

EIR

Executive Intelligence Review

March 30, 1990 • Vol. 17 No. 14

\$10.00

LaRouche: U.S. must recognize Lithuania
MHD technology will clean up Eastern Europe
The human secret to Japan's better car industry

**Germans vote for freedom;
 anti-bolshevik fight spreads**



LaRouche Delivers the Signal

A worldwide anti-Bolshevik resistance struggle

Issued on Nov. 14, 1988 by Lyndon H. LaRouche, Jr.:

Moscow's pre-orchestration of the forced resignation of West Germany's Bundestag President Philipp Jenninger set off the trip-wire warning.

In this circumstance, like that of the fabled Good Samaritan of the New Testament, I find myself in the circumstance the responsibility for a certain action falls upon me. So, as the Hand of Providence fell upon that Good Samaritan, in that fashion, it has demanded that I do an awesome deed, which I do here and now.

So, let the alarm be sounded; the trumpet shall not sound an uncertain note.

Let those who refuse to submit to Soviet worldwide imperial aggression rally to the ranks of a new, global resistance movement, prepared to fight the agents and accomplices of Soviet interest in the same spirit as anti-communist resistance organizations fought the fascist tyrannies of Germany and Italy.

Let us swear the Rütli Oath from "Wilhelm Tell." Let it be made clear, that wherever the communist imperial interest shall destroy governments, or subvert them to such a degree that they become virtually pro-Soviet varieties of Quisling rule which so cease, treasonously, to be lawful authority, the new Resistance shall launch what modern China's experience defines as "People's War" against the communists and their accomplices.

Let no one doubt, that once such conflict were forced upon us, there is no turning back, whatever the cost, until the mop-up of the last remnant of the adversary has been accomplished within each and all of our nations.

The Jenninger issue

For the occasion of the fiftieth anniversary of the Nazis' 1938 Kristallnacht atrocities against Germany Jews, the president of West Germany's lower house of parliament, the Bundestag, Philipp Jenninger, prepared the written form of an address. On the subject of the conditions leading into that Nazi crime against humanity, the written text of the address is among the noblest utterances in honor of the victims during the entirety of the past fifty years.

Almost the entirety of this address was delivered to the Bundestag's open session by Herr Jenninger. During that delivery, certain members of the Bundestag walked out in actual or simulated protest. Promptly, the KGB's assets and most of the European liberal press responded to the address with statements about it which are shown to be utter lies by comparison with the written text and electronic record of the oral reading.

Investigation shows that this reaction among the liberal press was pre-orchestrated, in cooperation with known assets of the Soviet KGB, such as the VVN organization.

This coincides with a pattern of recent and current developments which show institutions of Western governments capitulating to demands of Soviet agencies and KGB-controlled or KGB-complicit persons and agencies, in a more or less equally naked, and shameless way. The fact that Herr Jenninger was induced to resign his

post under such Soviet-pre-orchestrated pressures, makes that incident the signal occurrence within a pattern of developments requiring the mobilization of a global anti-communist resistance force.

The rules of resistance

Wherever we are faced with the conditions which compel the forces of anti-communist resistance to launch "People's War" against the adversary and his instruments, we shall wage such forms of war under the following rules and conditions.

- 1) It shall be a form of warfare described as "People's War."
- 2) It shall be fought according to those rules of justified warfare associated with St. Augustine.
- 3) The heroes around whom this resistance shall be mobilized is the memory of those anti-communist resistance fighters, who fought German and Italian fascism, and often communists, too, during the period up to and following 1945.

To affirm our honor to the memory of those heroes, we teach children to despise Beate Klarsfeld, and all witting accomplices of the KGB's VVN, as wearing the face of the enemies of God and humanity. For the same reason, we despise as low dogs those who betrayed U.S. justice and spat in the face of God, by sending the American citizen Karl Linnas to his death at Soviet hands. These persons are an example of those we demand be brought to trial for their crimes against God and humanity.

4) The enemy is communist authority and the accomplices of that authority's actions against our forces. All who fit that description are the forces of the enemy for the purposes of defining our actions of warfare. All these bear the face of the enemy, and shall be brought as low as required, whenever it serves the cause for which we fight that that be done.

5) All who die or suffer otherwise in this war shall be to us as martyrs, whose honorable deeds in this cause shall be legendary in the tales told to future generations.

6) If we are obliged to enter into such warfare, it would be the enemy who has forced this upon the world. Were he wise, he would hesitate to provoke this war.

Organization of the resistance

1) The resistance is organized and spontaneous, and whether organized or spontaneous, is variously open or covert.

2) Openly organized forms of organization, serve to carry the political banners of the resistance as a whole. These are the voices which define the principles and policies of the resistance.

3) Covertly organized forms of organization flank and envelop the enemy in the institutions of society from which the enemy seeks allegiance and support. Covertly organized efforts seek to cause those institutions to exist to the enemy's disadvantage.

4) The most covert form of activity is that which is either spontaneous activity, or is caused to appear so.

5) He or she is a member of the resistance, who adheres to the principles and policies of the resistance. These principles and policies are defined by the open political organizations associated with the resistance, from whatever location, and under whatever circumstances they are able to perform this function.

6) The combat functions of the resistance are estimated to be about one percent of its total warfare-effort.

7) For the most part, the resistance does its work silently, cloaked in mystery, avoiding as much as possible, to report what it has done, or not done, or to report where it has been or not been. As much as possible, the spoor of its work is a shadowy presence in the statistics until such time as its victories enable it to assert its presence and work in its own name.

You can join the resistance, where you sit or stand, without contacting any office or person to do so. But swear the Rütli Oath against communist tyranny and its accomplices, to God and to yourself, and you have joined. Thereafter, act accordingly, as your conscience, and your knowledge of the resistance's signals, principles, and policies, compels you.

EIR

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EIR/Executive Intelligence Review (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July and last week of December by EIR News Service Inc., P.O. Box 17390, Washington, DC 20041-0390 (202) 457-8840

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Japan subscription sales: O.T.O. Research Corporation, Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo 160. Tel: (03) 208-7821.

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Postmaster: Send all address changes to *EIR*, P.O. Box 17390, Washington, D.C. 20041-0390.

Opposite this page is printed the November 1988 call by Lyndon LaRouche for a worldwide anti-bolshevik resistance, which followed by one month his historic speech in Berlin proposing a strategy for German reunification and war-avoidance, based on his "Food for Peace" proposal. As some of you will recall, this plan was pivoted on the idea that the U.S. government offer the Soviets to apply American System—not Thatcherite!—methods to revive the dying economy of Poland, so as to steer the world away from the course toward war.

As I write on March 24, we are closer to the outbreak of war than ever, with Lithuania as the flashpoint, *because the U.S. government has not followed LaRouche's advice*. This is not because LaRouche is a political extremist, much less a "cult leader," as some media call him, much less a criminal—although the Bush administration's friends have framed him up and put him behind bars since he wrote that call. He was dead right in projecting German reunification when he did—when no one else was dreaming of it. He was right when he saw, in November 1988, that the time was ripe for an anti-bolshevik movement.

By the way, did you notice how right *EIR* has been about the democratic movement in Germany, in contrast to the big media? In our March 2 issue, we reported in our lead article, "Free East German elections make way for reunification," that Chancellor Kohl's principled stance for a sovereign unified Germany was winning the support of the East German citizens. We also recounted the steps by which Kohl had come to adopt a program closely paralleling LaRouche's fall 1988 proposals, as well as the more recent elaborations of those proposals in the form of a "European triangle of development" based on high-speed rail links between Berlin, Vienna, and Paris. As reported on p. 34, LaRouche's ideas directly helped to shape the consciousness of East Germans in the election, and beyond.

The crisis of the agonizing Soviet empire proves one thing: If the United States anti-bolshevik resistance has been the slowest to take shape in the world picture, it is also fortunate to have its greatest leader. To allow Lyndon LaRouche to remain in jail at this juncture is national suicide. Suicide, for nations as well as for individuals, is a sin—one that could doom the worldwide resistance movement's aspirations to peace and freedom.

Nora Hamerman

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At a Jan. 29 pro-democracy rally in Chemnitz (Karl-Marx-Stadt), the banner on the left reads, "Whoever votes for the [communist] SED-PDS, votes for destruction!" and the banner with the map shows, "Germany, a single fatherland." The rally was being addressed by the Patriots for Germany when this photo was taken.

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What if Japan suddenly pulled the plug on the U.S.?

by William Engdahl

The fellows in Washington determining American trade relations with its most important economic ally, Japan, appear to have gone "bonkers." On March 14 in Tokyo, following heated talks with U.S. Commerce Secretary Robert Mosbacher over U.S. trade demands, Japan's Foreign Minister Taro Nakayama issued what, for a normally reserved Japanese diplomat, is an alarming statement.

"We should recognize this as a matter of crisis control in the Japan-U.S. relationship," he told reporters. "The mounting discontent in the U.S. Congress against the huge Japan-U.S. trade imbalance can be said to be in a hair-trigger situation." He added that this threatens not only the most important single bilateral relations for world monetary and economic stability in the world today, but that the rupture on U.S.-Japan trade ties could threaten the entirety of multilateral trade issues. In short, the world is teetering on the brink of a chaotic trade war which will make Washington's foolishness of the Smoot-Hawley Tariff of 1930 pale by comparison.

Most of the Washington-Tokyo trade agenda misses the point. The U.S. refuses to improve its national industrial policy to encourage the kind of qualitative upgrading in labor and production technology required. Rather, it uses monetary weapons such as dollar devaluations or interest rate pressures on trade partners. The result has been the creation of the world's largest debtor nation in the five years since 1985. But while attention has focused on the "threat" of Japanese takeover of the United States economy, the role of British direct investment in the U.S. has gone largely unnoticed. In 1989, U.K. investment totaled \$123 billion, according to Commerce Department data. Japanese holdings were a distant second at \$66.1 billion.

Japan's continuing financing, to its own detriment, of

U.S. budget and trade imbalances, could suddenly shrink. In recent months, Japanese investment houses and trust funds have bought 25-35% of U.S. government Treasury bond debt. A halt to this is looming, according to reliable reports from large Tokyo brokerage houses, with the new Japanese fiscal year which starts April 1. If that happens, U.S. interest rates will go through the ceiling and the dollar through the floor, as the greatest economic depression in American history is detonated by the stupidity of some gentlemen in Washington and New York.

U.S.-Japan trade profile

In the past decade, the world's two largest export nations have been Japan and West Germany, with the United States third in dollar terms. In 1987, Japanese exports totaled \$265 billion worldwide. But unlike West Germany, which exports more than 60% of its goods to other West European countries, Japan has developed an overwhelming dependence on export to the U.S. market since the early 1980s. By 1989, fully 70% of total Japanese trade surplus (exports minus imports) worldwide, according to a Japanese Finance Ministry estimate, was with the United States. Japan exported some \$90 billion worth of goods that year to the U.S., half of it automobiles; most of the rest was precision manufactures including machine tools, industrial robots, and computer chips.

In return, the United States sends to Japan not advanced industrial goods for the most part, but bulk raw materials such as lumber, textiles, ethyl alcohol, and copper ore. More and more, the relation of Japan to the United States is becoming that of an advanced industrial nation to an underdeveloped one. In 1989, Japan exported to the U.S. some \$50 billion more in goods than it imported from the United States.

Measured in dollar terms, Japanese overall exports in-

creased by 77% between 1980 and 1987, from \$130 billion to \$265 billion. In the same period, according to JETRO official statistics, Japanese exports to the United States increased 166% to \$90 billion.

Most telling is the picture for Japanese exports to Western Europe. Were Japan the industrial colossus, or savage trading power, that American and, too often, European media make it to be, export to Western Europe, an advanced industrial market like the United States, would have grown far more than it did during the past decade. While the nominal value of export to the European Community from 1980 increased by an apparently impressive 126%, in actual fact, the volumes were tiny. In 1980 Japan sent \$16 billion worth of exports, mostly autos, to the EC. By 1987 this had gone up to \$38 billion, less than 5% of the approximately \$800 billion imported into the 12 EC nations annually.

It has not been because Japanese engineering and manufacture quality has been so high. Japanese firms have merely followed quality control and manufacture texts they got from American universities or industry consultants in the 1950s (e.g., Frederick Deming). Under pressures of financial market liberalization since the 1970s, most U.S. corporate managers have been forced to ignore those standard lessons, in a fight for sheer survival.

Japan has earned the "gratitude" of the U.S. Congress for its years of financing U.S. government deficits, and supplying the machinery and vehicles that U.S. industry was no longer able to build efficiently, in the strange form of being listed as one of the nations whose trade practices were an affront under the protectionist "Super 301" provisions of the Omnibus Trade and Competitiveness Act of 1988.

The Bush-Kaifu summit in California in March had one point. Washington demanded that Japan, a successful industrial export economy, change its very structure to adopt to the collapsing "standard" of the United States of 1990—by changing Japanese laws relating to land use and corporate ownership as well as the structure of the politically sensitive small retail organization of Japan. The Bush administration calls this, the Structural Impediments Initiative talks.

"The American complaint is in effect that the whole Japanese system is a conspiracy to promote Japanese exports while placing obstacles in the way of imports," noted Dr. John Casey of Cambridge University in a commentary in the March 18 London *Sunday Times* entitled, "Why Americans Fear and Loathe Japan." Casey writes, "The real American complaint is not about such subterfuges. They allege that Japanese trade practices are *structurally* unfair. This means that the whole Japanese culture, intentionally or not, puts obstacles in the way of imports. The idea of 'structural unfairness' is completely open-ended."

The American structural problem

The real structural economic problem is not Japan's. As Casey remarks, "What the Americans really want is for the

Japanese to work less hard, to be less disciplined, less well-educated, and less thrifty. The demands for 'structural reforms' are really demands that the Japanese become more like Americans." By every measure, the policy of the U.S. government since the 1970s, and especially since the 1982 debt crisis, has insured the collapse of U.S. industrial and technological capacities. Into this vacuum, Japanese export firms have entered. Japan's central bank has artificially kept the lowest interest rates in the industrial world since 1987, in an attempt to help the United States avoid total financial market collapse after the October 1987 stock market crash.

In response to the August 1982 Mexico debt crisis, the Reagan White House adopted a strategy designed by the large New York banks and financial interests, sacrificing what remained of American technological and industrial quality to "financial expediency." The result has been an economy financed by debt, drawn from a cumulative \$1 trillion in foreign borrowings during the decade since Ronald Reagan entered office in 1981. From 1985 to 1987 alone, the United States borrowed \$417 billion abroad to finance its deficits and make up for low domestic savings.

Tax laws since 1981, and lax enforcement of corporate anti-trust laws, triggered a speculative binge of hostile corporate takeovers which has left U.S. corporations with the largest debt burden as a ratio to assets in the entire postwar period. However, the debt, unlike that in Western Europe or Japan, has not been taken on by corporations to increase technological capacities or to modernize plant and equipment in order to increase profit margins. During the Reagan and Bush years, debt is a tax deduction, systematically encouraged. A conservative, low-debt, well-run corporation which pays steady stock dividends is a prime target for a hostile corporate raid. This made for a disastrous decline in American industrial competitiveness, a problem worsened by the Paul Volcker Federal Reserve policy which caused the dollar to appreciate between 1979 and 1985 by almost 30% against the yen, and a staggering 55% against the currency of Western Europe's strongest exporter, West Germany. With U.S. industry choking on debt, unable to invest during the the early 1980s depression, Japanese and German imports displaced U.S. industry in sector after sector.

Any nation, to survive and remain healthy, must constantly invest in productive resources, plant and equipment, and education of the productive workforce, with funds from the nation's "savings." U.S. savings, the percentage of annual national income saved by business, government, and households (including private pensions), plunged from the 1970s when it averaged some 8% down to slightly more than 2% by 1985-8. The main cause of the collapse of "savings" during the 1980s was Reagan-Bush policy. The federal contribution to national savings was turned into its opposite by a series of Reagan "supply side" tax cuts, imposed in the early 1980s, amid the worst economic slump since the 1930s. Reagan's commitment to increase defense spending led to

the largest government revenue shortfalls in history. This ballooning of government debt and decline in private savings caused a catastrophic decline in U.S. domestic capital formation. Rather than change policy after the consequences were manifest in early 1981, Washington compounded the insanity.

Promiscuous corporate "free market" practices since 1981 in the United States have focused industry on maximizing short-term financial results, even to the absurdity of a three-month corporate profits time frame. In a February 1990 report to the Congress, "Competing in Manufacturing: Making Things Better," the congressional Office of Technology Assessment admits, "America's financial environment is generally unfavorable to long-term investments in technology development and diffusion, and government actions that mitigate the effects of this unfavorable environment have lacked commitment. . . . Rather than moving toward an environment more conducive to long-term investment in the development and use of outstanding technology, the U.S. system raised the hurdles."

Trade deficit absurdities

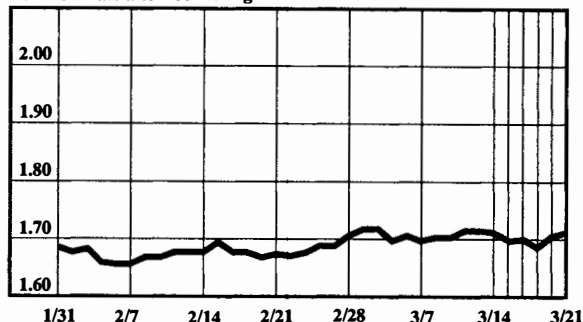
When Washington pressured Japan in the early 1980s to reduce its trade surplus with the U.S., Japan's Ministry of International Trade and Industry (MITI) pushed Japanese firms to build production inside the United States, and limit export growth from Japan. In 1981 MITI imposed a "voluntary restraint" on automobile exports to the United States. In 1982, Honda Motors opened the first Japanese auto production plant in the U.S., in Ohio. By 1989, Japanese auto manufacturers were building 1 million cars in their U.S. production plants, so-called "transplants" accounting for one-third of all Japanese car sales in the U.S. last year. Japan exported 2 million cars to America that same year. These 3 million Japanese cars constituted fully 30% of all U.S. cars purchased in 1989. Japanese businessmen react with biting irony to the fact that in 1980, American United Auto Workers union president Doug Fraser came to Tokyo to threaten that unless Japanese auto makers began building production inside the U.S., his union would threaten a U.S. boycott of Japanese cars.

Last December, the ultimate absurdity developed in the U.S.-Japan trade domain. Responding to increasing Washington pressures, MITI announced that Japan would open its markets to a huge increase in imports. That month MITI issued an "administrative guidance"—something no company in the Japanese system ignores—urging companies to boost imports from the United States in order to reduce trade frictions with Washington. Within weeks, Japanese companies began to send MITI their plans. Toyota plans to import \$200 billion worth of products, mostly cars and parts, by fiscal 1992, an increase of 150% from 1988. Nissan Motors will double imports, as will Honda and Mazda. Much of the imports will be from Japanese "transplant" production in the U.S.!

Currency Rates

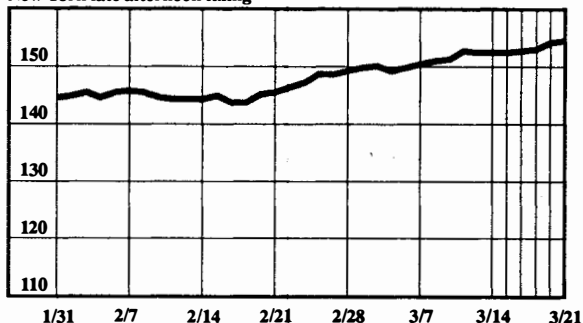
The dollar in deutschemarks

New York late afternoon fixing



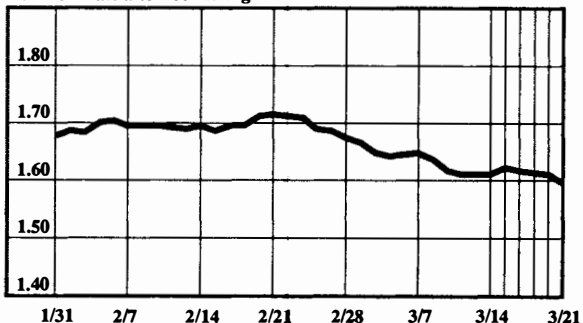
The dollar in yen

New York late afternoon fixing



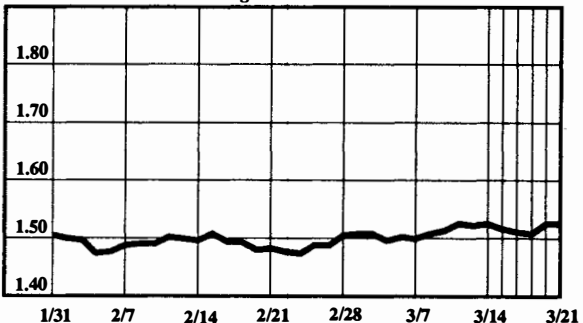
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Federal government set to become junk bond kingpins

by Steve Parsons

Lest anyone might think that the federal savings and loans bailout is an unparalleled swindle, there is an even more outrageous theft in the works. The federal government is about to become the biggest junk bond broker in the United States.

The government's vehicle is the same Resolution Trust Corp., which the Feds created to take over the assets of failed S&Ls. The RTC is supposed to sell off these assets to minimize taxpayer costs from the S&L bailout. But the agency has no intention of selling its huge and growing junk bond portfolio, accumulated from failed S&Ls. Instead, it intends to set up its own trading desk and to *broker* not only the junk market, but other securities the government holds.

The government's move is the most blatant step yet in the Bush administration's frantic efforts to institute fascist controls over financial markets. The government will now prop up the "value" of both the unraveling junk market and other securities markets. The move presages not just another taxpayer bailout of another collapsing financial sector, potentially even larger than the S&L bailout; the RTC will subsidize the very investment banks that now face staggering losses from the junk bubble they themselves created.

All the "free market" cult's miracle financial "innovations" of the 1980s—from deregulation, to futures markets, to junk bonds—stand exposed as speculative frauds parasitically devouring the productive U.S. economy. The "free marketeers" are demanding ever greater bailouts and Big Brother-style fascist re-regulation.

Three options

The revelation of the RTC's action comes one week into the March 10-April 10 period, defined by jailed economist Lyndon LaRouche as the next turning point in the deepening financial crisis. There are three options for dealing with the crisis.

The first is that the financial mudslide will simply occur, despite any and all efforts to contain it. Paper values will tumble in a dramatic deflation that will take down everything from the stock market to real estate, with financial institutions

of all denominations cascading into bankruptcy.

The second is the imposition of top-down administrative controls over markets, financial institutions, and key players, through a combination of federal agencies acting under the direction of the Wall Street blueblood establishment. Paper financial values are propped up through what LaRouche has termed "fiat pricing," enforced through such operations as the RTC, or more directly through edicts of—and intimidation by—government offices, including the Federal Reserve, Securities and Exchange Commission, and the FBI.

The third alternative involves the supranational regulation of global financial markets, superseding national regulatory agencies, which would discipline markets and institutions internationally. This is the favored approach of the powerful "enlightened" banking crowd centered in Europe around the Bank for International Settlements, and most visibly supported by such spokesmen as former West German Chancellor Helmut Schmidt.

While agreeing with the Bush administration and Wall Street elite on the need for controls, the Schmidt group's concern is to preserve the international system, through the imposition of an "international regulatory agency," regardless of the impact on a particular nation or speculative sector. This has generated some conflict with the Bush administration, which is determined to keep up at all costs the speculative bubble that has brought the world to the brink of disaster.

In a private discussion, one Schmidt intimate said that an international regulatory agency was urgently required, to handle crises that are due to break out in the "one universal global financial market that we now have." He said this agency should either be created by a "totally renewed International Monetary Fund," or by a "binding agreement among the Group of Seven industrial countries."

"More and more people," he said, "think that if we don't want to have final disasters—and that is disasters in the plural, since we're talking about stocks, bonds, and currencies—then we need an international financial regulatory agency."

He added that the idea was completely supported by "the

far-sighted people who see what is coming.” The problem, in his mind, referring to the hustlers who typify the Bush and Wall Street crowd, “is that they are not the ones who have immediate political power. The politicians who have the power are not far-sighted.” Because of such political obstructionism, in his view, the mooted supranational regulatory agency would only come into being after a major financial crisis had occurred.

The conflict between the Bushmen and the “internationalists,” as well as the urgency of the spiraling financial crisis, have already forced two hastily called meetings of the G-7 finance officials, first in London on Feb. 28, and then in Tokyo on March 6. While little of substance has emerged publicly, there are reports that the United States opposed the prospect of the Bank of Japan’s raising its discount rate by 0.5%. It is also likely that the subjects of banking and market failures were also discussed. Another G-7 meeting was called for April 7 in Paris, which *Washington Post* columnist Hobart Rowen says is “unlikely to generate major policy shifts in Tokyo or Bonn.” Rowen reports that American officials are stubbornly insisting on their “independence of action,” citing “the stability of the American economy.”

Stopping the mudslide

In the United States, the second option clearly has center stage. As LaRouche has pointed out, administrative controls over markets have been increasingly applied since at least the spring of 1987. In the October crash of that year, such measures contained the stock market plunge within manageable—if only barely manageable—boundaries. The Brady Commission report on that crash specified further measures to enforce market discipline, many of which have been at least partially implemented.

While including technical controls such as stock and futures market “circuit breakers,” in which trading is temporarily halted in the event of any nosedive, the central feature is that a shadowy committee of top federal agencies and Wall Street establishment figures is now firmly positioned to dictate terms to markets and individual players.

Brady’s committee has been functioning nearly non-stop since at least last October’s stock market plunge, when traders were ordered—under threat of FBI indictments—to prop up the market. Nicholas Brady has moved from authoring the famous report and recommendations in the wake of the 1987 crash, to Treasury secretary, where he has overseen implementation of those measures. His latest effort is an attempt to centralize market control under the Securities and Exchange Commission, thus effectively obliterating the Commodity Futures Trading Commission, which has permitted unbridled speculation in everything from stocks to currencies.

This action will incorporate the SEC’s enforcement apparatus more directly into market “management” with the Federal Reserve and the Treasury. This is in line not only

with the Brady Commission report, but with the Presidential Commission on Regulatory Relief, chaired by Bush from 1982, which helped reduce the financial system to its present mess.

“I suspect what they will do is simply impose a scaled-up version of the Brady ‘circuit-breakers’ to restrict the range of trading each day,” said a very well-placed European banking representative with close ties to Switzerland and Britain. “This I take as the meaning of the ‘leak’ by Brady’s office a few days ago about a plan to bring the Chicago commodity trading under a centralized regulatory umbrella of the SEC.

“The effect of that kind of blatant management would be to discourage foreign and domestic investors from the stock market. But that could draw them into the U.S. government bond market which would build support for financing the huge federal deficits.”

The apparently doomed CFTC is already cracking down with further control measures. At the beginning of March, it adopted a new package of surveillance and record-keeping rules, allegedly designed to deter trading abuses, but which in fact will enable even more enforcement of trading “discipline” and stock market manipulation. The new rules require the futures exchanges to collect trading cards from floor brokers every 30 minutes, supposedly to prevent alteration and fictitious trades. The CFTC has also increased the number of undercover agency staffers—including FBI agents—in the trading pits as part of a program to supplement the exchanges’ surveillance efforts. All of this is designed to ensure that the traders do the “right” trades.

Helping the needy

Although the *Wall Street Journal* broke the story on the RTC’s takeover of the junk market only on March 15, the move was set up, at the latest, during the September-October junk bond collapse, which nearly took the stock market with it. It was in November that the RTC hired Elizabeth Spector of Merrill Lynch to run the RTC’s securities operations. It would be surprising if Spector did not make sure that her investment bank cronies, especially the ones in big name firms like Merrill Lynch, Goldman Sachs, Salomon Brothers, First Boston, and Morgan Stanley, benefit handsomely.

These firms will be managing the RTC’s bond portfolios, and thus can rig the markets, with the RTC’s complicity, so that they can come out on top, selling off their own portfolios of garbage under controlled conditions, while speculating on the futures price, knowing exactly how and when the government will make market moves. The government can also swap seized S&Ls’ viable assets for the illiquid junk of these major banks and investment houses. And on top of it all, they will make huge fees for their management skills.

The RTC even admits that its junk operation is not intended to “maximize their returns,” but to “minimize their risks”—supposedly to reduce costs for the taxpayers, but actually to reduce risks for the failing investment banks.

The auto industry in the U.S. and Japan: What makes the difference?

by Anthony K. Wikrent

Japan is labeled “unfair,” because it has not accepted the arrogance of the Harvard Business School approach. Because the human individual is more highly valued than a usurious financial system, Japan’s auto industry has been able to introduce new technologies faster than has the U.S. auto industry. The result is that the Japanese are now about five years ahead of the United States in both car design and manufacturing technology. Naturally, the Japanese can build a better car faster and cheaper than the U.S. Big Three—General Motors, Ford, and Chrysler.

The first striking difference between the auto industries in the two countries, is that pay and social scales have not crystalized into such a huge class barrier in Japan. Chief executives at Japanese auto companies receive only \$350,000-450,000 a year, including bonuses, about 10 times more than the \$49,000 average pay of their factory workers. The chief executives at the U.S. Big Three make as much as \$2 million a year, including bonuses and stock options, 50 times as much as the average U.S. auto worker. Even at the Japanese transplants, such as the Toyota assembly plant in Georgetown, Kentucky, there is no executive parking area or executive dining room. None of the executives, including the president, has his or her own office (James Risen, “Japanese Workers Go Extra Mile to Ensure Cars’ Quality,” *Los Angeles Times*, Jan. 19, 1990).

Since they prize dedication, loyalty, and training, the Japanese are loathe to lay off workers, unlike American companies, which generally implement worker layoffs at the first sign of a downturn. Sam Heltman, who left his position as vice president for human resources with a Ford/New Holland farm equipment plant to assume the same job at the Georgetown, Kentucky Toyota plant, told *Washington Times* reporter Marsha Mercer on Feb. 10, “Ford talked a lot about people being their most important resource, but when hard times came along, the first thing I was required to do was write a plan to lay off people. Here, layoffs would be the last step, not the first as at Ford.”

It is this value placed on the individual worker, which has allowed the Japanese auto makers to emerge as world leaders. While the U.S. work ethic has been smothered under the tidal wave of the rock-sex-drugs counterculture, the Japanese companies have inculcated in their workers what American managers and academics have chosen to call “an obsessive attention to detail.” As a result, the “fit and finish” of

Japanese cars is simply better than that of American cars. Japanese cars built in the United States are reported to be of the same quality as those made in Japan.

If the Japanese auto makers have an “unfair” advantage, it must be that their work ethic allows them to include assembly line workers in the design teams at the very beginning of the design and development of a new product. The insight and expertise of the assembly line workers has resulted in designs with remarkable ease of production and assembly. “If our designers worked alone, they wouldn’t have that input and know about the needs of manufacturing,” Katsuyoshi Yamada, Toyota’s general manager for quality control, told the Jan. 22 *Los Angeles Times*.

The case of GM

The experience of General Motors, when it attempted to emulate the quality of the Japanese auto makers, is instructive. Around 1985, GM selected the Buick LeSabre as the car it would build with quality comparable to the standard being set by Japanese-built cars. The experiment succeeded: The 1989 LeSabre was rated the second best-built car, after the Nissan Maxima, by J.D. Powers and Associates. But the problems it ran into are indicative of what afflicts all of U.S. industry.

After completely redesigning the LeSabre, GM gutted a 75-year-old assembly plant in Flint, Michigan, and crammed it full of the most advanced robotic assembly machinery available. The first LeSabres turned out in 1985 were some of the worst cars GM produced that year. GM brought in J.T. Battenberg—then with GM/Europe and hence intimately familiar with the pressing demand for quality output—to turn the Flint operation around. Among other changes, Battenberg reversed GM’s practice of repairing defective materials shipped to the plant, and returned them to their suppliers instead. To stress his commitment to quality, Battenberg had production suspended and the workers sent home when quality lagged. GM’s machinery suppliers were ordered into the plant to correct dysfunctional equipment they had sold GM.

When many of the robots could not be made to operate properly, Battenberg ordered them ripped out. Manual labor was reinstated. “That plant had been over-engineered,” Battenberg told the Jan. 23 *Los Angeles Times*. “There were too many robots and too much automation. There were just too many variables in a brand-new plant, so we tried to minimize the variables by taking out automation.”

Contrast this to the view of Toshiharu Nishizawa, the deputy general manager of Toyota's Tahara plant, which builds Toyota's new luxury car, the Lexus: "Traditionally, the basic purpose of automation was to reduce the number of workers involved. In this case, we wanted to replace the skills and hunches of workers with the precision of machines that will not vary the quality of the work. It is a balance. You want to replace rote skills with machinery, and train your people to do the more specialized work that a robot can't do" (David E. Sanger, "Japan's Luxury-Car Gains Pose New Threats to Rivals," *New York Times*, Jan. 3, 1990). In Japan, assembly line workers who lose their jobs to automation are trained as engineers or technicians.

GM says that the LeSabre now has 77% fewer defects than in 1986, and warranty costs have dropped 59%. But analysts question whether GM can continue to produce the LeSabre with such high quality. Two other GM cars based on the same design, the Pontiac Bonneville and the Oldsmobile Delta 88, continue to be of much lower quality, suggesting that the quality is not inherent in the design. As an analyst at J.D. Powers pointed out, if the quality of the LeSabre is the result of sheer determination on the assembly line, it will be difficult to sustain.

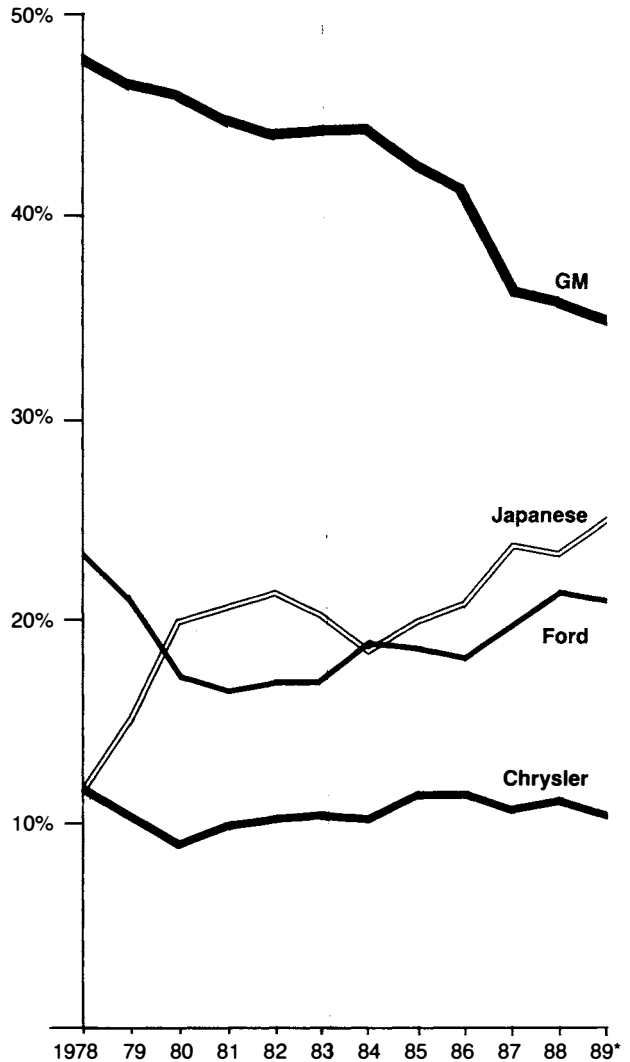
Not just better, but newer, too

The Big Three have almost caught up with the Japanese in quality, but not quite. Last year, each GM-produced vehicle had 1.7 defects, Ford had 1.5, and Chrysler had 1.8, compared to 7.4, 6.7, and 8.1 defects, respectively, in 1980. But the average number of defects in a Japanese-made car meanwhile dropped from 2.0 to 1.2.

