhabit the RSFSR alongside Russians, the authors predicted, "If an explosion comes, it will, owing to the very size of the Russian Federation, further accelerate the process of lifting state control, and detract dramatically from the people's confidence in the government's ability to lead the country out of crisis. . . ."

"To sum up, we can forecast with a high degree of confidence: a progressive development of the structural crisis into that of the regime; the shifting of the epicenter of this crisis to the territory of the Russian Federation; . . . the spillover of the politicization beyond the confines of the U.S.S.R. and its turning into a powerful factor in bringing about a new geopolitical situation the world over."

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## ***Rallies in East Germany call for reunification***

Mass rallies in numerous East German cities at the end of January called for rapid reunification of the German nation, for real democratic rule, and a non-socialist economic policy. Slogans and speeches denounced the communists' policy of blocking reforms, and called for the abolition of the communist party organization.

Big rallies in the range of 50,000 to 100,000 and more took place Jan. 30 in

## Briefly

● **RUPERT MURDOCH**, the Australian media magnate, has bought up 50% of the Hungarian newspaper *Mai Nap* and the magazine *Reform*. *Mai Nap* participates in publishing and financing several newspapers, and is one of the sponsors of the television program *Nap TV*. Murdoch is also inquiring into the possibility of media purchases in Poland and Czechoslovakia.

● **FIDEL CASTRO** told a rally of supporters that Cuba will "stick in the throat" of the United States. He said that "the destiny of the revolutionary movement in the world" is at stake. "We have to organize ourselves so we can stick in the throat of the empire and burst it open if it tries to invade our land," he said. He admitted there was "total uncertainty" about Cuba's economic ties with Eastern Europe in the next five years.

● **HENRY KISSINGER** has been paid \$4.5 million to lobby for Venezuela in Washington, according to the January issue of the newsletter *Reporte Privado*.

● **THE U.S.A.** is *the* money-laundering paradise, according to Paolo Bernasconi, a lawyer and professor of criminal law who investigated the Pizza Connection and the case of Propaganda-2 leader Licio Gelli. He was interviewed by Italy's *La Stampa* newspaper on Jan. 30. Asked where it is easiest to recycle drug money, he replied, "Surely, in the U.S. Miami is the world capital of recycling; then, Canada with a long border and without any control on import of foreign currencies."

● **BRITAIN'S** Foreign Secretary Douglas Hurd arrived in Washington on Jan. 28, and a source close to the New York Council on Foreign Relations said that the issue of German reunification was "bound to be a key topic" during his three days of meetings. "The British and the U.S. see themselves as a balance to the French and the Germans," said the source.

Leipzig, Dresden, Halle, Magdeburg, Cottbus, Chemnitz, Rostock, Schwerin, and Potsdam. Rallies with a turnout of below 50,000 took place in Erfurt, Weimar, Zwickau, Plauen, Neubrandenburg, Wismar, and Frankfurt on the Oder. Well over one million East Germans took to the streets, countrywide.

In one of the rallies, in Chemnitz, a representative of the international Schiller Institute addressed a rally of 85,000 people, calling on Western governments to launch a large reconstruction drive for the Eastern European economies, and presenting Lyndon LaRouche's plan for a Paris-Berlin-Vienna triangle of industrial development.

The address, which was repeatedly interrupted by applause, ended with a call for an alliance of the non-socialist parties, and a clear vote in the East German elections of March 18 for a united Germany within a Common European House from the Atlantic to the Urals—not the Urals to the Atlantic.

### *Khmer Rouge drives civilians into war zone*

The Khmer Rouge troops are forcing thousands of Cambodian civilian refugees into the war zone, the BBC reported from Thailand on Jan. 24. Under the terms of the U.S.-Soviet "condominium," the Khmer Rouge, which under dictator Pol Pot murdered 3 million Cambodians during its rule in the 1970s, is being allowed to grab power again.

The troops made the refugees, many of them women, children, and old people, leave camps on the Thai border and enter the territory they had taken in western Cambodia since the beginning of the week, despite efforts of U.N. officials and diplomats to stop them. U.N. observers reported hearing gunshots while the refugees were being moved. Khmer commanders have ignored the agreement that there would be no repatriation of refugees until a political settlement had been reached, causing dismay among diplomats in Bangkok who thought that the Khmer Rouge had become "more humane."

In a related development, the *Financial Times* of London on Jan. 27 published an

interview with Cambodian Prime Minister Hun Sen on his proposal for a temporary division of Cambodia. The paper describes it as a defensive move to maintain a measure of control in central-eastern Cambodia and a territorial and political base for future elections.

After reviewing the outcome of the Paris meeting of the permanent members of the U.N. Security Council Jan. 15-16, Hun Sen apparently saw the writing on the wall: that his government would be stripped of all authority, and that under U.N. rule, the Khmer Rouge would be left an entirely free hand.

The one thing that could have been done at the Paris meeting to stop the Khmer Rouge militarily, was the imposition of an immediate ceasefire and tough sanctions against any party not abiding by them. This was not done. The face-saving solution for all, now on track, is a "neutral" Cambodia, which will be a de facto client state, with Khmer Rouge murderers in high government positions.

### *Will United States join the Warsaw Pact?*

"Sometimes I wonder if the United States is planning to withdraw from the OAS and join the Warsaw Pact," said João Baena Soares, Secretary General of the Organization of American States. Soares, who was interviewed by a Washington radio station on Jan. 29, said that the Bush administration's "human rights" justification for invading Panama was not credible.

He said that the Chinese government had carried out the Tiananmen massacre against its own people, and the U.S. government did not punish them. Why not? Because China is a member of a select club, as is the Soviet Union, those who have nuclear weapons, those with seats on the U.N. Security Council, he said. Now we hear that we must help the Soviets, that the Soviet Union is breaking apart and that it needs help urgently—but no one talks about providing help to Latin America to overcome its terrible economic crisis, said Soares.

## Justice Holmes, and the subversion of America

by Stanley Ezrol

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### **Honorable Justice: The Life of Oliver Wendell Holmes**

by Sheldon M. Novick

Little, Brown and Co., New York, 1989

544 pages, hardbound, \$24.95

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How is it that the United States of America, which stirred passionate hopes of freedom in the 1776 through 1789 revolutionary period, and for generations thereafter, slipped so far along the path toward being nothing but the mindless muscle for Anglo-American imperialism, that today a revolution is required if the United States is again to be ranked amongst the free nations of the world? How is it that Lyndon LaRouche, the American leader of the "anti-Bolshevik resistance" movement which is sweeping away the tyrannies of Asia and Eastern Europe, is imprisoned in this birthplace of freedom? A study of the life of Oliver Wendell Holmes, Jr., and the cause he dedicated himself to during the 94-year span of his disgusting life, goes a long way toward answering that question.

Holmes's father, Dr. Oliver Wendell Holmes, saw the Marquis de Lafayette during his triumphal 1824 tour of the United States. Until his death in 1935, Holmes, Jr. recalled watching Revolutionary War veterans assume their places of honor at July 4th festivities. As a young man, he held a commission in the Union Army during the Civil War. Because Death cruelly refused to claim him for so long, Holmes lived to shape the careers of those who were involved in the post-World War II consolidation of the joint Anglo-American-Soviet-Chinese power-sharing agreements, and the psychedelic drug fueled "counterculture," which has placed the

world on the slippery slope leading to the new Dark Age, which Holmes and his ilk labored to create.

Holmes was born into the circle of the early 19th-century environmentalist, counterculture impresario, Ralph Waldo Emerson. His father, Dr. Holmes, was part of the tight literary circle Emerson led, known as the Transcendentalists, who proclaimed their commitment to import to the American republic the philosophy of Immanuel Kant, who himself was a protégé of the British radical Empiricist school, including David Hume, John Locke, and Jeremy Bentham, which had been the most dangerous among British subversions of the Revolutionary movement.

### **Protégé of Emerson**

Sheldon Novick's biography is quite useful in documenting the way in which Holmes intrigued with others of Emerson's protégés and their followers through the four generations of his adult life. This reviewer, who knows something of the relevant historical processes, was fascinated by the work, but Novick, himself an environmentalist attorney, often says little of the importance about the most significant historical facts he reveals.

Novick does document that Holmes was formed intellectually by his personal association with Ralph Waldo Emerson, whom he respected far above his own father, who, by all accounts, was a rather shallow chatterbox (as Holmes, Jr. himself became), and his youthful immersion in the chivalric romances of Sir Walter Scott, Alfred Lord Tennyson, Carlyle, Sir Philip Sidney, and others, which Emerson was involved in importing to these shores.

To his credit, Novick punctures the myth of Holmes's heroic Civil War service by documenting, with Holmes's correspondence, that he was an anti-abolitionist, who, after a term of service that consisted largely of "convalescing"

from superficial wounds in Boston by drinking and partying with a bevy of young men and women, left the army in 1864 because he opposed Lincoln's Emancipation Proclamation. The following quote from one of Holmes's letters is typical of the revelations:

"I think before long the majority will say that we are vainly working to effect what never happens—the subjugation (for that is what it is) of a great civilized nation. We shan't do it—at least the Army can't."

Novick also presents evidence that Holmes actually hoped at one time his foot would be amputated because that would take him out of battle permanently, which raises the question whether the three wounds suffered by Holmes, near the beginning of every combat engagement he therefore missed, may have been self-inflicted.

### **British freemasonic agent**

Most significantly reported is Holmes's lifelong association with the Anglo-American circle consisting of the protégés of Emerson, and his British associates, and their intellectual descendants. Holmes shared a somewhat dissolute period after leaving military service with William and Henry James (whose father, Novick does not report, moved them to Cambridge after meeting Emerson, so they could be educated by him and his circle, including James's medical professor, Dr. Holmes), Henry and Brooks Adams, and others.

This circle was dedicated to replacing the patriotic vision of America as a "Temple of Liberty, Beacon of Hope," with an Anglo-American empire based on the notion of English racial superiority, as typified by the racial theories of Sir Herbert Spencer. Sir Frederick Pollock, 3rd Baronet of the line, became Holmes's closest British collaborator in this effort. This grouping consolidated control over the U. S. government when, upon the assassination of President William McKinley, in 1901, Theodore Roosevelt was inaugurated President.

In the 20th century, H.G. Wells continued the effort of Pollock's circle through his founding of the "New Republic" circle. Novick reports that Wells met with Holmes as part of his search for "intellectual Samurai" in the United States, and that Holmes, in his later years, was an intimate of the circle around the American magazine inspired by Wells, *The New Republic*, which included Louis Brandeis, Felix Frankfurter, Walter Lippman, Harold Lasski, future Secretary of State Dean Acheson, Roosevelt brain truster Tom Corcoran, and others. This circle created the intellectual climate for acceptance of the psychedelic drug, environmentalist counter-culture movement which was founded by, amongst others, Wells's protégé Aldous Huxley.

Although Novick presents an excellent account of Holmes's friendship with William James, he repeats the shop-worn tale that Holmes broke off that friendship in 1870, before James became an open proselytizer for the occult and for psychedelic and narcotic drug use. To his credit, Novick

also presents some evidence that although the James/Holmes circle discontinued their nightly drinking bouts at about that time, their friendship continued until James's death in 1910, when Holmes served as a pallbearer at James's funeral. He also mentions, in a footnote, that Holmes attended meetings of James's occultist "Metaphysical Club."

