

# EIR

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Australia's way to beat Anglo-American collapse  
New coalition for human rights formed in U.S.  
Chai Ling: Don't forget Tiananmen martyrs

## Who's afraid of Boris Yeltsin?



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# SATANISM

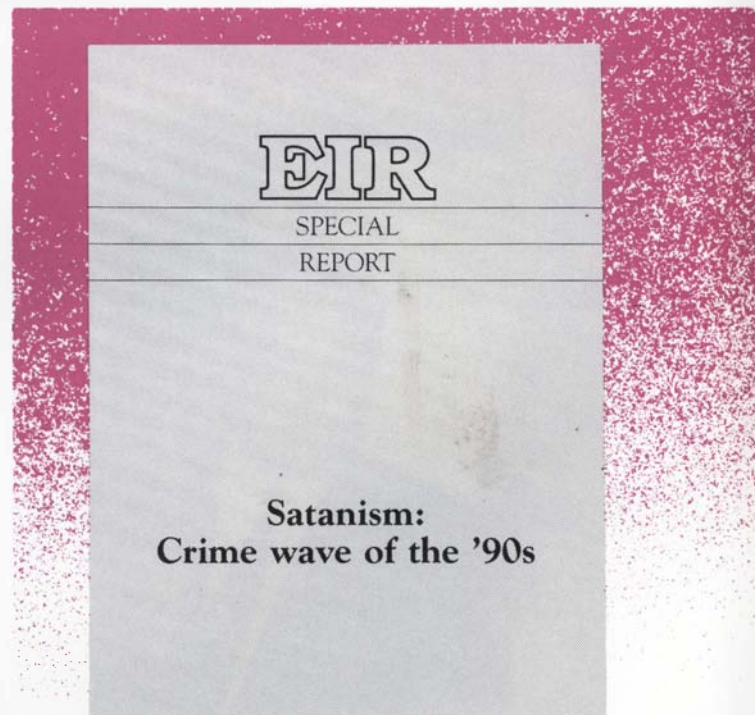
## Crime Wave of the '90s

*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)

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Lyndon LaRouche and his associates have been railroaded into prison for having warned about the very same banking collapse that is now, finally, making its way onto the pages of the international press. As a result, many people in this country and elsewhere are going to suffer, because thus far, the Bush administration has chosen not to heed those warnings.

In coming issues *EIR* will present the timeline of LaRouche's and *EIR*'s record of diagnosing the illness of the banking system, in contrast to what our opponents in government and establishment financial circles said at the same time. We will also present the grim details of the physical collapse of the U.S. economy, sector by sector.

This week's *Feature* offers the first results of an application of LaRouche's method of analysis of the real, physical economy to the continent "down under," and asks whether Australia, a country politically and historically in the Anglo-American orbit, can survive the economic collapse of Bush and Thatcher's world. This study shows that the only answer lies in Australia's contribution to a broader international recovery program, for which the combined economy of the two Germanys is absolutely key, centered around LaRouche's proposal for a high-speed rail transport "triangle" connecting Berlin, Paris, and Vienna.

*EIR*'s autopsy of the just-completed "summit" in Washington leads on p. 40 with Webster Tarpley's provocative analysis of the rise of Boris Nikolaevich Yeltsin—and the waning of Mikhail Sergeevich Gorbachov.

Just one year has passed since the tanks rolled into Tiananmen Square in Beijing, crushing the lives and the immediate hopes of the students and workers who had waged their brave struggle for freedom there. While many Western media outlets (and President George Bush) maintain that the Chinese revolution is dead, we have a different story to tell—most eloquently told by the former commander of the student democracy movement at Tiananmen, Chai Ling, in her speech in Washington on June 3 (p. 50). Nearby, on June 2 in Silver Spring, the international resistance movement took an important step forward as veteran American civil rights leader Amelia Boynton Robinson launched the call for the Schiller Institute Coalition for Human Rights, a new international body (p. 66).

*Nora Hamerman*

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**Correction:** One error slipped through the editing process of "The power of 256," Lyndon LaRouche's essay on the occasion of the June 6 concert in Washington by violinist Norbert Brainin and pianist Günter Ludwig. On page 66, the second part of the last sentence in the fourth paragraph in the second column, concerning *register shift*, should read: ". . . at A=440+, the F lies in the relatively higher register, and the register passage is from E to F natural (except by straining the voice, and shortening the life of that voice)."

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## Trump empire totters, with banks not far behind

by John Hoefle

The looming bankruptcy of billionaire junk real estate financier Donald Trump has significance well beyond the pleasure one takes in the self-destruction of one of the nation's icons of yuppie greed and self-aggrandizement, and serves as a prime example of the crisis facing the U.S. banking system.

Donald Trump is one of the big players in New York City's highly speculative real estate market, the most important real estate market in the nation. Trump's penchant for paying outrageous prices to collect real estate properties—he calls them “trophies”—played a key role in pumping up the New York bubble, which in turn allowed banks and investors to book billions in phantom profits.

Trump's entire business empire is based on borrowed money. The \$2.3 billion in debt he is estimated to have incurred over the past decade, cause his debt payments to run as high as \$250 million a year. His putative net worth has dropped dramatically. *Forbes* magazine startled many in April when it stated that Trump's net worth had dropped from \$1.7 billion to a mere \$500 million, taking him out of the exclusive ranks of billionaires. The *New York Post* did even better than that on June 5, citing one insider as saying that Trump was worth zero, if not less—a candidate for Chapter 11 bankruptcy.

### Debt, and more debt

Trump has always been a front-man, a creation of the networks and institutions behind the scenes that loaned him the money to finance his acquisitions, rather than the self-made man he pretends to be. He got his start as a celebrity in the early 1980s as a real estate developer, turning the Commodore Hotel into the Grand Hyatt and building the Trump Tower commercial and residential complex.

In 1984, he made his first foray into the gambling world,

joining with the Holiday Corp. to open what is now called the Trump Plaza casino in Atlantic City, New Jersey. In 1986, Trump floated a bond issue and bought out his partner. Trump also acquired a casino from Hilton Hotels Corp., which was denied a gaming license after they built their new Atlantic City casino. Trump also began speculating in the stock of publicly held casino companies, buying it and selling it later at substantial profits.

The timing of Trump's arrival in Atlantic City is curious. The New Jersey Casino Control Commission had undergone a “reform” when one of its original members was tainted in Abscam, the notorious, politically targeted sting operation run by the Justice Department against congressmen and others, and several applicants for gaming licenses had been rejected by the commission for possible ties to unsavory characters. As one former regulator told the *New York Times*, speaking of Trump, “He was emerging as a celebrity in New York. He was just beginning to be noticed. In our mind, he was one of the good guys. We had just disqualified two chief executives, and here was this young, vital guy.” Trump's gaming license was approved after a one-day hearing.

Trump's activities became even more curious in 1987, when he bought a chunk of Resorts International from its founding family for \$238 million. Resorts, which opened the first casino in Atlantic City in 1978 and was in the process of building a huge new casino, was identified in *EIR's* book *Dope, Inc.* as a key player in the international narcotics mafia. Resorts was later acquired by Coca-Cola's Merv Griffin, but Trump wound up with the new casino and \$64 million in cash, giving him three casinos in Atlantic City.

With debt payments running in the \$250 million per year range, Trump needs a substantial cash flow from his investments. Unfortunately for him, the decline in New York real

estate and the Atlantic City gambling business has severely cut that cash flow. According to the *New York Post*, Trump does not have the money to meet a \$30 million payment on Trump Castle bonds due June 15, and is negotiating with his bankers to borrow enough funds to meet the deadline.

### **Banks are scrambling**

That the four major Trump creditor banks—Citibank, Chase Manhattan, Manufacturers Hanover, and Bankers Trust New York—would even consider loaning the overextended playboy more money to pay off debt, shows that they are themselves in desperate straits. They are throwing money down the Trump sinkhole because they cannot afford to let him go under, due to their own insolvency.

Many of the country's largest banks, including Citicorp, Chemical, the Bank of Boston, Fleet/Norstar, and the Bank of New England, have had their credit ratings downgraded in recent weeks by Moody's Investors Services and Standard & Poor's, due to their real estate losses. Standard & Poor's banking analyst Robert Swanton has publicly stated that banks in the Mid-Atlantic corridor are facing downgrades, as the real estate crisis in the Northeast spreads down the coast. In the staid world of banking, this is the equivalent of pushing the panic button. Citicorp chairman John Reed, in a May 30 speech in London, predicted a wave of mergers among the major money center banks, and said his bank would have to sell non-strategic assets to build up its capital base.

As the depression has deepened over the past several years, and traditional industrial and manufacturing lending has dried up, the nation's banks turned increasingly to fast-buck real estate speculation to try to make up the difference. Bank real estate loans stood at \$884 billion at the end of 1989—25% of the assets of the commercial banking system. In 1986, real estate loans accounted for only \$496 billion—17%—of bank assets. While the amount of real estate loans nearly doubled during that period, the amount of bad real estate loans and repossessed property more than tripled, from \$13.2 billion to \$42.7 billion. And that's what they admit to, which is a drop in the bucket compared to actual bad real estate levels.

According to *USA Today*, a total of 540 U.S. banks have bad assets—nonperforming loans plus repossessed property—exceeding their capital plus loan loss reserves. Three hundred and sixty-one of the nation's banks have problem real estate loans and property which exceed their capital. Nationwide, bad assets were 30% of capital plus reserves. In Texas, that figure was 84%, followed by Arizona at 71%, New Hampshire at 52%, Connecticut and Massachusetts at 49%, Louisiana at 43%, and New York at 42%. Furthermore, according to the Federal Reserve Bank of New York, since 1986, charge-offs for bad loans have exceeded income at the nation's 10 big money center banks. In 1989, those 10 banks charged off \$38.4 billion, compared to net income of \$27.4

billion. These figures will only get worse.

The collapse of the nation's banking system will wipe out the savings and capital of millions of American citizens and businesses. Their deposits, protected in theory by the FDIC's Bank Insurance Fund, will be lost, because the FDIC simply hasn't got the money to pay them back when the banks, with \$2.5 trillion in government-guaranteed deposits, collapse. Were the true extent of banking insolvency admitted, the FDIC's \$14 billion insurance fund would evaporate immediately.

The Federal Reserve Board's Advisory Council met on May 3 with the governors of the Federal Reserve System, to discuss the problems of the banking system. The council, made up of the heads of 12 of the nation's major money center and regional banks, warned the Fed that not only must the banks be allowed to continue to carry bad real estate on their books, but that capital requirements must be eased. In other words, the bankers said, "We're bankrupt."

Since that meeting, U.S. bank stocks have reversed their steady decline and have begun to rise, indicating that a secret agreement has been made to overlook the losses. The Bush administration has chosen once again to ignore the problem, to try to bully its way through the crisis, rather than take effective action. This fools' paradise will not last. Reality has a way of upsetting the delusions of those who ignore it.

That reality is also hitting hard at the British real estate market and banking system. On June 7, British Land became the second large British real estate company in less than a week to announce a sharp drop in the value of its office investments. It said that its net asset value had plunged 7% in the last year, while its pretax profitability dropped 35%. Its properties in the City of London and the posh West End have declined in value 10% and 8%, respectively. Earlier the same week, Great Portland Estates announced a 17% drop in the value of its City of London office portfolio.

### **It didn't have to happen**

None of this had to happen. *EIR* and its contributing editor Lyndon LaRouche have warned repeatedly over the years that the economic policies of the Anglo-American financial establishment were leading the nation to certain ruin. Instead of heeding this warning, the Establishment mobilized to attempt to destroy the LaRouche movement, eventually throwing LaRouche and several of his associates in jail on trumped-up charges.

As LaRouche recently said, "Many people, most people in this country, are going to suffer as a result of what the Bush administration's policy toward me is and has been." The real cost of the collapse of the banking system will not be measured in dollars and numbers of failed banks, however. It will be measured in the human misery and death it will bring to the American people, and people around the world.

# Tuberculosis, in link with AIDS, is now number-one killer

by G. Phau

At an international conference on lung disease held in Boston, Massachusetts May 20-24, experts presented a shocking picture of how tuberculosis is making a spectacular comeback worldwide, in alliance with the AIDS pandemic. Here are the facts:

- There are an estimated 20 million cases of clinical tuberculosis in the world today, according to the World Health Organization (WHO)—which is notorious for underestimating the health crisis.

- Of all contagious diseases, tuberculosis is the number-one killer. Now that the AIDS virus, HIV, has struck heaviest among the underprivileged, especially black Africans, TB has become the first manifestation of AIDS, and both TB and HIV reinforce one another dramatically, to spread ever more quickly.

- There are at least 8 million new cases of TB per year, with over 95% of them in developing countries. Half of these cases are highly contagious.

- TB is up 20% and more in Central Africa, as among America's black and Hispanic minorities. In developing countries, and among U.S. blacks and Hispanics, over 80% of cases occur in the 15-49 age group—i.e., among those of child-bearing age.

- Tuberculosis causes at least 3 million deaths a year, two-thirds of them in black sub-Saharan Africa.

"TB in the Era of HIV Infection" was the topic which opened and closed the conference that drew 1,100 physicians and was organized by the American Lung Association, the American Thoracic Union, and the International Union Against Tuberculosis and Lung Diseases (IUATLD). Specialists in lung disease from all over the world showed how TB screening and control programs had either been abandoned in the past 15 years (as the WHO admitted in its own document), or had been maintained at a level insufficient to deal with the disease.

The conference ended with a powerful resolution calling upon governments, non-governmental organizations, and the WHO to assist developing nations where both pandemics are hitting hardest. *At least 30 million people, mostly young adults, will die of TB in the next 10 years*, the resolution

states. HIV has made the situation worse. In developing countries, TB is often the way patients learn they have AIDS. The resolution demands:

- high-quality care for HIV and TB patients, regardless of ability to pay;

- measures to contain the spread of both diseases;
- support for health programs in developing countries where HIV and TB pandemics are striking;

- training of more people for screening and treatment;

- an information campaign on both diseases;

- funding of basic research;

- research funding for a vaccine against HIV and better vaccines against TB.

## TB stalks U.S. cities

Dr. William E. Braun, of the Centers for Disease Control (CDC) in Atlanta, Georgia, reported 14,768 cases of TB in the United States during the latter part of the 1980s, most of them among minorities. He showed a graph of TB declining steadily until 1985, when it shot upward suddenly, with the onset of the HIV virus. This, he said, indicates that TB is spreading as a result of HIV; riding along the AIDS disease, it has found a new life. In short, a person infected with the TB bacillus, having contracted HIV, will develop the clinical form of tuberculosis, and transmit it to the next person who may or may not be HIV-infected.

Dr. Braun gave the example of Belle Glade, Florida, to show what is happening in communities across the United States. We see there, he said, a great increase in pediatric tuberculosis, and a good number of cases of pediatric HIV and TB combined.

In 1985, when the medical establishment was hysterically denying the AIDS-TB link, *EIR* published an interview with Dr. Mark Whiteside of the Institute of Tropical Medicine in Miami, on the Belle Glade situation ("We have a public health emergency": the real story of AIDS in Florida," *EIR*, Sept. 27, 1985). The economically depressed community of Belle Glade had an unusually high per capita incidence of AIDS, along with TB, parasitic diseases, and viral and tropical diseases—and a high incidence of AIDS among those not



considered members of a "high-risk" category according to the CDC's scientifically incompetent criteria. Dr. White-side's warnings at that time were ignored by the CDC and the rest of the medical establishment, who insisted that the only way a person could get AIDS was by sex, blood transfusion, or dirty needles.

But today, the CDC is changing its tune, and there is talk among the experts now to the effect that plain pulmonary TB is an indicator for AIDS, and not just extrapulmonary TB—meaning that the disease is much more widespread than previously admitted. But looking at cases of pulmonary TB might force the medical establishment to jack up their figures for AIDS cases by 30%, so this may not happen for a long time.

Dr. Jeffrey Starke, from Baylor College of Medicine in Houston, Texas, told the conference that the rate of TB among U.S. blacks and Hispanics is the highest in 30 or even 40 years, "though TB is a preventable and curable disease, and, at least in the well-to-do nations, the TB problem ought not to exist." He documented that 1) TB is most prevalent in the United States among minorities; 2) TB is most prevalent among young adults, particularly blacks (among whites, the higher rates are among the elderly); 3) HIV affects the same people; 4) among those infected, there is little medical treatment, due to poverty, drug addiction, homelessness, and the inability to pay; 5) there is a lack of screening, notably for high-risk infants; 6) the drugs "crack" cocaine and "ice" are making the problem worse; and 7) there are great delays in tracing people with whom the patients have had close contact. Dr. Starke explained that the need to identify contacts can be a life-or-death matter: If there is a several-week or -month delay between the detection of TB in a young adult, and the screening of children in the household, this gives plenty of time for the children to become infected (1-3 months) and develop meningal TB.

### The African tragedy

The dramatic nature of the combined TB and HIV pandemic on the African continent is shown by the official projection of 2 million orphans in the next 10 years. In reality, there could be 10 times that number—children whose mothers will have died of TB and or HIV.

Two-thirds of all TB deaths occur in Africa today. As for AIDS, the rate of contamination is continuing to increase, with an average of 25% of young adults infected in Central African cities. The estimates of the IUATLD and WHO are that 50% of TB patients today in Africa are also seropositive for HIV—and the figures often reach 70%.

Even the reluctant WHO, in a 1990 report, demands action: "If no efficient program is carried out, tuberculosis will spread far and wide, because the additional cases of TB caused by HIV infection will progressively infect more and more people, among the HIV positive population, as among the HIV negative population. The situation in Africa is really

alarming and calls for immediate and energetic action. It is as urgent and perhaps even more so, to achieve improvements in the struggle against TB in Asia, where HIV hasn't yet had time to spread."

Dr. Braun, from the CDC, indicated that serological testing in Abidjan, Ivory Coast, on 2,580 ambulatory TB patients, resulted in figures of 41% seropositive for HIV-1 and HIV-2, the highest number of them in the 20- to 40-year age group, those of child-bearing age, and thus likely to infect their children with HIV and/or TB.

Fully one-third of TB cases in Africa are estimated due to HIV, and of the present 2 million deaths annually from TB, 1.5 million are Africans (the IUATLD puts the death figure at 3 million). It is impossible to give accurate figures,

## Disease in the ghetto: Who will pay the bill?

A nurse from the Atlanta Centers for Disease Control presented the very fancy TB-control program which the Centers for Disease Control (CDC) has set up, called "Healthy lungs for all by the year 2000." This writer asked: "You have presented a rosy picture of the CDC's past and future TB-control program. However, if TB is still under control in the white community, this is not the case among minorities, where, according to the CDC itself, it is raging out of control with a 22.4% increase just from 1987 to 1988. The fact is that the increased poverty and homelessness in this country mean that both HIV and TB will increase in the ghettos. Several physicians have come up to me during this conference, to tell me that they are concerned at the lack of screening, that this lack of screening is not just a big problem in developing nations, but also in U.S. cities."

The nurse could only acknowledge the problem and say that a bill would be presented to Congress to seek financing for some additional programs.

Several participants came up to this writer after the session to express agreement with the question—among them a nurse member of the Massachusetts Thoracic Society, who reported that the CDC has failed to deal with the problem of all those denied medical care because of inability to pay: poor members of minorities, drug addicts, and homosexual AIDS victims who have lost their jobs.

—G. Phau

since so many patients in rural areas die from TB and/or AIDS and are never identified, never having gone through specialized care—or any care. A pneumologist from Malawi pointed out that besides screening, it is also important to make sure that the TB patients take their medicine until they are cured, and to increase the efficiency and compliance rate, patients with TB are automatically hospitalized for a month once they are identified. He said the problem was that the World Bank wanted to start forcing Malawi to end government subsidies and institute payment by patients for medical care, but hardly anyone could afford payment.

The World Bank's genocidal approach is starkly seen in its 1989 report "Sub-Saharan Africa," which recommends "a shift away from curative medicine into more efficient forms of Primary Health Care" in Africa. Since under the PHC system set up by the WHO in 1978, there no longer exist trained physicians or medics in most of rural Africa (where 90% of the population lives). With the recommendation coming in the midst of the worse health crisis since the 1920s, one can only conclude that the WHO policymakers are concerned not with curing disease, but with reducing "overpopulation"—especially when it comes to black people.

WHO officials meeting in May in Geneva agreed that the world organization had to "soften up" the programs of the International Monetary Fund and the World Bank, so that health care would not be the first thing to be cut in the Structural Adjustment Plans—the draconian austerity measures—as "transition" measures. Few have asked, "Transition to what?"

### What must be done

In the case of TB, the necessary treatment and public health methods are long established. As Dr. Karl Styblo, head of the scientific committee of the IUATLD, said, "For TB, the screening/treatment duo is, of all health interventions, the most efficient in the world." After giving the figures on the TB/HIV pandemic, Dr. Styblo said: "What can we do? We cannot influence the move from infection to disease, but we can act on the risk of infection. That highlights the necessity to find patients in the early stages." That is because, as most speakers said, TB is a preventable, transmissible, and curable disease.

And what about AIDS? The French-based IUATLD, under the leadership of Prof. Jacques Chretien and Dr. Annick Rouillon, has sought to steer the reluctant WHO bureaucracy toward a much sounder approach to HIV prevention by reviving screening for TB, and there is now a TB specialist as part of the AIDS groups in each region of the world. But will that lead to real changes in policy on the part of the WHO?

Dr. Gary Slutkin, of the WHO AIDS committee in Geneva, in his passive account of the reality of TB today, was indicative of the problem. Slutkin was among the first to ring the alarm bell on the TB and HIV problem, at the 1988 international AIDS conference in Stockholm. But in Boston,

his competent picture of the TB problem was followed by an absurd account of how Jonathan Mann, former director of the AIDS program at WHO, had gone from one secretary and \$6 million to over 200 staff members and a budget over \$100 million—and how he was using this to send teams of specialists to poor countries to promote educational campaigns about "safe sex" and the use of condoms, much to the ire of "old-fashioned" governments! Dr. Slutkin compared the AIDS effort to the successful WHO effort to eradicate smallpox, which comparison is fundamentally wrong, since in the latter case there was a vaccine and a massive screening program, whereas in the case of HIV, there are no vaccines and the WHO strenuously opposes screening, against the will and better judgment of many practitioners.

Slutkin said in conclusion that the WHO's efforts will lead to the distribution of 140 million condoms this year. Some naive listener could ask: What about antibiotics for TB? What about syringes? What about microscopes and X-ray machines for detection of lung problems? What about the money and the facilities to train hundreds of thousands of new mobile medical teams for screening and treatment to face this emergency?


The WHO's head of tuberculosis treatment, Dr. Arata Kochi, told the conference, "We have to shift from a silent emergency to a very loud one. We are all ears—but so far, we hear mostly the muteness of rubber."

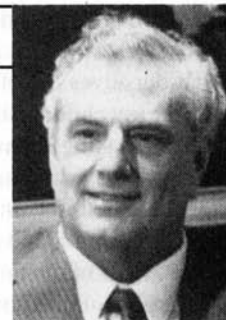
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## Targeted S&L director did not 'play politics'

*Stanley Adams, 55 years old, is the former principal owner of Lamar Savings Association (LSA) of Austin, Texas. Unlike many of the S&L directors under investigation, who entered the business after the deregulation bills of 1980 and 1982 in pursuit of quick, easy money, Adams built Lamar from a single savings and loan association in 1969 to a group of companies with assets of more than \$2 billion by the end of 1983.*

*Among his most significant accomplishments was the successful negotiation, completed in November 1985, of a joint venture to build a new World Trade Center in Guangdong (Canton), in the People's Republic of China. This deal, with one of Japan's largest construction firms, which would have been financed totally outside the United States, was not pursued through "normal" channels, i.e., the State Department or Kissinger Associates. Several S&L experts in Texas have concluded that this may have identified Adams as a "problem" to those circles.*

*One month after completing these negotiations, he was pressured to resign from LSA by the Federal Savings and Loan Insurance Corp. (FSLIC), replaced by two successive teams of FSLIC-approved management, who proceeded to run LSA into the ground. On May 18, 1988, LSA was declared insolvent and placed into receivership by the Federal Home Loan Bank Board (FHLBB).*

*The FDIC is pursuing a \$100 million civil lawsuit against Adams, which he is fighting. To put more pressure on him to settle, the FDIC-Justice Department task force has included his parents, who are in their eighties and in frail health, as defendants in the suit, and has threatened to include his children as well.*

*The interview was conducted by Harley Schlanger.*

**EIR:** You have been described by others in the industry as a "maverick," an innovator, as one who goes against the flow. How did you build Lamar and what was your philosophy as a thrift owner?

**Adams:** When I arrived at Lamar in June 1969, the company had three offices and \$26 million in assets and a reputation as an innovative but conservative lender. I was a catalyst who helped Lamar aggressively pioneer new customer services that set industry standards. We offered interest on checking accounts, which we called "Save R Spend," in

September 1970, about 18 months before "NOW Accounts" first were created in New England.

Our philosophy was embodied in our logo "Your Family Financial Center," a service mark for which we fought our way through the patent courts and won registration rights. The loser in the fight was a little outfit called Citicorp!

We tried to anticipate what the customer wanted and design a product to accommodate his need. I am a contrarian, and we used bad times to push our expansion and the good times to consolidate our gains.

In 1981, we were among the first to offer a money market account to compete with stockbrokers. We were among the first to acquire a mortgage company and were the first to purchase a full service real estate development company.

We pushed both a retail and wholesale banking operation geared to niches in geographical areas into which we chose to expand. We were such an aggressive competitor on the savings side that the third largest S&L in the state chose to sell us their branches and withdraw from certain markets rather than compete. We went from the 58th to the fourth-largest S&L in Texas and 33rd largest in the U.S., becoming by 1983 a unique vertically integrated real estate operation stretching across the Sunbelt and looking at the international market by 1985.