The Japanese auto makers completely redesign 80% of their models every five years, according to Takeshi Tanuma, the president of Nissan Research and Development. By contrast, said Tanuma, the Big Three redesign only about 40% of their models in the same period. Statistics on patents awarded in the United States in 1988 bear out this assertion. U.S. inventors received only 52% of all patents granted that year, down from 62% in 1978. In the same period, the Japanese share of U.S. patents rose from 10.5% to 20.7%. The second worst field was motor vehicles, where Americans received only 43% of new patents in 1988, compared to 26% for Japan, 13% for West Germany, and the remainder for France, Canada, Britain, and a few other countries. The sixth worst area was internal combustion engines.

In contrast to the ability of the Japanese to rapidly deploy new technologies, the Big Three appear like stodgy bureaucracies. The Japanese can design, engineer, and launch a new model almost three times faster than can the U.S. auto makers. GM Vice President Lloyd Reuss told *Fortune*, "A few months ago we couldn't make up our minds about how much chrome to put on the front end of a car, and one of our guys wanted to run a marketing clinic that would take eight weeks." Reuss shot that idea down, but internal bickering

FIGURE 1
The shift in the share of car sales in the United States



* Fortune estimate
Source: Ward's Automotive Reports, *Fortune Magazine*.

over the basic conception for a redesign of the aged Chevrolet Camaro/Pontiac Firebird has consumed six years. By the time GM's replacement for the Camaro/Firebird comes out, over 10 years will have passed. In that time, Toyota will have put out three new versions of the Celica.

At the Tokyo Auto Show in November 1989, Japanese auto makers displayed "concept cars" that incorporated advanced technologies American auto makers conceded will take Detroit years to develop. Though the Japanese had been very careful to give equal billing to the displays of the Big Three, the *New York Times* reported that "the absence of high technology from the United States reinforced the widespread stereotype . . . of an American auto industry in decline,

ceding its technological edge, and perhaps even its genius for design, to Japanese companies.”

The star of the Tokyo show was the Mitsubishi HSR-11, which carries seven computers connected to sensors specially developed for it by the Nikon Corporation, a Mitsubishi subsidiary. The Nikon sensors measure clearances all around the HSR-11 and feed the data to the computers, which automatically maintain a safe distance between the HSR-11 and other traffic and from guard rails—at speeds up to 225 miles per hour. The HSR-11 can also parallel park itself by following guide tapes placed on the ground, and can determine its exact location by communicating with a satellite. The only problem, according to a Mitsubishi engineer, “is that the computers are too big,” wrote David E. Sanger, in the *New York Times*, on Nov. 6, 1989.

The Japanese auto makers have already perfected the mass production of very complex multi-valve engines. Every Honda now sold in the United States is powered by a four-cylinder engine that is 15% more powerful than U.S. six-cylinder engines. The key to this is multiple intake and exhaust valves for each cylinder, allowing fuel to be burned much more efficiently in the combustion chamber than is possible with older engines, aspirated by only one intake and one exhaust valve per cylinder.

Nissan’s new luxury car, the Infiniti, has a new eight-cylinder engine with four valves for each cylinder. Each of the 32 valves on the Infiniti Q-45 engine is regulated by a complex electromechanical timer that adjusts the opening and closing times of the valves in accordance with the speed of the engine.

The Big Three have reportedly decided not to build these more efficient and more complex multi-valve engines, because they contend that American drivers would be unaccustomed to the higher-pitched whine of such engines! Moreover, such engines require a very high degree of manufacturing precision, and could cost a U.S. automaker as much as \$500 million to retool to build.

In a recent study, TRW, Inc., the aerospace firm with a division that makes automotive and truck engine valves, found that 100% of Hondas sold in the United States have multi-valve engines, 70% of Toyotas, 54% of Nissans, 37% of Mazdas, and 24% of Mitsubishis. By contrast, only GM has fielded a multi-valve engine, the Quad Four, which it sells as a high-performance option. In 1988, of the 9 million engines GM built, only 190,000, or 2.1%, were Quad Fours (Doron P. Levin, “New Japan Car War Weapon: A ‘Little Engine That Could,’ ” *New York Times*, Nov. 26, 1989). Ford and Chrysler are in the process of developing multi-valve engines. GM is now designing a Cadillac V-8 32-valve engine, the North Star.

Japanese lead in manufacturing technology

The Japanese have only a \$300 per car cost advantage over the United States on cars built in Japan, and a \$700

per car cost advantage on cars built in the United States, according to Morgan Stanley analyst Scott Merlis. If true, these figures definitively repudiate the old story that Japan’s advantage is its cheaper labor. Building a car at a GM plant requires 5.0 work days, Chrysler takes 4.4 work days, and Ford requires only 3.4 work days; Japanese assembly plants in the United States require just under 3 work days, according to the *Wall Street Journal*’s Paul Ingrassia (“Auto Industry in U.S. Is Sliding Relentlessly Into Japanese Hands,” Feb. 16, 1990). MIT analyst John Krafcik, who has studied 40 auto assembly plants in 13 countries, estimates that the average plant in Japan needs 20.3 hours of labor to assemble a car, 20% less than the 24.4 hours in the average North American plant. West European plants need 32.9 hours (Alex Taylor III, “Why U.S. Carmakers Are Losing Ground,” *Fortune*, Oct. 23, 1989).

If labor costs were the main advantage of the Japanese, it is clear that the Japanese auto makers would have a much greater than \$700 cost advantage, given that they take 13-66% less time to assemble a car. If they pay less, and take less time as well, the Japanese cost advantage would have to be, minimally, over \$1,950.

If the Japanese auto makers have any advantage at all, it is that they operate in a financial system that is properly subordinated to the requirements of industrial production. In a book published only in Japan that has touched a raw nerve of the Anglo-Americans, judging by the howls of rage in the U.S. press following circulation of a bootleg translation, Akio Morita, the highly respected founder of Japan’s premier consumer electronics firm, Sony, argues that Americans make money by “simply moving money back and forth through mergers and acquisitions.” He warns that the function of money “should not be to enrich banks and securities companies, but to smooth the path of production. . . . [In Japan, we] plan and develop our business strategies 10 years ahead, while Americans seem to be concerned only with profits 10 minutes from now. . . . For [Americans] the name of the game is nothing but quick profits. Entrepreneurs and investors alike do not leave their money in long-term projects. . . . The American economy is without substance” (Akio Morita and Shintaro Ishihara, *The Japan That Can Say No—The New U.S./Japan Relations Card*). Automotive industry analyst Maryann Keller has estimated that since 1986, Toyota has raised \$6.2 at interest rates of only 1.2% to 4.0%. American auto makers can’t hope to come close to that, while the U.S. financial system is dominated by usury.

It was revealed on March 20, for example, that one-third of Ford’s 1989 financial services profit consisted of \$221 million Ford had received from the Federal Savings and Loan Insurance Corp. after Ford’s purchase of four troubled S&Ls. In February, General Motors announced that its pension fund was going to purchase billions of dollars of junk bonds—an especially dubious investment since Drexel Burnham Lambert went bankrupt.

Brazil's President uses economic 'shock' program against speculators

by Peter Rush

Incoming Brazilian President Fernando Collor de Mello decreed, one day after taking office on March 15, one of the most sweeping monetary and financial reforms of any nation in the 20th century, shocking the financial markets, but winning instant support from most Brazilians and many abroad. His measures in one stroke froze nearly \$100 billion in internal government short-term debt and \$20 billion in bank savings accounts, liberalized foreign trade and currency exchange, and imposed taxes for the first time on the nation's wealthy. One week after their imposition, prices had fallen sharply, the national currency had appreciated 50-75% against the dollar, and retail sales plummeted.

The measures confounded virtually all critics. Nobody had anticipated such a dramatic freezing of accounts and reduction of liquidity in the economy. After one week, it is clear that Collor means business. What is not clear, is whether the measures taken so far may be the opening salvos of a monetarist "shock" program. If so, the hopes of the mass of Brazilians who so far are supporting the new President's bold approach, will soon be dashed, as layoffs and other austerity measures take their toll.

However, the measures taken so far may just as possibly be the prelude to an entirely different type of "shock" program, one that genuinely roots out the speculation and manipulation of financial markets by the elite of Brazil's upper class, establishes sound government finances, does not visit austerity on the vast majority of Brazil's working class and poor population, and recommences the ambitious national development projects that have been on hold since the debt crisis first hit in 1982.

So far, Collor has acted consistently with either scenario, decreeing the liberalization of the economy, but also showing concern that the mass of Brazilians not be negatively affected.

The measures

Zelia Cardoso, Collor's 37-year-old finance minister, released an outline of the new measures on March 16. They include:

Monetary and financial measures:

- Creation of a new currency, the cruzeiro, to be ex-

changed one-for-one for the previous New Cruzado (NC);

- Freezing for 18 months of all funds above NC 25,000 in the so-called "Overnight," the one-day government bond indexed daily to inflation, in which nearly half of all the nation's currency used to be invested daily;

- Freezing for 18 months of all funds above NC 50,000 in bank savings accounts;

- A 30-day price and wage freeze, retroactive to March 15, the day that retailers started jacking up their prices in anticipation of Collor's package; a 5% increase in the minimum wage;

- Five-year prison terms for economic abuses such as unauthorized price increases and hoarding, and use of the police to enforce the measure;

- Abolition of anonymous, numbered money market accounts, used to evade taxes and launder drug money.

Government budget and tax measures:

- Taxation of large fortunes for the first time;

- Imposition of income taxes on farmers; a capital gains tax of 35% on gold trades, 25% on stock transfers;

- Increases in telephone rates, gasoline prices, air fares, and postal rates, respectively, of 32%, 58%, 50%, and 80%; electricity and water rates will also go up sharply;

- Setting of annual interest rates on frozen "Overnight" accounts of 6% above the inflation rate, replacing the present rate of more than 50% above the inflation rate; this measure alone is expected to drop the government deficit nearly to zero;

- Dismissing 30-40,000 government workers who hold two government jobs;

- Eliminating many government ministries and agencies, and dismissing many of their employees; ending \$2.2 billion in subsidies to exporters and manufacturers;

- Tight control of printing of cruzeiros; none to be printed to finance government deficits;

- Privatization of most government-owned companies, especially manufacturing firms;

Foreign trade and exchange measures:

- Floating exchange rate set by free market through supply and demand of importers and exporters;

- Gradual phase-out of import barriers and licenses;

- Strong encouragement for foreign investment.

Collor vows: no recession

Speaking before a joint session of Congress March 15, Collor reiterated his campaign promise that fighting inflation would be his top priority. "The struggle against inflation will be an unconditional struggle," he said. "I will never relent in the pursuit of this objective. I will either win or lose to the extent that this challenge will be met without delay and without pause." He identified inflation as "permanent aggression against wage earners, against the vast majority of our people. The poorest classes are precisely the ones that are unable to defend themselves from inflation and resort to other means."

In its first week, the package of measures did succeed in fulfilling this objective, not only rolling back inflation rates, but prices themselves. By March 23, many stores were quoting prices well below even the March 15 level. However, there was also a sharp fall-off in retail sales. Analysts attributed this to the fact that an estimated \$100-120 billion, out of \$150 billion in liquidity, was suddenly frozen.

However, the real explanation is initial panic or uncertainty, compounded by sabotage by some banks that at first refused to permit even the legally allowed withdrawals by consumers. Relatively little of the frozen money would normally have been spent on retail items. Most people, whose funds are not frozen, have just seen the purchasing power of their wages and money go up, as prices have fallen.

Nonetheless, some critics immediately attacked the program for being recessionary, and predicted a mass of layoffs and a collapse of production, while the newspaper *O Estado de São Paulo* raved that Collor's program was "interventionist," a return to dictatorship, and a throwback to the regime of Getulio Vargas, a nationalist who was President in the 1930s and 1940s.

Anticipating this criticism, Collor in a televised interview March 18, answered flatly, "There is not going to be a recession." He said that his plan only affects the wealthiest 10% of the population that had more than the specified minimums in the "Overnight" and in savings accounts. He also said that the central bank would hold auctions soon, where those whose funds are blocked could buy some of them back, albeit at some discount from full value, to "irrigate" the economy. Five days later, making good on his promise to be flexible, Collor announced the first change in the original plan, which will benefit retirees and the unemployed, and farmers will be allowed access to frozen funds to pay wages. Collor also announced that if inflation is licked quickly, the blocked accounts can be released early.

In his speech to Congress, Collor also claimed to have a great concern for the well-being of the average Brazilian, and awareness of the inequity of Brazil's distribution of wealth. "My generation" he said (he is 40), "no longer accepts coexisting with a Brazil that is an economic giant, but

a social pygmy; living in the world's 10th largest economy, with social indicators that reveal so much misery, disease, and inequality." He added, "We do not conceive of modernization without its component of social justice; of progress that is not shared by everyone."

But he also stressed that "it is up to free enterprise, not the state, to create riches," and that the proper role of the state does not extend to producing goods. He said an important part of his program was to attract foreign capital to "diversify our industry, create more jobs, and obtain technology for the benefit of Brazil and the countries of the Third World." He also committed his government to improving education and literacy levels as one of his top priorities.

However, conspicuously absent from Collor's public statements has been any mention of the role of the state in developing infrastructure and great projects, such as the Gran Carajás iron and metallurgical project, which has been turned into nothing but a looting operation to pay debt service to the international banks. Without such a perspective, no short-term monetary success in the fight against inflation can become the basis for permanent growth. However, an indication that some people are looking at this area as well, is the creation of a new Ministry of Infrastructure.

Debt moratorium: the Funaro legacy

In his speech announcing his new economic program, Collor said, concerning the foreign debt, "It is not a matter of seeing how much we can grow after servicing the debt, but rather how much we can pay after guaranteeing our economic growth. . . . We must struggle so that the '90s restore and accentuate the trajectory of growth. One of the main obstacles to that, without doubt, is servicing the debt at current levels." Giving substance to this statement, Finance Minister Cardoso announced a de facto partial debt moratorium, without using the term, saying that Brazil would pay no more than \$4-5 billion a year in interest charges, less than half of its annual interest owed.

Not only the debt decision, but the entire package has been likened to the measures favored by the late former Finance Minister Dilson Funaro, the architect of the 1987 debt moratorium. Maria da Conceição Tavares, an economist and strong partisan of Funaro's program, said in a television interview March 20 that "Funaro must be very happy, up there in heaven, because this is just what he tried to do." The plan was "technically perfect" and "the best that has ever been done in this country," she said.

It may thus be no accident that Zelia Cardoso served under Funaro during his tenure as finance minister, and made a special point of visiting his grave after Collor's inauguration, where she spoke of "the guidance of the memorable minister Dilson Funaro, to whom I once again render homage for the dignity and public spirit which characterized his life. It seems significant to recall that moment, for the image he left of mobilization of the citizenry."

IPPF malthusians outline their plans for global genocide in the 1990s

by Jutta Dinkermann

“Ten years to shape the future” is the headline of the first issue of the 1990s of the eco-fascist *People* magazine published by the International Planned Parenthood Federation. The special issue incorporates *Earthwatch*, an environmental supplement published jointly by the IPPF, the World Conservation Union, and the United Nations Population Fund, and with supplementary support funding from the World Bank and the World Wide Fund for Nature. Everybody who is somebody in the international eco-fascist movement has outlined their programs for the 1990s in this edition, the entire issue of which is an outrageous declaration of war against the human race. Within its pages, leading malthusians, using the bogus pretext of environmental degradation, reveal their plans for genocide on a global scale.

“The 1990s are coming with a roar. The revolution of perestroika which is defusing the Cold War is being matched by the democratic force of people power sweeping across Eastern Europe,” the introduction reads. “Quieter, but equally significant is the global awakening of the threat to the planetary environment caused by human activities and increasing populations, both rich and poor. . . .

“Both the World Bank and the OECD [Organization for Economic Cooperation and Development] have begun to speak with a new urgency on these themes. . . . There is absolutely no doubt that to achieve this environmental goal we must come firmly to grips with the population issue. . . .

“The publication of the long-term World Bank study on sub-Saharan Africa also breaks new ground calling [on governments] . . . to ‘grapple with two major trends: explosive population growth and accelerating environmental degradation.’ It finds echoes in the end of the year report by the chairman of the Development Assistant Countries of the OECD, Mr. Joseph Wheeler, who was equally forthright in stating that the environmental challenge could not be met unless we move towards more sustainable levels of population growth. . . . But two big changes are apparent in approaching the topic since our previous *People/Earthwatch* review in 1983.

“First is the greater urgency given to environmental concerns by the thinning of the ozone layer and the threat of

global warming. . . . Second is the much greater acceptance by the conservation community that population is a crucial factor in all this. In 1983 we criticized the World Conservation Strategy for being ‘strangely silent’ on the issue of population. Today, the World Conservation Union (IUCN) is circulating a new draft strategy which has a forceful, targeted chapter on population, setting out the need for high-population growth rate countries to reduce their rates of population growth . . . and for reduced resource consumption in the rich countries. . . .

“In our previous joint issue Harford Thomas wrote: ‘The time available to adjust to a sustainable relationship between population and environment is limited. It could run out.’ Norman Myers warns in even more stark terms in this issue, that ‘the window of opportunity’ provided by the 1990s to make or break our future world is here and now.”

IPPF: Implement the Chinese model

The IPPF strategy for genocide is presented by Norman Myers, the editor-in-chief of the *Gaia Atlas of Planet Management*, who endorses the brutal methods used in the People’s Republic of China. “Our present total of 5.2 billion people is projected, according to a median calculation, to grow to 10.5 billion before it finally levels out at zero growth early in the 22nd century,” Myers writes. “But if we could enable all developing countries to follow the path of China, South Korea, Taiwan, Java, Thailand, Kerala State in India, Sri Lanka, Tunisia, Zimbabwe, Cuba, and urban communities of Colombia and Mexico, we could hold the final total as low as 8.5 billion or even fewer. . . .

“Conversely, if more developing countries follow the unfortunate path of the Philippines and most countries of black Africa, where population growth rates are still rising, we could end up with as many as 14 billion people or even more.

“The difference between the two outcomes—a Golden Age versus a Heaven Forbid scenario—is 5.5 billion people. . . . What a splendid opportunity still awaits us, what a positive payoff lies ahead! But we have little time left. . . .

“The demands of today’s 5 billion people are imposing

enough strains upon Earth's life-support systems. According to the World Hunger Project, the planetary ecosystem could, with present agrotechnologies and with equal distribution of food supplies, support 6 billion people if they all lived off a vegetarian diet. If they derived 15% of their calories from animal protein, as do many people in South America today, the total would slump to 4 billion; and if they gained 25% from animal protein, as is the case with most people in North America today, then the Earth would support only 3 billion."

The article elaborates various environmental hoaxes, the so-called "threats for the planetary ecosystem," such as the supposed threat to the ozone layer, tropical deforestation, the greenhouse effect, destruction of wildlife habitats. Myers continues:

"But not all humanity is equally responsible for the present debacle. Much more environmental destruction occurs at the hands of the 1 billion ultra-rich people and the 1 billion super-impooverished people than the other 3 billion people in between. The one billion at the top of the pile generally do not feature high population rates, but such are their materialist lifestyles—many of them, for instance, consume 100 times as much commercial energy as do most Bangladeshis, Ethiopians, and Bolivians—that in certain respects the additional 1.75 million Americans each year may well do as much damage to the biosphere as the 85 million additional Third Worlders.

"By contrast the 1 billion people at the bottom of the pile see little alternative to their environmentally destructive lifestyles. . . . These are the communities, too, who feature the highest fertility rates. To them must be supplied the motivation as well as the facilities to practice family planning."

Worldwatch: halve population growth

The Worldwatch Institute outlined its global action plan to halve population growth by the year 2000. Lester Brown, the institute's president, addressed his plan as follows:

"Population stabilization is the only acceptable goal in a world where growth in human numbers is leading to a life-threatening deterioration of environmental systems. In 13 countries—most in Western Europe—home for some 266 million people, birth rates have already fallen to the point where births and deaths are in balance. . . . The wide availability of family planning services and liberal abortion laws provided the means for them to do so.

"The contrasting prospects of these countries and those where populations are projected to double, triple, or quadruple is alarming. The experience of recent years indicates that rapid population growth and social progress are not compatible over the long term. Countries either make the shift to smaller families, as China has done, or their life-support systems begin to break down, as is occurring in many African countries. Given the conditions of these systems and the trends in per capita food production and income, many countries may have delayed too long in implementing effective

population policies including family planning.

"At this point, the only socially responsible step for the United Nations, the World Bank, and the international development community is to work towards a sharp reduction in the world growth rate, one patterned after the rapid declines in fertility that occurred in both Japan and China. Each of these countries halved its rate of population growth within a matter of years. . . .

"Given the experience of Japan and China, a global effort to cut world population growth in half by the year 2000 does not seem out of the question. . . . If national governments become serious, it is possible to lower the global birth rate of 28 to 19 [per thousand] by the end of the century, a decline of one-third. Assuming that the death rate for the world remains at roughly 10 per thousand, this would cut the rate of world population growth in half, to below 1% per year.

"Much of this decline would have to occur, of course, where population growth is most rapid—Africa, Latin America, and the Indian subcontinent. Industrial countries, such as the United States, the Soviet Union, and Japan, where population growth is now well below 1% per year, can easily follow the industrial societies of Western Europe to zero population growth. . . .

"The model for this continues to be the projections undertaken in China in the mid-1970s as part of the post-Mao reassessment. International development agencies can be of major assistance in undertaking these studies."

Nafis Sadak, executive director of the U.N. Population Fund and another ecofacist, elaborates in *People* that "Numbers have grown dramatically, but the planet has not. We are beyond the point where the Earth can absorb the effect of our depredations. . . .

"Damage to the ozone layer is already spreading skin cancer in the Southern Hemisphere; the buildup of the 'greenhouse gases' threatens some coastal regions and even whole countries with destruction, as global temperature rises.

"These effects are largely the results of increasing resource use in the richer countries, but the implications of population growth in the poorer countries are also frightening to contemplate. . . .

"In the past cities were centers of culture and enlightenment. . . . But today's cities are sucking in the poor and dispossessed at such a rate . . . that they are in danger of becoming unintentional Frankenstein's monsters, parasites on the countries which support them. . . .

"An end to poverty would certainly solve the problem—but the very means of defeating large-scale poverty are those which have created the other half of the environmental problem—urban growth, industrialization, and intensive agriculture.

"The solutions open to us must therefore include slower population growth, so that the curve flattens out sooner rather than later; [and] an all-out assault on the present sources of environmental destruction."

Book Review

India braces for new Dope, Inc. assault

by Susan Maitra

The Narcotic Drugs and Psychotropic Substances Laws of India

by B.V. Dumer and R.K. Tewari
Konark Publishers, New Delhi, 1989
615 pages, hardbound, 300 rupees

With no visible letup in the narcotics traffic from the Golden Crescent on India's western borders, and a record 1990 opium harvest projected for the Golden Triangle adjacent to its eastern borders, anti-drug officials here are bracing for another escalation in Dope, Inc.'s assault on India.

The drug lords began targeting India in the early 1980s, after the Soviet invasion of Afghanistan and the Khomeini Revolution in Iran disrupted trafficking routes from the Golden Crescent. India's cosmopolitan centers like Bombay, and its international air traffic links were convenient, and the virtual non-existence of a law enforcement effort against narcotics trafficking made India an ideal transshipment center. The potential market in a population of 800 million in India itself could not have escaped the notice of the drug barons, either.

Willy-nilly—from 1980 when not a single case of dope peddling was registered, to 1985 when Interpol found India to be the number-one source of heroin coming to Europe—Indian authorities found they had a major problem on their hands. The Khalistani secessionist movement in the state of Punjab that had just claimed the life of Prime Minister Indira Gandhi, and the escalation of secessionist warfare in the nation of Sri Lanka established the “narco-terrorist” phenomenon as a clear and present danger, and helped to galvanize a quick response from the new administration of Rajiv Gandhi.

This book tells a crucial part of the story of how India has mobilized to try to win the war against Dope, Inc. At the center of the book is the Narcotic Drugs and Psychotropic Substances Act of 1985 (NDPSA) and its 1988 amendment, the sweeping new laws that established the legal and institutional basis for India's anti-drug effort, with annotated commentary. Prefatory chapters outline the drug problem as it

has emerged in India, and describe as well the economic, social, and medical consequences of the drug scourge.

Additionally, the book contains the previous laws in India, those that were superseded by NDPSA, as well as the international laws and conventions that form the worldwide enforcement context. These include the 1961 and 1971 conventions as well as the new, recently adopted United Nations conventions and suggested work program for stepped-up international cooperation to stamp out drugs formulated under the initiative of Malaysian Prime Minister Mahathir and others.

The book—dedicated “to those who laid down their lives in combatting illicit traffic in drugs”—was written by two individuals who continue to play a central role both behind the desk and in the field in the anti-drug fight in India. B.V. Dumar, a new member at the Central Board of Exise and Customs in the Finance Ministry and former director general of the Revenue Intelligence, was the first head of the Narcotics Control Bureau (NCB) set up by the 1985 law to spearhead the anti-drug fight. Kumar was instrumental in preparing the way for and formulating the tough new anti-drug policy, with the active leadership of former Prime Minister Rajiv Gandhi and his top adviser Arun Singh. R.K. Tewari has 11 years experience in the work against narcotics both in the field and at the headquarters of the Department of Revenue in the Finance Ministry, and is presently responsible for implementation and enforcement of the NDPSA, policy framing, and coordination of all work relating to narcotics.

The foreigner who will be interested in a comprehensive reference work on India's narcotics laws and their background, cannot perhaps appreciate the significance of this work for the Indian anti-drug effort itself. The authors state that their objective in writing the book is “to inspire the law enforcement agencies to combat drug trafficking on a war-footing and create the necessary awareness amongst the administrators, lawyers, educationists, doctors and judiciary in particular and the citizens in general.” Indeed, this volume is no academic exercise but rather an important weapon in a situation where law enforcement agencies have almost no experience in narcotics work. The awesome task of building up competent narcotics cells in the police forces and among other enforcement agencies, of coordinating their activity and the necessary intelligence infrastructure, and of establishing judicial precedents and so forth—all in a race against time—will be greatly assisted by the existence of this book. Its authors hope it will help to give new impetus to the anti-drug fight.

When this writer met Mr. Kumar recently, he was just back from leading a three-day field expedition that destroyed nearly \$25 million worth of marijuana plants being cultivated illegally in nearly inaccessible mountain tracts at above 6,000 feet along the border between the states of Kerala and Tamil Nadu. Not the first such expedition Kumar has led, he says nonetheless that it's just “the tip of the iceberg.” By Western

standards, at about \$1,000, "Operation Blue Sky" was strictly a low-budget operation. But it was well publicized and clearly meant to send a message to the kingpins, the otherwise respectable businessmen with political connections who operate the dope rackets through a long series of anonymous intermediaries.

What really worries Kumar and his associates now is the loss of momentum which the anti-drug effort has suffered over the past year or so, as the Rajiv Gandhi administration became increasingly preoccupied with the 1989 general elections. The change of government and immediate need for political fire-fighting operations in the state of Jammu and Kashmir further blunted the drive. Fruitful collaboration with Pakistan on the drug problem, begun in 1986 under Rajiv Gandhi's initiative, has also been overcome by political events in both nations; there is every indication that Pakistan Prime Minister Benazir Bhutto has her hands tied as far as a serious anti-drug fight is concerned.

High price for backpedaling

Indian anti-drug officials know that the price for backpedaling at this stage will certainly be high. Kumar notes that India is way behind in conducting the kind of surveys that would show to what extent the country has become a market and not simply a conduit for Dope, Inc.

As the seizure on March 12 in Bombay of nearly 400

kilograms of high-grade morphine from Pakistan and Afghanistan indicates, there is certainly no letup in the traffic from the Golden Crescent. The seizure was the first big success of the newly formed, 38-man narcotics cell in the Bombay police. But as Rahul Sur, chief of the new cell, made clear to *The Independent*, there's no time to bask in the glory. The unit has no infrastructure, such as computer information banks, communications facilities, monitoring hardware, and so forth, and most of the staffers lack the training and expertise for effective field operations.

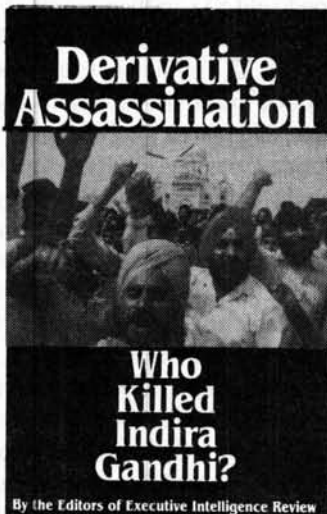
The danger from the east looms as great. Anti-drug officials began zeroing in on the strategically sensitive northeast in 1988. Now, the Golden Triangle opium crop is forecast to be a record-breaker, with "Burmese" opium output alone estimated at 2,600 tons. As Indian officials are well aware, a good chunk of this "Burmese" dope is actually a high-value export from China's Yunnan province—and China is in desperate straits both in terms of politics and foreign exchange. Last year only 72% of the 2.5 tons of heroin seized in India—mostly at airports on its way out to the West—came from the Golden Crescent; the 90% pure "white heroin" for which "Burma" is famous has been showing up in increasing quantity. The seizure of a ship in Bangladesh's Chittagong port recently, with a load of heroin, hemp (marijuana), and 2,500 ampules of banned substance is a pointer to the pressure now coming from the Golden Triangle.

Derivative Assassination: Who Killed Indira Gandhi?

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CIA banking comes under scrutiny

by Herbert Quinde

Recent revelations of widespread infiltration of the U.S. banking system by the Central Intelligence Agency for the purpose of carrying out covert operations have sufficiently caught the attention of Congress, that sources say high-profile congressional hearings seem to be imminent. Congressional investigators for the House Permanent Select Committee on Intelligence are conducting a preliminary probe. The prospect of such a development has the White House and CIA director William Webster less than pleased, since some of the revelations have implicated members of President Bush's own family.

On March 20, added interest in the scandal was generated by a Washington, D.C. press conference given by Robert Maxwell, a former executive of the First National Bank of Maryland, announcing his multimillion-dollar suit for damages against his former employer and the CIA. Maxwell exposed the CIA's illegal trade in international covert purchases of weapons during the period of 1983 to 1985. His refusal to carry out illegal CIA transactions while head of the letters of credit division of the bank led to harassment, threats against himself and his family, a forced resignation, and a nervous breakdown. Maxwell said his once promising banking career was destroyed.

David MacMichael, Washington director of the Association of National Security Alumni (ANSA) and a former CIA officer who is supporting Maxwell's effort, said that government pressure on Maxwell continues in an effort to discredit him. "We have evidence that confidential documents are being circulated to cast doubt on Mr. Maxwell's emotional stability." ANSA is an organization of former intelligence officers who oppose the CIA's involvement in clandestine operations. MacMichael directs ANSA's "Shadow Justice" project, which developed out of investigating the Iran-Contra affair. The project monitors and publicizes cases in which individual rights and civil liberties are trampled, as well as when the judicial system is abused under the guise of protecting national security. MacMichael says the Maxwell case is a typical example of CIA "asset development," and the human tragedy which results from involuntary recruitment of American civilians impressed into covert operations.

Maxwell's lawsuit alleges that First National Bank of Maryland handled banking transactions for Associated Traders Corporation (ATC), a Vienna, Virginia-based CIA proprietary, in purchasing millions of dollars worth of arms.

CIA officers and bank officials ordered Maxwell to handle ATC's accounts in a manner contrary to accepted banking practices, in apparent violation of the law. The lawsuit also names as defendants 10 "John Does"—officers of the CIA, FBI, and the Department of Justice—who threatened Maxwell's former lawyer in an effort to silence him and derail the lawsuit. Maxwell's former attorney was threatened with disbarment and was told by some of these officers that CIA director Webster was "actively monitoring" the case. "I was trying to perform my job," explains Maxwell, "as an officer of the bank in a conscientious manner. When I questioned the legality of carrying out transactions for Associated Traders . . . I was harassed, threatened, and ultimately forced out of the bank."

The Silverado story

Meanwhile, the *Houston Post's* exposé of CIA and organized crime involvement in the collapse of several savings and loan institutions has reached the front door of the White House, via the President's son Neil Bush. On March 11, the *Post* published another in its continuing series on the S&L scandal, highlighting the case of the failed Colorado-based Silverado S&L. The paper reported that Silverado, "whose board of directors included a son of President Bush, was part of an intricate web of federally insured financial institutions that had business links to organized crime figures and CIA operatives." The article reported that four of the largest borrowers at Silverado, which went bankrupt in December 1988 at an estimated cost to the government of \$1 billion, "had connections to convicted Louisiana mob associate Herman K. Beebe, Sr., or to Robert L. Corson, a Houston developer and alleged CIA operative." Three of the four also had independent business relations with Neil Bush, who was a member of the Silverado board from 1985 until August 1988.

Ken Good, a Dallas, Denver, and Florida real estate developer, was one of Silverado's largest borrowers. In 1986, Good sold \$14 million worth of Silverado stock to Silverado's chairman, Michael Wise, for \$4 million. He then received \$37.4 million in loans from Silverado. Good invested \$10,000 into JNB Exploration, a company initiated by Neil Bush, and placed the President's son on the board of Good's Florida company, Gulfstream Holding Co. In 1985, Good bought Gulfstream with a \$86 million loan from Beebe's Western Savings. Western Savings also made a series of loans to Robert Corson, who sources say was a CIA asset.

The link to Neil Bush has led investigators to take a fresh look at Florida-based Jeb Bush, the President's most energetic pro-Contra activist son. Jeb was a business partner of Camilo Padreda, indicted in the early 1980s on charges of embezzling funds from Jefferson S&L in McAllen, Texas. Padreda was a business associate of Guillermo Hernandez Cartaya, a Bay of Pigs veteran and founder of World Finance Corp., a drug money-laundering outfit, according to some sources, which was used by the CIA for covert operations.

The fraud of 'Earth Day'

It's 20 years since the ecologists launched their campaign, and advocates now include groups like Catholic Rural Life.

On April 22 begins a week-long hoopla for "Earth Day" and its 20th anniversary. Those backing the original Earth Day include such agencies as the Washington, D.C.-based Conservation Foundation, part of the World Wildlife Fund, whose elitist point of view is that wilderness and wildlife are preferable to a world of happy, prosperous people. Over the years, these agencies have promoted pseudo-scientific arguments for why the Earth cannot sustain a growing population, and why agriculture, industry, and technology pollute.

In 1970, these arguments were not widely accepted. But today, after decades of brainwashing from radical environmentalist propaganda, millions of people tolerate the decline of agriculture, industry, and the spread of misery and starvation of the world's population as "proof" that the zero-growth agencies were right all along.

In terms of agriculture, Earth Day activities will stress practices considered "sustainable"—low-mechanization, low-input farming, and low-technology water and sanitation. This implies lowering population potential, though its advocates demur from specifying who should die.

The Earth Day 1990 Committee (operating at Stanford University in California) plans to launch a "decade of the environment" committee to promote "regenerative agriculture," among other environmentalist concerns. The advisers to this group include Paul Ehrlich, Texas Agriculture Commissioner Jim Hightower, and Wes Jackson (Land Institute, Kansas).

This view of Earth Day is the rosy side. The black side is the outright pagan, satanic rites-of-spring aspects of the commemoration.

You would hope that the bulwark of opposition to this evil operation would be the churches. However, there are individuals and agencies operating through the hierarchy of many religious denominations to further the Earth Day goals.

Such a leading agency in the farm-belt is the National Catholic Rural Life Conference in Des Moines, Iowa. At the local parish level, many farmers and rural residents respect the group, out of respect for the Church. But this trust is betrayed almost daily.

Rural Life uses the concept of "stewardship" over soils and other natural resources to oppose the idea of man's responsibility to develop and use technology to enhance God's Earth and to improve the lot of mankind. This stewardship concept was presented in the 1980 Midwest Catholic Bishops' statement called "Strangers and Guests."