What he doesn't report, which is of tremendous significance in grasping how this Anglo-American circle subverted American values, is that Holmes's confidant, Sir Frederick Pollock, was a co-founder with James of the Society for Psychical Research, as well as a member of the Cambridge Conversazione Society, popularly known as the "Apostles," which provided Britain not only with its leading occultists and degenerates, such as the notorious Lord Bertrand Russell, but also its leading Soviet spies. Novick reports that one of Holmes's last clerks, Alger Hiss, assumed some of Mrs. Holmes's household duties after her death, without reporting that Hiss was later convicted of being a Soviet agent while serving as a top-ranking State Department official. Nor does he report, although he had access to documentation in the Pollock/Holmes correspondence, which he cited in a number of locations, that Pollock was the leading foreign secret agent of British Freemasonry during the First World War, and that he had formed a small freemasonic cell including Holmes and Holmes's wife. The relevant quotes from Pollock's letters to Holmes are:

"The Chancery Bar Lodge counts four Master Masons more, of whom I am one. . . ."

"Our speculative fellowship founded by [Sir Alfred Comyn] Lyall and ourselves at the Athenaeum [Henry] Sidgwick being the first recusant, has done nothing yet, but I have some fit persons in mind when I can catch them. Suppose you associate your wife . . . then she and you together can co-opt any one on your side whom you judge desirable." (Nov. 30, 1898)

"Three weeks ago, I installed my successor in the Royal Colonial Institute Lodge, so masonic duties will be less pressing. During the war masonry did work in consolidating relations between G.B. [Great Britain] and the Dominions which will probably never be known to the general public. Also, to a certain extent, with the U.S." (Jan. 30, 1919)

Perhaps Novick did not realize the significance of the material he presented from Holmes's poetry and philosophical remarks, such as the following excerpt from a 1913 speech, which demonstrate that Holmes was, regardless of the question of formal affiliation, philosophically a Freemason throughout his life:

If I feel what are perhaps an old man's apprehensions, that competition from new races will cut deeper than working men's disputes and will test whether we can hang together and fight; if I fear that we may be running through the world's resources at a pace that we cannot keep; I do not lose my hopes. I do not pin

my dreams for the future to my country or even to my race. I think it probable that civilization somehow will last as long as I care to look ahead—perhaps with smaller numbers, but perhaps also bred to greatness and splendor by science. I think it not improbable that man, like the grub that prepares a chamber for the winged thing it never has seen but is to be—that man may have cosmic destinies that he does not understand. And so beyond the vision of battling races and an impoverished earth I catch a dreaming glimpse of peace.

The other day my dream was pictured to my mind. It was evening. I was walking homeward on Pennsylvania Avenue near the Treasury, and as I looked beyond Sherman's statue to the west the sky was aflame with scarlet and crimson from the setting sun. But, like the note of downfall in Wagner's opera, below the skyline there came from little globes the pallid discord of the electric lights. And I thought to myself the *Götterdämmerung* will end, and from those globes clustered like evil eggs will come the new masters of the sky. It is like the time in which we live. But then I remembered the faith that I partly have expressed, faith in a universe not measured by our fears, a universe that has thought and more than thought inside of it, and as I gazed, after the sunset and above the electric lights there shone the stars.

Likewise, Novick reports that Henry Cabot Lodge orchestrated an acquaintanceship between Holmes and Theodore Roosevelt, which made possible the success of then Senator Lodge's efforts to have Roosevelt appoint Holmes to the Supreme Court in 1902. What Novick leaves out is that Roosevelt had been a psychology student of William James at Harvard University, whose imperialist foreign policy was guided by another of Holmes's circle, Brooks Adams.

Where Novick is quite useful, because of his use of privately held notes and correspondence, as well as the available published material, is in providing some of the "flavor" of the decadence of Holmes and his social milieu—the bed-hopping, the racial snobbery, and petty career management conniving, which were the everyday reality of Holmes's life, just as they dominate the lives of the Anglo-American policy elites today.

### **But what did he do, anyway?**

Surprisingly, almost nothing is revealed in this work to justify the praise heaped on Holmes and his memory by Louis Brandeis, Felix Frankfurter, Benjamin Cardozo, Max Lerner, Sir Frederick Pollock, and others, as the greatest mind in American jurisprudence, surpassed, if at all, only by Justice John Marshall. Novick recounts how in honor of Holmes's 90th birthday, the Harvard, Yale, and Columbia *Law Reviews* each devoted a special edition to him; Frankfurter prepared a book with a collection of tributes by leading jurists; and an unprecedented national radio program was

broadcast which Holmes addressed. Nonetheless, searching the book for any evidence that Holmes has contributed anything of positive value to legal thought, I had to conclude, that there's a lot of sizzle but no steak.

Novick himself seems to be puzzled by this question, as he points out the inconsistencies in Holmes's opinions which make it difficult to identify them as representing a coherent philosophical view. In fact, Holmes, is an empty media creation. He did do something, but those who praise him can't actually say what it was because it was so despicable.

The first obvious fact is that Holmes's entire career was artificially stage-managed. It was only through the machinations of the Anglo-American cabal described above that he was able to get anywhere. He had an almost non-existent law practice, spiced with some editing of legal texts, and occasional semi-coherent essays for the *American Law Review*. In 1880, when he was 39 years old, Harvard University invited him to deliver the "Lowell Lectures" on Law. These lectures formed the basis for the only book this "intellectual giant" published in his entire lifetime, *The Common Law*. Baronet Pollock orchestrated a series of favorable reviews, which resulted in Holmes being appointed to a Harvard Law School chair, which was financed by Samuel Weld, ancestor of the leader of the "Get LaRouche" task force, recent Assistant Attorney General, and prospective Massachusetts gubernatorial candidate, William Weld.

Several months later, Holmes was offered his first full-time employment in the legal profession, as a Justice of the Supreme Judicial Court of the Commonwealth of Massachusetts. He precipitously deserted his Harvard professorship, pocketing the full year's salary he had been advanced out of the Weld family fortune. In due course, he succeeded as Chief Justice of Massachusetts. After McKinley's assassination, Cabot Lodge arranged his appointment to the United States Supreme Court. Those three positions were the only full-time employment he ever had. In 1910, when it appeared there would be a possibility of his appointment as Chief Justice of the United States Supreme Court, Oxford presented him with an honorary degree to puff up his reputation, but that appointment was never made.

Still, the question remains, "Why was the Wellsian New Age movement so thrilled with Oliver Wendell Holmes?" If we clear away the sizzle, what we find is not steak, but the stench of rotting vermin. What Holmes did was to destroy the Constitutional and Natural Law tradition in American jurisprudence, and replace it with the sophistry now dominating our federal judiciary, whose only principle is that of serving the ruling establishment.

The following quote, presented by Novick, from an *American Law Review* essay, indicates Holmes's unprincipled position:

It is the merit of the common law that it decides the case first and determines the principle afterwards.



Looking at the forms of logic it might be inferred that when you have [a] minor premise and a conclusion, there must be a major, which you are always prepared then and there to assert. But in fact lawyers, like other men, frequently see well enough how they ought to decide on a given state of facts without being very clear as to the [reason]. . . .

It is only after a series of determinations on the same subject-matter, that it becomes necessary to “reconcile the cases,” as it is called, that is, by a true induction to state the principle which has until then been obscurely felt.

In fact, as is adequately, if impressionistically, reflected in Novick’s citations of Holmes’s legal essays, judicial opinions, and correspondence, Holmes was a racist misanthrope whose view was that “law” ought simply to serve the ruling stratum of society. In the 1920s, as the Harrimans were leading the United States component of the international racist movement which included Mussolini’s Fascists and Hitler’s Nazis, Holmes became the leading spokesman on the Supreme Court for race purity policies. His most famous decision was his support for the Commonwealth of Virginia’s sterilization of a young woman, Carrie Buck, with the bald assertion, “The principle that sustains vaccination is broad enough to cover cutting the Fallopiian tubes. . . . Three generations of imbeciles are enough.” As Novick points out, the “fact” of Carrie Buck’s “imbecility” was never proven.

What Holmes is most renowned for, amongst liberals, is his “wit.” In fact, his wit is most instructive for understanding the “Kantian,” “radical positivist,” or “pragmatic,” to use the term invented by William James, corruption of Law. His fundamental view of the nature of man, which changed little from his period of military service until his death, is reflected in this 1915 letter:

Doesn’t this squashy sentimentality of a big minority of our people about human life make you puke? . . . of pacifists—of people who believe there is an onward and upward—who talk of uplift—who think that something in particular has happened and that the universe is no longer predatory. Oh bring in a basin.

The wit of Holmes’s opinions is based on a very simple logical methodology, which is the same as that of his father’s friend, the satirist, Mark Twain, and of all of the night-club and television comedians you are familiar with today. The secret is simply understanding that all systems based on deductive logic rest on logical inconsistencies. Once that is understood, it’s easy to take any viewpoint that you want to attack, and, if it does not express itself as a deductive logical latticework, you create one that mimics it. Then criticize that logical lattice-work from the standpoint of your lattice based on the fundamental axiom, “There is no onward and upward,

nothing in particular has happened, the universe is predatory,” or, as Twain put it, “Man is a goat.” That done, it’s “proven” that any course of action pursued based on another view of man’s relation to the progress of nature is fraudulent. It only remains to elaborate the nature of the fraudulent course pursued, the motives for pursuing it, as has been done for example, in the frameups conducted by the “Get LaRouche” task force. As Twain wrote in *Pudd’nhead Wilson*, “There is no character, howsoever good and fine, but it can be destroyed by ridicule, howsoever poor and witless.”

Consistent with Holmes’s view of man, he rejected the notion of the “general welfare,” on which the United States Constitution, and, therefore, all U.S. law, is based. In an 1873 *American Law Review*, he wrote one of hundreds of formulations, such as those in his later judicial decisions, and his voluminous correspondence with Pollock, Harold Lasski, and others, of his “contribution” to American Law: “A man rightly prefers his own interest to that of his neighbors. And this is true in legislation as in any other form of corporate action. . . . The more powerful interests must be more or less reflected in legislation; which, like every other device of man or beast, must tend in the long run to aid the survival of the fittest.” Thus, he threw out the entire Judeo-Christian tradition of justice, in favor of the raw authority of the tyrant.

By contrast, the Declaration of Independence, which is the authority upon which the United States Constitution rests, states that according to the “Laws of Nature and of Nature’s God,” it is “self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed. That whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it, and to institute new government, laying its foundation on such principles and organizing its power in such form, as to them shall seem most likely to effect their safety and happiness.”

The obscene appeal of today’s courts to “community standards,” as opposed to the morally determined standards of justice defined in the Declaration of Independence and the Constitution, is Holmes’s legacy. The result being that in the United States, as in any classical tyranny, offenses against the ruling establishment are ruthlessly avenged as in the case of the life sentences imposed on Lyndon LaRouche and a fundraiser for his movement, Michael Billington, while drug pushing and other organized crimes against individual citizens, are tolerated in every American “inner city.”

All in all, Novick’s book is to be recommended for better than usual candor in reporting on significant aspects of the history of Anglo-American “liberalism.” The more you know about the historical context, the more fascinating you will find it.

# Real thrifts story—the deregulation disaster—has yet to be told

by Harley Schlanger

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## **Inside Job: The Looting of America's Savings and Loans**

by Stephen Pizzo, Mary Fricker, and Paul Muolo  
McGraw-Hill, New York, 1989  
443 pages, hardbound, \$19.95

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## **Other People's Money: The Inside Story of the S&L Mess**

by Paul Zane Pilzer with Robert Deitz  
Simon and Schuster, New York, 1989  
269 pages, hardbound, \$18.95

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In a late-January series of announcements surprising no one, spokesmen for the Treasury Department admitted that it would be necessary for the government to add at least \$50 billion more to the budget for the bailout of the nation's savings and loans institutions. Deputy Secretary John E. Robson told the House Banking Committee that the initial installment of \$50 billion "will prove inadequate" to last until August 1992, despite projections made last year when Congress passed President Bush's bailout bill.