**EIR:** You have also been called other things, such as a "conspirator" by the Department of Justice, and are presently a major target of the so-called bank fraud task force. Why are they after you? What do they claim you did?

**Adams:** I made the mistake of putting my customers and our business ahead of playing industry and regulatory politics, not spending enough time politicking, boot licking and posterior kissing. In the process of getting ahead, we stepped on lots of toes and made many enemies. Perhaps more importantly, we became a threat to the banking establishment in that, while they were hoping to eliminate thrifts and grab their assets, we were one of the few thrifts that was able to compete and survive.

The regulators did not appreciate what we had been able to do and threatened to put the Lamar Group out of business unless I stepped down. Then, once they took over, the regulators proceeded to crash the plane, turning it into a flaming

heap of wreckage, and then, sue me and my directors.

They claim we sat around for three years conspiring how to put ourselves out of a job and destroy the company that I built for my children and grandchildren. Their charge is that we were making sham loans and booking improper income in a conspiracy to deceive federal regulators about our true financial condition. In fact, we did nothing but try to keep loans performing and our business prospering according to the standards of the time. Furthermore, in January 1990, the Comptroller of the Currency admitted that commercial banks were continuing identical practices.

**EIR:** Could you have saved Lamar if you had stayed, instead of resigning?

**Adams:** I have no doubt that I could have saved Lamar. I conceived and implemented a REIT [Real Estate Investment Trust] to take out troubled borrowers and offset increased capital requirements. We would have marketed these properties domestically as well as overseas. What we created was a private enterprise version of FADA and RTC.

In order to help the program along, I resigned and turned it over to others. Unfortunately, the program was shortened by regulators, largely because they were afraid that I might be still involved in some way.

Further, in 1988 I hired consultants to put together a bailout of the Lamar Group with self-liquidating bonds. The result would have been all cash and no loans left in the institution and not cost a penny of the taxpayers' money. Instead, after taking down Lamar, they gave it to heiress Caroline Hunt (of the Dallas Hunt family), along with a \$2 billion tax subsidy, as part of Danny Wall's Southwest Plan, which I believe will go down as one of the most blatant and ill-conceived pork barrels in American history. [Southwest Savings of Dallas was created by the Southwest Plan, including Lamar and two other insolvent S&Ls. It was awarded to Caroline Hunt; at the end of May 1990, this newly constituted S&L was declared insolvent. The House Banking Committee is planning a thorough investigation of the seriously flawed Southwest Plan—HS.]

**EIR:** How did federal regulators react to the crisis in the early 1980s, and then as it deepened in the mid-1980s?

**Adams:** In the early 1980s, the Congress and the regulators gave the thrifts the worst of all worlds, partial deregulation. They deregulated the lending side, but not the deposit side. The S&Ls were stripped of their interest rate advantages and told to compete head-on with the banks. Most thrifts simply did not have the capital and management expertise to do so. As a result, the older and larger traditional S&Ls were severely crippled in 1981-82.

The regulators, always looking for deep pockets, encouraged many newcomers to enter the industry in 1982. And in 1983, many of the oldtimers got a reprieve by selling their stock to the public.

The "regulatory panic" began in 1984, with the collapse of Empire S&L. [Empire had loaned more than \$600 million to build condos along the I-30 corridor north of Dallas, then made loans to speculators who bought and sold the land at inflated prices. Its subsequent collapse was the first spectacular S&L failure in Texas—HS.] The feds recruited storm troopers and gave them two-week crash courses on banking. They were sent in to police and bring order to the industry by capriciously and arbitrarily appraising institutions' portfolios downward. . . .

Then these regulators assumed all major decision-making authority and stopped making loans. If you don't make loans, you don't produce new income. Worse yet, they refused to work with borrowers and would not renew or extend commercial loans. When this happens, in combination with a severe downturn in the economy, the loans are almost guaranteed to go bad and the portfolios collapse.

Then they called in a host of consultants, lawyers, accountants and other "experts" to "paper over" the situation in order to place the blame on the alleged "wild and reckless business practices" of previous management. They sued anyone who might appear solvent and tried to get some scapegoats to label as crooks.

**EIR:** What was the effect of their actions on the Texas economy?

**Adams:** About like a strong depressant on a coronary victim lying on a street corner awaiting an ambulance.

**EIR:** You have taken some unorthodox measures to respond to the attacks on you. What have you done to defend yourself?

**Adams:** I have tried to call the public's attention to the real cause of the S&L crisis and dramatize its absurdity. I have counter-sued the government, identifying the task force and the regulatory agencies as a RICO enterprise that conspired to put me out of business. Unfortunately, a biased federal judge did not allow the counterclaim to be included in the existing railroad of a lawsuit.

I also ran, unsuccessfully, for governor of Texas to take my case to the public. I am afraid that the public has been so brainwashed by the government and the media that a fair trial would be difficult. I have been tried and convicted in the media by the government through "leaks."

Now we are starting our own counter public relations campaign, to tell the truth—and the government is crying foul.

**EIR:** The "party line" of the Bush administration continues to be that the chief cause of the S&L crisis has been "fraud" and "corruption." Yet, what about the failures of the commercial banks?

**Adams:** I am puzzled that we have had far more bank failures than thrift failures, but, according to the government,

all the “crooks” seem to have been in the thrifts!

The excuse given for banks, especially the big banks, like Chase and Citicorp and Bank of New England, is that they were “victims of a bad economy,” or in New England, of “tax laws.”

On the other hand, the S&Ls are accused of being irresponsible and criminal for using government-insured deposits to invest in and finance such allegedly unsafe and unsound things as real estate. Well, the commercial banks also have used their government-insured deposits to invest in real estate, as well as to finance brokerage houses underwriting junk bonds, corporations doing leveraged buyouts and Third World debt, which the regulators seem to think are perfectly sound and acceptably prudent.

Washington has not yet correctly identified the cause of the problem, much less begun to cure it. We have seen only the tip of the iceberg. . . .

I have reluctantly come to agree that perhaps 95% of the cost of the S&L disaster is due to fraud—fraud committed by the money-center bankers, the regulators and politicians who 1) caused the problem, 2) failed to deal with it correctly, 3) deceived the public about it, 4) used smoke and mirrors and off-balance-sheet accounting to hide the extent of the problem while sweeping it under the rug, and 5) offered scapegoats to hide their own culpability.

**EIR:** The government has offered you a plea-bargain deal. Why have you not accepted it?

**Adams:** I could strike a deal for myself, but if the country goes to hell, as it is, it’s not worth it. What is gained by saving yourself, if you lose your soul and everything you believe in?

Our form of capitalism is a great system and the universal hope of humanity. It is a pity that so many of our present leaders have abandoned it. They have been won over by the seductive temptations of the fast-buck sirens. Perhaps, by taking a stand, I can make people aware of the truth, that everything that we love and cherish about the American System is about to go down the tubes, and encourage them to act to do something about this horrible situation before it’s too late.

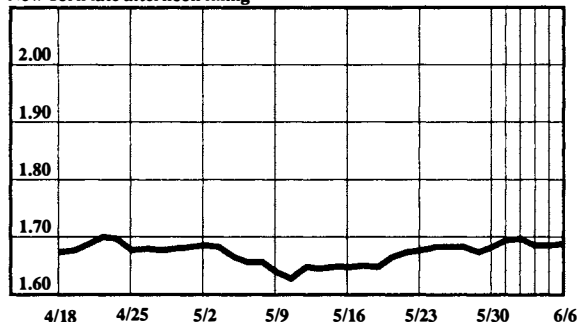
**EIR:** Any thoughts on the *Houston Post* articles alleging CIA-organized crime involvement in S&L fraud?

**Adams:** After reading the *Post* articles alleging CIA-mob collaboration to scam money from the thrifts to fund the Contras, I was shocked! Then, I realized that Lamar, which was named as one of the 23 thrifts involved, did business with one-third of the others on the list. I could see patterns between institutions and individuals that moved around among them, and realized that, if lawyers, appraisers and title companies are not working for your interest, they might be able to make large chunks of money “disappear.” The more I look, the more I learn, the more convinced I am that there is not only smoke, but fire here.

## Currency Rates

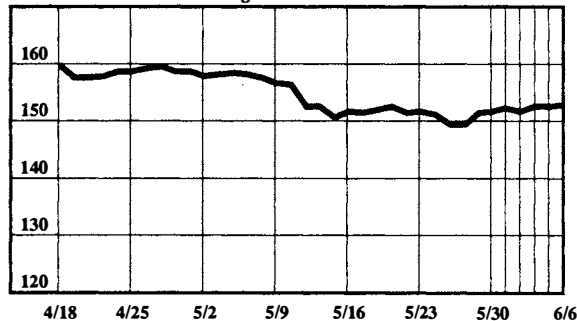
### The dollar in deutschemarks

New York late afternoon fixing



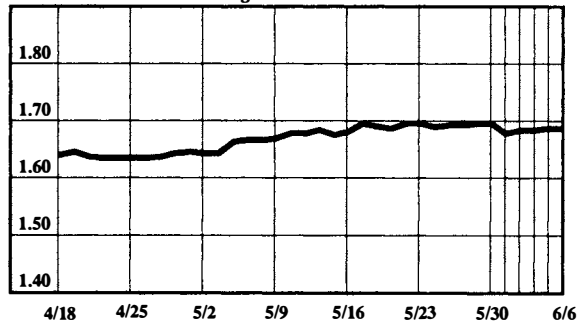
### The dollar in yen

New York late afternoon fixing



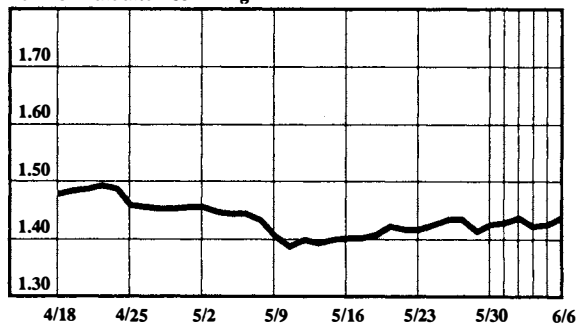
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# Sovereignty is non-negotiable, Brazilian Army tells superpowers

by Lorenzo Carrasco and Cynthia Rush

In early April of this year, Brazil's Superior War College (ESG), which represents the institution of the Armed Forces, issued a document entitled *1990-2000: The Vital Decade*. It puts forward a nation-building perspective for the next ten years, while identifying the obstacles—particularly in the international arena—to Brazil becoming a sovereign, industrial giant. Presented on April 5 by retiring Gen. Oswaldo Muniz Oliva, the document takes as its starting point Brazil's status as the tenth-largest economy in the world, the fifth-largest country in terms of territory, and its enormous potential to achieve "a new economic level" based on returning to its "historic trajectory of growth on the order of 7% of GNP per year."

But, beyond its economic proposals, the ESG document states the Army's readiness to declare a "state of war" in defense of the Amazon basin area, defying the superpowers and their agents who are devising ways to impose *limited sovereignty* on Brazil, grabbing the region under the guise of "defending the environment," preventing "excessive population growth," or saving "indigenous peoples."

In effect, Brazil's Army says that continued preying on the Amazon would be seen as the moral equivalent of the U.S. invasion of Panama. The Amazon "continues to be a target of international avarice, which wears several layers of sheepskin to hide its wolfish intentions," *Vital Decade* asserts, and compares ecologist pressures to contraband and the drug trade, since together they represent obstacles to "the integration of the Amazon into the nucleus of Brazilian national power." It also identifies the power-sharing deals struck by the two superpowers which intend to 'freeze' nations like Brazil in a status of permanent underdevelopment, denied access to advanced technology or scientific capabilities.

## No 'easing of tensions' in sight

*Vital Decade* asserts that national sovereignty will not be preserved, nor pressures concerning the Amazon and Brazilian technological development reduced, through any negotiations with this superpower condominium. It emphasizes that "there is no indication . . . that the easing of East-West tensions will have as its immediate consequences, the democratization of the world political or economic order." The weakest countries, it reports, will have to "continue to fight in order to be heard on matters which directly or indirectly

affect their equally legitimate political or economic interests."

The ESG document identifies the ongoing efforts of this world condominium as a continuation of Henry Kissinger's 1970s policies, with his "pentagramic" vision which saw a new world economic order based on the "five power centers": the United States, the Soviet Union, China, Japan, and Western Europe. The document also charges that the condominium is linked conceptually "to modes of European thought from the first decades of the 19th century"—i.e., the Congress of Vienna and the Holy Alliance.

The document is a strategic broadside against the pagan, international ecology movement led by Britain's Prince Philip and Prince Charles, and backed by circles in Washington and Moscow, who constitute the leading edge of the oligarchy's assault on Christianity, as well as Western culture and industry today. The ESG document, which has circulated privately inside Brazil, was leaked to the media as a means of expressing the widespread discontent of the Armed Forces and other state sectors with President Collor de Mello's willingness to accept the naming of cultist Jose Lutzemberger to the newly created Environment Department, and of Jose Goldemberg to the Science and Technology Department. Reliable sources told *EIR* that these appointments were proposed first by Prince Charles, and second by the Soviet Academy of Sciences.

## Nervous reaction from London

The document's discussion of the Amazon has unnerved some members of the international oligarchy. An article signed by one Jan Rocha in the May 30 issue of the London *Guardian* ridiculed *Vital Decade's* opposition to ecologism and the way the report equates certain non-governmental organizations with drug traffickers, seeing them as a threat to the Amazon, against whom "the extreme recourse to war" will be waged.

On the other side, an editorial in the May 1990 issue of *Ombro a Ombro*, the newspaper of Brazil's retired Army officers, suggests that *Vital Decade* could become the body of principles for a national movement capable of transforming Brazil into a world power (see *Documentation*), and recalls Pope John Paul II's rejection of liberal capitalism and Marxist collectivism in his encyclical *Sollicitudo Rei Socialis*.

## 'No to U.S.-Soviet supersovereignty'

*Below are excerpts from a chapter entitled "Policies and Strategies for the Amazon," from Brazil's Superior War College policy study, Vital Decade. Subheadings have been added by the editors.*

*Impediments* are all varieties of obstacles which impede or make it difficult to win and maintain our National Objectives. They could be adverse or antagonistic factors. The former are derived from challenges generally derived from actions or manifestations of deliberate and challenging postures, of volitional origin, which counterposes itself to the conquest and preserving of Permanent National Objectives (PNO).

If the *antagonism* has power—that is, if deliberate will to go against the national community's efforts also has some capacity to obtain effects by any means (force, threats, ruses) which impede the conquest and preservation of the PNO—this antagonism is called *pressure*.

Pressures can be *direct* or *indirect*; they can appear manifest or latent, and thus mean *potential* or *actual danger*. It follows that pressures are antagonisms in which the will to challenge appears with the capability to go against the winning and preservation of the PNO.

Overcoming dominant pressures *requires special measures*, outside the bounds of normal national life. Because of them, the state could go to *the extreme of resorting to war*, once its efforts to eliminate them or reduce them by other means proved fruitless. . . .

### The eco-fascist threat

The following impediments are identified as pressures:

*Contraband* brings a decrease in state authority where it takes place, as well as negating the entry of customs revenues into the vaults of the National Treasury.

*Narcotics trafficking* is the natural partner of a state of non-compliance of the law and of corruption of those authorities who accept it or tolerate it either of on their own will or under coercion from the armed power of the narcotics traffickers, who impose their law in the places in which drugs are grown, processed, and traded. If it is partners with guerillas in insurrection against the government and internation-

ally linked with bordering countries and others, the impediment becomes much worse, since its power grows.

*Self-government in Indian areas.* This is a permanent foreign attempt to internationalize parts of the Amazon, beginning with the Indian enclaves, utilized by the Non-Governmental Organizations (NGOs) as spearheads in the discussion of Amazon questions, certainly with at least the acquiescence of the governments of the central or almost central countries of the ideological-patrimonial area of the United States of America, Europe, and Japan, where these organizations are headquartered. There is a certain amount of support from the national press and part of the national artistic and intellectual area, as well as from sectors of the Church and from multinational companies for these NGO complaints which, minimally, are very useful in strengthening the impediment and injury to Brazil's interests.

*Conservationist activism.* This general idea groups together varied individuals and sectors of national and international society around international ecological or conservationist movements generally engendered by Non-Governmental Organizations, which are echoed in the intellectuality and the faddism of Brazil's opinion-makers. There is a natural mixing of interests, in which the purity and innocence of certain idealists is taken advantage of in order to keep dormant the Brazilian Amazon's potential. The psycho-social corrosion caused by this pressure directly contributes to reducing the country's freedom of action in dealing with Amazon problems, since there exists a conservationist idea that resources are almost untouchable, arguing that Amazonian flora and fauna would otherwise be irreversibly damaged. It is clear that if this pressure were allowed to grow, it would rapidly become a dominant pressure *capable of threatening Permanent National Objectives* which must be protected.

The following impediments are identified as *dominant pressures*:

### The plot to steal the Amazon basin

1) *Denationalization of what is Brazilian* attacks the permanent national objectives (PNO), national integration, sovereignty, and thus, indirectly, the integrity of the national patrimony. There is a diffuse international movement which cannot *a priori* be attributed to orchestration or conspiracy by the already-developed countries, but which produces results as if this were the case, promoting the idea of internationalizing the Amazon, beginning by creating areas where its current inhabitants would no longer be subject to the Brazilian state's control and action, and would be denationalized as citizens of the fatherland, as a first step toward the acceptance of "areas politically liberated" from Brazil with international support, including that derived from deliberate initial actions by the NGOs. If such *political beachheads* were allowed to be established, their elimination would demand a huge Brazilian effort, *probably having to resort to war*. . . .

2) *Radical preservation of Indian cultures, accepting*

*their incrustation in the national territory.* This pressure is quite similar to the pressure of the previously discussed conservationist activism and could produce similarly perverse effects by means of applied anthropology, where the intent is for international interests to prevail over the permanent national objectives of national integration, sovereignty, and progress. Starting with the anthropological incrustations, which international pressures are trying to impose on the country, it would later be possible to impose global sanctions on Brazil, with backing from an international legal system which would deem the country a non-preserver of "Indian groups threatened with extinction." These external actions would perturb the PNO of social peace, would tend to negate our sovereignty; to eliminate them, it may be necessary to accept the evolution of the conflictive question into a state of war.

### **Against U.S.-Soviet 'co-presidency'**

*From the chapter entitled "Brazilian Foreign Policy for the 1990s":*

Brazil is a rising power. To the degree that Brazil grows, conflicts of interest appear on the international level. . . . They are precise indicators of our expansion, of the changes in our political and economic structures, of recognition of what we already represent in the concert of nations and of the broadening of our participation in international relations. . . .

The understanding between the two superpowers, in everything considered to be of extreme importance . . . was known conceptually in the decade of the 1970s, as "co-presidency"—an allusion to the superpowers' singular co-rule of the Disarmament Committee in Geneva, representing a tendency by the superpowers to establish between themselves a process of conciliation, of partitioning spheres of influence to ease their own conflicts. . . .

Nonetheless, no one should commit the serious mistake of falsely concluding that the basic conflict of interest between the two superpowers has somehow disappeared, replaced by a legitimate, continuous, and lasting understanding. . . . It is not by this path that true peace will be achieved. At best, a provisional immobilization of naturally antagonistic forces will be arrived at.

It would be foolish to believe this "power freeze" seeks to antagonize those countries which attempt to break the chains of economic dependency and develop themselves. But in practice, the result is the same, and it is not in our interest, especially because it is not limited to the visible expression of power (military force), but extends to less apparent, but no less important areas, such as trade and economic relations in general. Thus, it is necessary to persist in seeking to transform international structures, to change the terms of international trade, which always favor the developed countries to the detriment of the weakest, and especially to alter world distribution of scientific and technological progress. . . .

### **Third World needs advanced technology**

With the accelerated development of technology and its effects on the organization of the international system, the strengthening of each country's position in the concert of nations would be increasingly conditioned by its capacity to generate, absorb, develop, and apply new and advanced technologies, leaving on the sidelines those who are unable to participate in the process. . . . This is useless for Brazil, and we reject any effort, on any pretext, to freeze our condition of inferiority, at restoring spheres of influence and of imposing one country's or a group of countries' political will on others. And the battlefield of this struggle will have to be carried to antagonistic positions. . . .

Brazil's international duty is to fight for the withdrawal of all external factors susceptible to impeding the free and unobstructed expansion of its national power. "Interdependence" is a valid and legitimate objective for the evolution of international relations, but, to be real and effective and not merely a disguised modality of *dependency*, it presupposes a prior epoch of independence and sovereignty. The concept of sovereignty cannot be declared obsolete before it is fully affirmed in the political and economic spheres. The big nuclear powers can obviously allow themselves the luxury of making semantic concessions on the issue of sovereignty and become champions of such "interdependence." . . .

What we cannot accept is that the superpowers arrogate to themselves a "supersovereignty" at the same time as they tell the remaining countries resolutely embarked on the road to "independence" that they should switch to "interdependence."

There are two other specific points showing a tendency toward a "freeze":

1) the insistence on the need to recognize international responsibility in *environmental conservation*, with possible limitations on *the sovereign right* to rational and ecologically

'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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balanced exploration and use of natural resources; and

2) an excessive emphasis on the dangers of *the population explosion*, which [supposedly] poses risks and dangers as great as the atomic bomb. Brazil's point is that the environment must be saved by action—not inaction or inertia—and there is no reason for certain areas to be reserved as “green areas” under some sort of universal “zoning,” as though there were a scientific basis to “lungs of humanity” demagoguery. . . .

Brazil also insists on preserving total and unrestricted freedom to establish its own *population policy*, on whatever basis it considers proper and adequate for its development needs and in order to effectively occupy its immense territory. In all these matters, Brazil prefers to preserve the broadest

freedom to discuss and to act, as the adult and responsible country it is, without accepting norms or precepts imposed by countries or groups of countries or by supernational organs or entities.

The world powers appear to be contemplating a new neocolonialist and protective world order based on and organized around power centers; they show a tendency to circumscribe consideration of solutions to international problems to an ever-smaller circle of interlocutors, whose will will be imposed on that of other nations. This “policy of freezing of the structures of world power” cannot be ours in the current stage of our development, when we still have so much uncharted territory ahead of us.

## ‘Vital decade’ is outline for Pope John Paul II’s ‘third way’

*Following are excerpts from the May 1990 Ombro a Ombro, a journal published by Brazil’s retired Army officers. The article appeared under the headline “‘Vital Decade:’ The Third Way.”*

The bankruptcy of the communist regimes and the failure of the liberal wave makes the order of the day the search for a *third way* which reconciles economic development with the principles of the common good and social justice, values inherent to our Western Christian culture. The past decade especially has brought to light how Marxist collectivism and savage liberal capitalism sustain themselves through constant violation of the inalienable rights of man, such as life, liberty, and the pursuit of happiness—rights which were not granted to man by other men, but by God.

The proposal for this *third way* is supported by the words of Pope John Paul II—the true promoter of the revolutions in the East—in his encyclical *Sollicitudo Rei Socialis*, where he characterizes Marxist collectivism and liberal capitalism as part of the “structures of sin,” given that both systems, due to a desire either for power or money, negate any moral objective such as love of God or one’s brother, in favor of political or ideological interests, advocating utopias which are very quickly discovered to be profoundly cruel. Even more dangerous is the fact that these two hegemonies intend to maintain their domination through the artifice of a condominium of power, to which Brazil cannot submit.

We quote John Paul II’s words just at the moment when the document *1990-2000: The Vital Decade*, a study by the Superior War College (ESG), has come to light . . . providing Brazilians with a body of principles capable of guaranteeing the restarting of our growth. . . .

The ESG document states: “In the historical period just ended, two synthesis-values must be emphasized, the common good and social justice, as beacons to illuminate the entire decision-making process. . . . Greater equality cannot be obtained by sacrificing freedom, nor is freedom preserved within extreme inequality. There are two extremes, then, to be avoided: the perverse utopia of socialist paradise, and the inequity of savage capitalism. Rather, it is possible and necessary to find, dynamically, in growth, the path to social justice . . . and, in the spirit of modern *social capitalism*, promote the conciliation of freedom with equality of opportunity.” . . .

*Vital Decade* emphasizes: “It is therefore necessary to seek, in our national organization, *the conciliation of efficiency, freedom, and equality*, which translate into growth, pluralism, and equity—or, in other words, in development with social justice. . . . And in Brazil, the state came before society. We were a state before becoming a nation. We were an empire before becoming a people. For years now, we have been a republic but we do not yet have a democracy. . . .

This study, available to those who, on the various political and administrative levels are responsible for determining Brazil’s future, could become the body of principles for a national movement which guarantees the emergence of our country as a power capable of occupying the place it deserves in the concert of nations. It was written by those who recognize that:

“The 19th century was Great Britain’s; the 20th century belonged to the United States; and we firmly believe that the 21st century will belong to the great nation of the tropics—*Brazil*.”

# Semiconductor industry is at risk

*Government must support this sector, where today's research is next week's product. Mark Wilsey reports.*

Leaders of the U.S. semiconductor industry presented the Congress with a devastating picture of the state of this vital strategic industry, which was once a world leader, in hearings before the Science, Research, and Technology subcommittee of the House Committee on Science, Space, and Technology on March 29. The testimony took up the issue of what the federal research policy should be for the industry. Overwhelmingly, the experts showed the desperate need for low-cost capital to conduct research and development, as well as to promote manufacturing.

The semiconductor has revolutionized the electronics industry. Enormous amounts of computing power and data storage are concentrated in the microcircuitry of the semiconductor "chip." Today, all manner of electronic devices from personal computers and television to the military hardware that defends us, depends upon these "chips." In the United States, the semiconductor industry is a multibillion-dollar concern, employing millions. Once dominating the world market, the U.S. semiconductor industry has fallen behind other nations, especially Japan, where the cost of capital for new ventures is one-half to one-third that of the United States.

Within the last year, a number of reports have been issued concerning the government's role in supporting "critical technologies." The Massachusetts Institute of Technology, the National Research Council, and the Office of Technology Assessment have each released reports on the productivity and competitiveness of American industries.