The underlying theme is that, as a Christian, you should be satisfied to use only low-cost, low-input farming methods, and even if you end up with your farm foreclosed, at least you'll be spiritually happy.

This has served as a rationalization for the low prices that the food cartels (Cargill, Continental, Louis Dreyfus, ADM, Bunge) are paying to farmers, who are being forced off the land.

Joe Fitzgerald, director of Catholic Rural Life, is on the board of direc-

tors of the Land Stewardship Project, a Minnesota-based group set up in the 1980s to promote neo-feudal farming. The project holds meetings, coordinates demonstrations, promotes pagan propaganda dramas, circulates a newsletter, and facilitates grants for "sustainable agriculture."

Their mystical perspective is summed up in a recent newsletter feature quotation from the Soviet geologist Sergei Tsvetko: "I think that ecology is first of all a spiritual movement. . . . Ecology to me is the contemporary religion. It's only on the basis of ecology that spiritual integration of the whole global community is possible."

Rural Life promotes speakers such as Wes Jackson, whose 1980 book, *New Roots for Agriculture*, is dedicated to "Mother Earth," and to Ceres, the Roman goddess of agriculture.

A pagan puppet show, "A Song for the Earth," featuring Gaia, "Mother Earth," has been featured at dozens of Catholic schools.

When a Minnesota congregation objected to this kind of teaching, its church was shut down last year by Archbishop John Roach of Minneapolis.

Bishop Raymond Lucker of New Ulm, Minnesota, ordered the cancellation of the use of a Hutchinson parish school for a Food for Peace meeting on the need for high-technology output of more food, because, according to the local priest, the Church disagrees with the advocacy of chemical pesticides, fertilizers, and other farm inputs, which Food for Peace may condone. He said that the state's spotted owl population would be harmed.

Bishop Lucker is now in the national news for attacking the new catechism proposed by the Vatican last year, for using anti-feminist, "sexist" language.

Business Briefs

Markets

Control must be tighter, says insider

"At some point soon, the U.S. authorities must move to suspend financial market operations," insisted a European banking representative with close ties to Switzerland and Britain.

"I suspect what they will do is simply impose a scaled-up version of the Brady 'circuit-breakers' to restrict the range of trading each day. This I take as the meaning of the 'leak' by Brady's office a few days ago about a plan to bring the Chicago commodity trading under a centralized regulatory umbrella of the Securities and Exchange Commission. If they do that, let's say the S&L crisis or what were to explode. Then the new circuit breakers would limit the market reaction to, say, only a 10 point per day variation," he said.

"It would be more in the direction," he stressed, "of how certain continental European stock trading is done, by 'price setting' each day for each stock, rather than the present continuous trading in New York. The effect of that kind of blatant management would be to discourage foreign and domestic investors from the stock market, but that could draw them into the U.S. government bond market which would build support for financing the huge federal deficits. I see it as a kind of repeat of what we saw in 1946-50 under the Clement Atlee Labour regime when Labour socialized a bankrupt British economy."

Finance

Italian minister warns of imminent blowout

Italian Treasury Minister Guido Carli warned of an imminent global financial explosion in a speech on March 16 at an Italian Christian Democratic Party four-day policy seminar in Montecatini, Italy.

The main threat comes from instability in the Japanese markets, Carli said. He claimed that Japan was "threatened by a financial crisis of unpredictable dimensions," particularly if

the Japanese Central Bank raised interest rates. Carli warned that "instability in the international financial markets could explode at any moment."

The Bank of Japan raised the discount rate a full percentage point on March 20.

Consumption

Analysis shows U.S. living standard falling

The argument of economists and policymakers that American consumption growth is outstripping growth in output, necessitating austerity, is shown to be fallacious by analysis.

The portion of Gross National Product represented by personal consumption has risen from 62.8% in 1980 to 65.3% in 1987; but the determining variable in that ratio is not the growth of consumer voracity, but the relative stagnation of output of goods and services. In the 1980s, personal consumption increased an annual average 3.2%; in the 1970s, 3.0%; in the 1960s, 4.3%—no dramatic rise. But production of goods and services over the same period dropped off steadily, from 4.3% annual growth in the 1960s, to 3.1% in the 1970s, to 2.6% in the 1980s through 1987.

If GNP growth in the 1980s had maintained the 1960s pace, the U.S. would today produce more than it consumes, and likely have a trade surplus. Even if the 1980s growth had been at the less rapid 1970s rate, the U.S. would be close to a trade surplus.

Space

Japan puts craft into lunar orbit

Japan became the third nation to send a craft into lunar orbit on March 19, when its Hagoromo spacecraft swung by the Moon at a distance of 10,000 miles.

After a five and a half week journey, during which scientists fine-tuned the craft's trajectory, Hagoromo moved into a tight lunar

orbit. A larger, mother spacecraft, which had jettisoned Hagoromo 30 minutes earlier, entered a larger orbit around the Earth.

"We've taken one step forward toward planetary missions," said Yasunori Matogawa, an associate professor at the government's Institute of Space and Astronautical Science (ISAS).

Demography

U.S. youth at most risk in advanced sector

Children in the United States are more at risk for a number of social, economic, and health problems than children in the world's other developed nations, according to a report prepared by the Census Bureau for the House Select Committee on Children, Youth, and Families, the *Washington Post* reported March 19.

The greatest disparities between the U.S. and other industrialized countries were in the number of children affected by divorce, youth homicide, and the number of children living in poverty. The U.S. and Australia have the highest child poverty rate among the world's industrial nations.

Research and Development

Japanese set up international program

The Japanese intend to set up and invest \$600 million in an international program to promote research and development for "intelligent manufacturing systems," and are looking to the Americans and Europeans to contribute \$200 million each. The Society of Manufacturing Engineers will serve as the North American secretariat for this 10-year program, it was announced Feb. 2 in Washington.

The program's objectives are to conceive and develop state-of-the-art, compatible information and communications technology for high-grade, intelligent manufacturing control and processing equipment. It is envisioned that

Briefly

manufacturing systems can be developed that will facilitate the interaction of people and intelligent machines across entire manufacturing operations and sovereign borders.

Prof. Dr. Hiroyuki Yoshikawa, chairman of the Japanese Committee on Joint International research Programs said, "It is our desire to work with European and American groups to develop revolutionary manufacturing systems that will help assure a prosperous, mutually beneficial tomorrow for all. . . . It is becoming important to develop manufacturing technologies that may be used by any nation, in an effort to foster a healthy global manufacturing environment."

Environment

'Killer trees' found to be worst polluters

Trees have been found to be the worst polluters, according to three recent scientific studies.

According to William Chameides, who led a six-year study at the Georgia Institute of Technology, natural hydrocarbons from trees and soils—not auto and industrial emissions—are the most important source of urban smog. Chameides' conclusions mean that the "clean air" regulations now proposed will do nothing—at a yearly cost of between \$145 and \$195 billion (see *EIR*, March 16, 1990).

Chameides says that in the early 1980s his group noticed that levels of ozone pollution in Atlanta had increased, despite a reduction of more than 40% in the emissions of pollutants. This anomaly triggered a search for an explanation for the "missing link," and led Chameides and his associates to "barking up the right tree," he said. Chameides and his team spent years putting huge plastic bags over trees and chemically analyzing the trapped gases. The trees yielded vast amounts of highly reactive hydrocarbons. The pollutant yield from the trees varies with latitude and species; biogenic emissions are higher in the South, and oak trees have proven to be the most prolific polluters in Georgia. These natural hydrocarbons are also disproportionately efficient in producing ozone, a result confirmed

in multiple studies with smog chambers.

When ozone levels broke the Environmental Protection Agency standards for severe air pollution, it was also shown that what the EPA equipment measured was "pure mountain air" that had been blown into the city by prevailing winds. Rural stations recorded the highest levels of "urban air pollution." Similar results are reported in Baton Rouge, Louisiana and in the Tampa/St. Petersburg area in Florida.

The EPA is upset with these studies, because "they imply that a major element in U.S. environmental policy may have been predicated upon faulty scientific analysis," according to *Environment Week*, which quoted EPA researcher Basil Dimitriades, who warns that "if Dr. Chameides' quantifications are correct, then controlling anthropogenic hydrocarbon emissions is not effective in controlling ozone."

Small Business

Hiring drops sharply for last quarter of '89

Small business hiring in the United States dropped sharply in the last quarter of 1989, and threatens to go lower this quarter, according to a recent survey by the National Federation of Independent Business the March 16 *Wall Street Journal* reported.

Approximately 12% of small business increased employment, while 18% decreased employment. Comparable figures for the third quarter of 1988 were 17% and 15%, respectively. The productive sectors were hit the hardest. Construction had the worst fourth quarter, with 30% of small construction firms cutting jobs. This was followed by drops in: manufacturing—19%; agriculture—18%; services—17%; retail—16%; finance—11%.

From 1982-86, companies with fewer than 100 workers were responsible for 51.5% of new private-sector jobs, although these firms comprised only 35% of total employment. By contrast, since 1982, employment in the Fortune 500 companies fell 18.5%, from 15.6 million to 12.7 million.

● **JONATHAN MANN** resigned as head of the World Health Organization AIDS program on March 16. "I have come to the conclusion that there is a great variance between our positions on a series of issues which I consider critical for the global AIDS strategy," Mann wrote WHO Director General Hiroshi Nakajima.

● **FUJI BANK**, Japan's third-largest, is investing heavily in Eastern Europe and Germany. Toru Kuskawa, the chairman of the board of Fuji, said in Frankfurt March 13, "The geopolitical environment may well lead us into a policy of concentrating our operations more and more in and around Germany."

● **THE PROPORTION** of the U.S. population of Afro-Americans under 15 years old has fallen from 38% to 27.2% since 1960, and the overall proportion of U.S. youth under 15 fell from 31% in 1960 to 21.6% in 1986.

● **A TOTAL BAN** of CFCs by the year 2000 was agreed upon in Geneva, Switzerland on March 13, and will be adopted in June when the ministers of about 50 nations meet in London to draft an international treaty. That treaty will supersede the 1987 Montreal Protocol, which stipulates a 50% cut before 1999.

● **MORE THAN HALF** of Vietnamese children under five and 21.7% of unborn babies suffer from malnutrition, and adolescents are 6-8 inches shorter and weigh 22-33 pounds less than their peers in the developed countries, researchers reported, according to the Communist Party daily *Nhan Dan*.

● **HUNGARY'S RAILROADS** will be snarled by the Soviet troop pullout which will require 80% of all Hungarian railcars over the next 18 months, according to Piroška Apro, deputy minister of the Hungarian Ministry of Trade, the *Journal of Commerce* reported March 19.

Clean up Eastern Europe's pollution by using MHD

While the Greens are trying to shut down industry, next-generation plasma technologies could get rid of pollution and fuel an economic boom. Marsha Freeman reports.

Western visitors to the newly liberated nations of Central and Eastern Europe invariably remark that the first thing they notice traveling East is the stifling air pollution. Forty years of lack of investment in new plant and equipment and in new technology in basic industries such as steel, have left these nations with many antiquated, pre-World War II factories. The inefficient coal-burning electric power, steel, and chemical plants, based on the incomplete combustion of fossil fuels, spew all varieties of solid and gaseous waste into the atmosphere.

On March 15, the U.S. Department of Energy (DOE) and the Minister of Environmental Protection of Poland, Bronislaw Kaminski, signed an agreement to install "clean coal technology" in a power plant in Krakow. Deputy Energy Secretary W. Henson Moore stated at the signing ceremony that this will create a "potential billion-dollar market for U.S. firms."

What the DOE means, however, by "clean coal technology" is the installation of stack gas scrubbers and other inefficient band-aid solutions to the problems of pollution. If the government of Poland and the other coal-dependent former East bloc nations spend their precious investment capital and foreign aid on this outmoded and wasteful "technology," they will forfeit the opportunity to leapfrog into the 21st-century plasma technologies, such as magnetohydrodynamics (MHD), which will not only end pollution, but also will raise productivity and revolutionize industrial production.

Before the East bloc nations became freed from the yoke of Communist governments, anti-nuclear self-styled "environmentalists" in the East were part of the dissident or opposition movements. When the old regimes were ousted this

past winter, these modern-day malthusians lobbied for an *immediate* cleanup of the environment through what has been referred to as the "Pittsburgh solution," that is, the simple shutting down of the offending factories and power plants.

The striking result of this policy in the United States is not so much clear air, of course, as unemployment. In Pittsburgh, more than 100,000 people in the metal industry have been thrown out of work as a result. A recent survey found that out of 3,500 former steel and electrical workers in Pittsburgh, nearly 40% are unemployed. A quarter of those working had only part-time jobs, and no one was earning what he did previously. These former highly-skilled workers were not asked in the survey how much they like the cleaner air in their now-economically devastated towns and communities.

Since the beginning of this year, pressure by the Greens has led to the closing or contraction of factories in the east. In Czechoslovakia, plans for a large coking plant for steel production which was to be on the border with Poland have been scrapped. In Poland, a steel mill outside of Warsaw has been shut down, and another in Krakow has been instructed to cut production by one-third. In East Germany, an aluminum plant and a viscous rayon factory have been shut down for environmental reasons, and 500 workers are supposed to be transferred to another chemical plant. Radical environmentalist groups, such as the World Wildlife Fund/Conservation Foundation (WWF/CF), are meeting with Eastern government officials, advising them on how to shut down their economies.

Reportedly, the environment minister of Poland has a hit-list of 80 plants, factories, and mines, which will have to



Chris Lewis

The Clairton coal coking plant in Pittsburgh is still standing, but may be closed after the next round of "clean air" regulations from the EPA. The "Pittsburgh solution" of plant closings has been recommended by the environmentalists for Eastern Europe.

"shape up" or face the consequences. Rich Liroff of the WWF/CF group has stated that there are only "low-tech" solutions to the inefficient use of energy in Eastern Europe, and conservation should be encouraged through such measures as home insulation.

If the consumption of energy in these countries can be cut, Liroff explains, mines can just be shut down and so-called greenhouse gases cut. This is to be accomplished through the "free market." How would this work? Look at the case of Warsaw. According to news reports, air pollution has fallen 20% in Warsaw since Jan. 1, because the government has removed fuel subsidies and the "free market" has caused the price of gasoline to more than double!

There is no doubt that the International Monetary Fund "shock therapy" brand of "free market" austerity will lower air pollution. The question is, how many factories, power plants, housing units, and people will be left standing when they are done?

"Conservative" think-tanks such as the Heritage Foundation in the United States have become comrades-in-arms to the Greens, by trying to convince the fledgling Eastern democracies that the way to fight pollution is through private ownership. Non-government plants and factories will be more "accountable" to the general population than former dictators were, the argument goes, and can be sued for

abuses, whereas the government could not be! Of course, private owners would, in reality, have no more answers for what to do with obsolete and polluting plants than the government does. As one Eastern spokesman put it, trying to retrofit 40-year-old steel mills with Western pollution control equipment would be like putting a gold watch on the wrist of a corpse.

It is certainly necessary to "clean up" these countries, which now have the opportunity to emerge as fully industrialized, Western-style nations. But they should leapfrog the 40 years of missed development, and become leaders in revolutionary, more productive industrial technologies.

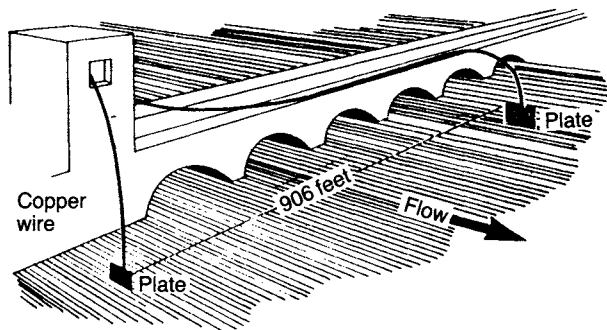
While it is the case that advanced-design modular nuclear reactors should become the electric-generating technology of choice, Eastern Europe will be burning coal for many years for both energy and industry. At the present time, East German energy is 80% coal based, and in Poland, 78% of domestic primary energy is coal based. Therefore, if shutting down polluting power plants is rejected, the alternative must be for us to develop new technology that burns coal more efficiently.

MHD direct conversion

One such technology is magnetohydrodynamics, or MHD, which allows the production of electricity from any

FIGURE 1
Faraday's 1832 experiment

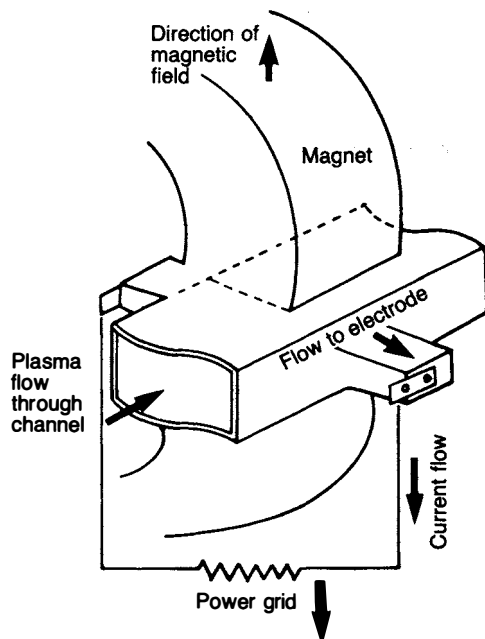
Waterloo Bridge



Source: *Fusion*, April 1980.

Michael Faraday performed the first experiment demonstrating the MHD direct conversion effect. The moving saline flow of the Thames River was the working fluid; the external magnetic field was that of the Earth; and the electrodes drawing off the Faraday current were metal plates submerged in the river.

FIGURE 2
Basic MHD concept



Source: *EIR*, Feb. 13, 1987.

If an electrical conductor, such as ionized gas, is moved through a magnetic field in a perpendicular direction, an electrical current is produced. Electrodes which are placed such that they are perpendicular to both the plasma flow and the direction of the magnetic field and attached to a load, directly draw off the electric current.

kind of fuel, at potentially twice the efficiency and without the pollution of conventional steam turbine systems. It is a plasma technology which not only produces power, but opens the door to the development of other, related, clean and efficient plasma processes for steel and metals production, and direct materials processing.

These technologies, which have been researched but never commercially developed in the United States, Western Europe, Japan, and the Soviet Union, can soon be introduced to greatly increase the productivity of obsolete "Communist" production, and end the attempted sabotage of these nations' future by the environmentalist malthusians.

Today's thermal power plants use the heat from the burning of fossil fuels to create steam, which turns turbines, transferring this rotational energy to a generator, which cuts across magnetic lines of force to produce electricity. At best, 34% of the energy in the fuel is turned into electric power. The fossil fuel burns incompletely, and the ash, sulfur, and other waste products of the fuel must be disposed of.

But over 150 years ago, Michael Faraday observed that an electrical current is produced when an ionized or electrically conducting material passed perpendicular to the lines of force of a magnetic field (see **Figure 1**). The only "moving part" is the plasma—the fluid made up of positively and negatively charged particles. In the case of Faraday's experiments, the electrically conducting fluid was the flowing water of the Thames River, and the external magnetic field surrounding the fluid was the natural magnetic field of the Earth (see **Figure 2**).

In principle, if the temperature is high enough, any material could be made into a plasma and used as the working fluid for MHD. Fossil fuels—coal, oil, or gas—can be burned at higher-than-normal temperatures, and the combustion product is then the plasma.

Direct MHD conversion can also be used with any nuclear fission system. In that case the radioactive nuclear fuel would not be used directly. The energy of the fission reaction would be used to heat an intermediate material to cause it to ionize. That working fluid, which could be an easily ionizable liquid or vaporized metal such as sodium, would then be taken through the MHD cycle.

In the case of more advanced nuclear fusion, a large amount of the energy produced can be directly in the form of charged particles. The plasma which is the product of thermonuclear fusion reactions can be directly channeled through an MHD device to produce electric power.

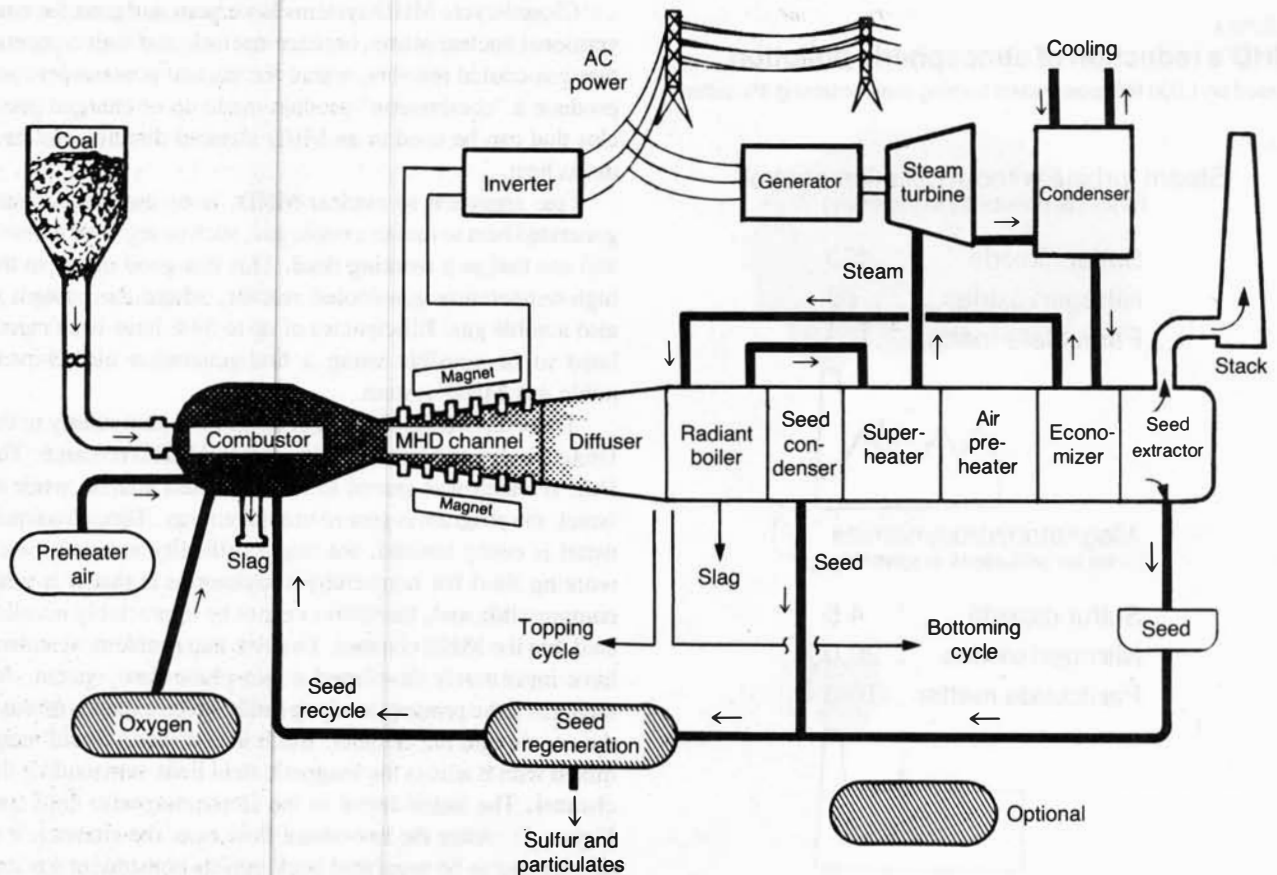
The basic design of an MHD system for fossil fuel application is seen in **Figure 3**. In this design, the coal is burned at between 4,000 and 5,000°F, which partially ionizes the coal gas. This plasma is seeded with a chemical to increase the level of ionization, and is then pushed through a nozzle which first compresses and then expands it, accelerating the gas to supersonic speeds. The plasma then travels through a channel, which must be made of a heat-resistant, non-



Fusion/Dr. V. Ovcharenko

New high-temperature materials are needed to line MHD channels. In coal-burning systems the hot gas is highly corrosive and improved ceramics are under development, which will be useful for many other applications.

FIGURE 3
Open-cycle MHD coal power plant



Source: AVCO Everett Research Laboratory.

In an open-cycle system, after the super-heated coal gas passes through the MHD channel in the topping cycle, the still-hot gas is used to produce steam for the steam turbine bottoming cycle. Chemical seed, such as potassium, which increases the coal gas conductivity and also eliminates sulfur from the coal, is reprocessed in the seed regenerator and recycled.

corroding ceramic material. The channel is surrounded by a superconducting magnet. Along each side of the channel is a series of electrodes, which are separated and insulated to prevent short circuits between them. If the electrodes are attached to a load, electrical current is directly drawn off from the channel.

How does MHD conversion eliminate pollution? First, combustion is more complete, and fewer carbon waste products are produced, because fossil fuel is burned at a higher temperature. Second, to increase the electrical conductivity of coal gas, potassium would be added as a seeding material. Experimenters have found that the potassium chemically bonds with any sulfur in the coal, reducing sulfur dioxide emissions by 99%. This eliminates the need for costly and inefficient stack gas scrubbers. To burn coal at high temperatures a new combustor must be designed. It has been found experimentally that, if the amount of air in the combustor is decreased and more oxygen is used, the nitrogen oxide emissions can also be reduced and meet environmental stan-

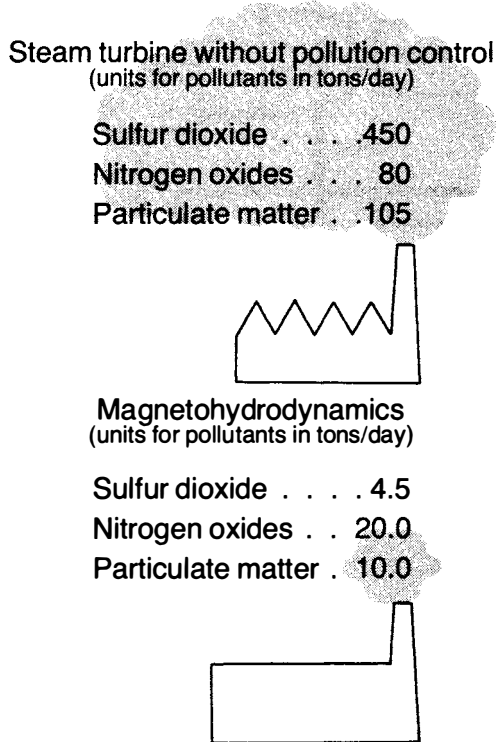
dards (see **Figure 4**).

Another environmental advantage of MHD is that thermal waste is diminished. Even in a first-generation MHD system, less cooling water is required, because 60% of the thermal energy is converted to usable power compared to 40% for conventional plants.

MHD can be used in either an open-cycle or closed-cycle configuration. In the case of fossil fuels, the proposed design would place the MHD conversion system as a topping cycle on the power plant. This means that the higher-temperature heat is used first through the MHD generator.

The coal gas exiting the MHD channel has dropped about 2,000°F through the length of the channel, and this hot gas can then be cooled down and used in a conventional steam turbine cycle. This combined-cycle system is projected to potentially produce electricity at nearly 70% efficiency, or *double* today's conventional plants. This increase in efficiency means that each ton of coal used will produce twice as much power.

FIGURE 4
MHD's reduction of atmospheric pollution
 (based on 1,000 MW power plant burning coal containing 3% sulfur)



Source: Avco Everett Research Laboratory, Inc.

The figures for steam turbines are for output in the U.S. plants 15 years ago, before plants were retrofitted with pollution controls, and therefore approximate the equivalent technology in Eastern Europe today.

MHD for nuclear power plants

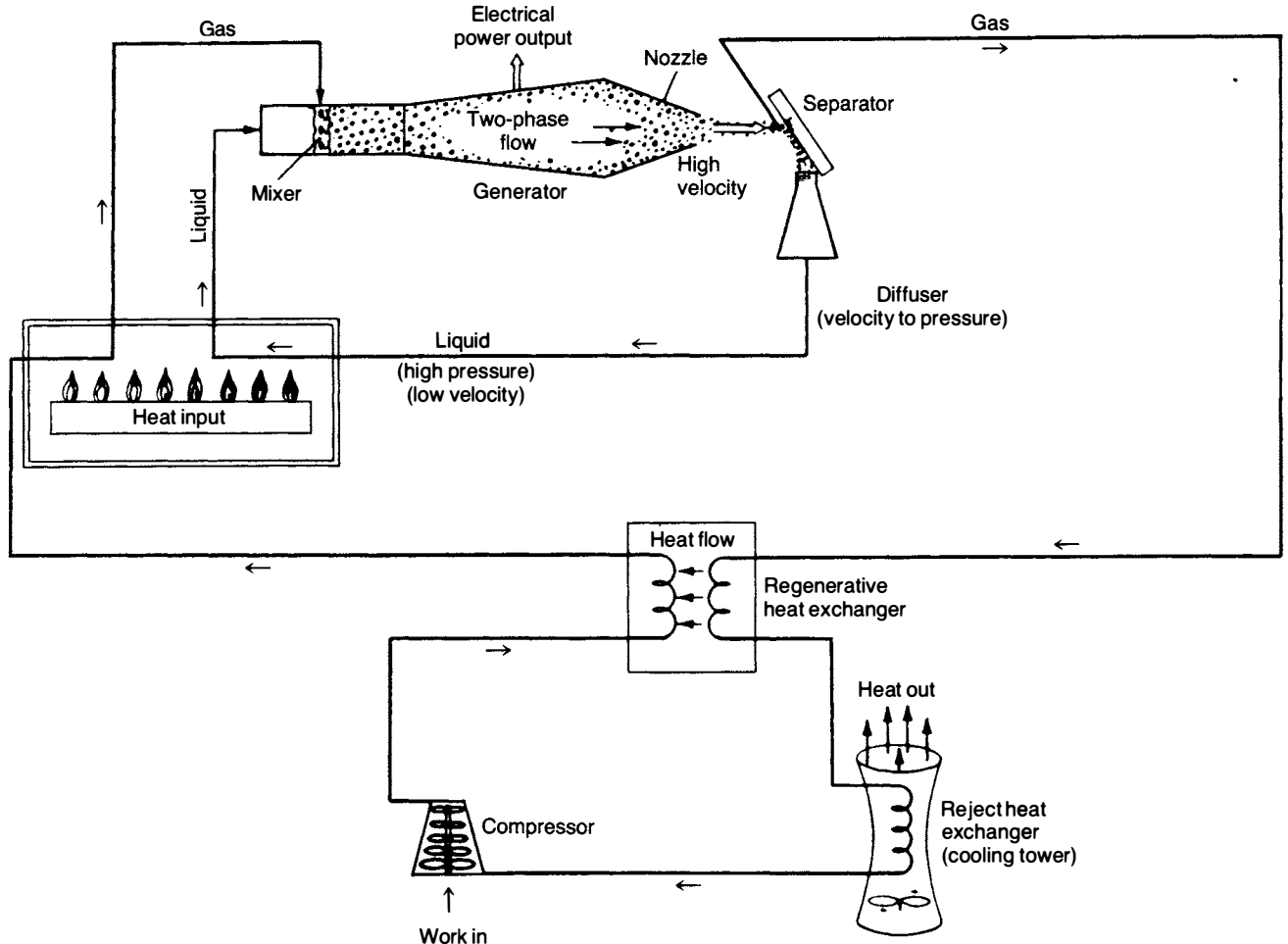
Closed-cycle MHD systems have been designed for conventional nuclear plants, breeder reactors, and high-temperature gas-cooled reactors, where the nuclear process does not produce a "combustion" product made up of charged particles that can be used in an MHD channel directly, but produces heat.

One approach to nuclear-MHD, is to use the nuclear-generated heat to ionize a noble gas, such as argon or helium, and use that as a working fluid. This is a good match to the high-temperature gas-cooled reactor, where the coolant is also a noble gas. Efficiencies of up to 54% have been calculated to be possible using a first-generation closed-cycle noble gas MHD system.

There have been significant programs, particularly in the United States and Israel, in liquid metal MHD research. The U.S. research was geared to a nuclear heat source, while in Israel, the program is geared to solar energy. Though a liquid metal is easily ionized, the major difficulty in using it as a working fluid for magnetohydrodynamics is that it is non-compressible and, therefore, cannot be appreciably accelerated into the MHD channel. To solve that problem, scientists have ingeniously developed a two-phase flow system. An inert gas is the primary working fluid, which expands through the nozzle into the channel. But it also drives a liquid metal mixed with it across the magnetic field lines surrounding the channel. The liquid metal is the electromagnetic fluid (see **Figure 5**). After the two-phase flow exits the channel, it is accelerated to be separated back into its constituent gas and liquid, and recirculated. Experimenters are confident that conversion efficiencies of 80% are possible.

In 1977 researchers at the Argonne National Laboratory in Illinois began experiments using the liquid-gas mixture as a foam. The foam is produced as a stable, homogeneous

FIGURE 5
Liquid-metal MHD for nuclear plants



Source: Argonne National Laboratory.

Rather than using the radioactive fission fuel as the working fluid in nuclear MHD systems, a liquid metal and inert gas can be mixed to produce the conducting medium which goes through the MHD generator. The gas and liquid are then re-separated, the excess heat in the gas vented, and the process repeated.

mixture with a high ratio of gas volume to total volume. It is created in the mixture and destroyed in the separator, with a lifetime of just tenths of a second, as it goes through the MHD channel.

MHD applications

All of these, and many more variations of MHD approaches, are important to pursue. Many will have specific applications, matched to particular energy sources. Magneto-hydrodynamics technology has also been demonstrated in unusual applications, such as portable power in inaccessible terrains, where power lines are not available.

Soviet Academician E.P. Velikhov developed and tested

a series of portable MHD generators in the 1960s and 1970s used in the mountains of the Soviet Union. The stand-alone power supply used solid rocket fuel and a copper magnetic coil to generate a pulse of electromagnetic energy. These Pamir and Urals generators were used as a sounding device to measure the electrical conductivity of the ground for predicting earthquakes, and locating concentrations of ores and raw materials.

This type of independent, stand-alone power supply could also be used for emergency power and for scientific experiments in remote locations.

One interesting proposal for applications of MHD is to treat what is left over from coal combustion, not as waste,

but as a raw material feedstock for various industrial and agricultural chemicals. For example, nitrogen oxide produced from the burning of coal could be *increased*, and retrieved as fixed nitrogen for fertilizer production. If the air is increased 20%, the nitrogen oxides in the exhaust gas can be as high as 4,800 parts per million, which is high enough for recovery to be economical. A chemical plant located adjacent to an MHD power plant producing fertilizer could also process the sulfur from the coal for industrially useful sulfuric acid.

Studies have examined the direct linkage of MHD direct power and high-quality heat to specific industrial processes. The U.S. aluminum producer Reynolds Metals, for example, has been interested in such a system, because cheap hydroelectric resources in the Northwest are being exhausted. The cost of electricity is a most important factor, as it requires about 280 million BTUs (British thermal units) to convert a ton of bauxite ore to aluminum, compared with 27 million BTUs to produce a ton of steel. Reynolds determined that both the direct current from the MHD channel and the high-quality heat left over would meet the requirements for the Bayer process of converting bauxite to aluminum, but the federal government's MHD program never saw fit to fund research and development in the applications of MHD technology.

Magnetohydrodynamics and related techniques have been under consideration for spacecraft propulsion, on-board power generation, and plasma materials processing since the beginning of MHD research. Much of the early advanced research in liquid metal and high-temperature systems was begun in the late 1950s with an eye toward manned Solar System expeditions.

Technology spin-offs

Magnetohydrodynamics opens the door to the next-century plasma technologies that will be the basis for not only electricity production, but also materials processing, manufacturing, and space propulsion.

Creating a commercial MHD system, which can perform in a utility environment, requires the development of a series of new technologies, all of which will be useful for other applications. Commercial-scale MHD power plants, in the 1,000 MW range, will require superconducting magnets, for example.