In fact, most analysts concluded months ago that the estimates made when the bill was presented were ridiculously low. Since August 1989, when the Resolution Trust Corp. (RTC) was created to handle failed S&Ls, 342 have been taken over. Thus far, the RTC has been able to dispose of only 40 of these. At least 200 more thrifts are presently on the watch list, with more expected to be added when a new list comes out in February. Furthermore, the RTC has had little success raising funds from sale of foreclosed properties, which was supposed to bring in revenues to finance the new closings.

When the President's men were selling the "Bush plan" to Congress, foremost in their method was the Washington tradition of damage control: Under no circumstances should the real cost of the S&L bailout—now estimated to be at \$300 billion and climbing—be made known. If it were, it would undermine the credibility of the "Great Recovery" and make a mockery of the claims that the Reagan-Bush administrations have made progress in "reducing the deficit"

by hitting the Gramm-Rudman targets. Thus, they deliberately underestimated the costs, and put as much of the expenditures as possible "off-budget."

To distract attention from this sleight-of-hand, a total of \$50 million was allocated to the Justice Department to add to the existing task force on "S&L fraud," whose actions have been characterized as reminiscent of the Gestapo by those under scrutiny, as well as by some congressmen who opposed the measure. The assignment of the task force was to make a credible case that the cause of the S&L crisis is fraud and corruption, and that this is why the bailout is necessary.

## **The real cause of the S&L crisis**

What President Bush fears most is exposure of the failure of the economic policies of the Reagan-Bush years. These policies, which have been a continuation of those pushed by the Carter administration, were designed to speed up the restructuring of the U.S. economy from one whose wealth is based on constant improvements in industrial and agricultural productivity, to that of a "post-industrial," or "service" economy.

To achieve constant technological innovation, which is the key to increasing the rate at which the productivity of a nation's industrial and agricultural producers increases, a nation must have cheap, long-term credit accessible to those entrepreneurs who will invest in the research and development necessary for the next generation of innovations. It was the adoption of this approach by President Franklin D. Roosevelt in 1939-40, when he mandated the Federal Reserve to provide cheap credit through a regulated banking system to gear up the goods-production necessary to fight a war, that pulled the U.S. out of the last Great Depression.

From the end of World War II through the early 1960s, our economy progressed under a regime of regulated banking and low, stable interest rates. It was acknowledged that this policy led to further increases in labor productivity, through technological advances which in turn generated a surplus allowing for improvements in the standard of living, through better health care, more advanced education, and home ownership. This approach was cast aside after the assassination of President Kennedy, to be replaced by an anti-technology, "ecological" bias. The cutback in funds to NASA was the harbinger of things to come.

"Deindustrialization" was pushed rapidly ahead during

the Carter years. It was Carter's appointment of Paul Volcker in October 1979 as chairman of the Federal Reserve Board that signaled the beginning of the end of the postwar era. Under Volcker, interest rates were raised to more than 20%. This triggered a flow of deposits out of the S&Ls, since depositors could get higher rates by investing in various types of financial paper than from traditional passbook savings accounts. The S&Ls were limited in what they could give to savers, as their income derived largely from payments on low-interest mortgages.

As the outflow of funds threatened the whole thrift sector, a fatal decision was made, to "deregulate" the S&Ls. Deregulation was a critical weapon in the promotion of post-industrial economics. The trucking industry had been deregulated, then airlines. Among those most actively pushing deregulation were financial institutions such as Merrill Lynch, whose chairman Don Regan had been instrumental in deregulating financial markets with the creation of Cash Management Accounts in 1976.

In 1980, and again in 1982 with the passage of the Garn-St Germain Depository Institutions Act, the S&Ls were deregulated. Instead of serving as institutions to finance home building and ownership, they were thrust into competition with commercial banks and Wall Street investment firms. As the cost of funds rose for the S&Ls, they could stay in business only by engaging in the most speculative practices, such as selling high-interest jumbo Certificates of Deposits to deposit brokers, then investing the funds in high-risk commercial real estate ventures and junk bonds. When these investments went bad, beginning in the southwest, hundreds of S&Ls became insolvent, the victims of the shift to a post-industrial, deregulated economy.

### **The 'sizzle' behind the DoJ's fraud squad**

There is no doubt that, in the climate created by these policies, fraud and corruption did occur. Suddenly, there were no restrictions on lending and a seemingly endless supply of deposit brokers offering ready cash to any thrift. S&L directors, the majority of whom were honest, were forced into increasingly risky ventures if they wished to "stay in the hunt" for funds. In fact, they were encouraged by government policy to do this. Those who were less honest soon realized an additional bonus: In the relaxed regulatory environment, and with deposit insurance now covering up to \$100,000 per account (up from \$40,000), there was nothing to lose: If an investment went sour, FSLIC (or later, the taxpayer) would pick up the tab.

Several books have been released recently, each claiming to be the "true inside story of the S&L crisis." These have provided a public relations boost for the DoJ's fraud squad, claiming to prove that the S&L debacle is due to fraud. Two of these, *Inside Job* and *Other People's Money*, are characteristic of the genre.

While thoroughly documenting several instances of prob-

able fraud (most revolving around the networks associated with Louisiana businessman Herman K. Beebe, including the infamous Donald Dixon of Vernon S&L of Texas), these books "miss the forest for the trees." Without Volcker and deregulation and the shift to post-industrial society these policies furthered, there would have been limited possibility for fraud. This is not to say that they ignore the role of Volcker's interest rates and deregulation in creating the crisis. Pilzer, for example, says that Volcker's policy "was the equivalent of trying to extinguish a kitchen blaze with gasoline. It touched off an inflationary interest rate firestorm that almost destroyed the thrift industry overnight." However, since the authors of both books support deregulation, they fail to accurately present the cause and effect between deregulation, high interest rates, and fraud.

Pizzo, et al. present this hypothesis in the introduction: "The ink wasn't dry on the Garn-St Germain legislation . . . before high-stakes investors, swindlers and mobsters lined up to loot S&Ls. They immediately seized the opportunity created by careless deregulation of thrifts and gambled, stole, and embezzled away billions in an orgy of greed and excess." These authors attempt to prove that S&Ls collapsed because they were "victims of incompetent management, poor or nonexistent supervision, insider abuse and, most important, outright fraud."

The essence of these studies was summed up by Thomas Gaubert, a former S&L owner and longtime target of the DoJ, who gave a Texas reporter his views of this type of journalism, which focuses only on the corruption and "high living" of the alleged S&L crooks: "The story is the yachts, the airplanes—that's what you guys call sizzle, that's what you guys say sells your magazines, and you're all a bunch of whores."

There are, buried within the details of the "sizzle," some useful insights in these books. Pilzer has an interesting chapter on S&L involvement in junk bond purchases, particularly by California S&Ls linked to junk bond king Michael Milken, in which he presents an ominous warning: "The California debacle is still unfolding, its ultimate cost still beyond reckoning. All it will take is a new round of sharp interest-rate swings and the now-moribund S&Ls that played the California game will generate additional billions in losses." Also, his chapter on the Southwest Plan of former FSLIC director Danny Wall, in which the assets of S&Ls were practically handed to Wall Street speculators, is on target.

One wishes Pizzo, Fricker, and Muolo had investigated more thoroughly what appears as an afterthought in their book, that the CIA was using banks to launder drug money and get loans that went to finance the Contras. They say that they "didn't have time" to probe this, but they "want to go on record as saying that we finally came to believe something involving the CIA and Contras was going on at thrifts during the 1980s."

These insights aside, the real story of the thrift crisis is not yet written. And the taxpayers will continue to pay the price.

# Willie Nelson and the dirt behind the 'Country image'

by Marcia Merry

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## **Willie: An Autobiography**

by Willie Nelson and Bud Shrake  
Pocket Books, New York, 1989  
334 pages, paperback, \$4.95

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## **Country: The Music and the Musicians**

The Country Music Foundation  
Abbeville Press, Inc., New York, 1988  
595 pages, illus., hardbound, \$65

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As of year-end 1989, you could still find the book *Willie*, the autobiography of Willie Nelson, on the rack in the paperbacks section of most big supermarkets. To save yourself time and money—don't bother buying and reading the book—pick it up and flip through for some of the sections indicated below, to get an idea of the dirt behind Willie's "country" image. The publisher's book jacket calls the singer (born in 1933) the "legendary 'outlaw' of country music . . . an authentic folk hero of our times, the nearest thing we have to the poet laureate of the heart and the Heartland." But you had best judge for yourself.

Early in 1990, Willie Nelson will host the fourth national "Farm Aid" benefit concert and once again pose as the "friend of the farmer." His career says a lot about the dirty entertainment industry.

Chapter 14 of the book begins:

Sitting on the roof of the White House in Washington, D.C. late at night with a beer in one hand and a fat Austin Torpedo in the other, I drifted into a reflective mood.

My companion on the roof—it couldn't do him any good to use his name, except I should say President

Carter knew nothing about this and would not have condoned it—was pointing out to me the sights and the layout of how the streets run in Washington.

"That string of lights is Pennsylvania Avenue," my companion would say between drags on the joint and swallows of beer. . . . It was a good way to soak up a geography lesson, laid back on the roof of the White House. Nobody from the Secret Service was watching us—or if they were, it was with the intention of keeping us out of trouble instead of getting us into it. . . . I guess the roof of the White House is the safest place I can think of to smoke dope.

Hell, it had only been a couple of days ago that I was busted and locked in jail in the Bahamas for a handful of weed that I never even had a chance to set on fire. . . .

Marijuana is like sex. If I don't do it everyday, I get a headache.

I think marijuana should be recognized for what it is, as a medicine, an herb that grows in the ground. If you need it, use it. . . .

I have one firm rule with the band and the crew regarding cocaine: If you're wired, you're fired.

Anybody in the band or crew who hasn't quit cocaine has at least pulled up hard from the way it used to be. . . .

The idea of the *Willie* autobiography is the standard "bad guy with a good heart" routine. The bad side is the hard-drinking, dope-head, womanizing, yo boy stuff. In particular, this side was played up to help promote the release of such LP albums as the "Outlaws," in the 1970s, when the White House dope episode occurred.

In the 1980s, the "good guy" side of Willie is supposed to show through. He is backing the Farm Aid fundraising. "Obviously the three Farm Aids we have done have not cured the problems of the American farmer. Only our government and our major business and social institutions can really do

that, and their leaders don't want to cure the farm problems because they might lose their power or their wealth if they do.

"But with Farm Aid we at least took a step to say that a lot of people care what is going on."

Nelson has announced that he wants Farm Aid IV this spring, perhaps at the Hoosier Dome in Indianapolis, and a smaller fundraiser for farmers in March, in Washington, timed with the 1990 farm bill talks.

The Farm Aid operations have raised \$6-10 million, and through an ongoing office, have dribbled out small amounts directly to farmers, and paid the rest to telephone hot-lines and similar farm "counseling" services run by groups that are just fronts for the major international commodities cartels. These entities, in turn, interconnect with the money behind the entertainment industry that promotes a Willie Nelson.