The report by the National Advisory Committee on Semiconductors (NACS), "A Strategic Industry at Risk," was the basis of this past spring's subcommittee hearing. This report spelled out the deteriorating condition of the U.S. semiconductor industry, and made clear recommendations for its recovery. In his testimony Glenn McLoughlin, an analyst in science policy for the Congressional Research Service, characterized these recommendations "as a series of flashing red warning lights, all important, all serious." The NACS was formed by an act of Congress, as part of the 1988 Omnibus Trade Act. Made up of 13 business and government leaders, it was charged with the task of developing a national semiconductor strategy. The chairman of NACS is Dr. Ian Ross, the president of AT&T Bell Laboratories, in Murray

Hill, New Jersey.

In his testimony, Dr. Ross pointed out that the semiconductor companies in the U.S. have seen their share of the \$52 billion world market fall from over 60% in 1980 to less than 40% today. In addition, the top five Japanese semiconductor firms annually invest twice as much as the top five U.S. firms do on R&D. Japan spends \$2 billion more in capital spending than the U.S. industry's annual \$3.5 billion. He also noted that "it is important to realize that semiconductors are not sold to you and me, they are sold to equipment manufacturers." Some 2.6 million American jobs are supported by the U.S. semiconductor business, and electronics products, of all kinds; that is double the number of workers in the U.S. steel and auto industries combined. The U.S. has lost most of the business in consumer electronic products, like TVs and VCRs, and with it, the U.S. semiconductor industry has lost that market for semiconductors.

Dr. Ross outlined many of the recommendations of the NACS: establishing R&D and investment tax credits; reducing the legal risk associated with the joint activities of companies by reforming anti-trust laws; and strengthening protection of intellectual property rights, which will increase the incentive for making inventions and developing technology. The report also recommended the U.S. revitalize the education, to develop a well-educated workforce, and work to open new markets by developing new technologies, such as high-definition television, and a national fiber optic network for home and business communications.

However, his greatest concern is the cost of capital. Dr. Ross said, "Of the recommendations for the longer term, none is more important to the semiconductor industry than the availability of low-cost, patient, capital. Making semiconductors is one of the most capital-intensive businesses that exist. It is not coincidence that foreign competitors with access to low-cost capital have targeted the steel, automobile, and semiconductor industries as places to focus their competitive efforts. Successful participation in these businesses demands large long-term capital commitments on a continuing basis. In the current U.S. capital market, that is very risky." The NACS recommends establishing a Consumer Electronics Capital Corporation, which would provide a pool of "low-

cost, patient, capital” for the smaller entrepreneurial U.S. equipment makers, so they can continue to develop the competitive technology in the world market. It is conceived that semiconductor firms would contribute to the fund, while the government’s support would be to “insure” the funds that are issued. It was commented that the whole Japanese government functions like a “capital corporation.”

### **Ensuring the industry’s future**

In the area of basic research, there are organizations such as the Semiconductor Research Corp., founded in 1982. SRC is a research consortium made up of the major semiconductor manufacturers, some equipment and software companies, as well as government agencies and other industry consortia. The SRC program accounts for more than half of all the silicon-related research conducted at U.S. universities. Through this effort, strong industry ties with the universities have been developed, helping assure a future supply of scientists.

Since 1982, the industry has supported SRC with over \$135 million since 1982. This year’s budget for SRC is \$34 million. Government participation has been a total of \$14 million since 1986. SRC President Larry W. Sumney recommended to the subcommittee that the government match industry funding of SRC’s research activities—at a cost of about \$20 million in 1991. Sumney stated, “We have not been the cure-all for the ills of the U.S. semiconductor industry. The problem is too large for the SRC . . . [and] in better times, generic semiconductor research was carried out by the government. The industry, through the SRC, has now assumed much of this responsibility.” With respect to export controls, Sumney told the House members that the United States has “shot itself in the foot.” He continued, “Technology is global, and attempts to establish an enclave of superior technology through erection of barriers have the effect of converting superiority to inferiority.”

Another research consortium that is generally regarded as a success is Sematech. The NACS recommends that federal funding for Sematech be increased from \$50 to \$100 million.

### **Post mortem of a joint venture**

Dr. George E. Bodway of Hewlett-Packard gave the subcommittee a graphic post mortem of U.S. Memories, which was proposed to be a profitable joint venture to produce DRAM (dynamic random access memory) chips. Its failure goes to show how difficult the environment is for joint ventures in the U.S. “It took three tries over several years to get the formula right for Sematech. . . . Thus, it should be no surprise that U.S. Memories did not get started on the first try.” Dr. Bodway stated.

Going into 1989 the computer industry was suffering a shortage of DRAM chips, which U.S. Memories was put forward to supply. U.S. Memories determined it would need the participation of 20 to 30 companies. Those purchasing

companies that managed “to weather the storm” had found other sources of DRAMs, mostly from Japan, and were locked into long-term purchase commitments. By late 1989, however, the computer industry DRAM supply was no longer a problem; the real problem was sales. As sales fell, so did production, and with it, the demand for these chips. Companies were laying off people, and freezing hiring and spending. In this environment, companies found it difficult to consider an investment in a start-up venture like U.S. Memories. Dr. Bodway said, “No company could be, or was, expected to make a bad investment out of a sense of patriotism.” You cannot get a company to “share the vision,” if the payoff is unclear. He cited problems in the business plan, uncertainty over anti-trust laws, and questions of manufacturing quality with an unproven chip, as factors leading to failure. Also, companies were requested both to invest in and commit to purchase from U.S. Memories, which was counter to several of their policies. In the end, only 11 companies were still considering U.S. Memories, too few to make a go.

Dr. Bodway testified, “From the outset it was evident that a major challenge for U.S. Memories to overcome was the cost of capital in the United States. Most price-competitive chips are produced in Japan where the cost of capital at the time of the business analysis was one-half to one-third of the cost in the United States.” He went on to draw out the implications: With interest rates of 4-5% in Japan, and 10-12% in the U.S., U.S. Memories would have had, in 1991, a 16% higher operating cost, and by 1993 would still be 13% higher, that a comparable similar venture in Japan. Hence, costs would have to be comparably cut in order to be competitive. Bodway concluded, “That is the challenge U.S. Memories faced. It is the challenge any such venture will face until the U.S. government gets the cost of capital down.”

### **U.S. leads in X-ray lithography**

The tools for the United States to regain its leadership are within our grasp, if we would but resolve to use them. The next higher level of technology for semiconductor performance lies in X-ray lithography. In this area of research the U.S. has the lead. The X-ray, with its shorter wavelength, has higher resolution than the “light” sources used to make integrated circuits today. X-ray lithography would allow for a placing more “circuitry” on a chip, allowing production of the next generation of very high-speed, high-precision chip. The country that achieves this breakthrough and establishes a “first-to-market” position with this technology would set the standards for all other suppliers. This is the goal that the NACS recommends. However, as Bell Labs’ Dr. Ross warns, “There is no point in being successful at developing X-ray lithography for 1995, if there is not a healthy U.S. semiconductor industry left in 1995 to use it. Likewise, there is no point in opening markets and raising capital in 1991 if we don’t plan for success for the industry in the long term.”

# Oregon program will cut life-saving care

by Linda Everett

In early May, the state of Oregon announced the completion of a major step towards its plan to ration health care services to the state's poor and uninsured. The Oregon Health Services Commission, an 11-member government-appointed body, released a computer-generated list which prioritized over 1,600 medical procedures based on the cost of treatment, the patient's "well-being" after treatment, how long the patient is likely to benefit from the procedure, and how much society benefits as a whole. Given whatever state Medicaid funds are available, Oregon's legislature will draw a line somewhere across that list. Whether a patient lives or dies depends upon what priority is given to the life-saving treatment he or she needs.

The commission cautions that the list of treatment ratings is only a draft, and that many changes are likely. But the fact is, the Oregon Plan was born out of a political commitment to cut down health care to match ever-shrinking budget resources. Rather than expand production and create new resources to protect society's needs, the plan's backers, like the Nazis before them, have shown themselves willing to triage those who have been determined to lead lives "not worthy to be lived."

How can a plan which targets the state's sickest and neediest, be "improved"? Every time the budget shrinks, more procedures will be eliminated—and more Oregonians will be forced to die or languish without life-saving and life-maintaining medical treatment.

## The lie of expanded coverage

Oregon officials have already cut costly health-care using the rationale that by eliminating expensive high-technology medical treatments that save only a few lives, the state could extend preventive care services to double the 130,000 people who are now covered by Medicaid. But that's all bunk. The main impetus behind this program is to cut costs *and* medical care, as was explicitly pointed out by the "grass-roots" group, Oregon Health Decisions, which is funded by both Blue Cross and Blue Shield and Prudential insurance foundations. Dr. Michael Garland, a "bio-ethicist" who worked on the plan and president Oregon Health Decisions, has stated, "The cost of health care is unsustainable, and people want to put on the brakes somewhere." Former Colorado Gov. Richard Lamm, infamous for his statements that the old should stop using scarce resources and should just die, has similarly stat-

ed, "Somebody has to have the guts to say what policy brings the most good to the most people."

Another group trying to influence society into accepting the "ethics" of "hard choices," is a consumer coalition called Oregon Health Action Campaign, whose president, Ellen Pinney, has stated that "Nearly 60% of all medical procedures are unnecessary and inappropriate." Like Oregon Decisions, this group was involved in rating medical procedures not based on whether a procedure saves lives, but rather according to the new "ethics," with questions such as: "Should we spend our limited resources on someone who will die in six months, or on someone who could live for years and support his family?" Oregon Senate President John Kitzhaber, M.D., who conceived the Oregon Plan, claims it is "unethical" to use enormous resources to keep alive a handful of people, like 7-year-old Coby Howard, who died after Oregon cut off funds to pay for his bone marrow transplant, while so many go without basic health care.

## Life rests on a mathematical formula

The rating of 1,600 procedures was determined by dividing the cost of a treatment by the number of years the average person might live after that treatment. The result was then divided by the number assigned to that treatment on a "Quality of Well-Being" scale made up of individual and community values, and predicted health outcomes and the benefits of varied methods of treatments.

For instance, osteoarthritis is given a low ranking for treatment, despite the pain and disability an individual might endure. A typical office visit costs \$49.26, which may benefit the patient for a half-year. The \$49.26 cost is divided by .50 years. The result, 98.52, is then divided by the Quality of Well-Being scale, which in this case is .115, for the final cost-to-benefit ratio of 855.34. Treatment is therefore unlikely for this condition, and a host of others, including all AIDS-related diseases. Thumbsucking; however, is high on the list because it is cheap to treat and affects a large number of people. Although allegedly designed to expand Medicaid services to those below the poverty line, and especially to provide prenatal and childbirth care for poor mothers, funding for this program ended up half-way down the list.

When Senate Bill 27 on health care rationing was passed last July, the Health Services Commission was appointed and charged with addressing three major areas: social values, health outcomes, and mental health and chemical dependency. Whatever its stated purpose, the Social Values Subcommittee was organized to measure the willingness of the population to forgo life-saving or life-sustaining care. Now, Oregon will test the federal government, which pays part of each state's Medicaid costs. Congress must first approve Oregon's requested waiver on prescribed Medicaid treatments, which it will consider this autumn in the Budget Reconciliation Act. If Congress agrees, the rationing plan with its list of rated procedures will be implemented in July 1991.

## One Ethiopian child dies each minute

*Food relief officials cite "donor fatigue" as an excuse for a failure to produce enough grain, and supply it.*

**A**t a June 6 press conference in Geneva, Switzerland, officials of the United Nations Children's Emergency Fund (UNICEF), said that one child dies every minute in Ethiopia today. In Mozambique, they said, one child in three dies before reaching the age of five.

UNICEF officials have appealed for relief funds, but their minimum financial objectives have not been met. Therefore, officials at the press conference said that, besides strife and drought, "donor fatigue" has caused the grim death toll in Africa.

This euphemism, donor fatigue, shows the miserable subservience of the world of international officialdom in the face of the individuals and agencies imposing policies that are known to be causing starvation on the scale of genocide.

Bureaucrats at government agencies such as the powerful U.S. Department of Agriculture, or the Brussels-based European Community Agriculture Commission, are not expressing purported "fatigue" of their respective nations, by not producing and shipping emergency food. They are implementing a policy that they know, or should know, is exterminating peoples.

Government officials are collaborating with other U.N.-associated agencies, the World Bank, the International Monetary Fund, and GATT (General Agreement on Tariffs and Trade), to loot whole nations down to their last breath.

For months, relief officials have made urgent appeals for food for Angola, Mozambique, Sudan, and Ethi-

opia. The April 1990 U.N. Food and Agriculture Organization *Food Outlook* publication on "Global Information and Early Warning System on Food and Agriculture," said, "Famine conditions are emerging in northern Ethiopia and parts of Sudan, with serious food shortages also reported from Angola and Mozambique. Several other low-income countries also face food emergencies. Further donor assistance is urgently needed."

Two months later, as of June, UNICEF officials simply decried "donor fatigue" and presented the grim fatalities statistics. UNICEF had previously sought \$15.25 million for emergency work in Ethiopia and \$11.7 million for Mozambique, but these requests were never met.

On June 6, UNICEF officials made a special appeal for \$30.9 million for Operation Lifeline Sudan, a joint effort with other U.N. and Red Cross agencies, for the year beginning from May 1990.

The other U.N.-affiliated agencies—the IMF, the World Bank, and GATT—are the very institutions operating to block economic development in these regions, and to divert scarce food to other locations. The position of these agencies is that poor countries should rely on low-technology methods of producing cash crops (euphemistically called "appropriate" or "organic"), to sell abroad, and make revenue with which to perpetually pay debt. This means grinding poverty and death for whole nations.

It is the imposition of these policies that Pope John Paul II, in 1988, denounced as the "structures of sin."

Last March, the Pope personally visited Africa to make a plea for merciful intervention and to warn that Eastern Europe must not distract us from Africa's needs.

This year, worldwide food aid shipments to impoverished food-short countries are likely to total only about 8.3 million tons, much lower than the annual amounts made available in the mid-1980s, when the need was lesser. Another 3.3 million tons of relief food are going to nations of Eastern Europe.

Overall, this leaves millions to die slowly, or rapidly, from malnourishment and disease, or outright starvation. For the decade of the 1980s, Egyptian President Hosni Mubarak estimates that 500 million people perished for want of adequate basic food.

For the last three years in a row, worldwide annual grain output has been lower than annual consumption, causing a dramatic drawdown of grain stocks to next to nothing. This year, the carryover of global grain stocks is expected to be 5% less than last year; and down to about 50% less than four years ago.

For Africa as a whole, the drawdown of stocks has been at least 8%, to the genocide level.

The same process is under way in Ibero-America. In Central America, stocks are about half their 1987 level. Fully one-third of the 85 million people of Mexico are suffering from some degree of malnutrition.

For just minimum consumption for 5.2 billion people, the world needs to produce over 2 billion tons of grain a year. But the production level in recent years is only 1.8 billion tons or less. For better nutrition, well over 3 billion tons of grain should be harvested—for direct human consumption as cereals, and for indirect consumption through the livestock chain.

# Business Briefs

## Debt

### G-15 reaches joint position on debt

Fifteen developing nations have reached a joint stand on reducing Third World debt to strengthen their bargaining position with creditors and rich nations, Ahmad Kamil Jaafar, secretary general of the Malaysian foreign ministry, said, Reuters reported June 2.

"We cannot make debt slaves of nations, not in the so-called enlightened age," stated Malaysian Prime Minister Mahathir Mohamad in the opening address to the first "Group of 15" developing nations' summit, which began June 1 in Malaysia's capital Kuala Lumpur. He argued that the Western nations were dealing with the Third World debt problem from the state of mind of a commercial banker, which is untenable: "You cannot tell people to live at subsistence levels until they pay off their debts. Bankrupts die, nations cannot." Western creditors, Mahathir insisted, must be prepared to accept the risks of lending, "and, if all else fails, to accept losses."

Heads of state of Argentina, India, Indonesia, Malaysia, Senegal, Venezuela, Yugoslavia and Zimbabwe were joined by senior ministers from Algeria, Brazil, Egypt, Jamaica, Mexico, Nigeria and Peru at the June 1-3 meeting. The 15 account for about half the total Third World debt of \$1.3 trillion. "We are forging a position which can be used in our negotiations. If there was no common position you cannot deflect or minimize pressure," Ahmad Kamil said.

## Perestroika

### Deutsche Bank asks West aid plan for Soviets

The West should put together a "perestroika plan" for the U.S.S.R. modeled on the postwar Marshall Plan, stated West German banker Axel Lebahn of Deutsche Bank, in comments to the *Financial Times* at an IMEMO conference in Moscow May 31.

Lebahn's proposal echoes that made by former Deutsche Bank head Friedrich-Wil-

helm Christians, in a recent interview with *Der Spiegel* magazine.

Lebahn insisted that commercial banks in the West would be unable to offer the sort of credit Moscow wanted to finance imports of consumer goods and food. "Already by the volume of loans that would be needed, a single bank or single country could not do anything here," said Lebahn. "It should be a multilateral action. The politicians should sit together from the very beginning and create a political framework. The plan should be openly discussed in the West." He said it should involve preconditions and should include mass training programs in skills such as engineering, consulting, and marketing.

## Real Estate

### Office space vacancy rate hits new high

The United States has 465 million square feet of vacant office space, enough to hold nearly 2 million workers, and an amount equal to the combined office space in Washington, D.C., Chicago, and Dallas, according to the Boston firm of Torto Wheaton Services, *USA Today* reported May 30 in its second installment of its "Banks on the Brink" series.

Stamford, Connecticut leads the nation with a 30.6% vacancy rate, or 8.7 million square feet of available space, according to Coldwell Banker. Los Angeles has 23.5 million square feet available, enough to fill downtown Hartford, Connecticut. Nashville, Tennessee has 3.7 million square feet available, a 22% vacancy rate, and Phoenix, Arizona has a vacancy rate of 27.6%. Nationally, the vacancy rate is running about 20%.

## Industry

### Lower capital costs help Japan and Germany

The industrial strength of Japan and Germany depends heavily on the lower cost of capital which is due to a host of factors, according to

a study by New York Federal Reserve economists Robert McCauley and Steven Zimmer cited by the June 1 *Financial Times* of London.

The study indicated that the decisive element in productivity-boosting investments in new capital and R&D is not merely the "cost of funds," i.e., a narrow measure of interest charges on bank borrowings, but a broader "cost of capital," which takes account of the effects of inflation and taxation of profits as well as depreciation schedules and investment tax incentives.

The authors cite in particular the different and closer relations of banks to industry in Japan, where banks are often shareholders as well as lenders. They also mention the lower and more stable inflation rate, which lessens the risk factor in stock ownership and thus lowers the cost of equity financing.

## Science

### Form of universe seems similar to soap bubbles

The large-scale organization of matter in the universe appears as a foam of "soap bubbles," according to two teams of astronomers who have shown that galaxies are not randomly distributed throughout space, but occur only at periodic distances. Their findings were reported in *Nature* magazine Feb. 22.

The astronomers made "pencil-beam" surveys (i.e., over a tiny field of view to great depth) on a line of sight outward along both galactic poles. Instead of finding a random distribution of galaxies, as predicted by current cosmological theory, they found a fairly sharp periodicity in the distances at which galaxies are located. Fifteen intervals of about 626 million light years each have so far been mapped along the polar axis. Examining new directions, they again found a periodicity only slightly different from the first.

When these findings are combined with the discovery of the "Great Wall" of galaxies (see *21st Century Science & Technology*, Spring 1990), some astronomers conclude that galaxies are gathered in a cellular or soap-bubble structure. Another possibility, suggested recently by Chinese dissident, astrophysicist Fang Li-zhi, is that the topology of space is

multiply connected, causing the same galaxies to be seen in the same direction more than once.

The astronomers comment drily that their results are "possibly unappealing in terms of standard cosmogonies." There is no force known that could have formed structures of the size already observed in the time available since the alleged Big Bang, without the introduction of ad hoc theoretical epicycles.

One of the astronomers, Alexander Szalay of Eotvos and Johns Hopkins universities, told *21st Century* on May 31 that they would have been kicked out of observatories in the early 1980s if they had reported their discovery before amassing their evidence.

## Medicine

### Fetal operation opens new era

In an operation that may open a new era in fetal medicine, Dr. Michael R. Harrison and his colleagues at the University of California in San Francisco performed lifesaving major surgery on a fetus and delivered a healthy baby seven weeks later, the May 31 *New York Times* reported.

The fetus had a hernia of the diaphragm, a fairly common and usually fatal congenital malformation. His stomach, spleen, and large and small intestines had migrated through a hole in the diaphragm, taking up so much space that his lungs could not grow. Without fetal surgery to close the hole, to push these organs where they belong, and to give his lungs a chance to grow, he would almost certainly have died at birth. His lungs would have been too small for him to take a breath.

## Astronomy

### Largest telescope being assembled

The W.M. Keck Telescope—to have more light-grasp than any previous telescope—is now being assembled near the summit of Mau-

na Kea, a dormant volcano in Hawaii, at an altitude of 13,600 feet. Completion and the start of operations is planned for late 1991.

The Keck is the first of new technology telescopes that solve a problem that prevented increases in scale beyond the Palomar 5-meter diameter mirror completed in 1948: As the heavy mirrors are shifted to point in different directions, gravity causes them to slump slightly, deforming the high precision of the mirror surface. The solutions involve the use of multiple smaller mirrors whose images are correlated by computer. The Keck combines 36 hexagonal segments in a composite surface, with continuous automated monitoring and adjustment of each segment's alignment with the others. The result is equivalent to a single 10-meter collecting surface, with four times the light-grasp of the Palomar mirror, or 17 times that of the Hubble Space Telescope. No ground-based telescope, of course, can have the resolving power of the Hubble.

## Population

### Beijing will enforce birth control in Tibet

Officials of the People's Republic of China disclosed plans May 30 to extend birth control policies to Tibet, a state family planning commission official in Beijing said, Reuters reported. Chinese diplomats expect the restrictions will provoke protests by Tibetans.

Tibet's regional government would limit rural families to three or four children, the official New China News Agency said. Tibetans living in towns are already limited to two children—or three if the first two are both boys or girls. "It is important to control the size of Tibet's population as well as to improve its population quality," the agency said, quoting the official Zhaxi Namgyai.

After the 1949 communist revolution, ethnic Tibetans declined from 2.78 million in 1953, according to official figures, to 2.5 million by 1964. While an estimated 100,000 Tibetans fled into exile after a failed rebellion in 1959, official figures indicate large numbers died of famine or persecution, a Chinese historian said.

# Briefly

● **THE LONDON-CHANNEL** high-speed rail tunnel was not given parliamentary backing by a ministerial group consisting of Prime Minister Margaret Thatcher, *Financial Times* reported June 2. The builder, European Rail Link, has said it will not proceed without such backing.

● **DELAWARE** Gov. Michael Castle signed a law May 29 allowing banks to underwrite insurance and sell it by mail across the U.S., *USA Today* reported. Many large banks have operations in Delaware and will immediately get into the business. The Independent Insurance Agents of America and the American Council of Life Insurance are opposed to the measure.

● **RAILWAY ENGINEERS** from 15 nations formed a European-wide association in Brussels June 1 to coordinate railway development efforts. The president of the new union is Josef Windsinger, of the West German Association of Railway Engineers.

● **'PALESTINE FEVER,'** a new illness as yet unidentified in a laboratory, which causes high fever, an itchy red rash, temporarily crippling joint pain, and a sore throat, and which first occurred in Palestine, Texas in February, has affected over 50 children in rural Texas.

● **AMERICAN WORKERS** are working longer hours just to get by, according to the June 3 *New York Times*. Nearly 24% of the 88 million workers now spend 49 hours or more each week on the job (or jobs). In 1973, according to a Harris poll, the median number of leisure hours per week was 26.2, which dropped to 16.6 hours by 1987.

● **JAPAN'S** Institute for Space and Astronautical Science is proposing a \$100-million unmanned lunar mission in 1996, including a lander and penetrator to analyse lunar soil, according to NASA.

## Can Australia beat the Anglo-American economic collapse?

by EIR's Economic Staff

**Editor's Note:** *This article was originally prepared, upon request as part of a programmatic package for Australia. We are presenting a revised and expanded version here, since the approach adopted is of interest beyond the shores of Australia. It features elements of the physical economic method of Lyndon LaRouche, which we consider essential in thinking about how to reverse the deepening global economic crisis.*

*The approach elaborated below was recommended by LaRouche during discussions at the federal medical facility in Rochester, Minnesota, where he is being held as a political prisoner. His recommendations proceeded from the standpoint employed in his elaboration of the program for European integration and reconstruction known as the European Triangle. Different, in the specifics of the Australian setting, and unlikely to prosper, unless the Triangle program of high-speed railroad and infrastructure-based development is successful, the approach taken will, in our view, dispel some of the delusionary myths spread through U.S. advertising agencies about the paradise "Down Under," which is now, unfortunately, probably better known as the home of Crocodile Dundee than anything else. It will also provide food for thought about the economic problems that are going to have to be dealt with as the worldwide economic and financial crisis proceeds.*

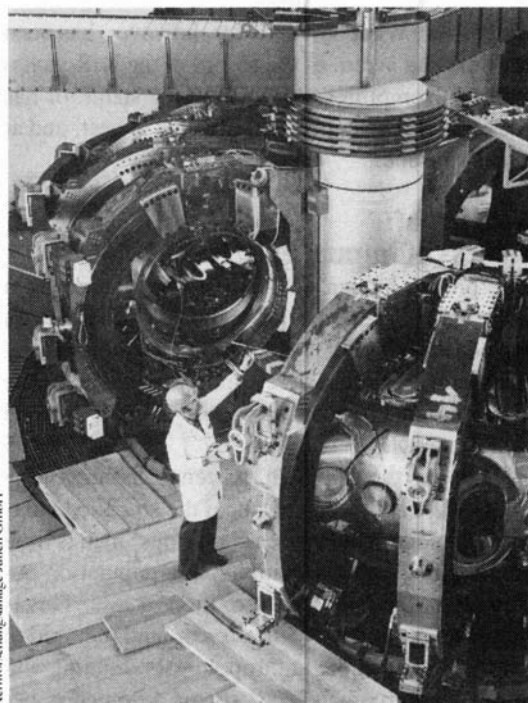
### **The crisis facing Australia, and the world**

What Australians have to know, first and foremost, is that the crisis which grips their nation is no mere local event. It is a part of a global crisis. Outside of contributing to the solution of the global crisis, there is not much, if anything, that Australia can do that will have durable effects.

