

# EIR

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Bush backs pagan goals of 'ecology' hoaxsters  
Parana-Paraguay waterway: key to a continent  
Thornburgh in the steps of Brezhnev, Ceausescu

## Why the West should *not* help Gorbachov



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U.S.A. vs.  
Lyndon LaRouche, et al.

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# EIR

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On Oct. 12, 1988, exactly 16 months ago, then-presidential candidate Lyndon LaRouche, now a Democratic candidate for Congress from Virginia's Tenth Congressional District, became one of the first leading international figures to address the issue of German reunification as an immediate question for our day, in a press conference in Berlin's Bristol Hotel.

He based his forecast on the developing economic breakdown crisis of the Soviet bloc economies. He based his prescription inclusively on "an uncompromising belief in the principle of absolutely sovereign nation-states," and on a grasp of the world food crisis, and the West's ability to stem it under sane agricultural and general economic policies. The policy he put forward was one of durable war-avoidance leading eventually to actual peace.

The intervening 16 months' developments in Central and Eastern Europe and the Soviet Union, have borne out LaRouche's forecasts completely. But in the U.S.A., the new administration of George Bush, which came into office about three months later, has based itself on clinging to failed economic policies, and on a one-world empire approach in alliance with Mikhail Gorbachov's Soviet Union. As a result, it is West Germany's Helmut Kohl whose policy has become agreeable to the one LaRouche laid out, while U.S. policy under Bush and Secretary Baker is allying itself ever more openly with the Soviets, against the subject peoples of their empire, and against U.S. allies such as Germany and Japan.

Now we have the spectacle that Kohl travels to Moscow, to be told the design for the future of his country as worked out secretly by Gorbachov, Baker, and Shevardnadze during two days of talks. There is every reason to believe that this secret agenda foresees a neutralized Germany—i.e., under Soviet military control. Such "condominium" attacks against the principle of the nation-state will not halt the collapse of the Soviet empire (see *Feature*), nor that of the Anglo-American financial structures. If allowed to stand, they will pave the way to a new war, as the Versailles arrangements did.

The alternative is Lyndon LaRouche's proposal for a Paris-Berlin-Vienna rail triangle of development. With the tide turning against Bush, even domestically (see *National*), the time is overripe to bring that alternative into the U.S. Congress.

*Nora Hamerman*

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## German currency union will create boom in Europe

by Rainer Apel and John Sigerson

The face of world politics was fundamentally changed on Feb. 8, when West German Chancellor Kohl, taking a cue from American economist Lyndon H. LaRouche, unveiled his proposal for the immediate economic and monetary union of East and West Germany, with the explicit aim of having a reunified Germany play the crucial role in rebuilding the shattered economies of Eastern Europe, from Czechoslovakia to Poland.

Kohl's announcement sounds the death-knell for the old debt-collectors' Bretton Woods monetary order—still clung to by the decaying United States and Great Britain—and proclaims the rise of a new economic order of rapid technological and industrial growth. Nowhere was the clash between the two opposite views clearer, than at the annual meeting of the World Economic Forum in Davos, Switzerland at the beginning of February. On the old economic order's side was Raymond Barre, Trilateral Commission member and former French prime minister, who droned on about strict adherence to the fiscal "discipline" enforced by the International Monetary Fund (IMF), and presented the hopeless, genocidal prospect of global "crisis management" and "credible, drastic [austerity] measures in Eastern Europe."

Barre, however, was entirely upstaged by an optimistic Chancellor Kohl, who predicted that the coming decade will not belong to the Japanese, as has been believed up to now, but to the Europeans. Kohl was backed up by his economics minister Haussmann, who sketched out a future powerful and productive economic entity comprising 500 million Eastern and Western Europeans.

The corridors at Davos were already abuzz with rumors of a secret West German plan for the most rapid possible unification of the economies and currencies of East and West Germany. This was said to be the topic of Kohl's tête-à-tête

with Hans Modrow, who as President of East Germany will preside over that country's first free elections since the communist seizure of power in 1949. The rumors turned out to be true, and following Kohl's return, the Chancellor's plan was welcomed on Feb. 6 by Jacques Delors, president of the European Commission of the European Community. The plan was likewise hailed by the head of the Moscow Institute for World Economics, Professor Dashitshov, one of Soviet Foreign Minister Eduard Shevardnadze's top advisers, who said in a Feb. 8 interview that in the long term, the Soviet Union would likewise profit from the coming into being of an all-German economic union.

On that same day, it was announced in the West German capital, Bonn, that Kohl would be discussing the entire complex of questions with Soviet leader Mikhail Gorbachov on Feb. 10. From there, Kohl will go to France on Feb. 15 to consult with President François Mitterrand, and will then return to Bonn to discuss it again with Modrow. Kohl will go to the United States to present the plan to President Bush on Feb. 24.

### Speed is of the essence

The reason why German economic unity must be achieved quickly, is grounded in the economic reality. Already last September—i.e., before the Berlin Wall came down on Nov. 9—Helga Zepp-LaRouche, leader of the Patriots for Germany party, had issued a call to international leaders, warning that unless measures were taken *during this winter*, the populations of Eastern Europe would face unbelievable suffering as a result of the collapse of the Soviet empire's economy. These economies urgently need infusions of capital to cover basic needs. For East Germany alone, West German Economics Minister Haussmann is talking

about 500 billion deutschmarks (about \$250 billion), which over the next 5-10 years must be applied for the construction of houses and factories, for skilled crafts, transportation projects, and the energy sector.

Capital requirements are at least that high for Poland, Hungary, and Czechoslovakia. Backed up by the appropriate political will of continental Europe's governments, led by West Germany, it should not be difficult for Western banks to make these huge sums available—especially since the opening of the intra-German border has already meant that about \$24 billion has flowed out of the United States and into Europe in anticipation of these new markets. Considerable sums are also flowing from Japan into the West German financial markets.

### **Eastern Europe's productive potential**

Amid all the turbulent public debates about Eastern Europe's economic situation, one thing must be kept firmly in mind: The greatest proportion of the capital for reconstruction will have to be created internally, after an admittedly difficult transitional phase. Certain immediate measures, such as lowering the punitive taxes against private firms enforced up to now by East Germany's socialist system, would already put considerable amounts of capital in circulation. An agreement to grant credit earmarked for physical production at low interest rates and long maturities of up to 20 years, with no payments due for the first five years, would certainly ease the burden for the private financial sector during the initial stressful reconstruction phase.

One fact of paramount importance about the Eastern European economies has remained unmentioned so far: In these economies, the proportion of productive workers, with respect to employees representing overhead costs, is significantly higher than in the post-industrial "service economies" of the West. The higher proportion of productive labor is, of course, a result of the lower average productivity of labor in the Eastern European captive nations; nevertheless, it now means, for example, that 47% of all employees in East Germany are trained and employed in some sort of productive labor—as opposed to about 40% in West Germany and much less in the United States. This translates into a greater potential for mobilizing the potential of industrially trained labor than in the West. If it is provided with modernized industry and high-technology machine shops and the like, Eastern Europe will therefore be able to provide an greater than average impulse for the future of industry throughout continental Europe. In other words: The key to the coming "European Economic Miracle" will lie to a great extent in its eastern half.

For Western Europe and the rest of the world economy, the revival of industry in Eastern Europe offers an opportunity to dump the malthusian, post-industrial insanity of the past two decades, and resume a course of productive economic policy which, as Lyndon LaRouche has emphasized in numerous books and articles, would resemble the industrial

boom of the 19th century unleashed by the "American System" of economics pursued by such figures as Lafayette's protégé Friedrich List, whose German Customs Union and railroad-building projects transformed Germany into an industrial giant.

### **The strategic aspect**

Kohl went to Moscow with the following proposal to Gorbachov: West Germany is willing to provide millions in immediate economic assistance (food, consumer goods, etc.) to the Soviet Union, in exchange for Moscow's agreement to German reunification. On the condition that the Soviet Red Army would forbear from all intervention into Eastern Europe and the German Democratic Republic, Kohl also assured Moscow that a unified Germany would serve the security interests of the Soviet Union, insofar as those interests were well-founded.

Such an offer would mean that Bonn would assure that no military troops under NATO command would be stationed in the former territory of East Germany, and that the territory protected by the Western Alliance would not be extended eastward. In return, the Soviet Union would withdraw its troops, or at least a large proportion of them, from the area between the Elbe and Oder rivers. Kohl will doubtless also stress that Moscow can probably count on being confronted with a demand from the new East German government to be elected on March 18, for withdrawal of the Red Army, as has already been demanded by Czechoslovakia, Hungary, and Poland. Whatever troops do remain on what is currently East German territory must, in the West Germans' view, be only lightly armed, and would have the status of a national border-guard.

This rather complex model not only has to be accepted by Moscow, but also must be guaranteed by the other three post-war powers—the United States, Great Britain, and France—with the support of the other Western allies and Eastern European neighbor states. It is also conceivable—though not desirable from the West Germans' view—that West Germany's status in NATO would be downgraded. But such a change would have nothing to do with the idea of a fully neutral—i.e., Soviet-dominated—Germany, as has been pushed by the West German Social Democrats and kindred circles. Rather, the idea would be to have Germany's armed forces resemble those of France, which is not a member of NATO but which remains a bastion of Western defense.

The crucial aspect of these diplomatic steps, however, remains the idea of "food for peace" which is embedded in Kohl's proposal. Under the condition that full economic and political sovereignty is guaranteed to a unified Germany, an expansion of economic cooperation between Bonn-Berlin and Moscow in the framework of "mutually just treaties" can be envisioned. For without the immense economic potential of a united German industrial nation of 75 million people, there can be no talk of any improvement either in Eastern Europe, East Germany, or in the Soviet Union.

# Bush backs the pagan goals of world environmentalist Gestapo

by Rogelio A. Maduro

The world moved closer toward a global ecological dictatorship as the official representatives of 40 governments, leaders of all major environmentalist organizations, and assorted ghouls, met in Washington, D.C. for the plenary session of the Intergovernmental Panel on Climate Change (IPCC) which was held at Georgetown University, Feb. 5-7. This meeting, the most significant one in the arrangement of a worldwide ecological framework, was personally addressed by President George Bush, who endorsed the work of the IPCC.

Although the President's speech would have been considered radical environmentalist drivel by most sensible Americans a year ago, environmentalists were disappointed, since they expected Bush to commit the United States to specific actions, including a 20% cut in industrial emissions of carbon dioxide, an action which would have finished destroying the economy of this country. Those actions had actually been written into the speech a week earlier by environmental czar, William Reilly, but were scratched out by White House Chief of Staff John Sununu, a nuclear engineer by training, who questions the validity of the greenhouse effect warming scenarios upon which all the policies are based.

## The 'stewardship' hoax

Speaking before a 1,000-plus audience at the third and most important plenary session of the world body that is organizing a world ecological dictatorship, President George Bush fully endorsed the pagan ideology and goals of the worldwide environmental movement, committing himself, and the United States, to a new age of "environmental stewardship."

Bush opened up his speech by stating, "By being here today, I hope to underscore concern—my country's and my own personal concern about your work, about environmental stewardship. . . . It's both an honor and a pleasure to be the first American President to speak with this organization, as its work takes shape."

The concept of "stewardship" is explicitly modeled on the belief that man does not exert dominion over the Earth, as commanded in the book of Genesis in the Bible, but simply a "steward" who has no more value in the eyes of God than any of the other beasts, bugs, and creatures of the earth.

The President insisted that "the United States is *strongly*

committed to the IPCC process of international cooperation on global climate change. We consider it vital that the community of nations be drawn together in an orderly, disciplined, rational way to review the history of our global environment, to assess the potential for future climate change and to develop effective programs. . . . The United States remains committed to *aggressive* and thoughtful action on environmental issues."

This same point was made less than two weeks earlier by the head of Bush's Environmental Protection Agency William Reilly. On Jan. 24, Reilly gave a speech to the Domestic and International Policy Committees of the U.S. Catholic Conference. In the speech, titled "Dominion or Stewardship? Humankind, Nature, and the Church," Reilly impressed upon the bishops present that the biblical concept of dominion had to be overthrown for the concept of stewardship.

## Push toward fascist world order

The Bush speech, in fact, accepted all of the axiomatic assumptions of the malthusian environmentalists who are presently trying to create a dictatorship over the world economy. If Bush demurred on the most extreme measures being proposed to effectively close down industry, that was scarcely a victory for rationality.

The national media coverage of the President's speech has concentrated on the disappointment on the side of the "environmentalists" that Bush did not deliver the original speech that had been written for him by the rabid EPA head William Reilly, whose post Bush proposes elevating to cabinet level. The original speech had set specific, draconian goals of cutting carbon dioxide emissions and the release of other "greenhouse gases" into the atmosphere.

Bush did not set the specific goals, but he did something much, much more important: He gave his full backing to the ideology that is driving the present, rapid descent into a worldwide eco-fascist dictatorship. The only point of disagreement between Bush and the greens, is the rate and the means by which such a dictatorship will be created.

This is exactly the point made by one of the leading spokesmen for the Liberal Eastern Establishment and for a global power-sharing "condominium" between the United States and U.S.S.R., former Defense Secretary and Attorney General (under Nixon) Elliot Richardson. Two days later, in



a signed opinion column in the *New York Times*, Richardson wrote, "Environmentalists and politicians can argue the costs and benefits of international action on global warming from now until doomsday . . . but nothing will get done without an institutional mechanism to develop, institute and enforce regulations across national boundaries."

Mostafa Tolba, head of the United Nations Environment Program, and Bert Bolin, head of the IPCC, emphasized the need to finally create a global ecological "body." Bolin placed the signing of a Global Climate Convention as the next agenda point. This would be a kickoff for international (read Soviet and American) policing action, which would be particularly targeted against the developing sector. Part of the scheme, however, is designed to rev up selected Third World dupes to attack advanced-sector energy consumption as the real culprit for the mythical greenhouse problem.

The week preceding the IPCC meeting was one of frantic meetings and fierce fighting among Bush's cabinet on the contents of the speech. According to inside sources, meetings were arranged between top scientists and the President to provide him with the evidence that "global warming" is non-existent, and at best the U.S. should be committed to funding scientific research and nothing else.

At the same time EPA chief Reilly mobilized all the eco-fascist groups in the U.S. to pressure Bush and leaked details of the story to the *Washington Post*. The *Post*, a rabid supporter of the greens, dutifully printed a scandalous front-page story two days before the speech, warning that Sununu had edited all the policy actions out of the President's speech.

### **The global ecological dictatorship**

By endorsing the work of the IPCC, Bush was endorsing the activities of an institution which poses one of the greatest threats to freedom in this century. The IPCC is the worldwide organization which was established by the United Nations in 1988, with the sole purpose of organizing a worldwide climate convention that will set a specific legal framework that will prohibit nations, upon the pain of economic and military intervention, from "polluting and damaging the environment."

The IPCC, based in Geneva, Switzerland, is run by Bert Bolin, a onetime close collaborator of the late Aurelio Peccei and of Alexander King, founders of the malthusian Club of Rome. Members of the Club of Rome and its anti-population racist ideology, permeate the leadership of the IPCC, the WMO, and the UNEP. In fact, the Club of Rome is pretty much defunct, and all its predictions about limits to growth have been proven a fraud. Thus, all their members moved lock, stock, and barrel into leadership positions in all the international bodies running the climate catastrophe scenarios.

The IPCC, which is run by a troika made up of the United Kingdom, the Soviet Union, and the United States, has been holding extensive meetings all over the world. They have

been characterized by two elements. All the meetings are closed to the public and the media, with the exception of the opening panel; and no scientist who challenges the greenhouse-global warming hoax has been allowed to address them. If the IPCC is truly out to save humanity, why hold secret meetings?

### **The real agenda**

The President's speech at the IPCC meeting was followed by others which revealed the real details of the agenda that is being put into place. Mostafa Tolba, executive director of UNEP, said that although "we all agree that more research is certainly needed to help resolve a number of questions . . . we also have to admit we are gambling with our atmosphere. We do not know the odds of this gamble and that is not rational. As President Bush has just said the future of the world must not be compromised."

What Tolba meant to say was clarified later, when he said, "In the United States the comprehensive study on acid rain is coming close to completion. A study which took nearly one decade to complete and is said to have cost nearly one-half billion dollars. After much time and effort, the government-sponsored study noted the difficulty, perhaps impossibility, of separating natural factors from the effect of acid rain and ozone on forest deterioration and ecological stress. . . . I note this study to stress one fact that when it comes to environmental destruction a smoking gun is often impossible to find. Even when we engage in decades of intense research."

In other words, all the charges *EIR* has been making are true, and there is absolutely no scientific evidence to indicate "global warming," "ozone depletion," "acid rain," and all other sundry environmental catastrophes are in fact occurring, since the "damage" cannot even be distinguished from the natural climactic activity!

Yet, as Tolba emphasized, "time is running out"—they claim—and to "save the Earth" from these non-existent threats, radical measures must be undertaken.

"Ladies and gentlemen, the global environmental agenda, holds for nothing less than a revolution," insisted Tolba at the IPCC meeting. "Yet oppressors against whom we rise in action are not foreign or inhuman powers. All of us are the oppressors of the global environment: individuals, industries and governments, we ourselves have created the ecological problems facing our world." Essentially, man is the enemy, in his view.

Tolba called for specific actions, including "establishing users' fees, paying for using the environmental resources; one of them is air. This would amount to an intervention in the market mechanism to ensure prices cover not only energy and raw material, but also using a quality of the environment: the quality of clean air."

Tolba announced ominously, "As soon as your report is published, negotiations over a global convention will start."

# Bush has not fooled the economy: LaRouche

*Economist Lyndon LaRouche, who was imprisoned at the behest of the Eastern Establishment to keep his economic recovery policies from being heard, had the following comments on Feb. 5. He is currently a candidate for Congress from Virginia's 10th District:*

The word is around that George Bush—President George Bush, as he's called temporarily—will be brought down by the collapse of the economy. In response to this, you have various well-informed and pompous idiots around Washington who assure you that George will succeed in managing the economy, and there will be no crash, there will be a soft landing.

When I hear that, my response is, the only kind of soft landing this economy is going to see, is the day that George falls on his head.

In point of fact, George has not succeeded so far, at least not in respect to the economy. He may have succeeded in fooling the dumb American people, but he hasn't fooled the economy one bit. The collapse of the economy means the collapse of infrastructure—that's being going on since 1970, and that's a definite date. We have never had a recovery in the basic economic infrastructure of the United States since the high point of 1970. It's been downhill all the way.

In agriculture, since the middle of the 1970s, we've had an accelerating collapse. Since about the same period, the 1973 oil crisis period—oil price crisis, to make it more precise—we've had a collapse of manufacturing and in productivity in manufacturing. Americans are much less productive today than they were in 1974, as a result of the emphasis on low energy economy and on shifting away from capital intensive investments in modern technology.

Now, under Bush, and the last years under Reagan, the rate of collapse of infrastructure, agriculture, and manufacturing has been accelerating. Under Bush, it accelerated at rates higher than ever experienced under Reagan. In terms of the economy, Bush has been a consistent failure, a disaster, since the day he stepped into office. So when people tell you that Bush and his administration is going to continue to be successful in managing the economy, you say, okay, when does it go over the cliff? It's already gone over the cliff!

## **Monetary economy last to blow**

What has not gone over the cliff yet, at least as of this moment, are the monetary structures. They've been inflating

the monetary structures, pumping money into the monetary structures. But at the same time the monetary structures have been rising, i.e., the so-called Gross National Product, the economy has been collapsing. All that is happening is that the distance between money and value has increased.

Now, the United States is over \$20 trillion in debt. That's public and private combined—about \$12 trillion in debt as such; \$8 trillion in what's called off-balance-sheet liabilities, of both the federal government and private agencies. For example, Fanny Mae, Ginny Mae, the S&L situation. If these things collapse, the government has undertaken responsibility to meet the obligations of these entities, the government picks up the tab. Then you have banks and others who've been borrowing money abroad on fiduciary accounts of third parties. Technically the debt is not the debt of the banks and so forth, but in case the third party doesn't pay, then the bank is liable.

There are about \$8 trillion of various kinds of off-balance-sheet liabilities in the U.S. economy, so combined, we're talking about \$20 trillion of this kind of debt, plus about \$1 trillion dollars of short-term debt, which is the amount of credit and debt in the economy just to keep the wheels turning in trade and production.

So we now have an annual debt service obligation of over \$4.5 trillion a year, which is pushing up toward the size of the GNP as it's recorded. Obviously, we can't continue to do that. It's going to collapse. The United States is the most hopelessly indebted Third World country in the world, virtually speaking.

In the course of our national history, whenever the United States government has adopted the policies of Adam Smith and opposed what are sometimes known as the command economy policies of Alexander Hamilton and President George Washington, the United States has gone into a deep depression. And this period is no exception. Since the 1950s, an increasing tendency toward deregulation and so-called free trade, or free markets, has brought the United States again to the point of collapse. The difference is, that this time we're headed toward a total, physical economic breakdown crisis.

Now, some people will say that during the 1980s there were periods of prosperity. But this is absolutely not true, by any sensible standard. What people mean by prosperity, is that some people during the 1980s have had a lot more money than they had before—or thought they did, at least on paper, in their accounting and tax statements. But the fact is that all during this period, per capita, the amount of basic economic infrastructure, the amount of agricultural output, the amount of manufacturing output, the amount of exports, and the amount of imports, have been declining. The United States economy has been consistently collapsing since October 1979, and has been actually in a drift of collapse since about 1970, since the collapse of Penn Central and the Chrysler Corporation in the famous crisis of that year.

# 'Ecological Marshall Plan' proposed to stop economic boom in Europe

by Mark Burdman

In order to suffocate the enormous potential for economic growth being opened up through the democratic revolutions in Eastern and Central Europe, the Socialist International (SI) and leading "green"-ecologist organizations are proposing what they call an "ecological Marshall Plan" for this part of Europe. The proposal has won political support from powerful interests in both the Soviet and Anglo-American establishments and from the Commission on the Environment of the European Community in Brussels.

All of these share a mood of panic that a new industrial-technological boom is about to be unleashed, driven by the powerful desire of people who have suffered under decades of communist-dictated underdevelopment, to live a decent life. These people's hatred of underdevelopment could catalyze a reaction against the post-industrial "New Age" policies that have been obsessively advocated by the liberal establishments, with Soviet backing, since the mid-1960s. As one British Fabian Society commentator recently moaned, 1989 began with Europe under the sway of "green" policies, but ended with a new continental movement in favor of economic growth.

The "eco-Marshall Plan" proposal has nothing to do with curing the acute ecological ruin that decades of communist rule have brought to East Germany, Czechoslovakia, the Soviet Union, and other countries. Quite the opposite. As East Germans have seen for themselves since the Berlin Wall was opened in November 1989, the underdeveloped and looted economies of the East have vastly more pollution and environmental damage than West Germany's more developed economy. That positive culture shock has belied the greens' insane propaganda that technological progress is evil. Yet the eco-Marshall Plan lunatics are determined to impose East German conditions on the rest of Europe, and by extension on the rest of the planet, under the cover of "green" policies.

The eco-Marshall Plan agenda, *EIR* has learned, includes denial of nuclear energy to Eastern Europe, imposition of an "ecological tax" on European countries to penalize industrial production, opposition to large-scale water-management and other infrastructural projects, and related measures. Only "environmentally clean" and "appropriate" technologies are to be allowed.

Soviet support for such a program is a form of national

suicide. The infrastructural problems of the U.S.S.R. can only be solved by an economic-industrial boom in the Western-Central European heartland, along the Vienna-Paris-Berlin railroad and infrastructure axis that Lyndon LaRouche has pinpointed in his widely circulated "Railroad Triangle" project for Europe.

## 'Penetrate the heart of Europe'

The eco-Marshall Plan was first publicly espoused by Norway's former Prime Minister Gro Harlem Brundtland in late 1989, soon after the opening of the Berlin Wall and the revolution in Czechoslovakia had opened up new vistas for an industrial renaissance in Europe.

Mrs. Brundtland is a key figure in the Socialist International, and was prime minister of Norway until the Norwegians had the good sense to throw her out of office in the October 1989 elections. The United Nations-mandated "Brundtland Commission" (officially, the World Commission on Environment and Development) which she heads, has become a coordinating agency for the ecologist-fascist movement internationally.

Mrs. Brundtland traveled to Moscow in mid-January of this year, on the occasion of the week-long "Global Forum on Environment and Development for Human Survival" eco-fascist extravaganza in the Soviet capital. According to a European participant at that event, she discussed the eco-Marshall Plan idea with Soviet influentials, possibly including Soviet leader Mikhail Gorbachov. Another Global Forum attendee, Lester Brown of the Worldwatch Institute of the United States, is a supporter of the idea.

The Soviets see the "eco-Marshall Plan" proposal as a means of reinforcing their global political deal with the Socialist International. The Milan, Italy Catholic daily *Avvenire* warned Feb. 5 that the essence of current Soviet plans is to "broaden the dialogue and the contacts with the Socialist International," in order to control Europe. Author Jakub Grygiel wrote: "The Socialist International for the U.S.S.R. is nothing but a means to penetrate the heart of Europe. Certainly a non-conventional instrument." Grygiel charged that the key to this strategy is SI President Willy Brandt, the former West German chancellor.

*EIR* has documented that it was Brandt's mid-October

1989 visit to Moscow that clinched a new Soviet Communist Party-SI deal. (*EIR*, Vol. 16 No. 47, "Socialist International maps out new plan to help Communist parties"). That deal is now being urgently upgraded, to contain the democratic revolutionary processes in Central and Eastern Europe.

The content of the Soviet-Socialist deal is a convergence around "ecologism." From June 20-22, 1989, the SI had held its 100th anniversary conference in Stockholm, at which ecologism, or "international environmental security" (a term coined by the Soviet Foreign Ministry) was identified as the "new mission" of the SI for the coming decade. Senior Soviet official Karen Brutents, first deputy chief of the International Department of the Central Committee of the Soviet Communist Party, was in attendance.

### **The Lafontaine option**

A crucial part of the "eco-Marshall Plan" policy, is Soviet support for the candidacy of Oskar Lafontaine, governor of the West German state of Saarland, as the Social Democratic Party (SPD) candidate for West German chancellor in the December 1989 elections. Lafontaine is a fully committed eco-fascist. He headed a task force, entitled "Progress 1990," which put ecologism at the top of the SPD's political agenda.

One of Lafontaine's mentors is Ernst-Ulrich von Weizsäcker, nephew of the current West German President and great-nephew of Ernst von Weizsäcker, who was, appropriately enough, a senior official in Hitler's Foreign Ministry during World War II. Ernst-Ulrich von Weizsäcker is the director of the Institute for European Environment Policy (IEEP) in Bonn. The IEEP is a subsidiary of the influential European Cultural Foundation in Amsterdam, which sets the trends for much of what passes as "culture" in certain European liberal circles, and which has recently been establishing close ties with the Soviet Culture Fund.

Ernst-Ulrich von Weizsäcker was together with Mrs. Brundtland at the Global Forum meeting in Moscow. According to an informed source, he feels "apprehension" about the prospect of too rapid economic growth in Central and Eastern Europe, and favors the eco-Marshall Plan proposal.

Von Weizsäcker's particular contribution to the movement seeking to suffocate an industrial renaissance in Europe, is the so-called "ecological tax," or "green tax" concept, which involves finding fiscal means to tax use of air, water, and other resources, thereby penalizing the traditional heavy-manufacturing sectors of the economy. He first proposed this in July 1987, in Hamburg, together with Volker Hauff, now the Lord Mayor of Frankfurt presiding over that city's SPD-Green party ("red-green") governing coalition.

### **Emma Rothschild and the British connection**

Over the Feb. 3-4 weekend, Lafontaine's minister of the environment, Jo Leinen, was at Edinburgh University's Center for Human Ecology, for a special conference on the "ecological tax" concept. With them were two other Lafon-

taine advisers, both from the SPD-run state of Schleswig-Holstein: Heidi Simonis, the state's minister of finance, and Wolf von Osten, an adviser on the environment.

The Center for Human Ecology was one of the institutions which founded, and now participates in, the Varna, Bulgaria-based "Eco-Forum for Peace." Known as the "Varna Group," it has become a critical coordinating agency for the global environmentalist movement, West and East, but with the East pulling the strings. The first president of the Varna Group was Ivan Frolov, now chief editor of the Soviet Communist Party newspaper *Pravda* and one of Gorbachov's main advisers.

One of the key participants at the Feb. 3-4 Edinburgh meeting was Cambridge University's Emma Rothschild, daughter of Britain's Lord Victor Rothschild. She had been in Bonn in November 1989, in her capacity as a member of the Royal Commission on Environmental Pollution, to meet with Ernst-Ulrich von Weizsäcker, to discuss the "green tax" proposal. She sits on the advisory board of the Institute for Public Policy Research (IPPR) which co-sponsored the Edinburgh event together with the West German social democracy's Friedrich Ebert Foundation.

Her father Lord Victor is one of the patrons of the environmentalist movement, dating at least from his being the corporate director of Royal Dutch Shell in the 1965-70. Earlier, Lord Victor was a member of the secretive Cambridge University "Apostles" gnostic cult, and an intimate of the famous Philby-Burgess-Maclean-Blunt Soviet-spy coterie. The IPPR, whose advisory board includes daughter Emma, is the modern, privately run re-creation of the British government's Cabinet Think Tank which Victor Rothschild headed in 1971-74.

No sooner had the Edinburgh University meeting ended, than the British Labour Party announced it was adopting the "green tax" policy in its economic program.

In Britain, the eco-Marshall Plan is being actively promoted by Prince Philip's World Wide Fund for Nature (formerly the World Wildlife Fund), via Prince Philip's chief adviser on ecologism, Dr. Martin Palmer of Manchester. Palmer was the conceptual architect of the 25th anniversary of the WWF in Assisi, Italy, in autumn 1986, at which a gnostic "Religion and Conservation Network" was founded. Palmer's WWF/"Network" friends are working with the European Community's Commission of the Environment in Brussels, to enlist political and religious leaders to propagate a new era of "limits to growth" propaganda in Europe.

It is, in part, through Palmer's connections into the United States, that support from Washington is being garnered for the eco-Marshall Plan abomination. Palmer is a close collaborator of U.S. Environmental Protection Agency head William Reilly, whom President Bush is seeking to elevate to cabinet-level status. Reilly, in his former capacity as head of the WWF-U.S., was the chief representative to the WWF's conference in Assisi in 1986.

# Thatcherism won't save Argentina's Menem

by Cynthia R. Rush

Argentine President Carlos Menem has resorted to invoking the name of Britain's Margaret Thatcher, in a desperate attempt to salvage his crumbling economic program—and his credibility. Remarkably, in a country where the British prime minister's name is perhaps more hated than that of any other international political figure, Menem stated on Feb. 7, "Mrs. Thatcher took the same measures we have, and people had to wait three or four years and just be patient with her." If these statements were intended to inspire confidence in the government, they will have the opposite effect.

The Argentine people are in no mood to keep a "stiff upper lip" and patiently witness the country's and their own demise. The International Monetary Fund (IMF) is playing hardball with the Menem government, refusing to disburse the second tranche of last fall's \$1.4 billion standby agreement, and demanding even more stringent austerity measures as a condition for any future loans. Moreover, the drastic monetarist economic package introduced on Jan. 1, which was supposed to stabilize the national currency, the austral, and reactivate the moribund economy, has gone the way of all previous such schemes. From Feb. 5 to Feb. 8, the austral plummeted 30% against the dollar, falling to 3,000 to the dollar at the end of the market day on Feb. 7. At the same time that Menem proclaimed that "hyperinflation is over," the cost-of-living increase for January reached almost 80%.

The deflationary package, unfortunately labeled with the misnomer "Lazarus," restricted the money supply by permitting bank depositors to withdraw only 1 million australs (\$600) in cash from short-term savings accounts, paying them the balance in dollar-denominated bonds called Bonex. In recent days, however, Bonex have lost approximately 70% of their value, causing a dramatic loss in savings for depositors holding them.

The recessionary effects of the program have been deeply felt. It has dried up credit sources, in many cases provoking the collapse of both small and medium-sized industries and banks. Gilberto Montagna, president of the Argentine Industrial Union, told reporters on Jan. 25 that "we are on the verge of the collapse of industrial production." Sales figures for the month of January were 50% below those for January 1989, and smaller industries in the provinces are resorting to massive layoffs. Textile production for January 1990 was 70% below January 1989; capital goods production was

down by 85%, and civil construction was down by 80% for the same period.

## Menem in fantasyland

Peronist Carlos Menem came into power last July talking about a "productive revolution," appealing to the nationalist sentiment which characterizes the mass-based Peronist movement. Instead, portending the trend now developing in South America's Southern Cone, Menem has embraced one neo-liberal scheme after another in an attempt to reverse the wreckage created by the two previous governments, one of them the military junta which ruled from 1976-83.

Menem's popularity has also plummeted. At the end of January, the President's popularity level stood at 34%, down from a high of 80% last September. In last May's presidential elections, the Peronist leader was elected with 49% of the vote.

"I have not lost credibility. I might have lost popularity . . . [but] credibility is something more profound. What interests me is that the people believe in our latest economic proposal," Menem told *Gente* magazine. His own confidence was apparently waning, however, when he was forced to admit on Feb. 4 that the country was headed toward a recession.

Argentina's fragile social stability can't last much longer under these conditions. The working population, dominated by the Peronist-controlled General Confederation of Labor, is fed up with economic chaos. Following the Feb. 1 announcement of 50% increases in public utility rates and 80% increases in gasoline prices, both factions of the divided CGT formally demanded a resumption of collective bargaining talks to discuss wage increases, and the implementation of policies to reactivate the nation's productive apparatus, and resolve the problem of unemployment.

According to the think tank FIEL, real wages declined by 36% between January 1989 and January 1990; it predicts a 49% drop in purchasing power for the month of February. A survey done by the New Majority Studies Center, representing more traditional political forces of the Argentine inland provinces, revealed that in January alone there were 75 major strikes, more than any January in the decade of the 1980s. The sectors hit hardest were metalworking, health, and highway transit.

Saul Ubaldini, leader of one CGT faction, recently told the President that the latter's desired goal of creating a social pact to control wages and prices would only be possible if it were based on a program of economic reactivation, development of national wealth, and guaranteeing social justice. Ubaldini made these statements following a meeting with the papal nuncio in Buenos Aires, Ubaldo Calabresi. The Argentine Church is deeply concerned with the plight of the poorest layers of the population, and is playing a major role in setting up emergency food distribution and other assistance for those who would otherwise starve.

# Mexico, banks sign silly debt deal as economy totters on the brink

by Peter Rush

Top Mexican and U.S. officials made some of the silliest statements of their careers, as they celebrated the signing of Mexico's vaunted "Brady Plan" debt deal on Feb. 4. The purple prose spouted in Mexico City on that occasion did not succeed in diverting attention from the impending crisis of Mexico's financial and economic situation, nor from the reality that the debt deal means very little—to Mexico or the banks. Strikingly absent from reportage on the signing ceremony were statements from any of the senior bankers assembled for the occasion, presumably because they chose to keep their more deprecatory evaluations to themselves.

To listen to Mexico's chief debt negotiator Angel Gurría, U.S. Treasury Secretary Nicholas Brady, and Mexico's President Carlos Salinas de Gortari, one would think that Mexico had managed to end almost a decade of hemorrhaging more than \$10 billion a year in net capital exports, in the form of interest payments on its more than \$100 billion foreign debt—an astounding rate of outflow, almost double, in relative terms, the reparations forced on Weimar Germany by the Versailles Treaty after World War I, which collapsed Germany into hyperinflation in 1923 and led directly to the Nazi seizure of power.