If high-strength magnets were made out of conventional copper coils for MHD systems, the large amount of energy required to cool each magnet would make the entire system uneconomical. Superconductivity is an effect produced in certain materials at below room temperature, where no electrical loss and no waste heat is generated. A superconducting magnet, once energized, requires no additional energy input, as long as the magnet is kept below the critical superconducting temperature of the material. The magnet must be kept cold, but there is no waste heat to carry away.

Superconducting magnets will be needed if magnetically confined fusion devices are developed. High-power, energy-efficient magnets can also be used for the separation of materials, and for second-generation magnetically levitated trains. Any nation developing magnetohydrodynamics, therefore, will gain important expertise in this crucial future technology.

The first superconducting MHD magnet was built in Japan, and used on the ETL Mark V generator. In 1977, the Argonne National Laboratory built the largest such magnet, weighing 40 tons, which had a field strength of 5 Tesla. It was shipped to Moscow that year, where it was used on the Soviets' U-25 gas-fired MHD test generator, which delivered power to the city electric grid.

New materials will be required for the high-temperature components of the MHD system, especially those exposed to corrosive coal gas. These include the coal combustor and the channel. Such new ceramics will have applications in other coal-based and chemical processes.

The overall advancement of relatively low-temperature plasma technology will revolutionize many metal processes. In East Germany, plasma steel-making has been under development since 1969. At that time an experimental 3-ton capacity furnace was in operation, using a direct current argon arc plasma torch. The plasma torch produces a temperature up to 15,000°C, compared to the 3,600°C maximum temperature in a conventional electric furnace.

Using scrap as the raw material for high-quality alloy metals, the higher plasma temperature allows the recovery of almost 100% of the materials in the scrap. It also decreases iron losses, and has a higher melting efficiency, as well as lower heat and dust exposure and noise level for the operators. Each torch used for the furnace consumes between 12 and 15 MW of power.

In 1977 East German experts and specialists from the Soviet Academy of Sciences in Novosibirsk built a 30-ton furnace which has produced more than 100 grades of high-quality steel alloys, including heat-resistant, corrosion-resistant, and special-alloy tool steels.

Plasma steel-making technology must now be brought quickly into commercial use to replace the obsolete and inefficient equipment in the East today. Many prototype devices have already proven that steel-making that uses coking coal and chemical processing can be superseded by applying higher-quality thermal and radiant energy to metals manufacturing.

An example of a spin-off from even a modest scale of magnetohydrodynamics research, is a plasma-based coal ignition device which was developed from the MHD experiments in Australia. The University of Sydney researchers state that this device will largely eliminate the current need to consume millions of gallons of oil used in starting up big coal-fired boilers in power stations.

Every technology milestone which will be passed in de-

veloping magnetohydrodynamic systems will spin off into industry, and help enhance the overall scientific capabilities of the new democracies in the East.

Retrofitting existing plants

Magnetohydrodynamics technology has been under development in the U.S. since the 1950s. In 1959, the Avco Everett Research Laboratory near Boston put the world's first power-generating MHD device into experimental operation, and it has been ready to begin commercial development for at least two decades. But MHD research in the U.S. has always been conceptualized as a "coal" technology, and therefore, the funding has risen and fallen along with the fortunes of coal burning as a favored energy source. During the Reagan years, MHD, along with the nuclear fast breeder reactor and many other technologies, was classified as a "near-term" technology. In Republican lingo, this meant that the "private sector" was supposed to come up with the money to commercially demonstrate the technologies' feasibility. Under this rhetoric, neither the breeder, nor nuclear fuel reprocessing, nor MHD, has advanced very far.

Since the 1970s, consortia of electric utilities and industrial MHD component contractors have advocated retrofitting an existing coal-burning power plant with an MHD topping cycle. This would require adding a high-temperature combustor and other equipment, plus the MHD channel and magnet, to the front-end of a plant.

After the coal gas was taken through the MHD generator, it would then proceed through the steam turbine conversion cycle already in operation at the power plant. It has been estimated that such a retrofit could be accomplished in about three years, if a top-flight technical-industrial team were assembled to do it. Using the expertise that exists in Europe from the relatively small MHD efforts in Poland, the Netherlands, and Italy, and perhaps the Soviet Union, U.S. experts could be deployed to finally bring this crucial technology to commercial demonstration.

The proposal has been to choose a coal-burning electric plant of approximately 50 MW, and place an MHD topping cycle alongside. In addition to burning the coal cleanly and eliminating pollution, an additional estimated 15-20 MW of power would be extracted from the same amount of coal currently being used by the plant.

Therefore, the MHD topping cycle could potentially increase the amount of electricity available from existing power plants, while cleaning up the atmosphere. By comparison, retrofitting existing plants with today's technology of stack gas scrubbers, not only requires spending perhaps \$100 million, but it also actually *reduces* the amount of power available from the plant. The scrubbers themselves require electricity drawn from the plant in order to operate, and therefore, this low-technology pollution control equipment is a net drain of power. But more importantly, the scrubbers require frequent maintenance, and lead to an increased number of times

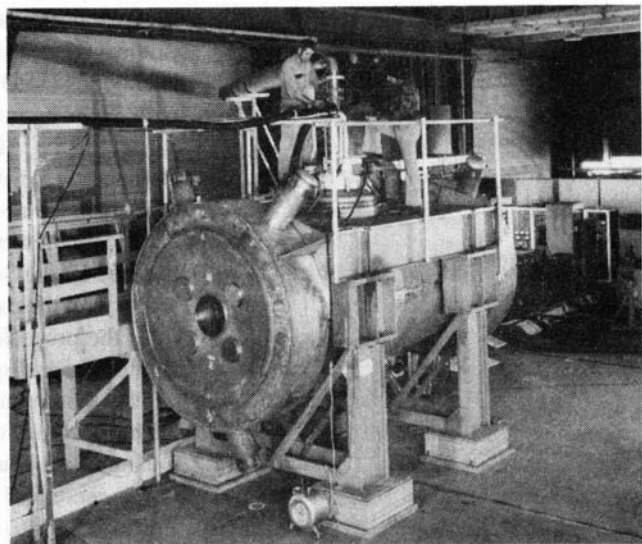
the facility must be shut down. This lowers the overall plant availability and reliability.

The Electric Power Research Institute has estimated that between 1966 and 1976 steam-cycle coal plant availability was reduced by about 6% due to scrubbers in the United States. The institute estimated in 1980 that each 1% decrease in plant availability leads to a loss of \$1 million in purchased replacement power costs, or for the use of older, less efficient operating units to replace the lost power.

Any proposal either to simply close down power plants, factories, and mines which pollute, or to waste billions of dollars in retrofitting old facilities with inefficient pollution control equipment should be seen as what it is—a program to *decrease* the industrial productivity, basic infrastructure, and possibility for future growth of the Eastern nations, as it has done in the West.

Similarly, proposals that the "free market" will somehow take care of these pollution problems are simply sabotage. The government of any nation has the responsibility to provide the infrastructure, which most definitely includes energy, as an *enabling* prerequisite for economic growth.

The research and development in advanced energy and transport technology in the United States over the past 20 years, since the takedown of the space program and the collapse of infrastructure investment, has been sitting on the shelf, unused. Now scientists and engineers in U.S. companies, national laboratories, and universities who have developed these breakthroughs, can join with their European counterparts to change the face of the new democratic nations in Europe. Then, perhaps, the United States will be able to bring back for commercial deployment the technologies it has failed to bring to fruition in the past two decades.



The largest superconducting magnet for MHD was built in 1977 at Argonne National Laboratory, and shipped to the Soviet Union. It weighs 40 tons, generates a 5 Tesla magnetic field, and is kept at about 7°K above absolute zero.

East Germans vote for freedom, against socialism

by Rainer Apel

Contradicting most of the pre-election opinion polls, the majority of East Germans did not vote for the Social Democrats and their platform of “democratic socialism,” but for the anti-socialist bloc of three parties, the Alliance for Germany. March 18, the date of the first free elections in Soviet-occupied East Germany since October 1946, saw a landslide victory of those parties who during the election campaign had been most outspoken in their “yes” to rapid German reunification.

The Christian Democrats (CDU) came out as the strongest party in 12 out of East Germany’s 15 election districts, was the second-strongest in two other districts, and was rated third-largest in the leftist-dominated district of East Berlin. Countrywide, the CDU alone received 40.91%, leaving its main rivals, the Social Democrats (SPD) and the Communists (PDS, formerly the SED) far behind, with only 21.84% and 16.3% of the vote respectively. Together with the two other parties of the Alliance bloc, the German Social Union (DSU, 6.32%) and the Democratic Revolution (DA, 0.92%), the CDU came close to an absolute majority of seats in the new parliament, with 48.15%.

Most noteworthy is the fact that half of the votes in all key industrial areas was not cast for the Social Democrats; labor in these historically left-wing strongholds broke with the past and voted for the conservatives. This corroborated the pattern from the preceding mass strike wave and the public protest rallies, where many banners were displayed reading, “No more experiments with socialism!”

The communists of the PDS had a strong showing only where the remains of the bureaucracy of their previous regime were strongest: in East Berlin (29.97%), in Neubrandenburg (25.80%), and in Rostock (23.17%). The SPD was strongest in the centers of the opposition intellectuals, scoring their highest gains in East Berlin (34.95%) and Potsdam (34.32%).

The March 18 vote is the result not only of 44 years of building in-depth opposition to the communist regime among the East Germans; it is also a strong reaction to the recent phony scandal launched by the communist-controlled media against DA chairman Wolfgang Schnur, who had to step down from his party functions and



The Jan. 21 Monday Night demonstration in Leipzig, capital of the democratic revolution. Witty banners say, better Kohl [cabbage in German] than Red beets; they pour disgust on the corrupt, ousted Honecker regime and its drug-running minion Schalck; and they lampoon the communist SED, renamed PDS (Social Democratic Party). A quarter of a million newspaper extras distributed at such rallies by Patriots for Germany and the Schiller Institute, told voters how the West German Social Democrats had supported their hated rulers for a long time.

the slate only a few days before the election. The entire affair, a mixture of anonymous denunciation, half-baked facts and hints, dirty rumors, and political blackmail, reminded too many East Germans of the fact that powerful relics of the old regime are still around and still have a potential for causing damage to the opposition. The affair was less revealing about Schnur himself, than it was about the communists. The vote on March 18 was therefore also a reflex of a spontaneous mass sentiment that said: "Make the conservatives strong, so that this nightmare may end at last."

The communists are much better organized than the Social Democrats, whose potential voters were greatly affected by the public outrage against the scandal-mongers; that is why the SPD's votes got squeezed in this heated back-and-forth on the Schnur case, while the communist vote remained low but stable.

A secondary motive (not the prime one, as most international media falsely reported) behind the vote was the majority feeling that only the conservatives could guarantee the rapid integration of East Germany into the western Federal Republic of Germany, and would make the western deutchmark the new currency of the East German sector. The PDS, everybody knew, was against unity and would stop at nothing to sabotage it. The SPD, many suspected, only paid lip-service to reunification and was nothing but a flanking operation for the West German Social Democrats, whose main interest has been to sabotage West German Chancellor Helmut Kohl's reunification policy until the December 1990 elections for West German parliament, when the SPD still

hopes to replace him with a social democratic government. This tactic of delay and sabotage is exactly the opposite of what the vast majority of the voters in East Germany wanted.

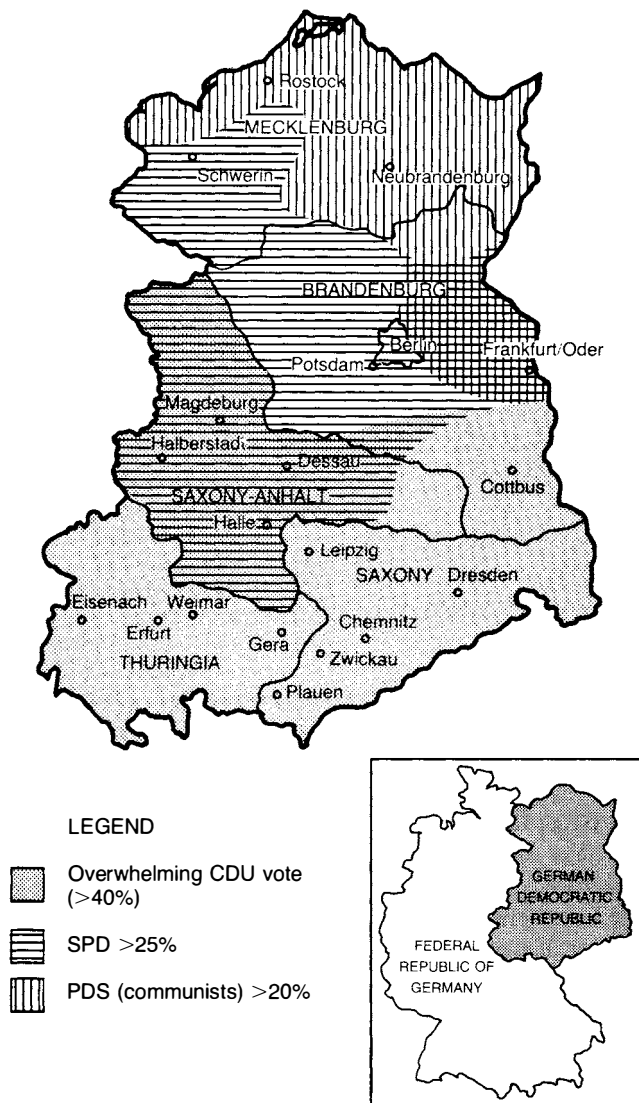
Cutting through the hate propaganda

Most of the international news media, with the Anglo-American media leading the charge, have been portraying the East German population as being guided solely by motives such as greed for cheap Western bananas, or as chauvinists aiming for a "Fourth German Reich," for German supremacy over all of Europe. For this reason, some words must be said on what is on the minds of the East Germans.

When the old communist regime fell in October 1989, under the domestic and international pressure created by the peaceful mass rallies of millions of people in nearly all East German cities, an immense spirit of progress was on the East Germans' minds. Especially when the Berlin Wall and the German-German borders were opened for free transit on Nov. 9, it was generally believed that now, the two German governments would meet and discuss a policy of rapid reunification, introduce Western-style economic management, and reorganize the East German society in a such a way that political freedom and all other vital attributes of a modern republican state would become accessible for the East Germans. It was generally hoped that the nightmare of 44 years of Stalinist repression, personified by the Stasi secret police apparatus, was over, at last.

hope was bitterly betrayed by the transition regime of the "reformed communists" around Prime Minister Hans Mo-

Voting patterns in East Germany



The East German Christian Democratic Party won the most votes in virtually every district, but was particularly strong in the southern industrial belt, which was formerly a "red" stronghold. The communists were crushed, but maintained toeholds around the administrative center of Berlin and in the militarized north.

drow. The communists anticipated that the popular movement would want to quickly seize the files of the Stasi, in order to find out how its command structure worked and who the chief criminals were in that system, and to discover the identities of those who comprised the Stasi's huge network of informants and collaborators, so as to ensure that these individuals did not penetrate the opposition groups and parties. The Modrow regime therefore resolved to seal all the files and postpone all "sensitive" investigations until after the elections.

The "reformed communists" played for time to restructure their party and front organizations, to reorganize the core of the Stasi repression and infiltration apparatus, and—most important—to secure the clandestine transfer to the Soviet KGB, of all sensitive files on the central occupation network of the Soviets in East Germany. This includes the network of about 5,000 East German spies still operating in West Germany and the rest of Europe.

The case of Gregor Gysi

Evidence on this communist rescue and evacuation operation came to light through a news leak about internal sessions of the communist PDS leadership on March 5. In response to worried questions from party cadres all over the country, PDS chairman Gregor Gysi stated in a secret circular to all relevant party sections that files and names of key Stasi personnel had been mixed and rewritten in order to secure a base for future operations against the opposition. Gysi stated that the opposition "citizen committees" had no access to the most important Stasi files, that the core of the old apparatus had not been affected by the revolution.

Gysi, who has received much favorable Western media coverage since mid-December when he was elected new party chairman of the SED-PDS, may be a gifted populist, but he is definitely not a "nice guy." He is advised by a team of three senior Soviet foreign intelligence officers: hard-core German communists Markus Wolf, Moritz Meckel, and Sonja Kuczynski. Two of these deserve close attention: Wolf was the longtime head of the Stasi foreign intelligence apparatus from 1958-87 and has sought refuge with the KGB in Moscow, whence he is directing dirty tricks and smear campaigns against the conservatives in East Germany. Mrs. Kuczynski has been a foreign agent of the Comintern apparatus since the 1920s; she popped up in the Stalinist exile enclave of Shanghai in the 1930s and 1940s, and played a central role in the Rote Kappelle ("Red Orchestra") espionage and sabotage organization based in Paris during the 1930s.

It was here, among this team of Gysi advisers, that the ominous series of anti-Soviet slogan-sprays on Red Army monuments and military installations between Christmas and New Year was designed. Even though most East Germans were convinced that they had been arranged by the Stasi, the communist-controlled East German media went ahead and tried to blame the incidents on the new opposition parties.

The ploy backfired, because no one, not even the staunchest members and supporters of the communists, took the incidents seriously. The next smear campaign was against Wolfgang Schnur, the chairman of the DA opposition party; then a third was launched immediately after the landslide conservative victory in the March 18 elections. Leaks were then circulated through the media that "many of the newly elected deputies" of the parliament had been contacts of the Stasi. The outgoing Modrow regime, certain to be replaced

by a conservative-led government within two weeks after the elections, did a last act of select sabotage, posing an ultimatum to all 400 deputies to step forward and clarify their past connections to the Stasi.

But one should never lose the sight of the fact that those who are behind the slander campaign, the SED and its “re-formist” successor, the PDS, were very closely interwoven with the old Stasi—much more closely than any of the other parties before the revolution. If there is anything to “clarify” at all, it is the interconnections between the PDS/SED and the Stasi, and the continuity of these links. Because there is still an untouched enclave of intimidation and manipulation of the remaining membership and its strongholds in the bureaucracy, their families and relatives, the PDS was able to gain 16.3% of the vote on March 18.

May 6, the next milestone

With the May 6 municipal elections in East Germany only a few weeks ahead, the most urgent task will be to crush this relic of communist power and to drive the communists out of every central position in the country, once and for all. This is also important in respect to remaining illusions in Moscow, about chances of disrupting the German reunification process, of infiltrating the new political landscape, of placing sabotage specialists in key positions in the future reunified Germany.

On May 6 the former opposition parties are aiming at making sure that the PDS receives at most one-third the number of votes that it won on March 18. This can be achieved through a ruthless investigation and legal mop-up of the remains of the old Stalinist regime within the next four weeks.

PDS chairman Gysi himself is an inviting target. His father, Klaus Gysi, a longtime communist party member in charge of spying on and controlling the churches of East Germany, was one of the first members of the regime who had to step down at the height of the peaceful revolution last autumn. His son Gregor, a lawyer by profession like Wolfgang Schnur, did not have to make deals with the Stasi, because he led a privileged life as the son of a senior regime official. Sons and daughters of other senior party and regime officials have had to step down; but not so Gregor Gysi, who seems to be a well-protected asset. Here is where one could find most revealing details on how the continuity of the old regime, in new disguise, works.

In the interest of consolidating democratic rule in East Germany, pressure on the PDS must be maximized in the coming weeks. The anti-socialist forces of the Alliance for Germany and the Liberals—which together already have a 53.33% majority of seats in the new East German parliament—can count on the sobering effect of the SPD’s election defeat among disappointed Social Democrats.

The dilemma of the Social Democrats

The Social Democrats of East Germany emerged last autumn as one segment of the mass-based, multi-faceted

revolution. Then suddenly in December, acting on outside pressure from the West German SPD, the eastern SPD decided to walk out of the planned joint opposition slate against the communists and their front organizations. The original plan was to gain a landslide majority of at least two-thirds of the voters, bring the communist influence down to almost zero, and reorganize the giant task of economic, political, and jurisdictional recovery through a temporary, emergency coalition of all non-communist parties.

The SPD walked out, tempted by unsound opinion polls that said the party could gain an absolute majority on its own, thus driving the first big wedge into the mass opposition against the regime. Other opposition groups with leftist and ecologist outlooks, such as the New Forum and Democracy Now, followed the SPD on this desertion course.

All of these deserters were defeated in the March 18 elections. The main political showdown is now between the conservative Alliance and the communist PDS; all the other groups have to line up with one side or the other, and the SPD would do well to return to the original concept of the united anti-communist opposition that would have a two-thirds majority if the parliamentary seats of the Alliance and the Social Democrats are added to each other.

Should the SPD, however, under the influence of the West German SPD election strategists, continue with the policy of obstruction it has pursued since late December, it is certain to suffer another defeat in the May 6 municipal elections. The main bulk of the votes will then be divided up between the Alliance and the PDS, and the communists will try to gain votes from the SPD’s socialist current. But this is something the SPD and PDS must fight out among themselves.

Meanwhile, one week after the March 18 elections, it seemed more likely that the new East German government would be composed of the conservatives and the liberals, mirroring the ruling government coalition in West Germany, with the SPD being seated together with the PDS on the opposition banks in the parliament. But there were also hints that stronger currents in the SPD’s parliamentary group would prefer to enter the municipal election campaign at arm’s length from the PDS. By March 21, some sources in Bonn and East Berlin were already predicting that sooner or later, the SPD would ruefully return to the Alliance and enter the government. A “Grand Coalition” would be able, at least, to secure the integration of East Germany into West Germany through a solid, “no-risks” majority of two-thirds of the votes in the parliament; this would make the entire reunification process much smoother, because it would create an undefeatable pincer movement against the obstructionism of the PDS.

But there are other options, too. Reunification will also work with a “simple” parliamentary majority of Alliance and Liberal votes, which could launch a referendum of the East German population on the unity question. The outcome of that referendum would be certain.



Germany's revolution has just begun

Renate Rumpf of West Germany is an activist with the Schiller Institute and the Patriots for Germany party, who has been active since the fall of the Berlin Wall last November in political organizing in the East.

EIR: What have you been doing there, since the Wall came down?

Rumpf: When East Germans were given permission to come to the West, the Patriots for Germany was the first institution to organize at the borders and greet those coming over from East Germany with a leaflet, which was written by Helga Zepp-LaRouche, expressing the hope for rapid moves toward German unity. Since then, we have participated in thousands of demonstrations.

Then at Christmas time, the decision was made which allowed West Germans to go across the border without a visa. That allowed us to become even more active. Before that, we held over 20 meetings near the border, in West German cities. And the East Germans could come by the carload. The rooms were packed. No one came alone, since before no one had been able to hold any kind of public meeting, except in the churches. Everything was controlled by the Stasi secret police. You would have ended up in jail if you had attended such a meeting. That was one of the things that made the churches the most important part of the revolution.

People were so glad that they could come to the West and sit down and just say what they think. Sometimes they found it hard to articulate their thoughts, because they had never done it before. If you can't speak what you think for a long time, then it becomes a problem even to think of what you can't speak. Therefore, it was so important for them to start to think again, about what has been going on there all these years.

EIR: Were other political parties from the West holding such meetings?

Rumpf: No, we were the only ones, the Schiller Institute was the first to hold such meetings.

We briefed people on our perspective for the revolution-

ary situation, and presented the kind of reforms and programs which are needed. And we attacked the communists very hard.

EIR: What was the significance of the election on March 18?

Rumpf: We were very happy that the communist SED/PDS got such a slap in the face, that the Alliance won the election. The Social Democrats did badly, because people there are reacting strongly against words like "socialism," "communism." Anything that has to do with socialism, they hate. But the Social Democrats in East Germany are not all bad; they have taken the first opportunity of their lives to become a member of a political party. Many of them understand quite clearly the need to mobilize against the communists; they are quite different than the SPD in the West, in this respect. People are looking around to see what is available, to determine what they stand for. They may join the SPD and then later join another party—not because they are opportunists, but because they are just beginning to think politically.

One representative of the Schiller Institute in Sweden, Michael Ericson, addressed an election rally near Gera, and thanked the East Germans for "having been able, with your demonstrations, also to overthrow the hated socialist government of Sweden."

EIR: The press in the United States says that the East Germans are worried about German reunification proceeding too fast. Is this true?

Rumpf: Of course it is not true, otherwise you would not have so many people continuing to come to the West every day. People voted for rapid German unity; they do not fear it. It is the U.S. government and Maggie Thatcher in Britain that are trying to incite others to fear it.

EIR: Did the election campaign slow down the revolutionary process that was under way in November and December? Was there a demoralization in the face of the onslaught of West German politicking?

Rumpf: Not really. The next election will be on May 6, a municipal election. All the SED mayors and city parliaments are still in power, so the election campaign has not stopped. The first battle is over, but it is only the first step in a whole process.

I do not see a slowing of the revolutionary process, or a demoralization. The Alliance won, and people are still mobilizing. Until last Sunday, the demonstrations in Leipzig continued. Some demonstrations stopped when the election rallies intervened. Certainly this gave people a flavor of how politics works in the West. But all of the East German participants will tell you that they could not have carried off the election campaign by themselves, because they didn't know how. They voted for the CDU because of Chancellor Kohl's 10-point program for German unity. Without the Western

parties' participation, it would have been a great problem for them.

The population has had the chance to learn, through this election campaign. Especially those who were political candidates for the first time in their lives—simple people, some from the churches. They say, "I never thought that I would be political, but somebody has to do something." There are not masses who will take responsibility for the political process, but there are simple people, normal people who have started to think in the right way.

The key issue is the cultural treasures and values which some people have kept in their hearts throughout the 40 years of communism. If you travel now in the G.D.R., you find what Friedrich Schiller described in his letters. That history is still there; very little has changed. Weimar, Jena—the cities, the buildings where Schiller lived and worked—it's all still there. The SED tried to destroy that cultural heritage, to subvert it for their own purposes, but still people are proud that Schiller came from there, along with other people of the Weimar Classic period. That has given them a kind of strength.

And don't forget the churches. The Protestant Church there is not the same as the Protestant Church in West Germany. It was they who organized the whole ferment, they were in many cases the leaders of the revolution.

In heavily working-class areas, it was not the SED that won in the elections, but the Alliance. People there are deeply concerned about the economy.

EIR: What are the most important problems to be solved, and what is the Schiller Institute's perspective on how to solve them?

Rumpf: Lyndon LaRouche's program for an industrial triangle in Europe, from Paris to Berlin to Vienna, must be realized. Also the cultural program for the German population, which Helga Zepp-LaRouche wrote, must be carried out.

During the election campaign, we circulated 250,000 election "extras" calling for support of the Alliance. The papers included a box on the situation of Lyndon LaRouche in the United States, as well as a summary of our economic and cultural programs. We also distributed 50,000 copies of LaRouche's program for the industrial triangle. Wherever we went, people would ask for it. Several hundreds of thousands of leaflets went out—every week, Helga Zepp-LaRouche wrote a new leaflet, addressing the current situation.

Also very important was the intervention of Rev. James Cokley [a black American leader of the Schiller Institute who addressed a rally of 50,000 people in Leipzig]. He was the first American who went there. After his speech, people came to embrace him and thank him for his support and encouragement. As Schiller says in many locations, you have to continuously fight for a high conception of freedom. That

was the message that Reverend Cokley brought to the people of Leipzig.

The two key issues are the economy and the cultural issues. This is what the LaRouches have addressed, and this is what we are fighting for.

Documentation

German unity seen as 'the logic of history'

In the aftermath of the East German elections, the press in the United States and Great Britain continues to scream about the presumed "dangers" of German reunification; but continental European leaders and others are taking the contrary view, as the following examples show.

West German Chancellor Helmut Kohl spoke of a "one-time historic chance to change the face of Europe" and create an "all-European economic zone," in his opening address before representatives of the 35 member nations of the Conference on Security and Cooperation in Europe (CSCE) in Bonn on March 19. The conference, sponsored by the Bonn ministry of economics, was convened to discuss monetary cooperation, joint investments, and economic projects.

Kohl said that the election result in East Germany created stable political conditions at the heart of Europe, from which all Europeans should profit. He declared that German unity means strengthening of the cause of integration in all of Europe, and provides a chance of overcoming the economic and military blocs of the past that divided Europe in two.

Kohl proposed a review of the CoCom rules on banning transfer of high technology to the East; the bans should be phased out in tandem with visible progress in the arms control talks, he said. The existing military blocs will be overcome, hopefully before the next century begins, by a new security system involving all states of Europe, Kohl argued. This new system could be prepared by two institutions which Kohl proposed, to monitor the arms control process and coordinate confidence-building measures.

French President François Mitterrand, speaking after a meeting in Paris with **Czechoslovak President Vaclav Havel** on March 20, called German unification "the logic of history." Havel told the French that the Czechs are not afraid of German reunification, that they welcome the achievements of the peaceful revolution in East Germany. Havel endorsed Mitterrand's proposal for an all-European federation as the

context in which economic, political, and security-related questions, including the questions of the borders of a reunified Germany, could be discussed and solved in a constructive way.

Czechoslovak Foreign Minister Jiri Dienstbier declared in Prague that the Czechs would welcome a reunified Germany as a member of the Western Alliance, because neutrality would only bear the danger of “a return the Versailles complex.”

Hungarian Foreign Minister Gyula Horn was asked by the West German daily *Süddeutsche Zeitung* to comment on the CDU victory in the East German elections. In an interview published March 20, he replied, “Thank God . . . the foreign predictions [of a victory by the Social Democrats] were wrong. . . . The election results mean the strengthening of the ruling coalition in Bonn. This is especially important for the nations of eastern Central Europe, who, because of their severe economic difficulties, need help. . . . No one has done so much for Hungary as Chancellor Kohl.”

French Nobel Prize-winning economist Maurice Allais argued, in a full-page analysis published in the French newspaper *Le Figaro* on March 12, that Chancellor Kohl is both juridically and politically correct in the stance he is taking on the question of Poland’s western borders with Germany. Allais stated that it is absurd to isolate the matter of Poland’s *western* borders from the matter of its *eastern* borders, which were annexed by Stalin, and which are now the “western frontier of the Soviet Union.”

Reviewing the 1939 Hitler-Stalin Pact and the settlements at Yalta and Potsdam, Allais stressed that “of the authentically Polish territories, in fact more than a third of the territory of Poland was, purely and simply, annexed in 1939 by Stalin.” In the postwar deals, Soviet Russia annexed a part of eastern Prussia, and allowed Poland to occupy the rest of eastern Prussia. Germany thereby lost more than one fifth of the territory that was recognized as German territory by the Versailles Treaty. Eastern Prussia, as Allais pointed out, belonged to Germany since the 13th century.

Allais charged that the Soviet Union still treats Stalin’s annexations as legitimate, and refuses to accept co-responsibility with Nazi Germany for having started World War II. The Soviet leadership today is quick to denounce Stalinist crimes committed *inside* the Soviet Union, but it refuses to denounce in the same way the crimes committed *outside* the country. “That,” he said, “would imply a *real* perestroika.”

Allais argued against the common view in world public opinion today, that “the total responsibility for the Second World War lies entirely with the Nazi Germany of Hitler.” In fact, he said, “without the German-Soviet pact of Aug. 23, 1939, the Second World War would have not been possible. That is an incontestable fact. Germany would not have been able to expose itself to the extent of engaging deliberately in a war forcing it to fight at the same time on two fronts.” He said Stalin’s aim was based on two principles: “to make

war inevitable between the Western powers and Nazi Germany, and then to profit from their mutual destruction by extending communist domination over all of Europe.”

In Allais’ view, there is no fundamental distinction between Stalin and Hitler. They both had the same distrust of the individual and the same concept of totalitarianism.

Allais argued that, “in the immediate term, the unification of Germany and the integration of East Germany in the West is really unrealizable and, to say it truthfully, unthinkable, while East Germany remains occupied by 380,000 Soviet soldiers, the maintenance of whose presence in whole or in part could only place Germany, and in fact all of Western Europe, as hostages to the discretion of Soviet Russia. In fact, that occupation is of the nature of compromising the entire European construction.”

Virginia congressional candidate and political prisoner **Lyndon LaRouche** issued this statement on March 18:

“Today we’ve won a tremendous victory in the election which just occurred in East Germany. Unification will now proceed at a rapid pace, giving us the opportunity for an economic revival in the center of Europe, which is the only hope for the recovery of the sick, sick, sick U.S. economy.

“The facts of the matter you will probably get mostly from the press, in fair representation or less than the usual amount of fraud by the press news reports. The fact is, that the Alliance, which my friends and I have committed ourselves to support up to now, won the election by a wide margin, crushing both the Social Democracy—that is, the party of my enemies in the United States—and, also, the communist party of East Germany, a big enemy of mine and a close ally of the Social Democracy, particularly my Social Democratic enemies in the United States, who are very close to the Soviet secret police.

“So this means that those who are trying to sabotage the unification of Germany, trying to sabotage economic cooperation within Germany, extending throughout all of Europe, these forces have been essentially defeated; it means that Mrs. Thatcher has gotten a kick in the teeth, where she badly needs a kick in the teeth: Remember those old ads for face wash or after-shave lotion, where the fellow gets slapped in the face, and says, ‘Thanks, I needed that’? Well, Mrs. Thatcher got just the kick in the teeth in Germany she richly deserved and needed. And one hopes that the by-election at Lichfield, coming up soon in England, will mean we’ve seen the back of her and she will return to private life.

“This is good news. Thatcherism has taken a big defeat, in favor of a commitment to industrial progress, agricultural development, industrial development, all those good kinds of things that our wild, left-wing, radical environmentalists are against. They’ve gotten a kick in the teeth, and maybe the message from Germany will spill into the United States, so we can clean up the act of the government in Washington, and get about business with a recovery program which is long overdue and much needed here.”

Jews and German unity: a happily dissenting view

by Laurent Murawiec

The number of stupidities written about Germany, the German Revolution, and the process of reunification daunts the imagination. Especially Anglo-Saxon media have been harboring countless fairy tales about the threatening "Fourth Reich," with sundry authoritative witnesses summoned to utter their verdict of "collectively guilty" upon Germans. As has been stated, in *EIR* and elsewhere, more sinister designs lurk behind the tremolos of the self-appointed Cassandras. The best means to stop this irresponsible propaganda is to call to the bar, such witnesses whose reasoned views will contribute to the public enlightenment. We are therefore happy to republish the following article by Prof. Michael Wolffsohn, which also appeared as a Letter to the Editor in the *International Herald Tribune*.

Professor Wolffsohn, an Israeli citizen, taught at the Hochschule der Bundeswehr (University of the German Armed Forces) in Hamburg in 1980-81, and at the Bundeswehr University in Munich in 1980-82, and is again teaching there in the Social Sciences faculty. His publications include *Politik in Israel* (1983), *German-Saudi Arabian Arms Deals* (1985), *Deutsche-Israelische Beziehungen* (German-Jewish Relations, 1986), and *Ewige Schuld? 40 Jahre Deutsche-Jüdische-Israelische Beziehungen* (Eternal Guilt? 40 Years of German-Jewish-Israeli Relations, 1988).

Ugly German genes?

I am a German Jew born in Tel Aviv in 1947. Having grown up in West Germany, I served three years in the Israeli Army and presently teach modern history at the University of the West German Armed Forces—of all places some might say. I would counter: precisely at this place, in order to personify the fundamental change that has taken place in German-Jewish-Israeli relations, which is my major field of research. Yet when I read the recent reactions of some prominent non-German commentators warning of the dire perils of a unified "German superpower" I wonder: Are they referring to the Germany I live in?

To give but two examples: "Auschwitz . . . Holocaust, Nazi" are among the "hidden words" A.M. Rosenthal (*New York Times*, Feb. 4, 1990) states he "cannot find" in discus-

sions on German unification. Fearful of an old-new Germany, Nobel laureate Elie Wiesel claims to hear the triumphant strains of "Deutschland, Deutschland über Alles," the first stanza of the old national anthem. In truth, only the third stanza, "Unity, Justice and Freedom," is sung in Germany today.