Willie Nelson, with his concern for farmers, serves the same role of a high-publicity figurehead as the social-concern acts of other performers at the "Live Aid" benefit concert for AIDS victims, and the "We Are the World," for the benefit of starving Ethiopians. The concerns are always laudable, but the nature of the events is designed to never "rock the boat"—i.e., cure AIDS or grow enough food to feed all of Africa. Nelson expresses this very outlook when he writes, "The world won't be changed by treaties or summit meetings. Physical conditions can't change until our minds change. The sum total of the power of all the thoughts of all the people in the world is what will change physical conditions."

The wacko thoughts of Willie qualify him as an image-maker's delight, whether he is a good guy or a bad guy. Nelson is an advocate of every New Age kook idea going: reincarnation, karma, Khalil Gibran, the *Aquarian Gospel*. Nelson writes, "There's a part in the *Aquarian Gospel*, about the life of Jesus that tells where He went during the long period between His childhood and His last ride to Jerusalem when He disappeared. The King James version of the Bible was later rewritten to cover up the fact that Jesus had discovered reincarnation."

Nelson reveres the American clairvoyant Edgar Cayce (1877-1945), called one of the fathers of the New Age, who, in practice, was a classic con-man and kook who had his following in the Hollywood set.

In particular, Nelson oozes feelings about the "Earth as our mother." Nelson described his feelings when he was jogging one day in Texas: "When I see the destruction wrought upon our small planet by human beings who forget the supreme good of caring for our natural world that mothers us, I wonder if our species will last long enough to wake up to the truth that we must obey the old laws of cause and effect and treat the earth as our mother instead of as our gravel pit and garbage dump."

Nelson has been the perfect object for the entertainment mafia to put forward for various new twists and turns in the world of "country" music trends. In an August 1972 concert in Austin, Texas, Nelson was credited with combining the

tastes of hippies and "rednecks." In the 1980s, Nelson went into movies, television, and "crossover" songs and roles that are outside the "country image."

For most farmers, Willie is a joke. There's the farmer in Mississippi who says, "I keep going to my mailbox, lookin' for my check from Willie."

### Developing a degrading 'popular culture'

What the lavish book *Country* provides, is an unintended picture of the context—the "entertainment industry"—in which scum like Willie Nelson could float to the top.

*Country*, with 700 illustrations, is a collection of essays by 16 writers that is designed to be an illustrated history of country music from the 1920s to the present. "Country music has switched from the backwoods to the fast lane. . . . 'Country' is the whole colorful, exciting, moving, sometimes eccentric history of backwoods ambition, country cunning, and big city business," reads the jacket on the 45 rpm put out to promote the book. The purpose of the book is promotion, pure and simple. Its encyclopedic presentation is supposed to encourage the reader to buy more country music, to go to Nashville, Tennessee and visit the Grand Ol' Opry, the Country Music Museum, and other sights, and to, generally, be a loyal fan.

A few of the chapters are well written and informative, for example, that by Ronnie Pugh, who is head of the reference department at the Country Music Foundation, which compiled the volume. Other chapters are unreadable trash, such as that by Patrick Carr, writer for the *Village Voice* and the *New York Times*. He had perhaps the worst assignment in the book, to write a chapter called "The Changing Image of Country Music," which covered the trends and stars in country music from the 1920s through the 1980s as if they were all "natural" phenomena, and not manufactured by the powers-that-be in the entertainment world.

This coverup is the problem with *Country*. It rationalizes the fact that what is offered to the public as "country"-style music, is the selection of whatever the entertainment mafia chooses to make available. So the fan and the talented performer alike usually get the shaft.

### Where has all the talent gone?

To take just one example. If you happened to enjoy the virtuosity of bluegrass and similar string music in the past, did you ever wonder why the market for talented string players like Lester Flatt and Earl Scruggs "gave out" around 1969? The reason is that the entertainment mafia in the late 1960s issued orders that "folk" was "in," and that traditional, virtuoso banjo and string playing was "out." To his credit, Lester Flatt couldn't make the transition to singing such false-folksy numbers as "Where Have All the Flowers Gone," and the Flatt and Scruggs duo broke up.

But *Country* doesn't give you the direct answer to these and any other obvious question you may have about the

history of “country.” You can only get the true history “between the lines,” which means that, at \$65, *Country* offers you very little for the money, except for over 700 glitzy photographs.

The true history of country music in the 1920s is sad, just like the sorry state of music in general in our century. Here are some of the facts of the matter, and keep them in mind when you reflect that President George Bush keeps a country music record collection at Camp David.

In the 1920s, when the advent of radio opened a new era of “popular culture,” the entertainment industry cartel of sheet music and recording companies moved to create and control new categories of so-called “authentic” subculture music. They concocted and labeled new “varieties” of music to peddle, including “country” (meaning, at first, mostly white performers from remote areas), and a category called “RACE” music (meaning black), and subcategories, including jazz and the blues. The control center was New York, with ties to London. This is the era in which the music moguls made names overnight, such as George Gershwin. The major companies involved were Victor, Okeh, Paramount, Columbia, and later, Decca, RCA, and others. The recording business, like Hollywood moving pictures, was the channel for organized crime money, and interconnected with liquor and dope running. The Kennedy family, for example, was active in RKO, a joint U.S.-British operation. The companies sent out scouts to record in Bristol (Virginia/Tennessee), Atlanta, Memphis, Charlotte, North Carolina. Some performers were brought to New York for recording sessions.

There was music to be found. There has been musical activity in the original colonies and the United States since the 17th century. Through such channels as the Moravian Church, and many individuals, there were transmission belts of great music across the Atlantic, including Bach, Handel, Mozart, and Beethoven. In the more remote areas of the Americas, some centuries-old music styles and instruments persisted, reflecting the different cultural patterns of the settlers. In the high Appalachians were the strong string traditions. In the Kentucky, Georgia, and Tennessee region were the harpsinging, dulcimer, and other traditions. In the Gulf states were the accordion songs of the Germans in Texas and the violin pieces from the Acadians in Louisiana.

As in Europe, such music (although generally banal in itself) frequently represented a decayed form of traditions harkening back to the troubadours of the Middle Ages and the polyphony of the Renaissance; and as long as the classical ideal was alive, so-called “folk” melodies had provided great composers from Bach to Beethoven to Brahms with raw material to be transformed into real music through the application of irony and the principles of lawful musical composition.

To subvert the potential of music to uplift the Americans, there were, repeatedly, dirty operations by political enemies of the United States against music—instead of composition,

de-composition. In the 19th century, the British conducted a campaign to “edit” and “modernize” Protestant hymnals, to remove the polyphony, and instead use sickly monotonous melodies. To counter the growing popularity of Verdi, Mozart, and other great operatic repertoire in the New World, there was a big push for vaudeville and Broadway show tunes.

In the 20th century, there were sophisticated operations by the music companies to create and promote the “jazz” of the Gershwins, and “country,” “blues” and the other so-called indigenous styles. The recording cartel decided who and what got recorded. The public and performers alike were victimized by these cultural warfare tactics.

In the late 1930s, the Radio Research Project intensified this process. Plots were hatched on how to create tastes for new forms of popular music, based on studies at Princeton and Columbia Universities, and on the work of the evil T.W. Adorno at the Frankfurt School in Germany. There were nests of collaborators in British Naval Intelligence—notably Lord Mountbatten—and in the U.S. Office of War Information, which specialized in psychological profiling. This network created the “Top 40” song charts idea of repetitive banality, which launched the postwar counterculture of rock music and drugs.

### **Racism and obscene lyrics**

Right from the outset in the 1920s, there was an emphasis in “country,” “race,” and other new, synthetic music forms, on the most debased, depressive, or shallow themes. Reflecting the racist views of the blueblood cultural manipulators, the “black music” was the most extreme at the beginning for obscenity, drugs and misery (that is, the “blues”). In RCA Victor’s RACE project, the PR department offered as an excuse for the fact that black voices were sought out to record obscene lyrics, that this practice was “bringing colored folk into closer contact with their roots and the products of their own culture.” Bessie Smith’s recordings are characteristic: “Empty Bed Blues” and “Hot Dog Man.” “Kitchen Man” begins with the line, “His jelly roll is nice and hot.”

Black violinist George Morrison, who recorded jazz for Columbia, documents this process. He said that material was recorded and called blues and jazz that black families didn’t want their children to hear, but there was no choice. He described his own family experience, “Parents didn’t let their children play jazz. If you played Dvorak’s ‘Humoresque,’ fine, but if you played ‘Darktown Strutters Ball,’ that was awful. However, within a few years, the big companies overturned this.”

In the case of country music, the record mafia favored the “drinkin’ and cheatin’ ” style. Well-practiced violinists, mandolin players, and others who wanted to provide a positive concept in music either had to change their playing or accept obscurity.

The roving agent who specialized in “discovering” race

and country stars was Ralph S. Peer, who in 1920 took the position of recording director for Okeh Records. Peer first recorded the famous Carter Family and Jimmie Rodgers in Bristol, 1927. Later he worked for the Victor Talking Machine Co., which became RCA Victor. Peer was a cynical personality, who stood by and did nothing for years while Jimmie Rodgers—an early singing star—was failing from tuberculosis. Finally, in 1933, Rodgers, who had visibly overworked himself at a New York recording session, at age 35, suffered a lung hemorrhage in his room at the Taft Hotel and died a miserable death within 36 hours of leaving the studio. This was a scene to be repeated by dozens of the studio favorites: The case of Billie Holiday's death from drugs is well known.

Since the 1920s, each decade has been marked by a succession of synthetic styles promoted by the recording companies (hillbilly, cowboy, bluegrass, rock-a-billy), and also by a succession of ruined lives—of the performers and the public.

In the last couple of decades:

- Merle Haggard. Born in California in 1937, he spent seven years in reform school and three in prison at San Quentin, and began his career with prison and barroom songs. He sang the tongue-in-cheek hit "Okie From Muskogee" to ridicule patriotism, but it pleased President Richard Nixon, who had him sing at the White House. In March 1974 Nixon performed at the opening of the Grand 'Ol Opry in Nashville.
- Willie Nelson. When Nelson played at the Carter White House in the 1970s, he told the press, "My boys don't play where they don't smoke," and flubbed the words to the national anthem. He was deported and banned from the Bahamas for dope possession. A musical nothing, Nelson cultivated his bad-boy-with-a-good-heart-image.

Simultaneously with this degradation, the "wholesome" country image has been promoted through formats such as the "old-fashioned barn dance," insitutionalized today in the "Grand Ol' Opry." This is the Nashville successor to many local barn dance shows, which in the 1920s through the 1940s included talents representative of their respective regions. Over the years, the major recording companies muscled in to take control of these shows, as they took over radio and television. RCA and the big guns have had offices in Nashville for years to control the "country scene."

Just as this was all a *political* operation, it will take a political movement to free this nation from cultural enslavement—as Democrat Lyndon LaRouche, alone among nationally known political leaders, has recognized. What it will take is the rebuilding of a classical musical system, based on the heritage of Beethoven, through orchestras and choruses at the school, local, and regional level throughout the country, to give our citizens a grounding in the *science* of beautiful music. Once that is achieved, *no* mass media brainwashing campaign, no matter how well funded and persistent, will be able to manipulate Americans again.

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## Bush's State of the Union: a U.S. strategic retreat

by William H. Harrison

President Bush's first State of the Union address Jan. 31 was so lacking in substance that four veteran news commentators who gathered on ABC-TV's "Nightline" program afterwards found themselves confessing they'd run out of things to say after about 15 minutes.

Bush sewed together all the rhetoric he'd developed during his campaign and the non-stop campaign-like speaking schedule he's maintained since taking office. Who could find fault with all those glorious words? But where were the dollars to back them up in the Fiscal Year 1991 budget that Bush had proposed two days before?