Gurría quipped, "We are beginning the period of life after debt in Mexico." Brady waxed even more eloquent: "Mexico is on the move again. Jobs are being created. Flight capital is returning. Investor confidence is growing. In short, a new dawn is rising. Mexico stands as a beacon of hope for other debtor nations." The burden of foreign debt "has been removed from the shoulders of the Mexican people." He was echoed by Salinas, who intoned, "We consider finished and concluded today, the chapter of the negotiation of the historic debt," and urged investors to take advantage of the "new opportunities in Mexico's development." But the deeds did not match the words.

## The fraud of the Brady plan

All three gentlemen were describing nothing more than a deal to reduce Mexico's net capital outflow by a mere 8-13%. Mexico's annual interest payments of about \$10 billion will be reduced by around \$1.6 billion, and Mexico will receive \$488 million a year for the next three years in "new" money to be used to pay interest. This will leave Mexico's annual net capital outflow in interest payments at \$8 billion

a year (assuming interest rates don't rise) until 1992, and \$8.5 billion thereafter. However, Mexico also put up \$7 billion, most of it newly borrowed, against which it must now pay \$700 million in additional interest to guarantee the deal. Mexico's true savings are therefore \$2 billion minus \$700 million, or only \$1.3 billion, until 1992, and only \$800 million thereafter. And the total debt, in this supposed "debt reduction" deal, won't fall at all: The \$7 billion in reduced debt owed to the banks is completely canceled by the \$7 billion in new debt for the guarantors.

International opinion concerning the utility of the deal has been split between those trying desperately to put new clothes on Emperor Salinas, and those willing to believe their eyes. International Monetary Fund Director Michel Camdessus, in the former camp, said, "The effect of the agreement today will be felt beyond the country. It will serve as an example to other countries struggling with debt problems." U.S. Commerce Secretary Robert Mosbacher, at a seminar in New York City on Jan. 24, praised Mexico as a world model of development and application of the "free market."

But most commentaries in the U.S. and Mexican press have finally noted what *EIR* said all along: that Mexico saves only a small amount of money, that it loses because most banks have stopped lending new money, and that it is unlikely that any other countries will receive—or want—the same treatment.

More to the point, Mexico's pseudo-stability seems to be fast fading. As if to punctuate the irrelevance of the debt deal, Mexico's repressed inflation began to accelerate in January. Held down artificially at the expense of the agriculture sector and of wage levels since late 1987, price increases, which had been averaging under 1.5% a month in 1989, suddenly rose 2.9% in the first two weeks of January, and more than 4% for the month as a whole.

And devaluation rumors are again sweeping the country, posing the threat of renewed capital flight and forcing interest rates up sharply, despite official denials that any such move is contemplated.

## Salinas's 'magic' is not working

From the beginning, the debt deal was nothing more than Salinas's great gamble, the smoke and mirrors by which he hoped to pull off other operations to rescue Mexico's

precarious financial structure. Mexico presently spends more than 60% of its entire federal budget on debt service, 75% of which is paid to domestic “investors”—in reality, to speculators—as payment of interest on the internal debt built up since 1982 in the effort to service the foreign debt.

One of Salinas’s hopes for the debt deal was that it would sufficiently increase “investor confidence” in the economy that interest rates, running at 56% before the debt deal was first agreed to last July, would fall sharply. And so they did, down to a low of 33% in August 1989 (albeit still quite high compared to an inflation rate of less than 20%). But the rates have risen back to over 45%, and the pressure for them to continue rising is very strong. The Feb. 4 signing of the debt accord has had no appreciable impact on bringing them back down so far.

A second pillar of Salinas’s strategy was to induce flight capital to return to Mexico. The government now claims that up to \$3 billion of the money owned by Mexicans and invested outside of the country returned to Mexico during 1989. But virtually all of that went straight into government debt, at high interest rates, and not into building factories or otherwise contributing to the economy. The investors of that money today are part and parcel of the effort to drive up interest rates again, on threat of once again leaving Mexico.

The final pillar of Salinas’s plan has been to attract large amounts of foreign investment. But in 1989, after one full year of his administration, total foreign investment registered in Mexico was somewhat under \$2 billion, only slightly more than in 1988.

In fact, with the debt deal, under which almost all the banks once active in Mexico went for the exit door, in a strong vote of no confidence in the Mexican economy, Salinas himself was compelled to make a pilgrimage to Europe to beg, hat in hand, for European foreign investment. Between Jan. 25 and Feb. 3, Salinas visited Portugal, Britain, West Germany, Belgium, and Switzerland. According to Juan B. Morales Doria, president of the Mexican Business Center for International Affairs, Salinas went in the capacity of “trade promoter” and not “head of state” (for which reason he did not meet with Queen Elizabeth of Great Britain), seeking \$5 billion worth of investments in the Mexican economy from Europe in 1990.

Poor Salinas! He was very well received by Margaret Thatcher—who likened his reduction of government spending for social needs to her own efforts in the same direction—only to have his trip to Britain blacked out completely by the major British newspapers. According to columnist Arturo R. Blancas writing in *Diario de Mexico* Jan. 31, “Not a single note was published in the seven major dailies of Great Britain” on his visit.

While some level of investment in Mexico from Europe as a result of his efforts cannot be ruled out, despite his attempt to portray Mexico as a virtual paradise for foreign

investment, Salinas received no such commitments from European business during his trip.

## Energy, agriculture in trouble

The bottom line is that Mexico since 1982, under Presidents Miguel de la Madrid and Salinas de Gortari, has slashed investment in basic infrastructure, energy, and agriculture, to the point that the country now needs tens of billions of dollars of investment in these areas to avoid catastrophe.

Roads and railroads are in a dismal state of repair, deprived of adequate investment for the past seven years. But even Mexico’s premier sector is in trouble. *El Financiero* reported Jan. 24 that the production of crude oil from four out of five producing zones has fallen drastically, up to 52% in one zone. The reason: The government has refused to permit Pemex, the national oil company, to reinvest in modern equipment, or to spend for adequate exploration and development of new reserves of oil, preferring to spend Pemex’s large profits to pay debt service.

Even more threatening to the country’s economy, the nation’s electricity grid is facing collapse. According to *El Financiero* of Jan. 30, 42% out of Mexico’s 321 all thermoelectric plants in Mexico—135 all together—which were built before 1970, some 135 plants are entering their “critical stage” after 20 years of operation; now more and more of them will be subject to forced shutdowns as problems multiply and repairs become more frequent. According to the Electric Power Research Institute in the United States, Mexico’s old plants cannot be relied upon for more than 50% of their rated capacity output.

Guillermo Guerrero Villalobos, director of Mexico’s Federal Electricity Commission, estimates that Mexico needs \$18.5 billion worth of investments in the electricity sector in the next five years. But the federal government intends to provide only 10% of that, or \$350 million a year, with the rest supposed to come from private investment and the FEC itself. This \$350 million compares with more than \$8 billion to be spent servicing the foreign debt next year, and more than \$25 billion to service the internal debt.

Agriculture has been even harder hit. The Secretariat of Agriculture and Water Resources reported Feb. 6 that 62% of the 28,000 *ejidos*, the Mexican cooperatives for which most peasant farmers work, have no infrastructure whatsoever, and 90% have no agroindustrial equipment. Only 39% use improved seeds. National investment in agriculture has been close to zero for years now. Production of food has plummeted, and food imports have risen sharply, though not enough to compensate for the decline in production.

The crisis in agriculture has created a health holocaust. According to Dr. Bartolomé Pérez Ortiz, head of the National Pediatric Institute of Mexico, a number of specialists are now claiming that 90% of the deaths of children under five years of age are due to malnutrition directly, or consequences derived from malnutrition.

# India's environmentalists halt dam

*Tehri Dam is just the trigger, as development policy battle rages within the National Front government. Susan Maitra and Ramtanu Maitra report.*

Work on construction of the cofferdam of the 260-meter-high Tehri Dam, located on the River Bhagirathi in northern Uttar Pradesh, has ground to a halt following an assurance given to the environmentalists by Union Minister of State for Environment Maneka Gandhi to review the project. The government's decision, considered a major setback to the prospect of finishing the dam, was announced on Jan. 4, the eleventh day of an indefinite fast by Sunderlal Bahuguna, the guru of Indian environmentalists who has long been demanding cancellation of the huge multi-purpose water project on environmental and safety grounds. Subsequently, Bahuguna, the recipient of many foreign awards and part of the international environmental movement, came to Delhi to lobby with Minister Gandhi and other officials.

The government's decision to stop the work on Tehri Dam has not, however, met with unanimous support. Protest rallies led by local unemployed youth have taken place near the dam site, giving the lie to environmentalist claims to speak for "the people." The demonstrators charge that the well-connected Mr. Bahuguna, with links in particular to the German Greens, is a mouthpiece of the local traders and businessmen. According to at least one spokesman of the Uttarakhand Kranti Dal, the local pro-dam group, Bahuguna's backers have received cash compensation in advance for relocating their businesses from areas that will be submerged by the dam—a windfall if the dam is now stopped and they can stay put.

The environmentalists have drawn the battle lines around the Tehri project because a certain sloppiness in its management has made it a vulnerable target. But the game is larger. The activists had articulated their aim to shut down all large dam projects and nuclear power projects last September, when more than 20,000 assembled at Harsud, Madhya Pradesh, to protest against the Narmada River Valley development scheme. The human chain and torchlight processions, led by the champions of civil liberties and environmentalists, were undertaken in the glare of a full international media mobilization.

## **Tehri Dam in dispute**

The Tehri project was conceived in the 1960s and is a multi-purpose water management project which, when completed, may cost as much as \$1.3 billion. Soviet experts visited the dam site in 1987 to review the project. The

U.S.S.R. has promised technical and financial assistance for building the dam. The centerpiece of the project, and the environmentalists' bone of contention, is a 260.5 meter-high dam on the Bhagirathi, a Himalayan river which joins with the River Alakananda at Devaprayag to form the mighty Ganges. According to available reports, the high dam will have an electrical power generating capacity of 2,400 megawatts—a figure which is hotly disputed by the opponents. Available reports also indicate that some \$150-200 million has already been spent—although Mr. Bahuguna maintains the figure is more like \$25 million.

The "big dam" issue has been a rallying point for India's greenies, self-styled scientists, social scientists, and legal eagles championing civil liberties for some time. In 1986 V.D. Saklani, president of the Anti-Tehri Dam Movement and a lawyer who likes to masquerade as a scientist, filed a writ petition in the Supreme Court to stop construction at Tehri. The group was joined by the World Wildlife Fund and the Indian National Trust for Art and Cultural Heritage (INTACH). Boosted by plentiful media exposure, the opponents have pushed their case aggressively, citing various reports and studies. One such report claims that the seismic activity in the area is too high. A study prepared by the Department of Geology of Garhwal University, claims the high sedimentation carried by the Bhagirathi and 18 other rivulets that join it, will help to raise the bed of the main river, someday washing away towns and villages located along it.

Other ecologists argue that the benefits that completion of the Tehri Dam promises to the people, including irrigation water for 27,000 hectares of land, are not commensurate with the long-term ecological damage it ensures. One ecologist claims that the dam will not only submerge the Tehri town and 23 villages around it, and partially submerge 72 other villages at the maximum flood level of the dam, but will also involve relocation of more than 8,600 families.

A report by the Comptroller and Auditor General (CAG)—an independent body directly responsible to the President, but similar to the U.S. Congress's General Accounting Office—claims the project has become economically non-viable. The CAG report, an accountant's evaluation of a long-term multi-purpose developmental project, claims that the earthquake safety factor adopted in design of the dam (0.15G) may be too low, and that its upward revision will further hike costs. According to CAG, the power generation



cost has gone up nearly 10 times from original estimates. The revised power cost is also an underestimate, CAG claims, citing computation errors. It is no surprise that following the release of the CAG report, some anti-Tehri economists claimed that the government-calculated benefit-cost ratio of 3.5 was highly exaggerated; it should be 0.56, INTACH claims.

The environmentalists also got a boost from Alexander Fink, the Russian chief project engineer. "The design insufficiently ensures the reliability of the structure, especially considering the height of the dam and the fact that a densely populated area lies behind it," Fink wrote.

### **Hiding the facts**

Although the environmentalists are hogging the media, protagonists of the Tehri project claim the opponents are deliberately spreading untruths. They point out that there is no doubt that high dams can be built in active seismic zones, and cite the Nurek Dam in the Soviet Union as a prime example. They also point out that large dams such as Bhakra Nangal in Punjab and the Pandoh in Himachal Pradesh are located closer to the seismic zone than Tehri.

Another spurious argument flaunted by the opponents is the charge that the reservoir filling process itself can induce earthquakes and that many such accidents have happened before. Dam experts state categorically that this vulnerability depends upon the permeability characteristic of the rocks underneath and the nature of the seismic faults in the region. Moreover, present-day technology, which was not available earlier, allows us to *induce* small seismic movements so as to prevent one, large reservoir-induced seismic activity—a practice that is now well established.

Meanwhile, the environmentalists' claim that local people oppose the dam has proven false. The day the Tehri work was stopped, hundreds of local students marched near the site, accusing Bahuguna and INTACH of conspiring to stop the Tehri Dam at the behest of "a superpower that does not want India to progress."

The northern part of Uttar Pradesh, part of an area known as Uttarakhand, is mountainous and underdeveloped. Migration of able-bodied young men and women to the urban areas in the plains in search of jobs has led to a pall in the area. Resentment has even spawned the beginnings of a movement to carve out a separate state of "Uttarakhand." Problems in the area have been exacerbated by various environmental measures, including the Forest Act, which does not allow the locals to enter what is proscribed as "forest area," but has permitted the forests to be ravaged by timber mafias.

Now the larger issue of economic development policy will have to be faced squarely by the new National Front government. On one side is Environment Minister Maneka Gandhi, an avid environmentalist and political lightweight whose link to the Nehru family (she is the widow of Nehru's grandson Sanjay Gandhi) pushed her into the limelight. Fol-

lowing her break with the late Mrs. Indira Gandhi, Maneka Gandhi made animal rights her major political platform and became recognized as a spokesman for snaildarters and stray dogs both here and abroad. It is doubtful that Maneka Gandhi can, even if willing, detach herself from those who gave her prominence when she was languishing in the political wilderness.

On Jan. 31, Union Minister for Energy Arif Mohammad Khan publicly blasted the "so-called environmentalists" campaigning against large power and water projects. Khan was inaugurating a symposium on the ecological aspects of water resources development and power projects in New Delhi. "While a development process without taking into account environmental concerns is self-defeating," Khan said, "the demand made by some so-called environmentalists for completely putting a stop to development in the name of environment is also equally harmful." Khan scored the fact that "ill-informed" reports projected in the press were leading people to believe that sustained growth was possible "without these key water and power projects." Poverty itself is a threat to the environment, the Union Energy Minister reminded his listeners. Only when basic needs are met by the development process could the message of environmental preservation be conveyed effectively, he said.

The energetic young energy minister—who had parted ways with the Congress (I) and Rajiv Gandhi on principle when Gandhi bowed to the fundamentalist lobby on the issue of the Muslim Women's Divorce Bill in 1986, and who worked closely with Commerce Minister Arun Nehru and Prime Minister V.P. Singh to bring about the National Front electoral victory last fall—had already taken up the cudgels in December, with blunt statements that coal and nuclear power would have to be the near-term bedrock for India's power expansion. Further, Khan's relative Aslam Khan, who is Uttar Pradesh Forest Minister, has reportedly locked horns with the environmentalists and Maneka Gandhi over reform of the dysfunctional Forest Act in that state.

As for Prime Minister V.P. Singh, even before the government was formed, he had stated his commitment to the Narmada Valley project and vowed there would be no "second opinion" on its implementation. However, by placing Maneka Gandhi in the cabinet and by putting Ramakrishna Hegde in charge of a planning commission stacked with academics and social scientists with a distinctly "small is beautiful" bent, he has made matters difficult for himself.

The opposition Congress (I) jumped into the fray recently, with a letter to Prime Minister V.P. Singh from Hari Kishan Shastri, a former Congress (I) Member of Parliament and son the late Prime Minister Lal Bahadur Shastri, charging Maneka Gandhi with lobbying with the help of the visiting West German Minister for Economic Affairs Hans Peter Replik to pressure the government of India to stop building the Sardar Sarovar Dam, the keystone of the Narmada Valley development scheme.

# The Paraná-Paraguay waterway

*Lorenzo Carrasco Bazúa describes a great project that will be key in Ibero-American economic integration.*

It is often said in Ibero-America that the 1980s was a lost decade, but in reality it was a decade stolen by the international banks, who raised interest rates, stopped credit flows, and demanded that countries produce huge export surpluses to pay debt service while suspending investment in economic infrastructure. The major financial centers dictated a policy designed to chain up the vast potential of the Ibero-American giant; yet tragically, the enforcers were the continent's own governments, pursuing the chimera of new credits that never arrived. Today, we see newly elected heads of state trying to fit their economic programs into the mold of a financial system which is falling apart as quickly as the Berlin Wall.

The collapse of both the international financial order and communist dictatorships in Eastern Europe does not guarantee a new world economic order based on social justice, human dignity, and equality among sovereign nations. Exhausted by accelerated looting, Ibero-American nations may be facing the last chance to overturn colonial policies and to become protagonists of world history. Their governments, especially in the Southern Cone, hold the potential to rapidly develop one of the world's greatest grain, meat, and mineral producing regions, which could contribute to relieving the world food crisis if enough technology is transferred from the advanced sector. We refer to the corridor described by the Paraná-Paraguay waterway, which crosses regions of the greatest agricultural and mineral potential of the world.

## Development of the waterway

In April 1988, the governments of the Río de la Plata Basin—Argentina, Bolivia, Brazil, Paraguay, and Uruguay—established an ad hoc group for developing the Paraná-Paraguay waterway. Feasibility studies are currently under way and could be approved this year.

The main branch of the Paraná-Paraguay waterway is 3,442 kilometers long, from the mouth of the Río de la Plata to the Brazilian city of Caceres in the state of Mato Grosso. It also has some 1,500 kilometers of tributary rivers. It is one of the world's freest-flowing waterways (without locks or dams), which allows nearly uninterrupted year-round traffic for light draft ships. This privileged condition is due, in part, to the regulatory effect of the vast Mato Grosso flood plains, and also to the alternating patterns of rainfall between the Paraná and Paraguay river basins. Both factors help simplify the task of improving the two rivers' navigability.

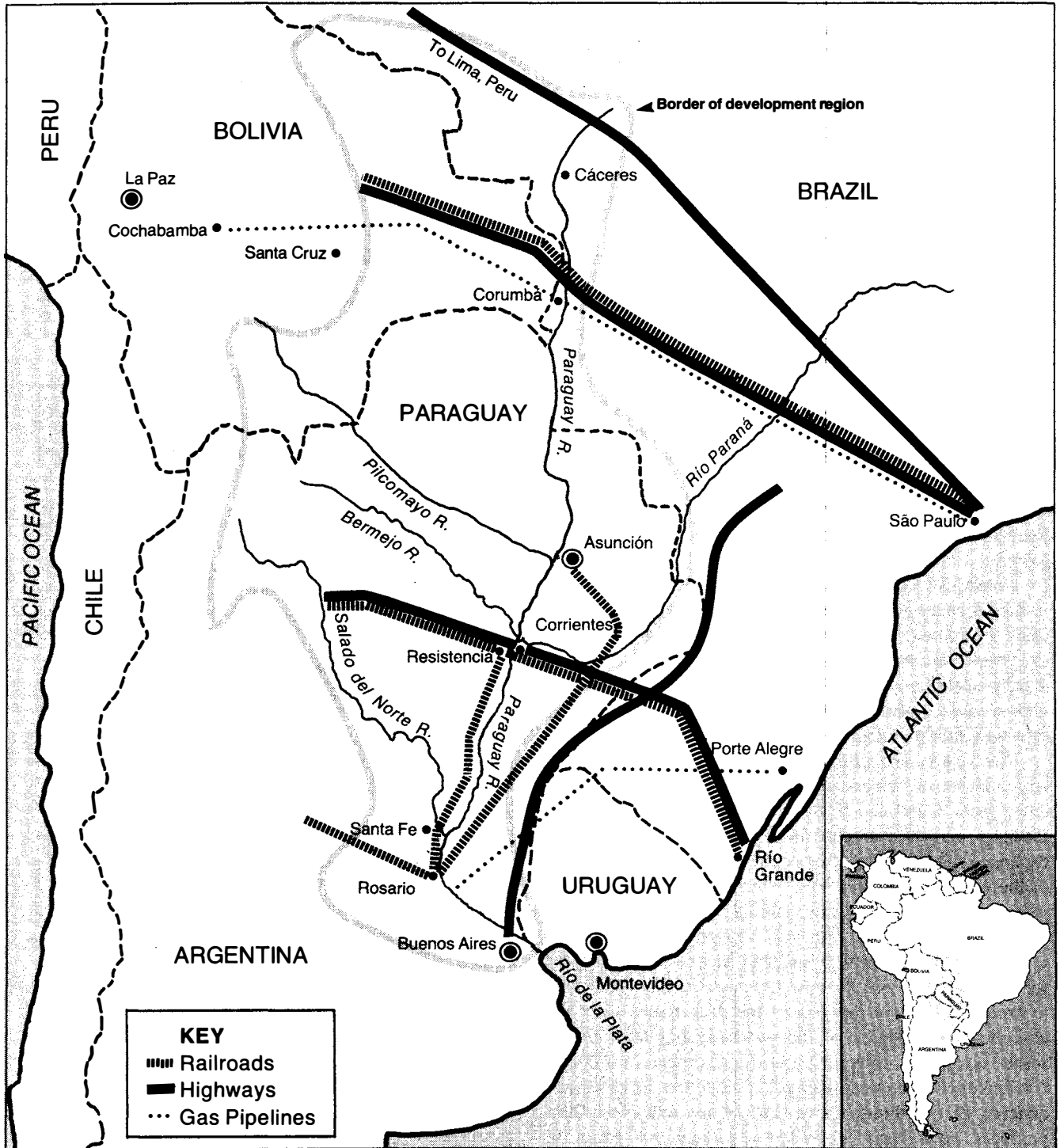
Cost comparisons make it obvious why water transport is far preferable to highways, which are today the dominant form of transport and move 80% of all freight in the five countries, at some seven times the kilometer-ton cost of the proposed waterway system. According to studies by the Plata Basin ad hoc commission, an estimated \$500 million in investments is required to enable convoys of barges to travel the length of the waterway—by dredging, redirecting water flows, improving existing port installations, and moderately increasing the fleet of barges. Of course, full development of the agricultural-industrial infrastructure potential in the region would imply several billion dollars.

The region that could be developed around the waterway and the highway/railway systems crossing it embraces a 720,000 square kilometer area, roughly the size of West Germany and France combined. This area (see inset map) includes the immensely fertile regions of the Argentine pampas in the provinces of Entre Ríos, northwest Buenos Aires and south-central Santa Fe. Within the Santa Fe-Rosario-Buenos Aires corridor, along the length of the waterway, 85% of Argentine economic activity and 75% of its population are located.

All of Paraguay, which is crossed by the waterway, could immediately benefit from such a project, allowing the development of grain, cotton, and wood production, as well as cement and other industries. Bolivia has two entrances to the waterway: one through the Tamengo Canal which links Caceres Lake to the Paraguay River, the other in a corridor between Brazil and Paraguay. This project would give Bolivia an exit to the Atlantic Ocean, through a region of fabulous economic potential extending from the Germán Busch provinces in Santa Cruz Department and to both the northwest and southeast of the country. The excellent fertility and rainfall levels in these lands would permit large-scale agricultural development.

The immense forest resources made accessible through this project are primarily concentrated in Bolivia, with the industrial production of cellulose and paper of immediate interest. The Bolivian region influenced by the waterway also possesses abundant oil, natural gas, and mineral resources, the last including tin, silver, copper, gold and, most importantly, one of the world's largest reserves of iron and manganese shared with the Corumba region of Brazil. The fabulous Urucum (Brazil)-Mutum (Bolivia) deposits contain nearly

## Infrastructure development of Paraná-Paraguay waterway



500 million tons of manganese, the world's third largest deposit, and is accompanied on the Brazil side alone, by 15 billion tons of iron ore. That iron ore, of 48-55% purity, will allow the creation of a strategic development pole for manga-

nese steel alloys, sponge iron, etc., and provide a more profitable supply of iron ore for the Argentine steel industry.

Bolivia also has a pact with Brazil to build a gas pipeline from Cochabamba province to the industrial center of São

Paulo. Another pipeline accord has been signed with Argentina, this one to extend from the province of Entre Ríos to Porto Alegre, the capital of the Brazilian state of Río Grande do Sul.

In Brazil, the region affected by the waterway encompasses the states of Mato Grosso do Sul, Mato Grosso, and Rondonia. In Mato Grosso do Sul, a mere 5 million hectares out of an estimated arable land mass of 20 million hectares are under cultivation. In Mato Grosso, only 5% of total arable land is cultivated. In general, the central western portion of Brazil through which the waterway extends, holds the greatest potential for agricultural expansion and in short order will become a major soy producer.

The waterway crosses two highway/railroad corridors which could become high-density industrial centers in the medium term. The first runs from Antofagasta (Chile) through the highly fertile region of Argentina between the cities of Salta and Corrientes, to finally arrive at the port of Río Grande.

To the north, the waterway crosses the São Paulo-Bolivia corridor, which will rapidly increase in importance when the gas pipeline is built and the Urucum-Mutum mines developed. At the waterway's northernmost tip, in the city of Cáceres, it links with highway BR 364, which extends from São Paulo and will ultimately connect with the port of Callao in Peru.

Conservatively speaking, the region could incorporate 50 million hectares for the production of meat and grain, leaving aside the approximately 34,000 square kilometers of watershed which are flooded for a large part of the year, such as the Chaco region in Argentina, Paraguay, and Bolivia, which with adequate hydraulic infrastructure could be incorporated into agricultural production.

The waterway's profitability is evident. For example, Argentina needs iron ore and manganese, which would come down from Brazil and Bolivia. Millions of tons of wheat, fertilizer, and various industrialized products could return in exchange. The products that could come and go the length of the waterway include: soy, wheat, cotton, barley, wood pulp, paper, liquid fuels, raw material for fertilizers, fertilizers, steel products, coal, iron ore, manganese, etc.

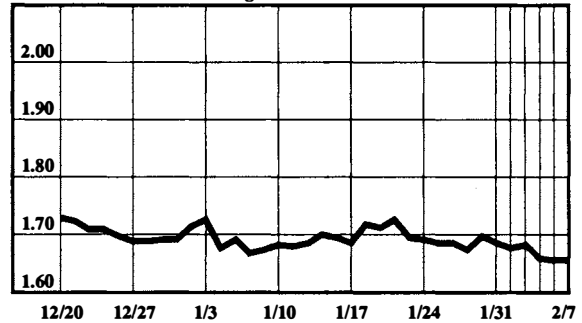
Besides the productive potential such a project implies for the region, it could also give the countries involved a way to break loose from the grip of the drug trade, since the underdeveloped region of the waterway has traditionally served as a natural smuggling route for contraband and drugs. It is reckoned that one-third of gold production, an undefined quantity of tin, thousands of tons of soy and other farm products, leave Brazil as contraband through this region. In Bolivia especially, the development of vast modern agricultural zones would go a long way toward eradicating that country's drug-based economy.

Best of all, launching this model integration project does not depend on foreign resources, but merely the political will of Ibero-America's rulers to "think big."

## Currency Rates

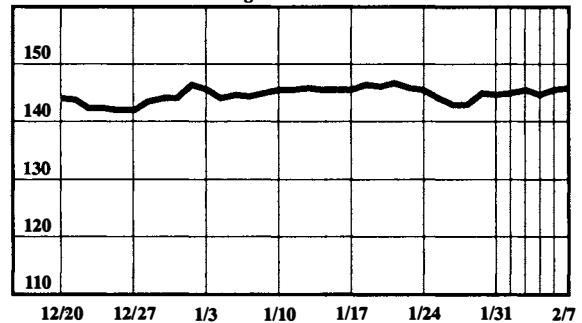
### The dollar in deutschmarks

New York late afternoon fixing



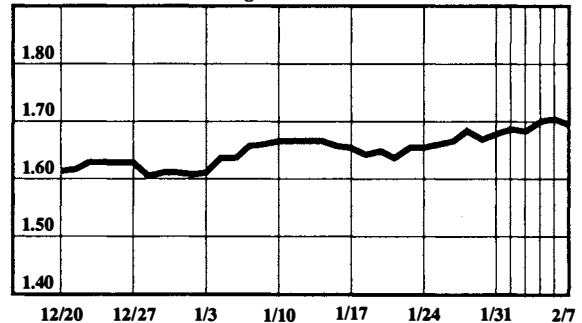
### The dollar in yen

New York late afternoon fixing



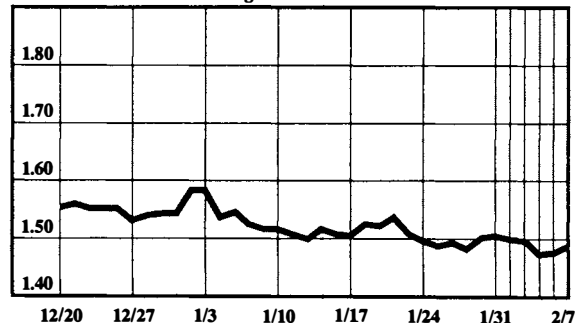
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



## Foreign capital flows into Germany

*Will foreign investors continue to support a dying U.S. economy? The hands and feet are saying no.*

**W**hile it is certainly no secret that international investment capital is flooding into the Federal Republic of Germany (F.R.G.), the magnitude and intensity of that flow denote a fundamental shift away from the United States as the primary repository of such funds. In short, foreign investors smell the stench of the rotting American economy, and have begun—quietly, but decisively—to get out while they can.

In the last quarter of 1989, net foreign investment in the F.R.G. is estimated by various analysts at between \$20-24 billion. Most of this occurred in the last half of the quarter, with an enormous acceleration in December which has continued into 1990.

This represents an extraordinary surge. As a surplus trading nation, West Germany has traditionally invested more abroad than foreigners have put into the country. The result has been a veritable explosion in its stock markets, and swelling investment accounts at its banks. In October alone, even before the breaching of the Berlin Wall, West German stock markets saw a DM4.5 billion investment increase—DM4.2 billion of which came from abroad.

German and Japanese bankers estimate that anywhere from \$5-10 billion has shifted from U.S. markets into F.R.G. investments since mid-1989. At least half of this has occurred in the last two months, meaning a net outflow from the U.S. of \$1-2 billion. And this is undoubtedly accelerating.

A substantial portion of the international capital pouring into West Germany is coming directly from Japan. According to an economist at

Nomura Research Institute in Tokyo, \$1.89 billion in net purchases of foreign securities was made in November by investors from Japan itself—that is, not including any Japanese money based in other countries like the United States. The vast majority of this went to Germany. December saw a 50% jump, to \$2.9 billion in net foreign securities purchased, and almost all of the \$1 billion increase also flowed to the Federal Republic.

The December surge, largely from Tokyo institutional investors into the German markets, was triggered by Japanese individuals and small investors, who, from mid-November to mid-December, poured funds into their F.R.G. bank accounts. This positioned them for rapid participation in everything from joint venture deals to the stock markets, and both took advantage of, and helped push up, the value of the deutschemark against the yen.

In fact, there is no doubt that Japanese investment in West Germany has been steadily escalating toward the current take-off. Since February 1989, the mark has appreciated nearly 30% against the yen. It has risen from about 68 yen to the mark to about 88; and more than half of the gain has come since September.

None of this even takes into account Japanese capital flowing into Germany from investments in other countries, especially the United States. There is no question that Japanese investments in the U.S. have slowed, both in terms of direct and portfolio investment. The recent Treasury refunding saw only 20-25% Japanese participation, as compared with

their past levels of 35-40%.

Recent hikes in interest rates by the Bundesbank and Bank of Japan have fueled the flow of funds away from the U.S., and have also forced nearly a 1% rise in American market rates. It is likely that both Japan and West Germany will raise rates again, and soon, despite enormous political pressure—and probably threats—from the U.S.

Perhaps the most important indicator of the intensity of the shift toward Germany and Western Europe is coming from Britain. Through the third quarter 1989—again, even before the November opening of East German borders to the West—by far the largest increase in foreign investment into West German stock markets came from the British. Through the third quarter, the British have increased their F.R.G. market investments by DM6 billion, more than the DM5.5 billion increase for all of 1988, and over DM4 billion more than money coming from the U.S. or Japan.

British capital, of course, has long been the bulwark of foreign flows into the United States. But this increased participation in Germany might herald much more than just Britain smelling some green pastures.

Early this month, Britain proposed to change its accounting rules such that British investors in corporate takeovers and leveraged buyouts no longer could enjoy certain advantages over their U.S. competitors that had heretofore made such investments both attractive and feasible. This would effectively preclude any further participation in U.S. leveraged buyouts and takeovers, into which \$60 billion in British money has gone over the last two years. Thus, some \$30 billion a year could potentially be re-directed elsewhere—i.e., to Germany and Europe.

## The 'Hunger Law' of 1990

*Yeutter's new farm bill means hunger in the decade to come. Will a "pro-food" lobby activate against it?*

**W**ith much pomp and ceremony, Agriculture Secretary Clayton Yeutter released the administration's new five-year farm bill. Though the document was simply called "1990 Farm Bill: Proposal of the Administration," it should be named the "Hunger Law of 1990."

The bill will make food more and more scarce, pauperize farmers, and give the food export cartel companies live-or-die control over food supplies. At the same time, the government proposes to assume sweeping powers over land and farm practices, in the name of protecting the environment.

To disguise the nature of the bill, the USDA has developed high-flown rhetoric about its goals. A 48-page "Questions and Answers" document was given to the press. The USDA says, "The basic themes of our farm bill proposal are increasing market orientation, improving international competitiveness, and addressing environmental concerns. . . . The administration's proposal enhances the resource stewardship of American farmers through greater production flexibility, incentives to change resource use in environmentally sensitive areas, and further research and technical assistance."

There is no mention of the shortages here or abroad, nor of the crisis facing farmers being ruined by debt and low prices.

Wheat stocks have fallen to their lowest levels since the early 1970s. Livestock herds are way down. There are regional milk shortages.

Already, there are food shortages in the U.S. food chain. In 1989, the

USDA cut many commodities distributed to food banks, soup kitchens, and supplemental programs for the elderly and the young.

Since fall 1989, the cuts in commodities to school districts have caused widespread deprivation among school children, thousands of whom are being forced to go without lunch (one-third of their daily nutrition) because they can't afford the price hikes. The Feb. 1 *Los Angeles Times* ran a story on the crisis in California, headlined, "Surplus Food Cuts Starve Lunch Programs in School."

In his new budget, President Bush, "the education President," called for a \$1.2 billion cut in money to school districts.

The question is, will the Democrats organize a "pro-food" opposition to the administration's "let them starve" attitude to the needy?

Sen. Patrick Leahy (D-Vt.), chairman of the Senate Agriculture Committee, has called a full Senate hearing on Feb. 27 on the topic, "Hunger in America."

But congressmen in both the Democratic and Republican parties support the kind of radical environmentalist and free trade policies that will guarantee food shortages. The same day as Yeutter's press conference, Sen. Wyche Fowler (D-Ga.) joined a gaggle of eco-freaks, including the American Farmland Trust and the National Wildlife Federation, to release a report on their goals for the farm bill.

There will be little disagreement with most of the administration's proposals to continue the "controlled dis-

integration" of high-technology family farming.

Some of the proposals are:

- Farm price and income supports: To further the push toward low-input ("sustainable") agriculture, the administration recommends allowing farmers flexibility to plant a variety of crops on their USDA-designated crop acreage base, as well as allowing the producer to even plant on the idled acres. Federal farmer benefits will be based on acres planted, rather than total bushels produced. The current system of base acreage-designation is a straitjacket for farmers, but the new system just marginalizes independent farmers in a new way.