Those searching for "hidden words" and claiming to hear echoes of German chauvinism should follow the German media or listen to German politicians and ordinary people. When Germans discuss the potential pitfalls of unification and the "burden of history" they not only clearly invoke the so-called "hidden words" but also link them to an equivocal declaration of intent: "Never again!" Critical publications dealing with the Nazi past are frequently bestsellers in Germany. My own book *Eternal Guilt? 40 Years of German-Jewish-Israeli Relations*, first published in 1988, went into three printings within one year. Except for a handful on the lunatic fringe, Germans pay serious attention to the apprehensions and sensitivities of others, particularly in the Jewish world.

Some observers are shocked to see swastikas on banners in East or West Germany. But they should take a closer look at the texts and contexts. Most of the placards and slogans equate fascism with communism and are thus a manifestation of anti-fascism. A banner carried recently in East Berlin and Leipzig read: "Nazi-Stasi-Gysi." The main inference was that the East German state security police ("Stasi") had used Nazi methods and that Gysi, head of the successor to the communist party, personified continuity.

The existence of anti-Semitism in Germany cannot be denied. On the other hand, the polls have shown a dramatic decrease of anti-Semitic, anti-democratic, and pro-Nazi sentiment in the Federal Republic. Recently, 8% of those polled expressed anti-Semitic attitudes. That's too much, but in 1949 it was 38%. Moreover, the younger the interviewee the less anti-Semitic and anti-democratic the opinion. In comparison with international polls the level of anti-Semitism in Germany is as high (or low) as in any other Western country, including the United States.

"Lots of the fathers are still around," is a recurring reminder. After more than forty years, these "lots" have shrunk to a small demographic minority, unless we are to assume that the majority of today's sons and daughters are mere

clones of their parents and thus equally dangerous. As a Jewish historian I am reminded of the Nuremberg Laws which discriminated against Jews simply because they were Jews. I am also reminded of the legend of Jewish guilt in perpetuity for the crucifixion of Christ. Such arguments amount to political biology—a form of political pollution.

With the exception of the extreme right “Republikaner,” German politicians of all parties and German society as a whole stress the difference between Nazi Germany and the democratic values of the new (West) Germany. These are also the values of the “gentle revolution” of 1989 in East Germany. Germans make this distinction without forgetting or ignoring Auschwitz and the Holocaust. In doing so they find themselves in the best of Jewish company. In 1952 Israel’s first Prime Minister, David Ben-Gurion, said: “He who stares only at the past will be unable to master the present and the future.”

To turn from the past to the future, the key question is: What institutions and safeguards will offer insurance against a revival of German adventurism?

First of all, nobody wants to resurrect the old German nation state. The goal is a “European Germany” rather than a “German Europe” and this is inseparable from the political, economic, and military integration of a European Community. Integration means interdependence and not dominance. A united and federative Germany in a federated Europe will be incapable of dominating the rest of the continent.

The West German constitution contains provisions which have prevented and will continue to prevent anti-democratic forces from taking over the polity. Racist and anti-Semitic parties can be and have been banned. The chief reason why the “Republikaner” have not been outlawed so far is to avoid creating martyrs for the extreme right.

The continued presence of U.S. and other allied troops in Germany is an important guarantee against German unilateralism. Germans have long accepted the principles of military integration and the renunciation of force as a means of settling international disputes.

What about the economic danger allegedly posed by a united Germany? Over the next decade, huge sums will be required to rebuild the East German economy and society. West Germany’s export-driven economy will have to finance this enterprise. As an exporting nation Germany is dependent on the willingness of the outside world to buy German products. This, in turn, depends on more than just the quality of German goods. Economic necessity dictates that the Germans must act prudently, lest they alienate their clients. There is no reason to fear a German economic giant.

Unrealistic and irrational arguments against German unification can only give Germans the impression that no matter what they do it will be wrong, even if what they are doing is creating a Western, humane, and democratic society. Such must not be allowed to become self-fulfilling prophecy.—

Prof. Michael Wolffsohn

How Germany can quickly reunify

With wise forethought, the framers of West Germany’s post-war constitution, the Basic Law, drafted Article 23, which lays the basis for an uncomplicated unification of Germany by means of a simple vote of any German territory which wants to join the Federal Republic of Germany. This would be a far superior route than the holding of a convention to draft a new constitution, as is being demanded by the just-defeated Social Democratic Party (SPD)—a process which would have the effect of postponing reunification into the indefinite future. Indeed, as Chancellor Helmut Kohl has stressed, a new constitutional convention would be a disaster, because today, “the consensus and insights which characterized the fathers of our 1949 constitution no longer exist as they did then, so we also couldn’t proceed from the same fundamental convictions without which the Basic Law would have never come about.” He was referring to such elements as the West German Green party, who flaunt their disdain for the basic cultural values of Western civilization.

Article 23 deals with the territorial extension of the area in which the Basic Law is in effect. It is short and to the point:

Art. 23. This Basic Law is henceforth valid in the areas of the states of Baden, Bavaria, Bremen, Greater Berlin, Hamburg, Hesse, Lower Saxony, North Rhine-Westphalia, Rheinland-Palatinate, Schleswig-Holstein, Württemberg-Baden, and Württemberg-Hohenzollern. In other parts of Germany, it is to be put into effect following their entry [into the Federal Republic].

The framers of the Basic Law wisely left the question open as to which “parts” were to join, while at the same time making clear in the preamble that the Basic Law had been framed on behalf of those Germans “who have been prevented from participating.” Thus, Article 23 sets forth the territorial validity of the Basic Law as it was designed for all Germans, and which, as soon as the yoke of communist dictatorship has been thrown off in one part of Germany, would naturally be extended.

It would therefore not even require a vote in West Germa-

Toward a new preamble. . .

On the day not too far in the future when West Germany's constitution, the Basic Law, becomes the constitution of a unified Germany, its current preamble, which specified the conditions for reunification, will have fulfilled its purpose, and a new one will have to be framed. Helga Zepp-LaRouche, chairman of the Patriots for Germany party, which played a key role in organizing the pro-unification mandate in the East German elections, has issued the following thoughts which could serve as the basis for such a new preamble.*

German unity was made possible by the peaceful revolution in the eastern part of Germany which declared the German people's desire for freedom and its rejection of dictatorships of all kinds.

It is henceforth the highest task of all German governments to defend all Germans' inalienable human rights and human dignity, rights which are based on natural law. These inalienable rights include the right to life, liberty, and the pursuit of happiness.

The interests of a sovereign Germany will never stand in contradiction to, but will always be in harmony with the interests of all mankind. This interest of mankind was defined by our great poet of freedom Friedrich Schiller as follows: "The state itself is never an end in itself; it is only important as a condition under which humanity's purpose can be fulfilled, and that purpose is nothing other than the fostering and development of all of the human being's powers: progression."

Thus also, the right to freedom cannot be conceived of as freedom to violate the laws of the order of creation. Rather, freedom is the right to the greatest possible unfolding of all of the human being's innate creative abilities, such that each individual can contribute in the best possible way to the development of the nation and of all mankind.

The right to the pursuit of happiness refers to the happiness of a fulfilled life which has thrived on wisdom, virtue, a sense of beauty and of love, and which ultimately consists in passing on our spiritual and cultural heritage, enriched and expanded, to future generations.

Since the unfolding of reason's divine spark is a right of each and every human being on this planet, the newly united German nation sets as its peaceful goal, to do everything in its power to help overcome injustice in this world. The means for this will be supplied through human-oriented scientific and technological progress, so that we not only sustain the human species, but enable future generations to have a better life, and in so doing, ensure the growth of humanity.

Therefore, the only limitation which can be placed on Germany's sovereignty, is that of natural law.

**The preamble to the Basic Law of the Federal Republic of Germany, adopted on May 23, 1949, reads as follows: "Conscious of its responsibility before God and man, inspired by the will to preserve its national and governmental unity and to serve peace in the world as a member enjoying equal rights in a united Europe, the German people in the states of Baden, Bavaria, Bremen, Hamburg, Hesse, Lower Saxony, North Rhine-Westphalia, Rhineland-Palatinate, Schleswig-Holstein, Württemberg-Baden, and Württemberg-Hohenzollern have adopted this Basic Law of the Federal Republic of Germany in order to provide, by strength of its legislative power, a new order to national life, for a transitional period. It has also acted on behalf of those Germans who have been prohibited from participating. It remains the task of the entire German people, in free self-determination, to complete Germany's unity and freedom."*

ny in order to effect reunification not to speak of a Europe-wide plebiscite, as has been suggested by British and allied circles; only the East Germans would have to vote. There is even a precedent for this: In 1959, the Saar district, which had belonged to France since 1947, joined the Federal Republic of Germany by such a vote.

The only question remaining to be worked out now, is the definition of these "parts" and the specific requirements for their vote. One possibility is that the joining "part" would be the region of the entire German Democratic Republic. According to the G.D.R.'s current constitution, there are at least two ways to do this. The simplest would be to amend it in order to state that such "entry" is possible. This would require a two-thirds majority in the East German parliament.

The second approach would involve a plebiscite on the question of unification, which would only require a simple majority vote.

It would also be possible, though more messy, for the individual states (*Länder*) to join. At present, the five *Länder* exist only on paper, since the communists put all administrative power in 15 districts (*Bezirke*) instead. The *Länder* would therefore have to reconstitute themselves juridically before they could vote to join the Federal Republic of Germany.

It would even be possible for the individual *Bezirke* to join; but they will more likely be liquidated in order to clean out the large number of communist SED bureaucrats who are lodged there.

Lithuania blames West's cowardice for crisis

by Konstantin George

The first critical test for independent Lithuania will occur before the end of March, when Moscow will make the fateful decision about how far to go in using outright military force to crush the independent Baltic nation. Politically speaking, the military intervention, defined as using the military to force an independent nation to surrender its independence, began on March 23.

By the evening of Friday, March 23, the stage was set for Soviet occupation troops in Lithuania, moving over the weekend, to remove independent Lithuania's government and parliament. Soviet tanks and armored personnel carriers had moved into Lithuania's capital, Vilnius; combat helicopters were circling over the parliament as it was beginning an all-night crisis session. Squadrons of helicopters were dropping hundreds of thousands of leaflets over the country, carrying the texts of Gorbachov's decrees and ultimatums against Free Lithuania. Early that evening, the Soviet Foreign Ministry ordered all foreign correspondents, diplomats, and travelers to leave Lithuania. All day long, Lithuania's President, Vytautas Landsbergis and the Lithuanian Parliament were issuing dramatic appeals to the nations of the West to help, before it would be too late. Landsbergis stressed that all day long, Soviet troop reinforcements were being flown in to Lithuania.

On March 23, timed with the Army deployments inside Lithuania, the Soviet media broadcast two Big Lies: 1) that Lithuanian independence had been decided by a parliament and not by "the people in a referendum," i.e., that the parliament had acted "against the will of the people," and, 2) as stated by Valentin Falin, head of the Soviet Central Committee International Department, that the parliament was elected in an election where "vote fraud" had occurred.

The extreme gravity of the crisis was underscored in the last interview given by President Landsbergis to Western

television before the correspondents were expelled. This was to Danish TV, aired at 7 p.m. Danish time, March 23. Landsbergis blamed the cowardice of the Western governments for giving Moscow, and specifically Gorbachov, the free hand to crush Lithuania:

"The Danish government, and the other governments of the West, know that Gorbachov's deadline is March 24, and after that he will act. The West will give its usual show of pity and say the Soviet Union acted wrong, and we will just be put into the pile of small nations gobbled up by the Soviet empire."

The stage for this crisis was set in a series of decrees issued March 21-22 by President-dictator Mikhail Gorbachov and Gen. Col. Fyodor Kuzmin, Commander of the Baltic Military District. These began with a March 21 presidential decree to "safeguard the rights of [sic] Soviet citizens," to "protect the borders" of Lithuania, for which purpose elite KGB Border Guards units have been deployed, and for a "ban on the sale of all firearms" in Lithuania, stipulating that Lithuanians have "seven days" to surrender all firearms in private possession. A similar deadline was given for all Lithuanian Army "deserters," and those who have refused to answer draft call-ups, to surrender or else the Russian Army will round them up. The pressure was escalated the next day with a second Gorbachov decree, setting a March 24 deadline, the one cited by Landsbergis on Danish TV, for the "dissolution" of Lithuania's volunteer citizen militia, and the surrender of its arms.

The Lithuanian President, speaking on March 22, had already denounced Gorbachov's first decree as having "no legal validity" for independent Lithuania, saying that "the ghost of Stalinism is running the Kremlin, casting its long shadow westward . . . the Soviet Union is unable to release its prey," illegally seized in 1940.

With this decree, Gorbachov's "Ukase Number One," the option to employ the Army was created, under the outrageously phony pretext that it must "confiscate weapons" to "prevent violence." Gorbachov made his move, emboldened by the West's refusal, beginning with President Bush and Prime Minister Thatcher, to recognize Lithuania's independence. Gorbachov also has on record Bush's statement that the United States supports the "territorial integrity" of the Soviet Union, and Bush's endorsement of Gorbachov's military intervention in Azerbaijan in January, where Moscow's line that it was necessary to "stop violence" was parroted in Washington. On March 22, one day after "Ukase Number One," the U.S. Senate voted 59-36 to reject a resolution sponsored by Sen. Jesse Helms (R-N.C.) to call on Bush to recognize independent Lithuania.

Lithuanian 'crisis': made in Moscow

There is no crisis in Lithuania itself, not even a remote parallel to previous situations in Karabakh and Azerbaijan in the Transcaucasus. Inside Lithuania, industries, offices, and farms are working as they always have; schools and universities, transport, and port activities are all operating normally. There has not been even one solitary instance of riots, disorders, or violence of any type. Since Lithuania proclaimed independence on March 11, the only case of illegal use of firearms was by a drunken Russian Army officer who stole a car and opened fire on police, causing a shootout in which he was wounded. So much for the "reasons" peddled by Czar Gorbachov for Ukase Number One.

The reasons behind Moscow's brutal intimidation campaign against Lithuania have nothing to do with "preventing violence," or "restoring order." Moscow, from its imperial standpoint, must terminate Lithuania's independence, because independent Lithuania serves as a beacon for the independence aspirations of all the other Captive Nations inside the U.S.S.R.

Parallel to the campaign against Lithuania, Gorbachov embarked on a campaign of intimidation coupled with concessions against the other two Baltic republics, Estonia and Latvia, designed to ensure that no other republic follow Lithuania in proclaiming independence. On March 20, two days after the elections in Latvia and Estonia, an Estonian delegation led by Estonian President Arnold Ruutel and Prime Minister Indrek Toome was summoned to Moscow for a three-hour meeting with Gorbachov. Gorbachov warned them that "the path chosen by Lithuania leads to a dead end," and offered Estonia "a new federation based on a new Treaty of Union between the republics," where Estonia and Latvia would be granted "maximum" domestic sovereignty, with "a special relation for the Baltic states as in the time of the Czars."

One day later, the Latvian leadership was called in and given the same ultimatum to accept the "autonomy" formula, leading to eventual independence over five years, under the

"new legal mechanism" for the secession of a republic, now being drafted by the Supreme Soviet.

Territorial questions

What made the pro-independence leaders of Estonia and Latvia do a *volte-face* from their previous commitment to independence now, and decide to choose the "safe" path to eventual independence, giving Gorbachov badly needed time? It was not Gorbachov's tough warnings as such. Talk is cheap, even in the form of verbal threats from a Russian "Czar." Gorbachov, as well-informed Baltic sources told *EIR*, made threats based on Russian operational capabilities, exploiting the existence of huge Russian populations, 39% and 50% respectively, in Estonia and Latvia.

Even though the Russian chauvinist organization, Interfront, did not gain a majority of the Slavic vote in these republics' elections on March 18 (see p. 48), it does have enough strength to mobilize enough of the Russians to destabilize any post-independence regime. In effect, Gorbachov threatened a combination of inter-ethnic civil war and territorial dismemberment along ethnic lines, which would not only truncate Estonia and Latvia, but given the urban preponderance of the Russian population, deprive them of their historic capitals, namely Tallinn and Riga.

What thuggery Moscow is capable of was already shown in the March 18 elections, the most detailed account of which is available from Estonia. In Estonia, the 200,000 Soviet troops who occupy the republic were marched, under Soviet "law" (where soldiers vote based not on their home town, but on the region where they are stationed on the date of an election), right into the polls to vote for Interfront. As a result, Interfront won not the 18 seats it would have gotten from its minority constituency among the civilian Russians, but a total of 30 seats, thus giving it the power to block laws changing Estonia's constitution. Though the details are still murky, according to Baltic sources, the same thing happened in Latvia. Thus, for the historical record, the first Soviet military intervention in the Baltic under Gorbachov occurred on March 18.

The potential for another early declaration of independence, in the Transcaucasian republic of Georgia, evaporated on March 21, when an accord was reached between Moscow, the Georgian authorities, and the republic's pro-independence opposition parties, to postpone elections from March 25 until November. Georgia's nationalist parties had been requesting such a postponement to give them time to organize their forces and wage an effective campaign, confident that by the autumn they could win a majority. Moscow, anxious to stop any post-Lithuania independence chain reaction, gladly agreed.

The main focus of Soviet intimidation against Lithuania has been Gorbachov's demands for territorial and military basing rights as the minimal price for achieving independence. Lithuanian sources confirm that Moscow has raised

the following territorial demands:

1) Surrender by Lithuania of its eastern districts, including the capital Vilnius and the surrounding region, under the "legal" argument that these areas did not belong to the pre-war independent Lithuanian Republic, having been part of Poland. Moscow has told Landsbergis that it views these areas as having been part of "Polish-occupied Belorussia," implying that they be ceded to Soviet Belorussia.

2) Granting to the U.S.S.R. of a Danzig-type corridor (a reference to Hitler's 1939 demand that Poland cede to Nazi Germany a "corridor" connecting German Pomerania, via Danzig, to German East Prussia, which after the 1919 Versailles Treaty had been separated by the "Polish Corridor" from the rest of Germany), connecting Soviet Belorussia with the Russian Republic's enclave formed by Soviet-occupied East Prussia (the Kaliningrad, formerly Königsberg, region).

3) Cession to the Russian Republic of the port of Klaipeda (Memel) and the coastal strip extending from it down to Soviet-occupied East Prussia.

The first two demands are viewed by the Lithuanian leadership as very serious, while (rightly or wrongly) they consider the Klaipeda demand a "bargaining chip." To add to the pressure, the Russian chauvinist organization, Yedintsvo (Unity) staged demonstrations in Klaipeda March 14 demanding that it join the Russian Federation. Lithuania's President Landsbergis has employed a statesmanlike policy of not provoking Moscow. He has offered, privately, to accommodate legitimate Soviet state interests—for example, that Soviet East Prussia not be cut off from the Soviet "mainland." He offered ground and air passageways, in the form of transit routes, modeled on the links maintained between West Germany and West Berlin, but under no conditions will he grant Moscow a territorial "corridor."

Beyond these territorial demands, Russia has stated it will not withdraw its occupation forces, and demands that military basing rights, especially for its key bases, be accorded. This means above all, the huge Soviet Air Base at Siauliai, in north-central Lithuania, the biggest Soviet military concentration in the republic, and one of the U.S.S.R.'s most important Western Theater air bases.

Documentation

U.S. must recognize independent Lithuania

From a March 13 statement by Lyndon LaRouche, Democratic congressional candidate for the 10th District of Virginia:

The fact of the matter is that Lithuania was gobbled up by the Soviet empire as a result of an August 1939 treaty with Hitler, called the Hitler-Stalin Pact; that up until recently the United States never recognized the Baltic states of Estonia, Latvia, and Lithuania, as being properly part of Soviet territory. Now, in the course of events, Lithuania, as the largest and, thus, flagship nation of the so-called Baltic states, has declared its autonomy, and, in an orderly fashion, has announced to the Soviet government the declaration of its independence and its desire to deal immediately with the Soviet government in Moscow in formalizing its independence.

It has also asked, in a democratic vote by its population and its parliament, that Western nations begin to recognize the sovereign independence of the state of Lithuania.

Up until a few years ago, U.S. recognition of Lithuania would have gone without question. But now, under leadership of Margaret Thatcher's Britain, we are waffling. Hungary has taken the lead in moving toward recognition of Lithuania's independence. Other nations, including Vaclav Havel's Czechoslovakia, and Poland, have moved in a similar direc-

tion. We must also.

Now, how does this bear on Gorbachov, ostensibly the incoming President of the Soviet Union, the President with dictatorial powers greater than those perhaps of any czar after Ivan Grozny, the so-called Ivan the Terrible? Well, Moscow is screaming, saying this is the internal integrity of Soviet territory, the core empire. Well, it's not the core empire. It never really was Soviet territory in a moral sense, even by Stalin's definition of nationality. Each of the Baltic states is an independent nationality, even by all of Stalin's criteria.

The issue here is twofold: There is a cultural division within Europe between those states which in 1439-40 joined the Paleologue emperor of Constantinople in a great Christian reconciliation called the Council of Florence. This reconciliation defines Western Christian civilization, which extends into Ukraine, for example. It includes most emphatically the Poles. It includes the people of the Baltic states. In opposition to this 1439-40 reconciliation were included the Russian Orthodox Church of the princes of Muscovy, under which, later, the Great Russians became the dominant force, the conquering force, subjugating the Ukrainians and others, particularly so in the wake of the long-term subjugation by the communists.

Thus, there is a cultural division between the Great Rus-

sians and Europeans to the south and west; between the Great Russians, on the one side, and the Ukrainians and those of the West such as the Baltic people, the Poles, and so forth and so on.

By cultural division, I don't mean some secondary trivia, of folk songs and that sort of thing. What I mean is that the dominant conception of man in Christian civilization and the dominant conception of man in Great Russian culture, are antagonistic, irreconcilable.

'Imago viva Dei' separates cultures

Now, we who are human in the West, who are Christians, recognize the Russians as being potentially equal to us, because they are individual human beings with the same divine spark of potential for reason that all human beings have, and thus we look at a Russian face and we see *imago viva Dei*, the living image of God, as we see it in our friends and neighbors, even the ones we may not particularly like at the moment.

So we do not bear malice toward Russians as human beings, but we do recognize that their culture is antithetical to Western Christian civilization. We may have people of Western Christian civilization who are as bad as or worse than Russians in terms of their cultural proclivities. But nonetheless the essential division which separates Poles from Russians, Ukrainians from Belorussians through Great Russians, and Balts from Great Russians, remains.

Therefore, the moral sense of law, of language, is relevant to that which defines Lithuanians as separate from Great Russians today. They cannot possibly share as peoples a common sense of law. They speak a different language. They have a different sense of law. They have a different sense of man.

We in the West define the individual as a civilization, as a culture—there may be exceptions to this view among us—but as a culture we define the human individual, each human individual, as sacred by virtue of reflecting the image of the living God. This is particularly the case with Christianity.

Thus, by this means we base society on this notion of the sacredness of life of the human individual. That is the highest standard of policy within a Christian state, within a state consistent with Western Christian civilization. Therefore, if we do injustice to an individual, we say, "That is wrong!" Whereas if Great Russian culture follows its own culture consistently, if it does injury to an individual, it may say, "Well, we had to sacrifice that individual for the sake of policy." That is Russian, anti-Christian, barbarian thinking.

We have barbarians among us, i.e., in the Justice Department presently, who say individuals must be sacrificed, contrary to law, for the sake of the greater good. That is barbarism! And we have it among us. Those people are virtually Great Russians. U.S. Attorney General Richard Thornburgh's trips to Russia certify that to some degree or another. But we're opposed to it.

Thus, if we are true to the essence of the American Revolu-

tion, to the essence of Western Christian civilization, when people of the Baltic countries, who became part of the Soviet Union only by unlawful, aggressive conquest, by virtue of a rotten deal with Adolf Hitler, say, "We now move to our freedom," we must say, "You have every right to assert your sovereign independence, because you have all the reasons for separating yourself from the Great Russians. And you have every right to do so."

Now, relative to our relations with Moscow: The Soviets have said they're for freedom and they're going through a great reform. Well, if they wish to go through the great reform, they have to acknowledge the rights of Lithuania as sovereign and independent. Otherwise, they are in effect unmasking themselves as being liars in every feature of this reform.

Moscow's intentions

Now, let me take just one little point, a sticking point in this whole business, which reveals the whole issue. There's a strip of Lithuania, which is associated with the city of Memel [Klaipeda]. Now, the Lithuanians naturally would be inclined to say, "We must keep this part of our territory, as part of our independent territory." The Soviets have already said in advance, "No." What's the significance of Memel? What's the significance of this little strip of land to Moscow? It has only one significance. It is the crucial strategic launching point for the Red Army launching a surprise attack on not only Poland, but parts of a united Germany, up to the city of Kiel in Schleswig-Holstein.

Those who studied the two world wars of this century and studied the way in which German troops were deployed into the Baltic states region during those wars, across the convenient waters of the North Sea, will recognize immediately that Memel is the launching point for a Soviet attack upon the northern coastal regions of Germany and also Poland. And that Memel has no significance but that.

Therefore, if the Muscovites are so determined to hold onto Lithuania, and particularly Memel as distinct from the rest of Lithuania, we must read this practically and we have to say, "Dear Czar Mikhail V of all the Russias: If you grant the Baltic states independence, as they may desire it, that will not hurt the Russians, that will help them in our eyes, and you shall gain more by giving the Balts their freedom than you shall by trying to continue to hold them as your slaves and vassals. Because you will have better relations with us, the Baltic region itself will become economically better, much better, and rapidly, than it was or could be under your domination, and you will benefit from having a progressive state on your borders—a progressive state which represents no military threat whatsoever to you. Whereas, if you insist on owning this territory, then we cannot believe a thing you say about all your great humanistic reforms. And if you insist on holding Memel, then we know that aggressive war is lurking somewhere in the halls of the Kremlin."

Lithuanians have faith in people who are educated

Aleksandras Abisalas, a deputy of the Lithuanian Supreme Council for the Sąjūdis Lithuanian Independence Party, talked with William Jones of the EIR Washington bureau on March 20. Abisalas is expected to become the next Speaker of the Lithuanian Supreme Council.

EIR: The reaction from Moscow has been somewhat contradictory. On the one hand, there are certain statements from the Soviet leadership that they would be willing to negotiate on the question of Lithuanian independence, while on the other hand, and with increased intensity in the last few days, there have been quite violent reactions, very emotional reactions, to the Lithuanian declaration of independence. What do you think Moscow's orientation is after the Soviet government statement yesterday signed by Premier Ryzhkov?

Abisalas: I can see no sign from Moscow that negotiations will begin in the very near future, although the statement made by the government of the U.S.S.R. is not threatening. It looks, however, that there will be a road opened up for negotiations.

EIR: The Supreme Council is now moving to place control of the borders under the control of the Lithuanian government. There have also been moves by the Soviets to strengthen security at some of the industrial enterprises in Lithuania. Is there any possibility that these enterprises would be placed under Lithuanian control in the near future?

Abisalas: Today the Supreme Council of Lithuania ratified a resolution which directed the Council of Ministers to now begin physically taking over the border checkpoints. The Council of Ministers has got to take this question under their wing as of now. The same borders that exist now will exist in the future. The real issue is the economic control of those borders to prevent materials and valuables from being taken out of Lithuania. This is the issue of border control which is being focused on.

EIR: Has the delegation which was sent to Moscow on Monday March 19 completed their mission, or are discussions still ongoing?

Abisalas: I can't really tell you, since I don't know what

their status is at this moment.

EIR: What about the possibility of a Soviet economic blockade? Are there any indications that the Soviets would respond to the Lithuanian declaration of independence with an economic blockade? If that happens, what are the options for the Lithuanian government?

Abisalas: At the moment there are no physical signs of the beginning of any blockade, although there has been a real crisis in the entire Soviet economy for some time now. And this is being felt everywhere, including here. But that started before political developments in Lithuania took the present direction. Of course, there is the fear that the Soviets might implement a blockade, but at the moment there are no concrete signs of it. In the communiqué which Ryzhkov had issued from the Supreme Soviet, there was a statement saying that the fulfillment of contracts must be guaranteed by both parties. So there is a possibility that economic ties with the Soviets would even improve in the near future.

EIR: What kind of response have you received from other nations, from Western Europe, Japan, or from the newly independent countries of Eastern Europe, with regard to the declaration of independence? Has there been any concrete support forthcoming, either formally or economically?

Abisalas: I might know of one or two instances of support, but there is nothing officially stated as of now. Except for the fact that France has said that they have gold belonging to Lithuania which was placed there before World War II, and that they are prepared to release it once the French government recognizes an independent Lithuania.

EIR: The revolutions in Eastern Europe have called forth a somewhat unique leadership. In Czechoslovakia, the new President is a former dramatist. President Landsbergis of Lithuania is a musician by profession. It seems that persons deeply rooted in cultural activity have now been pushed to the fore in these dramatic political developments in Eastern Europe. This indicates to me that this is a definite sign that we are not dealing with politics as we normally understand the term, but with a process which has much deeper sources, from which this development emanates. How do you think this will affect the shaping of the Lithuanian nation?

Abisalas: While Lithuania was in the political system of the Soviet Union, there were no politicians. There were only people who carried out orders. There could not be any politicians. I don't believe that a politician is necessarily a person who is educated in politics, but rather it is a person who thinks soberly and who is very energetic. We had the same type of situation in 1918, and it was then proven that it is possible to survive quite well with such politicians. All the developments in Eastern Europe indicate that political leaders are being brought forth, who are in fact not educated in the political field. I see no problem in that, especially since the Lithuanian Independence

Movement, Sajudis, has educated people to be politicians—a certain type of politician—simply because of the situation in which they have been placed.

EIR: There must have been very deep-going changes in the psychology of the Lithuanian people during this period of dramatic upheaval. Undoubtedly this affected the process through which political leaders emerged, that something more than simple political expertise was required from a political leadership in such a situation. Could it not be the case that the leaders who are now being brought forth represent the deeper aspirations of the people at this important historical moment?

Abisalas: I see no big difference which would make them different from anyone else. If I went into this question in depth, this could possibly turn into a novel, or at least into a very long article. But briefly, the difference between the Lithuanians and the Russians is that the Lithuanians have faith in people who are educated, who are part of the intelligentsia. That is the difference with the Russian people. Another difference is the memory among the Lithuanians of having been a free and independent state. This also distinguishes us from the peoples of Russia.

EIR: Is there not also a real cultural difference here with the Russians, because of the role of the Catholic Church in Lithuania? That in spite of its geographical proximity to Moscow, Lithuania has been, historically and culturally, a part of the mainstream of Western civilization.

Abisalas: I think there is a twofold aspect to this question. I believe the reason that people here haven't been totally destroyed morally is due to the Catholic Church. Secondly, the Catholic Church has been given a great deal of credit because it upheld the historical memory of Lithuania as an independent nation. Now that isn't characteristic of the Catholic Church itself, but it is characteristic of the Catholic Church in Lithuania.

EIR: Lastly, let me ask you, what message would you like to get across to the U.S. administration and to the members of the U.S. Congress with regard to what they should do for Lithuania?

Abisalas: Let me warn you that I'm not prepared to answer a question like that. However, I believe that the U.S. administration could use their personal contacts in Moscow to influence the government there, perhaps behind closed doors. As regards the Congress, they could be more specific in their support of the movement here. Secondly, there should be a specific statement of when the administration, under what conditions, it will recognize Lithuania as an independent state. Of course, those conditions shouldn't be impossible to fulfill. Afterwards, Lithuania will need economic support, although we're not expecting a great deal of economic help from the West. We tend to trust in our own ability to maintain ourselves economically.

Independence votes sweep the U.S.S.R.

by Konstantin George

The results of the March 18 parliamentary elections in the Soviet Baltic republics of Estonia and Latvia, and the runoff elections in the three Slavic core republics of Russia, Ukraine, and Belorussia demonstrate—in the immediate wake of Lithuania's declaration of independence—show the depth of support for independence in the non-Russian republics, and the positive effect of the East European democratic revolutions on the Russian urban electorate itself.

Estonia and Latvia

The pro-independence candidates of the Popular Front and allied groups were victorious in the elections in Estonia and Latvia, the two nations illegally annexed, along with Lithuania, by the U.S.S.R. in 1940.

Of the 201 seats in the new Latvian parliament, the Latvian Popular Front won at least 119 of the 170 seats decided in the first round, thus already gaining a pro-independence majority. The Latvian Popular Front is within reach of attaining, in the runoffs for the remaining 31 seats, the two-thirds majority needed to abolish Latvia's Soviet constitution and reinstate the pre-1940 constitution of independent Latvia. The scope of the Popular Front's victory is doubly impressive, given that Slavs (for the most part Russians) form half of Latvia's population, in stark contrast to Lithuania, where native Lithuanians comprise 80% of the population.

In short, by conservative estimates, between one quarter and one-third of Latvia's Russian population joined in voting for Latvia's independence. A high percentage of the remaining Russians, while opposed to total independence, do favor Latvia attaining "maximum sovereignty" within the U.S.S.R. federation. These results, which tear to shreds the stereotype of the pro-independence Latvian confronting a monolithic bloc of Russian chauvinists, are not as surprising as they may seem at first glance.

One cannot underestimate the effect on the Russians living in the Baltic republics of the collapse of living standards in the Russian Federation. Whatever problems Russians may have in Latvia and Estonia, they are far better off in these republics, than back in Russia. Many of them see independence, or full domestic sovereignty, as attaching these republics, complete with their Russian inhabitants, to a Western standard of living and lifestyle.

The same voting pattern was seen in Estonia, where Russians constitute 39% of the population. The Popular Front

and allied pro-“independence now” formations won at least 68 of the 105 seats in the Estonian parliament. The Russian chauvinist Interfront did not win anywhere near the 40% of the vote it theoretically could have received, had voting patterns been on strictly ethnic lines. Interfront got about one-sixth of the total vote, or 45% of the Russian vote, winning a mere 18 seats. Again, as in Latvia, a majority of the Russians voted either for independence or full autonomy.

Ukraine

In Ukraine, with 54 million inhabitants, by far the largest non-Russian republic, the winners in the March 11 elections and the March 18 runoffs were the Democratic Bloc, a coalition of reformist forces led by the pro-independence Ukrainian National Movement called Rukh. In the Ukrainian capital of Kiev, the Democratic Bloc swept 16 of 22 districts. Where Rukh was defeated in Kiev races, it was only because the party hierarchy had employed the crudest imaginable “get out the vote” measures. For example, Vladimir Ivashko, Ukrainian Communist Party head and member of the Soviet Politburo, was saved from certain defeat at the hands of Rukh candidate Alex Kvas, by 12,000 soldiers of the Kiev Military District being marched straight from their maneuvers to Kiev polling places, to vote for Ivashko. The handy “votes” of Kiev Military District personnel similarly provided the margin of victory for an Army general, Aleksandr Sukhov, and a general of the Interior Troops, Yaroslav Kondratyev.

The same tricks were employed in Kiev City Council races, to no avail. Rukh won a solid majority of 70 of the 120 City Council seats. For the first time since the Ukrainian Rada (Council) in Kiev proclaimed Ukraine independent in 1918, Ukrainian patriots have regained control of their capital. In all large Ukrainian cities, Rukh and the Democratic Bloc scored well, in most cases winning majorities. In the western Ukrainian metropolis of Lvov, Rukh won every contested parliamentary seat. In the port of Odessa, party boss Georgi Kryuchkov was defeated. In the eastern Ukraine Donbass mining and industrial region, which spearheaded last summer’s mass strikes, Democratic Bloc candidates, including strike committee leaders, swept aside the candidates of the party hierarchy across the board.

The depth of the Ukrainian surge toward independence was also indicated by the fact that Rukh and Democratic Bloc victories were not confined to the urban areas. Valentina Shevchenko, outgoing president of the Ukrainian Supreme Soviet, had declared her candidacy in what she thought was a “safe” rural constituency, where a sleepy peasantry would dutifully vote for the “boss” as in the past. Shortly before the election, she quit the race to avoid the humiliating spectacle of being outpolled by the Democratic Bloc in a rural area.