It was enough to cause Washington pundits to long for the days of President Reagan. As a former actor, at least Reagan could read a letter from an American soldier on the front lines of the defense of freedom with enough feeling to get almost everyone a little choked up. President Bush's delivery succeeded in choking up no one but himself, except for those who focused on the speech's substance, who were choking up in a different way, contemplating the consequences of, especially, the "bold" unilateral initiative for deeper conventional forces cuts in Europe that was the centerpiece of Bush's remarks.

When Bush announced his proposal for a further reduction in U.S. and Soviet military manpower in Central and Eastern Europe to 195,000 on each side, network television cameras switched to the Joint Chiefs of Staff, sitting together. While most of the Congress was into one of its 35 interruptions of heavy applause that occurred during the address, half the Joint Chiefs were sitting glum-faced and unmoved.

The size of the cuts Bush proposed for defense in his budget is unprecedented, as Richard Darman, director of the Office of Management and Budget, bragged during a press briefing when the budget was released Jan. 29.

A journalist asked, "In addition to having your budget dependent upon certain economic assumptions you make, it seems that it's based on the national security assumptions that you must be making to make up this budget. How can you do that, given that President Bush last week himself said that there is a great deal of uncertainty about the future of the leadership of the Soviet Union and what kind of policies might follow on if Gorbachov, for example, were to fall from power?"

Darman replied: "I think it is now rather generally agreed that the Warsaw Pact is in radically different condition than it was a year ago, and that the prospect of that being quickly reversed is very, very small. So, there's some downward adjustment that one can make without having it be viewed as excessively risky or irresponsible. The President's budget, as you know, involves a -2.6% proposed rate of real growth for defense for fiscal year '91 and then -2% every year thereafter. I believe it's the first time a President has ever recommended five years' worth of negative growth for defense."

White House Chief of Staff John Sununu, during a press briefing at the White House the day after the State of the Union address, cited as an example of the "radically changed situation" in Eastern Europe which forced a basic change in Bush's strategic military thinking in the last two months, "the request by the new government of Czechoslovakia that Soviet troops leave its country, and indications that the new government of Hungary will do a similar thing."

It goes without saying that no Soviet troops have left yet, and that there is a big difference between a verbal request and any actual force changes.

### No 'peace dividend'

Furthermore, the "peace dividend" that is supposed to result from the defense cuts for use in domestic programs in



Bush's proposed budget simply did not appear.

With all his talk about a commitment to make America first in the world in education by the year 2000, for example, Bush's \$1.23 trillion budget provides \$24 billion for education, which is an actual cut in the education budget over FY90, taking inflation into account and subtracting the \$500 million Bush includes in new money for Head Start programs for children.

When Education Secretary Lauro Cavazos came to the White House to brief reporters on the education initiative the day after the State of the Union speech, he argued that the education budget's discretionary spending component actually rises 6.2% in the Bush budget, but when asked what steps, specifically, are envisioned to bring up U.S. high school math and science scores from the bottom to the top of the list among industrialized nations by the year 2000, he talked vaguely about "changing structures," but had no specific agenda.

About all Darman said on health care was that media reports of an \$8 billion cut in Medicare in the new budget were "rumors," since the cut was "only" \$4.4 billion. In his address, Bush talked about a Domestic Policy Council review of the high cost of health care, but this will probably result only in more harassment of health care providers.

### **Responses from Foley, LaRouche**

The official Democratic response to the President's speech, presented by House Speaker Rep. Thomas Foley (D-Wash.), offered no substantial alternative.

Some, however, did offer real alternatives, and therefore had something important to say. A statement circulated in Washington, D.C. the day of the State of the Union by Democratic congressional candidate Lyndon LaRouche offered the following response:

"Today is the day that President Bush is to present his State of the Union. Look again at the Foreword to a congressional program which I authorized for publication on the Fourth of July in 1989, just last year, midway between George Bush's inauguration last year and the State of the Union address this year.

"I would have to say, and I think if the rest of you look at the facts of the matter you will agree, that everything I outlined as the evolving state of the world, and naturally of our nation, on July 4, 1989, is not only true, but is the most essential fact about the state of the Union and the world right now, whereas everything that President George Bush so far has said does not correspond to reality.

"It's simply this: First of all, the world economic collapse proceeds. The United Kingdom is an economic refuse pile. The Soviet economy is collapsing as a physical economy, as the result of bottlenecks resulting from the total mismanagement and incompetence of both communism and Gorbachov. Meanwhile, the Soviet Empire is being torn apart by the insurgency of national movements, movements of national

aspirations. This is spreading around the world.

"The Old Age which President Bush, so far, and his administration represent, is coming to an end. It's sinking, and those who cling to it will go down with it. One hopes that George Bush will abandon his crazy crush on Gorbachov, and his delusion that he can control the economic crisis without providing a cure for that crisis.

"The time has come to return to Western civilization's values, together with the kind of economic recovery program we remember from World War II during the Roosevelt period, and which we remember from the early 1960s under President John Kennedy. The time has come to scrap all the delusions which have reigned in Washington for about 25 years and get back to the old-fashioned values which used to work. The investment tax program would be a boon right now, and the aerospace program of the kind that Kennedy supported would be a boon right now. We need to build infrastructure, we need to put our unemployed to work in building infrastructure as Roosevelt did during the 1930s.

"One part of this, an indispensable part, is my program for rapidly building up high-speed rail and other essential infrastructure in the Paris-Berlin-Vienna triangle of Europe. This region of 90 million population, linked to a European market of 430 million, already has the densest industry, and highest average cultural level, of any major area on this planet.

"It includes the highly skilled work forces of East Germany and Czechoslovakia, who can rapidly be brought to West German standards of productivity, given the basic infrastructure to do so. By putting in, in this Paris-Berlin-Vienna triangle, the most modern high-velocity transportation systems for passengers and containerized freight, by providing advanced forms of nuclear energy, and channeling investment into high-technology capital goods production, my program will make that region into the greatest concentration of industrial potential the world has ever seen.

"The effects of this program will radiate immediately to such areas as Poland and Hungary, to the Mezzogiorno of Italy and other underdeveloped regions of Europe, then down into Africa and to the rest of the developing sector.

"Without that, there is no hope for the U.S. and other collapsed economies of the world. The Volcker policies, and the economic follies which the Bush administration continues to cling to, have eroded U.S. industrial capacities to the point of no return. No U.S. recovery would be possible today, without massive injections of capital goods from abroad.

"We must therefore develop the few remaining economically sound areas in the world—those, like West Germany and Japan, that have not been ruined by communism, or the post-industrial idiocies embraced by the Bush administration—as the basis for world economic recovery.

"We have terrible problems, but none, I think, that we can't solve if we'll give up the crazy ideas which George Bush so far and his administration are trying to defend, and get back to the good old ideas which worked for us in former times."

# Attempt to break Billington in prison

Michael Billington, a 20-year associate of former presidential candidate Lyndon LaRouche, has been strip-searched and thrown into "The Hole" at Danbury, Connecticut federal prison. Mike was sentenced along with LaRouche and five other co-defendants a year ago after a 15-day show-trial in Alexandria, Virginia. He had been in the Allenwood federal prison camp until last fall when he was moved to Roanoke, Virginia, to stand trial on hoked-up "securities charges," in violation of his constitutional right not to be tried twice for the same crime.

Since George Bush campaigned in Iowa to become our nation's next President, he has made it clear that he believed his opponent Democrat Lyndon LaRouche was "in trouble." In an effort to make his wish come true, Bush denied LaRouche and his six associates access to the super-secret national security files which would have shown their innocence. This denial of exculpatory evidence by the administration, along with the railroad trial Judge Albert Bryan conducted in Alexandria, led to the frame-up and conviction of LaRouche and his co-defendants. Now, with George Bush's house of cards shaking, his administration is attempting to put the iron mask on anyone who may be able to tell the truth about Bush's role in his sellout of our country's national security interests in the Iran-Contra affair.

Michael Billington is just such a person. He had met and organized top-level Republican party members who were being courted by Bush's flunkies, Ollie North and Spitz Channell, to support the Contra operation. But Mike used reason and beauty to convince some of these sunshine-patriots that the Contra operation was against the interest of the United States. Now, in retaliation, Mike is being subjected to torturous conditions while in prison.

Mike's sister, Margaret Greenspan, was able to visit him for a day and a half after he was summarily thrown into "The Hole." She reported on Jan. 24, "On Monday night, one hour after hearing that his federal appeal had been rejected, Mike was taken in handcuffs from his dormitory, strip-searched and told he was being put in 'The Hole,' a segregated area of the Danbury Prison, meant for prisoners who are being punished.

"'The Hole' is a three-story cell block with open cells, with bars over the front part, where two prisoners share a space six feet by ten feet, having only two bunks and a toilet. Prisoners in this area are very noisy and obscene, shouting back and

forth throughout the night to each other. At midnight Monday night, Mike was handed a paper saying he was being reclassified, which is why he had been put in 'The Hole.'

"On Wednesday morning, he was visited by the lieutenant of the block, who confirmed Mike's suspicions, that the warden had just received Mike's papers showing that he had a 77-year sentence, and the warden arbitrarily decided that due to the length of Mike's sentence, he intended to move Mike to a high-level security prison.

"Prisoners in 'The Hole' are allowed one personal phone call every 30 days; calls to lawyers must be approved. They get three showers per week; they are led to the shower in handcuffs. They are allowed one hour per day in an "outdoor recreation area." When they took Mike to this area in handcuffs, it turned out to be a 10×10 foot concrete space with barbed wire surrounding it! There is nothing anyone could do there except bathe in the sun on a sunny day."

## Abuse continues

On Jan. 31, Michael Billington was still being held in these circumstances. Conditions in "The Hole" are geared to break those who are designated "troublemakers" by prison authorities. Mike can make calls only by express permission of a duty officer, and when they have occurred, Mike is subjected to constant nagging to keep them short, even though he is now working with his attorney on the appeal of his Virginia sentence.

That Mike was ever moved into "The Hole" because of his 77-year sentence is highly suspect. After his release from the Roanoke County jail, Mike was initially returned to the federal prison camp where he had been serving his federal sentence. Officials there refused to let him stay, because of the 77-year Virginia sentence. He was then shuttled off to a local jail pending a Bureau of Prisons (BOP) review of his security-level designation. By mid-January the "reclassification" was made and Mike was sent to Danbury, Connecticut federal prison.

Upon Mike's arrival at Danbury he was assigned to the normal orientation session for the facility. But with this *Nacht und Nebel* snatching of Mike and putting him into "The Hole," the warden apparently decided to reject the recommendation of the Bureau of Prisons. Prison officials have told Mike that there is an almost 100% chance that he will be removed to a high-security prison. Unless he is moved or some intervention occurs from the Justice Department's BOP he will have to remain in "The Hole."

In the week beginning Jan. 29, the campaign of bureaucratic misinformation about Mike's status escalated, under conditions in which Mike has been denied adequate communication with his attorney or paralegal staff. Officials are extremely evasive about Mike's situation.

What is happening in Danbury is not an "internal" matter, but part of the attempt to break the LaRouche movement. Demands for justice should be directed to the White House.

# Truth suppressed; Phau convicted

The politically motivated “securities fraud” trial against Don Phau, a longtime collaborator of Lyndon LaRouche, ended on Feb. 1 in Roanoke, Virginia with a conviction on all four counts of “conspiracy to defraud” and violation of the state’s securities law. The jury (which in Virginia not only brings in the verdict, but also sentences) recommended that Phau be sentenced to an outrageous 35 years in prison.