There are three principal aspects to this global crisis.

The first is economic. The world has been sliding inexorably into a new depression, far worse than that of the 1930s, since the period 1963-67. That slide accelerated after U.S. President Richard Nixon took the dollar off the gold standard on Aug. 15, 1971, accelerated again, with Federal Reserve chairman Paul Volcker's





*Australia's current mode of extensive development is heading for a breakdown crisis. The solution lies in a shift toward an intensive mode, developing the new technologies that can do the job. Chief among them is thermonuclear fusion power (a West German tokamak research reactor is shown on the left). Magnetically levitated (maglev) trains would allow high-speed intercity passenger transport (top right). Reopening Australia's shipyards would promote both domestic and international commerce. The photo on the bottom right shows Australia's Port Hedland Industrial Area.*

high interest rate policy of 1979-81, and has been gathering new momentum since 1986-87. The slide into depression is powered by the willfully suicidal collapse of the United States as a world power.

Second, the dollar financial system is bankrupt. This is not a local matter for the United States. With the dollar's status as the world's reserve currency, even under the abomination of the post-1971 floating exchange rate system, the collapse of the dollar drags down everything with it.

Third, there is, governing the first two above, a world crisis of philosophy and morality.

Since both the first and the second crisis threaten the very existence of the human race, the question has to be posed, "What went wrong?" What failure in the method of the thinking of this human species produced the results that have brought the proverbial house tumbling around our ears?

That third crisis is reflected globally as well. The two systems that have dominated the world since 1947 are coming apart. Communist China stands on the edge of a cataclysm whose beginning was marked by the massacre in June 1989 in Tiananmen Square. The Russian Empire is not far behind the Chinese. Both have demonstrated their incapacity by their failure to feed their populations.

Things are not so different in the economies of so-called advanced sector countries, especially those of the English-speaking world, where the liberals' philosophical radicalism, in the form of either Thatcherite monetarism or fabianism, have produced nearly the same results as the collapsing communist collectivism of the Russian Empire.

Two parts of the world have escaped the worst follies

of either disaster so far: Japan and the Federal Republic of Germany. If the world economy is to survive the gathering crisis, it will be because an alternative to the collapsing systems of the monetarists and fabians in the West, and the communist collectivists in the East, is forged from the capabilities of Germany and continental Europe, together with Japan.

There it is that Australia must orient itself, if Australia desires to survive the debacle that is upon us.

The potential solution to this crisis is to be found uniquely in the domain of economics, more precisely in the school of physical economy associated with the political philosophical tradition which created Western civilization. This tradition is associated with St. Augustine, with the giants of the fifteenth-century Renaissance, with Jean-Baptiste Colbert and Gottfried Wilhelm Leibniz, the founders of modern economics in the seventeenth century, and with the work of Alexander Hamilton, Mathew Carey, and Henry Carey in developing what became known in the nineteenth century as the American System of Political Economy and the National Economy of their German collaborator Friedrich List.

Any nation—lies from Britain's Royal Society aside—which took the path of industrialization in the 200 years since 1789, did so on the basis of the ideas and outlook of these figures. That includes Japan under the Meiji Restoration and the developed economies of Western Europe and North America.

Two ideas can be found at the core of this tradition: the sanctity of the life of the individual human being, as the embodiment of the potential for the divine in the living image

of God, and the sovereignty of the nation-state under natural law. The proof of both is to be found uniquely in the realm of physical economy, for there it is that mankind demonstrates conclusively whether he retains the fitness to survive or not.

Between this tradition which built Western civilization on the one side, and, on the other, the monetarists and fabians of the West together with the collectivists of the East, there is an irreconcilable divide. The two are based on opposite notions, both of what it means to be human and of the physical lawfulness which governs the universe as a whole.

Australians are not only called on to choose between respective platforms and measures, though they must do that. They are also called on—as are the rest of the world's nations today—to decide whether their nation is qualified to be part of the human race or not. For behind the platform, measures, and proposals for concrete action, Australia must decide to which culture it belongs: that of the human race, or its opponent, whether it be called by the name of monetarism, fabianism, or communist collectivism.

The question is put directly: Is there a higher purpose to the existence of the individual human being? One thing we all know for sure: We are born, and, sooner or later, we will die. And we know, equally surely, that whatever the material wealth we amassed during this life or the pleasures we chased after, we will depart this life as nakedly as we entered it, for we can take none of them with us.

Our life is short. Its duration with respect to the existence of humanity as a whole, less than that of the rose whose beauty graces a summer's day. Can that individual human life permanently affect the existence of the species as a whole, so that the individual life might enduringly contribute to the well-being of the species? The proof that such has to be the case is found in the science of physical economy.

The proof in its modern form was developed by the American physical economist and statesman Lyndon H. LaRouche, Jr., during the period between the end of World War II and 1957. He combined the work of the Leibnizian school of economy which led into the American System, with his conceptualization of the work of the school of physical sciences and mathematics which includes Leibniz, Karl Friedrich Gauss, Bernhard Riemann, and Georg Cantor. The result is known as the LaRouche-Riemann economic model. Forecasts produced under the governance of that approach have, since 1979, proven to be the most accurate of any available in the United States. LaRouche correctly forecast the Oct. 19, 1987, stock market crash on a New York radio show in May of the same year. In May 1989, he also forecast the October financial events of that year, and refined the forecast on Sept. 11, warning of new market crises to erupt around Oct. 10. No economist in the United States has anything like his record on these matters.

LaRouche now sits in jail, a political prisoner, framed up on spurious conspiracy charges by America's liberal Establishment and their Russian friends, out of their bitter enmity

to what he stands for. What he stands for, however, has been proven right, time and again, as the record of the LaRouche-Riemann method exemplifies. And what they stand for has been proven, equally repeatedly, incompetent at best, and at worst, criminally insane.

### **LaRouche's proof: the uniqueness of human existence**

LaRouche proves human existence to be unique from human history itself. There are now about 5 billion souls living in the world today. If the technology employed by the advanced sector countries were applied everywhere, the Earth could support an order of magnitude increase beyond that, to 50 billion people.

Compare this to the state of existence anthropology claims for mankind's aboriginal essence, the so-called hunting and gathering mode. Under such conditions, man is little different from a gifted baboon, with about a population potential worldwide in the range of 10 million or less. This is the maximum level permitted by the area of land required to support each individual in the anthropologists' hunting and gathering mode—approximately 10 square kilometers per person.

Yet now we have the developed potential to support a population of 50 billion. No other creature on the face of the planet has accomplished anything remotely similar. This three order-of-magnitude increase in potential population density is the foundation for LaRouche's proof of the uniqueness of human existence.

The increase in potential poses the question, "How was such an increase accomplished?" Return to the anthropologist for a moment. The anthropologist supposes a succession of human societies to have existed between the aboriginal hunting and gathering culture and modern industrial society. The conventional list includes: primitive agricultural society, developed agricultural society, early industrial society, and then mature industrial society.

Each of these modes of existence is characterized by its available technology and organization of labor so as to define a population potential relative to land use for human society in that mode. Each of these modes of existence is also characterized by a spectrum of raw materials made available by the technology, which augments human labor. So each of these modes of existence is functionally separated from any of those which came before or which come after.

But the continuity of human existence remains, reflected in the increase of *potential relative population density*. Therefore, the individuals that make up any of these modes of existence must all share some common quality which is not bounded by the particular mode of existence within which history and culture have situated them.

As the increase in potential relative population density implies, it is man's capacity to change his mode of existence which makes him unique. This capacity is typified by the

discovery of the individual scientist. That discovery, by overturning existing knowledge with respect to what can or cannot be done, permits the elaboration of new technologies which enable mankind to transform the modalities of his existence. Although the individual scientist makes the discovery, by assimilating the scientific breakthrough in the form of technology applied to increase the productive powers of labor, each individual in the rest of society partakes in the same process of innovation in thinking and activity as the scientist.

This creative capacity is what makes the human individual, as well as the species, unique. Each individual is of potential historic importance to the species as a whole, because each individual is endowed with the capacity to contribute to the advancement of the entire species, as the scientist does.

Thus, the continuity of human existence is defined as that succession of scientific breakthroughs which has permitted mankind's self-transformation out of the primordial mud. Man reduces the imperfection which separates him from the Creator by continually improving his own capacity to create.

From this standpoint, the concerns of personal morality, physical science, and government become one. They are unified in the science of physical economy by means of which the individual can face his death, knowing that his life is of permanent importance to all past as well as future generations. Thus he separates himself absolutely from the lower beasts.

Mankind is divided absolutely between those who seek to protect this divine spark of reason in the individual, and those who seek to destroy it, as stated by Germany's national poet Friedrich Schiller. Schiller traced the division between such irreconcilably contrary ideas of man and his universe to the conflict between Solon of Athens and Lycurgus of Sparta, identifying the characters of the systems of government associated with each, and the qualities of the individual citizens each called on and evoked.

The division is between two political tendencies, the republican and the oligarchic. The former orders the affairs of state to protect the creative potential of each individual. The latter reduces mankind to the level of the brute, insisting that man is not a creature of reason, but like the lower beasts, merely a dumb instrument of repetitive labor, who is best manipulated from behind the scenes.

Oligarchism may be expressed differently, between the liberalism and monetarism of the West, and the communist collectivism of the East, but the effect is essentially the same. The West's current obsessive insistence on the ostensible gratification of the individual's hedonistic impulses, may appear to be the opposite of the collectivist regimentation of the East. But both deny the efficacy of any higher purpose to which the individual may dedicate himself or herself, except that purpose which is imposed externally, by peer group manipulation and psychological warfare, or by police-state

methods. Both bitterly oppose the reasoned independence of mind which is the heart of Western civilization's conception of the creative human individual. Without a positive conception of the purpose of human existence, neither the Eastern nor Western brands of oligarchism can tolerate the political assertion of truth. But, as the freedom revolutions currently sweeping the East show, neither can they permanently outlaw or suppress that quality which distinguishes man absolutely as human.

## The science of political economy

The priorities of human economy follow from the republican world outlook. Leave money and credit aside for the moment, and focus on the fundamentals. Real economics takes as its starting point, exactly where the ignorant professionals and academics leave off. The subject is mankind's increasing power to reproduce itself, by transforming the conditions of its existence and thereby increasing potential relative population density.

Begin with the actual physical economy. The key elements for the analysis of an economy are:

- *the land*, and the degree of its cultivation or improvement for human habitation;
- *the population*, first, as the population which maintains and produces the labor which moves society forward, and second, how the labor force thus produced, is employed;
- *energy*, the volume and quality of its application to power human labor;
- *the quality of technology* employed to transform power available into useful work;
- *the volume and quality of production* required to sustain both the process of production, and the reproduction of the households that produce the labor force.

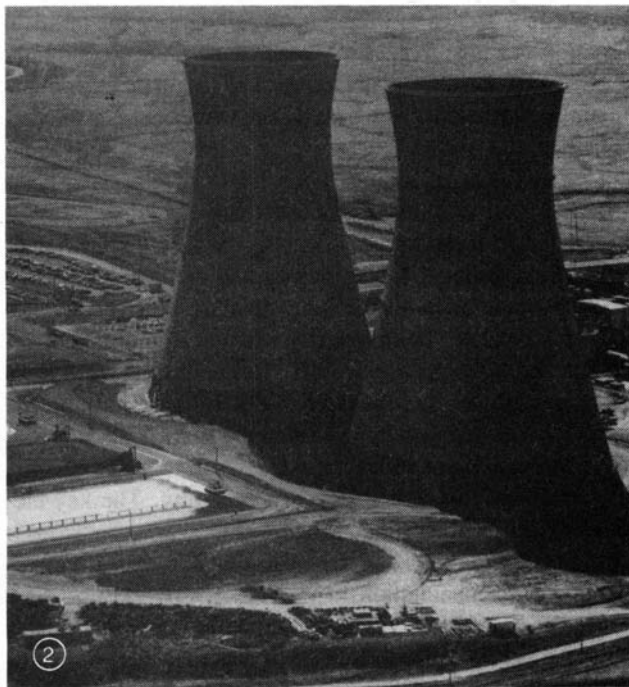
The increase of potential relative population density correlates with the increase of technology, as science improves the technical means with which man labors. Technological advance increases the productivity of labor; less labor is required to produce the same output.

This increasing power of labor is reflected in the increasing *energy intensity* of production. The amount and quality of energy which powers technology increases, while the energy required for each unit of output declines.

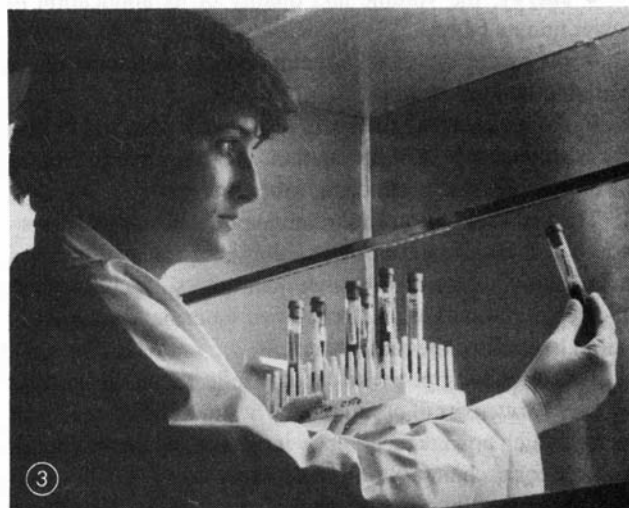
The *capital intensity* of labor also increases. Less labor is required to produce an increased volume of consumer goods, for example. Fewer farmers are required to produce more food than 25 years ago. For economic growth to occur, and thus for potential relative population density to increase, technology, energy intensity, and capital intensity must increase.

Reviewed from the standpoint of mankind's historical progress, LaRouche stated these elements of economic, as opposed to monetary analysis, in the form of constraints. In a successful economy, viewed from the standpoint of maintaining progress for mankind as a whole, the following condi-

## Why LaRouche is right about economics



Sacramento Municipal Utility District



National Institute for Allergy and Infectious Diseases



Physical economist  
Lyndon H. LaRouche, Jr.

*LaRouche's method of economic analysis is unique in the world today—yet it comes from a philosophical tradition going back to St. Augustine. Taking the physical economy (not money) as fundamental, LaRouche emphasizes these constraints for a successful economy, which are applied to our analysis of Australia:*

- 1) The capital intensity of production must increase.** That means a declining proportion of the labor force required for food production. Shown above: A dual-wheel tractor sows soybeans in Australia.
- 2) Energy intensity must increase.** Australia was a leader in nuclear energy research during the 1960s, but then turned her back on the program. Today, development of nuclear energy and transportation links would make it possible to expand industrial production.
- 3) The level of technology must increase.** The coming breakthroughs in fusion power, plasma physics, and optical biophysics will generate the greatest revolutions in human history. This is where funding and manpower for scientific research should be directed. The photo shows a U.S. AIDS researcher.

tions must be satisfied, both as to what is produced, and how it is produced:

1) *The quantity and quality of what the economy is capable of producing, from its own means, must increase in per capita and per hectare terms.*

2) *Capital intensity of production must increase.* Capital intensity is measured in two ways. First, the proportion of the total labor force required for food production must decrease, while, at the same time, the production of food, per capita

and per hectare, increases. Second, the proportion of labor employed in production of durable goods, such as machinery and metals, relative to the proportion employed in production of non-durable goods, like processed foods, clothing, and textiles, must increase, while the per capita and per hectare availability and quality of consumer goods increases.

3) *Energy intensity must increase.* Like capital intensity, energy intensity is measured in two ways. First, the volume of available energy, per capita and per hectare, must in-

crease. Second, the flux density of application of energy must also increase. Increasing volume of energy supplies is relatively straightforward in conception; the *flux density* of energy applied refers to the volume of energy that crosses the work surface of a machine or process. The idea is simply represented: Try cutting a block of butter with a metal bar, then with a knife. Increasing flux density of application increases the coherence of the energy applied in such a way that more can be accomplished than if the volume of energy throughput is simply increased.

4) *The level of technology must increase.*

These constraints are interrelated causally, such that advancing technology increases the energy intensity and capital intensity of the economy, to the effect that more people can be supported per unit area of cultivated and inhabited land, at higher standards of living. The advances thus defined correlate both with the increasing productivity of the economy, and with the increase of potential relative population density, the effects of which are seen in the relative improvement of land for habitation and use, and in the increase of population density.

The growth of the economy, relative to the progress of mankind in history, is the growth of a special kind of living organism, and is subject to the same harmonic, geometrical ordering as that of any living creature, as self-reflexive, self-similar action. Mankind, through the application of science and technology, acts on the universe to change the conditions of his own existence, and also to change himself. The simplest geometrical form of such self-similar, self-reflexive action is circular action. If the circular action is growing, then a conical spiral is generated.

The growth of the constraints is governed by a special kind of spiral action. Suppose, for example, an economy is increasing in capital intensity, the proportion of agricultural labor is declining, and food production, per capita and per hectare, is increasing. Assuming a constant technological level, the spread of existing technology, and day-by-day improvements in its application will, sooner or later, create the circumstances in which the proportion of labor required tends toward a limit, and the per capita and per hectare availability of food tends toward a limit. In the extreme case, zero percent of the labor force would be required to produce an infinite amount of food per capita. The variable rates at which the combined constraints converge asymptotically on such limits define conditions, called *singularities*, in the language of the mathematical physics employed by LaRouche. The constraints, combined hierarchically, under the governing technological mode for the economy as a whole, thus define threshold conditions for possible action, relative to the requirement for human survival, to maintain advancing rates of increase in potential relative population density.

This can be illustrated historically. For example, the anthropologists' hunting and gathering society is separated

from its supposed successor, settled agriculture, by such a discontinuity, or singularity, just as modern industrial society, characterized by the use of the heat-powered machine, is separated from the predominantly agricultural ordering of the eighteenth century. Yet, human history continued, on what might be thought of as "the other side" of the singularity, and did not come to an end. Transforming the technological mode of organization of labor is uniquely the means by which the constraints that satisfy the conditions for continued human progress are met.

### **Australia's extensive development**

It is useful to compare such criteria, as they can be developed for Australia, with other countries. Such comparisons are useful in two respects. First, the language of economics has for so long been dominated by the vocabulary of monetarism, where money values and money prices are substituted for physical economic conceptions of cost and productivity, such that the adopted mental reflex is to think of prices and money, and then cost in money terms, and productivity in terms of pricing of output in relation to pricing of predominantly labor inputs. But the arrangements associated with such methods of thinking are collapsing, as the dollar credit system, swamped in more than \$20 trillion of debt and speculation, collapses. The vocabulary of prices and money is going to have to be replaced with another, reflecting the opposing economic method. And second, it is always useful to step outside one's own circumstances, to see how things might be otherwise.

First we take *land use, population and employment*, and *energy throughput*, and then turn our attention to the matter of the constraints discussed above.

The maintenance of Australia's population requires the cultivation and use of an area which is bigger than the cultivated and improved area of all of continental Europe. But Australia's population is 15.5 million—the same as that of East Germany or Czechoslovakia. Three hundred million people live and work in the equivalent area of continental Europe. Looking at 1960 to 1984 in terms of population density in the world's cultivated and inhabited areas, Australia presents quite an anomaly. Whereas other regions increased their population density by 20-30% over that one generation, Australia alone is *less* densely cultivated and inhabited than it was in 1960.

Yet, Australia had one of the highest population growth rates of all the considered countries. To maintain a slightly declining level of population density, relative to her increased population, Australia had to bring land under cultivation and habitation at a rate 25% faster than her population growth. It is well known that Australia's land area—desert and arid zones in the main—is one of the most inhospitable and infertile of any land area on the face of the Earth. Whereas the costs of maintaining and improving cultivated and inhabited land have generally declined, in Australia the re-

verse is the case. The more land that is needed to sustain the population, the lower the quality of the soil, the greater the distance that must be traversed, the higher the cost of improvement.

The faster growth in area used and area cultivated than population, is the tip-off to the kind of crisis with which Australia has to deal. Human history as a whole establishes that progress occurs as economic activity becomes more concentrated, more dense, in terms of area utilized by man. That the land area employed has grown faster than the population, signals that growth has taken an *extensive* pathway, rather than an *intensive* one. The increase is primarily in the area of land cropped, not in the area employed for grazing and pasture. While the area of cropland increased by nearly 25% from the early 1960s, the area employed for pasture declined by about 1.5%.

The extensive pathway adopted defines limits beyond which the society cannot go, unless the pathway is changed to an intensive mode, in which improved technologies increase the productivity of human labor, relative to the cultivation and use of land, and thereby also increase the intensivity with which land is cultivated and employed. *The extensive pathway is the tip-off that the potential relative population density of Australia is declining.*

### Population density and transportation

**Table 1** compares the usage to which the land is put in Australia, with other industrialized nations; here, pasture and grazing land has been added to the total of used and inhabited land area. The first part of the table shows the number of square kilometers per person, and the percentage of that area which is used for agricultural or urban purposes, along with the portion devoted to the transportation system and the railroad system. The second part of the table expresses the Australian value as a ratio of the other three countries.

So population density, in terms of used and inhabited area per person, is more than 500 times greater in Japan, and 160 times greater in the Federal Republic of Germany

(F.R.G.). The corresponding point is made by considering the area devoted to transportation, by road and rail, in the four countries. In absolute terms, Australia's transportation grid is about 70% larger than that of either West Germany or Japan; Australia devotes about 19,000 square kilometers to its road and rail system, against the 11,000 or so that are so employed in Germany and Japan.

But consider transportation usage relative to used land as a whole (**Table 2**). This comparison ought to help clarify the significance of the question of population density, for clearly transportation costs will be significantly lower in a country where there is 1 square kilometer of land used for transportation for every 7 or 12 square kilometers of used land, than they are in a country where there is 1 square kilometer used in transportation out of every 262 square kilometers of total land in use. Minimally, an average load will have to be moved less far, during the turnaround time of an average trip. Furthermore, the costs of constructing the highways and the railways will be less, for fewer roads and rails have to be built to achieve the same level of per ton distribution capability. The construction materials have to be moved less far, from where they are produced to where they are to be employed.

Land was converted to transportation uses, over the period from 1960, almost as rapidly as the total area inhabited and cultivated increased, thus maintaining the drag of extensive exploitation. Extensivity in cultivation and habitation must reflect the relative looting and depletion of both natural and human resources, against the improvements in land use and cultivation which would define progress. It may appear, for some length of time, that the extensive method functions. But sooner rather than later, that appearance will prove to be a vicious illusion.

It is not only transportation costs which are thus affected, for the higher population densities function in regard to the lower, in the same way as the knife versus the metal bar in cutting butter. The economic concentration achieved from higher population densities, if ordered according to the con-

TABLE 1  
**Australia's land-use compared to other nations**

	Used km <sup>2</sup> per person	Agro	Built-up	Transport	Rails
U.S.	0.019	93.7%	6.3%	3.1%	0.01%
F.R.G.	0.002	81.8%	18.2%	8 %	0.06%
Japan	0.0006	68 %	32.0%	14 %	0.09%
Australia	0.32	99.6%	0.1%	0.3%	0.02%
<b>Australia as a ratio of</b>					
U.S.	17	10.7	0.0158	0.096	2.0
F.R.G.	160.0	12.2	0.005	0.038	0.33
Japan	533.0	14.7	0.003	0.021	0.22

TABLE 2  
**Transport area relative to used area**  
(square km)

	Total transport	Rail
U.S.	1: 30	1: 563
F.R.G.	1: 12	1: 159
Japan	1: 6.9	1: 104
Australia	1: 262	1: 3,250
<b>Australia as a ratio of</b>		
U.S.	1: 8.7	1: 8.5
F.R.G.	1: 21.8	1: 20.7
Japan	1: 37.9	1: 37.6

TABLE 3

**Transportation tons and ton-kilometers**

	Avg haul (km)	Million tons/hour	Ton-km/hour	Mn ton-km/hr per transport operative	Transport operatives (% labor force)	Ton-km/hr per capita (mn)
U.S.	1,017.0	0.287	292	64.9	3.9	1.23
F.R.G.	82.3	0.353	27.4	21.3	4.3	0.4
Japan	74.2	0.648	48.2	26.5	2.9	0.44
Australia	376.0	0.162	17.7	53.2	4.9	1.14
<b>Australia as a ratio of</b>						
U.S.	0.36	0.564	0.06	0.82	1.26	0.92
F.R.G.	4.6	0.458	0.645	2.49	1.14	2.85
Japan	5.1	0.25	0.367	2.0	1.68	2.59

straints under which economic growth must occur, imparts a coherence to the process as a whole, different than that which pertains at the lower level, such that the same quality of effort in the form of work, achieves a vastly different result in the economy organized in a land intensive mode, against that following a land extensive pathway. The one can advance, while the other will prove to be devolutionary.

Transportation can again exemplify the point. The functioning of the system of transportation can be stated in terms of the throughput of freight in tons, and ton kilometers per hour; clearly this will represent some function in relation to distance, and thus also to population density (Table 3). It will also correspond with a level of action required to maintain the economy in its functioning.

There would be two diametrically opposite ways of looking at this.