Russian Federation

As of this writing, the lack of data concerning the vote from the hinterlands and provinces, makes impossible a final

analysis of the overall results of the March 11 elections and the March 18 runoffs in the huge Russian Federation. However, in Russia’s two largest cities, Leningrad and Moscow, an overwhelming victory was achieved by the de facto new political party, Democratic Russia, which had campaigned for abolishing the Communist Party’s power and establishing a “democratic, multi-party system,” for a “Russian rebirth” in the context of “full sovereignty” for all the U.S.S.R.’s republics, and, last but not least, for Russia to “join Europe,” and the process of democratic revolutions that have swept Eastern Europe.

In Leningrad, Democratic Russia’s local affiliate, Democratic Elections ’90, won at least 220, or nearly three-quarters of the 300 seats on the city council. In Moscow, Democratic Russia won a majority of the city council, gaining 281 of the 498 seats. Thus, Democratic Russia has become the new governing body for the two most important urban centers of Russia. Democratic Russia’s sweep of Russian Federation parliament seats in these two cities was no less impressive. They won nearly all of Leningrad’s seats in the Russian parliament, and 55 of Moscow’s 65 seats.

These election results have forced Gorbachov into an internal policy stance that would have been unthinkable for him, or any other Soviet leader, even a few months ago. In his post-presidential election statements, he stressed that his first priority will be to secure laws granting each republic “maximum sovereignty” within “a new federation,” and provide for a “legal mechanism” for a republic to secede, albeit through a long process, taking up to five years. Events in Lithuania and elsewhere have of course already overtaken him, but this new policy is seen as the only chance to slow down, through heavy concessions, the independence drive sweeping the republics, a dynamic which is now accelerating inside the empire’s Slavic core as well. With a nervous eye on the Ukraine, and the absence to date of a mass Russian backlash against the non-Russian republics, Gorbachov is hoping that his “new federation” move has not been made too late.

‘From the prison in which the politician’s career expires, the influence of the statesman is raised toward the summits of his life’s providential course. Since Solon, the Socratic method has become the mark of the great Western statesman. Without the reemergence of that leadership, our imperiled civilization will not survive this century’s waning years.’

—Lyndon H. LaRouche, Jr.

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Hungary's intellectuals appeal to Romanians

"Freedom is in Common, Appeal to Romanian Intellectuals": Under this headline, the Budapest daily Magyar Menzset (Hungarian Nation) published on Feb. 7 an appeal by Hungarian intellectuals to their Romanian colleagues. Below are extracts of the text, translated from the French version provided by Hungarians living in France.

. . . The Hungarian and Romanian peoples must no longer confront or compete with each other. Let us listen to this message from the past by Avram Iancu: "The Hungarian people cannot, neither today nor in the future, speak without the Romanian one, no more than the Romanian without the Hungarian." And let us listen to Lajos Kossuth, who said that Hungarians and Romanians "will find a better future in fraternal union."

This better future is still to come: We must build the road that leads there in common. The tyranny marked by Ceausescu's name used low and brutal means to ensure that the Hungarian and Romanian peoples could never unify: In the vile arsenal of those means, are found the manipulations to kindle Great Romanian chauvinism and xenophobia, as well as the destruction of the national identity of the Hungarians of Transylvania.

It was all Europe's good fortune that these plans failed and that all the peoples of Romania—Romanian and Hungarian—stood up together to win their common freedom. The Hungarians of Transylvania must have their share of this common freedom, not only as individuals, but also as an ethnic, historical, and cultural community. This is also what is prescribed by the decisions of the Great Romanian gathering of Guylafehervar as well as the Helsinki Final Act of 1975. Both desire to regulate the coexistence of peoples on the basis of the right to self-determination. As a result of this we must ensure that the Hungarians of Transylvania have their own institutions, that their mother tongue be reestablished in all domains of public life and society, and that they may develop their culture in their own schools and cultural institutions. . . .

We are very worried in saying all of this, because we receive reports from Romania according to which, still today, national and local political forces are denying rights to the Hungarians who live there. At the same time, those who wish to keep the barriers erected under the tyrannical regime even after the victory of the revolution, wish to impede the Hungarians from recovering their schools. Since the Romanian people's rights will no longer be complete if the rights of national minorities cannot be exercised, it would be impor-

tant that Romanian intellectuals unite to pronounce themselves in favor of the exercise, in full liberty, of the rights of minorities, and that they not be abused by those who are trying to safeguard their privileges—obtained thanks to the good graces of tyranny—masquerading as champions of Romanian national sovereignty.

Let dialogue begin

Our revolutions, in 1956 and 1989, link us together. Between these two historic dates an entire generation has passed, a very harsh period of the common history of our peoples. There are many things which we must take up again from scratch, and in this process we must acknowledge the past: our common past, and each one's own past. In this re-beginning, let us hear the counsels of Avram Iancu, of Nicolae Balcescu, of Lajos Kossuth, and of Lajos Mocsary, who represented the interests of the Romanians of Hungary and the National Assembly of 100 years ago. They expressed the message of this freedom, which is one and indivisible, the reason why it is the rightful property of all nations and of all national minorities.

In order to discuss our common problems and in the interest of our common future, we propose that dialogue begin between Hungarian and Romanian intellectuals: as soon as possible, alternating in a Hungarian and a Romanian city. It will be the mission of our encounters and our exchange of views, to realize our common hopes, under which banner we can open a new page in the common history of our peoples.

The signators' names follow (for reasons of space, only the English translations of their affiliations are given, except for periodicals): Gabor Albert, secretary, Hungarian Protestant Cultural Association; Andras Baka, Trade Union Grouping of Intellectuals; György Beke, writer; Kalman Benda, president, Cis-Carpathian Circle; Imre Csepella, managing director, Transylvanian Alliance; Miklós Czenthe, Rakoczi Association; Laszlo Dura, manager, *Szoszolo*; Arpad Goncz, president, Union of Hungarian Journalists; Andras B. Hegedus, secretary, Committee for Historical Truth; Tamas Kipke, editor of *Uj Ember*; Ferenc Kun, Rakoczi Association; Gusztav Lang, university professor; Laszlo Lukacs, editor in chief, *Vigilia*; Andras Nagy-Balo, professor; Csaba Nagy-Balo, professor; Geza Nemeth, pastor, Reformed Church; Istvan Oszi, political scientist; Bela Pomogats, co-chairman, Committee of Sponsors, Conference of the Mother Tongue; Tamas Jozsef Remenyi, editor in chief, *Magyar Naplo*; Laszlo Ronay, principal collaborator, *Vigilia*; Elek Selmeczi, Rakoczi Association; Ferenc Szakaly, secretary general, Hungarian History Society; Imre Szokai, chief columnist, *Tiszataj*; Attila Toth, spokesman, Union of Scientific Workers; Miklos Vasarhelyi, president, Committee for Historical Truth; Tamas Zala, member, executive committee, Jewish Hungarian Cultural Association; Tibor Zimanyi, president, Recs Alliance.

End approaches for Thatcher's dark age

by Mark Burdman

"The dark age of Thatcherism is coming to a close." So stated the British Labour Party's Sylvia Heal, on winning Britain's critical Mid-Staffordshire mid-term local election on March 22. Mrs. Heal beat her Conservative opponent by a 16% margin, in an electoral district that has been traditionally a Conservative stronghold. The swing vote from the last election in Mid-Staffordshire was a stunning 21 percentage points, the largest swing vote for Labour in an off-year election in over 50 years.

BBC's political correspondent stated hours after the results were released that Mrs. Thatcher's Tories had suffered a "sensational defeat in a safe seat." He and other British political experts assert that if the Tories do badly in upcoming local elections in May, there will be great pressure on Mrs. Thatcher to resign. In three minor local council elections earlier in March, the swing to Labour averaged *over 30%*.

But Mrs. Heal's success should be seen not as a victory for the Socialist International-affiliated Labour Party, but as an anti-Thatcher protest vote. It has taken Mrs. Thatcher to revive the Socialist International in Britain, at a time when SI-affiliated parties elsewhere, notably in Sweden, East Germany, and Holland, have suffered big setbacks in recent weeks. (See Lyndon LaRouche's statement that the defeat of the socialists and communists in East Germany is a big setback for Thatcher, p. 36).

Voters said they had voted for Labour in protest against Thatcher's imposition of a "poll tax" in England and Wales, which goes into effect on April 1. This measure taxes residents of Britain on a "flat-rate" basis, that is, without any consideration for ability to pay, as previous tax policies had done. Many Conservatives are angered by the unfairness of the tax and because it is exorbitantly high.

The poll tax was first imposed on the Scots last year, where it is so unpopular that Thatcher's own cabinet minister for Scotland, Malcolm Rifkind, threatened to resign from her government only hours before the Mid-Staffordshire voting unless the poll tax rate for Scots were reduced.

In Lichfield/Mid-Staffordshire, Mrs. Thatcher was deserted by a base of voters, such as working-class home owners, who had reacted against the Labour Party's socialism in the late 1970s.

Nationally, she is losing another constituency: the yup-

pies of the City of London and environs. The 1980s boom in Britain in financial services, real estate, and information technologies had led to Thatcher's being characterized in certain quarters as the "Nanny of the yuppies." But Britain's regime of high interest rates, high mortgage rates, and the closing down of many financial houses in the City of London may lead to their joining the growing ranks of the homeless now roaming the streets of London.

Freeing the globe from Thatcherism

The implications of Thatcher's defeat may be greater internationally than internally. The "dark age of Thatcherism" has cast a shadow over large parts of the globe during the 1980s. The faster her government collapses, the faster populations the world over will recover from so-called Thatcherite economic policy, a particularly virulent form of insanity of the 1980s.

In the United States, "Reaganomics," a variety of Thatcherite deregulation and "free-market" policies, has wrecked American infrastructure and scientific and technological capabilities. Freeing Americans from Thatcherism will have a salutary effect reminiscent in certain ways of the mood of the 18th-century American Revolutionary War against the "free-trade" policies of Adam Smith and the British East India Company.

In Eastern Europe, Thatcherite "shock therapy" is creating the Polish nightmare where the government has accepted the advice of the Adam Smith Institute, one of the key Thatcherite advisory institutions in London which also devised Britain's poll tax swindle. In Czechoslovakia, there has been an ongoing debate about whether to implement Thatcherite reforms. With his uncanny sense of drama, Czech President Vaclav Havel was in Britain on the day of the Mid-Staffordshire elections.

The most interesting case of all may be the Soviet Union. Mrs. Thatcher has had a perverse crush on Mikhail Gorbachev since she first met him in late 1984, always claiming he was a "man she could do business with." Throughout the week of March 19, as the March 22 date of the Mid-Staffordshire by-election approached, the British press was saturated with reports from Moscow that the Soviets were moving rapidly toward implementing a "Polish-modeled" shock reform of their economy. The rejection of Mrs. Thatcher's policies by the British electorate should have a sobering effect on those who envisage driving the U.S.S.R. into chaos by bringing the Polish Adam Smith nightmare across the Soviet borders.

Mrs. Thatcher, with her obsessive harping about slowing down German reunification, has become the torment of the German people, who can only joyously celebrate her downslide. German and other continental European minds should now have greater freedom to implement what the French call "dirigist" approaches to infrastructure development in Eastern Europe.

Constitutional crisis in Scotland: a prelude to independence?

by Katherine Kanter

As we go to press, William Waldegrave, chief Minister of the British Foreign Office, has fulminated against the unilateral declaration of independence by Lithuania, which, he warns, does not "meet the criteria" of the Foreign Office for independence, namely, control over its foreign policy and control over its own territory. Few people outside the British Isles however, realize that the background to Waldegrave's utterances, and to England's almost hysterical refusal to face the reality that Germany will be reunified, is not just panic fear to lose their grip over Western European policy. Waldegrave was also addressing the nationalities problem in a place called the United Kingdom.

The most important of these nations is Scotland, joined, as the story goes, by a "voluntary" Act, called the Treaty of Union, to England in 1707, but as a separate nation. The Scots Parliament was dissolved into the Parliament at Westminster, and from that date, the country has been under English rule, although its Church, its legal system and its schools have remained entirely distinct. Since May 1989, when what the British government persists in viewing as "disturbances" erupted in China, Hong Kong, and then in Eastern Europe, unrest has suddenly made itself felt in Scotland. Why? How does an entire nation, stumbling from pillar to post for two centuries, suddenly realize that its survival as a nation is threatened in a fundamental way?

These are not the gloomy reaches of outer Russia, where benighted women lumber around in headscarves. In Scotland, you are dealing with a highly educated, sensitive people who read and reflect upon what is happening to their country. By conservative estimate, there are at least 250,000 unemployed out of a workforce of about 2.2 million people, 50% higher than the average for Britain as a whole. Over the last decade, the shipbuilding and steel industries have been gutted, as the British government, following the official anti-industry religion preached by the bizarre Duke of Edinburgh, has pumped virtually all available liquidity into financial services, office buildings, and electronic gadgetry for southern England.

Thirty years ago, Scotland's capital Glasgow had over 1 million inhabitants, earning a fair living in heavy industry.

Now it has only 750,000, a collapse sold to the public as an "ecological improvement." In 1979, engineering industries employed twice as many people as the financial sector; now it is 50-50. In 1979, the ratio of people employed in services relative to manufacturing, was 2 to 1; now it is almost 4 to 1. In terms of Scottish ownership of Scots business, the picture, over the same decade, is that of a country becoming a "banana republic," but without the benefit of either the bananas, or the republic.

'Invisible hand' strikes again

According to figures supplied by the Scottish National Party, between 1983 and 1986, 321 Scottish firms were taken over by foreign companies, leaving only 98 major Scottish-owned public limited companies. Bankruptcies rose from 1,400 per year in 1987, to 2,500 in 1989. The latest issue of *Scottish Economic Bulletin* shows net capital spending in Scottish manufacturing falling from £866 million in 1985 (25% higher per employee than the U.K. average), to 735 million in 1987 (0.6% lower per employee than the U.K. average).

These appalling figures are no accident of the "invisible hand" so oft kissed by the Adam Smith Institute. This is British government policy. The Scottish Development Agency (SDA), a body ruled from London and which purportedly exists to develop Scotland, was given new guidelines by the British government in 1980: not to invest anywhere private-sector funding might be available, and not to make projects last longer than three years. In 1977-78, industrial investment made up 25% of the SDA's budget; by 1985-86, it was 2%.

To ice the cake, it was the SDA itself which last month leaked a document, oddly entitled "The Challenge of Opportunity," which reports baldly that output in heavy industry in 1989 remained below output of 1973! For some reason, the very government which rammed through the policy, cried scandal at the report. Businessmen like Charles Gray of the Strathclyde Regional Council, not normally found in the camp of fire-and-brimstone nationalists, put out in February a call to Scots financiers to "get behind their own steel indus-

try." Gray told the press: "It seems to me that British Steel does not want a Scottish steel industry which could be a real threat to the English industry, and new investors must be sought." It would not be hard to ground Gray's fears: For example, the British government has drawn up plans for the Channel Tunnel which do not even raise the possibility of high-speed rail links to Scotland.

Waves of emigration

But there is worse. There is no clearer statement of how you feel about the situation of your country, than leaving it. Many people have said to this writer: "We have lost all hope. Anybody with any enterprise gets out." In the 19th century, Scottish emigration exceeded that of Ireland. Since the turn of this century, over 2 million Scots have emigrated, 650,000 in the last 30 years alone. That is three times the size of the City of Edinburgh, and remember, we are talking about a country which now has only 5 million people. Some 900,000 of those 5 million are pensioners, and of those, 30% need government subsidies to survive. The birthrate has dropped to become the lowest in the British Isles, an unmistakable sign of terrible morale. Estimates vary slightly, but demographic projections show that by the year 2000, the population of Scotland will be down to the level of 1901, i.e. about 4.4 million people.

And the young people who would be the Vaclav Havels to lead their nation are fleeing the debacle. About 40% of all graduates of Strathclyde University in 1989 will leave Scotland to find work. In 1984, 16% of graduates of Glasgow University left Scotland to find work; by 1989, it was 33%. Out of 24 graduates of the Glasgow Nursing College in 1989, only 8 were able to find work in their country. Applications to emigrate to Canada were up by 50% in 1988 over 1987. Some 27,000 people will leave Scotland for good in 1990.

There is one other country which looks like that: Argentina under International Monetary Fund rule, on the verge of another coup d'état, where passport applications are 2,000 per day, and where the current "joke" doing the rounds is: "Argentina, 30 million inhabitants. One million live well, two million work as their slaves, and the rest of us are no longer needed."

Destruction of a culture

So if there is an endangered species in Scotland, it is definitely man. In spite of the country's somewhat rough and rude exterior, and contrary to the views of the Duke of Edinburgh, the Scots could not be replaced by "several hundred rare species of flora and fauna" in European culture. By their bent for science and engineering, by their powerful and extraordinary use of the English language, the Scots are the Italians of an otherwise boring and pragmatic English-speaking world. But yet we read in the London *Financial Times* that fish farming "threatens some of Scotland's most stunning scenery," and an Edinburgh daily writes without a

blush, that ecologists are worried that the new Scottish Nature Conservancy Council, once it splits this year from the English one, will be taken over by "councils more interested in jobs than nature protection."

The Royal Society for the Protection of Birds (RSPB), which is not precisely a republican organization, is now using satellites to map, literally, each square mile of Scottish territory to be in a position to oppose "developments" which threaten wildlife! In January, a "senior investigative officer" of the RSPB accompanied two police officers on a search of the home of an amateur photographer in Aberdeen, who was charged with the criminal offense of disturbing a falcon's nest! It reminds one of a recent *Sunday Telegraph* article reporting blandly that an entire Indian tribe is about to vanish because of the laws protecting the Bengal tiger.

In early February, precisely in referring to the new Scottish Nature Conservancy Council, the House of Lords Select Committee intoned that "devolution must not become disintegration. A broad United Kingdom perspective must be preserved. The United Kingdom's commitment to nature conservation must be unimpaired." Of course, the Lords were partly voicing the fear that the Scots, with their healthy industrial outlook, would trample all over the best-laid "get rid of the people" schemes. But they also let slip what truly preys on the collective lordly mind: the looming dissolution of the Treaty of Union.

The rise of Scottish nationalism

The Lords are not alone in their concern as alarm bells go off all over, not least, from the Labour Party, which, like the Royal Society for the Protection of Birds, is not precisely a republican organization. Recently Mr. Bernard Crick, a well-known and rather competent Labour Party analyst, wrote in the *Observer* under the title "The growing threat from Scotland": "Even the most cautious Scottish Labour MP's know that it is Labour's great, perhaps last chance, to keep nationalism as a constitutional nationalism. . . . What neither Thatcher nor Hattersley can grasp, is that what is at issue is not nationalism versus unionism (Tory or Labour), but constitutional versus separatist nationalism. . . . The tail will wag the dog. The Scottish question will show that the whole [English] doctrine of parliamentary sovereignty no longer sustains but threatens the unity of the United Kingdom." Still shriller articles have appeared in the *Telegraph*, calling for strengthening the monarch's powers to fight what the paper quaintly calls "Celtic nationalism." And the *Financial Times* headed its year-end supplement on Scotland: "A Political Time-Bomb," remarking that only 20% of the population claim to be satisfied with the present constitutional status of the country, while 27% favor independence outright.

In mid-January, a Constitutional Convention was held in Glasgow, ostensibly to pull together those forces which desire to reestablish the Scots Parliament, though it was boy-

cotted by the Scottish National Party, and of course, by the Tories. To the complete astonishment of most observers, the convention broke out into a brawl over the real issues. One Labour MP, Dennis Canavan, said: "The sovereignty of the Scottish people is inconsistent with the sovereignty of the United Kingdom parliament, and when we signed the Claim of Right, we were in effect, challenging the sovereignty of the U.K. Parliament." Perhaps Mr. Canavan, and those who seconded him, were only acting out a role, testing the waters of the feeling of the people, while the convention in the end adopted what was in effect a weak Labour Party document leaving all control over defense, foreign affairs, and major economic decisions to London. But the genie was out of the bottle.

In 1953, a groundbreaking lawsuit, *McCormick vs. the Lord Advocate*, was taken out by two Scots lawyers against the Crown, impugning the right of the Queen to call herself "Elizabeth II of Scotland." At the center of the argument, which today prevails in the streets (though at the time, it did not prevail in the courts) was the characteristic doctrine of Scots political thought, namely, the issue of the sovereignty of the people, as opposed to the English doctrine of the sovereignty of Parliament, or, in fact, the Crown-in-Parliament. Only the former doctrine is coherent with republican thinking. When American republicans refer to government of the people, they refer to the philosophical truth: that sovereignty cannot be delegated, because in the end, all men being equal before God, sovereignty flows from the will of individual souls, which concert themselves to decide for their nation. Concretely, in the short term, and in the case of Scotland, this means that a government like that of Mrs. Thatcher, who has 10 Tory MPs out of the 72 Scots MPs, cannot long rule another country. But Mrs. Thatcher will go, and the problem will remain, so long as England rules Scotland, and England remains an imperial, malthusian, and monetarist power.

As for the Labour Party, it is in a "Catch-22" situation. If the party does not support a separate Scottish Parliament, with considerable powers, it will lose much of its support in Scotland. Twenty percent of all Labour MPs come from Scotland. Scotland is tired and bony; plump England is where the juicy pickin's are. Were the Scots MP's to withdraw from Westminster, or to have their voting rights reduced there because of Scotland's separate powers, the whole usefulness of the Labour Party to the Establishment, namely, to hold the Union together and control popular unrest from whatever quarter, would be lost, along with the juicy pickin's. At that point, the Scottish National Party, which is for independence but on condition that the Queen and her successors remain the head of state, would be the Establishment's last resort. As for the rest, given the well-earned hostility toward the British Empire among civilized peoples, were Scotland to set her sails for freedom, tears might well be shed, but not of sorrow.

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New terror wave brings chaos back to Colombia

by Andrea Olivieri

The March 22 mafia assassination of Bernardo Jaramillo Ossa, the 39-year-old presidential candidate of the left-wing Patriotic Union (UP) party, has shattered the calm and more importantly, the mood of optimism that had briefly prevailed in Colombia following March 11. On that day, congressional elections which also served as a presidential primary for the ruling Liberal Party overwhelmingly chose anti-drug hardliner César Gaviria Trujillo as the probable next President of Colombia. His pledge of continuity with the current government's war on drugs held promise of ultimate victory over the cartels.

But in the early morning hours of March 22, at the El Dorado airport in Bogotá, a 16-year-old hireling of the cocaine-trafficking Medellín Cartel sprayed Jaramillo Ossa with submachine gun fire, in front of his wife and children. The UP leader died on the surgeon's table two hours later. That evening, a spokesman for the Medellín Cartel called the media to claim full responsibility for the killing, to promise that Liberal candidate Gaviria would be next, and to announce plans for a national terror-bombing spree—all in alleged retaliation for the government's refusal to "negotiate" an amnesty for the traffickers. "This is the restart of the war because they haven't listened to us. The only thing we will deliver is dead people," the caller reportedly said.

A government communiqué was issued, reporting that Colombian security forces "had been able to establish with certainty that the attack was ordered by drug-trafficker Pablo Escobar," the chief of the Medellín Cartel.

Government on the defensive

The Jaramillo assassination occurred within 24 hours of a heated public exchange between UP president Diego Montaña Cuellar and Interior Minister Carlos Lemos Simmonds, after the latter had accused the UP—made up largely of active Communists and former guerrillas—of serving as the political arm of the outlawed FARC guerrilla movement, which has been linked to Moscow. The FARC did propose and support the creation of the UP in 1985, but candidate Jaramillo had recently distanced himself publicly from the terrorists. Lemos Simmonds made his comment after a FARC ambush of a police van in the outlying region of Guainia, in which eight officers and the driver were killed—and while public outrage was at its height.

In the exchange of charges that preceded Jaramillo's mur-

der, Montaña had warned Minister Lemos that "You should know that a declaration such as yours could cause many deaths, because clearly our enemies will feel strengthened." Following the UP candidate's murder, Montaña demanded that Lemos resign from the Barco government and promised to initiate legal proceedings against the minister. President Virgilio Barco sent a letter of response to Montaña Cuellar in which he disavowed Lemos's accusation of UP/FARC links, albeit without mentioning his minister's name. Lemos Simmonds is expected to tender his resignation momentarily.

Aggravating the crisis is the fact that the Barco government had just ordered the withdrawal of some 3,000 police bodyguards who had been deployed to protect candidates, political organizations, judges, and other targeted persons from terrorist assaults during the pre-electoral period that ended March 11. Ingenuously claiming that the threat ended with those elections (presidential elections are on May 27!), the government was reflecting intense pressure to meet the soaring crime wave—from narco-terrorists and common criminals alike—by returning those policemen to their usual posts. However, the police redeployment invited narco-terrorists—from "left" and "right"—to exploit such an advantage.

Chaos begins

Wasting no time in assisting the cartels' promise of renewed chaos and bloodshed, the Communists answered the Jaramillo killing by sponsoring violent protests across the country. In downtown Bogotá, army troops were forced to disperse rock-throwing Communist youth who were burning buses and denouncing the government for complicity in Jaramillo's death. Classes were canceled for the week. Troops nationwide were put on full alert. The national teachers' union, to which the murdered Jaramillo belonged, called a 48-hour strike, while the Communist-influenced banana workers in northern Colombia stopped working. A mass funeral planned for Jaramillo Ossa on March 24 could be the site of new eruptions of violence.

Giving the drug cartels critical "breathing space" in which to recoup their losses and launch a new offensive, were a series of developments which had begun to slowly erode the Barco government's anti-drug efforts. On Feb. 22, the Colombian Supreme Court overturned a government ban on returning confiscated properties seized in anti-drug raids, effectively de-fanging the government's potent expropriation weapon.

Another crucial weapon, extradition, was publicly rejected by Gaviria's Conservative Party challenger Rodrigo Llorca Caicedo, and even the U.S. State Department—the putative inspiration behind the Barco government's extradition strategy—urged in its March 1990 report on international narcotics matters, that Colombia's use of the extradition weapon be phased out over the course of the next year. That is precisely what the cartels have been waiting to hear.

Military unrest adds to Argentine crisis

by Cynthia R. Rush

Despite Argentine President Carlos Menem's denials that there is any possibility of "social explosion" occurring in his nation as a result of his monetarist economic policies, incidents of unrest are occurring on a regular basis in different parts of the country, each time with greater intensity. Now, the March 21 death of Army Chief of Staff Gen. Isidro Cáceres throws a new element into the crisis; the general chosen to replace Cáceres is reportedly prepared to follow in his predecessor's footsteps, backing the government's unpopular economic programs, and, if necessary, directing troops to repress a population which is both angry and hungry.

Given that the military is wracked by its own internal conflicts, these steps could have dangerous repercussions. General Cáceres, who served as Army chief of staff since July 1989, was an important representative of the military faction which backs the International Monetary Fund's economic policies, and rejects demands by Army nationalists for changes in policy toward the military. With Menem's backing, Cáceres was determined to purge the armed forces of nationalists, and blamed Col. Mohamed Alí Seineldín, the visible leader of the nationalist faction, for what he termed "lack of discipline" within the Army. Seineldín, who led a December 1988 military action to force the social democratic government of Raúl Alfonsín to change its policy toward the Armed Forces, has been repeatedly slandered by the Bush administration and Henry Kissinger's friends as a coup-monger, because of his defense of institution of the Armed Forces.

On the same day that Cáceres died, and knowing that Menem would be naming a new Army chief of staff, Seineldín issued a statement addressing the Army's internal situation, warning both military and government leaders that a failure to resolve disputes in a reasonable fashion, could be dangerous. In the convulsed period in which the country is living, he noted, "the people look again to their Army as the ultimate guarantee of safety and preservation of institutional order for national harmony." However, he added, since the institution is shaken by internal disputes, if it is called upon to act, "it could split into opposing factions, just like the society to which it belongs, and thereby constitute, not the ultimate recourse to maintain the reign of law, but an additional factor in the crisis."

Colonel Seineldín, who has attracted the political support of Peronists and nationalists angered by Menem's embrace of economic liberalism, also called on the Army command to stop imposing disciplinary sanctions on nationalist officers, in violation of the presidential pardon issued last October. "This state of affairs must cease," the document states. "It is imperative to restore the authority of the hierarchy through personal example . . . and, in the Army, through a command based on 'reason and justice,' which will naturally lead to restoration of discipline, confidence and loyalty between the upper echelons and their subordinates. . . . Today, more than ever, the unity of the Argentine Army is necessary to maintain national harmony."

Menem turns a deaf ear

From all indications, Menem intends to ignore Seineldín's proposal. He has named as the new Army chief of staff Gen. Martín Félix Bonnet, who previously served as Cáceres's second-in-command, and is committed to his predecessor's policy. On March 22, even before Bonnet took over his duties, the high command placed Seineldín under arrest for 30 days, allegedly because his statement violated military discipline.

These provocative actions will not only intensify unrest within the Armed Forces; they will weaken the institution generally, at a time when national institutions are crumbling, and incidents of strikes, looting, and violence are increasing.

Citizens enraged by the government's economic policy and the breakdown of society are taking matters into their own hands. In the northern province of Tucumán, policemen who were suspended because of "indiscipline," immediately went out on strike and took 30 top officers hostage. As of March 22, the hostages were still being held and the police headquarters were surrounded by troops of the national gendarmerie.

Top labor leaders affiliated with the Peronist-run General Labor Confederation (CGT), have officially broken with the Menem government. According to the March 16 *Financial Times*, CGT leader Miguel Correa publicly branded the President "a traitor." Hugo Curto, a senior official of the powerful Metalworkers Union, said that Menem's program is "not only against workers' interests but against those of the Argentine people."

On March 21, close to 100,000 state sector workers went out on strike to protest Menem's plans to privatize the sector. The 24-hour action was reportedly almost 100% effective, shutting down the national airline, schools, government offices, and state companies. Court workers have just begun their second 72-hour strike over wage demands, and the Supreme Court has called Finance Minister Antonio Erman González in to explain why wages of judicial workers are so low. The announced shutdown of the Renault auto plant in Córdoba and the Autolatin auto plant will mean that thousands of autoworkers will lose their jobs.

IMF liberalism loses ground in Peru

George Bush's candidate, Mario Vargas Llosa, is no longer a shoo-in for the Peruvian presidency.

Until a few weeks ago, even the candidates running for President in Peru's April 8 elections against pornographic novelist Mario Vargas Llosa conceded that he would easily win the majority needed to avoid a runoff. On March 18, Vargas Llosa admitted he expected to have to face either President Alan García's first finance minister, Luis Alva Castro, or one of the two leftist candidates in a second round. His backers now fear that he will lose the May runoff.

The waning of Vargas Llosa's star is primarily due to widespread revulsion against his economic "shock" policies in a Peru already plunging into the hell of biological holocaust and narco-terrorism. An official of one Lima working-class district told *EIR* his job is to pick up dead bodies from the streets. In the first week of March, he was shocked to find cadavers of 15 people who died from hunger and diseases they could not afford to treat. Vargas Llosa's "anti-inflation" program would wipe out the last vestiges of food and medicine price subsidies and leave services such as cadaver recovery to "the free market."

His "shock" also calls for raising taxes, auctioning off 200 government-owned enterprises, dismissing as many as half (500,000) of the state employees, removing restrictions on foreign investment, and allowing the cartels which dominate the "free market" to set all wages, prices, and exchange rates.

Such "economic liberalism" is demanded by Washington and Peru's creditor banks. Until recently, many

conservatives in the Democratic Front (Fredemo) coalition running Vargas Llosa saw no alternative. The intervention of Lyndon LaRouche's co-thinkers has, however, shifted the terms of economic debate. The 100 congressional candidates of the independent Solidaridad Movement, did so by circulating hundreds of thousands of copies of their "Mercantilist Manifesto for an Industrialized Peru." Mercantilism entails the state's promoting technological progress by stimulating entrepreneurial industrial capitalism. It was used by Alexander Hamilton 200 years ago to turn a bankrupt United States into the world's industrial leader.

Vargas Llosa, in a March 9 speech to a gathering of Thatcherite ideologues in Lima, recognized mercantilism as his adversary. "Mercantilism has been one of the principal causes of our underdevelopment, and also of our society's discrimination and injustice against the poor," he said. He evoked the miserable street hustlers who clog Lima's streets as "authentic popular capitalism," which should be Peru's future. "Mercantilism, collectivism, and statism are different expressions of the same phenomenon which chokes individual initiative," he intoned.

"Approval from the International Monetary Fund is always needed to get out of poverty," Vargas Llosa insisted March 14. He said that only "shock therapy . . . applying the program without any kind of gradualisms," will put Peru back in favor with the IMF bankers.

Solidaridad candidates have been

exposing the poison of liberalism. Dr. Jorge Luis Fernández Cuadros, a senatorial candidate, spoke at a March 6 programmatic forum in the city of Arequipa. The biochemist contended, "At a time when communist tyranny is being destroyed, we cannot fall into the trap of liberalism, because our country does not need the capitalism of scavengers, but mercantilist dirigism." Solidaridad has focused attention on the holocausts this liberalization has brought countries such as Argentina and Bolivia.

Vargas Llosa's major party opponents are smashing him with Solidaridad's polemics, although they themselves have no programmatic solutions to offer. His gaudy campaign extravaganzas amidst Peru's grinding poverty are provoking outrage among voters. Peasants and members of agricultural cooperatives fear he will give the lands they won in the 1969 land reform back to former landlords.

Even were Vargas Llosa were to win the presidency, traditional conservatives in the coalition running him could help block his liberal insanity in Congress. Sen. Felipe Osterling of the conservative Popular Christian Party reminded him March 5 that his radical "market model" violated the "social economy" mandated by the Peruvian Constitution and the Christian doctrine of social responsibility his own party professes. Vargas Llosa aides responded by calling for changing the Constitution.

The program for rapid industrial and agro-industrial development offered by Solidaridad is attracting support from people as diverse as wine producers, military officers, and copper miners. The Federation of Miners and Metallurgical Workers, Peru's most powerful non-communist union, formally endorsed Luis Vásquez, Solidaridad's lead candidate, for Senate on March 15.

Communist Party, the new 'thing'?

The PCI wants radical plastic surgery on its Achilles' heel—70 years of close association to Bolshevism.

The "thing" (*cosa*) was the interim name chosen by Italian Communist Party (PCI) general secretary Achille Occhetto in November, when he announced he wanted to change the party and generate out of it a totally new "thing" capable of ruling Italy, in alliance with other left forces. While Occhetto searches for a new name, wickered tongues have referred to it as "Cosa Nostra."

On March 8-11 the PCI held an extraordinary party congress in its stronghold, Bologna, to discuss the proposal. With 67% of the delegates on his side, Occhetto won the day. The new PCI will emerge at an "ordinary congress" a few months hence. Against Occhetto's proposal was a "conservative" group, led by Aldo Tortorella and former party secretary Alessandro Natta, who wanted to keep the status quo, and a small group around Armando Cossutta, who has a "Brezhnev-like" pro-Soviet bent.

In his keynote, Occhetto called for a total overhaul: statute, political orientation, name, and tradition (Communists are good not only at changing current strategy, but also at transforming the past). Occhetto more or less embraced the "free market," and this led to an burst of glee in those business layers, epitomized by De Benedetti of Olivetti, who hope to see a new political constellation formed around the PCI, as an "alternative" to the Christian Democracy (DC), which has dominated Italy since World War II ended.

With the recognition of different currents of opinion within the party (a majority and two minority groups),

the PCI is now trying to acquire the look of a "pluralistic" and "democratic" party. One of the internal opposition leaders, Tortorella, has been named party president, as a way of signaling how pluralistic the once monolithic "thing" has become.