Immediately, Judge Clifford Weckstein revoked Phau’s bond and set a new bond at \$115,000, placing Phau in custody until the new bond is posted and citing the severity of the sentence as the reason. It is anticipated that bond will be posted Feb. 3. On March 14, Weckstein will pronounce final sentence—the same Judge Weckstein who in December sentenced LaRouche associate Michael Billington to 77 years in prison for similar charges of “securities fraud.”

Don Phau is the author of a published study showing that the story of Beethoven’s opera of freedom, *Fidelio*, was based on the political imprisonment of Lafayette, the hero of the American and French Revolutions, and of a recent series of newspaper articles exposing the satanic origins of rock music.

He is the third of 17 LaRouche associates indicted on these spurious charges, to be convicted in Virginia. Last April, Rochelle Asher was sentenced to 10 years in jail and 10 years probation. Last December, Billington received from Weckstein the obscene 77-year sentence. In addition, in the past year, three associates of LaRouche have been convicted of “scheme to defraud” in New York—and, of course, in December 1988, LaRouche and six others were railroaded into prison in an analogous federal frame-up in Alexandria, Virginia.

The Phau case is part of the political prosecution of the LaRouche movement on behalf of powerful U.S. Establishment circles including George Bush himself. To construct the charges of “securities violations” in Virginia, the state government declared, *a posteriori* (after the fact), that a political loan constitutes a “security,” and a political fundraiser—at least, a fundraiser for causes associated with LaRouche—is thus engaging in “unregistered security sales”!

And, to construct the charge of “conspiracy to defraud,” the federal government and state governments went a long way to create—by means of a vicious harassment and slander campaign, topped off with the government-enforced bank-

ruptcies of three LaRouche-affiliated companies—a situation in which political loans couldn’t be repaid on schedule.

In a written statement, Phau quoted LaRouche on that issue: “Were loans taken? . . . Yes. Were loans not repaid? . . . Yes. Why? If we were left alone, without government interference, those loans would have been repaid. If you want someone to blame, look to the prosecution desk and the government task force, whose bidding they are doing.”

## LaRouche’s testimony blocked

Phau wanted Lyndon LaRouche (who has now been in federal prison for over a year, since his Alexandria sentencing), to testify on his behalf at the trial in Roanoke. LaRouche agreed; Phau’s lawyers agreed, too, but at the last minute—most likely due to government intervention—refused to call LaRouche as a defense witness.

Phau commented: “In my case the most efficient means to bring the truth before the jury was the testimony of Lyndon LaRouche. There is no doubt in my mind, that if he were allowed to testify, and the defense were minimally prepared to deal with the prosecution attempts to discredit his testimony, the case would have ended in either a mistrial or acquittal.

“The prosecution never had a case against me. Their key witness, the one person I had any real dealings with, said those dealing were without ‘ill-will or rancor.’ The prosecution’s other key witness, Wayne Hintz, was totally discredited when the defense produced evidence which proved beyond a shadow of a doubt that he was either an incompetent or a liar. Once the prosecution rested, it was simply a matter of the defense bringing out the full truth to the jury. This, however, never happened.”

Why not? Because, as Phau wrote, “The defense attorneys, themselves determining that the government had no case, decided to succumb to pragmatism: ‘The appearance exists that you are innocent, and that is all that is necessary.’ And, what about the truth? ‘Truth, you see, doesn’t enter into it. The truth, after all, doesn’t exist.’ ”

## The truth is . . .

The truth is, the prosecution of the LaRouche movement is political—but the defense lawyers in Roanoke fell for the perception created by prosecutor Russell and Judge Weckstein, that it was not a political case but a case of financial fraud, for which the prosecution seemed unable to present sufficient evidence. Therefore, the defense lawyers mistakenly thought they had already won, when the prosecution rested, and considered the presentation of the truth and LaRouche’s testimony as superfluous. The result: LaRouche couldn’t testify, and Phau was convicted. The fundamental cause? The U.S. justice system has degenerated into a political instrument to suppress political enemies, and the LaRouche movement has become a primary target.

In the statement he wrote after his conviction, Phau concluded: “The truth has yet to come out.”

# Perle shows true colors, against SDI

by Leo F. Scanlon

During the first week of the new congressional session, a curious group of "strategists" was summoned before the Senate Armed Services Committee and asked to review the strategic threats to the United States today. Among them was Richard Perle, assistant secretary of defense during the Reagan administration, erstwhile "hardliner" on defense issues, who was considered by the credulous as one of the architects of the Strategic Defense Initiative.

Perle stepped from behind his carefully cultivated image, and presented himself as what *EIR* had long claimed he was: a saboteur of the SDI program and an advocate of policies which are little more than unilateral disarmament. Perle's attack on the SDI and support for the point defense systems advocated by committee chairman Sam Nunn (D-Ga.), had conservatives all over Washington buzzing. They should only have been surprised that Perle spoke so honestly, or almost so, in public.

Many of those conservatives had perhaps forgotten that before his incarnation as a fire-breathing Republican standard bearer, Perle had interned with Democrat Henry "Scoop" Jackson. Perle is emerging as the heir-apparent to the position now occupied by Albert Wohlstetter, the author of the *Discriminate Deterrence* report, the blueprint for the Bush administration's condominium arrangements with the Soviet Union. Wohlstetter has been the mentor of Perle since Perle dated his daughter at Hollywood High School. The ability to adopt political camouflage is the stock-in-trade of Wohlstetter and the group of former Trotskyists and Social Democrats who entered the intelligence services in the late 1930s, and the skill has been adequately demonstrated by Perle.

## Sabotage of the SDI

The case of the SDI is exemplary of the pragmatism of this grouping. Perle developed his reputation as a supporter of President Reagan's program largely on the basis of his attacks on congressional attempts to use the ABM treaty and other arms control agreements to justify defense budget cuts. Behind this façade, Perle was engaged in a vigorous international effort to wreck the SDI.

*EIR* caught Perle in the act in 1986, when he traveled to Japan to provide an official briefing to the Japanese government on the SDI program. At the time, leading figures of the Japanese scientific and industrial community were participating in an *EIR*-sponsored seminar which was examining the

mutual benefits that collaboration on the project would provide to each nation. But Perle was telling the Japanese government that it should distance itself from the program, since it would come to an end as soon as Reagan left office.

Perle performed a similar mission in Europe, dousing support for the SDI among the NATO allies, contributing materially to the Soviet propaganda blitz against the program in Europe. Perle was subsequently identified to *EIR* as one of the people suspected to be part of the "X Committee" which controlled the spying activities of the Jonathan Pollard network.

## Perle's disarmament scheme

During his recent testimony to the Senate Armed Services Committee, Perle answered a question posed by Sam Nunn with the canard, "I have never thought it possible or affordable to deploy a perfect defense." He went on to say, "I wouldn't rush to deploy something—wouldn't rush to deploy 'Brilliant Pebbles' [the only SDI system that has survived recent budget cuts—ed.], but I would continue a vigorous R&D program . . . would re-orient the program in terms of the objective of the relatively near-term deployment and the fairly comprehensive defense toward the partial defense."

Senator Nunn said, "So, you'd be moving the goal backward in terms of time of deployment and you would be going for a less complete defense, more of a partial defense?" To which Perle replied, "That is correct."

As for his role as an erstwhile opponent of the goals of the Russian empire and its war machine, he told Sen. John Warner (R-Va.) that the Reagan administration "projected—I didn't always believe it—but as a country we projected vast increases in Soviet strategic forces in the absence of arms control agreements. I don't believe those projections now, didn't believe them then. But nobody believes them now . . . that's why I'm not keen to rush" to build strategic weapons.

Perle further called on the Bush administration to unilaterally carry out conventional weapons cuts in Europe, far in excess of any number proposed for discussion in Vienna, a move which would be accompanied by a cessation of production of most current weapons systems, and the array of strategic weapons designed to catch up with the enormous and still growing Soviet arsenal.

Such a reckless course can be pursued, according to Perle, because the Soviets are going to be "thrown out of Eastern Europe." His fellow panelist, defense analyst Phil Karber, found this a bit too much, and interjected, "I think Richard was speaking euphemistically, not literally. I don't think the East Germans or anybody else are going to throw the Soviet Union out of Eastern Europe, out of East Germany, if the Soviets don't want to go. If there's one place they'll fight to stay if they decide it's in their interest to stay, it's going to be East Germany, and all the riots to the contrary, they'll stay." Richard Perle merely shook his head in vigorous disagreement.

## **Bankers plot against war on drugs**

*Conference reveals open bank opposition to essential steps to deter money laundering.*

**T**he Bankers Association for Foreign Trade's (BAFT) Center for International Banking Studies devoted an entire session of its conference here Jan. 21-23 to drug money laundering. The purpose of the seminar was two-fold: to bring participants up to speed on the new laws which hold banks more accountable for preventing the laundering of drug and other illicit funds through their institutions; and to make it clear that the banking community, through organizations such as the BAFT, seeks to convince Congress to "lighten up" on the issue.

By mid-1990, banks will be required to keep tabs on all suspicious international wire transactions. This will be a tall order, because such transactions, known as CHIPS, total as much as \$1.2 trillion in a single day. Nonetheless, unless this is done, any effort to take the profit out of international drug trafficking by eliminating the ability of traffickers to use their ill-gotten gains will be fruitless.

According to Charles A. Intriago, editor of *Money Laundering Alert*, who was a member of the BAFT panel on the subject, the lowest U.S. government estimates are that \$80 billion in drug sales occur annually in the U.S., and \$300 billion occur annually worldwide. Experts routinely put those figures much higher.

Experts realize that unless the banks themselves are held accountable for identifying and reporting suspicious movements of money through their institutions, the problem can never be solved. Necessarily, this includes the monitoring of international

wire transfers.

Inconvenience to the banks has to be weighed against the seriousness of the problem. If the ability to launder money were stopped cold, nothing would be more devastating to the drug cartels. Given Americans' overwhelming support for winning the war on drugs, then, it is surprising that the public is not made more aware of the zealous efforts by the banking lobbies in Washington, including BAFT, to take the teeth out of tough money laundering laws.

Citibank's International Government Relations spokesman William Hawley, speaking on the BAFT panel on money laundering, made it clear he does not like the provisions the Treasury Department outlined last October, set to go into effect this summer, for monitoring international wire transfers. He told the conference that efforts were afoot by all the major bank lobbies to change the rules.

The Treasury's October 1989 ruling said that banks will have to monitor international wire transfers in seven major areas: 1) records and reports on persons, 2) third-party information, 3) a "know your customer" policy to verify legitimacy, 4) special procedures for non-account holders seeking to wire money, 5) use of a "suspicious international transfer profile," 6) getting information from other banks on targeted cases, and 7) monitoring international non-wire book transfers.

Hawley said that among these requirements, those which pertain to keeping records and reporting are

okay for the banking community, but all those areas which require an analysis of data (that is, to identify suspicious transactions) should not be part of the responsibility of banks, but should be handled solely by the government.

"We've been told we're deputized," he complained, to carry out a role for which, he insists, the banks should not be held responsible. BAFT president Benjamin Turnbull went even further. He said the Treasury's enforcement division has adopted the attitude that "if they break some glass on the way" to achieving their objective, "that's not their concern." But, he whined, the "modifications they want on the wire transfer of funds could put us out of business." He added, "All three [banking] trade associations have a similar response."

I asked drug czar William Bennett during a White House press briefing Jan. 25, "On the issue of money laundering, a number of representatives of banking associations think that too much pressure is being put on them to be accountable for putting restraints on money laundering, especially in international wire transfers. What's your response to that?"