- Acreage Reduction Programs (ARPs) are proposed to be tied to a grain stocks-to-use ratio, rather than the current method of tying the ARP-idled acres to the total ending grain stocks. The end-of-year safety levels of stocks for many crops—for example, rice—have been designated since the 1940s. But under the Yeutter system, if consumers eat less now, then they stand to have even less in the future!

- Repeal Federal Crop Insurance legislation and establish a standing disaster assistance program.

- Food stamps: A new project will test replacing food stamps with Big Brother "electronic benefit transfer" systems. New and tougher penalties are proposed against food stamp fraud, and a federal strike force seeking abusers will be deployed.

- Farmers Home Administration programs are proposed to implement tougher credit standards and shorter time limits for repayments on farm loans.

- The Conservation Reserve Program in the 1990 Farm Bill would provide for the extension of the current CRP enrollment to include cropped wetlands.

## The RJR bond downgrade

*The nail in the junk bond and LBO coffin—and maybe the doom of the entire corporate debt structure.*

After weeks of financial battering that culminated in the Jan. 15 Campeau bankruptcy filing, just about the last vestige of hope for the shellshocked wheelers and dealers of junk bonds and LBOs were the so-called “blue chip” takeover companies, epitomized by RJR Nabisco.

But whatever lingering fantasies were left were dashed on Jan. 26 with the unexpected downgrading of RJR debt and the renewed junk market collapse that ensued.

The \$25 billion RJR deal had been regarded as the Rolls Royce of all the leveraged buyout companies, immune to the pitfalls that had engulfed so many others. Engineered in 1988 by takeover king Kohlberg Kravis Roberts, RJR’s huge debt burden was considered to be manageable, and its bonds were given the highest ratings of any junk—the cream of the crap, so to speak.

KKR immediately began stripping key assets from RJR Nabisco in order to pay down debt. Such familiar names as Chun King, Del Monte, and Baby Ruth candy were just some of the familiar brand name segments that were pawned to bring in \$5.5 billion or so in six months.

On Sept. 17, just days after the initial Campeau collapse signaled the imminent demise of the junk bond and LBO bubbles, a *New York Times* analysis characterized RJR’s post-buyout financial parameters as “stellar,” citing increased operating earnings, a spate of new products, and sweeping internal cost-cutting measures.

Reality hit in January, with a vengeance. RJR planned to issue \$1.25

billion in senior notes to retire bank debt, and was confident it would cross the junk bond line and receive a higher-quality, investment-grade rating. But Moody’s and Standard & Poor’s not only rated the issue as junk; it downgraded nearly \$18 billion of RJR’s existing debt.

The impact was devastating. RJR bonds were dumped wholesale, losing up to 10 points on Friday, Jan. 26 and up to 10¾ the following Monday. That’s about \$200 for every \$1,000 in face value, in just two trading sessions. And the entire junk market plunged one to three points across the board.

This was a “major confidence killer,” moaned Frank Colombo of Dillon Read, “this was not expected.” Acknowledged Morgan Stanley’s Peter Karches, “The whole junk market is in bad shape.”

The incredible extent of RJR Nabisco’s financial insolvency, and the desperate maneuvers taken by LBO firms in the junk bond market, were laid out by *New York Times* columnist Floyd Norris. First, it was revealed that one of the means by which RJR was able to both sell its junk bonds and keep their “value” up, was to promise that it would raise interest rates on at least \$6 billion of its junk, to whatever levels necessary—i.e., unlimited rates—so that bondholders could sell the bonds at face value in 1991. It was undoubtedly only with this open-ended proviso that it could sell the garbage in the first place and keep up its value.

That means that investors who bought RJR junk bonds that were sell-

ing on Jan. 29 at only \$58 per \$100 of face value, would be paid about 77% interest rates by next year in order to bring the return up to \$100! It was precisely this “innovative” financing that finished off Hillsborough Holdings, another KKR buyout firm that declared bankruptcy last year.

But that’s not all. Apart from this insanity, these bonds not only pay no interest until 1995 and 1999, but the interest and principal is compounded, and is supposed to be paid for—in new bonds! And with the junk market nosediving, and the promise to raise interest rates to meet face value, new bonds can only be issued at rates over 20%. On \$6 billion, each percentage point of interest is \$60 million, 20 points is \$1.2 billion—and it’s all compounded!

RJR’s only—but totally futile—hope is that bondholders will convert their debt into equity shares in the company. Share prices are now down to about \$5 or \$6, or 20% of what it takes to entice the bondholders to exchange.

Junk bonds are now defaulting at a 38% annual rate, according to a recent study by the nonprofit Bond Investors Association. This has enormous implications for all corporate debt paper. Junk bond volume, including non-rated issues, is actually \$300 billion, not just the \$226 billion rated by Moody’s, says the BIA report. This means that an astounding 30% of all corporate bond issues are junk, up from just 6.5% in 1981. And such a high default rate for junk means that 13% of all corporate debt will go into default this year.

But this assumes that the economy has had its soft landing. Even a “mild recession” would dry up short-term funding for junk bond issuers, says Moody’s. Which, of course, would send the default rate zooming, and torpedo the bond market.

# Business Briefs

## World Bank

### Third World told: forego higher living standards

The developing world will never reach the living standards of the advanced sector because of the "environmental crisis," World Bank strategic planning chief Francisco Sagasti told a Feb. 3-4 conference at Edinburgh University's Center for Human Ecology.

"In the next few decades, I can see battles between North and South over the huge difference in material standards of living," he said. Sagasti insisted that the world needed a new system of "environmentally friendly" incentives and "green taxes," as well as greater "energy efficiency." He pointed to Sweden using one-half the energy per capita of the U.S., but having a similar living standard, to ostensibly prove his point.

Sagasti further called for an international "eco-development" strategy, insisting that "environmental security" was replacing East-West relations as the world's biggest problem.

## Markets

### When your broker speaks, don't listen

"The latest quarterly study of stock-picking prowess" of the major brokerage houses, conducted by the *Wall Street Journal*, showed that stocks recommended by 9 out of 10 of the firms lost money last quarter, and the only one that made money for suckered investors showed returns of just 2.1%.

The poorest results over a 12-month and 42-month period were by Prudential Bache, the wizards in part responsible for saddling Prudential with the largest junk bond portfolio of any company.

Undaunted by their track record, the brokers have no fear of the future, and no shame in telling their clients that Shearson Lehman's research director Jack Rivkin thinks 1990 will be a "pretty good year," with most of the "action" in the second half on the theory that "the world is not coming to an end."

## Gold

### Bush to IMF: steal Third World's reserves

The Bush administration wants the International Monetary Fund to virtually steal 3 million ounces of gold from developing countries.

The U.S. is demanding that before more funds are granted the IMF, nations in arrears on their IMF loans must be penalized. The U.S. is proposing that the IMF sell 3 million ounces it is holding on behalf of Sudan, Zambia, Peru, Liberia, Panama, Vietnam, Guyana, Somalia, Sierra Leone, and Cambodia.

The IMF carries this gold on its books at \$46 an ounce. Since the market price is now about \$413 an ounce, each nation would be cheated out of about \$367 for each ounce of gold the IMF is holding for them. The Feb. 1 *Wall Street Journal* noted, "It isn't exactly clear how the proceeds from the gold sales would be used to cope with the arrears."

## AIDS

### Disastrous rate among Romanian children

Romanian authorities have revealed that AIDS infection rates are as high as one in five among children.

French AIDS specialist Jacques Lebas characterized the epidemic as "an international emergency requiring a response on the level of famine relief." Lebas, President of the *Médecins du Monde* ("Doctors of the World"), said in Bucharest Feb. 5 that the spread of AIDS among children aged 1-3 years "is worse than anything I have seen."

Recently, doctors at the Bucharest Institute of Virology revealed that of children ages 1-3 tested, 36% tested HIV-positive. Lebas said that 367 of 1,025 sick children under the age of three who had been tested in Romanian hospitals and orphanages were carrying the AIDS virus, and 60% of them already showed symptoms of the disease. "All of them will die," Lebas affirmed. "At first, we were extremely skeptical when the figures were sent to

us. They seemed quite unbelievable. . . . But now we have checked ourselves, and we support them. It is a very, very serious problem."

"The disease has been coming from infected blood and infected needles" which are used "hundreds of times," Lebas said. The Feb. 6 French daily *Le Figaro* reported that the injections were either of serums with vitamins, supposedly as a palliative for malnutrition, or of "micro-transfusions of plasma and globulin," to increase protein in the blood. This practice was generalized to orphanages, for reasons not yet clear.

## Soviet Economy

### Interest in joint ventures flagging

The Soviet economic journal *Ekonomika i Zhizn* (*Economics and Life*) reported that most foreign investors are "wary of the economic and political risks" of dealing with the U.S.S.R., and therefore "avoid big investments and try to make sure that they pay off with speculative revenues within a short period."

The magazine stated that Soviet specialists are studying applying stricter rules, including fixing a minimum for the hard cash a Western partner must put up. The Soviet Finance Ministry is demanding information on the legal status and solvency of foreign partners to prevent joint ventures being used as a shell for "foreign companies enjoying a dubious reputation."

*Ekonomika i Zhizn* accuses joint ventures of covert repatriation of profits through overpricing of imports and underpricing of exports, overcharging of license payments, and excessive interest rates on loans from foreign partners.

The Feb. 1 *Financial Times* of London reported "growing Soviet disenchantment with joint ventures with Western investors," because of speculation and slow start-ups. By Jan. 1, some 1,274 joint operations had been registered, some 90% with Western involvement. But only 184 were operating in any way at all, and perhaps fewer than half of those were doing business.

The *Financial Times* noted few joint ven-



tures were in direct manufacturing. Almost one-third were registered in "trade, tourism, and light industry," 30% in consultancy, research, and development. Only 5% were involved in engineering and manufacturing, and 4.4% in agriculture and food processing.

## **War on Drugs**

### **Customs testing laser technology for detection**

The U.S. Customs Service is testing laser technology for use in the detection of drugs, according to Reuters Feb. 1.

"The U.S. Customs Service is fielding specially developed laser range finders which detect false walls and hollow beams in cargo containers," Reuters reported. The cover story of the January-February issue of *21st Century Science & Technology* magazine reported that Customs is developing an arsenal of new technologies to employ in the drug war.

"We started field-testing laser range finders in the past few weeks," U.S. Customs spokesman Dennis Shimkoski told Reuters. "If successful, that equipment could plug a major gap in our [anti-drug] defenses." Rather than having to open cargo containers to see if there is any hiding place for suspicious material, one operator using the new device can scan a container in minutes.

The five-pound laser device was developed by Schwartz Electro-Optics Inc., an Orlando, Florida firm. Five of the units have been delivered to Customs at \$9,000 each, and another five are being built.

## **Investment**

### **Japanese offer to build Los Angeles commuter line**

HSST Corp. General Manager Eiji Ikeda told the California Senate Transportation and Appropriations Committee that a five mile demonstration magnetically levitated commuter train in Orange County serving Los Angeles could be operational within 18

months, providing the environmental clearance process were speeded up.

Ikeda told the committee that his firm was ready to begin work on a 155.6 mile loop around the greater Los Angeles metropolitan area, at a cost of \$30 million a mile, if the state would grant HSST rights-of-way along area freeways, and exclusive rights to operate the system.

"Money is very much available in Japan, especially right now," Ikeda said. Sen. Robert Presley said, "It's good to learn that this technology is available to draw on."

## **Infrastructure**

### **Japanese revive call for super projects**

The Japanese promoters of a "Global Infrastructure Fund" called for launching "super infrastructure projects" in various parts of the world, in a press release distributed at the Davos, Switzerland, World Economic Forum on Feb. 5.

"Japanese businessmen are appealing to European and American industry to join in a fund which will promote global infrastructure development projects of \$10 billion or more," they said.

"Projects considered by the Global Infrastructure Fund (GIF) . . . include reforestation deserts, constructing flood control systems, developing international transport communications networks and promoting clean sources of energy. . . .

"To bring this about, a network of research organizations were necessary in countries around the world. To promote the GIF concept, Mr. Saba said that a research organization would be set up in Japan this April. A group was also planned in the United States.

"Projects, such as a flood control plan in Bangladesh, would make 'the globe more comfortable and prosperous.' Also, Saba considered, the economic effects would be like that of a global New Deal. . . .

"GIF is looking at the possibility of constructing huge canals, including a second Panama Canal; large bridges or tunnels to link the shores of international straits; international highways, railways and sea lanes."

# *Briefly*

● **THE IMF AUSTERITY** program for Poland is "on track," the London *Financial Times* said Feb. 3. January newly unemployed reached 55,800, up from 9,600 in December, January inflation hit 68.2% compared with 17.7% for December, and food prices in January rose 75%.

● **MAGNETICALLY** levitated trains received R&D funding for the first time in the U.S. FY1991 budget; \$6.2 million for the Federal Rail Administration, and \$3.5 million for the Army Corps of Engineers.

● **THE SAVINGS RATE** collapse signals a "class society" in the United States, the Feb. 4 *Washington Post* claimed. Young families will reach retirement with an average net wealth about half that of their parents. "Sons replicating fathers (or falling a little short) sounds more like a class system than the American Dream."

● **JAMES SHANNON**, the Attorney General of Massachusetts, blamed Campeau's failure on the lax antitrust attitude of the Reagan administration. Several attorneys general had pleaded with the SEC to take a hard look at Campeau's acquisition of Federated Department Stores, "But . . . the commission allowed the merger to go through without even giving it an extended review."

● **WORKER PRODUCTIVITY** rose a paltry 0.9% in 1989, compared to 3.3% during the 1950s and '60s, the worst showing since the 1981-82 recession, according to U.S. Labor Department statistics.

● **CHARLES VANIK** said it's time to lift the Jackson-Vanik trade law, which imposes high tariffs on Soviet imports and denies them export credits to buy U.S. goods because of human rights violations against Soviet Jews. Waiving the trade law "is perhaps the best available official signal we have . . . to acknowledge what President Gorbachov has done," he said.

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## The rise and fall of the greenhouse sea-level hoax

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*Australian geographer Ted Bryant explains why the greenhouse gang's scenario for rising sea levels doesn't hold much water in the real world.*

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*Mr. Bryant, a Senior Lecturer in Geography at the University of Wollongong in New South Wales, adapted the following from an article he wrote for Australian Geographer.*

The popular media and scientific literature have been bombarded in the last five years by dire warnings about catastrophic rises in sea level due to greenhouse warming. The 1985 Villach Conference in Austria fueled these predictions by proposing a rise of 20-140 centimeters in the next century attributable mainly to thermal expansion of oceans. Higher sea levels than this would be generated by dramatic melting of the Greenland and Antarctic icecaps. Sea-level rises of this magnitude would have destructive implications for the world's coastline. Beach erosion would be accelerated, low-lying areas would be permanently flooded or subject to more frequent inundation during storms, and the base line for water tables would be raised. None of these prophecies is likely. Most greenhouse advocates simply do not have the faintest idea how sea level behaves.

Sea level along any coastline consists of two components. The first is some long-term trend that may reflect the global hydrological cycle or regional movement of the Earth's crust, a process labeled "tectonics." The second is a more substantial, chaotic variation that reflects local climatic fluctuations. **Figure 1** illustrates these two components. The curves represent annual sea levels between 1930 and the mid-1970s for five major cities—London, New York, Venice, Tokyo, and Sydney—which greenhouse proponents view as evidencing rising sea levels. Hardly anyone would dispute the fact that all five cities show a trend toward rising sea level. If the increases in Figure 1 represent the global perspective, then the actual volume of water in the oceans would have to increase, because more water was physically added to it, or

because a substantial amount of surface water had warmed and hence expanded. The simplest way to raise sea level would be to add more water to the oceans. This can be achieved by melting alpine glaciers, which we know have been retreating and possibly contributing to an annual sea-level rise of 1-1.5 millimeters per year. It could also be achieved by melting polar icecaps; however, we have no evidence that the icecaps are melting. Furthermore, they are extremely unlikely to melt in the near future. They won't melt because, unlike alpine glaciers, they are much colder. The Antarctic icecap has a mean temperature of  $-40^{\circ}\text{C}$ . Even if polar air temperatures rose by  $10^{\circ}\text{C}$ , the temperature of the Antarctic would still be  $-30^{\circ}\text{C}$  and ice doesn't melt at that temperature. Not even the melting of ice floating in the ocean would make much difference, because this ice has already displaced its weight in water. Even if the edge of the Antarctic icecap or the most susceptible West Antarctic portion melted, the process would take more than 500 years. There is no easy way to melt polar icecaps. In fact, warming the air and waters around the Antarctic would decrease global sea levels. Cold air holds very little moisture. Warming that air by even  $1^{\circ}\text{C}$  would dramatically increase the amount of moisture that could be held in the atmosphere. If this air even approached the icecap, it would be rapidly cooled, whereupon the moisture would fall as snow and slowly form part of the icecap. This process would remove water from the oceans and eventually lower sea level.

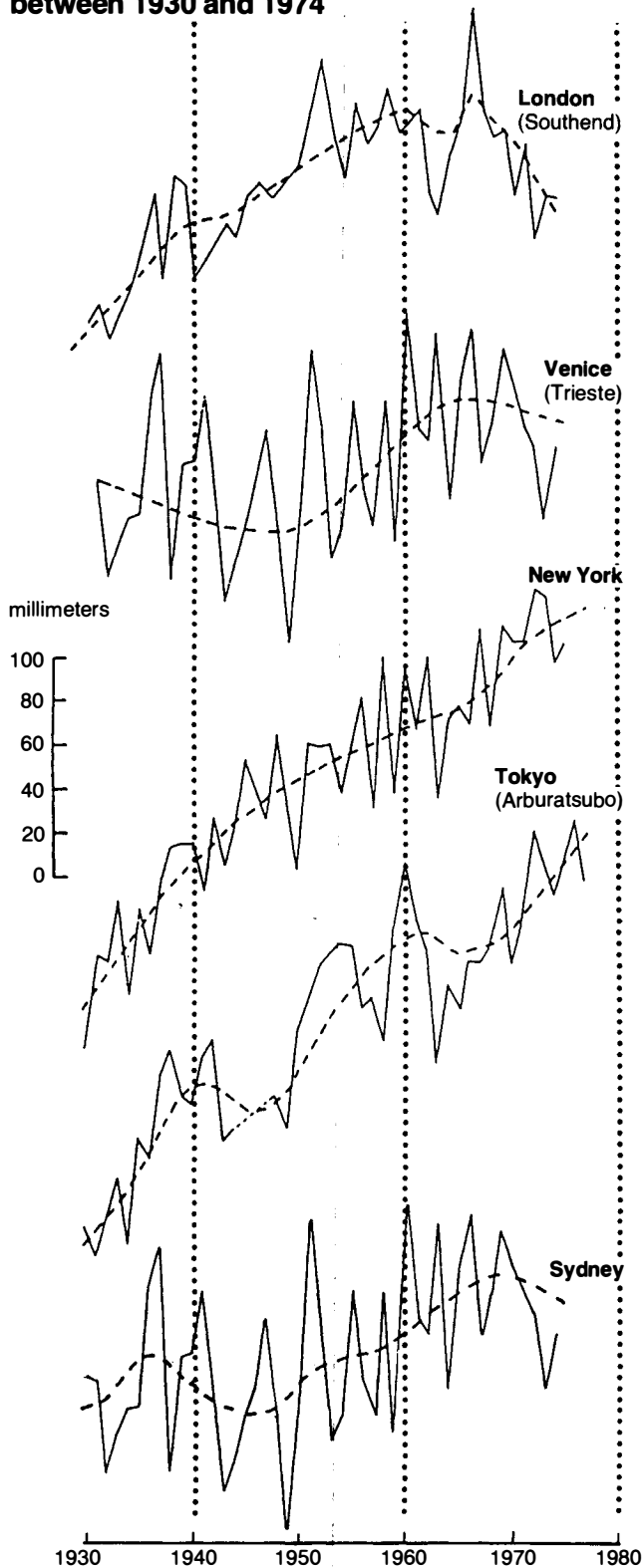
There is a third, more important mechanism for changing the volume of water in the oceans, and that is for mankind to pump it in or out. For instance, ground water withdrawals in the United States in 1980 amounted to 123 cubic kilometers. For the world, this is equivalent to 481 cubic kilometers, which would raise sea level 1.3 millimeters per year. In

contrast, man also replenishes the water table through leakage from reservoirs or by direct irrigation. This leakage may amount to 550 cubic kilometers per year, but the figure is uncertain. The rise in sea level supposedly measured over the past century could simply be due to man adding to the ocean volume through ground water extraction. On the other hand, the extension of reservoirs and irrigation may be lowering sea levels or balancing the amount of water being extracted from the ground. Either way, man has a significant impact on sea levels through interference with the hydrological cycle. This is not necessarily deleterious, because it is within man's capability to deliberately withdraw water from the hydrological cycle to balance any rise in global sea level. This could be done by filling depressions such as the Qattar Basin in Egypt, Lake Eyre in Australia and the Caspian Sea in the U.S.S.R. (in total these basins could hold 15,160 cubic kilometers), building more dams on rivers or pumping freshwater in aquifers.

But is sea level really rising? A careful examination of the curves in Figure 1 indicates that sea level is not rising consistently. In fact, it decreased noticeably in London and Venice after the mid-1960s. In reality, the sea-level curves in Figure 1 are not necessarily due to a global rise in sea level, because local Earth movements dominate some areas. For instance, London is in an area where the North Sea Basin is tectonically sinking, Venice suffers from subsidence due to ground water extraction and Tokyo has tectonic subsidence caused by earthquakes. Many of the trends we witness in sea-level curves are not due to a global change in sea level but to this regional tectonic behavior.

**Figure 2** illustrates the complexity that can arise from tectonic variation. The diagram plots the best sea-level data available for the world for the period 1960-79. Areas with annual changes in sea level greater than 3 millimeters per year have been differentiated from those with changes of 0-3 millimeters per year in this figure. Contrary to the general belief that sea level is presently rising worldwide, sea level has fallen along significant stretches of coastline mainly in western Europe, western North America, and eastern Asia since 1960. Some of the areas of falling sea level are outside zones affected by any glaciation. Increasing sea levels are restricted mainly to the Gulf of Mexico and the eastern coastlines of North America and Japan. Noteworthy is the fact that it is difficult to delineate large areas of consistent sea-level change because sea-level behavior can change sign over distances of a few hundred kilometers or less. This is even apparent where rates of change are greater than  $\pm 3$  millimeters per year as evidenced by the patterns in northern Europe and eastern Asia. Additionally, Figure 2 indicates that there is too little information to state emphatically whether or not sea levels are rising worldwide. More data are required from the centers of oceans and at regularly spaced intervals along all coastlines to account for the speeding up or slowing down of ocean gyres that could affect sea level in the short term.

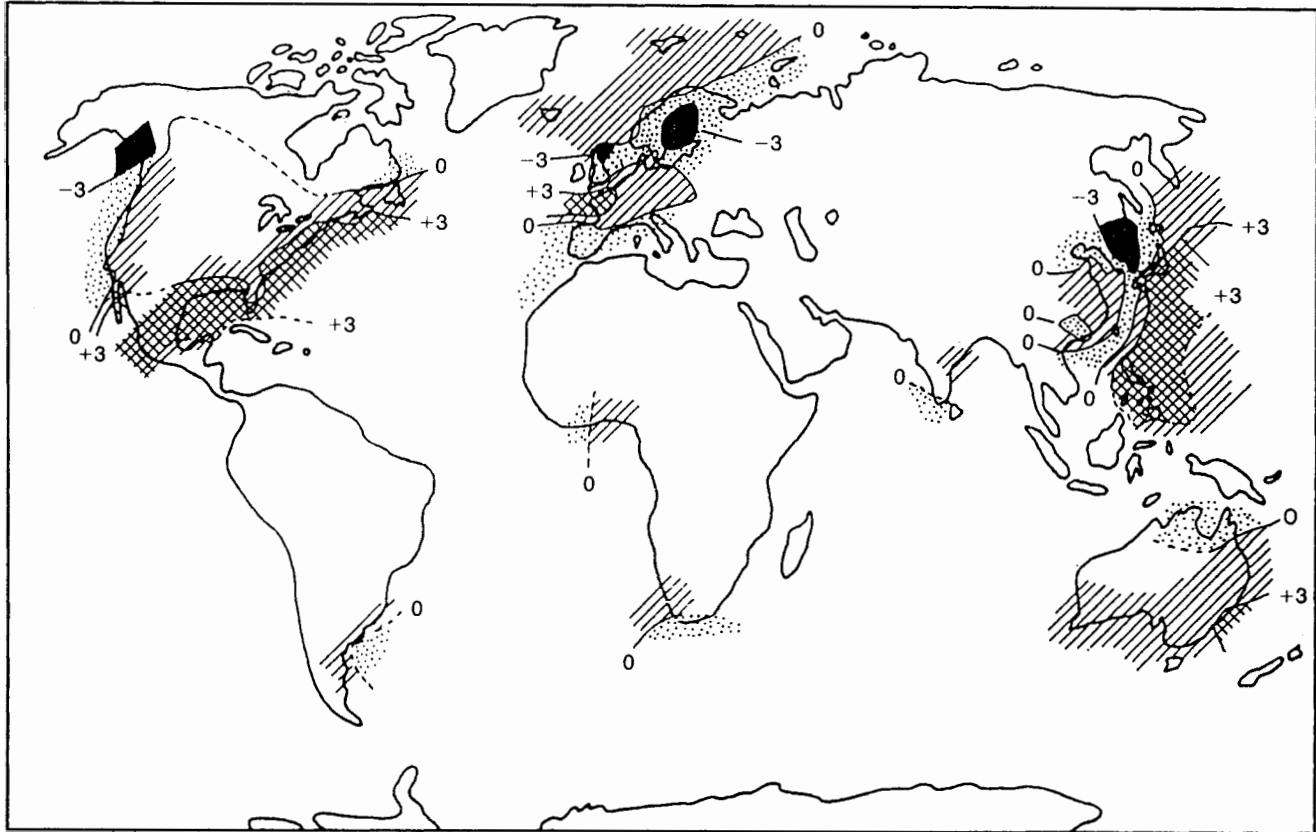
FIGURE 1  
Annual sea-level curves for five major cities between 1930 and 1974



Source: Ted Bryant.

FIGURE 2

**Sea-level trends for the globe between 1960-1979**



**Rising**  
 ▨ 0-3 mm/yr    ▩ >3 mm/yr

**Falling**  
 ▤ 0-3 mm/yr    ▢ >3 mm/yr

Unshaded areas do not have sufficient data to allow trends to be plotted for these two decades.

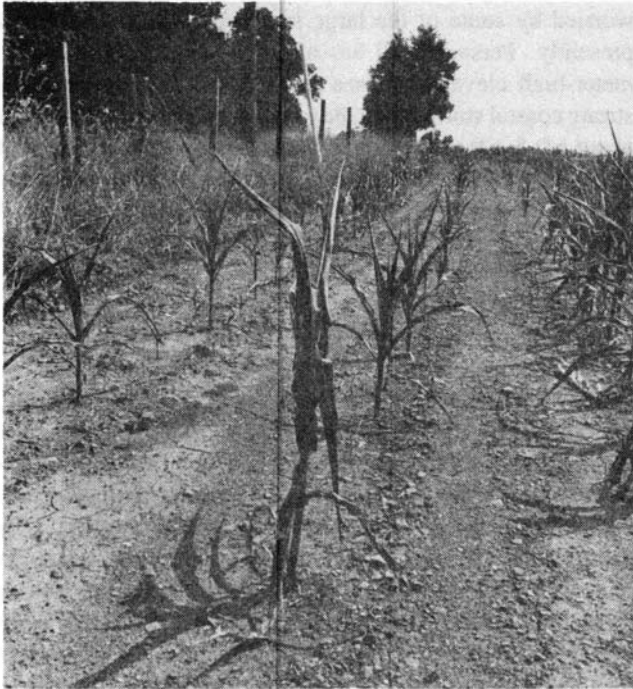
Source: Ted Bryant.

**The issue of ‘chaos’**

The general reaction of most people to Figure 2 is that the patterns are chaotic. Mathematically these comments could not be closer to the truth. Over the years, I have tried to characterize and define the reasons for large-scale fluctuations appearing in the curves in Figure 1. The fluctuations are the superimposition of a range of patterns, consisting of a change in the rate of sea-level rise or fall over time, rapid changes in the direction of a trend, large amounts of “noise” or variation, sudden jumps in sea level over a timespan of a few years, cyclicity especially around a periodicity of three years, dramatic differences to adjacent stations, and a randomness for the prediction of any aspect of the curves. All of these characteristics fall under the umbrella of chaos theory. The significant aspect about this theory which characterizes the sea-level curves in Figure 1, and probably all other sea-level curves in the world, is the fact that one has about as much chance of predicting a specific sea-level elevation

to a tide gauge 50 years from now in the year 2039, as one does in specifying the value of the American dollar, interest rates for housing, or the annual rainfall of New York City in the same year.

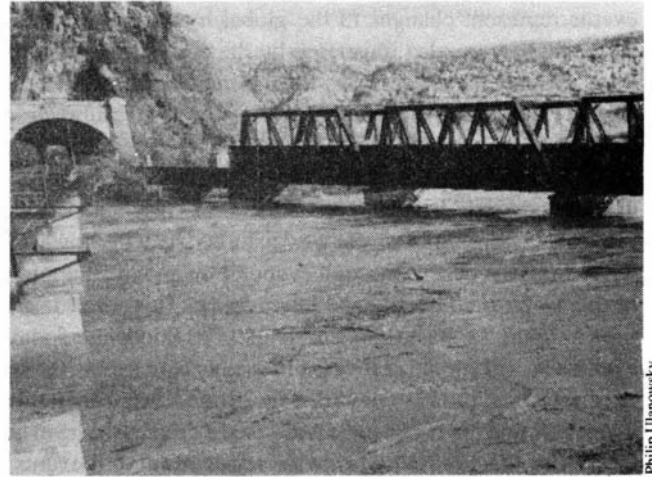
The cause of this chaos in sea-level records can be generally attributed to local climatic variations. For instance, in the Yellow and East China Seas between China and Japan, sea-level trends simply reflect long-term tectonic behavior. Land is rising by as much as 5 millimeters per year in the Korea-north China region, and subsiding by as much as 9 millimeters per year in the foldbelts of east China. However, fluctuations in the short term relate to the shifting behavior of the Kuroshio Current that dominates oceanographic effects in eastern Asia, and to the large volume of freshwater runoff mainly from China (greater than 12,000 cubic kilometers per year). Sea-level trends around Japan can also be ascribed to tectonic factors. Rates range from 24 millimeters per year of submergence along the southeast coast to 6.8 millimeters



Scott Morrison

per year of emergence along the northwest coast. However, again, shorter-term fluctuations correlate well with the behavior of the Kuroshio Current. Along the east coast of North America, three independent coastal segments can be delineated for the period 1940-80 with differing trends in sea-level behavior that do not parallel depths in the shelf break or any other obvious topographic or structural feature. There is substantial evidence that much of the rise in sea level along the east coast is simply due to ground subsidence as ground waters have been extracted around major cities to supply domestic water. However, there is an equal amount of evidence to suggest that mean sea level is increasing here at a steady rate (1.7 millimeters per year) because of intensification of the Gulf Stream. In Australia, sea-level behavior correlates strongly to meteorological and oceanographic factors such as the tropical easterly trade winds, storminess, rainfall, and sea surface temperature.

The fact that sea level has such great temporal and spatial variability reflects the chaotic dynamics of the Earth's climate. These dynamics can fluctuate over timespans of days to years and greatly complicate delineation of sea-level trends. Seasonally, mean sea level fluctuates between 15-54 centimeters in such diverse locations as the Bay of Bengal, west coast of Mexico, northeastern Siberia and Australia. Over periods of days or months, sea level can fluctuate several tens of centimeters because of changes in atmospheric pressure, sea temperature, salinity, onshore wind stress components, current impingement on the coastline (as with the Kuroshio and Gulf Stream currents mentioned above), and mixing of surface and deep ocean waters. Over timespans of days, storm surge represents a major climatically induced enhance-



Philip Ulanowsky

River discharge along the U.S. East Coast can account for 7-21% of annual sea-level variance. Above, November 1985 flooding of the Shenandoah River at Harper's Ferry, West Virginia.

Left: Major drought can raise sea-level while heavy rainfalls can lower it because such events represent changes to the global hydrological cycle. Loudoun County, Virginia suffering the Great Drought of 1988.

ment of regional sea levels. The main concern in Bangladesh is not with a 1.0 meter rise in sea level that may occur in 50 years time, but with the next 7 meter high storm surge that could accompany a tropical cyclone. In November 1970, over 500,000 people were killed by such a surge. The largest death toll in the United States from a hurricane occurred at Galveston in 1900 when 6,000 people drowned under a storm surge that swept over that city.

The changes in sea level presented in Figure 2 spatially evidence low latitude asymmetry in the Atlantic and Pacific Oceans with a western boundary rise and an eastern boundary decline. Such a pattern is consistent with either a change in intensity of westerly winds or a shift in the fixing of pressure cells in the northern hemisphere due to the location of major mountain ranges or the degree of heating of oceans. Sea levels can also fluctuate over short distances because of shelf waves which cause water level to oscillate parallel to a coastline. For instance shelf waves, with a periodicity of one to seven days and amplitudes exceeding 50 centimeters have been found traveling counterclockwise around the south Australian coastline.

River discharge can locally increase sea levels as mentioned above in the case of sea levels in the East China Sea. The annual river discharge from the Chinese mainland adds 3.3 centimeters to the level of the ocean globally over a few months. Along the eastern United States coast, between 7-21% of the annual variance in sea level is due to this factor. Even an increase in rainfall over the coastal sector of an ocean can cause a long-term increase in sea level measured at a tide gauge. This also extends globally. Major world droughts can raise sea level while heavy rainfalls can lower it, because such

events represent changes to the global hydrological cycle. These effects are also illustrated by the coincidence of sea-level increases and decreases for the major cities shown in Figure 1. For instance, sea level went up by 60-80 millimeters around 1960 in all cities shown in this figure except London. Globally 1988-89 has witnessed significant rainfall in the Sudan, Bangladesh, Thailand and Australia. Over this period, the global hydrological cycle was disturbed by withdrawal of water from the oceans through evaporation and the dumping of this water onto continental landmasses. This water takes time to return to the oceans via rivers. The floodwaters may even be stored for several years in major depressions (Lake Eyre was filled in 1989) or within the ground. Almost all tide gauges around the world have witnessed a drop in sea level as a result of the 1988-89 worldwide series of rainfall events. If rainfall accompanies a greenhouse-warmed world, and it should because warmer air holds more moisture, sea level will tend to drop because of the above process.


### El Niño-Southern Oscillation events

Of particular climatic influence on sea level is the persistent inter-annual fluctuations in sea level associated with El Niño-Southern Oscillation events in the equatorial Pacific region. Generally tropical air movement in the Pacific is dominated by strong easterlies, labeled the Walker circulation. Warm surface water is blown toward the western side of the Pacific where it piles up to heights of 20 centimeters or more. The Walker circulation oscillates (the Southern Oscillation) in strength every three to five years and has relationships with climatic change worldwide. More importantly, the failure of the tropical easterlies leading to an El Niño-Southern Oscillation event causes the water in the west Pacific to surge back eastward across the Pacific in the space of two months. The 1982-83 El Niño-Southern Oscillation event raised sea levels 35 centimeters above average along the Oregon coast. The Southern Oscillation behaves as a typical chaotic system. What if El Niño-Southern Oscillation events occurred randomly with a greater frequency than the historical rate of three to five years? El Niño-Southern Oscillation events during the 1980s have tended to recur every two years. Tide gauges in the west tropical Pacific would be perceived as falling, while those in the east tropical Pacific would record higher mean sea levels, not generated by any worldwide change, but simply by this more frequent surging of water across the Pacific Ocean. For the Pacific region, sea-level increases are no indication of a global rise, but may simply reflect the regional consequences of climatic change in the south Pacific generated by more frequent, and chaotic, El Niño-Southern Oscillation events.