One way, would be to take the transportation system, in and of itself, and to argue, on the basis of such figures, that Australia's transportation system is actually much more productive than the other three, for with a 14% greater deployment of the labor force than in Germany, for example, each operative is accomplishing two and a half times the work per hour, moving goods four and a half times further. But only half the goods are moved per hour, for 2.85 the per capita ton-kilometers per hour.

The other way would be to look at the transportation system in relation to the rest of the economy, to establish that Australia's workers are overworked and undercapitalized for the job they have to do, and not just in the transportation system. The greater volume of apparent work required, as in transportation, is a function of the lower population density—not of higher productivity. This is reflected in the higher labor costs, and the greater number of ton-kilometers per hour per capita of the population. It furthermore increases the economic costs of what might look like the same kind of economic activity, in some proportion to the difference in population density between the economies.

**The coming crisis in agriculture**

Let's take the case of agriculture, in relation to the transportation system. The first of the constraints which LaRouche specified had to be satisfied, if economic growth were to occur, was that agricultural employment as a percentage of the labor force as a whole, had to decline, while food production had to increase, per capita and per hectare (Figures 1-3).

The values shown in the graphs are scaled to the United States in 1967—the last year the U.S. economy benefited

FIGURE 1

**Agricultural employment as proportion of total employment**

(as percentage of U.S. 1967 level)

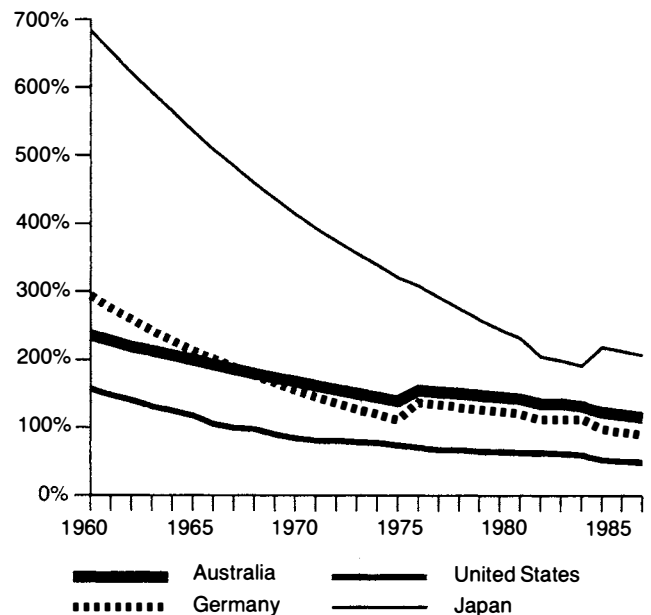


FIGURE 2

**Food production per capita**

(as percentage of U.S. 1967 level)

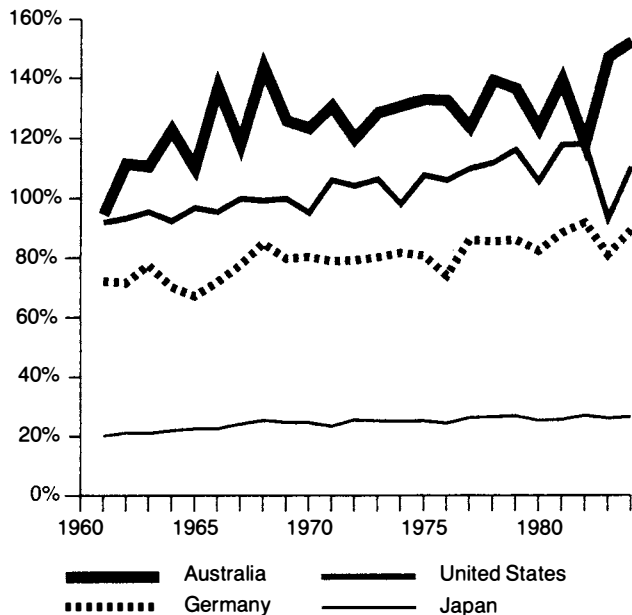
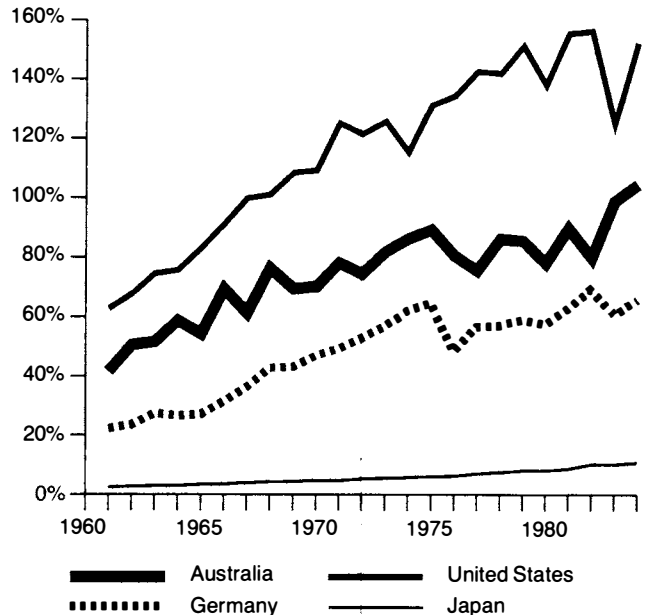


FIGURE 3

**Food production per farmer**

(as percentage of U.S. 1967 level)



from the Apollo Moon-shot program, and from the investment tax credit policies implemented under President John F. Kennedy.

Since 1975, the reduction in direct labor cost of food slows, at differing rates in the four countries (Figure 1). Maintaining the kind of increase in per farmer productivity which would continue to reduce the overall labor cost of supplying food to internal consumption, and export markets, would require an upgrading of the inputs available to agricul-

ture from manufacturing.

Look, then, behind the numbers of the time series, at the level of the inputs to agriculture which sustained the improvements until the mid-1970s (Table 4). Such ratios have remained relatively paradigmatic over the entire period from 1960.

The numbers are calculated on the basis of total crop area, as reported by the U.N. Food and Agriculture Organization (FAO). It can be that as much as half of Australia's cropland

TABLE 4

**Australia's agricultural inputs as a ratio of the U.S.A., F.R.G., and Japan**

(1984 figures)

	Land per farmer	Tractors per hectare	Combines/ hectare	Fertilizer/ hectare	Food produced/ hectare
U.S.	2	0.29	0.25	0.25	0.35
F.R.G.	24.6	0.034	0.043	0.062	0.065
Japan	152.7	0.018	0.042	0.06	0.065
	Agro employment as a proportion of labor force	Tractors per farmer	Combines per farmer	Fertilizer per farmer	Food produced per farmer
U.S.	2.38	0.56	0.66	0.44	0.68
F.R.G.	1.32	0.82	0.79	1.34	1.5
Japan	0.54	2.85	0.77	8.2	9.8



is kept fallow in any one year, in order to allow the soil to recover from the planting the year before. In that case, the column of "land per farmer" could be divided by two, to indicate the amount cropped per farmer each year, thereby discounting the fallow. Then, the Australian farmer is cultivating the same area as the American, in any one year. The other "per hectare" ratios would then have to be multiplied by two, to calculate effective application of the indicated types of machinery and fertilizer, such that "tractors per hectare" would be at 58% of the U.S. level, and fertilizer per hectare at 50%. On the other hand, fallow land, given other inequalities, is also part of the system. If the land is not fallowed, it is less productive next time it is cropped.

Whether the land is counted the one way or the other, the volume of fertilizer applied, and the level of mechanization, would each have to be either doubled, if the fallow were to be excluded, or quadrupled, if the land were counted as is, if the Australian farmer were capitalized with the same level of industrial inputs as have been applied in the United States up to recently. That is not to say that the United States should be taken as a model for Australian agriculture; a different point is being made.

The question then would be posed, what effect would this have on the transportation system, not only in terms of the delivery of the finished products to the farmer, but also in terms of the shipments of the crude materials and semi-manufactured goods, from extraction sites and plants to final assembly and processing shops? It would require establishing a level of functioning based on doubling or tripling the 1984 tractor inventory of about 330,000, and doubling or tripling the 1984 fertilizer consumption of around 1.25 million tons. The discrepancy is an indication of the enforced looting of agriculture. Suppose the looting were reversed: Could the transportation system function so as to sustain the expansion that would be required to increase the inputs to the farmer, including supporting the transport of the materials required to produce those inputs, and then, to support the transport of the expanded produce of agriculture to the consumer, or the port of shipment for export?

Against such considerations, it might be argued that since Australia is basically self-sufficient in foodstuffs, and can

continue to export wheat and wool, without increasing the quantity and quality of the inputs available to the farmer, therefore this is all idle speculation, since it is not necessary to do any of it. But the discrepancy in mechanization and fertilizer supplies, per farmer and per hectare, between Australia and the other countries, is also an indicator that the land is being looted, and that potential productivity is being destroyed.

To reverse the looting which is the consequence of the extensive mode of production, at least in the case of agriculture, would require both an increase in the quantity and quality of inputs to the farmer from the manufacturing sector, and a transportation system which could deliver such inputs quickly and cheaply. It is no different, in principle, for any other sector of the economy. No right-minded person would disagree. The question would then have to be posed, should such be attempted by maintaining the extensive pathway of development, or adopting the intensive methods proven successful from mankind's historical evolution?

### Improve inputs from industry

Suppose one were to start by attempting to upgrade the quantity and quality of inputs made available by industry, without addressing the question of the dangers in maintaining extensive forms of cultivation and use of land.

Take tractor production. Take the lower variant, where we considered doubling the present tractor inventory of about 330,000 units. At production levels achieved in 1986, when about 7,700 tractors were produced, this would take some 42 years to accomplish, without taking account of obsolescence of existing equipment. The industry has been destroyed since its hey-day of the mid-1960s, when more than 13,000 units were produced each year. Imports have grown to the range of 10-12,000 tractors per year. If the level of imports were doubled, it would still take about 20 years to double the size of the tractor inventory, without regard to the physical obsolescence of the equipment.

The same considerations apply in modified form to fertilizer supplies, for about one-third of Australia's fertilizer consumption is also imported. If the increases were to come from imports, how would they be paid for? If they were to be

TABLE 5  
**Australia manufacturing as a ratio of U.S.A., F.R.G., and Japan**  
(1984 figures)

	Durable goods operatives	Durables/ Non-durables	Overhead	Per operative			Per capita	
				Appliances	Tractors	Auto	Appliances	Auto
U.S.	1.07	1.07	0.92	0.34	0.75	0.54	0.3	0.6
F.R.G.	0.627	0.723	1.05	0.40	0.53	0.25	0.26	0.355
Japan	0.879	1.10	0.98	0.11	0.35	0.12	0.14	0.373

FIGURE 4

**Operatives in durable good industry as proportion of total employment**

(as percentage of U.S. 1967 level)

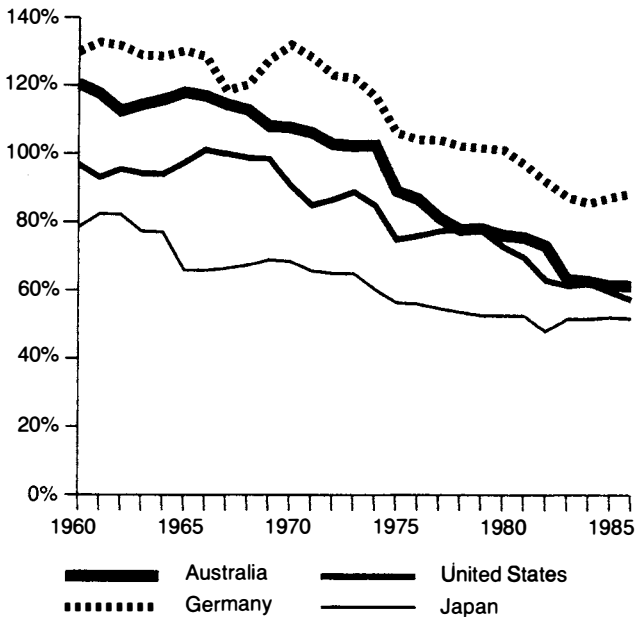
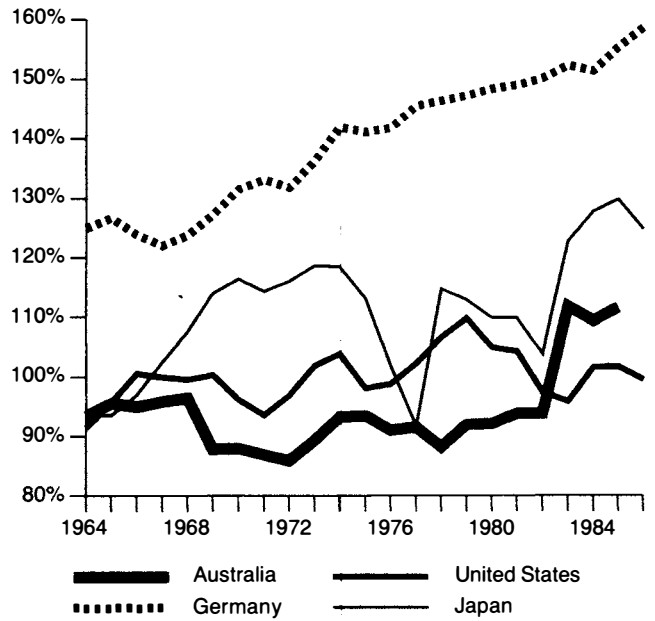


FIGURE 5

**Durable goods operatives as proportion of non-durable goods operatives**

(as percentage of U.S. 1967 level)



produced internally, what kind of changes would be required to reverse decades of looting against man and nature?

Clearly, without respect to the feasibility of building up the tractor park in the indicated way, the capability of industry is key to upgrading agricultural productivity. The second of the constraints that have to be satisfied if growth is to occur, we saw, is that the proportion of the labor force employed in production of durable goods must increase, and the quality and quantity of manufactured goods for the consumer sector must increase too.

Contrary to the employment and output ratios which we saw prevailed in agriculture, when we consider the application of LaRouche's constraints to the manufacturing sector, none of the four countries considered satisfies the requirement that *employment in durable goods should increase relative to the labor force* (Figures 4-5). Japan and West Germany did produce increases in per capita availability of automobiles and household appliances. The United States and Australia have both declined from the highs reached, in the U.S. case in 1966 for autos and 1972 for household appliances, and in the Australian case in 1970 for automobile production and 1974 for the production of household appliances. In the U.S. alone, the per capita production level is back below that of 1960, in the case of automobiles, and at roughly the same level in the case of household appliance production (Table 5 and Figures 6-9).

This second measure of capital intensity—employment in durable goods relative to the labor force as a whole—helps substantiate the assertion made at the beginning of this report, that Australia's crisis is not national, but part of a global crisis, and that it cannot therefore be resolved at the national level, but only as part of the process of transforming the way the world is organized. Over 80% of world industrial production is accounted for by about 18 countries of North America, Western Europe, and Japan. Japan, the United States, and West Germany account for the lion's share of the 80%. When it comes to the capital goods class of equipment, not simply industrial semi-manufactured goods, then Japan and Germany dominate absolutely, with the United States falling further behind each year.

On one level, the problem is financial: The dollar-based credit system is in the midst of a deflationary bankruptcy collapse. On a second level, the kind of economic problem the world confronts is that epitomized by the failure to invest in durable goods or capital goods. Where the United States, West Germany, and Japan have not done so, but have at best held the line, or slowed the rate of attrition, it can be assumed that no other industrially developed economy has done so either. And where those who have the capability to do so have not, what can others do?

Volume of production, per capita (Table 6) or per operative, does not provide, on its own, an indication of what

FIGURE 6

**Automobiles produced per operative**

(as percentage of U.S. 1967 level)

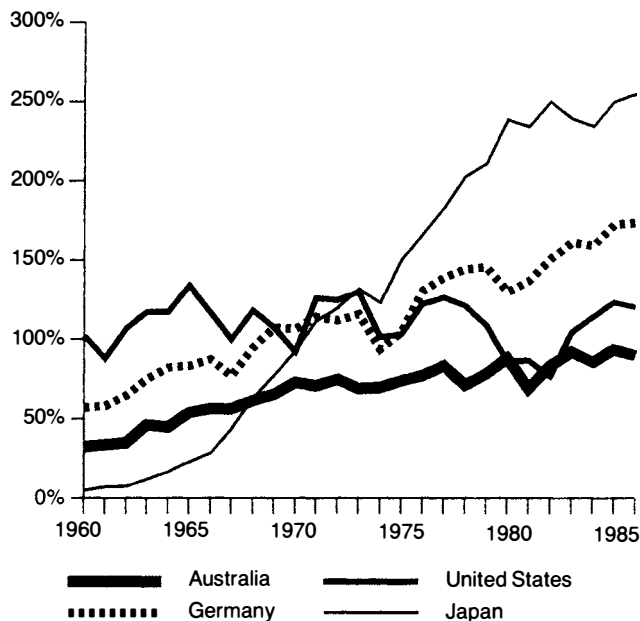
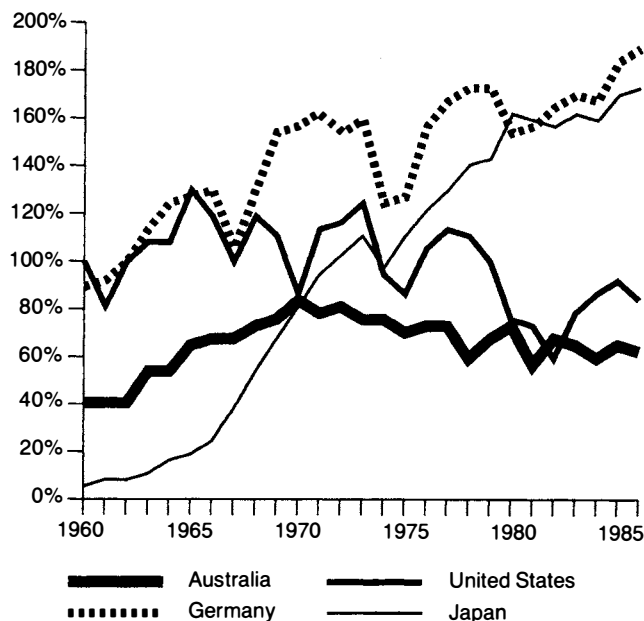


FIGURE 7

**Automobiles produced per capita**

(as percentage of U.S. 1967 level)



ought to be produced. This can be approximated in two ways. One, by comparing production with apparent consumption. And, second, by comparing the apparent consumption of what is produced, with the total inventory of the product in use, and its estimated physical life. Employment data can then be recalculated to indicate the level of employment necessary to maintain the turnover of the indicated classes of product, on the basis of self-sufficiency. The recalculated employment data then provide estimates of the labor cost of meeting certain requirements for the economy to function. Those estimated costs can then be compared with the employment ratios which indicated the first and second capital-inten-

sity constraints, and with the transportation profile we indicated above, as well as with the profile of land use and population density (Table 7).

In the table, the inventory of tractors is as reported by the FAO. The inventory of automobiles and trucks and buses is the figure of registrations reported in Australia's annual vehicle census. The life expectancy of the vehicles is the standard which used to obtain in the United States in the mid-1960s. Such standards have changed in the meanwhile, but not because better, longer lasting, equipment is made now, but because equipment is not replaced as often as it should be. The line "divided by 1984 production" indicates the increase over 1984 that would have to be produced if Australia were to be self-sufficient in those areas as defined. In other words, in 1984, Australia was producing about 17% of the tractors it needed, 28% of the automobiles, 40% of the trucks and buses, and about one-third of the fertilizer.

If the line "divided by 1984 production" is then divided by the difference between Australian labor and that of Germany and Japan in per manufacturing operative output in tractor and automobile production, as reported above, the result provides an approximation of the difference in productivity of labor cost in producing for the requirements of self-sufficiency. The United States is not included here, for the U.S. is not self-sufficient, whereas Japan and Germany are. It can then be seen that the labor cost of producing for the requirements of self-sufficiency, as indicated for Australia in

TABLE 6

**Per capita production**

(1984 figures)

	Tractors	Appliances	Automobiles
U.S.	0.0032	0.18	0.031
F.R.G.	0.0013	0.26	0.072
Japan	0.0018	0.39	0.064
Australia	0.0002	0.06	0.023
<b>Australia as a ratio of</b>			
U.S.	0.0625	0.33	0.741
F.R.G.	0.15	0.23	0.319
Japan	0.11	0.15	0.359

FIGURE 8

**Household appliances produced per capita**

(as percentage of U.S. 1967 level)

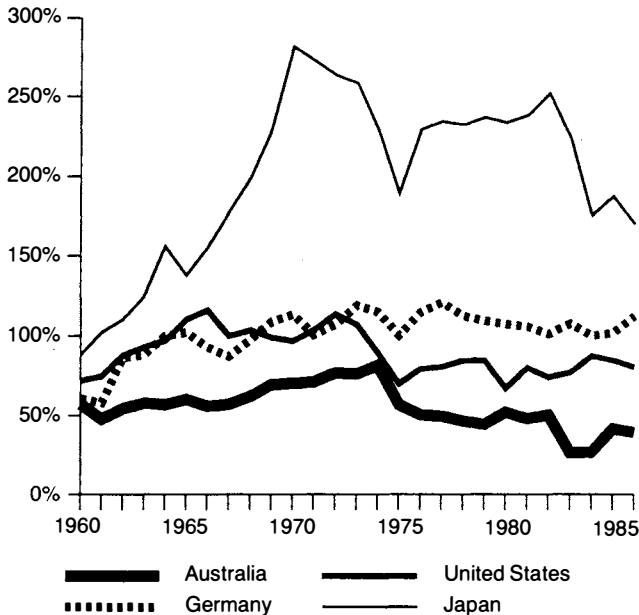
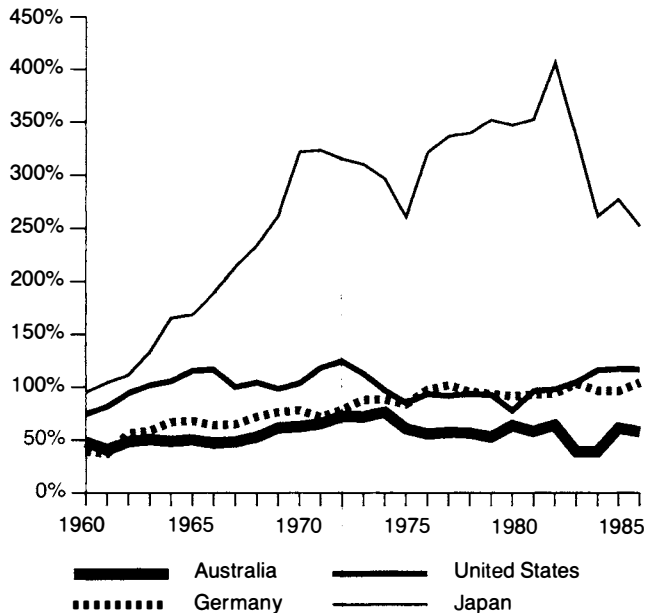


FIGURE 9

**Household appliances produced per operative**

(as percentage of U.S. 1967 level)



the cases of tractors and automobiles, would be, respectively, 48 and 23 times greater than it is in Japan, and 10 and 6.6 times greater than it is in the Federal Republic of Germany. This is arrived at, for example, relative to Japan: Australia's per operative output of tractors is 12% that of Japan's, and of automobiles, 35%, but Australia's output is 17% of requirements in the first case, and 28% in the second (17% of 12% is just over 2%, and 28% of 35% is 9.8%).

The difference reflects the same kind of looting which has been applied to agriculture in the extensive mode. The looting takes the form of underemployment in manufactur-

ing, and underinvestment in the technology and power which permit the manufacturing operative to work. To reverse the looting would require gearing up production, or imports, or a combination of both, to reach the inventory replacement levels for each of the commodities cited, and others that are not.

**Raising the productivity of labor**

Australia's underemployment is easily demonstrated. Its labor force in 1984 was counted at 6.815 million. Nearly 11% of the total, 746,000, were then employed as operatives

TABLE 7

**Production and employment requirements for self-sufficiency**

(1984 figures)

	Tractors	Automobiles	Trucks and buses	Fertilizer (tons)
Inventory	332,000	7,757,200	677,400	
Production	7,000	367,749	35,354	1,014,000
Consumption	19,000	444,286	118,288	1,372,178
Years of use	8	6	7.7	
Needed/year	41,250	1,292,866	87,974	2,744,356 (x2)
				5,488,712 (x4)
Divided by 1984 production	5.8	3.5	2.5	2 or 4
Mfg operatives needed at 1984 per operative output (thousands)	4,327.9	2,611.7	1,865	2,238.6

in manufacturing, out of an estimated total productive work force of 1.926 million, when agriculture, mining, transportation, and construction are taken into account.

LaRouche's standard for a healthy employment profile for an economy requires that 50% of total employment be in productive activity, 10% in scientific research, and the balance, divided between administrative and institutional functions, such as sales, after adequate levels for education and health services are provided. In this view, Australia's productive work force ought to be in the range of 3.4 million people, rather than the 1.9 million who are so presently employed. The 3.4 million can be compared with the line in Table 7, "Manufacturing operatives needed at 1984 per operative output" levels.

Assuming that the level of technology applied remains the same, it can also be assumed that the division of labor of the productive work force would remain the same. Thus, for the sake of assumption, 38% of the total potentially productive work force of 3.4 million would be employed in manufacturing. This would come to 1.2 million, and can be compared with the 4.3 million manufacturing operatives who would be needed to produce tractors, the 2.6 million who would be needed to produce automobiles, and the 1.8 million who would be needed to produce trucks, if requirements for self-sufficiency were met at 1984 per operative output levels. Obviously, there would not be too many workers available to run the transportation sector, construction, mining, or anything else.