Bennett said, "No. I would say we do need accountability there. As we said last time, we might subtitle the strategy, 'Everybody Must Do Something.' And the money goes to the banks, and that means the bankers have to be paying more attention. And we know that money is the lifeblood of these organizations, and as long as they are able to launder money easily, that's going to create a great obstacle for us. So, no, we don't think that we're placing an undue burden. We want to work with the community, obviously, in a way that doesn't distort or frustrate their usual way of doing business. But they've got to play."

## Gorby GOPers pay homage to Honecker

Iowa Republican Sen. Charles Grassley was unsuccessful in his attempt to sponsor a visit to the United States by Gregor Gysi, head of East Germany's communist party, the SED. Gysi was to be given the red-carpet treatment, with speaking engagements at the Washington National Press Club, the Council on Foreign Relations, and Johns Hopkins University.

At a time when the East German citizenry is declaring the SED party and regime bankrupt in huge demonstrations in Leipzig and other cities, the Gysi tour was designed by GOP Gorby-lovers to prop up the communists and slow down the process of German reunification. Gysi was also invited to speak at the prestigious National Prayer Breakfast. The trip was canceled due to the decision to hold elections in East Germany earlier than planned. The East German embassy says that the visit will be taken up at a later date.

## Token reparations for Panama invasion

President Bush announced on Jan. 25 that he would seek from the Congress \$500 million in "new money" to help Panama rebuild its economy. Although the impression is given that this will go to help businesses, housing, and other needy beneficiaries in the economy, a *Washington Post* report prior to the official announcement revealed that a major portion of the money is intended to "revitalize Panama's banking and justice system."

"A large sum," reported the *Post*, "is also earmarked for helping the country to catch up with unpaid interest on its foreign debt." The U.S.-installed Panamanian President Guiller-

mo Endara said that he was "satisfied" with the plan, although most observers estimate the damage from looting alone at over \$1 billion, not to mention the damage and destruction caused by the U.S. bombings and shelling.

## Former defense chief calls for radical cuts

Adding his "two bits" to the plethora of voices calling for a draw-down of U.S. forces in Western Europe, former Defense Secretary James Rodney Schlesinger, testifying before the Senate Armed Services Committee on Jan. 26, demanded more radical cuts in conventional forces than the 10% U.S. reduction proposed by President Bush at the 40th anniversary summit of NATO in June.

"It was a prudent and productive proposal," said Schlesinger, "but in my judgment time has now overtaken it." Claiming that the revolutions in East Europe will ultimately force Moscow to pull out their troops from Eastern Europe, Schlesinger claims that waiting until the conventional force reduction talks have come to some resolution, would "legitimize" the long-term presence of Soviet forces in Eastern Europe. The adaptive Mr. Schlesinger was CIA director under Nixon, defense secretary under Ford, and served the Carter administration as energy secretary.

## Space budget escapes budget austerity knife

One major item which was not cut in the President's proposed U.S. budget was the appropriations to the National Aeronautics and Space Administration (NASA), where the administra-

tion requested \$15.1 billion, a 20% increase over this year's appropriations. The Space Station Freedom, which has been short-shrifted in the budget since 1985, is slated for \$2.6 billion, a considerable increase over the \$1.75 billion allotted to it in the 1990 budget. The Moon-Mars program, announced by Bush last July, also got a significant boost, with new starts for the Lunar Observer to do high-resolution mapping of the entire Moon, and Lifesat to improve knowledge of the effects of space on living systems.

Exploration technology programs will be increased nearly seven-fold to \$180 million to begin detailed studies of the transportation, nuclear propulsion, life support, and other technologies the Exploration Initiative will require.

## Virginia Democrats want Spannaus off the ballot

LaRouche Democrat Nancy Spannaus, the only announced candidate in Virginia against against Republican incumbent Sen. John Warner, condemned on Feb. 1 the "East-bloc communist measures" of the Virginia Democratic Party to choose a candidate against Warner, "in order to prevent myself and my program from getting a hearing among the rank and file of the Democratic party."

The Virginia Democratic Party apparatus is attempting to find some legal pretext by which the Democratic State Committee could "appoint" a candidate for Senate, without going through a primary, convention, or even a caucus as stipulated by the party constitution. "This revives a racist, exclusionary tradition which the election of Douglas Wilder [as governor] was supposed to mark the end to," said Spannaus. "Clearly the Democratic

Party really doesn't want to challenge Warner at all."

Spannaus noted that it is ironic that "while Eastern Europe is moving toward freedom, the U.S. Democratic party is moving in the opposite direction." Spannaus's husband was jailed in a Justice Department-organized political railroad against Lyndon LaRouche and his associates, which was aimed at eliminating LaRouche's policy-influence from the U.S. political scene.

In similar moves recently, the Illinois State Elections Board ruled 7 to 1 to eliminate the LaRouche Democrats from the ballot in Illinois, where in 1986 two LaRouche candidates won nominations to the posts of lieutenant governor and secretary of state.

## **LaFalce assails RICO as free speech violation**

Rep. John LaFalce (D-N.Y.) on Jan. 31 read into the *Congressional Record* an article by civil rights activist Nat Hentoff attacking the Racketeering Influenced and Criminal Organizations (RICO) legislation as a danger to the First Amendment rights of Americans.

"An anti-pornography organization in Florida was accused of extortion," said LaFalce, "a crime included in the list of acts which can legally be considered racketeering. By using RICO, publishers, magazine sellers and, ironically, defendants of free speech can sue for triple damages and attorney fees as well as label these protesters as racketeers. . . . These alleged racketeers sent letters and postcards, picketed, threatened a boycott, and threatened to hold a press conference."

"As Mr. Hentoff states," continued LaFalce, "this misapplication of RICO threatens our essential right to

free speech." LaFalce called for a "careful examination" and "clarification of RICO" as a priority for this session of the 101st Congress.

## **Seidman wants more money for S&L bailout**

The \$50 billion approved by Congress last year to bail out failed savings and loan institutions will be exhausted by mid-1991 and more money will probably be needed, L. William Seidman, chairman of the Resolution Trust Corp (RTC), told the House Banking Committee on Jan. 31.

Seidman said that the new agency created to dispose of insolvent thrifts could handle another 100 failed institutions with the \$50 billion on top of the 333 already put under its management. He said, however, that thrift regulators believe between 225 and 295 more thrifts are so shaky they are likely to fail. "Someone will be back to ask for more money some day," he told lawmakers.

Seidman said that if the caseload does not grow more than another 100 thrifts or another \$40 billion in liabilities, the borrowing authority provided by the new law would be adequate. "Beyond those numbers, additional funding to absorb losses will likely be needed."

## **Congress revs up attack on Bush budget**

In what is threatening to become a rough-and-tumble session of the second session of the 101st U.S. Congress in this congressional election year, Democrats have begun opening fire at the just-presented Bush budget.

The \$1.23 trillion budget for fiscal 1991, will slow military spending, and makes substantial cuts in major social programs like Medicare, farm subsidies, meal subsidies for children above the poverty line, but calls for no new tax increases.

The Democrats, however, don't believe that the President has gone far enough in cutting the defense budget. Sen. James Sasser (D-Tenn.) characterizes it as a "listen-to-what-I-say-and-forget-what-I-do" budget. Senate Majority Leader George Mitchell (D-Me.) called the defense expenditures "unrealistically high."

Rep. Bill Frenzel (R-Minn.), the ranking Republican on the House Budget Committee, although calling the spending plan "a good start," admitted that it could provoke "a long and difficult budget process," what Senator Sasser characterized as a "long, divisive, and potentially paralyzing debate."

Already on Jan. 30, Budget Director Richard Darman was the object of heavy attacks by Democrats when he presented the budget. Rep. Jim Slattery (D-Kan.) called Darman's appearance "Act One of the smoke-and-mirrors game." Rep. Marty Russo (D-Ill.) condemned a budget process "that stinks and lies," and accused Darman of perpetuating fiscal dishonesty.

Leading Democrats claim that deeper cuts in defense spending should be made because of the alleged "sweeping political changes" now occurring in the East bloc. Although Gorbomania is still going strong on Capitol Hill, as well as at the White House, a sudden change in the status of Mikhail Gorbachov, as was rumored this week, could throw a monkey wrench into all the various budgetary game-plans, by knocking out the key prop on which all these wishful illusions are based.

# National News

## Judge demands Reagan Iran-Contra entries

Judge Harold Greene ordered former President Reagan Jan. 30 to turn over certain entries from his personal diaries to the defense in the Iran-Contra case of former National Security Adviser Adm. John Poindexter.

Defense lawyers have described Reagan as one of their most important witnesses, claiming he would provide evidence showing that Poindexter's actions had been known or approved.

Greene, in a 16-page ruling, said Reagan has until Feb. 5 to give Poindexter copies of all diary entries on six specific Iran-Contra categories and for 29 dates ranging from July 17, 1985, until Dec. 2, 1986, right after the scandal became public.

Greene said a defense subpoena seeks classified and highly sensitive information. If Reagan claims executive privilege, there would be a hearing in open court on whether the diaries were material and crucial to Poindexter's defense. Greene has reviewed the material in secret, and it probably would be difficult for Reagan and the Justice Department to convince him the entries were not needed for Poindexter's defense.

The specific diary entries that he said Reagan must turn over generally involve the secret arms sales to Iran, the diversion of the proceeds to the Nicaraguan Contra rebels in 1985-86 when Congress banned U.S. military assistance, and U.S. efforts to help arm the Contras.

## New York Times covers du Pont Smith case

The *New York Times* gave prominent coverage on Jan. 29 to the fight of Lewis du Pont Smith to overturn a court declaration of mental incompetency which had been sought by his family because of his support for the ideas and political movement associated with Lyndon LaRouche.

The *Times*, after laying out the basic details of the case, including Smith's claim that he lost \$3.3 million in the 1987 stock

market crash "because the court had not let him rearrange his portfolio," examines the family's disagreement with him. Lewis Smith's father "Newbold Smith has previously said the case is not 'Smith vs. Smith, but Smith vs. LaRouche,'" the *Times* reports, quoting Lewis saying, "Money is the family blood. Passing money down through the generations defines parental responsibility in the du Pont family."

The *Times* states that Lewis Smith "told his side of the story with clarity, anger, and humor," but failed to share any of it with its readers. One of Smith's lawyers, James Crummet, is quoted asking, "I smoke cigarettes, and that is listed as a personality disorder in the classification manual [of mental illnesses, used as evidence]; does that make me incompetent?"

The Jan. 30 London *Times* broke a months-long blackout on news in the British press on coverage of LaRouche or his associates, in reporting on the case. While hostile to Lewis's fight, the *Times'* James Bone reports, "He has taken his case to the press, telling one journalist who visited his house while he was cooking: 'Anyone who can cook *gnocchi alla Gorgonzola* cannot be incompetent.'"

## Wallop condemns Vienna troop talks

Sen. Malcolm Wallop (R-Wyo.) condemned the willingness of the U.S. to accede to Soviet aims of reducing the U.S. troop presence in Western Europe in the Conventional Forces in Europe (CFE) talks.

The Soviets are using CFE levels "as the major pretext for maintaining troops where they are obviously not wanted," hence, their desire to conclude CFE quickly, Wallop said. "It is harder and harder to sympathize with the U.S. officials who want to go along.

"Neither Mr. Gorbachov nor anyone else can justify a U.S.-Soviet military condominium of Europe. Against whom would it be directed? Germany? . . . The only country that threatens the world militarily is the Soviet Union." Whereas CFE can only provide for parity and some additional warning time, "full democratic sovereignty in East Europe . . . would ensure zero Soviet troops in the region."