Greenhouse supporters' concern with a global rise in sea level is misdirected. We should not be worried by any unfounded, catastrophic sea-level predictions resulting from a climatic warming that some computer indicates may occur by the time most of us are dead; however, we should be

worried by some of the large sea levels that can affect us presently. Personally, I am more concerned about the 4-meter-high elevation of sea level that can occur during a strong coastal storm along the east Australian coast than I am about a 0.5-1.0 millimeter annual rise in sea level. Even 50 years of greenhouse effect will not get sea levels up anywhere near the elevation of one of our storm surges. In the United States, short-term fluctuations in sea level are even more crucial with storm surges rising to over 7 meters along the Gulf and East coasts.

Thank goodness common sense now appears to be entering the greenhouse debate. Even some greenhouse enthusiasts are retracting their dire predictions. Over the past year, the predictions for sea-level rise due to global warming for the next 50 years have been reduced from 1.0 meter to 30-40 centimeters. In October 1989, the British Commonwealth Secretariat proposed that sea levels would rise by only 17-26 centimeters. Of course, regional tectonic trends and local climatic variations will have to be added to, or deducted from these predictions. The greenhouse debate has done more damage to scientific credibility and Western society's morale than any issue in the past 20 years. Hopefully, this article goes some way to salvaging the integrity of science and resurrecting the optimism that is the natural and just essence of our society.



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## What is the cost of non-nuclear?

*Italy, the only Western country to have abandoned nuclear power, is in an unprecedented bind as a result.*

According to projections by Unione Petrolifera, Italy's oil producers association, consumption of petroleum and its derivatives in Italy will grow in the coming years from about 94.2 million tons, the estimated consumption in 1989, to 97.2 million tons by 1995. The expected rise in the oil price, which may be as much as 16%, make Italy's energy deficit worse than ever. If the relative weight of petroleum in the total energy production trends downward (it should go from almost 60% now to 55% in the mid-1990s), it will be replaced by sources such as coal and natural gas—also imported—or from the direct acquisition of electrical energy produced abroad.

The 1990 energy deficit, the biggest factor in the foreign debt, will exceed 20 trillion liras. This means that if nuclear energy were used in significant proportions, Italy's foreign accounts could be on a par, because besides reducing energy imports from abroad, energy supply would increase and costs would go down, and the entire national productive apparatus would be more efficient and competitive.

Instead, since Italy has opted to abandon the nuclear perspective, it has opted to increase the national economy's dependency on foreign energy supplies. With the growth in energy demand, as a result of the need to increase industrial production and improve living standards, the already enormous energy deficit is growing. Italy today imports more than 80% of its energy needs. In 1988, energy demand grew 5.2% over the previous year, and it is foreseen that consumption will continue to go up at this rate

for the coming years. If the nuclear plants of Trino and Caorso had continued to operate, and if the ones under construction had been brought on line, they could have absorbed much of the energy requirement.

With that possibility gone, in 1988 ENEL had to import 35% more electricity. In 1989, 27% of electrical power consumed in Italy was imported. But now, we have reached saturation of the high tension lines which transmit the imported energy.

In 1988 Italy imported a net total of 31.3 billion kilowatt-hours, divided as follows: 13.2 billion kWh from France, 14.6 from Switzerland, 1.6 from Austria, and 2 from Yugoslavia. In that same year France got 69.9% of its total electrical power production from nuclear plants, Switzerland 37.4%, Yugoslavia 5.2%.

Before the anti-nuclear referendum promoted by the Italian Communist and Socialist parties and the Greens, nuclear energy covered only 4.6% of Italy's energy needs. The average price of a kWh from 1986 to 1988 was going down. In real terms, it went down by 28.5%, and from 1981, it had fallen more than 40%. But this was due to the drop in the oil price in that period, and more recently to the relative increase in use of coal and gas for energy production, besides lower operating and capital costs at ENEL, the national electricity company.

Meanwhile, however, investments in new plants have also dropped, from 6.7 trillion liras in 1987 to 6.2 trillion liras in 1988—minus 7.9%.

Various projects have been

launched to diversify energy production, but they are either too costly for their rate of energy yield, or too polluting, or in any case more expensive than nuclear.

Take the wind energy projects. The National Energy Plan foresees that, for the year 2000, a billion kWh could be produced with windmill technology. To reach this target, you would have to install more than 2 million generators. These are pylons at least 30 meters high with an enormous helix mounted on the top, which would be scattered by the hundreds or even thousands over many square kilometers of land that is particularly exposed to wind, cluttering up the landscape with a "visual pollution" unprecedented in human history. All this, just to produce an almost imperceptible percentage in the national energy needs. By destroying vast tracts of the landscape, especially in Sardinia, Sicily, and Molise, the hope is to obtain 1 billion kWh by the year 2000; but at the end of 1986, with only two nuclear plants operating, 4.4 billion kWh of energy were produced!

Italian Industry Minister Adolfo Battaglia proposes to buy more energy from private industries, which build their own generators and have a surplus of energy. Battaglia raises the possibility of contracting out to private firms a certain part of energy production, while ENEL would still control distribution. But this is not really a solution.

To calculate the real cost of Italy's renunciation of nuclear energy, we have to add up how much more we spend to import oil, coal, gas, or electrical power, and how much more pollution we have, as Italy's electrical energy consumption went from 135 billion kWh in 1986 to 157 billion kWh in 1988. Not only must this suicidal folly be reversed in Italy, it should stand as a grim lesson to other nations.

## Why the West should not help Gorbachov

by Paul-Albert Scherer

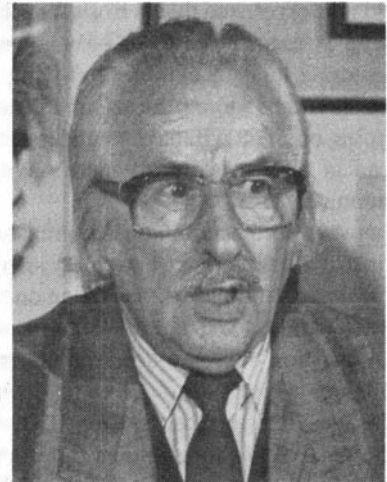
*West German Gen. Paul-Albert Scherer (ret.) is one of the world's leading experts on questions regarding the Soviet Empire, the Soviet Union, Eastern Europe, and related questions. General Scherer has an experience of approximately 40 years as an observer, and a very acute one, of the goings-on inside the Soviet bloc. He was, during the middle 1970s, the director of the Militärische Abschirmdienst, the military intelligence and counterintelligence for the entire military establishment of the Federal Republic of Germany.*

*In April 1989 General Scherer appeared at the National Press Club in Washington, at a conference sponsored by EIR, and predicted a bloody civil war inside the Soviet Empire. Last Oct. 18, again at the National Press Club, General Scherer ventured the prediction that Mikhail Gorbachov is not likely to survive the spring and summer of 1990. With all of these forecasts far advanced toward being realized, General Scherer made the presentation below at his latest EIR press conference at the National Press Club, which occurred on Jan. 24. He spoke in German; what follows is the translation of his remarks, by Webster Tarpley:*

The analysis that I would like to offer today proceeds without any exaggeration or dramatization, from the idea that the populations of the Soviet sphere of power are now making world history themselves without any censorship. The year 1917 has a greater significance in world history than simply the Bolshevik Revolution. It was also the year in which American troops appeared in the trenches of the First World War. What began in 1917 was therefore a new phase of dualism in world history: the domination of two centers or concentrations of power in the world. And this condition that we've seen since 1917—either the existence of two superpowers, or the tendency toward the development of two superpowers—that kind of a system in world politics will come to an end during this decade.

I am attempting a sober estimate of this situation, and I come to the conclusion that one cannot be sure whether the governments in Washington and in Moscow





January: East Germans in one of the famous mass Monday-night rallies in Leipzig call for the end of the communist SED's rule—regardless of its recent name change to PDS—with posters bearing political puns such as “Better Kohl [West German Chancellor's name, means “cabbage”] than red beets!” and “SED-PDS = Pack Your Bags.” Inset: Gen. Paul-Albert Scherer speaking at the National Press Club in Washington, D.C.

Pietro Cicconi

Stuart Lewis

are politically prepared to accept the fact that the period of dualism in world affairs is now coming to an end.

In this framework, Gorbachov is a fascinating leadership personality, but Gorbachov has attempted to launch a revolution or revolutionary reform from above for the collapsing Soviet Empire, and that revolutionary reform has not been accepted by the masses in the Soviet Empire.

The most significant question that we in the West must answer is: From Moscow today, from today's Kremlin, is there still a Soviet threat? Is that threat still of the same dimensions, or has it become a lesser threat than it was in the past? I would like to answer that question about the Soviet threat very concretely somewhat later on, but in the meantime I would like to treat the question of Lenin.

Lenin is a great figure of world history, although he is a great figure of a very destructive type. Lenin's remarks made in 1905-07 about the nature of a revolutionary period in world history are now very essential for us. The measure that Lenin suggests in these remarks is: What happens when the people up there can't obtain what they want, and what happens when the people on the bottom, the oppressed, don't want to go along with the will of those up there? Then you've got a revolutionary situation. The question today is: Can we say that the people up there and the people down there no longer agree, that their desires go in opposite directions? Could there be any more obvious proof of that than what we have today? It could hardly be more obvious than what we see before our eyes.

## Should the West help Gorbachov?

We now have a revolutionary situation inside the Soviet Empire, for both the elite and the masses, and the question to the West is therefore posed: Should we attempt to help Gorbachov or should we not?

If my analysis is correct, and this analysis is based on a detailed view of the situation, I have come to the conclusion that any help offered to Gorbachov and the Soviet Union is now too late. It is too late to save the Soviet power structure, because the masses are no longer willing to go along. The masses are no longer willing to go along, because of the collapse of living standards on the one hand, and because of the ferment of the nationalities on the other.

I am in touch with a number of think tanks in the Western world, I remain in touch with various intelligence agencies, and from these sources I have derived a number of scenarios. Those scenarios would point in one of the following directions: that you will shortly have the emergence inside the Soviet Union, either of a neo-Stalinist group, or of a group of dogmatic conservatives, or of a group of national chauvinists, or possibly a group of Russophile racists taking power, of fascistic type. Within that framework, there are also very interesting scenarios, about the assumption of power by the military caste directly. Gorbachov is to blame for all this, and Gorbachov of course saw it coming, because Gorbachov has repeatedly launched these messages to the West, saying that the Red Army marshals are trying to take away his post.

In the course of these scenarios, there is one person that

we should not forget, and that is Boris Yeltsin, who is a kind of left-wing extremist. The KGB does not exactly like him. He represents a kind of extreme left-wing position which says there should be more reforms, and faster reforms, than what is going on. You will have to understand if I decline to try to read in the tea leaves of these scenarios and try to decide among them.

The most important common denominator of all of these groups, is that all of them are extremely angry about the fact that Gorbachov as they see it, has fallen on his knees before the Western world. And then, we come with that to the analytical question of why indeed did Gorbachov carry out this symbolic kneeling, why did he go down on his knees, before the West? It's not because Gorbachov is a nice guy, it's not because of his commitment to reforms. It is that he is acting under the irresistible pressure of the situation and of events.

I have expressed this in the past, with the idea that the Soviet Empire is now wandering through a valley of exhaustion. The Soviets are wandering, they're forced to run a gauntlet of internal crisis. This explains many things that Gorbachov does.

My information indicates that what is going on in the Soviet Union today, reflects a decomposition in the economic sense, and a decomposition in the ideological sense.

### **Why revolution now?**

Now we come to the question, why do we have a revolutionary change inside this framework of the attempted revolutionary reform from above.

My information is that the crisis in the economy of the Soviet Union came into the awareness of the Soviet leadership, not even in 1980, but since 1966, the Soviet leadership has been aware of a very, very negative economic development inside the country, as far as the overall economic potential is concerned, and they were at pains to hide these results.

So this all started only two years after Khrushchov had left power. The Soviets then launched into a gigantic military development program, with the demands of Admiral Gorchkov and the Soviet Navy being included in that, and this made things significantly worse.

We should also remember that only four days after Khrushchov was removed from power, the People's Republic of China exploded its nuclear bomb, and this was a shock for the Kremlin leadership.

We have to start from the idea that already early in the 1970s, the Soviet Empire was under significant strategic pressure. The Soviet Empire then attempted to solve the question of its anxiety about its borders, with the Helsinki Accords of 1975.

Then the interlude of Chernenko, the fact that the Soviets lost one year and four months during the time that Chernenko was in power, was also a very significant loss for them.

After 1979, after the decision to invade Afghanistan, and

then through the beginning of the 1980s, the difficulties for the Soviets were getting worse and worse.

Gorbachov came in in 1985 and attempted to go full speed ahead, and obtain certain results very quickly. In the beginning, Gorbachov enjoyed a wide confidence among the Soviet masses. They thought, this is our man, but that only lasted till about 1987. And what you have then, starting in 1987, is a kind of collapse of confidence down into the valley.

There were three monopolies of the Soviet state power that Gorbachov found when he came in but he had to give up two of them. He kept the monopoly on state property but he had to give up the information monopoly that the Soviet state had enjoyed, and also the power monopoly of the party.

As the majority of the Soviet Nomenklatura began to sabotage him and began to interfere with his policies, he began to attack them and insult them in public, and this series of public attacks on the party and on the Nomenklatura, by Gorbachov, went on for two years. The number of people now in the Soviet Union who refuse to be loyal to Gorbachov is very large and is growing very rapidly. That applies both to the elites and to the masses.

We're looking at the death of this failed theory of Marxism-Leninism, the theory of socialism, the theory of the withering away of the state. All of that, of course is dying, and Gorbachov is contributing to this by attributing the negative sides to Stalin, to Brezhnev, to all of his predecessors. These are presented in a very negative light, and Gorbachov tries to use the fact that they were bad to make his own regime look good.

One problem that Gorbachov has is that he talks too much, and people are beginning to lose confidence in him for that reason. There's also a total crisis of belief. And we see, of course, the details of this crisis of belief, that now the invasion of Afghanistan is condemned, the invasion of Czechoslovakia in 1968 is condemned, lots of other things are exposed, Gorbachov is even forced, really against his will, to concede there was a Hitler-Stalin Pact, because the German Foreign Ministry has a copy, others have a copy, the Soviets have a copy, so they had to admit it. Glasnost is an attempt to win over the intelligentsia to work with Gorbachov by giving up the state or party monopoly of information to entice the intellectuals to do this. Of course that, from the point of view of maintaining power, has been a very serious mistake by Gorbachov.

The biggest mistake, perhaps of them all, that Gorbachov has made is the total misestimate of the nationalities question. This involves 130 separate nationalities in the Soviet Union. This process of decomposition is now unfolding before our eyes in breathtaking speed. We have to note that after some 58 months of Gorbachov's regime, all the reforms that he has proposed have now been abrogated and rescinded. Not one of them remains in force. The big reforms, the question of property reforms, allowing private property, the question of a broad economic recovery, none of this has been accom-

plished. It could not even be fully debated. Gorbachov is now pulling back on all of these fronts.

The question of price reform, price increases, would have been absolutely essential for the kind of thing that Gorbachov wanted to do, but this is not on the agenda now. This has been officially delayed until 1993, simply because the regime is too weak, and they know that if they go with price reforms now, the masses will not accept it: Then they have a general revolution exploding in their faces immediately.

Another important element in the decomposition in the Soviet Union is that Gorbachov and his group have gone out of their way to praise Hungary, to praise Poland, to even praise the German Democratic Republic to some extent, and especially singling out for praise the fact that these countries have tended to get rid of their Communist parties and push them out of power.

One thing that had a tremendous impact inside the Soviet Union, I would like to mention this again, is that Gorbachov sent a telegram of congratulations to the leadership of the Hungarian Communist Party, congratulating them on the fact that they had abolished themselves, they had more or less self-destructed. The impact of that inside the Soviet Union was immense and the Nomenklatura said, "How can he do such a thing, when we in this country must have the domination of the Communist Party and its leadership?"

You have to know that every Soviet leader, every Russian political leader knows that the corset of this empire is not the idea of the Soviet Union as such. The corset is the idea of a police state and of the domination of the party to hold all of the subject nationalities in place. So you can appreciate why I come to these very grim conclusions about the Soviet Union.

### **The actual economic situation**

I would like now to share with you some aspects of information from sources that I have obtained about the actual economic situation inside the Soviet Union today.

The state deficit of the Soviet Union for the year 1989 is over 100 billion rubles. And that is more than 11% of the gross national product of the country. The second thing is that there are basically no factories that are in a position to carry out the function of light industry, that is to serve light industry and allow light industry to produce consumer goods for the population.

The Soviets had obtained a line of credit of approximately 4 billion deutschemarks from Germany and the point of that was supposed to be to invest in the production of consumer goods inside the Soviet Union. What the Soviets have now done is, at a very late point in the game, they have now drawn DM3 billion out of that line of credit and what they are doing with that is attempting to buy consumer goods directly on the Western European market—not produce them themselves, but simply import them. It's very late.

Then we have the question of sugar. The sugar consumption inside the Soviet Union has gone up astronomically and

I am suggesting that this is because of illegal stills, that the people are brewing their own. This means on the one hand the Soviet state has lost 10 billion rubles in tax revenues that would have come through the legal production of this vodka. Because of a need to buy more sugar on the world market, they've also had to spend 10 billion on that.

There are, out of all the factories in the Soviet Union, only 13% that make a profit. The Soviets never admitted before that they had unemployment, but it would now appear that the jobless rate in the Soviet Union is at least 8% of the workforce. The Soviets have now admitted that the Chernobyl reactor disaster cost them approximately 10 billion rubles. I think that in reality the costs were much higher. The Armenian earthquake, slightly more than a year ago, cost them more than 10 billion rubles. The subsidies that they pay to keep the prices of food and other such goods down cost them approximately 100 billion rubles per year.

The accusation against Gorbachov that you hear both among the elite and among the masses is that you've got more millionaires who have made money under Gorbachov than under Brezhnev. Out of 280 million Soviet citizens, my estimate is that 46 million live under the survival minimum which is estimated to be 77 rubles per month. So 46 million are below 77 rubles per month. You have 50 million pensioners who seem to be expected to get along with a miserable pension of 58 rubles per month.

If you put these figures together, you will see that this is an empire of economic misery unequalled in world history. Thus, in the past year of 1989, in order to try and head off the internal revolution, the regime has raised the wages of teachers by 40%, they have raised the wages of medical doctors by 30%, they have raised the wages of nurses in the hospitals by 50%.

If you put this all together you will see that the wage increases that have now been granted make up about 14% across the board and no country is really in a position to do that, and certainly not the Soviet Union under these crisis circumstances.

By the end of 1989, there were about 30 billion rubles worth of construction projects, buildings that had been initiated that had not been completed. And because for technical reasons in these old building projects, projects that had been initiated earlier, the wages for the construction workers were lower, what the companies did was to simply walk away from the projects that they had begun and started new projects, with the idea you could get a better wage on the new project than you could on the old one.

### **Foreign policy**

Gorbachov has created an inflationary market of disarmament proposals—he has launched 42 disarmament proposals toward the West. Naturally, what he wants to do is to take away from us the idea that we're threatened. And of course he wants to propose that it's time to save money. But the

Soviet defense budget has not diminished. The real, or secret Soviet defense budget, the actual Soviet defense budget, except for a couple of percent here and there, in certain areas, has increased, not decreased. What is going on there is that the modernization of the military establishment continues and the old rusty junk is being gotten rid of and is being replaced with modern equipment.

I am not saying that Gorbachov is mainly, or alone, responsible for this. There are, after all, four principal pillars of power in the Soviet Union and although they're subordinated to the general secretary of the party, they nevertheless have a great deal of power, and a great deal of decision-making clout. You can see something similar today in East Germany, in Poland, in Hungary. You can see, for example, that the political police in all these countries, despite the fact that they've been disturbed, are continuing their activity, quite stubbornly.

In the Soviet Union, it's even easier, because of the tremendous territorial distances involved. It's possible to use that essentially, for certain factions to do what they want. What that means, in effect, is that along that path where Gorbachov wanted to advance rapidly, tremendous boulders are being put into his path, so that he cannot make the kind of forward progress that he wanted. But there is one accusation against Gorbachov which is correct. Gorbachov, it is certainly accurate for us to say, continues to conduct a two-faced policy, a double policy, which involves on the one hand a facade of certain kinds of proposals, and then underneath that, underground, destabilization of the Western world.

The activity of Soviet agents has not decreased. They have not been stopped. The Soviet help for terrorist organizations has become more cautious but it still exists. Take the example of the Philippines. This is an important question for the United States. In the Philippines, what we saw is a very important kind of link with the Communist world, with the Soviet Union in particular, which is to maintain that underground guerrilla army in the Philippines and to allow it to take offensive actions at various times.

### **The history of today's revolutions**

I would like now to ask for you to follow me into a brief historical analysis, which is designed to show you that it is correct to say that we are now, in the Soviet Union, at the end of a revolutionary process of insurrection by the masses.

We have to start by recognizing that the entire 19th century in the Russian and Soviet area was one big revolutionary period. Recall that the officers of the Czarist Army in that period of 1813-15 or 1816, had been through Western Europe, they had seen Western Europe, and they brought back to Russia, their experiences of the wars against Napoleon. This experience, the exposure to the West during the Napoleonic Wars, led to the insurrectionary movement of the Decembrists, the attempted Decembrist Revolution of 1825. At the same time, you have the beginnings of the underground

insurrectionary movement, the Narodniki, the "friends of the people," who were attempting to launch an agrarian revolution against the Czarist state. The Czar was forced in 1861 to liberate the serfs, at least to liberate them on paper, with a paper decree. So from about 1870 till 1910 or 1912, you have this wave of terrorism, waves of political assassination, conducted by the Narodniki and similar groups. During that time you've got the assassination of two czars, of prime ministers, of interior ministers, of untold numbers of grand dukes and other aristocrats, and all this was conducted under the cry of freedom, liberation from the Czars. So this is an experience that goes on, and is the background for the 1904-06 Revolution.

In 1902, you have the foundation of the Social Revolutionary Party; in 1905, the big Revolution itself, in Leningrad and elsewhere; in 1907, a coup d'état to carry out a change in the election law; and in 1917, as you know, the Kerensky Revolution of February to April. And, by October, or November, depending on which calendar you use, Lenin's putsch, which was really just a change in the elite, not much more. By 1928, you've got the mass liquidation and slaughter of kulaks, the rich peasants or well-off peasants, who were opposing the idea that their property was going to be taken away from them. And the kind of underground insurrectionary movement that you saw then, kept going in the Soviet Union until the time of the Second World War. This probably explains why the Ukrainians came forward smiling, with white flags, with gifts of food and other things, when the Wehrmacht came into Ukraine, they were greeted by the Ukrainians. That was naturally a terrible, horrible mistake that the Ukrainians were making. But what it shows is that the kind of revolutionary waves that I have been indicating in the 19th century, continued to roll through the 20th century. They continued to roll and they roll today. You don't really have to exercise too much imagination to see that historical background continues to influence decisively the 1940s, 1950s, 1960s, 1970s, and now our own time.

There are various Stalinist explanations of what all that represented. The Stalinist justifications are that all of these were feudal residues who were fighting for their survival, but of course that's not true. These were actual popular insurrections, carried out by the people, with perhaps the help of a small part of the elites at various times. What they were fighting against, were the oppressive conditions inside a colonial empire of a thousand years.

### **Gorbymania**

Now I would like to treat for a second the personal situation of Gorbachov. It would be good to be able to see a little bit more—we may have to wait until the dust settles—but there are already some things we can see.

I would like to talk about Gorbymania and Gorby's magic. I would like to recall for you the opinion that was offered by Mikhail Suslov, the previous chief of cadre formation for

the Soviet Communist Party. He was of course the ideological pope of the Communist Party. Suslov said some years back that Gorbachov was an absolutely reliable man of the party who would never leave the straight and narrow path of the Communist Party. Remember that in 1971, when he was only 39 years old, Gorbachov became a member of the Central Committee, which at that time was an extraordinary promotion. He's now 59. He's been in politics for 34 years, from the time he was in the Young Communists, or Komsomol, to general secretary of the party. We should remember what his goals are. Also, as he shows what his goals are.

The first is that the Soviet Union must survive. That's fundamental for him. And it must survive as an empire, an imperial construct. The idea is that the Soviet Union has got to recover, and has got to resume its previous course. And the third step is to maintain this kind of double domination of the world, worldwide political dualism, U.S.-Soviet Union, but with the Soviets increasing their domination.

In Soviet leadership circles, inside their think tanks, they think that they can get back on the track let's say by 2015, or 2020. Gorbachov is therefore a man of the system. He seeks to preserve the system. The illusions that are cultivated in the West that he is some kind of a Westernizing liberal, are absurd. A couple of quotes that can show this: On June 19, 1986, in a secret speech to Soviet writers, Gorbachov said: "Our enemy knows who we are. They do not fear our nuclear power. They will not begin war." What Gorbachov then said was: "If we in the Soviet Union can create democracy, then we will win. That is decisive." The second quote is now from a secret speech to a closed session of the Central Committee on Jan. 27, 1987, and here he's explaining to the Central Committee what perestroika is designed to do: "It is not a question of destroying our political system, but it is a question of a better and more effective exploitation of its potentials."

Therefore, I think that it is a sober judgment, it's not an insult at all, it's amply justified by the facts, to say that what Gorbachov and his group want to do, what their positive goal is, is to save the system, and to save the imperial construct of the Soviet Union in all its forms. It's not a gratuitous insult to say that this system is the world champion of deception since 1917. I have examined my own conscience on this issue over the years, and have asked myself, "Aren't you really being unfair to Gorbachov, by putting him in the same category with all these other Soviet leaders?" and my conclusion is no, that's what he deserves; he is in that tradition.

The point is, that what Gorbachov is trying to do, is to obtain what he needs, i.e., the good will of the West, in this valley of exhaustion of the Soviet Empire. This can only be accomplished through this psychological manipulation, what you could call "Gorby's magic." And if you see Gorbachov's appearance on TV, we have to concede he has a remarkable talent for this kind of operation. I have also observed with consternation and a good deal of shame, the fact

that back last summer the Germans were some of the most taken by this Gorbymania. But that is now part of the past, because of three experiences that have taken place which have changed the situation decisively.

The first was the massacre in Tiananmen, the Square of Heavenly Peace in Beijing. The second was the opening up of the Hungarian border, and the third was the flight of approximately 350,000 East German refugees into the Federal Republic, people who were risking everything, bringing their small children and their families with them to come to freedom.

Today, the psychological scene in Central Europe has changed completely. The Germans have now heard from all their relatives out of the G.D.R. what the situation there is, how bad it is, and people can now, even in the last couple of weeks, go over and see with their own eyes what kind of misery communism has brought in the last 40 years. Now you have a situation in Germany, where even the average man in the street, who reads about these things in the newspapers every day, has a clear idea that the Gorbachov group is going to collapse, and the Gorbachov is going to collapse because of their incapacity to solve the main problems of their country.

### **The issue of German unity**

The most important experience that has come in the middle of that, is the attempt to deny German reunification in the context of freedom in the immediate future. Some may still think that the "German problem," the "German question," does not have this central position in world politics of today. But I would say, that the question of world peace in our time depends directly on our ability to solve or not to solve the national question of 80 million Germans in Europe. I am happy that even in Great Britain there are circles of insiders who see these things in a somewhat more sober way than they had in previous years.

I cannot hide the fact here that the visit by Secretary of State Baker to East Berlin, conducted in the spirit of Malta-Yalta or Myalta, has created a tremendous loss of friendship for the United States in Germany. Please understand: The Germans, for the first time in their history, and for the first time in European history, are attempting to conduct a revolution without violence in the Eastern part of the German population. In the middle of that, the American foreign minister shows up and meets with [East German Communist Prime Minister Hans] Modrow, and expresses his desire to strengthen Modrow, and his regime.

A second thing to note is French President Mitterrand. Mitterrand, obviously shocked by the rapid pace of events in Hungary, in Romania, in East Germany, in Poland, and so forth, also went to East Berlin and was willing to review an honor guard, the so-called Dzerzhinsky Regiment of the National People's Army of East Germany, despite the fact that this National People's Army of East Germany is a dead

## Bush troop cut plan would keep Red Army in East Germany

In President George Bush's State of the Union Address on Jan. 31, the President announced that he intended to reduce the U.S. troop presence in Western Europe to 195,000, and that he expected the Soviet Union to do the same in Eastern Europe, a topic he had already discussed with Soviet President Mikhail Gorbachov. What does this mean for the security of the Federal Republic of Germany? And what does it mean for the process of German unity?

First, it should be noted that the presence of U.S. troops in the Federal Republic in the previous quantity and quality was an absolute necessity, and will continue to be so as long as the Soviet "Western Group of Forces" remains in East Germany with their capacity for *blitzkrieg* operations. But how long will the Soviet leadership be in the position to maintain this massive offensive military presence on the Elbe?

This has nothing to do with "peace policy" or "disarmament." Rather, it has to do with the rapidly progressing life-and-death crisis of the Soviet empire. The Soviet leadership—with or without Gorbachov—is faced with such an enormous "energy loss" and deterioration of forces as a result of the crisis, that the postwar *status quo* in Central Europe cannot be maintained. The Soviet leadership well knows that, ultimately, the attempt to rigidly maintain *all* strategic positions in an objectively weakened condition will lead to a further dissipation of the already-shrinking forces and thus possibly, the loss of all positions. Moscow's strategy consists of winning time to regenerate its own crisis-shaken position.

Therefore, Moscow is ready to make concessions on strategic "space." But this strategic "exchange," of time for space, is being completed under the most difficult of conditions, and there will not be any generous "prepayments." They will seek to disguise their own weakness, to bluff, and will only pull back if important considerations are given in return or their own position actually becomes fully untenable.

Cause and effect must not be confused. The actual dissolution of the Warsaw Pact and the collapse of the communist system in Central Europe is the result of revolutionary convulsions that can no longer be contained, not of Gorbachov's "reform policy." Gorbachov's portentous statement on Jan. 30, that he accepted German unity "in principle," means, first, that he recognizes that the situation in East Germany cannot economically and politically be maintained, and, second, that he will attempt to play for time while he "allows" the economic rehabilitation of East Germany by the Federal Republic.

Concretely and practically, the Soviet position means that German unity must not be forced by the pressure of the "street"—Gorbachov's understanding of the right of self-determination of the Germans—but that the victorious powers of the Second World War must have the final say. This was formulated with illuminating clarity by Soviet Prime Minister Nikolai Ryzhkov in Gorbachov's presence.

### Thatcher, Bush echo Russians

Even the casual observer must be struck with the astonishing similarity of Gorbachov's statements on German unity, following his passionate embrace of East German Prime Minister Hans Modrow, to the statements made by British Prime Minister Thatcher and the Bush administration on the German question. German unity has never been contested "in principle" in London or Washington either—only it takes second priority to "stability," to "balance," and the rights of the superpowers, and

duck. But I am happy to note, that since then, Mitterrand and the government in France, have taken some very important steps for rapprochement to the West German position. This increased French understanding of the needs of the situation is reflected perhaps best in the decision of the president of the European Community Jacques Delors, who will allow East Germany to become the 13th member of the European Community, without any particular administrative and technical process. These are political steps that reflect the attempts of the people in the streets to define revolutionary-political solutions to these questions.

Because of the pressure of time, I cannot go into the

details of the various countries in the former Soviet glaxis in Eastern Europe. But I would like to sum up. First, there is total disagreement between the elites and the masses inside the Soviet Union. Second, we are witnessing a collapse of the authority of the Soviet state, and of course the proof of that is what you've seen last year in Uzbekistan, and Kazakhstan, this year in the Baltic region, in Lithuania especially, in the Transcaucasus. And then we have the crippling of the collective consciousness which necessarily leads to a failure and a collapse. The fact that the Gorbachov people have tried to put an end to the extreme hostility against the West, have tried to open up to the West, will not be enough

there is no reason to hurry. Mrs. Thatcher typically refers to the third millennium.

When President Bush announced that he intended to limit U.S. and Soviet troops in Europe to 195,000 each, he did not forget to add that he anticipated no further troop reduction. The "upper limit" is thus simultaneously a "lower limit" for superpower troops in Europe. Five years ago, against the background of the Strategic Defense Initiative plans for NATO overall at the time and a still-functioning Warsaw Pact, that would have been worth discussing. But now, Bush's proposal means the imposition of the presence of 195,000—unwanted—Soviet soldiers in Central Europe!

On closer examination of Bush's proposal, it emerges additionally that the space in which the 195,000 troops of the Soviets and the United States will be stationed, essentially merges together in West and East Germany. Given the present condition of the Soviet Union, it is in no position to maintain its troop presence in Hungary and Czechoslovakia. The pressure from those peoples against the troops is simply too great. Also, the Soviet troop presence in Poland will obviously be reduced, so that in the foreseeable future there will only be Soviet logistical groups stationed there.

Thus, the Bush proposal aims, in its end result, at a continuing massive troop presence of the Soviet Western Group in East Germany. Conversely, it is now obvious that, in comparison with the Federal Republic, the small U.S. military presence in Great Britain, the Benelux states, Italy, Greece, and Turkey, as well as on the Iberian peninsula, will be further reduced. The mass of U.S. forces in Europe will stay in Germany.

The Bush proposal is in blatant contradiction to three foreseeable and in no way speculative strategic trends: 1) the further drain on Soviet forces that is to be expected through the intensifying economic and political crisis within the Soviet Union, which will make its forward military presence in East Germany increasingly difficult

but not mechanically impossible; 2) the expected rejection of further Soviet military occupation of East Germany by the population there; and, finally, 3) the process of German unity.

### To keep the Russians in?

We cannot escape the impression that Bush's proposal fundamentally alters the character of the U.S. troop presence in Germany. The Bush plan seems to have turned the previous NATO goal, "to keep the Russians out," into its opposite. Indeed, we might think that the dictum expressing Lord Ismay's goal for NATO, "to keep the Germans down," has been completely adopted by Bush. Unfortunately, all this indicates that Bush and Gorbachov came to the understanding at Malta to deploy, in the absence of any political and economic possibilities for influence and organization, their military presence in both parts of Germany in order to assert their power interests against the process of German unity and the coming into existence of a pan-European economic space from "Portugal to Poland."

Heretofore, the U.S. troop presence in the Federal Republic was commensurate with the objective and massive threat to Western Europe by the military power of the Soviet Union and the Warsaw Pact. This threat is now in a process of change, but certainly hasn't ceased. The potential of Soviet military power, especially of the Western Group of Forces, is essentially intact. In harmony with the three strategic trends mentioned above—with regard to the Soviet Union, East Germany, and the process of German unity—Western security policy must aim, not at maintaining the Soviet military presence in east Central Europe, and especially in East Germany, but rather at ending that presence outside the borders of the Soviet Union.

Then, the Soviet Union can, as Lyndon LaRouche proposed in 1988, expect economic cooperation from West and Central Europe that will allow it to find a way out of its present life-and-death crisis.—*Michael Liebig*

to avoid this collapse.

We have in the Russian population, very important residues of messianic outlooks. Those messianic outlooks are still there. The question is that these messianic outlooks could lead the Soviet Union back to the path of military confrontation, especially under circumstances in which the military caste would assume power, or the state security apparatus. Up to now Gorbachov of course has been acting in close coordination with the state security apparatus but that could change and then you'd get the messianic element of that also becoming the dominant one.

Why don't we just take a look for a moment at the classi-

cal strategic factors, and see which way they point, negatively or positively. First is that the conditions of domination in the political structures have now been massively called into question. Secondly, again, there is no agreement between the masses and the elites. The human potential is no longer loyal, everybody wants to leave the sinking ship. The question of morale, the psychological factor, is at an absolute zero point. There's no spirit of self-sacrifice as in the Great Patriotic War, the Second World War. The level of psychology overall is depressive.