But is it really changing? Two elements are important: 1) Among the final resolutions of the congress was the statement that the new unified Germany should stay out of NATO. 2) In an about-face, Socialist Party (PSI) leader Bettino Craxi greeted Occhetto's "change," announcing that finally the "unity of the left" could be achieved. In short, Craxi said that with the Occhetto line he might abandon the ruling alliance with the DC to join in a new government with the PCI. The prospect is not immediate, but in two years could become reality—more or less the time frame set by Socialist International boss Willy Brandt, at the SI's meeting in Geneva last November.

Brandt, who is also at the center of the process of recycling the Eastern European Communist Parties into social democratic parties, worked out a plan for the PCI to join the Socialist International within two years. In Bologna, Occhetto for the first time declared that the PCI wants to join the Socialist International. At that point, nothing stands in the way of the PCI, or whatever the "thing" will be called, building a government with the PSI.

How did it come about that the PCI, which in the 1970s decided to be pro-NATO, is now taking an anti-NATO stand on the Germany issue? Occhetto went to Moscow and met

Gorbachov in February 1989. They discussed that the PCI should change, become a new "thing," and build new alliances, especially with the Greenies and the Socialists. Cooperation between PCI and Brandt's SPD (the German Social Democracy) has been upgraded. Next, Occhetto went to New York—the first time for a PCI secretary—where he met establishment figures like Edgar Bronfman and David Rockefeller and lectured at the *New York Times* and the Council on Foreign Relations. Then he was feted at Washington parties with CIA and State Department representatives.

Out of the Moscow and U.S. visits, the new "thing" was generated. It was clear that the PCI would become in Italy the party of the "New Yalta," just as the German SPD has this role in Germany. Occhetto wants a neutral Germany, which can be better controlled by Moscow in agreement with the Anglo-American establishment. After all, the first recent leader to demand a "neutralized" Germany was not Gorbachov, but the SPD's Egon Bahr. At a congress held in Rome in February, under the title "The Left, Security and Europe," PSI sociologist Tamburrano said: "Gorbachov and Reagan, by taking away the missiles, have brought the parties on the left closer to each other."

Craxi's PSI in the recent years has been totally Washington-oriented, while the PCI has always been Moscow-oriented. With the "New Yalta," the two parties are to bury the hatchet of their 1970s-80s quarrels, and join in an alliance pivoted on the green, ecologist, anti-industrial policy. That is the instrument by which the two superpowers want to control the world in the 1990s. In other words, the PCI has not changed, but has remained primarily an instrument of foreign influence in Italy. It is the same old "thing."

IMF's 'Mexican model' set to blow

The spreading social ferment against Salinas's IMF policies is threatening a PRI defeat in 1991.

Growing sectors of the Mexican population are joining the ferment that is stirring against the economic policies of Carlos Salinas de Gortari's government. Labor strikes, public sector protests, and mobilizations against layoffs in the industrial sector are piling on top of more generalized demonstrations against local electoral fraud, new taxation policies, and recent hikes in public service rates.

The most intense moment of the discontent was reached during the past weeks in Mexico City, where the government raised the water consumption tax in a range from 1,500% to 10,000%! To this can be added increases in real estate and corporate income taxes, telephone service costs, and, hitting especially the poorer sectors, a 200% increase in the metro fare at the beginning of the year. The metro system transports more than 5 million people a day.

Although Mexico City Mayor Manuel Camacho Solís tried to cover himself by claiming the outrageous increases were the result of "computer error," it is known that the Federal District's new revenue law explicitly establishes those increases. That law was approved in the Chamber of Deputies by a "majority" made up of the ruling Revolutionary Institutional Party (PRI) and its bought-and-paid-for voting buddies in the Cardenist Front for National Reconstruction Party (PFCRN). Shut out by that combination were other congressional factions with alternative proposals.

No one inside the government, nor inside the PRI, wants to hear warnings about the danger of a social explosion.

But the consequences of turning a deaf ear for so long are that chaos now reigns in the world's largest city. The majority of the population is on a de facto payments strike, while other economic sectors are organizing themselves deliberately around the same strategy, in protest against the array of taxes the government is in fact determined to collect.

The National Action Party, Party of the Democratic Revolution, and the Authentic Party of the Mexican Revolution have all called for a suspension of payments, in order to force a reorganization of city finances. In an act of desperation, Mayor Camacho Solís announced that his government will subsidize the taxes and services rate charges to the lower income population of the Federal District, but that it would not alter the standing revenue law.

All this is but the tip of the iceberg. In the first 11 weeks of 1990, there have been strikes of national and international consequence, all based on fundamental wage issues. The 7.8% official inflation rate for the first two months of this year has already virtually pulverized the wage hike of 10% granted in November of 1989. The minimum wage is equivalent to \$108 per month, and its buying power is in constant decline.

The first strike of the year was by workers at the Ford Motor Company in Mexico, which prompted the owners to threaten to withdraw their investments and abandon the country altogether. Work has begun again, but the conflict remains unresolved.

The strike at the Modelo brewery

was taken by the government as the model for applying the new federal labor law, which has yet to be approved by the Congress. The company fired all its workers, accusing them of "declaring themselves on strike." The police repressed the strike and kidnaped its leaders, while the Labor Secretary and the Mexican Labor Federation conspired to form a new union to rehire personnel under new conditions. The strike was de facto prohibited.

Yet not a single labor conflict has been resolved. Striking workers at the border assembly plants of Tamaulipas were forced to return to work by armed bands backed by the authorities. Strikes are threatened at the Mexican Social Security Institute, and in the health and education sectors.

This social crisis is shaping a very tense political and economic situation, one that, it is increasingly believed, will lead to a PRI defeat at the polls in 1991, turning that long-ruling party into a political minority in the country.

That possibility is already being analyzed by nervous international financial bodies. In a roundtable seminar organized by Business International in the Dominican Republic Feb. 21-24, discussion on Mexico centered on "growing labor discontent" and "Mexico's political future: the federal elections of 1991 and the threat of the PRD." At that meeting, it was agreed that in the event of truly free elections in the country, the victor would be Cuauhtémoc Cárdenas, "who is very nationalist and opposes Carlos Salinas de Gortari's program."

The International Monetary Fund's highly touted "Mexican model" is thus appropriately caught between the threat of mass social upsurge and a long-overdue political drubbing at the polls.

U.S. government's drug links deepen

The same U.S. government that supposedly invaded Panama to "fight drugs" has been trafficking drugs.

Federal Judge Patrick Kelly of Wichita, Kansas ordered U.S. Attorney General Richard Thornburgh to appear before him on April 2, to explain the government's conduct in the case of *Midland National Bank v. Puritan Insurance Co.* This case "stinks to high heaven," said Judge Kelly on March 16, according to court transcripts. "It involves criminal conduct at the hands of the U.S. More specifically it involves the transport of drugs by agents of the U.S., or with the acquiescence of the U.S.," he said.

Kelly issued the order after the government reneged on an out of court settlement on the loss of an airplane that had been leased by the U.S. government from Kansas businessman Walter Conlogue. When the plane went down off the Cayman Islands in 1983, it was discovered that it was transporting drugs from Colombia. The pilot, convicted smuggler Michael Toliver, later testified that he had been hired by the government to fly weapons to the Nicaraguan Contra rebels, and brought illegal drugs back to the United States several times under the "supervision of federal agents."

Conlogue still owed \$198,000 on the twin-engine Beech King aircraft to Midland National Bank of Newton, Kansas but his insurance company, Puritan, refused to pay, claiming that the plane was not used for the purposes stated in the policy. The bank then sued Puritan. After the gun and drug running became known, the U.S. government, originally not a party to the suit, offered to settle "for considerably more than the amount owed on the plane," said one of the lawyers

involved in the case.

Just three days after Judge Kelly's remarks implicating the U.S. government in drug running, the Bush administration was defending its alliance with the narco-government it installed in Panama.

Asked at hearings of the House Foreign Operations Subcommittee on March 19 about the drug-banking ties of senior officials of the government of Guillermo "Porky" Endara, ties that were first made public in the United States by *EIR*, Assistant Secretary of State for Inter-American Affairs Bernard Aronson replied: "I note that the *New York Times* story of Feb. 6, 1990, which I believe first surfaced the matter said . . . 'President Endara was and is still a member of the board of Banco Interoceanico de Panama.' It is not illegal in Panama for a President to so serve."

Aronson added, "Attorney General [Rogelio] Cruz says he was a director of First Interamericas Bank for less than two years in the period 1985 to 1987. He also states that [Gen. Manuel] Noriega invented money-laundering charges against him in an effort to embarrass him because he was a longtime political foe of Noriega. After Mr. Cruz left the board, the bank was intervened into by the Noriega regime and it is no longer functioning. I don't know what that means, but we see no reason to infer wrongdoing."

Noriega did not "invent" drug charges against Cruz. At the time Aronson admits that Cruz was sitting on the board of First Interamericas, it is a matter of public record that the bank was owned by Cali cocaine Cartel kingpin Gilberto Rodríguez Orejuela,

and by Jorge Luis Ochoa of the Medellín drug cartel.

The Chief Justice of Endara's Supreme Court, Carlos Lucas López also hails from that drug cartel-owned bank. So does Treasury Minister Mario Galindo, and Jaime Arias Calderón, whose brother is First Vice President Ricardo Arias Calderón.

Aronson also left out the fact that Endara's Banco Interoceanico is a proven laundromat for the Medellín Cartel, as was determined by undercover operations conducted by U.S. law enforcement agencies, and that convicted Medellín Cartel drug-money launderer Ramón Milian Rodríguez earlier this year fingered Second Vice President Guillermo "Billy" Ford as one of his partners.

And there is no incentive for this rogues' gallery to get out of the drug-money-laundering business, given Bush's refusal to help rebuild Panama's war-torn economy. Bush's much ballyhooed \$800 million "fund for democracy," which is supposed to provide \$500 million in "aid" to Panama, is just a welfare program for international banking institutions, such as the International Monetary Fund, the World Bank, and Panama's other creditors.

Sen. Patrick Leahy (D-Vt.) described the package as an "Abbot and Costello joke," during hearings held on March 20. "What we have done," said Leahy, "is to say we are going to take the American taxpayers' money to help Panama pay its debts to the international development banks." The administration's proposal calls for Panama to pay out \$805 million to its foreign creditors, in exchange for which "Panama will get less than \$400 million in loans, so that they would have paid out \$400 million more than they get back," Leahy said. "My billion-dollar question is this, is this thing as cockeyed as it sounds?"

International Intelligence

Latin Americans demand U.S. get out of Panama

The Latin American Parliament, meeting in La Paz, Bolivia, adopted a resolution on March 20 demanding that the United States withdraw its troops from Panama and pay compensation to Panama for the losses caused by the invasion.

The regional body of 14 nations, which refused to admit the legislators sent by the puppet government of Guillermo Endara, while allowing a legislator from the former government to speak, also demanded in its resolution that the occupation authorities respect the right of diplomatic asylum, cease persecuting political opponents, end press censorship, and honor the Carter-Torrijos treaties, which require the United States to cede to Panama full ownership of the Panama Canal and all related installations by the year 2000.

Rival factions threaten Poland's government

European intelligence sources have reported to *EIR* that three competing factions have emerged in Poland's Solidarnosc-led government: 1) the social democrats or "bankers' socialists"; 2) a center grouping; and 3) a right wing.

Adam Michnik, who is a leader of the social democratic bloc, has stated that a split is rapidly approaching. This maose stance is that the government's austerity policies are unfair to farmers, and they therefore cannot help solve the food shortage.

Former U.S. intelligence officers state that Michnik represents what is known as the "bankers' socialists," the foremost opponents of the Vatican faction epitomized by Lech Walesa. It is the Michniks, these sources say, that are Trojan Horses on behalf of the International Monetary Fund austerity program that is the fundamental threat to the government.

Michnik's name appeared as the principal author of a piece in the *New York Times Magazine* on March 18, whose real author these sources report was staff writer David

Binder. The piece argued that the greatest danger in Eastern Europe is the reemergence of nationalism, which Michnik's article equated with anti-Semitism.

Colombia protests U.S. search of freighter

The Colombian government sent an official protest to the United States on March 16, because the U.S. Coast Guard boarded a vessel in "search for drugs" inside Colombian territorial waters.

Acting Foreign Minister Clemencia Forero said she wanted an explanation of why the vessel, the *Taru*, was searched on March 11, en route between Colombia's city of Barranquilla and the island of San Andrés.

The captain of the freighter said that 10 armed Americans boarded his vessel, which was carrying a load of bricks and cement. He said his 47-member crew members were confined to the ship's dining room while the boarding party spent six hours turning the vessel upside down in its search for cocaine. "We were made prisoners in our own ship," he said.

A U.S. Embassy official in Bogotá said the vessel was "not in Colombian territorial waters."

Carter in Mideast shuttle diplomacy

Former President Jimmy Carter, evidently fancying himself the reincarnation of Henry Kissinger, arrived in Syria on March 14 for talks with President Hafez al-Assad that were expected to include the issue of Western hostages in Lebanon. "It is obvious to me that the Syrian leaders are very eager to see the hostages question resolved and the hostages released, and I am sure they will continue this effort," Carter told reporters at Damascus airport on his arrival from Egypt. "There is no doubt that leaders of Iran have great influence on the future of the hostages."

Syrian Foreign Minister Farouq al-Shara, who welcomed Carter and his wife Ro-

salyn, said he was planning to visit Iran to discuss the hostages, but did not say when.

On March 18, Carter arrived in Amman, Jordan, and reported that President Assad had authorized him to say that Damascus was ready for direct Syrian-Israeli talks under the umbrella of an international peace conference. "I think that's a very constructive position and I wouldn't ask him to change that," Carter said.

Carter also called for the formation of a one-party Israeli government rather than a coalition. "In my judgment," he said, "the peace process is probably better if there is a clear definition in the political arena in Israel of which party is responsible, which party is in charge." Carter said it was inappropriate for him to say whether he favored the Likud or the Labor Party, although the Likud is the only party which could possibly form such a government.

Carter's Mideast tour was also scheduled to take him to Tunisia, to meet PLO chief Yasser Arafat.

Afghan coup leader vows to fight on

Afghanistan's recently dismissed defense minister Shahnawaz Tanai met journalists in a cave outside Kabul on March 15, according to Reuters, and predicted the Najibullah government's collapse. "I see a very short life span for the Najib regime," he said. "We will disrupt the regime from within while attacking it from the outside."

Flanked by former Air Force chief Abdul Qadir Agha and two other coup plotters, Tanai told reporters that most members of the Afghan Armed Forces remained loyal to him, including major garrisons in the eastern cities of Jalalabad and Khost. Tanai blamed the failure of the March 6 coup attempt on what he described as aerial bombing by foreign planes and the destruction of his communications by Afghan government missiles. In taped messages he has previously blamed the Soviet Union for sending aircraft to bomb his forces.

Tanai explained his alliance with the Hezb-i-Islami party by saying it was in the national interest of toppling the "despicable

Briefly

Najib regime." "Our coming here and joining the Mujahideen and helping each other proves that we have made mistakes and we accept that," he said. But he denied coordinating his coup plot with the Mujahideen guerrillas.

He made clear he still considers himself part of the ruling People's Democratic Party of Afghanistan and saw no problem in being both a Muslim and a member of the party's hardline Khalq faction. "I am a Muslim, my mother and father were Muslims. We are all Muslims. The whole nation are Muslims. Even Najib considers himself a Muslim, he said."

China worried about Islamic fundamentalism

The Beijing government is seeking to curb the rise of Islamic fundamentalism in Xinjiang province, according to Agence France Presse. In a province that borders the Soviet republics of Tadjikistan, Uzbekistan, and Kazakhstan, the Chinese government has released a six-point plan which includes a campaign against "hostile foreign forces" engaging in proselytizing and stirring up tension, the news agency reports, quoting the Xinjiang daily paper.

There have been reports of arrests, inflammatory sermons during Friday Muslim prayers, and the distribution of tracts urging faithful Muslims to mobilize, particularly in Kashmgar and Urumqi. The Communists' six-point plan reiterates the "absolute supremacy of the party over religion," the Xinjiang paper said. It also criticizes the "opening of illegal Koranic schools."

Czechoslovakia's Havel stresses moral crisis

Czechoslovakia's President Vaclav Havel emphasized in an interview with a British newspaper the need to overcome the moral crisis in his country, and stressed that, for his own part, he can act according to the truth, because he has no concern with his "popularity."

Havel, who was a political prisoner in

Communist Czechoslovakia just months before becoming President, said in an interview with the *Financial Times* published March 19: "One day in this job is 100 times worse than one day in prison. But I have one incomparable advantage. I don't need the job, so I don't have to care about my popularity. I can say some very unpopular things to the nation—and in the next two years there will be a lot of unpopular things to be said. Only a person who does not long for popularity can do this."

Havel said that the Czechoslovak population itself must accept moral responsibility for the past decades' decay in their country. Czechoslovakia is living in a "decayed moral environment," he said, and "we must accept it as something we have brought on ourselves. . . . We cannot lay all the blame on those who ruled us before, not only because it would not be true, but also because it could detract from the responsibility each of us now faces . . . to act on our own initiative."

Havel's interview appeared on the eve of his visit to Great Britain.

U.K. newspaper says its journalist was not a spy

The *Observer*, the British weekly newspaper that employed journalist Farzad Bazoft, executed by Iraq for espionage, said on March 18 that it had "confirmed" that he was not a spy, as the government in Baghdad had charged.

"Highly placed government sources, who have made exhaustive checks with international intelligence agencies, last night categorically confirmed that *Observer* journalist Farzad Bazoft was not a spy," the newspaper asserted in a front-page report.

Bazoft was hanged in Iraq on March 15 after a Revolutionary Court found him guilty of spying for Britain and Israel.

Curiously, Bazoft was one of the two *Observer* journalists who broke the PanAm 103 story last summer, which charged that Syria and Iran were behind the massacre, and that the story was being covered up by the governments of the United States and Britain.

● **THE VATICAN** has appointed 12 bishops to Romania, seven of them of the Latin Rite and five of the Oriental Rite. According to sources close to the Vatican, this move aims at rebuilding the Church network which had been destroyed during the reign of Nicolae Ceausescu. The most authoritative figure of the opposition in Romania is Corneliu Coposu, a Catholic of the Oriental Rite, who is president of the National Christian Peasants Party.

● **THE FRENCH** press is implicating the U.S. Justice Department in what is dubbed an "AIDS-gate" scandal. The dailies *Le Monde* and *Le Quotidien de Paris* on March 20 reported allegations that U.S. AIDS researcher Dr. Robert Gallo had stolen his findings from France's Pasteur Institute and falsified data. The story was covered up by the Justice Department, according to these reports.

● **THE KREMLIN** and the Vatican will exchange ambassadors, restoring formal diplomatic ties for the first time since 1923, it was announced on March 15. The Holy See's ambassador to Moscow will be Archbishop Francesco Colasuonno, the Pope's envoy for Eastern Europe.

● **THE POLISH GREEN** Party is pushing for the immediate shutdown of the Nowa Huta steel mill in Krakow, which currently employs 28,000 workers, the *Washington Post* reported on March 20. The plan is being supported by the Environment Ministry.

● **CHINESE** Prime Minister Li Peng spoke of Beijing's concern about a "restive Taiwan," at the opening of an annual parliamentary session on March 20. "Particularly disturbing is the recent agitation in Taiwan on the part of people with ulterior motives for the independence of Taiwan," he said. "The Chinese government will not ignore it."

Bush pacifies Czar Mikhail, plots against U.S. allies

by Kathleen Klenetsky

President Bush's response to the campaign of threats and intimidation which Moscow is waging against the courageous Lithuanian independence movement proves beyond doubt that Washington values its arrangements with Czar Mikhail and his Russian empire, far more than either its relations with its allies, or keeping the United States on the side of human dignity and freedom.

As *EIR* went to press, rumors of an imminent Soviet military move against Lithuania were flying around Washington. Gorbachov had issued a presidential decree ordering Lithuanians to hand in their weapons; and Soviet troops were massing on the border. But George Bush—President of the country which should be fighting most fiercely to protect the rights of subject people across the globe—responded by choosing to play Hitler to Gorbachov's Stalin, in a replay of the 1939 Hitler-Stalin Pact. Questioned about his response to the Gorbachov ukase at an impromptu press conference on the White House lawn March 21, Bush not only reiterated his refusal to recognize Lithuanian independence, but merely called on the Lithuanians to "discuss" their "problem" with Moscow, and praised Soviet Foreign Minister Eduard Shevardnadze's recent statement that the Soviets would not use force to bring the Baltic nation to heel.

Although Bush refused to get upset about such a minor thing as the future of Lithuania, he managed to muster some passion when reporters turned to the issue of his recently imposed ban on broccoli on the presidential jet—a topic Bush apparently considers more important than the fate of a nation. As Reuter sarcastically observed in a March 22 wire: "President Bush, often accused by his critics of being wishy-washy, took a forceful and unequivocal stand Thursday—on broccoli."

A new 'Hitler-Stalin Pact'

Bush's immoral connivance in Moscow's brutish behavior toward its captive nations is one aspect of the insane

direction of U.S. strategic policy being pursued by the current administration. Closely interrelated with this, is Washington's increasingly hostile attitude toward its allies, especially Japan and Germany, which the administration is now treating as virtual adversaries. The U.S. is effectively recreating the Hitler-Stalin Pact, allying with Russia against the freedom movements in Europe and elsewhere.

While de facto defending the Soviet Union's "right" to dominate the Baltics, the Bush team's guerrilla actions against Japan and Germany—publicly signaled by CIA Director William Webster's speech last September declaring that these two countries were emerging as economic threats to the U.S.—are exploding into all-out war.

On March 16, *New York Times* columnist William Safire approvingly reported that the President's Foreign Intelligence Advisory Board (PFIAB) was being reorganized along economic warfare lines. Where previously, the board was supposed to advise the President on strategic military threats, particularly those posed by the Soviet Union, its new function would be to go after Japan and Germany.

From the standpoint of true U.S. national interest, such an approach is pure insanity. The U.S. has lost its economic edge not because of unfair competition from Japan and Germany, but because it has abandoned its productive manufacturing and agricultural base, for the "get rich quick" lure of "post-industrialism" and pure speculation.

Safire's report coincided with two developments that graphically expose the corruption of U.S. policy. The first was in the arena of U.S.-Japanese relations. The Bush administration decided to escalate its simmering dispute over trade with Japan to the point where Japanese spokesmen issued uncharacteristically stern public warnings that a full-fledged trade war would soon erupt if the U.S. continued its provocations (article, p. 4).

Second, the administration kicked off a new phase in its ongoing battle against German reunification. While publicly

professing to be delighted with the outcome of the March 18 East German elections, the administration's hands and feet were moving in a very different direction.

Last December, a Chicago-based German analyst with close ties to the State Department, told *EIR* that the Bush administration, despite its public stance, strongly opposed the rapid reunification of the two German states. "I absolutely don't take the administration's statements supporting German reunification seriously at all!" said the analyst. "Senior members of State's Policy Planning Department have told me quite openly that the U.S. doesn't actually support reunification. . . . The reason why Bush and others have come out so strongly in favor, is that they think that reunification will happen anyway, and they want to be in a position to ride the tiger. . . . The administration doesn't want to isolate itself; it wants to be able to keep a hand in, in order to be able to control the process as it's taking place."

That approach has not changed. In a March 22 article, Peter W. Schroeder, a usually well-informed U.S. correspondent for various West German regional dailies, wrote that despite its lip service to German unity, the Bush administration was seeking ways to obstruct the process. "It mustn't go as fast as the old government in Bonn and the new one in East Berlin would like to have it," a senior State Department official told Schroeder. "Even if we are joining the camp of the Social Democrats and the ranks of the transformed SED," the communist party, "we won't be disturbed by it." A presidential adviser told Schroeder, "There is no blank check for the creation of all-German realities," adding that administration thinks that reunification through Article 23 of the West German constitution, as preferred by Chancellor Helmut Kohl, "is not an ideal solution."

Schroeder also reported that advisers to Treasury Secretary Nicholas Brady have declared that Kohl's project of a rapid economic and monetary union with East Germany by the end of June has to be slowed down.

Anglo-Americans vs. Germany

The Bush crew is collaborating closely with hard-line anti-German factions in Britain, to slow the reunification process in the short term, and to devise a strategy to contain a unified Germany over the longer term. One proposal for accomplishing the objective of containing Germany popped into the public view the week before East Germans went to the polls. This was an analysis produced by the Defense Intelligence Agency (DIA), which proclaimed that the dissolution of the Soviet empire was a fait accompli, and that, consequently, the Warsaw Pact was finished as a military alliance.

Having thus eliminated the Soviet threat, the study turned toward the new enemy: Germany. Among other bizarre proposals, the report called for creating a Rome-centered "Mittleuropa," modeled on the old Austro-Hungarian empire, to check Germany on its southern flank, and the creation of a

expanded Nordic Council, under British control, to counter Germany to the north.

The report's author, senior Pentagon Sovietologist Philip Petersen, presented the paper to NATO March 19, and from there, was to head off to Moscow for discussions with the Soviet military and foreign ministry. The Petersen report's de facto call for a "New Yalta" to carve up Europe into new spheres of influence, came under sharp criticism from saner thinkers in the U.S. and Western Europe. European federalist Max Kohnstamm blasted the study as "the most destructive idea around." "We need a strong European community, not balance of power. . . . Balance of power was imposed at Versailles after the First World War, and it led to the Second World War. The idea of 'keeping the Germans in check' is ridiculous." The fact that such ideas are coming from Washington is a sign of "atavism and neanderthal thinking."

U.S. congressional candidate Lyndon H. LaRouche called the report "one of the most disgusting things ever to be issued, in the name of a U.S. thinkpiece policy perspective. What it proposes," he said, "is that, in order to destroy the potential of a united Germany to become a major power in central Europe, Europe be carved up into three assortments of states." Germany is to be squeezed between Russia and a combination of a revived Austro-Hungarian empire and a British-ruled confederation. "This is U.S. policy? This is insane," LaRouche stressed.

Yet this kind of insanity—a single-minded commitment to strangle a united Germany, even though it holds the promise of driving a generalized economic recovery that could only benefit the U.S.—is what now dominates Anglo-American policy.

The Petersen report was only one feature of an anti-German propaganda barrage unleashed by Anglo-American ruling circles. Exemplary was a speech by Sir Michael Howard, a senior strategist in the British liberal establishment, to the International Institute for Strategic Studies in London March 12. Howard called for measures to avoid a new "German hegemony" in Europe. Howard, currently emplaced at George Bush's old stomping grounds at Yale, said the U.S. must remain strongly involved in NATO, not primarily to defend against the Soviet Union, but because of the "German problem." "There is a German problem," he said. "It may only be a problem of perception, but it does exist. An alliance without the U.S. would be an alliance dominated by Germany. The peoples in Central Europe and the Soviet Union, rightly or wrongly, would see this as a threat. Even the West European allies would be uneasy, not so much because of the record of Wilhelmine and Nazi Germany, as because of more deep-rooted instincts about the need for a balance of power in Europe. So long as these feelings are strongly held, there will be an equally strong need for the U.S. to remain entangled in the alliance, to balance German as well as Soviet power."

Spannaus campaign challenges Virginia's 'Bush Democrats'

Nancy Spannaus, the only Democratic candidate running for Virginia's U.S. Senate seat, officially filed her declaration of candidacy against Republican John Warner in Richmond on March 15, surrounded by the full Virginia press corps.

The campaign is a unique one in Virginia history. Spannaus, a member of the "LaRouche wing" of the Democratic Party, has been campaigning around the state for more than a year, yet the party leaders try to pretend she doesn't exist, and prevented her from speaking at a recent meeting of the party Central Committee in Richmond. Spannaus has panicked state chair Paul Goldman and other top party leaders, whom she labels "Bush Democrats" because they recently tried to cancel the elections, rewriting party rules to protect the GOP's Warner, by giving themselves the power to rig "No Candidate" as the official Democratic Party standard-bearer for Senate at the April 21-23 party caucuses.

"The Democratic Central Committee is upset about my challenging John Warner. That's because they agree with the slash-and-burn austerity program of the Bush administration!" Spannaus explained to Democrats in southern Virginia.

Spannaus gave a short statement to the press outside the Democratic Party headquarters, before entering to file. She explained that she was running in order to mobilize people around the LaRouche alternative to the depression, and elaborated the threat to the nation represented by the Bush Democrats trying to cancel the elections. The candidate, two aides, two political supporters, and more than nine reporters with two TV cameras, then marched into the Democratic Party's office, where her declaration and filing fee were duly received.

Spannaus's action, in officially submitting her intent to run and filing fee, will force the party to hold local and Congressional District level caucuses, leading to a state nominating convention. The only way the party leaders will be able to block her nomination then, is by recruiting "uncommitted" delegates or delegates pledged to "No Candidate." It makes the elections to the Supreme Soviet seem positively democratic.

Warner waffles on key issues

"While I don't agree with Liz Taylor on much, I do think it is time to dump Warner," Spannaus said in a March 21 election speech to Democrats in Virginia's Loudoun County.

She pointed out that John Warner and George Bush have waffled on support for freedom struggles in China and Eastern Europe, and have ignored the onrushing threat of a financial collapse "worse than the 1930s."

Warner and Bush, she said, are "following the same policies that got us into this mess"—appeasing tyranny abroad and cutting cutting the budget at the expense of people here at home. Spannaus asked for delegate support in upcoming party caucuses.

Referring to her 10th District running mate Lyndon LaRouche, who has declared for Congress against Republican Frank Wolf, Spannaus says, "Sure, they're upset about my advocacy of LaRouche's program. That's because LaRouche has a viable economic recovery program that will boost our economy and living standards—a program they don't want you to hear about."

Nevertheless, speaking invitations to Spannaus from around the state are coming in a steady stream. Even grassroots Democrats who aren't familiar with her policies, or have heard "bad things about LaRouche," are angry with top bureaucrats' decision to concede reelection to Warner, and upset about Goldman's crude, heavy-handed tactics to shut out party discussion.

Spannaus spoke to Democratic chapters in Christianburg and Campbell County during the week of March 19. Her statements were covered on television in Roanoke and Danville, and in the Roanoke and Richmond newspapers. She will address a Democratic group in Norfolk on education policy.

She has also been meeting with local leaders of civil rights groups, labor unions, farmers, and other "forgotten Americans" who have been shut out step-by-step by nearly a decade of "uninterrupted economic prosperity" under Reagan-Bush. Recent layoffs at AT&T, Avtex, and the bitter Pittston coal miners' strike have made Virginia working people particularly unhappy with the "Bush Democrats'" decision to concede to Warner.

Tradition of Kennedy and FDR

"LaRouche's program is in the tradition of John F. Kennedy's and Franklin Delano Roosevelt's growth programs based on great projects in infrastructure and space," Spannaus tells her audiences. "By rejecting these programs, it is the party bureaucrats who are declaring themselves non-Democrats."

If it weren't for the press covering her filing, Spannaus said at one point, the Virginia elections would have been canceled. The people in the Democratic and Republican parties who are trying to cancel the elections are acting as arrogantly as the governments against which the people of Eastern Europe have just made revolutions, she charged.

Spannaus points out that in the recent Democratic primaries in Texas, over 500,000 votes were cast for candidates supporting Lyndon LaRouche's policies.

Cardinal O'Connor's attack on Satanism

Two weeks ago, EIR reported that New York's John Cardinal O'Connor had taken the occasion of a Lenten sermon on the temptation of Christ in the desert to warn his parishioners of the links between heavy-metal rock music and the proliferation of satanic cults. We reprint here excerpts of the Cardinal's sermon, which was delivered at St. Patrick's Cathedral on March 4:

There can be no question about the reality of the devil. It is considered old fashioned to talk about the devil of his reality. Rather, he wants the opportunity to sneak up on us, to prowl around as a roaring lion trying to devour us. . . . In the Fourth Lateran Council we're told that God created the devil and the other demons good by nature, but they of themselves became truly evil. . . .

Pope Paul VI wrote very poignantly of the devil [as] "the treacherous and cunning enchanter who finds his way into us by way of the senses, the imagination, lust, utopian logic, or disorderly social contacts in the give and take of life, to introduce deviations." . . .

The incredible increase in the tragedy of abortion is truly irrational. . . . The present move toward assisted suicide, what we so cleverly call "death with dignity," is not natural. We are putting ourselves to death. I personally believe that we are witnessing a diabolical influence in the world. . . .

[T]here are two reasons why I address the devil today. The first . . . is that we tend to ignore the reality of the devil and consequently . . . the devil often has free rein. But there is another danger that has developed in recent years, a terrifying phenomena about which many of us know very little and about which I think we should know more. Parents in particular should know more . . . because [it has] gripped a number of young people.

Not too long ago in the State of New York, 100 sheriffs [met] to discuss one thing: diabolically influenced violence. . . . They have seen so many crimes of violence with so many peculiarities about them and so often involving the young, that they spent a week with experts in demonism to discuss the various forms of Satanism that seem to be gripping a number of young people today. I don't want to generalize about anything, but just listen to certain types of rock music, some calling suicide a solution to your problems. . . .

Those who work with these things [Satanism and occultism] tell us that there are four general manifestations. First, there's the dabbling in various types of rituals. Young high school students, for instance, may gather in a cemetery at night and dress themselves in strange clothing and wear masks and sing grotesque songs and dance in a bizarre fashion. They beat themselves into a kind of frenzy, often stripping themselves and engaging in various kinds of unfortunate activity. In some instances, they go off and commit suicide with the words, "I'm going home to the devil." Now this isn't something in a pop magazine. This is something that's very real that we're being confronted with. When I see those ads on television, "It's 10 o'clock; do you know where your children are?" I no longer smile.

Satanic cults

The second manifestation along the same continuum is the Satanical cult. This is the Charles Manson kind of thing in which people are assaulted, tortured and killed in very grotesque fashion. . . .

Then there is "occult Satanism." There are some who believe that certain kinds of rock music and certain kinds of rock concerts, using certain kinds of lyrics and certain kinds of beats, are motivated by a form of occult Satanism. The ultimate that I have very sadly come to learn about is the so-called Black Mass. One shudders even to talk about it. . . . This is occult Satanism. You think it doesn't exist? Sometime, even in the middle of the afternoon—if you think you can stand it—turn the television on to the right station and you'll see it. . . .

Then finally, there is the so-called religion of Satan. There is, for example, a Church of Satan in existence today. There's a Temple of Set which is Satanic. There is a worldwide Church of Satanic Liberation and they have what they call a "Satanic bible" and a "Satanic ritual." . . . These almost certainly lead to actual diabolical possession. . . .

Our culture keeps working against Christ. Some of our music, much of the pornography, some of the evils in which we engage, these keep working against Christ and making us prey to the devil. . . .

I do ask you, especially those who are parents: Remember how vulnerable young people are when they have been robbed of all absolutes, all straightforward, honest-to-goodness, unambiguous, unconfusing moral teaching. When there's no one to say to them, "This is right, and this is wrong." When they are told that even the Church is wrong. When they are told that even the Church doesn't know what it is talking about. We hear young people say, "The Pope doesn't know what he is talking about. Who are the bishops to tell us what to do? Who are the priests? Who are the nuns? Who are parents? Who is anyone to tell me what to do?" That's the message they're sold. And what does it do? It creates a terrible vacuum. It's into that vacuum that Satan loves to leap.

Beleaguered SDI effort at crossroads

by Leo F. Scanlon

The good news about the Strategic Defense Initiative (SDI) is that space-based systems now being constructed will provide strategic defense at a cost an order of magnitude cheaper than offensive missiles—fulfilling the promise of SDI to end the era of Mutually Assured Destruction (MAD) between the superpowers. Top SDI scientists and engineers, gathering at the annual conference of the American Defense Preparedness Association in mid-March, were told that in spite of inadequate funding, scientific and engineering breakthroughs in the program are occurring at an accelerating pace, and represent the cutting edge of the U.S. aerospace effort.

The bad news is that the increasing threat posed by tactical ballistic missiles, and the strategic requirements facing a reunified Europe, are only partially addressed by the limited capabilities of the Brilliant Pebbles design. More problematic is the fact that the Bush administration has done virtually nothing to support the SDI program, and funding decisions by Congress this year could kill the program outright.