The CFE talks should be postponed, while democracy takes its course, Wallop said, noting that "the political roof has fallen in on the Warsaw Pact." It is possible that the new governments in East Germany and Czechoslovakia may not only demand Russian troops out, but non-communist control of their own national forces.

## Fewer defense companies a good thing, says Taft

U.S. Ambassador to NATO and former Deputy Secretary of Defense William Taft said that there should be fewer defense related companies, in remarks to a Jan. 27 strategic studies conference in Paris.

Taft said that no nation, including the United States, could now afford to maintain an independent industrial base able to support military requirements. "The number of defense firms is already declining, and it should."

Taft proposed that NATO countries undertake more joint efforts to develop and produce weaponry.

## Navy officer convicted in 'rocket docket'

Retired Navy SEAL Commander Richard Marcinko, one of the world's foremost experts on counterterrorism, was convicted on Jan. 26 of one count of conspiracy to defraud the government. He now faces up to five years in prison and \$50,000 in fines.

Marcinko's attorney Yale Goldberg said that he will fight to reverse the conviction. "The testimony of government witnesses was among the most incredible testimony I've heard in 30 years," he said. "The government's prime witness testified that the government twisted and molded his testimony to fit the facts they wanted to prove."

The conviction was run by the secret government apparatus that also convicted Lyndon LaRouche: U.S. Attorney Henry R. Hudson, Assistant U.S. Attorney John J. Klein, and federal Judge Albert Bryan.

Last October, the jury acquitted Marcinko on one charge of conflict of interest, and



failed to reach a verdict on two other charges. It appears that Hudson kept the jury on call for the past three months until the jurors finally gave in and convicted.

Commander Marcinko went public with his story by speaking at the Martin Luther King Tribunal event in February 1989, offering his support in the fight against political prosecutions.

After founding SEAL Team 6, the elite of the SEAL units, Marcinko went on to create (OP-06D), a highly secret Navy unit whose job was to test the readiness of Navy facilities around the world to withstand a Soviet *spetsnaz* attack. It is known that Marcinko proved that security systems and facilities were not at the level of readiness which would withstand a *spetsnaz* assault.

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## Interior Department capitulates to greens

Eco-fascist groups suing the Interior Department have reached an agreement on a new plan for strict enforcement of the nation's strip-mining law.

The agreement reached Jan. 26 was hailed by lawyers for environmental groups as an "unqualified victory for the environment." They said it will make it easy to revoke strip-mining permits issued to companies and individuals with past records of infractions, no matter how small, and to block new permits in such cases. At the heart of the new enforcement system is the planned installation by July 1 of a computer system with complete information on mining companies and their owners.

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## Energy Department joins green bandwagon

The U.S. Department of Energy is abandoning the old energy policies of production of energy, and will now emphasize the environmentalists' agenda of promotion of conservation and renewable resources, according to W. Henson Moore, Deputy Secretary of Energy, at a Jan. 26 press conference.

Moore said the Energy Department will spend \$336 million to make lighting in federal buildings more efficient, will promote increased use of hydroelectric power and commercial incinerators that burn trash to produce electricity, and will promote the use of alternative fuels including methanol and ethanol which, he said, "represent the cleanest, cheapest, safest means of meeting our nation's growing energy needs."

The hydroelectric side of their plan will be very difficult to meet, since federal licenses to hundreds of medium and small hydroelectric generators expire in the next three years, and environmentalist groups are demanding they either be rebuilt or dismantled.

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## Soviet defense minister embarrasses appeasers

The open admissions by Soviet Defense Minister Dimitri Yazov, that the Soviet Army had invaded Azerbaijan to prevent the Azerbaijani Popular Front from seizing power from the communists, has embarrassed the Bush administration which has been doing everything possible to keep Mikhail Gorbachov in power.

State Department spokesman Richard Boucher said on Jan. 29 that the administration had found Yazov's statements "very disturbing." Boucher added that comments by former KGB gangster, now Foreign Minister Eduard Shevardnadze, that the Soviet goal was "for the purpose of saving people," were far better. He praised Shevardnadze's line as fitting the official U.S. view of the conflict in the south as being "an age-old ethnic conflict, not a fight for independence."

Boucher also cautioned the National Salvation Front in Romania run by Gorbachov's close associate General Iliescu, not to backslide in the transition from revolution to democracy. However, in the same State Department press conference, he praised East German communist chief Hans Modrow for having advanced the timetable of the elections there, which can only benefit the ruling communist party, since it gives the opposition less time to build new organizations.

# Briefly

● **PRESIDENT BUSH** unveiled his latest war on drugs proposal Jan. 25, which includes asking for the death penalty for those convicted as "drug kingpins," a penalty so far reserved for murderers.

● **THE U.S. STATE** Department's attempt to evict the ambassador of Prime Minister Michel Aoun from the Lebanese embassy in Washington was blocked by U.S. District Court Judge Harold Greene on Jan. 26, who granted a 10 day injunction. Noting that Aoun controls a sizable portion of Lebanon, Greene said the issue is "whether the U.S. government can take control of property controlled by one sovereign and deliver it to another sovereign."

● **ENVIRONMENTAL** Protection Agency Administrator William Reilly said on the ABC News program "Good Morning America" on Jan. 25, that President Bush's endorsement of elevating the EPA to cabinet status puts it at "the big table." When the EPA administrator is doing his job, "he is in everybody else's hair," he said.

● **A PLUTONIUM** processing plant in Idaho using advanced lasers which was to have been the first new nuclear weapons manufacturing plant since the Hanford, Washington nuclear reactor was completed in 1963, has been stopped. The Bush administration notified Idaho lawmakers that it will not provide money in next year's budget for the plant.

● **NASA'S** Earth monitoring station that will gather data on global climate warming and ozone depletion has soared to more than \$30 billion from an original estimate of \$12 billion, which would make it the most expensive space science project ever.

● **ELLIOTT ABRAMS**, the former assistant secretary of state, told a forum in Washington that "defeating the drug cartels is more important than sovereignty," reported the Buenos Aires daily *Clarín*, Jan. 21.

### *The real state of the union*

America has become a nation sharply divided between the wealthy and the very poor. When we look at the goals which President Bush set before the nation in his State of the Union speech, despite his Pollyanna rhetoric, this comes out loud and clear.

The plight of the homeless in America's largest cities can be compared to that of the poor in a Brazilian *favela*—except that in Brazil, the indigent live in jerry-rigged shacks, while many of the U.S. poor must camp in the streets, even in freezing weather. Bush calls for an America where "everyone has a roof over his head."

Then there is the question of jobs. Bush would have "a job available for everyone who wants one." Of course, he does not address the skyrocketing unemployment as closures mount, but most revealing is his admission that mothers of young children in the workforce are here to stay—the reality behind his daycare proposal.

Most amazing, the President of the world's greatest superpower has set at a goal literacy for its citizens. By the year 2000 he would have a 90% graduation rate from high schools.

As for the aged, the President is shameless. He pledges to guarantee the social security benefits of every American while he is, in fact, planning to steal the account in order to finance the payment of interest on the country's escalating debt.

President Bush may describe the United States as a democratic system "second to none," but for most Americans the reality is becoming one of hopeless poverty, in which their children's future looks more bleak than their own, present existence.

From the standpoint of the United States of America this past year has been a very bad year indeed, culminating in the invasion of Panama, with all of the accompanying violations of international law, epitomized by the seizure of General Noriega. The coming year does not look to be any better, unless some drastic policy changes are made quickly.

Already, the news is out that the Soviets are resupplying the Nicaraguans with military helicopters and

setting up surface-to-air-missiles there, as well as shipping armaments to Cuba. This is a clear violation of the Malta agreements between Bush and Gorbachov, yet Bush has proposed further massive troop cuts in Europe, and his budget mandates that reserve forces in the United States which are on standby for European deployment will also be cut.

Polls claim that President Bush is still extremely popular in the United States. Despite the low level of "popular culture" in the United States we doubt that this can be true. More and more Americans are becoming more and more enraged. Bush is a rich man's President, and even the rich are beginning to feel the pinch. We can confidently expect, in the not too distant future, that he will be in the position of Mikhail Gorbachov—denying rumors of his imminent resignation.

In the rest of the free world Bush is both hated and despised, as he is now hated by those like the Chinese students and Soviet Jews, who aspire to freedom and who once looked to the United States for safe haven—only now to be turned away.

George Bush's program for the United States is to steal as much of the world's resources as possible so that while the rest of the world starves to death, he and his friends will live in feudal splendor. This is the reality of the pro-environmentalist policies. He is against anything such as the high-speed railroad project for Central Europe. That has to be understood.

Bush views West Germany, all Germans, and all Japanese as the enemy. That's the new enemy. The Bush administration is moving now against Mexico on the basis of the "Panama precedent". Other nations in Central and South America are headed for the same thing. The U.S.-U.S.S.R. condominium is the worst evil ever conceived by man, and Bush is an enthusiastic supporter of it. Fortunately, like Gorbachov and Bush, it too may not be around much longer. If the American people do not wake up soon, the United States as we now know it may also become a distant memory.

No nation can long stray from the community of civilized nations and remain unpunished.

# MIDDLE EAST INSIDER

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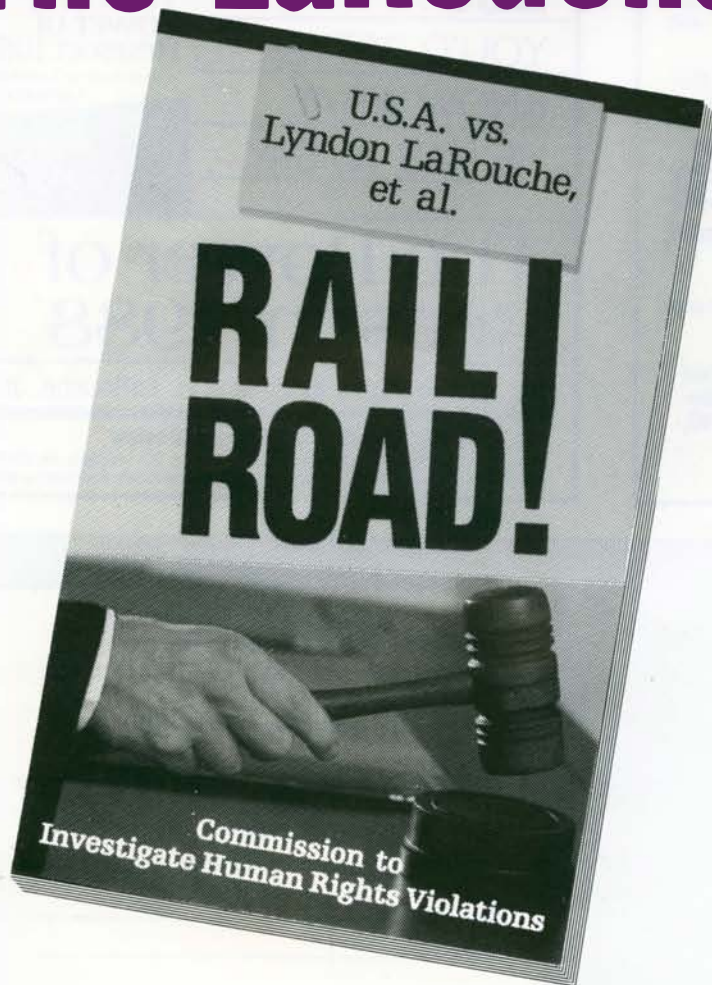
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