The third question is strategic potential. There we have to see that the Soviet available strategic potential is completely

inadequate for the tasks that the empire is trying to solve. The supply situation has collapsed; that really goes back to the Armenian earthquake. The biggest private fear of the Soviet leadership is the fear of a general strike by the coal miners and/or the railroad workers. The fact that they cannot solve their economic problems within the available time, the time for them to exist has run out.

The fourth question is space and the availability of the strategic potential. The transportation is not adequate today, it really wasn't adequate yesterday. This transportation system is now about to break down totally, especially if the winter gets a little bit more severe. And that means the availability of energy, of food supply, of producers' goods, all of that is put into question by the looming collapse of the transportation system.

The fifth question is strategic factor of time and acceleration. The time that the Soviets now have available is also down to zero. I would say, and I would agree with a number of other experts on this, that if the Soviets had started the so-called reforms back in 1975, they might have succeeded, but now it's too late. To put it in a medical or a hospital metaphor, we would have to say that this terminal disease has now gone so far that no medical care or doctors' attention is going to make any difference. Therefore, I simply cannot understand why people go around yelling, "Help Gorby! Help his group!" Without wanting to exaggerate my judgment, I simply think that anybody who bases a policy on that is committing a very severe error of leadership in our time.

We have a historical compulsion here, and nobody escapes this historical compulsion. If your name is Gorbachov, you don't escape this historical compulsion. If your name is Zaikov, if your name is Ryzhkov, if your name is Ligachov, if you're part of the Leningrad opposition group, all of those people are going to be forced into the track determined by historical compulsion. What is that? Simply, that the populations of the Soviet Union will no longer accept the old line. They want out. They won't go back to the previous system. Take the question of Ukraine. Remember there, what is the tradition? Between 1945 and 1950, for five long years, there was an underground army of 50,000 partisans who were fighting against Stalin until they were wiped out and bled to death. That tradition is not gone; that is the tradition that is coming again. The Ukrainians have their own language, they have their own feeling of nationality. In the case of Shcherbitsky, the old head of the Kiev mafia in Ukraine, he's been thrown out. But that will not stop this development of the Ukrainian national consciousness. This is the kind of situation any Soviet leadership would now have to deal with.

The next question, the fundamental one: Is the reform process irreversible? That means under conditions when Gorbachov remains in power, or could remain in power. This is, of course, the big question that busies all the foreign ministries of the Western world. I would say up to now that nothing is irreversible. So Gorbachov may stay in power for a little

bit longer, but the process of destruction and the decomposition has now gone so far, the psychological attitudes of the masses and the elites are now so negative, Gorbachov now has no chance to accomplish anything, and whatever he attempts will get out of hand and will boomerang. We have to see with a very sober judgment, that historically there's nothing more to be had, from this development. We've had this tremendous imperial apparatus confronting us in history, and it has now reached this level.

### **A process of catharsis**

So we would have to say that nothing is irreversible, and all of these so-called reforms, are not irreversible. That's going to be the case no matter who may be in power. What I see as inevitable, is that we're going to go through what the Greeks called a catharsis: The entire contemporary world is going to participate in or witness the catharsis of this tremendous empire. The problem is that we've had this huge imperial body that has been poisoned over a period of 100, 200, 300, 500 years if you will, back to 1480, since the time that the Russians succeeded in freeing themselves from the Mongols. These negative tendencies have been with them, particularly the tendency of rejective Westernizing, modernizing reforms. The pro-Western forces have always been defeated—Peter the Great is an example of this. You can see it in the 17th century, and today you see it on the part of very strong forces who reject anything that has to do with Westernizing or what they call capitalist influences.

Another important question that we've got to mention, is, is the United States a paper tiger in the Soviet view or not? You recall that Mao Zedong, starting from his Leninist-Stalinist outlook, always ridiculed the U.S. as a paper tiger. It is a life or death question for all of us today to see how that question is seen inside the military leadership of the Soviet Union. Do they think the U.S. is a paper tiger or not?

I'm expressing this with a certain caution, but I would say that the developments on the part of the U.S. government over the most recent period—bearing in mind that these things used to be somewhat better—do not create a positive framework for this question. Please recall that I consider myself to be an Atlanticist; my basic strategic starting-point is that the two coasts of the Atlantic and the 6,000 kilometers of sea lanes in the middle are the vital transport and communication artery of the Western world. This has got to be held, the two sides have got to stay together.

But I also think that it is my responsibility, as someone who perhaps knows a little bit more through the information I am able to assemble, if I know a bit more on these questions I am also obligated to speak out. I would say it in the following way: If the Red Army marshals—that is to say, the marshals of the Red Army as a leadership of this military caste or military elite—come to the conclusion that by threats they can force the U.S. to their knees, then we will have a military confrontation in the coming year, perhaps next year, but



it could also come this year. You just have to look at the Azerbaijan question. Look at the south part of the Transcaucasus. If you want to solve your internal problems by an external adventure, and if you are convinced that the dominant power of the Western world is a paper tiger that won't shoot back, then you have important opportunities.

To put the Israeli question on the agenda, the Turkish question, all of these questions, posed as the Soviets would pose them, to put them on the agenda becomes an ongoing concern. I have not mentioned the Iranians. I don't want to forget the Iranians because that is also very important. History shows us, that if you have a power which is positioned with its back to the wall, with no alternative and no way out, then that can lead to anything, and we cannot exclude anything.

I at the age of 71, travel around the world, give press conferences, speak to university audiences and so forth, and what do I want to obtain with this? What I'm interested in doing is fighting the blinding of the Western world by Gorbachov and by his operation. The last couple of months have seen these tremendous, popular revolutions from below in Eastern Europe, and I conclude that under these circumstances, former directors of intelligence agencies like myself and also the active ones have a lot to say and are obligated to come forward with it.

Before, I said that the "German question" is the key question of world peace, and that is no exaggeration. Remember 1922. After the Versailles Treaty, after Germany had lost the first World War, the victorious powers undertook a very ill-advised policy that forced Germany into fascism. Recall that in 1922 at Rapallo, Lenin's diplomacy, on the part of the revolutionary Soviet Union, attempted to say that the Germans have been defeated, the Russians have been defeated, let's go in together in an alliance. If my information is correct, if we have a situation where the national aspirations of unity for the German population are blocked, then something similar could happen. This is, of course, what Gorbachov is interested in. Gorbachov is opposed to German reunification. He is talking about the denuclearization of Germany, the neutralization of Germany, and so forth. The Russians are attempting to make friends in Europe with this, because the Germans are perhaps not popular in Europe, I understand this. But in order to express this I would go back to the Bible and say that you don't want to sell your heritage for a mess of pottage.

I would say, as I have been taught, that politics is a way of meeting strategic challenges and strategic compulsions. I would say that the "German question" ought to be solved in the context of European unification. Leadership, as I also learned, is first of all a question of setting priorities. So I would say that in order to look at the priorities today, the compulsions, you've got to let the Germans live together in peace and freedom and not engage in a policy of balance of power against the Germans. One last word

## LaRouche, not Reagan put Russians to the wall

In a private discussion with strategic analysts in the United States, General Scherer made the following observation: "We have to remember that in many ways it has been the SDI, or at least the threat of the SDI, that has driven the Russians to the wall. The SDI, even as a perspective, terrified the Russians. I saw a letter to the editor of *Time* magazine, commenting on the issue that had Gorby on the cover. The letter pointed out that the changes in Eastern Europe and elsewhere were not Gorbachov's achievement, but rather Reagan's achievement. There is something to that, but the adequate way to put the matter is to say that it was really not so much Reagan who can take credit, but [Lyndon] LaRouche, since it was LaRouche who actually designed the SDI as a policy. LaRouche—maybe along with Reagan—but LaRouche was the one who has now got the Soviets with their backs to the wall. This is something that we ought to hammer on, to get the media to begin to reflect it."

on the quest for domination by mankind on this blue planet of ours. It's likely that there will always be a quest or a search for dominance among the powers, the big ones, the medium ones, the little ones, it's sort of like the chicken coop where these things go on. You cannot roll back a military-technological revolution once it's happened, and therefore a denuclearization, the idea of getting nuclear weapons out of the world, is a utopia.

This is one of the attempts of the Kremlin to blind the Western world. They're trying to make us think that if we get rid of nuclear weapons, then you've got guaranteed peace. It's not true. We have the anthropological fact that there will be this continued struggle for domination but what we've got to make sure is that this militant aggressivity of the Soviet Union, be contained, especially if in the revolutionary vortex that the Soviets are now experiencing should come a renewed impulse toward military domination, we have got to be in a position to contain that in a military way. In the last days of World War II, as a young officer, I saw that there is some raw material of the beast in each one of us.

My parting word today is: "Keep your powder dry!" This is not an exaggeration or a dramatization. This is simply a sober estimate of the strategic situation.

## Soviet plenums come and go; breakdown crisis deepens

by Konstantin George

Plenums of the Soviet Communist Party's Central Committee come and go, but the Soviet empire's systemic crisis, highlighted by an economic breakdown crisis, deepens with each passing week. The perspective for the next days and weeks is for a very sharp intensification of that crisis. On every key crisis front, that is the reality, contrary to the euphoria in the Western media about the Communist Party "relinquishing its power monopoly" at the Central Committee Plenum of Feb. 5-7.

Some crucial dynamics:

The crisis of food shortages has not yet reached its peak. That will come first in March-April, when remaining foodstocks will be at their lowest. The horrendous infrastructural crisis, highlighted by the breakdown of the rail system, and with it a collapse of the nation's goods distribution system, is also worsening. On the national unrest front, pre-plenum Soviet media reports that the situation in Azerbaijan was "returning to normal" were pure inventions. As soon as the plenum ended, the truth began to seep out. Radio Moscow revealed on Feb. 8 that the Azerbaijan general strike had never ended, that "only 18% of enterprises in Baku are operating," that "in many cities and areas of Azerbaijan, troops are still being fired on," and overall in the region, "tensions are rising."

The extremity of the crisis was stressed by Mikhail Gorbachov in his opening speech to the plenum, with the words, "The situation in the economy is alarming. . . . We . . . have seen that the crisis in our country is deeper and more serious than we had thought. . . . We had hoped that the high point of crisis-filled developments would have been reached in 1989; however, the events of the most recent period have made it known that no turn for the better has occurred."

The Soviet economic breakdown crisis was predicted in

1985 by Lyndon LaRouche, and the reasons for it were spelled out in *EIR*'s "Global Showdown" Special Report. As the current plenum began, LaRouche issued the following analysis: "The thing to remember, is that the overall reality is clear: The Soviet economy is collapsing and there are no remedies for it in sight. The U.S. could not bail out the Soviet economy; it is impossible to do so. At the same time, the U.S. economy is collapsing. . . . The U.S. economy is spiraling down; the Soviet economy is spiraling down. . . . That will not change as long as the present policy configuration associated with Bush continues."

LaRouche followed this with a warning concerning the Soviet situation, to "expect breaking points": "Both political and economic developments will tend to erupt, not exclusively, but significantly, in places where they are least expected."

### Strikes, social explosions

A vast social explosion will occur in February. Three days prior to the plenum's opening, Gorbachov held emergency meetings with Soviet coal miners, in an attempt to at least postpone mass strikes in Russia and Ukraine which could break out at any time and sweep key industrial sectors across the country. This strike wave will be a "united front" of informal strike committees and the official trade unions, desperate to preserve what remains of their credibility and institutional status against the rise of the strike committees. Moscow's nightmare of an out-of-control mass strike wave was prominently featured in Gorbachov's plenum speech: "The danger exists—and the party must consider that—that adventurists can . . . exploit existing difficulties and real problems, to manipulate the dissatisfaction of the work force."

In several regions of the U.S.S.R., the strike committees

and their mass following have achieved a dual power status. In the Siberian coal-mining region of Kemerovo, where the July 1989 mass strikes began, the strike committees have simply requisitioned printing facilities and are publishing their own newspaper. They are on the verge of forming an independent trade union, modeled on the Polish Solidarnosc, and are considering creating a political party. A similar situation exists in the Ukrainian Donbass coal-mining region, which also spearheaded the July strikes.

In at least two major Russian cities, Volgograd (formerly Stalingrad) and Sverdlovsk, mass demonstrations led by local strike committees, enraged over shortages, falling living standards, and the economic privileges flaunted by party leaders, have forced the collective resignation of local Communist Party leaderships.

Just how stormy the situation is, was apparent in an item reported in the official trade union newspaper *Trud*, on Feb. 1. The official trade union leadership had written to the U.S.S.R. Council of Ministers warning of "social tensions" and an imminent explosion among key sectors of the industrial workforce, unless price rises in energy, electricity, and transport introduced on Jan. 1 were immediately rescinded. The price rises have hit the profit margins of enterprises in the steel, chemical, and cement sectors. Under the new laws on "self-financing" of enterprises, these enterprises must either slash wages and reduce their workforce, or face losses and bankruptcy. As *Trud* reported, trade union offices across the U.S.S.R. have been "besieged" by crowds of angry workers, conveying an ultimatum: "Revoke the price increases or face strikes."

As reported by Radio Moscow Feb. 8, the Central Council of the Trade Unions has given the Soviet government until Feb. 12 to revoke the price rises, or else they will demand an immediate session of the Supreme Soviet to satisfy their demands. Should neither of these things happen, then the immediate outbreak of the largest strike wave in Soviet history is a 100% certainty.

Strikes will be only one component of the vast social explosion. The demonstration of more than 300,000 people in Moscow on Feb. 4, demanding democracy and the end of rule by the Communist Party, was only the first shot in what will soon become a regular feature of the political battle—mass demonstrations against the Bolshevik system.

That Moscow demonstration was a mass outpouring by a population which justifiably fears that all hopes for a change for the better will soon be gone. The Soviet people know, better than anyone outside the U.S.S.R., how often in the past the Russian elite has reverted to brutal terror and repression in response to a breakdown crisis.

This demonstration was a continuation of the hopes and fears exhibited in the mass turnout of people in December to pay their last respects to Dr. Andrei Sakharov. In fact, the core of the Moscow demonstration was the very same people who had turned out at Sakharov's funeral. The demonstration was

not, as it was misrepresented in the Western media, a demonstration in "support" of any single person—whether demagogue Boris Yeltsin or Gorbachov—nor, for that matter, was it a demonstration in favor of perestroika. Such genuine mass demonstrations, however, can be manipulated. The vacuum caused by the death of Sakharov has left this mass movement without a genuine national figure to lead it, and this vacuum is being filled by populist-fascist demagogues of the Yeltsin stripe. The manipulation game is being played by the Soviet media, in this case attempting to portray the mass movement as a "pro-Gorbachov" phenomenon.

The social explosion formed the backdrop to the Plenum, and showed the utter irrelevance of bodies such as the Central Committee being able to do anything about the systemic crisis.

### **Structural changes in the party**

The striking, though superficial, structural changes in the Soviet Communist Party which the plenum adopted, and the party structural changes expected between the next plenum (at the end of February or early March) and the 28th Party Congress (now set for the end of June-early July), are triggering absurd and premature euphoria in the West. Ignoring the underlying reality of the breakdown of the physical economy and the political crisis that derives from that, headlines and commentaries abound, around the theme: "Gorbachov's Reform Program Approved," or "Communist Party Gives Up Its Monopoly of Power." This euphoria will be short-lived.

The story of "Gorbachov's victory" is false on two counts. The changes adopted were a Central Committee approval of "proposals" advanced by Gorbachov, as Gorbachov himself said in his opening speech to the plenum, "on behalf of the Politburo." What was adopted, and the *timing* of the implementation of what was adopted, had been worked out beforehand, and reflected a temporary consensus by the inner leadership concerning the overhaul of the party. The Central Committee has, since the massive purges of last April, become a non-entity, having lost whatever power it had. Gorbachov's "victory" over the Central Committee can thus be compared to the "victory" of a boxer against a punching bag.

The changes, at first glance, appear impressive. The Central Committee will be greatly reduced in size to less than 200 members, and the entire body of candidate CC members will be scrapped. A Politburo replacement could be created in the form of a Political Executive Committee, drawn from "representatives of all the republics." With great fanfare, the end of the Communist Party's "monopoly of power" has been proclaimed.

Looking at the matter more soberly, these "sweeping changes" are at best an adaptation to existing reality; in any case, they will accomplish nothing in terms of dealing with the systemic crisis. The Central Committee has long since ceased to play any effective role in policymaking or power

politics. The big fight will be on the question of scrapping the Politburo. It will be very messy, and no predictions can be made. Those fighting the new structures know that they must win now or never. Should the Politburo be scrapped, its replacement will hold no real power. The new Political Executive Committee, regardless of what "powers" it may have on paper, by its very composition can be nothing more than a debating society.

### Whose 'monopoly of power'?

The much talked-about abolition of Article 6 of the U.S.S.R. Constitution, which stipulates "the leading role of the CPSU" in Soviet society, makes good headlines for Western newspapers, but it doesn't mean anything. The real "monopoly of power" in the U.S.S.R. is the monopoly of power held by the leadership of the *state* apparatus, most emphatically including the KGB, security forces, and the military. The plenum, which with the left hand took away the irrelevant party's "monopoly," increased significantly the state's monopoly of power, by voting up a *presidency* with greatly expanded powers,

The plenum's decisions concerning the party marked the recognition of the reality that the party's move toward its demise as an institution of power and authority is irreversible. How rapid the party's collapse has been, was revealed by the Soviet media Feb. 3, when it was reported that in the past two years, over 4 million of the party's 20 million members have quit, with the rate of resignations is climbing every month. The figures, alarming in themselves, understate the case. In the Transcaucasus, the Communists rule in name only: Over half the membership in the Azerbaijan party bolted in the month of January alone. In the three Baltic republics, as the case of Lithuania shows, the Communist parties have survived only by joining the popular pro-independence movements. Another yardstick has been the total collapse in the past year in the readership of the Communist Party newspaper *Pravda*, whose daily circulation has plummeted from 9 million to 4 million, and no bottom in sight.

At the plenum, Gorbachov wasn't kidding when he candidly presented the crisis of the CPSU: "A certain confusion, a mood of defeatism and liquidationism is noticeable. This is a danger not to be underestimated." If the party's immediate situation is bleak, its future prospects are hopeless, as seen in the Komsomol—the party's youth organization—whose ranks have been so thoroughly depleted by resignations, and the apathy of most of its remaining membership, as to render it unsalvageable.

The depth of the crisis came up repeatedly during the plenum proceedings. The most telltale feature of this was contained in the speech of Yuri Arkhipov, a Leningrad city party secretary. Arkhipov reported that in the past months, not one single person had applied for party membership in Leningrad, a phenomenon unknown since the Bolshevik Revolution.

## U.S. starts to pull plug on ally Turkey

by Scott Thompson and Joseph Brewda

The Bush administration's no-defense budget, recently submitted to Congress, begins to wave "goodbye" to Turkey, the NATO member directly facing the Soviet Union in the easternmost boundaries of Western military alliance. The budget incorporates a decision to close two air bases there, one of which carried out electronic surveillance for early warning of a Soviet surprise attack. While it is unclear precisely how the new defense policy guidance announced Feb. 7 by Defense Secretary Richard Cheney will be implemented in terms of further cutbacks, the plans for such cutbacks occur at the precise moment when, contrary to Bush administration statements, the threat to the Southern Flank of NATO is dramatically escalating.

This point was driven home by the statements of top Turkish political and military spokesmen at the defense seminar of the American Friends of Turkey held on Feb. 1 in Crystal City, Virginia, a suburb of Washington, D.C. Turkish Ambassador to the U.S. Nuzet Kandemir stated: "There have been remarkable changes in the East bloc, but despite the perception of a diminished threat, there has been little change in the real threat." This fact was supported by Vice Admiral Guven Erkaya, the Chief of Plans for the Turkish General Staff, who said: "The false perception of a diminished threat from the East bloc has undercut NATO's deterrence capability."

It is Turkey's official position, under pressure from Washington to support the Conventional Forces Europe (CFE) talks, because, as former Ambassador Nuri Even told *EIR*, "It reduces the threat of a Soviet 'bolt from the blue' surprise attack upon NATO's Central European flank." But one Turkish official after another stressed that the result of the talks will only be to increase the combined threat against Turkey itself. Vice Admiral Erkaya said, "The post-CFE situation may enhance security in Central Europe, but the stability will get worse in the Middle East."

The Soviets have already given the most modern, MiG-29 equipment to their ally Syria. Even pointed out in discussion that even before the Soviets shift more modern equipment there, Turkey is vastly outgunned by the combined weight of Iraq and Syria in combat aircraft (2-to-1), armed helicopters (18-to-1), battle tanks (3-to-1), and artillery (3-to-1). These figures for two Soviet military surrogates, which do not even take into account the additional, massive forces

of the Warsaw Pact to the north, belie the claims of Cheney's new defense policy guidance that there is no "credible threat" to the Middle East from the Soviet Union.

### U.S. spouts Soviet line

Turkish Vice Admiral Erkaya made clear in an interview that Turkey is on an alert right now over the Soviets' possibly using their invasion of the Soviet Republic of Azerbaijan as a pretext for a direct Soviet move into eastern Turkey. Soviet Defense Minister Dimitri Yazov admitted that the purpose of the invasion was to crush dissent from the Azeri Popular Front, which looks to Turkey as a model. As the Deputy Turkish Ambassador to the U.S. made clear to *EIR*, Turkey is angered that the Bush administration condoned this bloody crackdown, while the U.S. State Department spouted the Soviet line, that the troops were sent in to protect lives from an age-old ethnic dispute. Turkey's position is unequivocal that this is a territorial, not a religious dispute.

Meanwhile, complementing its military moves in the Caucasus region, Soviet intelligence services have opened up several new potential fronts against Turkey. The U.S. State Department has sought to overthrow Turkish Prime Minister Turgut Özal ever since he met with Lyndon H. LaRouche, Jr. in the summer of 1987.

- In the last week of January, Greek mobs looted and burned shops in the ethnic Turkish town of Komotini, in Grecian Thrace. Shortly following the incident, the Turkish

consul general in the region was expelled from the country for alleged inflammatory remarks. Turkish sources fear that a repeat of the events of September 1967 may occur, when agent-provocateurs triggered Turkish rioting against ethnic Greeks in Istanbul. A manipulated revival of the Greek-Turkish ethnic rivalry could profoundly destabilize the already badly weakened Özal government.

- On Jan. 31 Mumamar Aksoy, a leader of the Turkish bar association, and a well-known leftist, was assassinated. Turks fear that a repeat of the KGB manipulated right wing-left wing warfare may soon begin, warfare which in an earlier period left 25 dead a day and helped provoke the 1980 military coup.

- An extraordinary press conference was held by the terrorist Kurdish PKK on the island of Cyprus on Jan. 29 denouncing the Turkish government. This signaled the revival of the "Kurdish card," the use of the Kurdish ethnic population clustered in the mountainous border region among Iran, Turkey, and Iraq, which periodically rises up to demand autonomy, as well as the possibility that Cyprus may again go up in flames. The PKK works closely with the terrorist Armenian Secret Army for the Liberation of Armenia (ASA-LA). Continuing claims by Radio Yerevan in Soviet Armenia to the eastern Turkish provinces of Kars and Ardahan shows that the Soviets still contemplate intervention into Turkey, possibly following provoked Soviet Armenian and Kurdish clashes with the Turkish Army in that region.

## U.S. plotted coup against General Aoun

According to the Kuwaiti newspaper *Al Qabas*, the Bush administration was up to its neck in a coup plot against Gen. Michel Aoun. Last Nov. 15, three unnamed American envoys met secretly with Lebanese Forces chief Samir Geagea to offer him a ministerial post in a Syrian-sponsored puppet regime if he would participate in a three-front military offensive to unseat Aoun, the Army commander-in-chief and legitimate interim President of Lebanon.

The plot, said *Al Qabas*, involved a Geagea-led military onslaught against the Lebanese Army inside East Beirut, timed with a similar offensive by another militia group headed by Eli Hobeika in the suburbs north of the city. Reportedly, two unnamed European governments, in collusion with Washington, tried to recruit four top aides to General Aoun into a coup plot against him that was to coincide with the inter-Christian fighting.

*Al Qabas* said that the overall putsch plan was to have been activated Jan. 31.

Apparently, General Aoun learned of the plot and moved preemptively to defeat the Christian militias. In ten days of heavy fighting since Jan. 31, hundreds of Christians were killed, thousands injured, and further sections of East Beirut and adjacent suburbs gutted.

According to several eyewitness accounts reported to *EIR*, the initial heavy shelling of East Beirut was carried out by Syrian units working in conjunction with the U.S.-sponsored putsch attempt.

According to leading figures in the Lebanese-American community, the Bush administration is still pledged to Aoun's overthrow. They say this was discussed at the recent Malta summit, and that the Saudis, along with the U.S. and the Soviets, agree that getting rid of Aoun is a precondition for a new condominium to rule the entire eastern Mediterranean region. The State Department tried to have Aoun's ambassador Abuhabib evicted from the Lebanese embassy compound in Washington, D.C., flouting Lebanese sovereignty and flaunting the Bush administration's complicity in the overthrow plot.

—Jeffrey Steinberg

## Dialogue can resolve Auschwitz dispute

by Laurent Murawiec

*Sir Sigmund Sternberg is chairman of the International Council of Christians and Jews (ICCJ). On Jan. 25, he had written an article in the International Herald Tribune sharply criticizing the initiative taken by an anonymous group calling itself "For My Brothers, Keep Not Silence Association," to publish in the international edition of the Jerusalem Post in early January a full-page advertisement denouncing the Vatican for alleged "foot-dragging and failure to honor promises" to remove the Carmelite convent from Auschwitz. Sir Sigmund's article sharply rebuked the association, demonstrating with facts and quotes that Cardinal Glemp as well as the Polish Bishops' Conference, and Poland's new Minister of Culture Mrs. Cywinska, were not only honoring their commitments, but that Cardinal Glemp would now concentrate his efforts "on the promotion of Catholic-Jewish understanding, particularly at the popular level, where ignorance of Jews and Judaism is widespread," in the Cardinal's own words as quoted in this article.*

*A solid hint as to the identity of the none-too-courageous anonymous group that put out the inflammatory advertisement in the Jerusalem Post, came the day after the Herald Tribune article, in the form of a letter to the editor by Isi Leibler, vice president of the World Jewish Congress, who accused Sternberg, of all things, of "insensitivity to Jewish concerns." Leibler is a principal aide to WJC head Edgar Bronfman, the Canadian businessman who received a medal from Erich Honecker, and has spearheaded North American Gorbymania. Bronfman and the WJC had orchestrated a big media campaign directed against Poland, Cardinal Glemp, and Pope John Paul II last year, after a violent incident involving the publicity-seeking adventurist Rabbi Avi Weiss, of New York, on the site of the Carmelite convent.*

**EIR:** Could you sum up the present status of the Auschwitz Carmel affair, and your own efforts?

**Sternberg:** I visited Cardinal Glemp in Warsaw last November, and I had a longer meeting with him in his residence. He reaffirmed that the decision to rebuild the convent was irreversible. I have seen the architect's plans, and there is a board erected on the site where the convent is going to be built. Regarding my own effort, I was very pleased to have obtained the letter from Cardinal Glemp in September, which

changed the situation when I explained to him the many voices of moderation.

**EIR:** Are the voices of moderation on both sides winning?

**Sternberg:** We have to maintain the present situation, because the attitude of the Poles is that they feel they have been pushed around for a long time, and they don't want to be pushed around any more. My answer is that no reasonable person would intend to push anybody around. I understand their feelings, but they must understand our feelings as well.

**EIR:** Does it seem that they do?

**Sternberg:** Yes, on the whole they do. It has been explained to them.

**EIR:** What do you expect, and what do you think may be hoped for in the development of relations and dialogue between Jews and Poles?

**Sternberg:** Here again, Cardinal Glemp suggested to me that he envisaged to hold a conference in Lublin, he would very much like to mend fences. This is what we have to do, we have to commence a dialogue with them, and of course education is the priority. The grassroots, the parishes, the churches must be made aware of the "Nostra Etate"—the [pontifical] document which defines the relationship between Christians and Jews. It must reach parish levels, which must be translated into Polish.

**EIR:** I noticed with especial interest the many initiatives taken by Pope John Paul II on the question of Catholic-Jewish relations, not only his visit to the Synagogue in Rome, but also the document in which he affirms very strongly that there could be no question of speaking of the Jews as "deicides."

**Sternberg:** Yes, that is what we discussed, and it should be translated into Polish and generally distributed.

**EIR:** From that standpoint, do you think the Pope has taken a quite important and positive role?

**Sternberg:** Yes, and this should be acknowledged. The whole thing comes down to education, education about the Holocaust. The textbooks in the Socialist bloc countries will have to be re-written.

**EIR:** Do you think that 70 years of communism have put the issue in a totally wrong light?

**Sternberg:** Yes, and therefore, we have to look at it again. This is a very important job which only an international organization like the International Council of Christians and Jews can do, because they are unique in their role.

**EIR:** A main source of organized anti-Semitism in the last decades has been the U.S.S.R. government.

**Sternberg:** They certainly contributed to it, and now it is changing, because it suits their political purposes. You know

what happened in Poland, in 1968. You have seen the report of my visit to Prague. Resulting from this I have heard from the Czech ambassador that Mr. Hromadka, the deputy prime minister [in charge of religious affairs] is progressing with the formation of the Council of Christians and Jews in Czechoslovakia. He will be going to Israel on Feb. 6 and immediately on his return he will establish a steering committee.

**EIR:** From the time of the great Rabbi Loew of Prague, the Jewish community played a very important role in the cultural and social development of Bohemia. The same could be said of the Jewish community in Poland and other countries in that region.

**Sternberg:** As a matter of fact, I said jokingly to Cardinal Tomasek that the dialogue started with Rabbi Loew, when he discussed history with the King, so we are actually continuing something which was started by Rabbi Loew. Jews had a good time in Czechoslovakia during the time of Masaryk and Benes, and the country flourished. Let's hope we can bring that back. Certainly the time is ripe for it.

**EIR:** And that would also be a very good part of the Western contribution to the present revolutions of Central Europe.

**Sternberg:** Yes. That is what we would like to do. I talked yesterday to Dr. Galsky, the president of the Jewish Community, and I would like the International Council of Christians and Jews to hold a colloquium in Prague in August.

**EIR:** In the U.S.S.R., the Pamyat organization is spearheading a virulent anti-Semitic campaign—

**Sternberg:** At the moment, the secretary general of the ICCJ has returned from a conference in the Soviet Union, and we are having discussions about starting an informal dialogue group in the Soviet Union with the Christians and the Orthodox church, but all these things take a little longer than we anticipated. This forming of a dialogue group could not have been contemplated a few months ago; now they are quite happy with it. He met Mr. Khristoradnov, and they are very keen to have this inter-faith religious understanding, because they are quite concerned themselves about the role of Pamyat.

**EIR:** When one reads the manifestos, pronouncements of Vasiliev and the other leaders of Pamyat—these are the people who are quoting the so-called Protocols of the Elders of Zion—they seem to have fully absorbed the ugly tradition of the Black Hundreds.

**Sternberg:** The formation of a dialogue group must make it clear that if the Soviets want the Jews to stay in the Soviet Union, the only way they would want to stay would be in conditions of peace and tranquility and not anti-Semitism, and provided that the law is observed.

**EIR:** I cannot remember a period in the Soviet Union when there was not perfect freedom to be an anti-Semite.

**Sternberg:** Yes, it's right, but now there is even more freedom. I am very hopeful that we are going to form such a dialogue group, and the only thing is that we ought to be careful about how to select the Jewish side of the dialogue. This of course will have to be decided by the Jewish community in the Soviet Union. They will have to be very selective as to who will represent the Jews. There is no Jewish representation in the Soviet Union, unlike America or England, where we have a representative Jewish body.

**EIR:** Some individuals representing some organizations have been to Moscow making deals behind the back of the refuseniks, which the Russian Jewry was very upset about.

**Sternberg:** They were, the Russians were confused, there were so many people coming over, and they don't know who is who.

**EIR:** I do remember how upset the Russian Jews were when Mr. Bronfman was there talking to Gorbachov and a group of people were making deals which no Russian Jew had been consulted about.

**Sternberg:** Yes, therefore we Jews ourselves should talk with one language, we should be united, not be jockeying for positions.

**EIR:** It seems to me that a lot of things done in the name of Jews and Jewry really have nothing to do with Jews or Jewry, but with power, with money, etc., where Jews are just being used.

**Sternberg:** Jewry should be represented by the Israeli government; they are the legacy of Jews, and we should really leave it to them and not tell them what to do. If we want to give them advice, there are ways of doing it in private which would be more effective than upbraiding them.

**EIR:** The Israeli government and public opinion manifested a great deal of sober moderation when the Carmel affair flared up, at a time when various Americans were making incendiary statements. . . .

**Sternberg:** American methods are not the same as those understood by people in Europe. It is a European question. I don't want to say anything against the American ADL or Edgar Bronfman, it would not be helpful at all. . . . We should be united and stronger. Inflammatory statements do not help at all.

**EIR:** Are similar efforts being made to establish a Council of Christians and Jews in Hungary?

**Sternberg:** There are: I am going at the end of February to Budapest to meet Cardinal Paskai and I hope to establish the Council of Christians and Jews there. Work has been going on for the last few months—I spoke to Mrs. Seiffert, the secretary of the Jewish community—they're happy to have such a group.

# U.S. invasion of Panama begins to explode in Bush's face

by Carlos Wesley

George Bush's "tamales war" against Panama is beginning to explode in his face. In the Jan. 5 issue of *EIR*, Founding Editor Lyndon LaRouche pointed out that the Dec. 20, 1989 invasion of Panama could bring down the President. "What I suspect we will be seeing is a President being put to the test. If he does not change—and I speak of typically the liberal Establishment, which will give him a little time and a chance to learn his lesson after he has been slapped in the press and elsewhere—then they will crush him," said LaRouche.

It seems that the Establishment may have begun to go after Bush, as LaRouche foresaw, and it is doing so by using information that appeared in that same issue of *EIR*, under the title, "Bush Names Drug Mob Capos to Rule Panama."

In an article published Feb. 7, "Panama Is Resisting U.S. Pressure to Alter 'Inadequate' Bank Laws," the Establishment's mouthpiece the *New York Times*, wrote: "An extensive review of Panamanian banking records and court documents shows, too, that many senior leaders in the government, while never accused of money laundering, have had strong ties to corrupt banks. Several of the banks have either been indicted for money laundering or been shut because of pressure from the United States."

In a point-by-point reiteration of the charges made repeatedly by *EIR*, the *Times* article says that the U.S.-installed "President of Panama Guillermo Endara, has for years been a director of a Panamanian bank used extensively by Colombia's Medellín drug traffickers. . . . Banco Interoceanico de Panama, one of the two dozen Panamanian banks named in a case based on an FBI case code-named Cashweb/Expressway." The *Times* added: "Mr. Endara, a corporate lawyer before becoming President, is a close friend of Carlos Eleta, a Panamanian businessman who was arrested in Atlanta in April on charges of conspiring to set up a major cocaine smuggling ring. Released on bail, he is now awaiting trial."

Not mentioned in the *Times* coverage was that Carlos Eleta was an employee of the CIA at the time of his Georgia arrest for conspiracy to smuggle 600 kilos of cocaine per month into the United States, and for conspiracy to launder the estimated \$300 million in drug profits. Eleta was in fact the CIA bagman who delivered a \$10 million illegal campaign contribution from the Bush government to Endara's gang for their May 1989 electoral bid. In an attempt to protect their asset, the administration had the Justice Department

drop the cocaine-smuggling charges against Eleta on Feb. 2, but he will still have to go on trial later in the month on the money-laundering charges.

Also omitted from the *Times* article are the drug connections of the Chief Justice of Panama's puppet government, Carlos Lucas López Tejada.