"If we get the same level of administration support this year as we did last year," said one frustrated conference attendee, "we will hold the eighth anniversary [of Reagan's March 23, 1983 SDI announcement] meeting at a couple of tables for four some place," because the SDI program will be dead. Another participant emphasized that Bush's support for SDI has so far been nothing more than "rhetoric and a visit to the Lawrence Livermore Labs."

One element of the problem which is paralyzing the administration was illustrated by Secretary of Defense Richard Cheney, who told the gathering that the continued development of Soviet strategic offensive systems necessitates a vigorous SDI effort, but admitted that he has a serious "difference of opinion" with other members of the administration, notably CIA head William Webster, who do not consider Russian military power to be a threat to the West.

More insidious than the view represented by Webster is the outlook represented by Michelle Van Cleave, a science adviser to the President, who told the conference that the early conception of the SDI put forward by the Reagan administration was flawed because "it was not structured to make incremental contributions to deterrence." In other words, the proposals to use SDI as a combined science and military driver threatened to overturn the fraudulent arms control process. "Since then," she added, "we have made progress." In fact, the United States has tabled a proposal at

the Nuclear and Space talks—which parallel the Strategic Arms (START) Talks in Geneva—which stipulates a three year period of talks once one of the superpowers announces a decision to deploy strategic defenses.

Sen. John Warner (R-Va.) was even more outrageous in his criticism of the Reagan administration, telling a luncheon audience that the SDI had been "totally oversold" and given "too much money to start a program with." Warner and his colleagues have corrected that "problem"—a point which was not lost on the industry representatives who have been trying to build support for the SDI.

Warner dodged questions which would have pinned him down to support SDI with funding, but his bluff was called by a lobbyist who said, "In congressional office after congressional office . . . we are being told that there has not been one call from the White House or the National Security Council" in support of SDI. Apparently surprised by the vigor with which this issue was pursued, Warner promised to take the message back to the President.

Plan to kill the SDI

According to SDI designer Greg Canavan, the problem is deeper than lack of lobbying support in Congress. "In 1988 this program was dead. And I mean the Bush administration was planning to bury it."

Contrary to Van Cleave and Warner, even the Reagan program underfunded the type of effort needed to bring revolutionary directed-energy technology weapons into being on a short time frame. "By 1986," said Canavan, "we saw that we just didn't have anything" we could show to Congress since "each of the directed-energy systems lacked one or another little engineering feature which just wasn't coming along fast enough." Faced with the need to develop a system that would "keep the program in space" at all costs, Canavan, Lowell Wood, and other SDI designers began to work out the Brilliant Pebbles kinetic energy system.

The SDI scientists grew increasingly alarmed. In 1988, there appeared Sen. Sam Nunn's (D-Ga.) proposal for a ground-based interceptor system, and a White House report unfavorable to directed-energy systems. Canavan and others saw Brilliant Pebbles as the only possibility of salvaging the SDI program; as such, it represents a rotten compromise with the full defense shield that is required to protect the United States.

"Brilliant Pebbles bought us about three years," Canavan estimates. The hope is that Bush will make good his promise to give the go-ahead for deployment of Phase One layered defenses, incorporating the miniature satellites and ground-based missile defenses in late 1991, and setting the stage for the deployment of directed-energy systems which will shortly be moving out of the laboratory into operational testing.

Canavan pointed out that Brilliant Pebbles does not solve the tactical problems facing Europe and Asia.

ADL goes on Jap-bashing spree

by Jeffrey Steinberg

Some 160 future Anti-Defamation League (ADL) bigshots descended on Washington, D.C. from March 18 to 20 for the group's 12th Annual Leadership Conference. And while the national media were playing up the growing tensions between the Bush administration and the Jewish community over the President's harsh warnings against expanded Israeli settlements in East Jerusalem, ADL officials spent the better part of their three-day visit being briefed and courted by some rather senior White House and administration officials.

- Commerce Secretary Robert Mosbacher, just back from a trip to Tokyo, delivered the luncheon keynote on March 19;

- National Security Advisor Brent Scowcroft gave a briefing at Old Executive Office Building, joined there by the National Security Council's Director for European and Soviet Affairs, Condoleezza Rice;

- William Bennett, the President's Director of National Drug Control Policy, briefed the ADLers on the Bush administration's so-called War on Drugs;

- Health and Human Services Secretary Louis W. Sullivan met with the delegation;

- State Department officials Aaron Miller of the Policy Planning staff, Richard Schifter, Assistant Secretary for Human Rights and Humanitarian Affairs, and Irvin Hicks, Deputy Assistant Secretary of the Bureau of African Affairs, delivered a several-hour briefing at Foggy Bottom on March 20.

Not to be outdone by the Executive Branch, four U.S. senators, including three Democrats, Christopher Bond (R-Mo.), Bennett Johnston (D-La.), Herbert Kohl (D-Wisc.), and Howard Metzenbaum (D-Ohio), also gave the ADLers a two-hour briefing on Capitol Hill.

Anti-semitism in Japan?

The most telling signal of the ADL's wish to keep a place on the Bush team—despite tensions over the Israel-Palestine issue—was the dialogue between ADL National Chairman Burton Levinson and Secretary Mosbacher on the question of Japan. After hearing a carefully crafted diatribe against unfair Japanese trade practices by Secretary Mosbacher, Levinson launched into an incredible pitch about growing anti-Semitism in Japan and the proliferation of anti-Jewish propaganda.

The Levinson outburst of Jap-bashing reminded some

astute observers in the audience of the ADL's Reagan-era role in the Project Democracy covert effort to support the Contra rebels in Nicaragua, an effort that put the nominally tax-exempt charity group in bed with the Ollie North-Richard Secord "Enterprise." To this day, two former ADL Fact Finding Division employees, Carl Gershman and David Lowe, run the National Endowment for Democracy (NED).

Russian Jews for U.S. grain

At a behind-closed-doors reception at the Israeli Embassy hosted by Ambassador Moshe Arad on March 19, the ADL delegation received a tough briefing on the need for the American Jewish community to speak with "one voice" on the issue of unfettered Soviet Jewish emigration to Israel. "President Bush distorted the peace process by inserting the issues of emigration and East Jerusalem," Ambassador Arad told the crowd. Israel needs enough aid to solve the housing and job crunch that will come as the result of an estimated two million Russian Jews migrating to Israel. The incoming Russian Jews must be "free to travel and live" wherever they wish, Arad said, according to an eyewitness account. At one point, in an apparent reference to President Bush's more recent softened remarks on the Jerusalem issue, a member of the ADL delegation commented, "Peewee Herman at the White House is toning down."

The ADL has been in the forefront of back-channel dealings between the Bush administration and Moscow over linking liberalized Russian Jewish emigration to Israel with the repeal of the Jackson-Vanik Amendment and the increase of American grain shipments to the Soviet Union. The ADL's leading fundraiser and national commissioner Edgar Bronfman—along with another major ADL funder, Archer Daniels Midland grain merchant Dwayne Andreas—held a secret meeting at Bronfman's New York City apartment in January 1989 in order to broker a Moscow-authored grain-for-emigration deal. Up until the recent flak over the issue of expanded Jewish settlements in the West Bank areas stretching outward from East Jerusalem, the Bush administration had given its unqualified endorsement to the Gorbachov-Bronfman-Andreas scheme.

As longtime readers of *EIR* will recall, back in the fall of 1982 Bronfman and a gaggle of ADL-linked financiers gathered at the Negev Desert ranch of Gen. Ariel Sharon to plot out a real estate scam aimed at secretly purchasing large amounts of Arab-owned land in the occupied territories in anticipation of a future real estate boom of new Jewish settlements occupied by the very flood of Russian Jewish immigrants being herded to Israel under the terms of the deals now worked out between the Bronfman crowd and their friends in Moscow.

The ADL's cynical fronting for "Czar" Mikhail Gorbachov in the grain-for-immigrants deal puts the group squarely in the corner of those whose actions are driving the Middle East inexorably in the direction of war.

Budget back channel revives 1988 austerity blueprint

by Andrew Rotstein

Signs of a budget back channel between the Bush administration and forces in Congress suggest that a *de facto* revival of the draconian plan of the 1988 National Economic Commission is in the offing.

The key indication came when White House spokesmen gave an unexpectedly favorable response to the dramatic five-year budget proposal of House Ways and Means Committee chairman Dan Rostenkowski (D-Ill.). Rostenkowski has proposed \$511 billion in deficit reductions, yielding a fiscal surplus by 1995, by slashing defense outlays, freezing other spending, eliminating the Social Security cost-of-living increase for one year, and raising taxes on gasoline and top-bracket personal income.

Although the President had harshly rebuffed other sweeping proposals by Sen. Patrick Moynihan (D-N.Y.) and Rep. Richard Gephardt (D-Mo.), the Rostenkowski package was greeted as a "serious contribution" to the debate on spending and taxes. The reception was especially surprising, since its provisions sharply contradict Bush's budget doctrine on several major points.

Administration gives the nod

The surprise diminished, but the intrigue grew, when it came out that the powerful chairman had pre-cleared his proposal with Budget Director Richard Darman and White House Chief of Staff John Sununu. The Bush aides agreed to treat the plan amicably, while publicly upholding the President's trademark position on "no new taxes." Within days, Darman engaged in unabashed waffling on the tax issue in Capitol Hill testimony; the White House leaked word that it would accept a level of defense spending cuts close to the figure of Rostenkowski's colleagues in the House leadership; and Bush, who had repeatedly maintained that there would be no "peace dividend" to enhance domestic programs, suddenly broached the idea of a "growth dividend," while continuing to express anxiety about rising interest rates.

It appears that the administration, increasingly skittish about the economy, is indirectly encouraging congressional support for a massive "bitter pill" budget, with which the

President can then compromise in the overriding national interest of "licking the deficit."

Nothing new

The Rostenkowski approach contains nothing essentially new. In fact, promoting deep, comprehensive austerity in the name of civic-mindedness, trying to cushion the blows with consoling assurances of "equality of sacrifice," has been the core policy of the financial establishment since no later than the 1973-74 oil shock.

In the immediate aftermath of the Oct. 19, 1987 stock market crash, and the emergency negotiations on federal deficit reduction that followed, policy elites typified by Peter G. Peterson, investment banker and Council on Foreign Relations chairman, and former Federal Reserve chairman Paul Volcker, developed a new tactic. They projected that successful implementation of an austerity regime would require a new political combination to overcome seething opposition from entrenched political interests and from the population at large.

Their vehicle was the National Economic Commission. The NEC was created by Congress in December 1987, and charged with drafting the program for the administration inaugurated the following January. The commission was carefully engineered as a bipartisan, blue-ribbon group, representing key power blocs in Congress, industry, labor, finance, agriculture, among blacks, etc. The aim was to forge a consensus behind a tough and inevitably unpopular attack on living standards and public spending, to which the President could humbly defer, using the NEC's stature as "expert" and "above politics" as a shield to deflect criticism.

The NEC did not work exactly according to plan. Not because Bush necessarily disagreed in principle—the notion of "principled disagreements," in the case of George Bush, approaches an oxymoron—but because an early betrayal of his populist "read-my-lips" message, so soon after his election, would have strangled the new administration in the cradle. The austerity agenda would have to be advanced later, possibly in the context of the outbreak of crisis.

The Rostenkowski plan was quickly disavowed by many, including congressional Democrats. Increasing the gas tax, freezing pensions, leaving education and urgent infrastructure needs in the lurch, will be deservedly hated by the American people. Democrats in particular are not anxious to revive the ghost of Walter Mondale, at least not publicly.

Phony 'opposition'

But as a shrewd political observer of an earlier epoch once said, things are not always what they seem. The most vocal critic of the Rostenkowski plan, for example, is Senator Moynihan, who was a leading architect *and* a member of the NEC; Moynihan had been promoting a huge increase in the highly regressive gas tax until his populist Social Security gambit came along.

That plan, which usefully throws the whole spending and taxes mess on the table, but offers no substantive answers to speak of, has itself attracted only scattered support. Still, it is being touted by some Democrats, led by New York Gov. Mario Cuomo—but mainly because it advances their partisan interests by exposing the hoax of Bush's budget figures.

The latest entrant into this fray is Democratic power-broker Felix Rohatyn, who rode his Trojan hobby-horse to Washington in mid-March for a major speech. Rohatyn blasted the utter policy vacuum in Washington—an indictment that rings true in the mind of any thoughtful American. Yet the Lazard Frères managing partner, the man who presides over the notorious "Big MAC" financial receivership of New York City, offered merely another variant of the Rostenkowski/NEC harsh medicine, packaged to appeal to the Democrats' blue-collar base.

This is hardly surprising; Rohatyn, too, was one of the 14 members of the NEC. Rohatyn called for \$1 trillion for "reinvestment in America" by the year 2000. How financed? By cuts in defense, a boost in the gas tax (50 cents, compared to Rostenkowski's 20 cents), and "moderation" (please, no "cuts" or "freezes" here!) in entitlement programs.

The economic pay-back, after earmarking \$500 billion for deficit reduction, would be \$250 billion rebated to states and localities and \$250 billion for human and physical capital investment—a meager portion of what Rohatyn himself confesses is necessary for infrastructure alone. But then, this is a life-line from the man credited with "saving" New York City—the city now entering a financial and human abyss considerably worse than the 1975 bankruptcy crisis.

There are doubtless some congressmen and others who oppose the forthcoming Bush-Rostenkowski austerity for perfectly sound reasons relating to the squeeze on the average working family and the crying economic needs of their districts. The problem is that an effective counter to the NEC agenda requires a comprehensive attack on the economic roots of the budget mess and the looming collapse of the financial bubble—an admittedly heroic task from which nearly all of them, at least thus far, obsessively shrink.

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Warner waffles on support for SDI

Speaking at an American Defense Preparedness Association luncheon on March 20, Sen. John Warner (R-Va.), the ranking Republican on the Senate Armed Services Committee, said that he could foresee the possibility of separating the anti-tactical ballistic missile program out from the Strategic Defense Initiative program and putting it on a separate line-item status.

Warner said that he would be working with Committee Chairman Sen. Sam Nunn (D-Ga.) to support deployment of a limited SDI in order to "give the voters some tires to kick."

This back-pedaling by Warner and some Republicans is in stark contrast to statements by Rep. Robert Dornan (R-Calif.), who, in a recent article, called for a "rapid deployment of these defense technologies." "Strategic defense against ballistic missiles can be a reality," Dornan wrote. "However, the program cannot survive another year of major budget cuts. Either defending America from the emerging threat of multinational missile proliferation will become a national priority, and be fully funded, or it will wither on the vine and die, diminishing our national security."

Leahy: Divert aid from Americas to E. Europe

Sen. Patrick Leahy (D-Vt.) objected to the administration's proposed \$1.7 billion two-year package to Panama and Nicaragua while the United States is only willing to send a mere \$600 million to Eastern Europe.

Leahy presided over Senate appropriations subcommittee hearings on March 20 where Deputy Secretary

of State Lawrence Eagleburger defended the Bush administration's "Fund for Democracy" package for Nicaragua and Panama. Leahy also objected to the fact that a good portion of the aid was going to help Panama pay its arrears to the international banks. "I can't think of anything that makes less sense than trying to clear up Panama's back debts to the multi-lateral development banks at a time when they may very well need that kind of jump start," he said.

Congressmen: Lithuania is replay of 1776

On March 21, a letter was delivered to President Bush urging him to recognize an independent Lithuania. The letter, initiated by Reps. John Miller (R-Wash.) and Richard Durbin (D-Ill.), was signed by 100 Congressmen from across the political spectrum.

"The struggle in Lithuania has all the passion, drama, and virtue of our struggle of 1776," reads the appeal. "The dreams and aspirations of Jefferson, Madison, and Hamilton of 1776 are the dreams and aspirations of Landsbergis, Zingeris, and Prunskiene of 1990.

"Since 1940 the U.S. has never recognized Lithuania's incorporation into the Soviet Union as a result of the illegal Hitler-Stalin Pact. Since 1940 the U.S. has recognized Lithuania's legation as the diplomatic representative of the independent Lithuanian government which existed between the two wars. Both Republican and Democratic party platforms have called for independence for the Baltic states. Certainly, Mr. President, you do not want to renege on these promises of 50 years. . . .

"We write this letter not out of a

desire to embarrass President Gorbachov or the Soviet Union. After all, the Soviet Union has already recognized the illegality of the Hitler-Stalin Pact of 1939. We write instead so that the U.S., consistent with the stand we have taken for 50 years, can peacefully support freedom and self-determination for the Baltic States. . . .

"We strongly urge you to renew recognition of Lithuania's independence."

Resolutions call for recognition of Lithuania

On March 15, Rep. Richard Durbin (D-Ill.) introduced a resolution expressing congressional support for the Lithuanian people in their efforts to reclaim their independence.

The resolution calls on the Soviet Union to negotiate with Lithuania on an equal basis without economic intimidation, and asks President Bush to "strengthen his commitment to an independent and democratic Lithuania and to seek ways to actively demonstrate that commitment." It also urges President Bush to "plan for and take those steps, at the earliest possible time, that would normalize diplomatic relations between the United States and the new government of Lithuania."

"The time has come," said Durbin, "to build on our past policy by endorsing Lithuanian independence and taking steps to make this independence a reality." The resolution is expected to be voted on during March.

In a similar action in the Senate on March 21, Sen. Jesse Helms (R-N.C.) introduced an amendment to the Clean Air Act which urged the President to "recognize immediately the current democratic government of Lithuania

headed by President Vytautas Landsbergis and to establish direct relations with such government, since it represents the democratic aspirations of the people of Lithuania." The amendment further urges the Soviet Union "to desist from the threat of or use of military force, tactics of intimidation, or economic sanctions in order to suppress democracy in the independent Republic of Lithuania." The Helms amendment was defeated 59-36.

Sasser demands deeper defense cuts

Sen. Jim Sasser (D-Tenn.), chairman of the Senate Budget Committee, interviewed on the CBS News program "Face the Nation" on March 18, called for defense budget cuts of \$20 billion, \$5 billion more than he had previously proposed and twice as much as the Bush administration has indicated it will accept.

"A \$20 billion reduction is spending 3% less for defense than we spent last year, and that's not a large number at all," said Sasser. Sasser's proposal to gouge deeper into the defense budget is widely viewed as a counter to Rep. Dan Rostenkowski's (D-Ill.) proposed freeze in Social Security cost of living adjustments. Sasser said that the combination of spending and revenue increases he is recommending would provide enough money to meet the 1991 deficit target of \$64 billion and still leave room for allocating additional money to pressing domestic needs.

Treasury Secretary Nicholas Brady said in response to reports in the *New York Times*, which quoted "senior government officials" saying the administration is willing to accept cuts of \$10 to \$11 billion from the

\$306 billion budget, that the administration intends to stand behind its proposed defense budget of an inflation-adjusted cut of \$3.2 billion for fiscal 1991.

"I've sat in all of these discussions and there has been no talk about a \$10 billion cut," Brady said on March 18 on "Face the Nation." Nevertheless, Marlin Fitzwater conceded on March 19 that "if the trend continues toward arms control and reduced tensions, then there will be significant reductions in the defense budget in the future."

Clean Air Act meets stiff resistance

Fear of the economic consequences of the Clean Air Act package, coupled with intensive lobbying by industrial organizations, has led to numerous amendments being introduced attempting to limit the more disastrous effects of the legislation. Senate Majority Leader George Mitchell (D-Me.) warned his colleagues on March 20 that they would be working overtime the following week until they had finished action on the bill.

Sen. Robert Byrd (D-W. Va.) offered an amendment to provide financial relief and job retraining for miners of high-sulfur coal who might lose their jobs because of the plan now under consideration to control acid rain.

Some of the more ardent environmentalist senators have, on the other hand, criticized the compromise between the Senate leadership and the White House as inadequate and have turned the issue into a political showdown with Senate leaders.

On March 21, Senate leaders beat back a strong challenge to the compro-

mise, which wanted significantly tougher controls on smog-forming emissions from automobiles. An amendment offered by Sen. John Kerry (D-Mass.) would require cities with severe smog problems to force motorists to use fuels that pollute less than gasoline, such as reformulated gasoline, alcohol, and natural gas.

Sen. Richard Bryan (D-Nev.) withdrew an amendment which would have required improved fuel efficiency by automobiles to reduce carbon dioxide in exhaust. Mitchell succeeded in getting Bryan to withdraw the amendment, promising to consider the proposal in legislation on global warming.

Of some 225 amendments which have been scheduled, Mitchell said only a few would actually be offered on the floor. Whatever amendments are tacked on, the overall costs of the environmental measures on industry will severely aggravate their present economic difficulties. Similar legislation has already been initiated in committee in the House.

Darman admits deficit larger than estimates

In testimony before the Joint Economic Committee on March 15, Office of Management and Budget Director Richard Darman admitted that the 1991 budget deficit will be greater than earlier predicted. He claimed that this was because of the poorer than expected fourth quarter of 1989, which saw GNP growth of only 0.9% as opposed to the 1.5% expected.

Darman added that "If global interest rates do not reverse their recent cycle upward, the adverse effects on both growth and the deficit will be worse."

National News

Dems refuse to challenge Bush presidency

"There is no Democratic Party effort under way to take the presidency away from George Bush," a senior U.S. Democrat told reporter Richard Reeves.

In a column appearing in the March 20 *International Herald Tribune*, Reeves contends that the big paradox of U.S. politics is that it seems more than likely that the next U.S. President in 1992 will be a Democrat, but that the nominal leading candidates—Mario Cuomo, Bill Bradley, and Chuck Robb—all seem to have no interest in taking on Bush.

The senior Democrat calls the lack of effort in this regard "stunning. This is the slowest start we've ever had in the modern era."

Bush tyranny target of attacks

An advertisement by "LaRouche for Justice," Lyndon LaRouche's congressional campaign committee, which appeared in the *Washington Times* on March 14, attacked the tyranny of the U.S. elites. Entitled "LaRouche Says U.S. Elites Adopt Administration Fascism," a statement he released on Feb. 21 (see *EIR*, March 2), the ad underlined the growing fears of many in Washington of the tyrannical impulses of the Bush White House.

Daniel Schorr criticized the strong-arm tactics of the Bush administration in a National Public Radio talk show in mid-March. The Capitol Steps, a humorist review group, has made a record entitled "Georgie On My Mind" which features subtitles such as "I'm so indicted," and "We'll put you in jail, for the rest of your life" if you protest.

On March 16 columnist Christopher Mathews, Washington bureau chief for the *San Francisco Examiner*, compared Bush to the lion tamer Gunther Gebel in the Ringling Bros. Circus. "He runs the country with a

whip. When a cat lifts his paw, or even growls too loud, you can hear the heart-stopping *crack!* from high in the grandstands."

Nobody challenges "Gunther-Gebel Bush," said Mathews, for violating the principle of non-intervention in Panama, or backing the murderers in Beijing. "The result is an entire country tamed into silence. Scary? Look at it this way. Ronald Reagan wanted to eradicate government. But Mr. Bush has bolder ambitions. He wants to eradicate politics."

Greyhound workers face 'Lorenzo' of busing

The strike against the Greyhound Bus Lines by the Amalgamated Transit Union which began on March 2, is assuming more the character of the grim labor confrontations of the 1930s. Charges of union-busting by union negotiators against Greyhound management and chairman Fred G. Curry have proliferated through the talks, as the new "Frank Lorenzo" of the transportation industry intensifies company efforts to replace striking workers permanently.

In an effort to counter this scab strategy, union officials are warning that unless the strike is settled soon, the company will be forced into bankruptcy.

But prospects for an agreement remain bleak as a wave of violent incidents has marred the strike, including three separate sniper shootings of company buses, the most serious of which occurred near Jacksonville, Florida and injured seven people. Another incident involved the accidental death of a worker crushed by a scab-driven bus in the early days of the strike.

The strike, involving fewer than 10,000 workers, mostly drivers, is the second strike in a decade against Greyhound for higher wages and increased benefits. The first, in 1983, lasted 47 days and ended with the union forced to accept a humiliating cut in pay and benefits.

Greyhound has already hired several hundred replacements, warning that these new hires are permanent. Even if the strike

ends soon, company officials say, returning unionized workers may have to wait a long time to be placed back on the active payroll. At the company's Dallas terminal, replacements have filled all of 118 jobs of striking drivers, most of whom were recruited from a lower-paying and depression-wracked commercial trucking industry, and from the rapidly growing pool of bankrupted owner-operator truck drivers.

The union, in search of a tactic to counter the company's attacks on membership morale and solidarity, has called on the National Labor Relations Board (NRLB) to force Greyhound to take striking workers back when the strike ends. In today's hostile environment, no one seriously believes the NRLB will comply with the union demand. The company has already brought operations up to 36% of potential capacity, reaching about 1,800 of the company's 9,500 locations nationwide.

Minnesota braces for grasshopper swarms

Minnesota can expect twice as many grasshoppers to invade this year as last, according to David Noetzel, an entomologist with the state extension service. Last year's infestation was considered to be the worst since the 1930's.

Some spots have 10 times the number of eggs as last year when 3 million acres of cropland were infested. This year Noetzel estimates 6 million acres are vulnerable. Record numbers are expected in the Dakotas as well.

Last year the federal government refused to aid Minnesota financially in spraying, which costs more than \$25 million. Last year's hastily enacted law required owners of land deemed infested to spray insecticides; the government sprayed the land of those who refused and then billed the landowner.

Last year, greenie Agriculture Commissioner Jim Nichols was able to prevent spraying on 150,000 acres of prairie land controlled by the Nature Conservancy. State Senator Charles Berg has introduced legis-

lation to make owners who refuse to have their property sprayed liable for grasshopper damage on neighboring fields.

INF treaty verification process in tatters

The verification regime of the Intermediate Nuclear Forces (INF) Treaty, a key selling point used to secure its Senate ratification, is full of holes after the loss of a monitoring satellite and blatant Russian interference.

U.S. intelligence officials have reported that a \$1 billion monitoring satellite lofted into orbit by the Space Shuttle Atlantis in February, suffered a disabling malfunction and is expected to fall to Earth—probably over the Soviet Union—by mid-April. No reason was cited for the unusual malfunction. Soviet officials predicted the reentry trajectory, something which usually is not done until just before reentry.

The satellite had been placed into a high northern orbit designed to give it a long loiter time over the northern Soviet naval ports, ballistic missile silos, and test ranges. The satellite was the first deployment by the U.S. of a sophisticated radar technology which is able to pierce cloud cover and conduct 24-hour surveillance. The Soviet nuclear powered RORSAT and EORSAT use a similar and until now unique technology to conduct anti-submarine surveillance.

The satellite was also equipped to scoop up ground-based signals, such as missile telemetry and military and civilian communications, according to intelligence specialists.

A showdown between U.S. "verification teams" and the Soviet military at the Votinsk missile production facility in the Soviet Union was also reported by columnists Evans and Novak on March 16. The plant produces the supposedly banned SS-20, and also the truck-mobile SS-25. Under the provisions of the INF treaty, the U.S. built a large x-ray machine to examine sealed missile canisters leaving the factory.

But for over a year, the Soviets have refused to allow the machine to be turned on, while missiles of unknown capability

and type have been rolling out of the factory. When the U.S. team recently attempted to use the machine to examine a canister suspected to contain a new, three-warhead version of the SS-25, Soviet military guards drew their weapons, held the U.S. inspection team at bay, and passed the missile through the deactivated inspection device. Evans and Novak said administration officials "are coming to suspect something dangerous. Exactly what they do not know."

Marcos attorney attacks 'Thornburgh Doctrine'

The trial of Imelda Marcos and her co-defendant, Adnan Khashoggi, began in New York City on March 20. Her attorney, Gerald Spence, defended national sovereignty against the "Thornburgh Doctrine" which holds that the United States may seize foreign nationals at its whim.

"Where do we come off as being guardians of the morality of the world? Suppose, for instance, George Bush moved to the Philippines, and say, for argument's sake, they said that his invasion of Panama was illegal. Could they try him? And would we ever consider trying the former head of state of a country from Western Europe?" Spence told reporters on March 19.

Spence said he will call former President Reagan to testify about U.S. relations with the Marcoses. "Ronald Reagan knows many matters first hand in this case. He was close to President Marcos and to Mrs. Marcos," Spence said, adding that he will subpoena Reagan if necessary.

Imelda Marcos said before entering the courtroom, "I am a Filipino citizen, I should be tried in my own country and not in a foreign country."

Legal observers note that the 90-page indictment never mentions Mrs. Marcos without also mentioning her husband, a bizarre new version of the Department of Justice theory of guilt by association—in this case, the principal is dead, and has no possibility of defending himself. The prosecution "is on completely new ground," according to a specialist quoted by the *New York Times*.

Briefly

● **GEORGE BUSH** admitted that the economy "at this moment isn't as robust as I'd like to see it. . . . There are . . . some who worry about a slowdown. And true, our economy is not perfect," in comments to newspaper executives and the National Association of Manufacturers March 15.

● **GOV. JIM THOMPSON** of Illinois was named by President Bush March 19 as the new head of the President's Intelligence Oversight Board, which is mandated to oversee implementation of Executive Orders 12333 and 12334—the measures under which the "Get LaRouche" task force operated.

● **MARGARET TUTWILER**, U.S. State Department spokeswoman, said it "came as no surprise" that Red China has placed the U.S. on an "enemies list." The U.S. "cannot confirm the existence of such a list," but if it exists, "We can understand the reason, given the harsh reaction by the U.S. to the human rights abuses by the P.R.C. government," she said.

● **WARREN BROOKES** commented on Bush's compromise with Senate Majority Leader George Mitchell on the Clean Air bill. "Instead of sending direct aid to Poland, Czechoslovakia, Hungary, we'll simply send them what's left of our industrial base," the columnist said.

● **DR. MARTIN WELT**, a pioneer in food irradiation, was released from Allenwood federal prison March 13 when U.S. District Judge Marianne Trump Barry commuted the remainder of his two-year sentence resulting from a railroaded conviction on minor nuclear safety regulations by New Jersey's first environmental crime prosecutor.

● **RICHARD PERLE**, a former assistant secretary of defense, has been commissioned to write an article for the Soviet magazine *Ogonyok*, according to *Newsweek* magazine.

Sovereign Lithuania must be supported

President Bush and other Western heads of state have lagged miserably in offering diplomatic recognition to Lithuania. If President Bush is not careful, the portended bloodbath in Lithuania—all too reminiscent of what occurred in China—will not leave his hands clean.

Already the U.S. Senate has passed a resolution in support of the rights of the Lithuanian people, despite administration pressure to prevent this, and the city councils of Cleveland and Chicago have gone on the record with resolutions of support.

The failure of any Western nation to accord recognition to the duly elected national government is an indication of the degree to which the disease of pragmatism afflicts modern man. It is not merely a case of moral bankruptcy afflicting the administration in Washington, D.C. Yet the Anglo-American policy grouping is most culpable, because every policy which they are supporting, can lead in only one direction—to the creation of further instabilities within the Soviet empire.

These instabilities can precipitate a desperate mood within the Soviet hierarchy. Indeed the threshold for violence has been considerably lowered, within the U.S.S.R., since their recent military intervention against the Azeri population.

Immediately, the lunatic free-marketeers in the United States and Britain, typified by Harvard economist Jeffrey Sachs, are putting out the word, that the Soviets are about to adopt their economic program. The story is that the Soviets are willing to follow the road of the poor Poles, who under the ministrations of Sachs, now anticipate unemployment which may reach as high as 1 million people.

Many of those now gloating understand full well, that adopting the Polish model would result in nothing short of chaos in the Soviet Union. These fools believe that such a situation would be beneficial to the Western alliance, or at least the Anglo-American faction within it. These are the same people who have tried to put every roadblock possible in the way of German reunification. They do not realize that the Soviet response

to such chaos can be the kind of irrational rage which could ultimately catapult us into a third world war.

The Soviet economy is already in a miserable state, even if the military economy is relatively intact. If the economy is further destabilized, the Soviet military leadership will perceive themselves to be in an impossible internal situation.

We can easily imagine them discussing the situation, thusly: "We have an impossible internal situation; therefore, let us use our vast military superiority over the United States, to force an external economic solution: looting, in short, for our impossible internal situation." Such a situation brings us to the brink of all kinds of wars, a general period of wars, leading in turn toward the threat of a general thermonuclear war.

The closest example of a correct policy today being followed by any government, is that of Germany's Chancellor Kohl, who is offering the Soviets inducements to support the reintegration of the German economy. This is essentially a version of the program which Lyndon LaRouche suggested, when he launched Food for Peace as an international movement in the summer of 1988.

The correct war-avoidance policy for the West, which is morally correct as well as expedient, is to immediately accord diplomatic recognition to Lithuania, at the same time that economic help is extended to the Soviets. But this would mean that the ruined economies of the United States and Great Britain would also have to be rescued.

A first step would be to get rid of Jeffrey Sachs's and allied free-market lunacies. Next would be the orientation of the United States and Britain behind the efforts of Chancellor Kohl to create a triangular area of high-technology development and infrastructure, with Germany at its center. Anyone on the Western side, including the United States, who supports what Gorbachov's advisers are saying publicly, to this effect, ought to be shot, in effect: They are the real warmongers. They are the people who are threatening to bring war upon us.



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Satanism is a criminal conspiracy, but it is also a political movement which bridges the separation between extremists on the left and those on the right. This report is your defense against it.

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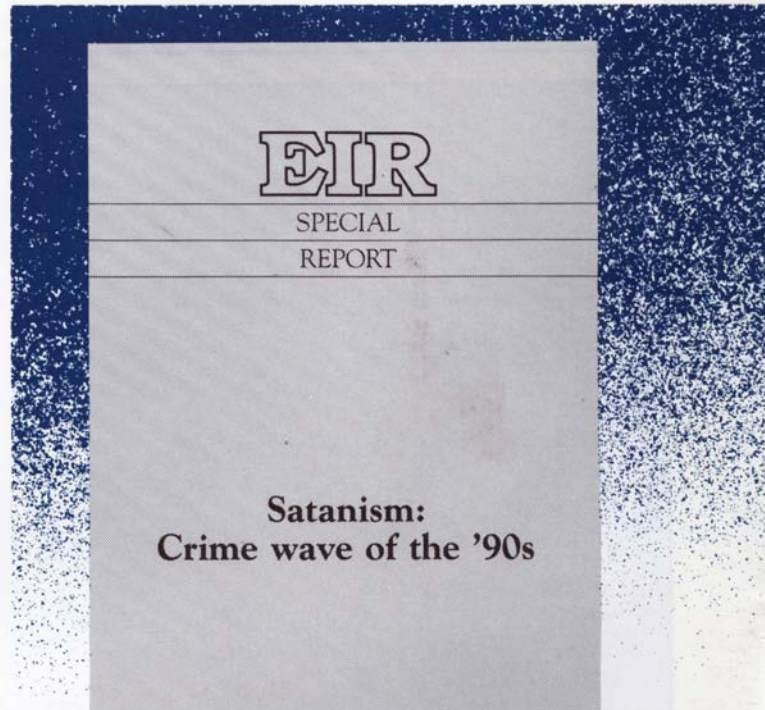
Crime Wave of the '90s

Who is right?

New York Archbishop Cardinal John O'Connor has denounced heavy metal rock as "a help to the devil" and said that "diabolically instigated violence is on the rise." (March 4, 1990)

But the Federal Bureau of Investigation's expert, Kenneth Lanning, claims: "Far more crime and child abuse has been committed in the name of God, Jesus and Mohammed than has ever been committed in the name of Satan." (June 1989)

Read the definitive study by *EIR's* investigative team, including: The Matamoros murders; Manson; the Atlanta child murders; the satanic roots of 'rock.' Plus, "The theory of the satanic personality," by Lyndon H. LaRouche, Jr. Learn the extent of the satanist epidemic, who its high-level protectors are—and why some officials want to cover it up. 154 pages.



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