The difference between the number of operatives required to produce for self-sufficiency at 1984 output per operative levels, and the total for potential manufacturing operatives, indicates the level of improvement in productive powers of labor which would have to be provided, through investment in increasing the technological content of labor, within the demographic constraint imposed by the size of Australia's potentially productively employable work force. If the indicators utilized here are again employed, the required increase in the productivity of labor will be in the range of from 1.5 to 3.5 times. Here, the requirement for tractor production is the basis for the larger estimate, and the requirement for truck and bus production, the lower.

Technologies which are now on the horizon will permit increases in the power of labor applied by a factor of 10. Such technologies will flow from current work in controlled thermonuclear fusion, from developments in high-energy physics associated with coherent plasma and related phenomena, and from developments in biophysics. Developments in these areas, supplemented by foreseeable ancillary increases in the power of computers, obtainable through parallel-processing, will produce the tenfold increase in labor power over present levels, as they are assimilated into the economy. Coming breakthroughs in these areas will generate the greatest revolutions in the organization of mankind's existence in the totality of human history, for they will permit the coherent

processes which govern the physical universe to be brought under man's willful control. The combination of the three therefore defines the general area into which funding and manpower for scientific research ought to be directed, and a different vantage point from which to address the indicated, needed increases in the power of labor.

## Energy throughput

LaRouche's paired energy constraints can be reviewed from the standpoint of what has been identified above. The level of energy throughput, or availability of power, represents the totality of the inputs available to the economy and, therefore, also represents an approximation of the level of improvement in density of land usage. Ordinarily, energy, or power supplies, are taken either as a simple magnitude, or as a per capita indicator. **Table 8** compares energy use per hectare, per capita, and per unit population density for 1984, and shows the cumulative change in the measure LaRouche calls per unit of population density.

Energy or power supplies are employed by people working, or living in a given area. Thus the density of energy throughput ought to be looked at, not as a simple magnitude, but in both per capita as well as per hectare or square kilometer terms. However, there is an inverse relationship between the per capita throughput, and the throughput per unit area. This means that the greater the population density, the lower the energy throughput per capita, and the higher the energy throughput per unit area. As we saw above, in the case of transportation and land use, greater population densities make possible cheapening of economic costs. Energy throughput, as representative of the sum of the inputs required for all areas of economic activity, thus exemplifies what was shown by the case of transportation, but in more general form (**Table 9**).

Since there is an inverse relationship between the throughput taken as a per capita value, and throughput taken as a per hectare value, relative to population density, both

TABLE 8  
Energy throughput in 1984

	Per km <sup>2</sup> bn kcals	Per person mn kcals	Per unit population density	Change 1960-84
English speakers	9.86	77.848	27.7	38%
Western Europe	13.46	34.621	21.58	113%
Continental Europe	15.94	33.655	23.16	91%
Soviet bloc	0.74	54.504	6.3	165%
Eastern Europe	11.07	42.588	21.7	90%
United States	9.49	83.826	28.2	58%
West Germany	26.50	44.514	34.3	55%
Japan	70.80	39.560	52.9	1,106%
Australia	1.68	52.510	9.39	66%

TABLE 9

**Energy applications in 1984 figures**

(% of total final consumption)

	Australia	Germany	Japan	United States
Electric generation	16.1	15.2	19.6	14.6
Industrial uses	38.1	35.4	47.8	31.3
Transportation	38.0	22.0	22.0	34.2
Rail	1.4	0.7	0.9	0.8
Road	31.0	19.2	18.8	34.2
Agriculture	2.5	1.2	1.5	1.0
Households	12.8	24.6	11.8	18.2

have to be taken as a combined measure. The custom is to compare energy throughput per capita: Here, the United States is way ahead of the rest of the world, and Australia is 30% higher than Japan. But Japan's throughput per square kilometer is more than 40 times greater than Australia's, comparable to the difference in labor productivity we identified above in the case of tractor requirements.

The measure, *per unit population density*, is intended to combine the per capita and per square kilometer values in such a way as to make comparison between countries more adequate. The measure is calculated by taking the square root of the product of the per capita and per square kilometer value, to produce the geometric means between the two. Take the comparison between Japan and Australia again. The result is that energy throughput in Japan, per unit population density, is about 5.6 times higher than it is in Australia.

The difference ought to highlight again what has been proven from human historical development itself. Increasing population density is not optional, but necessary, if mankind is to continue to progress. The difference indicates the direction Australia must move in if it is to turn around the extensive production-based looting mode which is the motor of the worsening present crisis.

Review what has been presented in light of official projections of Australia's population growth. The United Nations projects an increase in the population of Australia between now and the year 2010 of about 30%, with another 14% between then and 2025. Assume that the current looting mode can be continued, and that land continues to be brought into cultivation some 25% faster than the population is growing. Then, the cultivated land area, excluding pasture, would have to increase by 37% to keep pace. If current policies are continued, at least another 10 million hectares will have to be brought into cultivation. Who will do that, and with what will they do it? And if it isn't done, or cannot be done, what then? The new land area required is the equivalent of Portugal or Hungary. There has to be a better way to sustain Australia's population than gobbling up the land area of whole nations every 20 years.

This will not happen—but what will? In the case of agriculture, if land cultivated is not to grow as fast as it has over the past 30 years, how will output levels be maintained on the land which is cultivated, if the inputs from industry are not increased? How can the inputs from industry be increased without the kind of expansion of productive employment identified above, without increasing the technological content of labor, and without increasing the energy throughput at least in proportion to the required expansion in employment? Doing each of the above requires breaking with the extensive mode imposed by looting and underinvestment.

Energy throughput per unit population density is a good indicator of the relative costs of improving and maintaining land under cultivation and habitation. Australia's 66% increase of energy throughput from 1960 to 1984 kept pace with the 62% increase in land used over the same period. Without changing the mode of use of land, increases in energy consumption over the next 20 years will be eaten up in the same way.

To continue in the current extensive mode of land use over the next 20-25 years will require bringing a minimum of 10 million hectares into use. To maintain per farmer productivities, this will require increasing the number of farmers by about 25%, just to maintain yields that are low compared to those prevalent in the rest of the advanced sector. Not increasing the number of farmers, but increasing the cultivated land, would require a similar productivity increase from the farmer.

### Breakdown crisis looms

There would come a point in this process at which the quality of existing cultivated land and new land brought into production is insufficient to maintain the low yields achieved, and too extensive to be served by the transportation sector. At that point, Australia's urban population would run into real difficulties. No doubt, the Fabian Society's social engineers will be advocating the return of some part of the urban population to the land, to scratch out the subsistence the collapsed economy can no longer provide for them.

That point of total breakdown crisis will be reached as:

- the growth in availability of energy throughput becomes insufficient to continue to bring in land at the required rate;
- agricultural productivities collapse under the impact of declining qualities of land and lack of necessary inputs;
- the transportation sector breaks down, as ever smaller loads have to be carried over ever longer distances.

It would take far less than 25 years for these parameters to intersect. Elements of such a crisis are already here, now. Within 10 years or less, it will become apparent that, as presently organized, Australia cannot even support 15-20 million people, at existing densities of 30 people per square kilometer, if pasture and grazing land is excluded. At that point, the reverse slide back down the anthropolo-

gists' markers for the advance of human society will accelerate.

### An intensive land use program

Continued extensive cultivation is not feasible. But what will replace it? The alternative is to change the mode of cultivation and habitation. Adopt the *intensive* use of land instead of its extensive use.

Under the constraints imposed by current densities, it would be impossible to achieve the intensive management of the millions of hectares in use. It would be impossible to achieve the rates of growth required in application of technology, energy throughput, and productivity of labor, including in the transport sector. Calculate, for example, the volume of energy, or the transport construction, that would be required to improve Australia's inhabited and cultivated area to the level indicated by West Germany.

The best results would be achieved if the effort at transforming the mode of activity into an intensive rather than extensive direction were focused, not throughout the whole area, but where the population centers are. Such an approach coincides with the necessary increase in non-agricultural productive employment.

For example, West Germany is self-sufficient in food production. Sixty-one million West Germans are fed from an area of 7.465 million hectares. Only 0.122 of a hectare is required to keep each person in foodstuffs for a year. Unlike the United States, where cultivation proceeds on the basis of regional specialization, German agriculture is highly diversified. The diversity permits the urban population to be fed from the hinterland surrounding the city, without requiring the great transport distances needed in the United States.

Expansion of technologically driven manufacturing employment in the urban centers would be most effectively sustained if food production, for domestic requirements, were concentrated in the hinterland of the cities, where the urban work force is located. If German agricultural productivity is taken as a model, and if such levels were obtainable in Australia, given appropriate investment to provide the inputs, and supporting infrastructure in the form of transportation, water, and power, Australia's urban population could be fed from an area of about 2 million hectares. If half the

land still had to be kept fallow each year, then 4 million hectares would be required.

The idea would not be to shut down everything else, and force the relocation of the entire population into the area slated for investment. Nor would the idea be to eliminate the production of wool and wheat, among other crops for export. That would be absurd. The idea would be to cheapen the cost of producing food for internal consumption, through capital improvements, so as to cheapen the cost of sustaining the kind of increase in manufacturing capability which is required, and cheapen the cost of providing the capital improvements to agriculture. It would be the necessary corollary to the upgrading and expansion that is necessary to modernize Australia's industry on a full-employment basis.

The approach would be to build up the focal points for intensive development of agriculture and infrastructure in the hinterland of urban concentrations, as markets for part of the production of expanded industry. Then, to define a checkerboard-type grid which would interlink the foci of development as growth proceeds. The Melbourne-Sydney axis would take priority, followed by Brisbane, and so on.

The level of inputs required for such a focusing of effort can be estimated in comparison with the other economies we have seen. For example, the U.S. energy throughput per square kilometer is about 10 billion kilocalories. If this level of energy throughput were applied to areas selected for their proximity to existing urban centers, total throughput over 40,000 square kilometers would approximate 400 trillion kcals. Divided by Australia's present population of 15.474 million, this total, while increased per cultivated and inhabited kilometer, would represent a cut of about 50% from present per capita standards.

Taking Germany's energy throughput per cultivated and inhabited square kilometer as a reference instead, 26.5 billion kcals per square kilometer, the total requirement, based on the assumed 40,000 square kilometers, would be 1,060 trillion kcals, with a per capita energy consumption of 68.5 million kcals per person. Taking Japan as a reference point, the total energy throughput required would increase to about 2,300 trillion kcals, or 183 million per person (Table 10).

Such parameters, combined with identified expansion in productive employment, and upgrading of the powers of la-

TABLE 10

### Intensification of habitation compared

	Land area used (km <sup>2</sup> )	Energy per km <sup>2</sup> (bn kcals)	Energy per person (mn kcals)	Per unit population density	Energy throughput (trn kcals)
U.S.	40,000	10	25.86	16.08	400
West Germany	40,000	26.5	68.5	42.6	1,060
Japan	40,000	70.8	183.0	113.8	2,382

bor, would identify a pathway along which Australia's potential relative population density could be increased. In such a program, intensive usage of land, expansion of productive employment, and expansion of energy throughput, under conditions of technological advance, would combine to reverse the deadly threat posed by the continuation of extensive cultivation and destruction of industrial activity. Energy throughput per unit population density and technological capability would be increased to compensate for the absence of actual population density.

### **How can it be done?**

The discrepancy between Australia and the other advanced sector economies, in intensity of cultivation and habitation, is not only an indicator of what would define progress; it is also an indicator of the vastly greater costs incurred in pursuing such efforts in the underpopulated southern continent.

This puts a premium on the adoption of technological advances to compensate for shortages of available labor.

To reverse the degradation of its inhabited area, Australia will have to place a premium on the development of the new technologies that can do the job. Chief among them is thermonuclear fusion power, which, apart from making available relatively unlimited supplies of energy, will also eventually make feasible power generation stations in the terawatt range.

Until fusion comes on line, Australia should concentrate on nuclear fission. Here the high-temperature reactor which Australia helped pioneer in the 1960s would be useful. But Australia had better not make again the mistake she made back then, when from a position of world leadership, she turned her back on nuclear power.

It would be insane to build the required volume of capacity out of coal, gas, or oil-fired generating plants. Reliance on coal would reduce the transportation system to a parody of that of the United States or East Germany, where coal shipments for electrical generating stations constitute the bulk of freight carried on railroads. Gas or oil-fired plants would require a huge expansion in the exploitation of existing resources, where they are known to exist, and also strain transportation capacity.

The nuclear route is better in either case.

Improved transportation links are the key to increasing the intensity of cultivation and use of the existing area used by human beings. The extensive use of land results in far greater added costs in transport, since goods have to be moved from one place to another, from port cities, inland to the point of final destination and use, between cities and countryside. The less the density, the greater the distance, the greater the cost.

The greater costs are reflected in the higher energy bill for transportation incurred by Australia than West Germany,

Japan, or perhaps even the United States, which has been deprived of transportation investment for over 20 years. The energy bill for Australia's transportation system, at 38% of total final energy consumption, is 70% greater than in West Germany or Japan, in proportion to energy consumption as a whole, and even in excess of that incurred in what used to be the petroleum-profligate U.S.A.

The difficulties are compounded by the fact that in Australia, highway transport, economically the most expensive form of transportation, accounts for more than 80% of the total energy bill for transport. Concentrating intensified development in the rural hinterlands of Australia's cities will help to cut the costs of transportation, while providing a significant boost to overall productivity.

Trucking has been pushed into predominance because of its claimed cheapness. The argument is that the capital investment required for highways, assuming the existence of a highway grid, is far less than the capital investment required to maintain and operate a railway network.

In reality, highway transport is more expensive than rail or shipping. In the United States; trucks carry upwards of 15 tons; railroad freight wagons carry 60-120; barges are about 900 tons. A freight train will be made up of 30-40 cars; it takes 120-160 trucks to handle the same volume of merchandise as a freight train. There are advantages to trucking in final delivery, between break bulk point and end-user of the merchandise, and trucks do move faster than trains. But still, it is an order of magnitude cheaper to move freight by rail, over long distances, than by truck, and another order of magnitude separates rail from barge-drawn water traffic.

### **Link to the European Triangle**

Developments in Europe right now, in the context of the political unification of Germany, will mark the beginning of a new Golden Age for rail transport, and can set off potentially the biggest economic boom in human history. West Germany, reunified with the culturally developed, but undercapitalized and looted population of the East, rebuilding economic ties with free Czechoslovakia, is set to become the economic driving force for a new integrated market of more than 400 million people. Central Europe, over the next five to 10 years, has the potential to become the equivalent of a new Japan in terms of its economic weight in the world. Between them, the two could provide the technological and economic muscle to pull the rest of the world out of the depression it is sliding into.

Rail will come back, by way of the economic integration of Central and Eastern Europe, because there is no other way to move the required volume of goods. Highway infrastructure in East Germany, as elsewhere in Eastern Europe, is not even up to advanced sector standards of the 1950s. Rail is the cheapest way to do the job. It is the centerpiece of a proposal put together by LaRouche, the "European Triangle." The idea



is to take the area bounded by Paris, Berlin, and Vienna, which contains some of the most densely developed industry and infrastructure on the face of the Earth, and make that area the driving force for the reconstruction of the East.

Rail will make its comeback in Europe in the form of high-speed freight transport—running freight at 150-180 kilometers per hour. This will permit rail to regain the advantage of timely delivery from trucking, and will permit, over the area swept by any radius of 500-700 kilometers, delivery of goods within 4 to 7 hours, or overnight. Under this arrangement, rail will recapture the intercity traffic in finished and semi-finished manufactures moved, and bulk goods moved by rail, like ores and fuels, will move on to the waterways.

The same type of approach would also represent perhaps one of the immediately most advantageous means for Australia to reverse the crippling problem posed by her underdevelopment and lack of population, thereby reducing dramatically the costs of making other necessary improvements. The most densely developed area of Australia is the hinterland bounding and connecting Sydney and Melbourne. Seventy percent of the entire population is to be found living within range of those two cities, and the country's principal croplands are on the hinterland's edge.

The optimal plan would be to build a high-speed railway connecting Melbourne and Sydney. Drive a high-speed line northeast from Melbourne through Wagga-Wagga and Dubba to Parkes, and send a spur from Parkes over to Sydney. This railroad connection will become the means by which development is proliferated along the corridor, and will promote significant improvement in agricultural productivity, by bringing inputs to the farmer, as well as increasing the intensity of use. High-speed rail movement of freight will pull traffic off the highways, and will dramatically lower the costs of moving goods. It will help lay the basis for the order of magnitude increase in density of human settlement which Australia urgently requires.

The Melbourne-Sydney high-speed line will define a corridor for rapid, intensive development; sites for power stations will be identified along the natural intersection points defined by the railroad's progress across the infrastructure that already exists. Passenger transit can be handled similarly. France's high-speed train, the TGV, has demonstrated the capacity to function at speeds of around 500 kilometers per hour, speeds at which rail travel for passengers becomes competitive with air traffic.

The Melbourne-Sydney line through Parkes can, at a later point, be extended farther, through, for example, Gooniwindi, to Brisbane, as the hinterland of Brisbane is developed, thereby marking out a second area and corridor for intensive development like the first. The 40,000 square kilometers of improvable farmland could easily be found within reach of the proposed high-speed rail line.

Development of nuclear energy and transportation links would provide the infrastructure to support the revival and expansion of industry. Agricultural machinery and equipment would have to come near the top of anybody's list. How will productivity in agriculture be increased without the machinery and equipment to do it? Why pay a premium for the imported product when idled domestic production capacity and workers are to be found at hand?

The railroad corridor would be supplemented by the reopening of Australia's shipyards. There may not be much of an inland water system that can sustain water-borne commerce, but coastal shipping of bulk goods won't be beaten for a long time, especially given Australia's harbor cities and predominantly coastal population. Reopening the shipyards would serve two purposes: promotion of internal commerce, and international commerce. With a shipping fleet, exports, whether of industrial materials or foods, can be carried in Australian vessels. Freight back, including imports of capital goods, can be handled the same way.

Shipbuilding and nuclear power plant construction would fit together hand-in-glove. Twenty years ago, nuclear-powered merchant vessels were coming on line. But, with the depression, world trade slumped, merchant ships were mothballed, and world shipbuilding capacity, with the exception of South Korea, was shut down. No more has been heard of nuclear-powered merchant ships. However, the navies of the great powers have been operating nuclear-powered submarines for over 30 years. They have proven reliable and efficient. Nuclear power is still a natural to take to the sea.

Furthermore, a newly integrated European economy will provide a vast outlet for industrial raw materials. Even at present levels, reduced by half since the late 1970s, Eastern Europe imports about 60 million assorted tons of raw materials and fuels from the decrepit Soviet market. That market, and more, will open up as the integration effort proceeds. Additionally, capital goods will be exported out of the European center.

Suddenly, in the not-too-distant future, the world will wake up to the reality that there is a shortage of shipping capacity and that the capacity which does exist is, by and large, obsolete. If Australia does not repeat the kind of mistakes that were made in the 1960s, when it opted out of nuclear power, it could be among the pacesetters in the development of shipping.

This type of approach could easily be adopted if the world were organized in a rational way. But it isn't. Australia, with the present depleted resources of her own industry and agriculture, would not be capable on her own of undertaking such an effort, or of making it succeed. Therefore, Australia's only option to escape from the consequences of economic and financial looting, is to join the effort to transform the world.

## Who's afraid of Boris Nikolayevich?

by Webster G. Tarpley

The above question is occasioned by the hysteria and consternation that gripped the upper echelons of the Bush administration and the traveling entourage of the Soviet leader Gorbachov during the Washington summit, as a result of the news that, despite a total mobilization of the Gorbachov machine, Boris Yeltsin had been elected President of the Russian Soviet Federated Socialist Republic (R.S.F.S.R.). The hysteria of the ruling circles of the condominium has much less to do with Yeltsin as a person than with the growing strength of the democratic, anti-totalitarian movement that has allowed Yeltsin to defeat Gorbachov's retainers. The growth of this movement, of the movement inspired by the humanitarian ideals of the late Andrei Sakharov, provides new evidence that, in terms of movements for independence by the subject nationalities of the Soviet empire, in terms of mass strike ferment among workers, and now in terms of a direct political challenge to the apparatus of the Soviet totalitarian state, the U.S.S.R. and the R.S.F.S.R. are among the parts of the world being most deeply affected by the revolutionary transformations of the early 1990s.

During the Washington summit, Gorbachov increasingly snarled through those iron teeth that Andrei Gromyko admired so much, and frequently seemed to be brandishing a Khrushchov-style shoe before the faces of his interlocutors. A significant part of this was caused by the success of his rival Yeltsin, a former protégé for whom Gorbachov now nurtures a consuming hatred. Gorbachov devoted his last evening in Moscow before leaving for Canada and the U.S.A. to caucusing at the Hotel Rossiya with 400 Gorbachov loyalists of the R.S.F.S.R. Supreme Soviet, for the purpose of giving them a pep talk to fight Yeltsin to the bitter end. In the course of his remarks, Gorbachov used a very crude expression to convey his view that Yeltsin is "insane." In his Ottawa press conference, Gorbachov conceded he was "somewhat worried" about Yeltsin, and was very unstates-

manlike indeed, with words to the effect that if the new R.S.F.S.R. president keeps playing games, there would be trouble. In the joint press conference at the end of the summit, Gorbachov accused Yeltsin of carrying on "destructive activities, destructive efforts."

More explicit was the line being churned out by Dmitri Likhachov, boss of Raisa Gorbachova's Russian Cultural Foundation, part of the Gorbachov road show. "I'm afraid Yeltsin is a know-nothing, a crude demagogue of low culture," said Likhachov to the *Washington Post*. Armand Hammer, sporting a KGB lapel pin that allowed him access to Gorbachov's precincts where no other American citizen could venture, told reporters at the White House state dinner: "I'm going to wish [Gorbachov] well and I hope he puts Yeltsin in his place."

The Bush White House was broadcasting on the same frequency. A White House official condemned Yeltsin as an "intellectual lightweight, a real demagogue with an enormous ego." Many columnists found that the Bush White House was not much of a pulpit for charges like that. Think tankers noted that Bush "does not believe in the power of democratic movements: He doesn't understand them and he doesn't like them." Bush had refused to meet with Yeltsin during the latter's U.S. tour last September, and has refused to meet any representatives of the Russian democratic opposition since he became President.

Many observers stressed the dimensions of Gorbachov's humiliation, since he had been unable to put a man beholden to him in the second most important post in the U.S.S.R. Gorbachov's Washington visit was widely compared with Richard Nixon's Moscow summit with Leonid Brezhnev in the summer of 1974. This time, it was Gorbachov who was desperately seeking foreign success to play off against fatal political weakness at home. Gorbachov has often been compared to Czar Boris Godunov, whose ability to stay in power

between 1598 and 1605 was predicated on seeing to it that the boyars were unable to agree on a single candidate to overthrow him. In the closing years of Boris Godunov's reign there appeared a Pretender to the czardom who claimed to be the son of Ivan the Terrible, and therefore the rightful ruler of the land. This figure is known to history as the False Dmitri, who occupied the Kremlin between 1605 and 1606. With the election of Yeltsin, the very least that can be said is that a new and powerful Pretender has emerged from trans-Ural Siberia.

It was clear that the Washington summit had been upstaged by the Yeltsin victory, and that the White House was attempting belatedly to answer the question, "Can Gorbachov deliver?" Especially after Yeltsin's meeting with Lithuanian President Vytautas Landsbergis, the Bushmen were not sure that the enraged Rumpelstiltskin with whom they were negotiating was still in command.

The factors determining the crisis of the U.S.-U.K.-U.S.S.R. "New Yalta" attempt to rule the world all derive from recent revolutionary mass actions. Most important is the process of German reunification, growing out of last November's collapse of the East Berlin communist regime, and spreading thence to Czechoslovakia. Secondly, there is the question of sovereign independence for Lithuania, reflecting the strivings of the captive nationalities of the U.S.S.R. for freedom from Moscow. A third factor is the revolutionary process now at work inside the R.S.F.S.R. itself, among the 150 million Great Russians. The election of Yeltsin is merely a small and preliminary expression of this vast reality.

### **Gorbachov's alliance with Pamyat**

The standard pro-Gorbachov argument heard around Washington of late, is that it is necessary to support Gorbachov because the alternative is likely to be a military coup d'état. Then, it has become customary to cite Pamyat, the fascist, racist, and anti-Semitic movement which this publication has denounced for many years. Now it is alleged by some that the growing strength of Pamyat is reflected in the election of Yeltsin. But this is not accurate. One of the two candidates Gorbachov used in the attempt to defeat Yeltsin, Polozhkov, was actually much closer to being a Pamyat-style Russophile. And Pamyat is currently a part of the Gorbachov machine.

The Byzantine imperial ruling class of the U.S.S.R. is composed of Gorbachov and other top leaders of the KGB secret police, the marshals and generals of the Red Army, the members of the party and government *nomenklatura*, and the prelates of the Russian Orthodox Church. These are the bearers of the apocalyptic imperialist ideology of Moscow the Third Rome. This imperial elite is dedicated to world domination for a militaristic, autocratic, and totalitarian Soviet state, and this commitment has not changed as a result of any recent events.

Pamyat represents to attempt of the Soviet *nomenklatura* to create a fascist mass movement under their own top-down control. Pamyat has always had a very obvious official backing from the KGB and the Defense Ministry. Pamyat grew out of the Rossiya Society, sometimes subtitled the Society for the Defense of Architectural Monuments, founded by Marshal Chuikov. Pamyat spokesmen have always had interviews published in the Armed Forces newspaper *Krasnaya Zvezda*, and have controlled such journals as *Nash Sovremennik*, *Molodaya Gvardiya*, *Literaturnaya Rossiya*, and the cultural programs for state television. Pamyat, in short, is an official fascist arm of the *nomenklatura*. But the problem of the Pamyat leaders is that their fascist agitation has had only very limited success. Pamyat candidates were generally defeated in the spring 1990 elections. In Leningrad, Pamyat fielded 150 candidates and conducted a strenuous campaign, but failed to win a single seat. In Moscow, Pamyat's fortunes were not much better. Pamyat is an integral part of the present Gorbachov machine, with two leaders of the Pamyat milieu, the Dostoevsky-like "village prose" author Valentin Rasputin and the labor agitator Venyamin Yarin, currently holding seats in the Gorbachov Presidential Council. Gorbachov's alliance with Pamyat could not be more blatant.