But most of the rest of the cast of characters identified by *EIR* is included in the *Times* coverage:

"Guillermo (Billy) Ford, the Second Vice President and chairman of the banking commission, is a part-owner of the Dadeland Bank of Florida, which was named in a court case two years ago as a central financial institution for one of the biggest Medellín launderers, Gonzalo Mora.

"Rogelio Cruz, the new Attorney General, has been a director of the First Interamericas Bank, owned by Gilberto Rodríguez Orejuela, one of the bosses of the Cali drug gang in Colombia. . . . The families of First Vice President Ricardo Arias Calderón and the Finance Minister, Mr. [Mario] Galindo, are also heavily involved in banking. Mr. Galindo's cousin, Samuel Lewis Galindo, is chairman of Banco del Istmo. . . . President Endara acknowledged that the success of Panama's financial center in the 1970s and 1980s was the result of the Latin American drug cartels."

Edgardo Lasso Valdes, the Costa Rican president of Panama's Banking Association, said, "It was hypocritical of United States officials to be citing Panamanian banks. He said the punishment meted out recently in the two largest drug-money laundering cases in the United States shows that American officials themselves are not particularly tough on money laundering," according to the *Times*.

Lasso Valdes is right. A federal judge in Florida agreed on Feb. 6 to let stand a plea-bargaining agreement reached by the Bank of Credit and Commerce International (BCCI) with the U.S. Justice Department. The bank, which could have been fined \$28 million for laundering \$32 million in drug funds, was let off without a fine, and placed on probation, after agreeing to split its drug profits with the U.S. government.

In the wake of the *Times* story, which was picked up by the wire services and published throughout the world, there were frantic efforts to clean up the image of the U.S.-installed Panamanian troika. First, the State Department denied that Endara, Arias Calderón, and Billy Ford were resisting changes in Panama's banking regulations. "We're working with



them. We're talking with the government. We understand the Endara government intends to take legal and regulatory measures," said State Department spokesman Richard Boucher on Feb. 7.

The same day, Billy Ford, in a complete about-face, gave a speech saying the government had decided that Panama's bank secrecy laws had to be changed. Earlier, Ford had told Reuters that there was no need to change the law. "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." Comptroller General Rubén Darío Carles said categorically, in an interview published by the *Los Angeles Times* on Feb. 1, that the banking laws "are not going to be changed. We don't have to change our whole legal system because of drugs. We can't change the whole legal system because of one thing."

The changes in the banking regulations they have now agreed to institute will be cosmetic ones, just enough to try to protect Bush from the growing scandal of having forcibly overthrown the government of Gen. Manuel Noriega, in order to install a drug-linked government in Panama. "The changes we are talking about are not that major," said Endara on Jan. 28.

### **LaRouche, center of the resistance**

While the *New York Times* did not credit *EIR* as the source of its story on the links to the drug cartels of senior Panamanian officials, the U.S.-installed Panamanian troika did blame *EIR* and the international political movement headed by Lyndon LaRouche for the revelations. In a full-page broadside published by the Panamanian daily *La Prensa* on Feb. 6, the Christian Democratic Party of First Vice President Ricardo Arias Calderón attempted to control the damage by saying that they had detected "a worldwide disinformation campaign against the Panamanian government" headed by LaRouche.

"The epicenter of this campaign," according to the broadside, "is the West German city of Wiesbaden, headquarters of the 'Fusion Foundation,' one of the front organizations controlled by North American multimillionaire [sic] politician Lyndon H. LaRouche," it said.

"Lyndon H. LaRouche is serving a prison sentence in the United States for diverse crimes proper to his murky activities, oriented toward promoting and destroying the images of nations, businesses, politicians, and others. His imprisonment, however, is no obstacle to the functioning of his various front organizations around the world. Among those—in addition to the previously cited Fusion Foundation—is the well-known *Executive Intelligence Review*, a pretentious publication, the Schiller Institute, and others."

Reflecting the nervousness of the Endara gang, the broadside said, "The campaign's themes have already begun to be heard and read. We find them in politicians' speeches, in

journalistic writings, in radio and television commentaries carried everywhere by serious as well as by tendentious press agencies as legitimate matter for the consumption of public opinion of the various countries and world public opinion." It claimed that this campaign, centering around LaRouche, "will try to destroy the political images of Panama's top democratic leaders. All will also be accused of having been tied to 'money laundering,' 'drugs,' and other crimes."

The defensive tone of the broadside is understandable. *La Prensa's* publisher is Roberto ("Bobby") Eisenmann, co-owner with Guillermo Billy Ford, and Endara's envoy to Washington, Carlos Rodríguez, of Dadeland National Bank of Florida, "a central financial institution for one of the biggest Medellín launderers, Gonzalo Mora," according to the *Times*.

### **Dictatorial government**

Endara's government is fast losing what support it had. Archbishop Juan Sebastian Laboa, the Vatican's diplomatic envoy to Panama, charged, "We have exchanged one dictatorship for another." The bishops of Colon and Darien, José Maria Ariz and Romulo Emiliani, apologized for not forcefully opposing the U.S. invasion. "We ask our faithful to forgive us for the times we have forgotten their projects and God's plans, by following idols contrary to the kingdom we proclaimed." In an allusion to the deal between the superpowers that made possible the invasion of Panama, the bishops said that "not favoring an alliance among the poor and instead supporting the plans of the world powers, means our churches distanced themselves from God's plan."

The clerics' attack was aimed particularly at Panama City's Archbishop Marcos McGrath, one of the leading voices within the Catholic Church in support of the invasion. McGrath sought to minimize his responsibility for the current disaster, by criticizing the lack of U.S. aid. According to Miami's *Diario las Américas* Feb. 6, McGrath refused to reiterate his support for the U.S. invasion. Instead, he claimed that the U.S. had failed Panama by not providing immediate assistance for the victims of the invasion. According to McGrath, it will take at least \$40 million just to rebuild Chorrillo, a neighborhood which was destroyed by the U.S. bombardment.

However, McGrath's new line has a hollow ring to it. He made his pronouncements while in the United States to attend an emergency meeting of the Inter-American Dialogue, a group which since 1986 has demanded the legalization of drugs. The drug legalization call was signed by McGrath.

The U.S. House of Representatives did approve \$42 million in emergency aid for Panama on Feb. 7, but only \$12.5 million of that money is cash for rebuilding the war-damaged areas. This money, to bolster the aristocratic Endara regime, was diverted from funds originally earmarked for housing programs for U.S. homeless and aid for Sudan and Somalia, two of the poorest countries in Africa.

# The real U.S. strategic aims in Panama

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 second part of a two-part interview, continued from last week.*

**EIR:** One of President Bush's justifications for the invasion of Panama is that he was fighting against the drug trade. What can you tell us about this?

**Castro:** It has already been made abundantly clear in the pre-trial proceedings in Miami that there is much more propagandistic substance to that trial than judicial substance. At the same time, the use of that pretext to carry out operations of this sort constitutes a de facto threat to the majority of Latin American countries, since these pretexts prefabricated by the media evidently hide intentions of control, of military intervention of another sort. I believe that what best symbolizes the nature of how these kinds of pretexts are being used is the spectacular case of the alleged cocaine cache discovered in General Noriega's office, which turned out later to be Christmas tamales. Everything seems to indicate that in the course of this judicial process, many more tamales are going to come to light.

**EIR:** You say that the invasion was neither to end drug trafficking nor to reestablish democracy and respect for human rights. Why, then, did the United States decide to carry out this military action against Panama?

**Castro:** I believe that the United States sought two fundamental objectives in Panama, above and beyond General Noriega's surrender. These were: to destroy the Panamanian Defense Forces and to impose a puppet government fundamentally charged with destroying the liberationist or *Torrijos-*

*ta* forces in Panama in their entirety. The destruction of the Panamanian Defense Forces had the purpose of eliminating the one instrument upon which the Republic relied to be able to fulfill its military responsibilities in Panama, in executing the Canal treaties. As you may know, the Panama Canal treaties prescribe that during the 20 years between 1979 and 1999, protection and defense of the Canal will be a joint responsibility of the forces of both countries, which cannot act independently during that period. But those responsibilities, said the treaties, were to be carried out in such a manner that U.S. participation would decrease so that the last U.S. soldier would leave the country on the last day of the century, and that Panamanian participation would increase so that on the first day of the new century, the entire responsibility would lie exclusively with Panama.

Unfortunately, the treaties also prescribe that in case Panama does not construct the necessary force to guarantee fulfillment of this canal security function, then U.S. troops will remain. The invasion was intended to destroy the Panamanian military institution, and to deprive the national state of its capability to carry out this function and, in that way, to guarantee the permanence of U.S. military bases and forces beyond the year 2000.

It is revealing that one of the first statements made by Mr. Endara, after assuming power at Fort Clayton, was precisely to state that Panama could rent the military bases to the United States as of Jan. 1, 2000. Thus it was clearly established that the principal U.S. objective, beyond retaining the canal, is that of holding onto a complex or system of military bases constructed around the canal, not for the purpose of protecting the waterway but to take advantage of the capacity of that system of bases for rapid deployment of conventional forces. That is, as a system for intervention and control of countries in the Caribbean and Latin America. Or, as some official U.S. literature says, to keep the bases for what they call "hemispheric projection."

**EIR:** Can you tell us why the United States would want to attack Latin American countries at this time? That is, if they were prepared to abandon the bases in 1979, why has the political line changed?

**Castro:** In 1979, the world geopolitical and geostrategic situation was different. In 1979, relations between the United States and Soviet Union, and therefore also U.S. relations in Asia and Europe, were based on the philosophy of mutually assured destruction, and thus on strategic weapons. . . . Thus the military bases in Panama [were seen by White House and Pentagon strategists] as a system that was perhaps obsolete and whose gradual extinction could be accepted, since in the framework of strategic nuclear relations between the superpowers, these bases were of secondary importance, and were remnants of the geostrategic situation of the World War II era.

But, during the following 10 years, U.S. military philosophy radically changed. To the extent that agreements with the Soviet Union were becoming feasible, and the realities in Eastern Europe and in Asia were changing, bases that had an apparently secondary value 10 years earlier, took on new importance as bases intended for the domination of areas of influence, regional domination. Concretely, those of Panama. Once the agreements between Washington and Moscow were struck, the bases located in Panama took on a new relevance as bases for intervention and control of the Latin American region.

There's another factor at play here, and that is that during the same period, a generalized economic crisis occurred, the crisis of the foreign debt and U.S. manipulation of the renegotiation process with the Latin American countries, as an instrument of political hegemony. At the present time, it is clear how the United States has restructured its relations with the neocolonial periphery of this continent, by collecting tribute. But also, by taking this practice to the extreme, it is equally clear that symptoms of rebellion are beginning to appear in a Latin America overwhelmed by the debt, by the devastating use of that instrument of political hegemony and curtailment of sovereignty which is the manipulation of financial renegotiation and imposition of new economic structures.

Everything appears to suggest that the military bases in Panama take on a new strategic value within this framework. They are bases intended to threaten and, eventually, as in the case of Panama, to intervene in the Latin American process of recovery of sovereignty and self-determination, and in the process by which Latin America could reclaim its new independence.

**EIR:** Can you tell us what Ibero-America's reaction has been to this invasion, and what kind of support or lack of support has been shown regarding the invasion and the resistance?

**Castro:** First of all, the resistance must be carried out primarily inside the country, principally through the mobilization of social, political, labor, and cultural organizations. We have scarcely begun to put together a system to represent the voice of the resistance abroad. We can say that we have

found warm and widespread solidarity everywhere in Latin America. At the level of governments, they have responded in a way that has not been seen before. If we compare this response with previous such situations, like the invasion of Grenada where the reactions were low-key, or the invasion of the Dominican Republic, where there was overt complicity with the invaders on the part of the majority of the Latin American governments, we see that there has been a change, and a drastic one, on the part of Latin America toward these policies. The Latin American response has been unanimously or nearly unanimously condemnatory. This is expressed in the enormous, in the profound isolation in which the puppet regime finds itself, only recognized by a minuscule group of less important countries. The Latin American attitude is clearly seen in the action of the Latin American Group (GRULA) in the United Nations, the OAS, the Group of Eight.

One must say, nonetheless, that these government-level reactions, although they have been sufficiently clear, have been clearly insufficient. Latin America, on the government level, has a responsibility, has a moral duty, and the duty to protect itself by presenting much more decisive and concrete action in solidarity with the recovery of Panamanian sovereignty and democracy, because it is Latin America itself which is threatened by this United States adventure in Panama.

On the other hand, at the level of social, labor, cultural organizations, political parties, etc., Latin American solidarity with Panama is much more decisive and much more eloquent. In the majority of the continent, there have been proclamations, demonstrations of all sorts, such as the recent "Tamales Rally" that a Mexican group held in front of the United States embassy.

**EIR:** Finally, how do you evaluate the reaction of the United States population to the invasion?

**Castro:** The American people have been massively deceived by an inflammatory and persistent media campaign to justify a contemptible and evil operation such as that carried out to suppress Panamanian sovereignty and democracy. Nonetheless, we and our people have infinite confidence in the American people's ability to rise above this deception to which they have been subjected. Among those American citizens we have come to know, we have found the generosity, the willingness to understand this kind of Latin American situation, when we are given the opportunity to explain it to them.

I believe that in the end truth will shine forth, and that in our struggle for sovereignty and democracy we will increasingly find support from important sectors of the American citizenry, and a return to dignity which will prove as decisive for them as for ourselves. If we are subjected to the indignity of the occupation, the people of the United States have also, against their will, been subjected to the indignity of being occupiers.

# Greenpeace: millions, power, and methods—and unwanted criticism

## Part IV of an EIR Investigation

*As we reported in part I of this series (EIR, Jan. 5, 1990), the wave of legal actions started by the huge "ecology" multinational Greenpeace has attracted even more attention than its publicity stunts in the recent period. In the Federal Republic of Germany, six lawsuits are pending in the Hamburg state court with penalties of DM 155,000-410,000 (\$90,000-240,000) against the publisher, authors, and editors of two issues of the German-language magazine Fusion and the Patriots for Germany political party. Central to the challenged publications is a series of critical questions concerning the political benefits that third parties derive from actions done by Greenpeace, strategic background information, and the devastating effects of those actions on local economies.*

The more we concern ourselves with Greenpeace, that worldwide organization that gladly accepts being called the "environmental conscience of the world," the more obvious it becomes that this organization, both in the way it came into existence and in its method of operation, has little to do with a spontaneously awakened public awareness of the environment, and is rather, on the contrary, more concerned with cleverly staged publicity campaigns that generate millions in contributions, which are then used to finance further advertising campaigns. Moreover, Greenpeace's non-profit status still carries tax benefits, and the organization is equipped with all the sophistication of a well-thought-out corporate structure, ensuring a minimum of liability and internal sharing in decision-making and a maximum of profit and public influence.

Critical voices are therefore becoming louder and louder. Bavarian Radio felt obliged to perform some damage-control for Greenpeace in a live discussion panel on the topic, "Greenpeace—Business with the Environment?" The 1988 book by Jürgen Reiss, *Greenpeace, Der Umweltmulti—Sein Apparat, seine Aktionen (Greenpeace, the Environmental Multinational—Its Structure and Actions)*, packaged unavoidable criticisms within a thick layer of effusive praise.

On the symbiosis between the media and Greenpeace, according to the motto "One Hand Washes the Other," Reiss,

himself a journalist, writes, "In fact, the rainbow warriors are the pampered pets of many editorial offices. Greenpeace offers 'the right mixture,' as they say in the trade. Current, explosive subjects such as the poisoning of the North Sea or the danger of nuclear power; spectacular pictures such as two men alone in a rubber boat battle against a looming chemical company fuel ship; and then a bit of human interest and emotion when tiny baby seals bat their button-large eyes with such beautiful trust."

Although Greenpeace does spend its own money on advertising, German magazines and newspapers such as *Der Spiegel*, *Die Zeit*, the *Frankfurter Rundschau*, and Springer's *Hör Zu*, run Greenpeace ads free of charge. According to Reiss, "Even Greenpeace's timetable for actions is arranged according to editorial deadlines" whenever possible. "Because they are mutually dependent, the media on the Greenpeace story and Greenpeace on the media, the work often goes hand in hand. The multinational also makes its organizational network available to journalists. If necessary, Greenpeace activists are reachable via car telephones from comfortable editorial desks. Greenpeace knows what matters: The newspaper can convey to its readers the impression that it had spoken to the environmentalists on location."

Thus the media are simultaneously the inspiration and beneficiary of Greenpeace's slick propaganda methods. In the aforementioned radio discussion, Greenpeace ex-members admitted that the effective campaign to save the touching "baby seals" (*Spiegel*: "Piglets are not 'baby pigs' ") was primarily a benefit to the bank balance of the environmentalist organization. Entire wills have been signed over for "the benefit of the seals." Since the campaign took on a life of its own, it is a perfect example of the interplay of Greenpeace and the media. Reiss quotes a typical headline in Germany, "Chancellor Kohl will now go quickly to the aid of the little seals."

Wolfgang Fischer, Greenpeace member and marine biologist, confirmed in the same radio broadcast that the seal campaign was again and again given priority because of its emotional attention value. According to Reiss, even Greenpeace International President David McTaggart says today, "The seal campaign was schmalzty for me. The problem

could have been solved with negotiations.”

But then there would have been fewer contributions, and some population groups and regions, such as the Eskimos of Greenland, who previously lived predominantly from the sale of seal pelts, would still have their livelihood. “Their villages are virtually deserted, and many have simply moved away because there is no work. Those who stayed often live on welfare, often in depression, addicted to alcohol,” Reiss writes under the headline, “Seals Can Cry—And So Can Eskimos.”

Magnus Gudmundsson, who documented the ruthless campaigns of Greenpeace and other environmentalists in his film on the struggle for survival of the people of the Far North, related that 90 of the 130 cities in Greenland are dependent on hunting—*nota bene*, young seals have never been hunted there, and seals are in no way threatened by extinction. Michael Haas of the Society for Endangered Peoples protested against the destruction of the existence of primitive peoples. Greenpeace spokesperson Ingrid Jütting made the remarkable statement that, in light of the great dangers to the environment, we can’t “allow ourselves to take a small minority into consideration.”

### Where does the money really go?

But how much of the millions collected by Greenpeace—in 1989, it was about 50 million deutschemarks (\$29 million) in Germany alone—actually go to save the threatened environment? According to the statement of ex-Greenpeace member Daniela Bolze on Bavarian Radio, “Greenpeace is more interested in making money than in environmentalism,” and Wolfgang Fischer objected that at most one-third of the contributions actually do the environment any good. Ingrid Jütting confirmed that DM 22 of the DM 50 million in Germany go abroad “for international work.”

The transactions involved have not, up to this point, damaged the indirect government support coming through Greenpeace’s non-profit status. Financial officials have, according to Reiss, voiced “their concerns that there has never been anything like this: an organization for such a good purpose and so rich. Through a little detour, therefore, the DM 14 million [in 1988] is arranged: Greenpeace Germany concludes a proper contract with Greenpeace International in which the national branch trusts the international organization with certain tasks for the common good, for which the latter must account to the German branch in an orderly way and must submit the proof for review of the financial authorities. For non-profit funds donated in the Federal Republic need not also be disbursed in the Federal Republic.”

How simple: Greenpeace president David McTaggart, former construction tycoon and millionaire, has built up the environmental multinational according to all the rules of management, including the formation of many subsidiaries, in which Greenpeace acts as 100% stockholder. “But the sub-groups function as independent companies. Thus, the

environmental multinational is safe legally. In case damages must ever be paid, then the functioning of the entire organization is not called into question, and officials cannot simply freeze Greenpeace bank accounts.”

Globally, Greenpeace has over 350 employees, over 2 million regular contributors, plus occasional contributors who are mobilized in part through direct mailings, newspaper ads, and so forth. In the Federal Republic alone, *Greenpeace-Nachrichten (Greenpeace News)* appears in a press run of 600,000 and is distributed to newsstands by the Axel-Springer Publishing Company—making it one of the 10 largest West German magazines.

Greenpeace’s internal power structure corresponds to its professional business character. Campaigns are decided by the “Council,” on which the 22 member countries of the environmental multinational are represented. Only those national sections that are personally and financially independent and that make contributions to the international organization have a vote. Who has a vote is determined by the five-member international board of directors, with two seats for Europe and two for the other countries. McTaggart stands uncontested at the top. In practice, the international board of directors determines the overall international work, and also the use of “extraordinary expenditures.”

The West German national section is also built like a pyramid: At the top are the business leadership and the board of directors with three members, both chosen by the 25 full voting members, in contrast to the 500,000 support members who have no vote. That is, of the 70 full-time Greenpeace employees who work in the Hamburg office alone, less than one-half have a vote in the membership meetings. Wolfgang Fischer reports that a change in the by-laws is planned according to which former employees are not eligible to be full members. Thus, those who have devoted their labor, possibly their lives and health, are excluded from voting rights. The journalist Daniela Bolze, a member until 1982, had to leave Greenpeace after she criticized the hierarchical structure. There have been court suits against volunteer members who made similar criticisms. Moreover, according to Bolze, Greenpeace kept the number of its employees small for a long time, in order to prevent unionization.

Similarly, Greenpeace uses the work of 50 contact groups in West Germany, which industriously do advertising for Greenpeace, but have no influence on policy. There are licenses between the central and subgroups concerning the use of the rainbow logo—which supposedly was loaned to Greenpeace by the Cree Indians, without royalties, of course—as well as the signature and name “Greenpeace.” A quote from one contract: “The licensor retains the right to control all objects and actions that are related to the use of the trademark by the licensee or are connected with that use. . . . As payment for the herein granted license, the licensee will pay to the licensor those amounts that the licensor determines from year to year.”

## Industrial development on agenda

*Questions of trans-European economic development divide followers of Adam Smith and those of Friedrich List.*

**W**e need an entirely different industry strategy, to be able to provide new jobs for millions of people in the German Democratic Republic and in Eastern Europe," said a West German representative at the 27th International Wehrkunde Conference of senior Western strategic analysts in Munich on Feb. 3. The German called for a multibillion-deutschemark investment program to reconstruct countries like Poland, Hungary, Czechoslovakia and East Germany.

Experts of the government and of the private industry think, indeed, that DM500 billion invested for the reconstruction of the East German economy alone is "not an exotic figure." One may easily add thrice that sum, to guess what is required for Eastern Europe as a whole.

At another high-powered gathering of international experts of politics and economics, the World Economic Forum in Davos, Switzerland, similar tones could be heard. West German Economics Minister Helmut Haussmann called for a strategy to combine the potentials of prosperous Western Europe with ailing Eastern Europe, making the continent a powerful economic entity of 500 million people.

Haussmann added that a reunified Germany, with its 75 million people necessarily being at the center of this economic entity, would be a partner, rather than an adversary of Japan in economic competition. This paid tribute to the fact that Japanese investors have been putting money into European industry stocks, and especially

West German markets, over the past few months. But this is not a speculative drive of the kind practiced at the huge monetary markets of Wall Street or the City of London, with the prospect of "easy" profit at high interest rates. It is a return to traditional forms of sound investment at relatively low interest rates in industry, construction of roads and railroads, bridges, homes, and the energy system.

Leaks about an impending collapse of the speculative junk bonds bubble on Wall Street and other monetary markets on the one side, and hints that a long-term investment boom secured by government guarantees and by what is widely perceived as the "West German economic success story" on the other side, have contributed to an outflow of about \$24 billion from the U.S. to West Germany in the last quarter of 1989—mostly after the opening of the inner-German border on Nov. 9. Extrapolating that rate, one arrives at an estimated input of \$100 billion by the end of 1990.

There is no doubt that, even if there has not yet been a major shift of British money into West Germany, there will be one now, because of the recent change in British corporate accounting rules, which will redirect \$30 billion per year in British funds that have been going into junk bonds and leveraged buyouts.

This represents a threat to the monetarist cabal at the City of London. The fierce old conflict between the two modern schools of economic policy in the West—the ground-rent cabal of Adam Smith on the one side

and the American-Continental European current of Friedrich List of the early 19th century on the other side, has broken into the open again.

The modern-day heirs of Adam Smith pinpointed the revived controversy in an editorial in the London daily, the *Independent* of Feb. 7. Under the headline "Vision of a new German Zollverein" (Customs Union), one could read: "Indeed, after quite a short period, the two Germanys will develop a wholly integrated economy—and when that happens political unity becomes almost an irrelevance."

There was good reason for those whom the *Independent* spoke for, to be alarmed. The day before, West Germany's Chancellor Kohl announced that he will present a proposal to East Germany's Minister President Modrow at their meeting in Bonn on Feb. 14 for a rapid implementation of an "all-German economic and monetary union."

Kohl and Modrow, both attending the above-mentioned World Economic Forum conference, had held a private meeting there on Feb. 3. Not much was made known about the actual agenda of this meeting, but the news alone made certain people in London and New York, also in Moscow, highly nervous. On Feb. 7, Britain's Prime Minister Margaret Thatcher declared that a "longer period" would have to pass, before Germany could reunify. U.S. Secretary of State James Baker, on his way to Prague and from there to Moscow, had his senior officials tell the press Feb. 6 that he, too, prefers a "slowing down of the entire process of German reunification."

Reality in the East, the rapid decomposition of the political and economic structures, requires rapid action, however. Any attempt to slow down processes in Europe (East and West) in this volatile situation, would only increase the problems.

## Regional parties spring up

*The leader of a new southern Italian party charges that northern racism and discrimination are spreading.*

Italy is witnessing a resurgence of regionalist and localist movements and political groups, above all in the North. Lately, even the South gives the impression of bringing back the ghosts of the distant past, when Italy, more than a century ago, was not yet a single nation.

At least, that was the impression one got from the formation of the "Lega Meridione-Centro-Sud-Isole (LMcsi)" the League of the Center, South, and Islands. Wanting to get a deeper look, we interviewed the national secretary of LMcsi, attorney Egidio Lanari, at the movement's headquarters in Rome.

We asked him, don't you think the constitution of a southern-Italian movement is anachronistic, in the light of a South which looks toward a modern future as a "bridge" for Europe to the Mediterranean countries?

"I can tell from your question that you have not had a chance to know the reasons for which we were founded. We were forced to do it by the need to contain and put a stop to the growing forms of racism that find expression in organizations like the 'leagues' of the North, which have reached the point of formulating absurd—almost incredible—demands, such as forcing all those who emigrated to the North to go back to the South. Our movement was formed as a positive response, which seeks to reevaluate and make known the immense cultural heritage which the South has given to Italian culture, in order to take arguments away from the provincial racism voiced by those northern leagues,

and not to oppose them on their same, outdated level," explained Dr. Lanari.

"We want to revive awareness of our national identity, starting from the South, from its forgotten traditions in that regard. We look toward Europe, and we are convinced that it will be impossible for people to feel like European citizens, when they don't yet feel like Italian citizens, but only the heirs of this or that presumed provincial, or at most, regional, ethnic background."

Since Italy's economic miracle of the early 1960s, waves of southerners have gone to work in the factories of Milan, Turin, and Genoa—Italy's northern "industrial triangle." Prejudice among north Italians against the newcomers, as intense as racism anywhere, has been fanned by sociologists in the hire of the big multinational financiers, as the "post-industrial society" cuts off opportunities for betterment.

So, we asked Dr. Lanari, you have not set yourselves up as a southern society in the traditional counterposition to the "continent" (as Sicilian and Sardinian islanders used to refer to the Italian peninsula), but in order to finally make Italians. How do you propose to do that?

"By calling upon a strong common moral sense. There can be no nation if there is not also a strong, rooted, sense of the state, of the institutions, of law, of justice. We have been making an effort in this direction since our founding. And so we have become the scourge of immorality, and had frequent recourse to the courts in de-

fense of legality and also of morality."

He cited the recent Rome elections, in which 48,000 phantom votes appeared "by error or by deliberate mischief." Targeting "the crazy spending of the candidates, especially the most visible ones," he said that the LMcsi has called for an inquiry into the campaign funds of these carpet-baggers, which seem beyond their personal resources. Those who cannot show the source of their money ought to be subject to the Rognoni-LaTorre anti-corruption law, and if there were "financial angels" involved, "it would be interesting to know how their generosity is going to be repaid."

Dr. Lanari vigorously denied that the Mafia is a typically "southern Italian" phenomenon. "That's a statement from the past. Today we are simply facing an organized crime phenomenon that cannot legitimately be linked to any geographical area. Lack of respect for the law and corruption are spreading everywhere. I don't understand why a southern businessman who illegally gets a contract must be labeled 'mafioso,' with serious implications even for those who have had the misfortune of having had business dealings with him, while a northern colleague of his who commits the same crime is prosecuted for corruption but with a sympathetic eye for his 'enterprise.'"

He said that his organization intends to promote a referendum to repeal Rognoni-LaTorre, because although it is a national law, "it has ended up being applied not even regionally, but only on the basis of the suspect's birth certificate." In one scandal, "there were many northern companies and businessmen who acted with a sloppiness that would have made their 'mafioso colleagues' of the South blanch. Toward them, the same incriminating yardstick was never applied."

# International Intelligence

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## ***Slovenia breaks from Yugoslav Communists***

The Yugoslav republic of Slovenia on Feb. 4 became the first of the country's eight republics and provinces to break away from the League of Communists. "This is the end of the League of Communists of Yugoslavia as we know it," Slovenian party chief Ciril Ribicic told reporters after an emergency party conference, Reuters reports.

Delegates in the Slovenian capital of Ljubljana agreed to change the party's name from the League of Communists of Slovenia (LCS) to the LCS Democratic Renewal Party, and no longer answer to central party authorities. The Slovenian party is withdrawing all personnel from the Yugoslav capital, Belgrade.

"We hope that we will be spared experiencing Romanian developments," representatives of the Slovenian government were overheard commenting after the split, according to the West German daily *Die Welt*.

It is expected that Croatia will follow the Slovenian example.

Meanwhile, 300,000 Albanians in the province of Kosovo have signed a petition demanding the withdrawal of the Serbian occupation forces, following recent bloodshed there. The Albanian opposition groups demand free elections (their political leadership was nominated by Serbia), an end to the order to shoot, and an independent inquiry into the massacre by Serbian police forces.

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## ***South Africa to free Mandela, legalizes ANC***

South African Foreign Minister Pik Botha said Feb. 5 that his government wants to make further concessions to the black nationalist movement by scrapping the last vestiges of a state of emergency as soon as possible. According to Reuter, he appealed to the African National Congress (ANC), which was legalized after a 30-year ban, to cooperate.

President F.W. de Klerk on Feb. 2 had

lifted the ban on the ANC and restrictions on media reporting about anti-apartheid leaders. De Klerk said ANC leader Nelson Mandela would be released soon from a life term in jail.

But the ANC said De Klerk had not gone far enough and Mandela was quoted saying he would not leave prison until all state of emergency regulations had been lifted.

Botha said he was heartened by comments made by former ANC Secretary General Walter Sisulu, a close colleague of Mandela's, which indicate the first conciliatory steps by the guerrilla movement toward Pretoria's reform package. Sisulu said in a U.S. television interview that the ANC would try to ensure peace in the country's black townships.

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## ***U.S. agrees to give Noriega POW status***

The U.S. government agreed on Feb. 2 to treat Gen. Manuel Antonio Noriega as a prisoner of war, but then said the designation would not prevent prosecution of him on drug-trafficking charges in a U.S. civilian court.

Noriega's lawyers had argued that Noriega should be declared a prisoner of war and transferred from his Miami jail cell to the custody of a neutral country. They said the case should be turned over to the World Court at the Hague.

In papers filed in federal court in Miami, Justice Department lawyers opposed this, and said that the Geneva Convention permits prisoners of war to be prosecuted for ordinary crimes "as long as the same acts would be prosecutable if committed by a member of the armed forces of the detaining power."

Other international legal experts dispute this interpretation. Queens College (Cambridge University) research fellow Marc Weller, writing in the Feb. 2 issue of the British newspaper the *Independent*, maintained that Noriega is "entitled to the same treatment as the U.S. would wish for its own Chief of Staff, should he be captured by a foreign power."

For the U.S. to reject this, Weller wrote, would erode those principles of humanitarian law on which U.S. soldiers may themselves have to rely. "Assume, for example, that U.S. flyers are shot down after a bombing run on alleged terrorist targets in, say, Libya or Lebanon. . . . If American airmen were not protected by the Geneva principles, they could be tried and executed by the local authorities for common crimes such as murder."

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## ***Terrorists attack Israeli tourist bus in Egypt***

Terrorists attacked a tour bus carrying 30 Israelis outside of Cairo on Feb. 4, killing at least 8 persons and wounding 17 others. Responsibility for the attack was claimed by the Organization for the Defense of the Oppressed in Egyptian Prisons, a previously unknown group, and Islamic Jihad.

Israeli Prime Minister Yitzhak Shamir said that Middle East peace efforts must continue despite the slaughter, but Trade and Industry Minister Ariel Sharon pounced on the episode to justify his opposition to proposed peace talks with Palestinians in Cairo. "Egypt itself is creating an atmosphere of incitement and hatred against Israel," he said.

Shamir told the Israeli parliament that he was encouraged by a personal telephone call from Egyptian President Hosni Mubarak, expressing shock and regret at the attack, but stressed that Cairo must take responsibility for the security of Israelis visiting Egypt, reported Reuters. Vice Premier Shimon Peres appealed for peace talks with Palestinians to go ahead despite the attack. Defense Minister Yitzhak Rabin said the attack was also aimed at Egypt and its efforts to promote dialogue.

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## ***Chauvinist editor invokes soul of 'Mother Russia'***

"The empire has lost its great spirit, for it is in a crisis. But the soul of the nation is alive, maintained by Mother Russia; only Russia



is eternal." With these remarks, Stanislav Kunyayev, the director of the Russian chauvinist monthly *Nash Sovremennik*, began his interview with the Italian daily *La Repubblica* published Jan. 27.

"We are not nationalist, because nationalism is only for small nations," he said. "We are patriotic, because patriotism has founded the great Russian state. Many peoples joined the empire of the czar to guarantee their existence. Russia was protection, not aggression. This policy allowed Russia to survive for thousands of years, while all the empires of the West, from Charlemagne to the Reich, have collapsed thousands of times. What is sacred is our spirit that is stronger than blood. A spirit capable of unifying and winning like Christianity; indeed, Russia speaks like Christ: Come to me and share my spirit."

"Russia should first take care of herself and then of the others," he said. "It was very enlightening when the mothers of the reservists called for the Caucasus crisis rebelled and protested. The spirit of survival is reemerging, together with a new Russian, natural, and healthy egoism." Kunyayev praised the anti-Semitic Pamyat group as "a somewhat uncultured but very patriotic group which can become very useful."

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### ***China to deploy more troops on Soviet border***

The Chinese Communist Party has drawn up a secret plan and will begin to deploy an additional 18 divisions of troops along the Sino-Soviet border this spring, the publication *Cheng Ming* wrote in its Feb. 1 issue. The move reflects growing concern in Beijing over the political upheaval in the U.S.S.R. and Eastern Europe, and the possibility of a renewed insurrection in China.

According to the publication: "Information from a military source, which can be rather shocking but not yet proved, says that the CPC has already formulated a plan in secret to deploy forces in terms of 18 divisions along the Sino-Soviet border beginning this spring. A strategic staff group consisting of leading members of the General

Staff Headquarters, the General Logistics Department, and other important departments arrived in secret at an important section on the Sino-Soviet border."

The CPC top leadership has also decided to downgrade the party's relations with its Soviet counterpart, according to the article.

The CPC has also issued several documents dealing with the Soviet bloc crisis: 1) an analysis of the drastic changes in Eastern Europe and the Romanian case; 2) statements that Gorbachov is responsible for the changes in Eastern Europe; 3) the five principles guiding international relations still must be observed as a basis when dealing with Eastern European countries; 4) Eastern European Communist parties are different from the CPC in terms of the way by which they seized power, and therefore the Romanian case and the June 4 Tiananmen Square "incident" cannot be mentioned in the same breath; 5) the CPC insists that the way of handling the June 4 "incident" was correct; 6) if turmoil breaks out again in China, it must be quelled ruthlessly without delay; 7) it is necessary to implement a domestic policy with a view to maintaining stability, including keeping prices under strict control.

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### ***Panamanians demand reparations from U.S.***

Residents of Chorrillo, the poor and mostly black neighborhood of Panama City that was bombed out by the U.S. invading forces, have organized themselves into an association to press for reparations from the U.S. government.

According to *La Estrella de Panamá* of Jan. 31, the head of the association said that, contrary to propaganda put out by the U.S. government, it was the Americans, not the pro-Noriega Dignity Battalions, who destroyed Chorrillo.

The Endara puppet government has turned a deaf ear to their demands for assistance, they say. When they requested that whatever personal property was salvaged be returned to them, they were told to "read the newspapers in six months" to find out where to pick up their property.

## ***Briefly***

● **NATAN SHCHARANSKY**, the Soviet dissident now living in Israel, said Feb. 2 that the biggest exodus of Jews from the Soviet Union, in 500 years is now in process. He said 2,000 Soviet Jews were leaving each day, and that 1 million flights out of the U.S.S.R. have been booked between now and March 1991. He said this was in response not only to the threat from Pamyat, but also because of a broader threat from people who are disillusioned by Gorbachov and are seeking a scapegoat in the Jews.

● **THE PAPAL NUNCIO** in Panama, Juan Sebastian Laboa, charged on Feb. 5 that "we have exchanged one dictatorship for another." He was referring to detention orders against more than 100 officials of the Noriega government. If in Spain, he said, we had started persecuting Franco's military followers after the death of Franco, "there would still be a civil war going on in Spain today."

● **THE RUSSIANS** will activate Baader-Meinhof-style "neo-Nazi" terrorists in East Germany, to carry out attacks on Soviet military installations, in a manner similar to the attacks by the Baader-Meinhof gang against U.S. military installations in the early 1970s, senior military sources in Europe are warning. This is to be done in the period leading up to the March 18 elections in East Germany.

● **CZECHOSLOVAK** President Vaclav Havel told U.S. Secretary of State James Baker Feb. 6 that he wants to get Soviet troops out of his country quickly and reduce the size of the Czechoslovak armed forces.

● **RAFAEL CALDERON**, the victor in the Feb. 6 Costa Rican presidential elections, is the former executive director of the Association for the Defense of Democracy and Freedom, an organization which has been financed by the U.S. Republican branch of "Project Democracy."

## Scandals show Bush 'consensus' wearing thin

by Kathleen Klenetsky

Monday, Feb. 4, may go down in history as the day on which George Bush's political downfall was sealed. On that day, Congressman Frank Annunzio, a Democrat from Illinois, sent a letter to CIA director William Webster asking him to appear before a House Banking subcommittee to answer questions about "serious and troubling allegations" concerning CIA involvement in the S&L mess.

Annunzio was referring to a series of articles appearing in the *Houston Post* early in February, which charged that the CIA had contributed to the bankruptcy of at least 22 thrift institutions, 16 of them in George Bush's home state of Texas, by illegally siphoning money from them to finance various covert operations, including the Nicaraguan Contras, that were frowned upon by Congress.

Whether Annunzio's inquiry turns into a serious investigation of these charges remains to be seen. Yet, the decision by the *Post*—which has editorially backed Bush to the hilt in the past—to publish these damaging stories, is yet another omen that the bipartisan Establishment consensus behind our Commander-in-Chief is coming unglued. Bush's sky-high standings in the popularity polls are as meaningless a measure of reality as the stock market, and can in no way protect him from the increasingly devastating effects of his miserably incompetent economic and strategic policies.

Even the incredibly brutal blackmailing and armtwisting which the Bush network has relied upon is losing effectiveness, as the realization dawns that the President's power base is shrinking, and the "fear factor" along with it.

The *Post* painted a sordid picture of CIA alliances with organized crime figures and with known "moneybags" for agency operations, and reported that the CIA has been trying to suppress criminal investigations that might have uncovered agency dealings with thrifts.

One case cited by the *Post* involved Houston developer Robert L. Corson, currently under investigation by the U.S. Attorney's office in Houston. In 1986, Corson purchased one of the thrifts that later went bust, Vision Banc Savings of Kingsville, Texas, which had assets of \$70 million at the time of Corson's purchase. Four months later, the thrift was insolvent, because of \$20 million in loans that were made to help finance a Florida land deal. According to *Post* author Pete Brewton, Corson is identified in federal law enforcement records as a "known money launderer" who had frequently acted as "a mule" for the agency, meaning that he would carry large sums of cash from country to country.

One of the people who helped to arrange the Florida land transaction was Miami lawyer Lawrence Freeman, a convicted money launderer with ties to CIA agents and organized crime figures. Hill Financial Savings in Red Hill, Pennsylvania put up \$80 million for the deal, and, according to Brewton, also was among the 22 failed thrifts he found linked to the CIA and organized crime.

The *Post* further charged that the CIA has been deliberately trying to keep the lid on investigations that might uncover its links to S&L fraud. Lloyd Monroe, a former prosecutor with the Justice Department's organized crime strike force, told the newspaper that federal agencies responsible for investigating S&L fraud are "being precluded from investigating wrongdoing that is possibly being conducted in the name of national security." Monroe reported that he is convinced that the CIA either masterminded or condoned a certain amount of S&L fraud.

The *Houston Post* revelations are not exactly new—although they have not seen print before. According to a spokesman for the U.S. League for Savings Institutions, "whispers about CIA connections" to failed S&Ls "have been

around for about six months.” Moreover, one of the numerous sources which Brewton used for his exposé is Richard Brenneke, a former CIA contract agent who has testified in federal court that the CIA had set up a systematic program to raise money for the Contras by, among other schemes, looting S&Ls. Brenneke also claims that he was in Paris in October 1980 along with William Casey and top Bush aide Donald Gregg, when they met with Iranian officials to bribe them into holding on to the U.S. hostages until after the presidential elections, so that Jimmy Carter would be deprived of a political boost that might have won him reelection. Reportedly, George Bush, then Ronald Reagan’s vice-presidential running mate, also participated in this meeting.

The *Post*’s charges by themselves could prove embarrassing enough to George Bush, the former CIA director who played an absolutely crucial role in the Iran-Contra travesty. But it also turns out that one of the 22 failed thrifts identified by the *Post* is Silverado, the Denver-based S&L on whose board sat George Bush’s son Neil, during the period when it went bankrupt.

Bush has not yet addressed the *Post*’s allegations. But there is no doubt that he sees them as potentially dangerous to his political future, especially if they are used by his foes to revive the Irangate affair as a weapon against him—an area in which the President is extraordinarily vulnerable.

In one measure of the Bush circle’s alarm, CIA public affairs chief James Greenleaf wrote a letter to the *Post* one day after the first article appeared, vehemently denying any link between the CIA and the thrifts, and also taking the unprecedented step of denying that Brenneke had ever worked for the CIA.

### Trap set for Bushmen

Informed sources tell *EIR* that the Annunzio “invitation” to Webster is a trap: If Webster were to refuse to come before Annunzio’s subcommittee, on the grounds that national security would be compromised by any discussion of the *Post*’s charges, he will be in effect confirming those charges. If, however, he denies the allegations, this will mean that the administration can no longer invoke national security as pretext to prevent Congress or others from pursuing a thorough investigation.

The *Post*’s charges could also crop up in another forum: The Banking Committee as a whole, under chairman Henry B. Gonzalez (D-Tex.), has been holding a series of hearings on the S&L situation, and Gonzalez has said several times over the past months that he wants to take a particularly close look at Neil Bush’s Silverado. Although Gonzalez has refused to comment publicly on the *Post* stories, he’s supposed to have given the Annunzio hearings his hearty endorsement.

In the past few weeks, there has been a noticeable increase in the tempo of attacks against Bush’s policies, including those nearest and dearest to his heart. The *New York*

*Times* dropped a bombshell on the President Feb. 6, when it published a front-page article detailing the extensive ties to narcotics-trafficking and drug-money laundering which the key figures in the Bush-installed Endara government of Panama have maintained (story, p. 42).

That kind of news—which only *EIR*, in midst of the President’s lawless raid, had dared to print—shows Bush’s justification for invading Panama, i.e., to depose “drug dealer” Manuel Noriega, as well as his vaunted war on drugs in general, to be total shams.

### Immoral foreign policies

Bush’s shameful policy on Communist China continues to draw fire. When Deputy Secretary of State Lawrence Eagleburger testified in defense of Bush’s obeisance to Beijing before the Senate Foreign Relations Committee Feb. 7, Republicans, as well as Democrats, scored the administration’s kowtowing, charging that Bush’s attitude toward the Tiananmen massacre could set a precedent for a Soviet crackdown against the Baltic states.

Sen. Jesse Helms (R-N.C.) compared the administration’s defense of Beijing to Neville Chamberlain’s appeasement of Hitler. “There are many evil regimes in the world today, but none deserves more to be overthrown by its people than the one in Beijing,” he said.

And while the Democratic leadership has backed off from Sen. Daniel Patrick Moynihan’s proposal on Social Security, which would have had the effect of increasing the deficit on the books by about \$55 billion, Bush is finding it impossible to paper over the reality that the U.S. is in a deep economic depression. Too many industries are laying off too many workers, too many banks are hitting the skids, and too many people are losing their homes, for Bush to carry on the illusion that all is rosy with the economy. And things are only going to get worse, since Bush has shown no inclination to change course.

The combination of economic collapse and Bush’s increasingly palpable moral and political bankruptcy is creating the conditions for a popular revolt against the President. This is true among many stalwart Republicans, especially at the local and regional level, to whom Bush is fast becoming an object of revulsion. Even Bush’s great claim to fame—his “progress” on arms control, and cuts in the defense budget—is causing a backlash among what supposedly is his base of support.

As one lifelong Republican activist from Georgia, who, until recently, was also a staunch Bush backer, burst out to an *EIR* correspondent: “Bush is a disgrace to every Republican. He’s a liar, a traitor. What does he think the Russians are going to do if he takes all the troops out of Europe? I never thought I would say anything critical of a Republican President, but I thought George Bush selling out the Chinese students was one of the most horrible things a President has ever done.”

# Why Bush's Iran-Contra gang want Michael Billington jailed for life

by Herbert Quinde

A key to unraveling the complex financial web which handled tens of millions of dollars in the failed Iran-Contra operation overseen by George Bush, lies with Michael Billington, an associate of Lyndon LaRouche, who is currently in "The Hole" at the federal penitentiary in Danbury, Conn. Were the Office of Independent Counsel or congressional investigators seriously interested in determining what happened to the money juggled by "Project Democracy" and its final disposition, they would spend some time opening up Billington's case, and visiting a certain bank in the southern part of the Nutmeg State.

On Dec. 1, 1989, Billington, one of the top fundraisers for the political movement associated with LaRouche, was sentenced to 77 years in prison by a Virginia circuit court, for \$76,000 of supposed "securities fraud." This was the second time he was tried for the same crime, the first time being the LaRouche "Railroad" case in Alexandria, Virginia federal court one year ago.

While LaRouche and Billington continue to serve what amounts to life sentences, the Irangate defendants are getting off with far less than a slap on the wrist. After all the furor that dominated the headlines, after all the pomposity in Congress and the endless search for the still unaccounted-for tens of millions of dollars, *not a single Irangate defendant has gone to jail*. Recently, when Iranian businessman Albert Hakim was sentenced, Judge Gerhard Gesell said that he would go easy on Col. North's financial wizard—because Hakim and his arms-dealing business had "suffered enough." Hakim was fined \$5,000 and sentenced to two years probation.

Gen. Richard Secord, who many say ripped off millions from the Iran-Contra till, was sentenced to only two years probation. Carl R. "Spitz" Channell, the homosexual Republican Party fundraiser who pleaded guilty to using his non-profit front group to raise millions of dollars to arm the Contras, was likewise sentenced to only two years probation and was fined \$50—yes, fifty dollars. Channell's co-conspirator Richard Miller, the Washington public relations specialist, was sentenced to two years' probation for conspiracy to defraud the government of taxes. LaRouche, on the other hand, was given 65 years, primarily for "conspiracy to avoid paying taxes." Robert C. McFarlane was sentenced to two years

probation and 200 hours of community service, and was fined \$20,000. Finally, Oliver North was sentenced in July, 1989 to \$150,000 fine, two years probation and 1,200 hours of community service which he has worked off between speaking engagements at \$25,000 a pop.

## Billington wrecked Channell's funding scam

Is the silencing of Michael Billington with an unprecedented 77-year sentence part of the cover-up of George Bush's personal role in the Iran-Contra fiasco? Some aficionados of the affair believe that if Billington were allowed to present the full evidence of why he, LaRouche, and associates were judicially railroaded, it would expose the role of Bush's Commerce Secretary Robert Mosbacher, his older brother Emil Mosbacher, and Bush's brother Prescott Bush in the covert financial machinations of the still-unresolved scandal. In both trials, prosecutors and corrupted defense lawyers blocked Billington from presenting the evidence.

Emil Mosbacher is a member of the board of directors of a little-known bank, the Putnam Trust, located in Greenwich, Connecticut. The bank manages the accounts of Barbara Newington, a substantial financial contributor during 1985-86 to political organizations associated with LaRouche. In 1987, as the Irangate scandal mushroomed, Mrs. Newington made headlines when it was revealed that she was also the single largest contributor to Ollie North's top fundraiser "Spitz" Channell. She came under scrutiny of the Irangate independent counsel, the Congress and the media. The national wire services and the *Newark Star Ledger* among others soon discovered the "Newington-LaRouche angle." Most of Mrs. Newington's contributions to entities associated with LaRouche were obtained by Billington.

According to numerous sources, possibly unbeknownst to Mrs. Newington, her accounts may have been used as a "passthrough" to fund Col. North's National Security Council (NSC) operations. As a result of the conviction of "Spitz" Channell, it was established that Mrs. Newington gave Col. North's operation, at least \$2 million. Channell was the first person convicted after the scandal broke.

Besides contributing \$2 million of her own money, were Mrs. Newington's accounts used to launder other funds in the NSC's scheme? Recent revelations charging that the CIA

bilked millions of dollars from savings and loan institutions throughout the country have added new interest to the Newington story. Mrs. Newington's accounts officer at Putnam Trust reportedly engaged in transactions with offshore banks in the Caribbean. Project Democracy also maintained accounts there that moved funds to Swiss bank accounts used by the NSC's dummy corporations.

Some sources speculate that when Col. North and other pro-Contra operatives working for the White House discovered that Mrs. Newington was expressing her support for some of LaRouche's policy proposals, such as the Strategic Defense Initiative and the War on Drugs, in dollar terms, the NSC declared the equivalent of a "national security alert." Was Mrs. Newington put under pressure by Col. North's homosexual friends to stop responding to Billington's solicitations for political support? Did NSC and its interagency operative in the Department of Justice, FBI, and CIA engage in what LaRouche defense attorneys have termed "financial warfare"? Seeking the answer to such questions would have the President, his campaign finance chairman Robert Mosbacher, and both their brothers answering questions the administration hopes have been long forgotten.

In Mrs. Newington's deposition to congressional investigators, she said that Channell had her telephone checked for wiretaps. Was the NSC itself wiretapping Mrs. Newington's telephone? Are there recordings of Billington-Newington conversations? Periodicals which published LaRouche's writings and were purchased by Mrs. Newington from Billington were unequivocal in condemning both the not-so-secret sale of weapons to Ayatollah Khomeini's Iran and the arming of the Contras. Reportedly, Billington's political conversations with Mrs. Newington also criticized the Contra policy as only serving the strategic interests of Soviet Union.

Mrs. Newington was made to feel not only very important, but titillated with the perception that she was a "co-conspirator" in a national security operation which the President of the United States considered his top priority. She had two private meetings with President Reagan, and was fawned over by Col. North, "Spitz" Channell, and his coterie of NSC-security-cleared homosexual fundraisers. In early May 1986, Col. North, with wife and children, accompanied by Channell and another NSC-linked "fundraiser," spent the weekend at Mrs. Newington's Connecticut estate.

### **Newington's banker part of Bush 'family'**

Sources speculate that Mrs. Newington's utility was not just her money and dedicated patriotism, which Col. North's "fundraisers" cynically exploited, but that her accounts resided at a bank on whose board sat an "interested party." The "interested party" at Putnam Trust was Emil Mosbacher. The Putnam Trust's Annual Report for 1985, the same year Channell first made contact with Mrs. Newington, lists the former government official on its board of directors. Emil is the brother of Robert Mosbacher, President Bush's Com-

merce Secretary. A neighbor to Prescott Bush, the President's brother, Emil is a Bush League "insider" with a long history in business, intelligence, diplomacy, and especially Republican Party finances. He was Nixon's White House chief of protocol. He also is a member of the Board of the Hoover Institute, a conservative think-tank which was influential during the Reagan administration. The head of the Hoover Institute during the 1980s was W. Glen Campbell, a rightwing social democrat (now known as "neo-conservatives") who was also chairman of the President's Intelligence Oversight Board (IOB). The congressional investigation of the Irangate affair established that it was the IOB which advised Col. North that he was not breaking any laws when he was purchasing weapons from communist governments to arm the Contras.

American politics only works with lots of money, and American covert intelligence operations are no exception. Since the mid-1970s, Congress has had a short leash on covert operations funds, which by the early 1980s led to the creation of a quasi-governmental structure in the private sector which could do what the "official CIA" was prohibited from doing.

According to political observers, the constituent parts of this operation, which became dubbed the "Bush League," included the Bush Campaign National Finance Committee, headed by Robert Mosbacher, the Republican Party Finance Committee for which the Commerce Secretary has served as co-chair and the political front groups that incorporate "Project Democracy." The political front groups were dubbed "quangos"—in intelligence community parlance, a quasi-autonomous, non-governmental organization. For example, until he joined Bush's Cabinet, Robert Mosbacher was on the board of directors of the Center for Strategic and International Studies (CSIS) and has been one of its financial angels. CSIS is also the home of the key 1980 Reagan-Bush campaign committee operatives who ensured that incumbent President Carter could not spring an pre-election "October surprise" by getting the hostages released from Iran. Also members of CSIS were the key movers of the "Get LaRouche" task force, who also served on the President's Foreign Intelligence Advisory Board (PFIAB), such as Henry Kissinger, Ambassador David Abshire, and Democratic Party Establishment lawyer Edward Bennett Williams.

Prescott Bush, who served as a top fundraiser for his brother's campaign, is also on the board of directors of another "quango," the National Strategy Information Center (NSIC) which was created by the now-deceased CIA director William Casey. The NSIC, in part, sponsored the career of Roy Godson, another Project Democracy operative. Congressional investigators confirmed that Godson played a role in illegally funneling money to the Contras via the Heritage Foundation and an NSC-front foundation in the Caribbean. The Godson story is exemplary of how the extended "private" network of the Bush League operates.

# Bush policy leading to war, says LaRouche

*In statements issued Feb. 4-5, statesman Lyndon LaRouche warned that George Bush's economic policies are leading to war. Excerpts follow.*

"George Bush so far has done nothing—nor has Ronald Reagan, except for the Strategic Defense Initiative proposal—to save the U.S. economy. All during these years, year after year, six-month period after six-month period, the U.S. economy has been collapsing. That is to say, basic economic infrastructure has been collapsing, agriculture has been collapsing, the number of farms has been collapsing, the number of acres of land in cultivation has been collapsing, the size of livestock herds has been collapsing, the amount of food produced per capita has been collapsing, manufacturing has been collapsing, exports have been collapsing, and the only thing that has helped the balance of trade is that imports have been collapsing, because we can no longer afford to buy imports, as we did years ago. This has been true under George Bush; in fact, the rate of collapse of the U.S. economy has been accelerating under George Bush, consistently, virtually every month, every quarter.

"Forget the money figures, forget the GNP, the so-called paper values; the fact is, the economy physically has been consistently collapsing over this period.

"The per capita indices of potential existence is another way of putting it: Potential population density, and productivity have been collapsing. They're collapsing in a different way, but to worse effect, in the Soviet empire . . . [and] in the Communist Chinese domain.

"Unless these collapses are reversed, there will be a physical disaster for entire nations. We're approaching the point that we can no longer sustain, effectively, half of the present population of the United States if this process continues a few more years.

## **Economic collapse will mean war**

"We are now at a point that, unless the railroad program, the Triangle Program, which we have specified for Central Europe, is implemented, we will have an international disaster. We might even have a new world war, erupting in the next couple of years, as a result of a failure to implement the Railroad Triangle program.

"There is no possible basis for anyone to oppose the efficient implementation of this program. And thus are sane men separated from fools.

"We are presently headed for World War III, that is, presuming that there is no effort to correct the effects of the condominium. If George Bush continues his present policy, we are headed for World War III in the short run. Not 100 years of peace, not 20 years of peace. We might have two years of non-war. That's the best we can have.

"We're headed for war. And we're not prepared for war. If you're not prepared for war, you're not prepared for war avoidance. And there's only one war we can have, apart from idiots' wars like that disgusting episode in Panama, and that's a war with the Soviet empire.

"It is precisely the U.S. buildup of a credible deterrent again which will cause the Soviet leaders to hesitate to launch war. This will work, provided we are able to provide the Soviets alternative solutions to their internal economic crisis, the kind of solutions which George Bush at present abhors.

"Developing the force capabilities for dealing with this Soviet war potential, is the only basis for war avoidance. Anything else is faulty."

LaRouche warned that "George Bush and his crew are in such a fit to defend both the special relationship to Soviet dictator Gorbachov, and to the ruinous and collapsing economic policies of the Reagan-Bush and Bush administrations, that they refuse to face any realities which might tend to show that Bush's present policies are unworkable or doomed.

"So those who say George Bush will 'continue' to stave off collapse are obviously some kind of idiots. George Bush has never staved off anything; he has accelerated the rate of collapse. It is inevitable, that one of two things must happen, unless George is to change his policies. If George continues his present commitment to ecological policies, like his so-called ecology minister William Reilly, if he continues to support International Monetary Fund conditionalities, continues to support deregulation, etc., then we can guarantee that either, very soon, there will be a collapse of about \$20 trillion of U.S. indebtedness, public and private, to maybe 20-25¢ on the dollar. That means wiping out real estate markets, wiping out banks, wiping out a lot of other things.

"Or, George might seek to avoid that by lowering interest rates and turning up the money machine, and giving us the kind of inflation experienced in Central and South America, which is another kind of collapse.

"So either way, if George continues his present policies, the U.S. economy is going to go through the worst collapse of the 20th century, with disastrous and murderous effects, quite literally. We're headed toward war, not peace, and we're headed into the greatest and deepest depression of the 20th century, as long as George Bush continues those policies for which he and his administration oppose me, the danger of war will increase, and the deepest depression of the 20th century will become a certainty."

# Dope bank cops plea; Bush off the hook

by Joseph Brewda

The Luxembourg-based Bank of Commerce and Credit International (BCCI), which was to have gone on trial in the middle of January in a Tampa, Florida federal court on charges of laundering over \$32 million in drug money, agreed to a last-minute plea bargain on Jan. 16. The trial, which might have brought to light President George Bush's connection to the cocaine trade, is now off. On Feb. 4, U.S. District Judge William Hodges sealed the administration deal, by slapping the bank on the wrist with a \$15 million fine. He could have doubled the fine, if he had chosen to do so. If the government pressed ahead with a trial, and if the bank was convicted, all of its estimated \$20 billion in assets could have been seized. No bank officer will now go to jail, and no one will talk about the role BCCI played in Bush's Iran-Contra operations.

Although Panama's Gen. Manuel Noriega was not mentioned in the BCCI indictment, handed down in Tampa in October 1988, U.S. prosecutors had been running around saying that the BCCI trial would highlight Noriega's supposed drug dealings with the bank. However, in a recent court filing, BCCI's lawyers threatened that, if prosecutors brought Noriega's activities into the case, they would request government documents to "demonstrate that much of the money in the accounts in question came from United States government agencies, not drug transactions."

In next to no time, federal prosecutors saw the light, and agreed to the slap-on-the-wrist deal. What did BCCI attorneys mean to imply with their threat?

## Ollie North's bank

The BCCI was established in 1972 in cooperation with the Bank of America and some of the cronies of the late Pakistani President Gen. Zia ul-Haq. From the beginning, BCCI was a dope money-laundering bank. But, for the same reasons, BCCI was also closely tied to several intelligence agencies, including the Central Intelligence Agency, which George Bush used to direct. With such connections, BCCI grew explosively, expanding its \$2.5 million in assets upon its founding, to at least \$4 billion eight years later. BCCI's top investors included such figures as Sheikh Kamal Adham,

formerly the director of Saudi Arabia's intelligence services, and some of the shadiest characters operating out of the Persian Gulf.

These are among the reasons why Adnan Khashoggi, the CIA-linked wheeler-dealer deployed to work with the ayatollahs in Iran, used the BCCI to launder the seed-money for the Reagan-Bush administration's sale of arms to Khomeini, beginning in the 1985 period. Documents showing BCCI's role are now a matter of public record, and are even appended to the Senate Iran-Contra hearing testimony. While no senator had the courage to follow up these BCCI leads at the time, times have changed. The upcoming trial of Adnan Khashoggi is just one of Bush's concerns, on this count.

Being a dope and intelligence front, BCCI was, not surprisingly, the first foreign bank to set up shop in Beijing, shortly after Henry Kissinger, George Bush, and others began to play the "China card." China is the world's biggest opium producer—a fact President Bush has always forgotten to mention in motivating his "war on drugs." China also was one of the key arms suppliers to Iran during the Iran-Contra deals, under U.S. sponsorship. It maintains the same connection today.

## And a Democratic connection

Within the United States, BCCI has been closely associated with the Democratic Party side of the international narcotics cartel. One front-man for BCCI has been Georgia banker Bert Lance, a crony of Jimmy Carter. Another has been Clark Clifford, a prominent adviser to every Democratic President since Harry Truman, and like Bush, no stranger to the intelligence world. Yet another has been Armand Hammer, the Soviet-linked businessman who has remained close to the leadership of both the Democratic and Republican parties. In 1983, BCCI took over the Democratic Party-linked Financial General Bank Shares as its first U.S. arm—a bank reported to have been a U.S. intelligence proprietary run by Gen. George Olmstead. It was this Carter administration group which put Ayatollah Khomeini into power in the first place. This Carter connection to the dope bank has remained unbroken to the present day. Following the plea bargain, Carter assured reporters that he would continue to accept BCCI funds for his Global 2000 program, which is based at his Carter Presidential center in Atlanta, Georgia. Without BCCI funds, "we would have to cancel all our projects in Africa and Asia," he complained.

BCCI was busted just a few days before the 1988 presidential elections—some say to try to block narco-funds from flowing into the Dukakis presidential campaign. Feeling forced at least to do something, against at least one bank, in its so-called "war on drugs," the Reagan-Bush administration naturally preferred hitting one tied more closely to Democrats than Republicans. Now, at the same time Bush was spending millions of dollars to kidnap Noriega supposedly for "drug-running," even that one bank has been let off.

# Virginia Dems ready to commit suicide?

by Ronald Kokinda

Nancy Spannaus, a LaRouche Democrat and the only declared candidate for the Democratic nomination against Virginia U.S. Sen. John Warner (R), charged Jan. 29 that actions taken by the state Democratic Party to block her candidacy pose a grave threat to the civil rights of all her fellow party members. The Democratic Party of Virginia, which recently won two statewide campaigns sloganeering on “a woman’s right to choose,” is denying Spannaus’s right to run for their Senate nomination solely because she is a LaRouche Democrat. The party, under the leadership of Paul Goldman, campaign manager for Gov. Doug Wilder, the first elected black governor in the U.S., is proposing to avoid nominating Spannaus by 1) having a committee appoint a candidate, forgoing a primary or a convention, or 2) running no one at all. The party’s Central Committee is expected to approve a course of action on Feb. 10.

Such an abdication of leadership by deciding to run a token candidate or none at all while ignoring Spannaus, in the face of an ongoing economic depression, will be political suicide. In 1986, the Illinois Democratic Party committed suicide when Adlai Stevenson, the gubernatorial nominee, refused to campaign with LaRouche Democrats on the statewide ticket, bolted the party, and suffered a humiliating loss. The smell of an inter-party backroom deal is in the air as Goldman has been telling the press that the party will run no one, while Warner has been quoted as accepting his unopposed status “with humility.”

Spannaus demanded that she address the Democratic Committee. “At present, it appears that the Democratic Committee is planning to adopt the anti-democratic procedure of ignoring my year-long candidacy, and simply declaring ‘no contest’ to the reelection bid of Senator Warner,” Spannaus said. “If the party does this, it will be moving against its traditional constituencies in labor, farming, and the civil rights layer—in order to mimic the rhetoric and style of George Bush,” thus turning the Democratic Party “into the same kind of isolated country-club group that characterizes the Republicans. Such an immoral abandonment of its base will kill the Democratic Party sooner or later.”

## Yes, Virginia, there is a Bill of Rights

This outrageous denial of civil rights prompted Amelia Boynton Robinson—who, in the vanguard of the 1965 Selma March across the Edmund Pettus Bridge, suffered gassing

and beating by the Alabama state troopers, which treatment fired the determination of millions in this nation to join the fight for justice led by Dr. Martin Luther King—to issue an open letter to the Virginia Democratic Party. Mrs. Robinson said that all the struggles for civil rights, all the suffering “will be for naught,” if Spannaus’s candidacy is denied.

“How is this blackout any different than the old poll tax?” she asked. “We fought for decades to get the right to vote for all Americans. What good is the right to vote, if qualified candidates are kept off the ballot, because somebody in power doesn’t like them?”

“Southern bigots made it impossible for black people to vote—just because they are black—by designing impossible voting regulations. The Democratic Party in the Commonwealth of Virginia is now preparing to go one step further: to make it impossible to vote for a candidate associated with Lyndon LaRouche—just because he is Lyndon LaRouche—by eliminating the election altogether!”

Mrs. Robinson reminded Democrats that it was LaRouche who led the fight for a real War on Drugs, who first identified AIDS as the genocidal killer of black and brown people, and “who has inherited the mantle of Dr. Martin Luther King, Jr. [in] leading the fight for human rights through economic development around the world. . . .

“If the Democratic Party acts to prevent their candidacies, they will have set a *most dangerous precedent* for the state and nation as a whole, that can be used against any ‘undesirable’ candidate in the future,” she wrote.

Spannaus said that a non-serious challenge to Warner “would be insane. As a Bush Republican, Warner is going along with the policies bringing us deeper and deeper into economic depression. He’s supporting plant shutdowns and defense shutdowns. He is so immoral that he voted against the Chinese students.”

Spannaus said she had “the only program to turn around the depression collapse. Thousands of Virginians are suffering, and will suffer more, because of austerity policies. I’m with LaRouche because he is the one statesman with the domestic and international program to reverse the depression, and start a real economic recovery. . . . Does the Democratic Party deny that we are in a depression? Has it bought the Bush administration propaganda? Is it so out of touch with farmers, workers, and inner-city residents that it thinks we are in a recovery?”

“In summary, the measures which I would introduce in the Senate would be aimed at fostering rapid scientific and technological progress, and stimulating growth in the physical economy. Over a matter of a few years, these measures will bring in the tax revenues that will reduce the federal deficit, whereas budget-cutting measures will simply accelerate the collapse. The last time that such measures were undertaken in Washington was during the presidency of John F. Kennedy. . . . If I were the Democratic nominee, I could win the election.”



# The Thornburgh Doctrine, spiritual heir of Brezhnev and Ceausescu

by Edwin Vieira, Jr.

Within the last few months, a new theory of international law—or, perhaps more accurately put, international lawlessness—has emerged from the fertile minds of Attorney General Richard Thornburgh of the United States Department of Justice and Director of Central Intelligence William Webster of the Central Intelligence Agency. According to this “Thornburgh Doctrine,” the United States enjoys an *exclusive* privilege and power, within its spheres of influence throughout the world,

- to *assassinate* leaders of foreign countries in the course of instigating or aiding coups d'états in those countries;
- to *kidnap* alleged fugitives from United States justice from foreign countries, without the permission of the governments of those countries;
- to *invade* with United States military forces any country in which such fugitives may be found; and
- to *offer immense bounties*—not unlike the reward the late Ayatollah Khomeini promised for Salman Rushdie—for the apprehension of such fugitives (apparently, *alive or dead*).<sup>1</sup>

The world has just witnessed the first major implementation of the Thornburgh Doctrine in the recent invasion of Panama, the installation of a new regime subservient to the Bush administration, and the seizure of Gen. Manuel Noriega for trial in the United States on charges of criminally trafficking in narcotics. The ultimate significance—and danger—of the Thornburgh Doctrine, however, lies behind these spectacular media-events in the less-well-known but equally perverse jurisprudential philosophy of Thornburgh and other members of the Bush administration responsible for what has happened, and what surely will happen hereafter, to the standing of the United States in the community of civilized nations.

The MacNeil/Lehrer Newshour of New Year's Day cast a revealing light on this philosophy, in the following interview of Frank Gaffney, former Acting Assistant Secretary of Defense for International Security Policy during the Reagan

administration:

**Mr. MacNeil:** . . . if the Vatican has offered [General Noriega] safe conduct to a third country, does the United States have a right to grab him?

**Mr. Gaffney:** I think you get into some sticky norms of diplomatic procedure here.

**Mr. MacNeil:** Or legality here.

**Mr. Gaffney:** Well, the international legal question seems to me much less important than is the right outcome. . . . I think there is no other third country . . . that has either agreed to take him and that has assured that he will be subjected to the proper judicial proceedings for the crimes he has committed other than the United States, so what we are talking about is trying to ensure, international law aside, if necessary, that justice is served. . . .<sup>2</sup>

Three vicious principles stand out quite plainly in this candid statement of the philosophical essence of the Thornburgh Doctrine—namely,

- 1) that “justice [may be] served” precisely by putting “international law aside, if necessary”;
- 2) that “the right outcome” is more important than “the international legal question”; and
- 3) that “the right outcome” requires subordination of everything else to the domestic laws and “proper judicial proceedings” of the United States. Overall, these principles expose the Thornburgh Doctrine as a restatement of the age-old formula for oppression: “Might makes right.”

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## I

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In the international arena, the Thornburgh Doctrine is thus an admission that the United States has become, and intends to remain, an *outlaw nation*, lawlessly roving throughout the world committing acts of violence and outrage

to obtain what it considers “the right outcome.”<sup>3</sup>

This is no “simplistic” or “extremist” conclusion, either. International law, “the law of nations,” is

of three kinds. . . . The first is universal, or established by the general consent of mankind, and binds all nations. The second is founded on express consent, and is not universal, and only binds those nations that have assented to it. The third is founded on tacit consent; and is only obligatory on those nations [which] have adopted it.<sup>4</sup>

Self-evidently, the Thornburgh Doctrine has not received “the general consent of mankind,” so as to “bind all nations.” Neither has any nation given “express consent” to it. Nor is it reasonable to believe that any nation has given, or would ever voluntarily give, “tacit consent” to a doctrine that licenses one country, the United States, unilaterally and arbitrarily to impose its domestic laws on the citizens—and, indeed, leaders—of other countries by way of assassination, kidnapping, or seizure by military forces within the territory and in defiance of the laws of those countries. So, the Thornburgh Doctrine is plainly outside of the “law of nations” by definition.

It also contradicts that law in every important particular. *First*, by “sit[ting] in judgment on the acts of the government[s] of [other States] done within [their] own territories,” the Thornburgh Doctrine arrogantly claims to negate the principle that “every sovereign State is bound to respect the independence of every other sovereign State.”<sup>5</sup> Thus, it asserts that the United States is the only truly *sovereign* nation on earth, all other nations having been divested of their sovereignties to the extent that their citizens (or, worse yet, leaders) may be assassinated, kidnapped, or arrested in their own countries by armed agents of a hostile foreign power (the United States).<sup>6</sup>

*Second*, by proclaiming that the United States alone may prescribe rules for all other nations, impose those rules on dissenting states through military force, and otherwise divest such states of the rights to which the common consent of mankind entitles them, the Thornburgh Doctrine denies what international law extols as “the perfect equality of nations.”<sup>7</sup> It thus implicitly asserts that through “superior power” enforced by military might the United States “can create obligations for the world,” and enforce them, without “the concurrent sanction of [any or all other] nations”<sup>8</sup>—thus setting up the United States as the world’s supreme legislator, policeman, judge, and executioner, from the *diktats* and *ukases* of which no appeal is even theoretically possible.