### **A grass-roots revolt**

The winners in the spring elections in the R.S.F.S.R., especially in Moscow and Leningrad, were quite different social forces, representing a grass-roots revolt against the communist totalitarian state and its economic failure. One of these is the Leningrad Democratic Movement, a non-communist formation which now administers the city of Leningrad. On May 14, Elena Zelinskaya, a Leningrad political activist and spokeswoman for the Democratic Movement, described conditions in her city to an audience at the Kennan Institute for Advanced Russian Studies of the Woodrow Wilson Center in Washington. In Leningrad, the Democratic Movement captured 68% of the seats in the city Soviet, and 32 of 34 seats representing Leningrad in the Supreme Soviet. Some of the winners were from the strike committees set up in summer 1989. "For the first few days we were in a state of euphoria, because people who for the past few years had to meet in cellars and had their arms twisted behind their backs by the police were now in one of the best palaces in town, having received the legal power to act," said Zelinskaya. She added that one of the first official acts of the new city Soviet had been to appeal to the Jewish population to stay in the city and to pledge that any anti-Semitic actions would be prosecuted to the full extent of the law. The city Soviet is fighting the Kremlin authorities for control over the Leningrad TV broadcasting facilities.

Zelinskaya also described the struggles of the Democratic Platform tendency within the Communist Party against the party leadership. Leningrad regional party first secretary Boris Gidasov, who had distanced himself somewhat from

Gorbachov, was reelected to his party post with 610 votes, against 303 for the Democratic Platform candidate. It is expected that Democratic Platform will not remain inside the Communist Party of the Soviet Union (CPSU) beyond the party congress in early July.

The Democratic Movement is associated with the Inter-regional Caucus of the Congress of People Deputies, which was founded by Sakharov. These are the Sakharov and *samizdat* networks and political clubs, which elected some deputies in the spring of 1989 and which now control the Moscow and Leningrad city councils. Some of the better-known personalities of this democratic ferment include the historian Yuri Afanasyev, chess champion Gary Kasparov, and Sakharov's widow, Yelena Bonner. The program of these circles is the dismantling of the totalitarian state, including the curbing of the KGB, the abolition of the power of the *nomenklatura*, and free elections.

The obvious, glaring weakness of all of the Russian pro-democracy ferment is its lack of a coherent grasp of capitalist dirigist economics, as represented today by the LaRouche-Riemann method of economic analysis and program. Elena Zelinskaya predicts that Anatoli Sobachak will soon become president of the Leningrad Soviet and that he will seek to establish a "free economic zone." When asked why Leningraders would support economic reform that could cause higher prices and unemployment, Zelinskaya replied, "Because they're fed up with everything else."

### Political pluralization

A process of genuine political pluralization is now unfolding in the U.S.S.R. and in Russia in particular, with some 1,000 political groups, associations, organizations, party initiatives, and parties in the process of formation. These cover everything from the numerous shades of anarchism, through parliamentary parties reflecting the German political landscape, to hardline Stalinists and fascists. Some of these groups have been founded by the KGB, and it is safe to say that the KGB is attempting to infiltrate all of them, but it would be blind and reckless to assert that the KGB is the motor force behind this pluralization.

Generally speaking, the Democracy Movement and its counterparts in other Russian cities appear to have made a tactical decision to support Yeltsin. Yuri Afanasyev, on a pre-summit visit to Washington, said that he had supported Yeltsin, although he also suggested that he was aware that the decades-long formation of a communist bureaucrat like Yeltsin is baggage that cannot be jettisoned overnight.

Reservations about what Yeltsin personally might represent today and what he might be seeking are justified, but they are not the matter of rhetorical style, ambition, or other idiosyncracies which preoccupy the Anglo-American press. Such reservations are based on the obvious fact that Yeltsin is officially a communist, a member of the Central Committee of the CPSU. Yeltsin is not just any communist. He was

for many years the party boss of Sverdlovsk, and then became the boss of the Moscow party machine and a candidate member of the Politburo as a client of the KGB-Gorbachov power cartel. In the autumn of 1987, Yeltsin attacked Gorbachov and was ousted from the Politburo. Since then, he has profiled himself as a tribune of the people against the *nomenklatura*, drawing new strength from every new attack by Gorbachov. There is no doubt that the KGB has leveled a massive campaign of vilification against Yeltsin: Gorbachov attacked him as a fascist last fall. There have also been reports of KGB attempts to assassinate Yeltsin. Under these circumstances, we must judge Yeltsin on the basis of things that he has said or done, and not on whatever adjectives pop out of the superpower propaganda mill.

### Yeltsin: not just any communist

The fact remains that by meeting Landsbergis and opening talks on economic cooperation between the R.S.F.S.R. and independent Lithuania, Yeltsin has done more to break the encirclement of that nation than any leader of a Western European government, to say nothing of Bush, who is an enemy of Baltic self-determination.

As far as Yeltsin's program is concerned, it remains blurred. His notion of Russian sovereignty against the "dictates of the center," which drew another foaming attack by Gorbachov the week before the summit, appears to reflect, on the one hand, the widespread awareness of Yeltsin's base that if Russians maintain a totalitarian state to crush the subject nationalities, that totalitarian state will always crush the Russians as well. To be a true nationalist is incompatible with being an imperialist. At the same time, there is also an implicit argument that the empire does not pay; this sounds something like an American congressman arguing against foreign aid. Yeltsin has also attacked the technocratic Prime Minister Nikolai Ryzhkov and his plan for Schachtian price increases, including the planned July 1 tripling of the bread price, which is sure to lead to food riots if implemented. The Ryzhkov approach, according to Yeltsin, is "tantamount to suicide." Yeltsin says he is looking for "another transition to the market economy that does not lead to a deterioration of the standard of living."

Now that Yeltsin is in power, he will be expected to put some food on the shelves of Russia. To do that, Marxism and the free market are equally useless. The viability of the democracy movement in Russia will depend to a large degree on breaking out of the current provincialism of their economic theory in favor of a modern dirigist approach. Russian history has not been kind to Westernizing, pro-democracy movements of the type now unfolding. Unless starvation and shortages are alleviated, with the dismantling of the Soviet military machine, the despair and suffering of Russians and other Soviet peoples will turn into militant irrationalism of the "red fascist" stamp, and this will make possible the affirmation of Pamyat and similar movements down the road.

# The 'Gorbachov myth' died at the Washington summit

by William Jones

Commenting on the conclusion of the May 31-June 3 summit meeting between Presidents George Bush and Mikhail Gorbachov, Virginia congressional candidate and political prisoner Lyndon LaRouche had this to say: "It became clear, as of Sunday, the third of June, that the six-year-long effort to 'eat the inedible' has failed. Since December 1984, when Mrs. Thatcher acquired her strange crush on then-prospective Soviet dictator Mikhail Sergeyevich Gorbachov, until the present, the United States, as well as Britain, and many other parts of the world, have been seized by a delusion: a delusion that a condominium, a new form of world rule established jointly by Moscow and the Anglo-American governments, could succeed. Everything was thrown into that. And now, as of Sunday, the third of June, all that is gone."

Whatever happens to Gorbachov personally, LaRouche said, the Gorbachov myth has died. The summit meeting itself was a colossal failure. *Bush got nothing, because Gorbachov is no longer in a position of power from which he could continue to deliver anything.* He has lost his potency.

After visits to the friends of Dwayne Andreas in Minnesota and to businessmen and to former President Ronald Reagan in California, Gorbachov returned to the Soviet capital, where one of his chief opponents, Boris Yeltsin, had made himself into a dominant figure. As Gorbachov was winning applause and praise from the U.S. liberal media and foundations in Washington, Yeltsin, having won the election to the post of president of the Russian Republic in spite of intense personal lobbying against him by Gorbachov, was calling for a declaration of the Russian Republic's sovereignty and for decentralizing authority in the U.S.S.R.

Discussing Yeltsin's power bid, LaRouche pointed out that the process of which Gorbachov is a part has somewhat overtaken the Soviet leader himself. Gorbachov is "trying to walk two or three different poles across a chasm at the same time, when the poles are diverging, and so Mr. Gorbachov is having great difficulty in spreading his seat on both poles simultaneously."

At the same time, in both the Soviet Union and the Anglo-

American domain, there is a collapse of the economic process, the financial process, which can no longer be denied.

So, LaRouche said, we have a collapse of the two pedestals of Anglo-American policy, of Thatcher-Bush policy.

The first is the delusion that Mrs. Thatcher's monetarism can be a substitute for a healthy economy; that you can kill a healthy body in order to save the cancer, and end up with a sound economy—a delusion which Mr. Bush has so far borrowed from Mrs. Thatcher.

The second is the delusion that a free-market policy can be extended to the Soviet empire, and that delusion was shot down at the Washington summit. "Mr. Gorbachov might survive," LaRouche said, "but he'll survive only because he's convenient to a transition away from the policies which Mrs. Thatcher and Mr. Bush had at least pretended to represent Mr. Gorbachov as embodying. That is, Mr. Gorbachov might become a Stalin or something. But so far, he's looking like a transitional figure, and unless he becomes a vehicle of a new transition, away from what he was transiting to before, he is doomed."

As for Mrs. Thatcher, her response to Gorbachov's predicament and Bush's predicament, LaRouche noted, punctuates the current ironic situation. She announced that, during her upcoming trip to the Soviet Union, she will campaign among the Soviet people for them to continue to support Mr. Gorbachov. "Imagine that!" LaRouche said. "The old nanny is going off to Kiev and other such locations to instruct the Russian people that they absolutely must, they must, they *must*, continue to support that wonderful Mr. Gorbachov. How nice. What a spectacle! Mrs. Thatcher has placed herself in front rank in the contest for historic mention as the greatest fool of the 20th century."

And where does that leave George Bush?

## **Bush's appeasement policy**

As *EIR* has emphasized, contrary to the conventional wisdom that Bush would use the summit to try and prop up Gorbachov, in fact the reverse is true: Bush needs the

appearance of successful U.S.-Soviet relations in order to prop *himself* up (see *EIR*, April 20, 1990, "Appeasement emboldens Moscow into new strategic offensive"). Because of the deepening U.S. economic crisis, we wrote, in order to get himself through next November's elections, Bush needs to hold out the prospect of massive future profits to be made in the Soviet market—even if these profits never materialize.

Events at the summit confirm this view, as the President comes under growing attack domestically.

The "George and Gorby Show" broke up after the official signing of all the agreements which Gorbachov came to Washington to bag, including a major trade agreement—an agreement which President Bush, up until the eve of the actual signing, was saying couldn't be signed.

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*"By golly, there's Korea all over again, there's SALT II all over again. . . . Here we are giving in to weakness and reversing it in a George Orwell sort of style: Because they're weak, we ought to make them strong and give in to them."—Amb. Edward Rowny*

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The most volatile reactions against the President's policy were heard over the issue of Lithuania, the most blatant of his groveling about-faces during the course of the summit. President Bush continually stated during the summit that there would be no possibility for signing any trade pact with the Soviets unless they change their policy with regard to Lithuania and also pass a law allowing unrestricted emigration of Soviet Jews, which is under consideration by the Soviet Congress of People's Deputies. In a letter that Bush wrote to the Soviet leader four weeks before the summit, Bush indicated that the trade treaty was a political land-mine that Congress was unlikely to approve without these two conditions being met. Just before Gorbachov arrived in Washington, White House officials had informed the new Soviet ambassador to Washington, Aleksandr A. Bessmertnykh, that the trade treaty would not be among the documents Mr. Bush was willing to approve at a signing ceremony with Gorbachov scheduled for June 1.

Nevertheless, acceding to the pleas and threats of the Soviet leader (Gorbachov had indicated that the Soviets would not sign a long-term grain agreement if they didn't get a trade treaty), Bush agreed to sign the treaty. In an effort to appease domestic criticism of the agreement, Bush said that he would not send the treaty to Congress until the Soviets pass their emigration law, but made no mention of Lithuania.

When questioned on this, Secretary of State James Baker III lied that there had never been "an expressed linkage" between Soviet actions in Lithuania and the signing of a trade treaty.

The other issue of importance for the Soviet President was German reunification. During the summit, Gorbachov presented a "surprise" proposal with regard to German reunification, a proposal which was left for further negotiations between the foreign ministers. Although details of the discussion were not released, the proposal seems to involve Germany belonging to both NATO and the Warsaw Pact alliances, or the dissolution of both pacts and the upgrading of the Conference on Security and Cooperation in Europe (CSCE), which comprises all the European nations, except Albania, as well as the United States, Canada, and the U.S.S.R. as a new "policeman" for Europe.

This proposal was based on the concept of the Holy Alliance, which was established by the Congress of Vienna in 1815 as the overseer of Europe. Its aim was to protect the European monarchies against republican ideas and movements. Although President Bush made no public agreement with Gorbachov on this issue, the White House made clear that there were possibilities of upgrading the status and function of the CSCE group.

### **'Ill-advised' concessions on arms control**

A growing crescendo of criticism was also raised against the envisioned strategic arms treaty, which the two Presidents pledged to complete this year. The joint statement expressing that pledge was subject to hectic last-minute negotiations in which Secretary of State Baker and Soviet Foreign Minister Eduard Shevardnadze were called in to hastily paste some agreement together together in order to have something for the two leaders to sign.

The still-unresolved issues include the limitations on Moscow's modernization of its massive SS-18 missiles, a dispute over its Backfire bombers, and questions over U.S. cooperation with Britain on the Trident submarine missile project.

Even former arms control negotiator Amb. Edward L. Rowny, a special adviser to President Bush for arms control, called the U.S. concessions "ill-advised." The real lollapalooza was allowing the Soviets to continue modernizing their most powerful missile, the 10-warhead SS-18. In order to avoid a conflict over Soviet insistence that the Backfire bomber be excluded from a START agreement, Baker agreed to exclude the Backfire from START, but said that it should be limited in a side agreement.

"In my opinion," said Rowny, "we have adopted a number of compromises that we need not have adopted. I just sat there and I thought: By golly, there's Korea all over again, there's SALT II all over again. . . . Here we are giving in to weakness and reversing it in a George Orwell sort of style: Because they're weak, we ought to make them strong and give in to them."

# Rotten 'partnership' in Central America

by Gretchen Small

The June 4 issue of *Time* magazine provides inside details of "the secret story of U.S.-Soviet partnership in Central America." Reviewing a year of mutual U.S.-Soviet "bluff, deception, anger, accusation, threat, candor, misinterpretation, goodwill and, above all, creative diplomacy," *Time* proclaims that the end-result is that today, Moscow and Washington not only have the same goal, but also a "common strategy" on how to shape the future of Central America.

The details are revealing: U.S. Assistant Secretary of State for Inter-American Affairs Bernard Aronson, and his counterpart at the Soviet Foreign Ministry, Yuri Pavlov, view themselves as "kindred spirits" and "now describe themselves as friends," *Time* reports. An academic at a Moscow think tank believes that "in Latin America, where every leader thinks he is some sort of mystic God, diplomacy requires dealing as one deals with children. If you say no all the time, you are ignored, even if, as a parent, you hold all the theoretical power."

The official agenda of the partnership is no surprise. Pressure on respective allies by the two powers has led to elections in Nicaragua and negotiations in El Salvador between the government and the guerrillas; changes in Cuba are to be arranged shortly. "Soviet-American cooperation in Central America . . . can serve as a model of trust and shared success" for other crisis areas, *Time* concludes.

## Sacrificing El Salvador's army

But what *Time* did not report, is the result of all this wheeling and dealing: a greatly strengthened hand for Moscow in Central America. Take the case of El Salvador, where U.S. pressure is about to hand Soviet terrorist allies more power than 10 years of fighting ever won them on the battlefield.

With President Bush and the U.S. Congress threatening to slash U.S. aid if it didn't cooperate, the government of President Alfredo Cristiani in May agreed to negotiate with the Farabundo Martí Liberation Front (FMLN) on the terrorist army's demands. The first round of talks, held in Venezuela under the auspices of the United Nations, concluded with the signing of an accord which committed all parties to reach agreement on seven issues ranging from constitutional changes to restructuring the judiciary, before a hoped-for September ceasefire.

FMLN delegates emerged from the talks triumphant. They had succeeded in placing the very existence of El Salvador's armed forces at the top of the agenda. The leader of the FMLN delegation, Communist Party Secretary General Shafik Handal, told Reuters that the FMLN is proposing nothing less than the "purge, reduction, and extinction" of the armed forces. Other commanders stressed that forcing through "fundamental changes" in the military is the FMLN's number-one objective.

If troop strength of El Salvador's military is cut in half, as the FMLN proposed in secret talks with U.S. State Department officials in February 1989, the FMLN's power to dictate conditions to the government zooms accordingly.

The FMLN meanwhile states that it will not reduce its own forces. Venezuelan Marxist ideologue Domingo Alberto Rangel reported on his three-hour discussion of strategy with Handal during a break in the Caracas talks, in the Caracas daily *Ultimas Noticias* on June 2. Handal, one of Moscow's oldest loyalists in the Western Hemisphere, argued that the FMLN was participating in the peace talks in order to "gain time while the international panorama clears." He assured Rangel that "there will be no disarmament on our part; we will not even interrupt our offensives until long after reaching a political accord."

## Nicaraguan sellout

The new government in Nicaragua provides sufficient testimonial to the kind of castrated governments which the Moscow-Washington partnership intends to install in the region, no matter how much Salvadoran President Cristiani protests that his government has no intention of sacrificing its army "under pressure from interested parties."

Nicaraguans may have voted the Soviets' Sandinista allies out of office by a landslide in February, but even before the new government of President Violeta Chamorro had taken office, Washington and its Ibero-American allies moved to ensure that the core of Sandinista power would be left intact. Stopping through Managua for the inauguration of President Chamorro in April, on his way to Washington, Venezuelan President Carlos Andrés Pérez insisted that Sandinista Gen. Humberto Ortega be left in command of the Nicaraguan Army, in order to "guarantee" a peaceful transition.

Chamorro's reappointment of Ortega as Army chief, announced as she took office, dangerously weakened the credibility of the new government. "If a civil war breaks out in Nicaragua, it will be the fault of Carlos Andrés Pérez," columnist Luis Mejía González noted in Miami's *Diario las Américas* on June 3, "because national unease began" with the last-minute announcement that Ortega would be reappointed. Chamorro acceded to that demand under blackmail, he added: The Venezuelan government had promised to cut off oil supplies to Nicaragua unless the Sandinistas were protected.

# British Jews, House of Lords rebuff ADL-OSI 'war crimes' legislation

by Mark Burdman

Complementary initiatives by the British House of Lords and by the leaders of the British Jewish community have dealt a blow to two leading agencies of the East-West global condominium, the Anti-Defamation League and the U.S. Justice Department's Office of Special Investigations (OSI). On June 4, the House of Lords rejected by the decisive margin of 207-74, a "War Crimes Bill" that was sponsored by the Thatcher government and that had been passed by the House of Commons. The bill would mandate holding war crimes trials in Britain for individuals—almost exclusively of Baltic or Ukrainian origin—who allegedly committed atrocities while collaborating with the Nazis. It would also mandate the establishment of a special police unit that would amount to a British OSI. The 133-vote margin against the bill was much bigger than anticipated. This is the first time in four decades that the House of Lords has defeated legislation previously approved by the House of Commons.

The embarrassment was all the greater for Thatcher, on the eve of her June 7-10 visit to the Soviet Union. The Soviets were intent on passage of the bill, in order to use the emotionally laden issue of war crimes committed in Nazi-occupied areas, to defame the Baltic and Ukrainian peoples as "Nazi sympathizers," in part to shift attention away from the Bolsheviks' own criminal activity during the past decades. The U.S.S.R. has been steadily providing "evidence" against certain targeted individuals to such KGB disinformation conduits in Britain as the monthly *Searchlight*, which has operational links to the ADL. On June 5, Radio Moscow was quick to criticize the House of Lords vote, proclaiming that a "wide spectrum of public movements" in Britain favored the bill.

On June 1, Britain's *Jewish Chronicle*, which describes itself as "the world's leading Jewish newspaper," published a lead editorial attacking "those who use the specter of rampant anti-Semitism to further their own purposes, whatever these may be." Such individuals, it claimed, "should be challenged to explain themselves to the rest of us who are now being caught up in a national campaign they have engineered, which can serve only to encourage the lunatic fringe."

The immediate issue at stake, is that certain groups in the orbit of *Searchlight*, have tried to manufacture national hysteria about "rampant anti-Semitism," by pointing to inci-

dents like the recent desecration of a Jewish cemetery in Britain, which occurred soon after the desecration one in Carpentras, France. The *Mail on Sunday* of May 20 published a photograph, supposedly of the desecrated cemetery. But Dr. Lionel Kopelowitz, head of the Board of Deputies, the umbrella organization for Britain's Jews, charged that the photo was actually of hurricane damage from much earlier. The May 25 *Jewish Chronicle* published Dr. Kopelowitz's comment that the media were "attempting to whip up an atmosphere of anti-Semitism in Great Britain." Immediately the *Mail on Sunday* initiated legal action against both Kopelowitz and the *Jewish Chronicle*.

In its June 1 lead editorial, the *Chronicle* stated bluntly: "Before we all terrify ourselves with our own shadows, it has to be said as loudly as possible that there is no new wave of anti-Semitism sweeping Britain. There has been one major incident of cemetery daubing, which was unquestionably intended as a statement of hatred against Jews, alive or dead. But most of the other incidents that have been reported could as well be ascribed to the teenage gangsterism which is an unfortunate aspect of our society and which picks happily on anyone or anything that is different or merely in the way, whether it be the wearer of a football scarf, school uniform or headgear. There is no serious reason to believe that the Board of Deputies holds some secret dossier of unrevealed incidents of attacks on Jews which is kept from the community. There is a lot to criticize the Board for, but the suggestion that its elected officers are engaged in a conspiracy with others to hush up a major threat to the community is ludicrous."

One organization that exploits "the specter of rampant anti-Semitism for their own purposes" and makes "ludicrous" allegations, is *Searchlight*. Its editor, Gerry Gable, accused the Board of Deputies of failing to act against anti-Semitism, in comments made to the *Sunday Telegraph* June 3. In the same interview, Gable made the inflammatory claim that Jews are the only real targets of all "far right" groups in Britain, even if they claim to be anti-immigrant or anti-Asian in their propaganda. His comments were featured by the *Sunday Telegraph*, as part of a full-page "Focus on Britain's Far Right," which gave spectacular publicity to the tiny British National Party (membership 1,600), which has gained



international notoriety thanks to *Searchlight*.

*Searchlight*'s "expertise" on anti-Semitism is otherwise flaunted in its April 1990 edition, which praises the Soviet KGB of Gen. Vladimir Kryuchkov as new allies in the fight against anti-Semitism!

British Jewish leaders have engaged in other battles with ADL provocateurs. In early May, they began a mobilization to demand that the British Home Office ban U.S. terrorist Mordechai Levy from visiting Britain in September. Levy, who is now out on bail on charges of attempted murder in New York, was quoted by the *Sunday Times* of London May 6, saying that he intended to meet with British Jewish leaders, and set up armed gangs to defend Jewish communities "by any means necessary." According to information provided to an American court, the ADL has utilized Levy's services in intelligence operations against Lyndon LaRouche.

Privately, Jewish influentials express their apprehension that the ADL is gaining a foothold in the Britain. They point to the fact that, in the past couple of years, the ADL has begun providing substantial funding to the London Institute of Jewish Affairs, a research arm of Edgar Bronfman's World Jewish Congress.

### 'A question of justice'

In the hours-long debate preceding the June 4 vote, some of Britain's most influential Establishment figures, representing both main political parties, spoke out against the war crimes legislation. These included Lord Shawcross, Britain's chief prosecutor at the Nuremberg war trials; former Prime Minister James Callaghan, now Lord Callaghan; former NATO Secretary Lord Carrington; Lord Windlesham; Lord Hailsham, former Lord Chancellor, Britain's highest legal official; Lord Mayhew; Lord Goodman; and Lord Campbell of Alloway, a former World War II prisoner of war.

Shawcross, a former Labour minister, pointed to his government's decision in 1948 to cease prosecutions for war crimes. He stressed that he had been probably been the most active at Nuremberg in trying to ensure that a significant number of war criminals were tried. But Shawcross warned that the push for legislation now, especially in the House of Commons, was motivated by "simplistic ideas of right and wrong. . . . The average age of the members of the Commons who made very eloquent and sincere speeches in favor of this bill, was five years at the beginning of the war. Because of that war, some of them were lucky enough to have a childhood cossetted in Canada or North America." For those who had lived through the horrors of war, matters were more complex, he said. "Of course we can now revive the policy of retribution but we cannot do so without imposing an indelible blot on every principle of British law and justice," he said.

Lord Hailsham warned that the bill was selective and unfair. By dealing only with Germany and Nazi-occupied areas, it ignored crimes such as the massacres ordered by Stalin. "This is not a Jewish question at all," Hailsham stated.

"It is a question of justice, and what is being offered is not the justice which this country is expecting." Hailsham reported that out of complaints on 310 alleged war criminals, in the government report which which recommended the bills' passage, only seven were carefully investigated and only four cases were found to merit a trial. Out of these, one was dead, one too ill to stand trial, one would almost certainly be acquitted. That would leave only one viable prosecution. Of the 75 other cases still to be investigated, one other similar case might result. "For that we are being invited to commit . . . an indelible stain on our standard of our system of justice." Rather than do that, the Lords should "do that which is right in the sight of the Lord."

### Upsetting Thornburgh's deals

The Thatcher government has several options. It could invoke the 1911 and 1949 Acts of Parliament, which would override the Lords' decision, and/or it could reintroduce the bill into the House of Commons later this year. Notwithstanding, the magnitude of the Lords' vote is an irreversible defeat.