*Third*, by pretending that the domestic laws of the United States operate within other nations, without those nations’ consent and in derogation and even overthrow of their own laws, the Thornburgh Doctrine nominates the United States as the supreme “judge in its own case” of where, when,



Attorney General Richard Thornburgh. “In the international arena, the Thornburgh Doctrine is an admission that the United States has become, and intends to remain, an outlaw nation, lawlessly roving throughout the world committing acts of violence and outrage to obtain what it considers “the right outcome.”

why, and for how long its laws will supervene the laws and extinguish the rights of the citizens of other countries. Thus, the Thornburgh Doctrine attempts to substitute for the traditional “comity of nations”<sup>9</sup> in a community of equals the cringing subservience of all other nations to whatever demands the United States threatens to enforce with stealth bombers.

*Fourth*, by preemptively declaring a unique right in the United States to launch military invasions into “foreign territory” against the will of [their] sovereign[s]” specifically to enforce laws of the United States that those sovereigns refuse to recognize as binding on their own citizens, the Thornburgh Doctrine attempts to immunize the United States from the general condemnation of international law that “an army marching into the dominions of another sovereign, may justly be considered as committing an act of hostility.”<sup>10</sup> Thus, the Thornburgh Doctrine licenses the United States to engage in aggression in general and legalistic imperialism in particular.

In sum, the Thornburgh Doctrine literally eviscerates the corpus of international law. It strips other nations of their rights to withhold consent to purported “laws” that the United States unilaterally claims are binding on them all. It negates their sovereignties. It denies their equality. And it reduces them to the servile status of satellites—quite as the Brezhnev Doctrine openly treated the Eastern European nations the Soviet Union held captive on essentially the same imperialistic theory of “limited sovereignty.” Hardly accidental, then, was Secretary of State James Baker’s recent willingness implicitly to resurrect the Brezhnev Doctrine as a pretext for a

Soviet invasion of Romania in ostensible support of the *anti-Ceausescu* rebellion. For the Thornburgh Doctrine is the Brezhnev Doctrine, in a new coat of verbal, *quasi*-legalistic whitewash.

As a mimic of the Brezhnev Doctrine, the Thornburgh Doctrine exposes, not only the anachronism, but also and especially the bankruptcy of the present foreign policy of the United States. For a time, the United States may oppose herself, by brute force, to the moral obligations of international law, even in the face of the general opprobrium and hostility of the civilized world. But neither she nor any nation can maintain such opposition, against such hostility, for very long. In the end, even the United States must recognize and accede to mankind's common standards of right conduct. In the interim, however, what irreplaceable moral capital will she squander?

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## II

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The Thornburgh Doctrine is not merely an aberration of willful moral blindness confined to the domain of *international* law, however. To the contrary: It represents simply the application in that domain of an attitude all-too-typical of the Department of Justice in the domestic field, too. Indeed, the perverse notion unabashedly expressed by former Reagan administration official Frank Gaffney that "the international legal question . . . is less important than is the right outcome" in a particular case should admonish us that the Thornburgh Doctrine ultimately articulates a license for *general* governmental lawlessness, abroad *or at home*. For international law "is a part of the law of the land"<sup>11</sup>—and if what Department of Justice bureaucrats fancy "the right outcome" can override "international legal question[s]," on the same principle what they deem "the right outcome" can set aside domestic legal questions, as well. That is, if the validity of the Thornburgh Doctrine be admitted at all, it places wholly *above the law* the Department of Justice and the law-enforcement, intelligence, and military agencies that may cooperate with it to achieve "the right outcome[s]" *anywhere in the world*.

Although this appears, at first blush, an "extreme" conclusion, in fact the Department of Justice has long operated here in the United States as if no law limited its power to achieve "the right outcome[s]." In the area of criminal law, the example of the LaRouche prosecution stands out as particularly glaring, involving as it did a systematic perversion of the judicial process at every level from *pre*-trial investigation through sentencing that rivals, if it does not exceed, the Dreyfus case as a miscarriage of simple justice,<sup>12</sup> as well as constituting one of the most arrogant assaults on the fundamental principles of American constitutionalism this nation's history has ever witnessed.

In the area of civil law, too, the Department of Justice has waged unrelenting war against elementary principles of

due process of law, with the recent INSLAW case providing an example well-calculated to shock the conscience. In that case, a bankruptcy judge found that the Department of Justice

- had "consciously" made an "outrageous and indefensible decision . . . at the highest level, simply to ignore serious questions of ethical impropriety" by its own officials;
- had taken numerous actions "in bad faith, vexatiously, in wanton disregard of the law and the facts, and for oppressive reasons . . . to drive INSLAW out of business"; and
- had engaged in "treachery," "theft," "trickery, fraud and deceit," and "collective amnesia" about its own extensive wrongdoing.<sup>13</sup>

Examples such as these suffice to paint a detailed, if lurid and disgusting, picture of an agency that, far from striving to be a paradigm of the moral and legal foundation upon which this country was built, rather exults in the abuse, arrogance, and even advocacy of unlimited power aimed at the economic, political, and perhaps even physical annihilation of all opposition, foreign or domestic.

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## III

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Indeed, it is perhaps no exaggeration to conclude from evidence such as this that the United States is constructing, if it has not already constructed, in the Department of Justice and allied agencies, a species of uniquely American *Securitate* (or secret police), perhaps less obvious in form and operations, but no less malignant in purpose or malevolent in execution than that which served the mad dog of the Carpathians, Ceausescu. Although in principle such a development should be unlikely, if not impossible, in a supposedly "open" society, important steps have already been taken by America's evolving secret police to defeat discovery and prosecution of their crimes:

*First*, as Iran-Contra Independent Counsel Lawrence E. Walsh recently complained to Congress in a 61-page report, the ritualistic invocation by Attorney General Thornburgh of secrecy for alleged reasons of "national security" in trials of CIA and other intelligence officers "jeopardizes any prosecution of . . . government officers heavily involved with classified information," and thereby "create[s] an unacceptable enclave that is free from the rule of law."<sup>14</sup> *Second*, the Supreme Court's recent decision that government records are protected from release under the Freedom of Information Act if the agency that compiled those records simply transfers them to the Department of Justice for some supposed "law-enforcement" purpose<sup>15</sup> broadly licenses withholding of essentially any records that might plausibly be of interest to the FBI.<sup>16</sup> Taken together, these doctrines enable the government

to frustrate disclosure in court or through the FOIA by pretextually classifying documents or transferring them to a supposed "law-enforcement" file.

Obviously, these privileges to suppress evidence uniquely empower the Department of Justice, together with the intelligence agencies and the military, and such other "law-enforcement" agencies as the IRS,<sup>17</sup> to plan, perpetrate, and cover up wrongdoing safe from public scrutiny, investigation, and exposure. But when agencies with broad legal or illegal "police powers" such as those enjoyed by the Department of Justice, the FBI, the IRS, and (in practice) the CIA can operate under a cloak of self-imposed and self-serving secrecy *beyond legal challenge*, the necessary and sufficient conditions have been met for the formation of a true *secret police* in the Nazi-Communist totalitarian sense of that term.

This, of course, is not the *result* of the Thornburgh Doctrine. Rather, the Thornburgh Doctrine is one further piece of unmistakable evidence that a secret-police apparatus *has been assembled and is operating* in the United States. Indeed, the very blatantness of the Thornburgh Doctrine evidences the confidence of those in charge of this apparatus that nothing can now be done to thwart them in their day-to-day abuses of power, let alone to strip them of the unconstitutional and immoral prerogatives they have arrogated to themselves.

In a sense, these spiritual brethren of Ceausescu may be, for the moment, correct. The American people initially welcomed the invasion of Panama and the abduction of General Noriega with chauvinistic applause, not realizing that the bell has begun to toll for themselves and their children, too. And as Frederick Douglass so insightfully warned,

[p]ower concedes nothing without a demand. It never did and it never will. Find out just what any people will quietly submit to and you have found out the exact measure of injustice and wrong which will be imposed upon them, and these will continue till they are resisted with either words or blows, or with both. The limits of tyrants are prescribed by the endurance of those whom they oppress.<sup>18</sup>

Hopefully, with education, enough among the American people will soon reach the limits of their endurance and put an end both to the Thornburgh Doctrine and to the political careers of those who support it.

*Mr. Edwin Vieira, Jr., is an attorney in Virginia, and a founding member of the International Commission on Human Rights Violations. The paper printed here, subtitled "Observations on the State of the Republic," was presented to the Third International Martin Luther King Tribunal, in Washington, D.C. on Jan. 14, 1990.*

## Notes

1. Emphasis is warranted on the adjective "exclusive," because the United States clearly does not recognize reciprocal rights of this kind for other nations.
2. MacNeil/Lehrer Newshour, Show No. 3636 (Monday, 1 January 1990), "Strictly Business" Transcription, at 7.
3. Cf. Dale County v. Gunter, 46 Ala. 118, 138.
4. Ware v. Hylton, 3 U.S. (3 Dall.) 199, 227 (1796).
5. Oetjen v. Central Leather Co., 246 U.S. 297, 303 (1918).
6. See The Exchange, 11 U.S. (7 Cr.) 116, 136 (1812).
7. See The Antelope, 23 U.S. (10 Wheat.) 66, 122 (1825).
8. See The Scotia, 81 U.S. (14 Wall.) 170, 187 (1871).
9. See Hilton v. Guyot, 159 U.S. 113, 163-66 (1895).
10. The Exchange, 11 U.S. (7 Cr.) 116, 140 (1812).
11. The Nereide, 13 U.S. (9 Cr.) 388, 423 (1815). *Accord*, The Paquete Habana, 175 U.S. 677, 700 (1900).
12. See Friedrich-August von der Heydte, "LaRouche Case Like Dreyfus Affair," Commission to Investigate Human Rights Violations pamphlet, 1989.
13. *In re INSLAW, Inc.*, 83 B.R. 89, 149, 150, 151, 152, 157 (Bkrtcy. D.D.C. 1988).
14. Second Interim Report to Congress (11 December 1988) at 53.
15. John Doe Agency v. John Doe Corporation, 58 U.S.L.W. 4067 (12 December 1989).
16. See Pratt v. Webster, 673 F.2d 408, 420-21 (D.C. Cir. 1982)(FBI's "law-enforcement" purpose need have only "a colorable claim, of rationality"); Williams v. FBI, 730 F.2d 882, 883 (2d Cir. 1984) (court may not substitute its judgment for view of FBI that records serve "law-enforcement" purpose).
17. See United States v. Bisceglia, 420 U.S. 141, 148-51 (1975) (IRS may conduct investigations even without suspicion that anyone has broken the law).
18. Speech at Canandaigua, New York, 4 August 1857, in Philip S. Foner, *The Life and Writings of Frederick Douglass* (1950), Vol. 2, at 437.

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# Bennett plan: still no war on drugs

by Jeffrey Steinberg

It was with considerably less fanfare that White House Director of National Drug Control Policy William Bennett issued the second edition of the Bush administration's National Drug Control Strategy on Jan. 25. Compared to last September when President George Bush personally took to the airwaves with multi-media fanfare to deliver his first presidential address proclaiming the war on drugs as his administration's number-one priority, the release of the second volume, minus the media hype, said a great deal about what the Bush administration's anti-drug strategy is—and isn't.

Above all else, it isn't a war on drugs. And it is clear that Bush doesn't ever intend to wage one.

Drug czar Bennett himself admitted this in the introduction to the January report: "A strategy devoted to reducing drug use by careful and deliberate measures, rather than in one fell swoop, will take its victories as they come, neither minimizing nor glamorizing them but building from them steadily toward the larger goal of reducing drug use."

Translated into specifics, the Fiscal Year 1991 National Drug Control Strategy sets out as its optimum objectives nothing more than a 15% decrease in drug use and drug availability over the next two years, and a 55% decrease over the next decade.

For FY1991, Bennett is seeking \$10.6 billion, an increase of over \$1.1 billion from the previous year's drug control budget. But this represents little more than an up-tick in a too-little-too-late effort at catching up with a national disaster that has already struck.

## A hidden agenda?

If last December's illegal invasion of Panama, and the U.S. imposition of a government dominated by drug-linked henchmen, is a measure of how the Bush administration intends to carry out its so-called drug control strategy in the rest of the Western Hemisphere, then the FY1991 Bennett plan contains a not-so-veiled threat that the next target for gunboat drug diplomacy is Mexico.

Under the Anti-Drug Abuse Act of 1988, Bennett is required to designate High Intensity Drug Trafficking Areas. These areas are to receive both increased federal anti-drug funds and other support. In this latest drug control strategy, the U.S.-Mexican border is singled out. Three of the five

designated High Intensity Drug Trafficking Areas, are listed as Los Angeles, Houston, and the U.S. southwest border. The only other areas designated are New York City and Miami.

While paying lip service to recent cooperation with the Salinas government of Mexico, the Bennett report contained singularly harsh words for America's southern neighbor: "Mexico is a principal source for drugs entering the United States, both as a producer of marijuana and opium, and as a major transit country for cocaine. Mexico cultivates sufficient cannabis to satisfy an estimated 25% of the U.S. marijuana demand, accounts for a significant amount of the heroin supplied to the U.S. market, and is a transshipment area for at least half of the cocaine that enters the United States."

Likewise, the continued focus on the Andean nations of Peru, Bolivia, and Colombia contains a disturbing not-so-veiled threat of financial warfare. Speaking about the three principal coca producing countries, the Bennett document states, "The strategy also incorporates expanded economic assistance, beginning in Fiscal Year 1991 and conditioned on the drug control performance and the existence of sound economic policies of the host countries, to offset some of the economic dislocations associated with successful drug suppression efforts."

The Andean strategy places first priority on government restructuring and only third priority on inflicting "significant damage to the trafficking organizations which operate within the three countries."

The Bennett report also laments the lack of support among the nations of the Western Hemisphere for the Bush administration proposal for the creation of a Multinational Counternarcotics Force, as a flagrant attempt to denigrate of national sovereignty.

## Thornburgh muscles in

Among the new initiatives cited by Bennett is the establishment of a National Drug Intelligence Center to centralize all law enforcement data relating to drug trafficking and drug-related violent crimes. The intelligence center is under the control of Attorney General Richard Thornburgh. As *EIR* recently reported, Thornburgh had run a brutal behind-the-scenes bureaucratic guerrilla war against Bennett during the first year of the Bush administration, vowing, according to several drug enforcement sources, to sabotage the Bennett effort to protect his position as the nation's "top cop."

Also buried by the latest National Drug Control Strategy is any serious focus on drug money laundering. This may be yet another indication of Thornburgh's increased clout. Just days after the Bennett report was issued, Justice Department attorneys concluded a sweetheart plea-bargain deal with senior officials of the Bank of Commerce and Credit International (BCCI), a major international private bank that grabbed big headlines last year when it was busted for laundering billions of dope dollars. The bankers walked.

## Congress beats drums on Social Security

When Sen. Daniel Moynihan (D-N.Y.) threw down the gauntlet to the Republicans with his proposal to reduce the Social Security tax and remove the Social Security surplus from the budget calculation, he started the ball rolling in what is likely to become a knock-down, drag-out, election year brawl on Capitol Hill.

Although the lispng senator from New York perhaps thought that the proposal would have some appeal in pointing out the hypocrisy of the Bush budget-balancing, the question has a great potential for backfiring on Moynihan and his Democratic colleagues. President Bush, in his Jan. 31 State of the Union message, was able to bring down some applause with his response to Moynihan: "Don't mess with Social Security." On Feb. 7, Congressional Republicans appeared on Capitol Hill with buttons saying "Save Social Security—Vote Republican," to the Democrats' chagrin.

Whether the Republicans will be able to so easily turn the tables on this traditionally Democratic issue, remains to be seen. The Moynihan proposal is also opposed by the Association of Retired Persons (AARPP), the largest senior citizens' group in the U.S. The AARPP believes the proposal could jeopardize \$55 billion or more in annual revenues which are part of the reserve to be used for paying future benefits.

There is no doubt about the weaknesses and failures of the Bush administration, especially in the area of economic policy. If the Democratic congressmen were to return to the outlook of the Kennedy presidency on this matter—instead of repeating hollow eulogies to that era as they are now—they would have a field day in this election year. But whether there is

enough of that kind of political acumen in the present generation of Democratic contenders remains a really open question.

## Eagleburger grilled on toast to Beijing leaders

In hearings before the Senate Foreign Relations Committee on Feb. 7, Deputy Secretary of State Lawrence Eagleburger was lambasted for the kowtowing of the Bush administration to the bloody Chinese communist regime. Last July, Eagleburger and National Security Adviser Brent Scowcroft, both former employees of Henry Kissinger, had gone on a secret rendezvous where they toasted the Chinese leaders, even while the Bush administration, catering to the mass outrage in the U.S. over the massacre, was officially condemning the Chinese regime.

Eagleburger was called before the Foreign Relations Committee to answer questions concerning the administration's current China policy. President Bush recently vetoed a bill which would have given Chinese students in the U.S. legal protection from having to return to China to face possible death at the hands of the regime.

Eagleburger claimed that there has been improvement in the attitude of the Chinese government after the trips of former President Nixon and Henry Kissinger last last year, and argued that it were better to maintain some footing with the regime in order to have the capability of influencing its policy.

Sen. Jesse Helms (R-N.C.) noted that even while "the last drops were still glistening in the empty glasses" of Scowcroft and Eagleburger, the Chinese Communist secret police were starting to persecute the Catholic Church, for fear that the Church

"might remind the Chinese people of human dignity and freedom." Helms condemned a policy of "holding hands with a regime that runs tanks over unarmed students."

Sen. Joseph Biden (D-Del.) said that, had it not been for the weakness shown by the Bush administration, the revolution in China might have been as successful as that in East Germany. "You've done nothing but dampen and help crush the revolution in China," said Biden.

## Concern over possible U.S. sellout of Afghanistan

Just prior to Secretary of State James Baker's leaving to meet in Moscow with Soviet Foreign Minister Eduard Shevardnadze, 19 members of Congress signed a letter to President Bush expressing concern that Baker might agree to a defective political settlement on Afghanistan.

The letter says that there is concern that Baker will base his decisions on faulty information he received from the Central Intelligence Agency, the State Department, and the U.S. ambassador to Afghanistan. It charges that the information from these sources is as different as night and day from reports the congressmen have received from reliable sources fresh from the battlefield.

## Congress hears about Panama regime drug links

In comments on the floor on Feb. 7, Rep. George Miller (D-Calif.) warned of the connections of new Panamanian President Guillermo Endara and Vice President Guillermo Ford. Commenting on House Resolution 3952, which would provide token emergency eco-

conomic assistance to the new puppet government, Miller commented that he was "concerned that current leaders of the new government maintain their close ties to institutions that have been directly implicated in drug money laundering."

Referring to a front-page *New York Times* article on the subject, Miller noted that Endara had served as a director of a bank used heavily by the Medellín, Colombia drug cartel, and that Ford was part owner of the Dadeland Bank of Florida, which had been named two years ago as a central financial institution for Gonzalo Mora, one of the Medellín cartel's biggest money launderers.

Miller added, "We are providing aid to a struggling democracy. But we will not write a blank check to those without the commitment to rooting out drug trafficking and drug profiteers."

## **D**emocrats demand larger defense cuts

Interviewed on ABC's "Good Morning Show," Democratic Senator Al Gore (D-Tenn.) urged that the United States help the Soviet Union "and ourselves at the same time" by reducing troop commitments in the light of "dramatic changes in Eastern Europe" and "the changes in the Soviet Union's foreign policy. . . . We ought to really consider," said Gore, "whether or not now is the time to make some adjustments in our policy toward the Soviet Union, particularly as our own defense budget comes up for debate."

On Feb. 4, in an interview on NBC's "Meet the Press," Democratic Senate Majority Leader George Mitchell announced that his party would develop an alternative 1991 budget proposal to the one announced

by President Bush a week earlier. Mitchell said the Democrats were prepared to go further on troop reductions in Europe than the total 225,000 suggested by Bush in his State of the Union message. "I believe we can and should go further," said Mitchell. "I believe we should maintain a residual force."

## **A**dministration endorses Dole proposal on aid cuts

Secretary of State James Baker III told the Senate Foreign Relations Committee on Feb. 1 that current earmarking meant that the administration had to cut aid for countries in Latin America and the Caribbean that were cooperating with Washington's fight against the drugs trade. He endorsed Republican Minority Leader Sen. Robert Dole's (R-Kan.) proposal to cut funds earmarked for other countries. Dole had proposed to cut foreign aid by 5% for certain countries such as Egypt, Turkey, Pakistan, and Israel, with the rationale that the Cold War was over.

"We are not just constrained but prohibited when it comes to securing assistance," said Baker, "so we have no flexibility, even when it is important in terms of the changing priorities of our foreign policy."

## **J**udiciary Committee reduces RICO penalties

The Senate Judiciary Committee voted 11-2 on Feb. 1 to reduce penalties that could be imposed in civil suits brought under the Racketeer Influenced and Corrupt Organizations (RICO) Act. Sen. Dennis DeConcini (D-Ariz.) and Sen. Orrin Hatch (R-Ut.), the proponents of the measure, said RICO was being misused to label many legitimate defendants as racketeers. Civil RICO has been used in

sexual harassment cases, landlord-tenant disputes, wrongful discharge cases, and against a union in a labor dispute—cases which, Hatch noted, have nothing to do with organized crime.

The original RICO legislation allows triple damages to be recovered by plaintiffs in civil RICO suits. The bill now approved by the Judiciary Committee and sent to the full Senate, would limit triple damages to cases brought by federal or state government prosecutors, but not by non-government plaintiffs. Attorneys' fees, legal costs, and actual damages could still be recovered.

## **F**ight is on to keep increased space budget

At a hearing on Feb. 6 before the full House Committee on Science, Space and Technology, committee chairman Robert Roe (D-N.J.) stressed that the \$15.1 billion which NASA requested for Fiscal Year 1991 would require a united fight in order to pass unscathed through Congress. Roe commented that "There is no question that we welcome this budget request. Yet it is also clear that there must be a consensus on these issues."

Roe decided to hold full committee hearings on the budget request, rather than the normal subcommittee hearing, since it "represents a major reordering of our nation's spending priorities."

For the first time since the Apollo program, the proposed NASA budget is 1% of the total federal budget. In the 1960s it was nearly 4%. In the hearings today, NASA administrator Richard Truly stressed that as regards Space Station Freedom, in the 1991 budget the program will make a transition from paper studies to fabrications hardware, and that therefore there is no place left to cut.

# National News

## LaRouche, codefendants petition for rehearing

Lyndon LaRouche and six co-defendants challenged the U.S. Fourth Circuit Court of Appeals rubber-stamping of their railroad convictions in Alexandria, Virginia, in a motion for rehearing filed with the Fourth Circuit Court on Feb. 5.

"This Court should recognize that the manner in which [Judge Albert Bryan's] 'rocket docket' operated in this case is fundamentally inconsistent with the United States Constitution and the rights protected thereunder," the motion read, condemning the court's "wholesale" adoption of government arguments.

The motion seeks to have all six judges of the Fourth Circuit rehear the case which three of their colleagues dismissed out-of-hand in January with the issuance of an opinion denying the LaRouche Seven's appeal. It is estimated that the whole court will vote on whether to accept this petition within the next eight weeks.

The motion raised substantive issues of law including the rush to trial, the decimation of the defense by an *in limine* order 11 days before trial, and the "perfunctory jury selection process in a case involving one of the most controversial public figures of the past decade," an issue which the three-judge opinion evaded altogether.

## Estimates of Soviet weaponry off by 50%

"U.S. intelligence agencies can't account for half the weapons they figure the Soviet Union has produced," government officials acknowledged to the Feb. 5 *Washington Times*.

"We re-estimated production, we re-estimated deployments and we looked at exports. Roughly 50% of the weapons they've produced, we can't find," said one official.

Intelligence analysts discovered the discrepancy six months ago while reviewing the methodology used to estimate Soviet production and deployment as part of preparations for the START talks. The production

estimating office and the deployment estimating branch of the Pentagon met and discovered the discrepancy. One possible explanation is that the Soviets are stockpiling weapons such that electronic means, including satellite surveillance, can't find it.

## Woerner sacked over Panama invasion

Gen. Fred Woerner (ret.), who headed of the U.S. Southern Command in Panama until last fall, told a student audience at Utah State University Jan. 31 that he was removed from his command three months before Operation Just Cause "for political reasons" involving his opposition to the invasion.

"President Bush preferred to rely on someone who not only supported the measure, but believed in it," Woerner said, in revealing that he had maintained "regular contact" with Noriega. He said that his rejection of the invasion plans finally resulted in his removal.

Woerner said he doubted that the overthrow of Noriega would "have any serious impact" on drug trafficking, and said it set a dangerous precedent for the U.S. "to resort to force with greater frequency to eliminate problems of drug trafficking." "The U.S. should stop pointing its finger toward the south at the producing nations, and look in the mirror at the number-one consumer nation." Woerner said he wanted to see more economic aid to producing countries to help them transform drug cultivation to food production.

## Armenians and Muslims issue joint appeal

Representatives from the Armenian and Muslim communities of Los Angeles issued a joint declaration "to our President, the State Department, Congress, our governors, and other public officials to work diligently to put an end to the bloodshed in the Caucasus and promote humanitarian and economic aid to the region."

The signers said they sought to clarify

"the misconceptions which prevail regarding the background of the current Armenia-Azerbaijan conflict," and condemned the media for "contributing to the aggravation of the situation.

"The present crisis involving Armenia and Azerbaijan is not based on religious differences. It is the direct result of a territorial struggle resulting from an arbitrary action by Stalin in 1923," the statement read. Referring to the Soviets indirectly, they said, "no external interference should be tolerated which might fuel the situation with hatred and endanger world peace.

"Islam and Christianity uphold many common ideals. As great monotheistic religions, they have defended the rights of all minorities for centuries. Both faiths vigorously condemn the use of force and violence against unarmed and innocent civilian populations as means of settling disputes. Muslims and Armenians, especially, have lived in peace and harmony for centuries, in all areas of the world.

"We, as active, concerned members of the Armenian and Muslim communities of Los Angeles, and as responsible American citizens, will not tolerate any attempt to disrupt the harmony which presently exists and which has long existed between our respective communities."

## Soviets-U.S. discuss astronaut swap

U.S. and Soviet space officials are discussing a swap in which an American astronaut would fly aboard the Soviet Mir space station and a Soviet cosmonaut would travel aboard a U.S. Space Shuttle, the *Washington Post* reported Feb. 4.

The proposal envisions an exchange of medical doctors conducting experiments on the effects of weightlessness.

The associate deputy administrator of the National Aeronautics and Space Administration Samuel Keller, said that the cosmonaut could fly aboard a U.S. Space Shuttle as early as mid-1992, on a flight carrying the European-built laboratory Spacelab.

NASA is interested in flying its astronaut on the Soviets' Medilab, a module carrying sophisticated research equipment to



be attached to Mir and scheduled for launch in 1992 or 1993.

## Sentencing guidelines star chamber justice

The new sentencing guidelines for federal courts have created a star chamber system of justice, according to the *National Law Journal*.

The inner workings of sentencing procedures under the guidelines, certified by the Supreme Court last year, are characterized by star chamber proceedings conducted by anonymous committees of prosecutors who determine whether or not a defendant is entitled to a sentence which departs from the guideline calculus, the *Journal* said.

The existence of these committees, widespread throughout the prosecutorial apparatus, came to light when Federal Judge Harold H. Green issued a ruling which outlined the role of the "departure committee" which operates in the office of U.S. Attorney Jay Stephens, for the District of Columbia. Green cited Stephens's office for denying a "departure" to a woman who had become an informant for Stephens. "Substantial cooperation" with the prosecution can lessen a sentence under the guidelines, but that is determined by the prosecutor, making him and not the court the controller of the trial.

Judge Green ruled that "In the opinion of the court, these standardless processes administered by secret bodies, by which decisions of vast consequences to the defendants are arrived at, without the acknowledgement that these defendants have any right in the matter, whatever their efforts, bear out the fears of arbitrary decision making. . . . These extraordinary procedures do not comport with the kind of process that the Constitution requires as a prerequisite to the loss of liberty."

He then upheld a motion by the defense attorney in the case which demanded full disclosure of the minutes and proceedings of the secret "departure committee" in Stephens's office. On the very next day Stephens was ready to settle, with leniency, on the condition that the discovery motion be dropped.

The Federal Courts Study Committee,

appointed by Congress to review various problems in the federal courts, will hold public hearings in February.

## McMartin case to be retried

California prosecutors have announced that they will retry Raymond Buckey on 13 counts involving molestation of children at the Virginia McMartin pre-school in California.

The Feb. 2 announcement came two weeks after the jury in the original case acquitted Buckey and his mother Peggy McMartin Buckey on 52 charges, but deadlocked on thirteen charges against Raymond Buckey.

In the period since the acquittal, many of the parents and children involved in the McMartin case have publicly denounced the incompetence of the prosecution, and demanded the retrial. At a recent appearance on the Geraldo Rivera show, one of the parents demanded the resignation of the FBI's apologist for Satanism, Kenneth Lanning. The demand was greeted by enthusiastic applause from other parents and the audience.

## DoJ ready to take over Longshoremen's union

The U.S. Department of Justice is preparing a takeover of the International Longshoremen's Association (ILA) and will request court authority similar to the 1988 court-ordered trusteeship of the Teamsters union, according to a Jan. 30 ABC News report.

ILA officers and attorneys expressed surprise over the report.

The government alleges that the ILA, which organizes East and Gulf Coast dockworkers, is dominated by organized crime. The ILA has a long history of anti-communism, having refused to load or unload Soviet goods during various periods of Soviet foreign policy crimes.

In a related development, four men involved in administration of an ILA local's bank account in New York City pleaded guilty to criminal charges Feb. 2.

## Briefly

● **CARDINAL O'CONNOR** endorsed the warning of Bishop Vaughan, the vicar of Orange County, that New York Gov. Mario Cuomo may go to Hell. O'Connor said the Bishop, recently incarcerated in an anti-abortion protest, is "under the obligation to warn any Catholic that his soul is at risk if he should die while deliberating pursuing any gravely evil course of action."

● **ROBERT AGUILAR**, the first federal judge ever charged with racketeering, went to trial Feb. 5. Before the court issued a gag order on lawyers for both sides, one of Aguilar's attorneys charged that his client was the target of a political vendetta to rid the federal judiciary of liberal jurists.

● **NORTHROP EMPLOYEES** interviewed by Justice Department lawyers without company attorneys present does not violate Northrop's Sixth Amendment rights, U.S. District Judge Pamela A. Rymer ruled, upholding a position by Attorney General Richard Thornburgh that the DoJ is exempt from state bar rules.

● **JIMMY CARTER** will continue taking BCCI contributions to his Global 2000 program even though the bank was caught drug-money laundering, the *New Jersey Bergen Record* reported Feb. 5. The former President blamed the bank's problems on "a few unsavory characters."

● **A STATE** Department report accused Communist China of severe and pervasive violations of every internationally recognized human right during 1989, including the Tiananmen massacre, killings in Tibet, and the execution of scores of people for "clearly political offenses" after secret trials, the *New York Times* reported Feb. 4.

● **JESSE JACKSON** failed to report a large campaign contribution from a Washington, D.C. slumlord, according to Washington press reports Feb. 2.

## Editorial

### *Bush 'defense' policy*

The speed with which George Bush is dismembering the U.S. defense capability is only rivaled by the speed at which his policies are destroying the U.S. economy. Clearly, topmost in his mind is his obsession with saving Mikhail Gorbachov's position with the Soviet power structure. In order to accomplish this goal Bush will sacrifice anything.

Bush's State of the Union message was a case in point. While the wires were buzzing with rumors of Gorbachov's imminent resignation as Secretary General of the Communist Party, the U.S. President felt impelled to make a surprise offer of massive troop cuts on the European front.

He proposed that the United States and the Soviets each reduce troop levels in Central Europe to 195,000, a cut of about 65,000 in the American presence in that area now. This would mean a 370,000 cut for the Soviets, but of course, they could pull troops back but maintain them on the continent in an alert status, something much more difficult for the United States. The United States would maintain 30,000 troops in Britain, Italy, and Turkey for a total European presence of 225,000—about 80,000 below current levels.

This proposal came on top of cuts in U.S. troop strength at home, which had been previously announced as part of budget retrenchment. Not only are bases throughout the continental U.S. scheduled for shutdown, but two active duty Army combat divisions which are normally stationed in the United States are also scheduled for the chopping block. These, the Ninth Infantry (motorized division) and the Second Armored Division, account for a total of 36,000 troops, and are dedicated as reinforcements for U.S. forces stationed in the NATO theater.

As part and parcel of this treacherous new policy of destroying U.S. defense capabilities and NATO's at the same time, the Pentagon has leaked the existence of a new policy report, which has declared Iran to be outside the U.S. perimeter of defense, and moots withdrawal of U.S. troops from the Philippines and South Korea as well.

The rationale behind these cuts is that the Soviet

Union is no longer the enemy. This insanity overlooks the vicious faction fight now ongoing in the U.S.S.R., which at any time may bring the most rabid nationalist forces to the fore there. The rapid rate of economic and social collapse in the Soviet Union is also a factor of instability which can propel it into military adventures, particularly in the face of Bush's fervid appeasement policy.

Another ugly aspect of the present U.S. defense policy, is the redefinition of the enemy image to include, on the one hand, perceived economic rivals, such as the Federal Republic of Germany and Japan, and certain countries of the developing sector on the other.

"New threats are emerging beyond the traditional antagonism of the last 45 years. These contingencies must loom large in our defense planning," George Bush told San Francisco business and civic leaders on Feb. 7. Bush stressed that the Soviet Union likely will not be the target of the military capabilities of the United States, but of other countries that have nuclear bombs or are involved in drugs, code these days for the Third World.

Special Operations Forces are set to grow by 5% to 40,000 men, under the 1991 defense budget, while conventional forces are to be cut by the two Army divisions, two Navy battleships, and 14 long-range B-52 bombers.

The reality of the Bush policy shift is now being played out in places like Lebanon where fighting has once again increased, reportedly with U.S. prompting of the Syrian-backed forces who oppose Prime Minister Michel Aoun.

Under these circumstances, the U.S. defense industry is feeling the pinch in an already declining economy. Now, irony of ironies, General Motors has found a new customer in the face of the proposed cut from the budget of the tilt-rotor V-22 Osprey, which is a hybrid helicopter and fixed-wing aircraft. They will be devoting their production capability to supplying the Soviets with up to 600 turbine engines for a new Soviet commercial helicopter.

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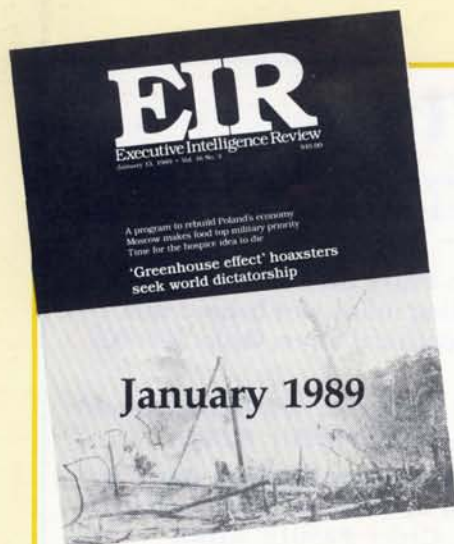
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