Similarly, the magnitude of the defeat for the OSI cannot be overstated. On Oct. 23, 1989, OSI director Neal Sher had traveled to London to keynote a meeting sponsored by the British All-Party Parliamentary War Crimes Group, where he defended the use of evidence provided by Soviet bloc agencies and urged Britain to set up an "OSI." His appearance in London followed immediately after the mid-October visit to the Soviet Union by U.S. Attorney General Richard Thornburgh, accompanied by Deputy Attorney General Mark Richard, who oversees the OSI's work. Thornburgh concluded a series of unprecedented accords with the Soviet legal authorities, including on so-called "Nazi-hunting." The legal aspects of U.S.-Soviet cooperation worked out are at the core of the condominium between the Bush and Gorbachov regimes.

According to press accounts at the time, crucial evidence presented at the Oct. 23, 1989 session, was provided by the Soviet Embassy and by *Searchlight*'s Gerry Gable, who had accumulated his "information" during a visit to the Soviet Union. *Searchlight*'s role in efforts to create a "British OSI" were otherwise on display at the May 6-8, 1990 World Jewish Congress meeting in Berlin. Eyewitnesses report that a *Searchlight* editor chaperoned a Soviet Jewish operative named Yuri Sokol, who boasted loudly to anybody in earshot, that he had personally provided the information to *Searchlight* against a Baltic emigré living in Britain.

The May 15 broadcast of an Independent Television documentary on the OSI's illegal actions in the "Ivan the Terrible" case against retired U.S. auto worker John Demjanjuk helped defeat the war crimes bill. Anybody who saw the performance of the OSI's former director, Allan Ryan, while under questioning from the interviewers, would have seen the dangers of bringing the OSI *modus operandi* into Britain (see *EIR*, June 8).

# Prince Philip: more beasts, fewer humans

by Mark Burdman

Britain's Prince Philip is at the center of a storm of controversy because of his open endorsement of pagan religions and radical depopulation policies.

On June 3, Prince Philip gave an interview to the London *Observer*, in his capacity as international president of the World Wide Fund for Nature, formerly the World Wildlife Fund. He told the paper about a pre-Easter meeting he had had with Pope John Paul II, during which he urged the Pope to drop the traditional Roman Catholic Church opposition to birth control, and warned the Pontiff that "as the human population increases, so it reduces the space available on the globe for the wild creatures." His comments were covered in the June 4 *Corriere della Sera* of Milan, under the headline, "Prince Philip to the Pope: fewer human beings and more animals."

In his discussion with the *Observer*, Prince Philip complained that the Bible contains "nothing about respect for nature, or respect for the natural environment as a manifestation of the divine." To counter such obstacles, he stressed that he was promoting a global "religious and conservation network," since the best way to promote conservation in the Third World would be through "local priests, mullahs, rabbis, lamas, and swamis." The main problem would be to overcome the resistance of Christianity to paganism: "A lot of heathen beliefs were based on worship of natural phenomena, whether trees, the Sun, springs or rivers. As a result of that, certainly in the Christian churches, there has been a tendency to view anything that has to do with nature as faintly heathen."

The Queen's prince consort had been the featured speaker at a May 16-19 North American Conference on Religion and Ecology in Washington, D.C., where a program was discussed for reshaping the present United States of America into a series of "bio-regions." In statements made at the National Press Club May 18, he praised the "ecological pragmatism of the so-called pagan religions." Observers noted this comment with astonishment, especially since his wife Queen Elizabeth II is the official head of the Church of England, and is bound by British constitutional tradition to uphold Christianity.

## Philip 'on a slippery slope'

The gnostic prince's comments to the *Observer* on the subject of "heathen" beliefs drew biting comments from writer Auberon Waugh in the London *Daily Telegraph's* "Way of the World" column June 4: "There is nothing 'faintly

heathen' about what is going on at the present time. We are undoubtedly in the grips of a massive pagan revival. I am not accusing Prince Philip of heathen practices, but has he checked out all the other members of his council? Do any of them display tattoo marks on the throat? Have they asked him to take part in strange dances out of doors? We can trust him to refuse to have anything to do with human sacrifice, as in the horrible old practice of beheading a baby at the summer solstice, but it occurs to me that he may, unknown to himself, have found himself at the top of a rather slippery slope."

A close aide to Prince Philip stated privately in early June that he has been spending a great deal of his time fending off accusations that the WWF is "at the center of a New Age conspiracy, and is promoting satanism and syncretism." In Britain, he noted, there have been increasing incidents of WWF attempts to participate in Church of England events at churches being disrupted by Christian groups who circulate literature charging that the WWF is undermining Christianity with its New Age beliefs. In the United States, he pointed to exposés of Prince Philip and the WWF appearing in publications associated with American politician Lyndon LaRouche. The LaRouche people "link Prince Philip to international drugs, to the KGB, and to an elaborate plot involving the Catholic Church and the Masons. . . . They attack Prince Philip on the ecology issue, claiming that he has launched a satanist league." He reported that LaRouche's attacks were being used in the U.K. against the WWF.

According to this source, Prince Philip recently told a WWF coterie that such attacks "must not be ignored, but must be taken on, without giving the groups making the attacks any credence. He wants to take this on by praising the good points of indigenous cultures, while criticizing the Judeo-Christian-Islamic tradition for being the most fearful of the nature religions." This source stressed that Prince Philip had introduced the subject of "paganism" openly in Washington on May 18, as part of a parry of the mounting attacks on the WWF. "He used the word 'pagan' in brackets, since the whole matter is becoming quite controversial," the aide claimed.

Brackets or no brackets, Prince Philip's WWF is being heralded by such openly paganist-satanist organizations as the Lucis Trust in London, formerly the Lucifer Trust. In April 1988, the Lucis Trust distributed a speech in its *World Goodwill* newsletter that had been given by Dr. Martin Palmer, Prince Philip's top adviser on "religion and conservation," and head of the Manchester-based International Consultancy on Religion, Education, and Culture (ICOREC). Palmer crafted the 25th anniversary meeting of the WWF in Assisi, Italy, which set up the "religion and conservation network." Palmer is also working with the highest levels of the Russian Orthodox Church on "ecological" projects. Certainly Moscow will be allotted a pivotal place in the pagan imperial world system that Prince Philip and friends seek to create.

# 'China's people are looking for a spark'

by Mary McCourt Burdman

"The people of China are ready for something, they are looking for a spark," Lee Chuk Yan, a member of the Committee of the Hong Kong Alliance in Support of the Patriotic Democratic Movement in China told *EIR* June 6. "The students in Beijing have taken actions, but right now control by the government and the military is so tight that there can be no full eruption. There will be sporadic movements, but people are ready for more. What has happened in the Soviet Union has had a big impact within the Chinese Communist Party. It is heavily divided."

Despite the fact that Beijing has been an armed camp for the week leading up to the June 3-4 anniversary of the Tiananmen massacre last year, 1,000 students at Beijing University—the cradle of last year's mass protests—held candle-light vigils and demonstrations late into the night for two nights running. The students sang protest songs, including the now-forbidden *Internationale*, and, even more important, smashed bottles, as they did in Tiananmen Square last year. In Chinese, the word for "little bottle" rhymes with "Deng Xiaoping." Students in Wuhan and Shanghai also smashed bottles. There have been other ironic allusions on China's campuses. Students have been hanging up posters of Mao Zedong which the authorities, of course, are powerless to forbid. Mao's heirs, the "Gang of Four," were swept from power by the Deng circle.

On June 4, all the official Chinese press proclaimed "Stability overrides everything," and praised the suppression of the "counterrevolutionary rebellion" last year. Police with submachine guns surrounded the university, and many Western reporters were attacked and beaten by police on the streets of Beijing. The students in Beijing were not alone: In Moscow, 20 Soviet students wearing white headbands and carrying candles held a protest in Red Square, until police took them away.

## Huge demonstration in Hong Kong

In Hong Kong, the Alliance led a demonstration of 250,000 people on June 3, which astonished even the organizers, who had expected 30,000. Many thousands more lined the streets to support the marchers, who wore black and white, the Chinese color of mourning. The march converged on the office of Xinhua news agency, Beijing's unofficial but very powerful embassy in Hong Kong, where a few hundred

began a sit-in. The next day, 100,000 held a three-hour vigil in Victoria Park. The march defied not only Beijing, but also the British colonial government, which has been propitiating the People's Republic for 40 years. Before the anniversary, colonial Gov. Sir David Wilson called on the people of Hong Kong not to openly defy Beijing, and to "look to the future, and simply not look obsessively at the past."

Wilson's exhortations had little effect, however. "The shadow of China is very dark in Hong Kong now," Lee Chuk Yan said. "But the 250,000 marchers prove people have not forgotten. This was not naïve emotion—it is the very clear political perception that there is no hope for Hong Kong if China does not change. This is a movement to control our own fate in the future, with a multi-party democracy in China. The question is if China will have changed by 1997. As long as there is the one-man rule of Deng Xiaoping in China, change will have to wait, until his death or total collapse. But once he goes, the movement will erupt, to release the population from the grip of the CP [Communist Party]. The result of last year's massacre is that the democracy movement has no more illusions about the one-party system. All illusions about reform is gone, crushed by the suppression. There are already underground parties in China."

The upheavals in Eastern Europe and now in the Soviet Union are having a big effect inside China, Lee said. Most people may not know all that has happened, but the activists know the impact that China had on Eastern Europe last year. The 1989 revolutions "give direction to China for the future," he said. Even Chinese CP security chief Qiao Shi is worried. He told his Soviet counterpart Boris Pugo, in Beijing May 30, that he is "concerned about the situation in the Soviet Union. Qiao said he hopes the U.S.S.R. will solve its problems and advance along the socialist road."

In the wake of the Eastern European revolutions, in December the CP circulated a document stating: "After many years of not championing revolutionary change, we see that this task must be advocated anew. We must assure that the leadership positions at every level in the party across the country are firmly in the hands of those who are true to Marxism. This is going to be one of the greatest challenges faced by the party in the decade of the nineties," Hong Kong's *Cheng Ming Monthly* reported in February. "This question must be discussed every day, every month, every year. . . . Failing to deal with this problem can only lead to a great upheaval! One morning we may find that our heads are missing."

European press report that the next protest movement in China will come from the workers. Already there are work stoppages, because both managers and workers are unwilling to produce under the current conditions. In Hong Kong, reports abound that Chinese workers are not being paid either wages or bonuses, and when they are, they are paid in the company's product, which they then must try and sell to feed their families. The government is now printing money to

cover workers' paychecks, which means renewed inflation.

Democracy activists "believe that if the West maintains an economic boycott, the Chinese economy may collapse. Popular discontent could then force the disintegration of the Li Peng regime. They say: 'We would rather suffer hardship for the sake of China's future,' " an anonymous Beijing dissident wrote in an essay in the London *Guardian* May 31. "For some countries to give succor to the regime for their own economic advantage is immoral. . . . The West should not be fooled into thinking the Chinese economy is in good shape because a few areas seem prosperous or a few technological achievements have been reported. The reality is that the Chinese Communist Party is like a thin man who pummels his own face to make it look fat."

### **Economy grinds to a halt**

Key industries, the dissident wrote, "which were facing a stoppage of production have received loans to keep them going. Mr. Li [Peng] cannot ignore the weaknesses of the planned economy." With prices of food, soap, and matches already rising steadily, "large increases in grain, oil, electricity and fuel are expected after the Asian games in September. The regime also plans to sell off housing into private hands then, so rents are being sharply increased."

After 20 months of murderous austerity, with production collapsed and the country strangling on its internal debt, Prime Minister Li Peng was forced in late May to allow China's banks to make 25 billion yuan (about \$6 billion) in loans to keep the bankrupt state sector operation. China's internal debt situation is so bad that industries cannot collect enough funds from their customers even to pay operating costs. Last year, the An Shan Steel company, China's biggest enterprise, unable to pay its work force, asked the workers to come up with the tens of millions of yuan to bail the company out, Hong Kong's *Perspective Monthly* reported March 18. Another company, the Fulaerji Heavy Machine Works in Heilongjiang province, the largest industrial machine-builder in Asia, was forced to shut down for a month in early 1989, because it could not buy essential materials. Just months later, the entire works, unable to collect anything, was threatened with final closure. The situation has changed little. At the beginning of April, the government took—by force—some 5 billion yuan out of workers' wages to pay for a new issue of government bonds.

Yet at the same time, the government has been bankrupting itself by subsidising the entire state-owned economy. In 1989, government subsidies were nearly double the figure from just four years before. Subsidies were 25% of national income in 1986, but reached 32.6% by 1989.

Even the People's Liberation Army, despite its key role in keeping the regime in power, is being hit hard. Military spending was boosted to almost 30 billion yuan in the projected 1990 budget, an over 15% increase. But the army will be lucky to get an additional 10 billion yuan.

## **Chai Ling: Don't forget the martyrs of Tiananmen Square**

*On June 3, Chai Ling, the 24-year-old former leader of China's Tiananmen Square student movement, addressed a commemorative rally in Washington, D.C. on the occasion of the first anniversary of the massacre. Chai Ling was in hiding in China for nearly a year after the massacre. She escaped to France in April. Her remarks are the first that she has publicly made in the United States. For many, Chai Ling has become a symbol of the Chinese struggle for freedom.*

One year ago today, a few hours from now, the killing began in Tiananmen Square. The massacre ended the peaceful demonstration that had lasted for over 50 days. For 50 days, we peacefully presented our government with our hopes and dreams for China. The government responded with martial law, tear gas, bullets, and tanks.

The major theme of the democracy movement last year was peace. The highest principle of peace is sacrifice. The people in China, indeed all over the world, were inspired by our belief in peace, and our willingness to sacrifice for peace.

During the hunger strikes, all of Beijing was full of the human spirit of peace and love which had never been felt in the 40-year history of Communist China. That history had been dominated by hatred and class struggle.

One year ago, when the tanks came into Tiananmen Square, the students were simply sitting there, facing the tanks peacefully. Outside the square, thousands of people blocked the tanks with their bodies. Their weapons were not guns, but human dignity. But that is the most powerful weapon that people can have. That night, it took four to five hours for the tanks to move 100 meters forward.

Wang Weilin, the 19-year-old student, blocked the tanks on Changan Boulevard with his love, the love for the lives of the peaceful demonstrators in Tiananmen Square. That scene was captured by the photographers, and made known to the world.

There was also a scene that wasn't so well known. A young woman, a student from a university in Beijing, also tried to block the tanks from going into Tiananmen Square. She put one hand on her waist, and the other hand up in a stop sign in front of the tanks. But for her, the tanks did not stop. She was crushed. Her young blood forever is a stain on

Tiananmen Square, and on our current government.

Why was she willing to die? Because in her heart she has the same beliefs as the peaceful demonstrators in Tiananmen Square. The power of love, the power of peace, the power of hope ruled in Tiananmen Square those 50 years before the massacre occurred. The people protected each other.

It would have been easy for the Chinese government to arrest the unarmed students. They didn't need to kill us to stop the peaceful demonstration. They certainly didn't need the tanks and machine guns and other heavy weapons in order to kill us. The reason they were so brutal was because for 40 years, the Chinese Communist Party had systematically killed many innocent people. Their killing had made the leaders of the government live constantly in fear, fearful of the evils within their own souls. They feared the students' peaceful spirits, they feared the power of love, they feared most of all the awakening of the people.

It is peace and love which the students had found within themselves in Tiananmen Square that awoke people all over China. By government counts, in 1989, there were demonstrations in 84 Chinese cities. The spirit of Tiananmen Square has lit the Chinese people's desire for freedom and democracy.

Brutal force and terror can never win the hearts and minds of the people. After last June, the people have less fear of death, both physically and spiritually. This is true all over China. That is the reason I could escape successfully. Hundreds of people were no longer afraid to help me.

### **The current situation**

The Tiananmen massacre last year was the first time that the Chinese government had used troops to kill innocent people in full view of the world. The Chinese people had trusted their government, and had believed that the Communist Party would improve the lives of ordinary Chinese people. But the massacre last June had finally shaken their trust and belief. The mandate to govern the people of China is being withdrawn by the people of China.

The peaceful demonstration in Tiananmen Square and the brutal oppression since, have exposed to the world the true nature of the Chinese Communist Party. This had never happened before in the party's 40-year history. Now the Communist Party's lies will no longer be believed. The government of the lie can no longer rule by the lie, so they rule by sheer terror.

Today, we see all over China passive resistance against the government. Since people no longer believe in the government, it has lost its legitimacy. This resistance is very strong among workers and peasants. In the 10 months of hiding, it was the ordinary Chinese people who helped me to escape. In my journey, I discovered a great number of people were listening to VOA and BBC. The people of China know the truth. They see the government without its skin. They see the evil, and feel the fear of the Chinese Communist Party

leadership.

After the massacre in Tiananmen Square, the government of China can never be the same. During last year's democracy movement, the majority of government officials were sympathetic and supportive of the students and peaceful demonstrators, some of them even helped us to escape. They are just like us, eager for freedom and democracy.

And the society of China can never be the same. Today the underground resistance organizations are still alive and determined. They are careful and waiting, but alive and determined.

Today is a day of sorrow. Thousands of mothers, teachers, and friends who lost their loved ones last June have been grieving for a year. There have been many tears, but the tears have not been in vain. The tears will become the seeds of change and the seeds of human rights, the seeds of freedom and democracy.

The Chinese government didn't just want to kill the people in Tiananmen Square. They wanted to kill everything—the hope for freedom, the brave call for basic human rights, and the love deep in our hearts. But during the 10 months of my escape, I saw that no one can kill hope. The hope for a free life, the hope for a better future, and the hope hidden deep in the hearts of every Chinese man and woman. People tried to realize their hopes for the future by helping me and keeping me alive. I am determined to fight, to keep their hopes alive, and to see the day when our hopes become reality.

Today, as I stand in freedom, under the protection of democratic governments, I plead to the people of the world that you must not forget those who gave up their lives for freedom and democracy. Please listen to the cries of China's prisons, and the voices of students, workers, and peasants who are still deprived of basic human rights. People of the world, please do not forget the people of China. Indeed, do not forget people everywhere who suffer in the hands of brutal governments. The economic well-being of the world is important, but it cannot be more important than the lives of people. Let your voices of support be heard. The road to freedom and democracy is long and difficult; we must not give up so soon after so much blood had been shed.

After 10 long months in hiding, it is freedom at last for me. I know how precious freedom is. I cannot forget, even for a minute, those who are not free. I say now to the governments of the world, do not look at the Chinese people with the eyes of the 1970s, for the people of China have been emboldened in their quest for freedom. The struggle for justice is deeply felt by the Chinese people. It is not imported from abroad. It is deeply rooted in our own culture and history. It is our political leaders who now resist this idea.

I am grateful to be in Washington, D.C. with all of you today. And I appreciate all the support of the people of the world for me and for the Chinese people. But one day, I hope to return to my beloved China, when it is free.

# War-cries over the Asian subcontinent

by Ramtanu Maitra

Notwithstanding the high-profile peace missions to the Indian subcontinent by U.S. presidential emissary Robert Gates, German socialist leader Willy Brandt, and U.S. Congressman Stephen Solarz (D-N.Y.) during the last two weeks of May, tensions between India and Pakistan remain high. Now a new dimension, the specter of nuclear weapons, has emerged to add fuel to the crisis and, ironically enough, make war a distinct possibility.

Leaders of both nations deny that they have any intention to get involved in a war, and at the same time accuse each other of creating a "war psychosis." Tough words, bordering on threats, are being issued regularly from both capitals while the troops on either side of the border keep their guns trained on their opposite numbers.

Indeed, according to the Indian daily *The Hindu*, on May 22 India and Pakistan came close to armed hostilities along the border in Jammu and Kashmir. Reports indicate that the clashes were averted only when the Pakistani troops took "two steps back after advancing one step forward."

After this incident, on May 27 the *Sunday Times* of London printed a news item about Pakistani heavy trucks moving out of the highly secret Kahuta nuclear research establishment and proceeding toward military airfields. The same news item also referred to the existence of photographic evidence that Pakistan had equipped forward-based F-16s with special racks for carrying nuclear bombs, a story subsequently featured in the U.S. press also. It is an open secret that Pakistan has long been involved in producing bomb-grade enriched uranium at the Kahuta complex. But the story clearly implies that Pakistan's bombs are not only ready, but are being deployed to meet any eventuality.

## A Washington plant?

The story prompted two different reactions in India. In the Indian parliament a senior opposition politician, perhaps to embarrass the government, demanded that civil defense facilities be built in key Indian cities lying within the range of Pakistan's F-16s. On the other side, a number of experts pooh-pooed the story, calling it a "plant" engineered by Washington to deter a surprise Indian attack.

Whatever purpose of the story may have had, if it was really a "plant," it has brought India face to face with the growing nuclear capability of Pakistan. It is generally assumed in New Delhi that Pakistan may have the capability

to put together a nuclear bomb, but that it will not cross the Rubicon and drop it on India. India, for its part, maintains that it would not initiate a nuclear strike since it would be a "betrayal of the human spirit." But, as Defense Minister Dr. Raja Ramanna, the former Atomic Energy Commission chairman and co-director of India's 1974 peaceful nuclear explosion, told Indian parliamentarians: If Pakistan poses a nuclear threat, India would "rise to the occasion." In other words, threats will be countered with threats and a nuclear attack with a retaliatory attack.

The warhawks in India—who have long believed that Pakistan is not yet a nuclear weapons state—got a boost from two recent observations made in the United States. On May 19 Sen. Daniel Moynihan (D-N.Y.) told the Senate that in case of a war with India, "the Pakistani forces would be defeated and destroyed." Second, as reported in the previously mentioned *Sunday Times* news item, in a recent briefing, chairman of the U.S. Joint Chiefs of Staff Gen. Colin Powell was informed of certain defeat for Pakistan in case of a war.

These two reports can be rightly construed as a message to the Pakistanis from Washington. In Pakistan, where Prime Minister Benazir Bhutto gave a rabble-rousing speech recently in Azad Kashmir, punctuated with cries of "*Goli, goli, goli, azadi, azadi, azadi!*" ("Bullet, bullet, bullet, freedom, freedom, freedom!"), apparently to inspire the Kashmiris against the Indian security forces, virtually the entire political spectrum—though each for different reasons—is involved in sloganeering and demanding a showdown with "infidel" India. The prime minister herself visited eight Islamic countries recently trying to secure assurances that they would come to Pakistan's rescue, in the form of arms and cash, in case of a war with India. Added to the official hype is the Pakistani media's relentless trumpeting of "atrocities" committed by the "bloodthirsty Hindus" of India.

## Warhawks on the stir

But the Moynihan statement and Colin Powell story have had another effect. Coming on top of the near-civil war situation in Pakistan's Sindh province that has paralyzed the Bhutto government and put the army on the ascendancy, and the assumption that Pakistan is not yet ready with nuclear bombs, these two reports have provided a favorable climate for the hawks in India to call for a preemptive strike on Pakistan. There are many telltale signs that the pressure on the government to listen to the hawks is mounting.

It is also evident that at least some in India wish to resolve the Kashmir problem by annexing the entire Kashmir, an idea strongly favored by the hawks. A letter to this effect appeared in the *Times of India* on May 28. Titled "Pak Banditry," and penned by a former Indian diplomat once posted in the United Nations, the letter argues for India's sovereignty over the entire Kashmir, and concludes that India's "legal right" to the whole of Kashmir has to be maintained. The former diplomat did not enlighten readers as to how this

## South Asia's Achilles' heel

The source of terrorism on the Indian subcontinent is the arms-drugs smuggling nexus that has become entrenched in Pakistan since the Soviet invasion of Afghanistan, and this, not Pakistani Premier Benazir Bhutto's instability, is the real stumbling block to peace, wrote Girilal Jain, former editor of the *Times of India*, in a weekly column recently.

This view, widely held among Indian government officials and other influentials but not often discussed in the media, echoes the observations made by Lyndon H. LaRouche more than a year ago in an interview from prison with Indian journalists. Indeed, Pakistan's earnings from narcotics are now put at \$18 billion annually—about 25% of the country's GNP and twice its annual budget—according to the Pakistani magazine *Newsline*. Most of the drug trade is linked to the Karachi-Peshawar axis.

This drugs-for-guns nexus is responsible for fueling the recent violent upsurge in the Indian state of Jammu and Kashmir and for sustaining the terrorist-secessionist

violence in India's Punjab state. Since 1980 India has become a major transshipment point for dope from the Golden Crescent areas of Afghanistan and Pakistan.

This same nexus has also contributed greatly to setting aflame the Pakistan province of Sindh, Prime Minister Bhutto's home state. The political battle between Sindhis and Mohajirs has been joined by Pathans and Punjabis and is fueled by guns and dope money. By some estimates there are more than 50,000 illegal Kalashnikov assault rifles circulating in Karachi. One report says they can be rented for \$45 per day. The city is bristling with gunmen and gang wars, and no longer governable.

Though no international media chose to report it and Bhutto herself declined to point it out, the ongoing rioting and disturbances in the city of Hyderabad that have already taken hundreds of lives began with a protest march by women with the Koran on their heads complaining of the acute shortage of wheat flour and water in the city. On May 22 the daily paper, *Dawn*, reported that hungry people were looting flour mills and grain and rice warehouses, and were being shot down by security forces. The city has been without water and electricity for days. Prime Minister Bhutto has bowed to IMF demands for vicious budget cuts and free market austerity measures.

“legal right” could be enforced.

Two things have given the hawks new momentum. First, there is the difficult situation that India faces in the state of Jammu and Kashmir. India claims stoutly that Pakistan has been aiding and abetting the Kashmiri secessionists for decades and has stepped up these operations lately. Whether or not the Pakistani involvement is as extensive and determined as India claims, the fact remains that the borders in Kashmir are extremely porous. Without an explicit change of heart in Pakistan, subversion from the other side cannot realistically be stopped. Suggestions have been made to intensify border patrols and mine the borders, but the cost and manpower involved is so large that it has not drawn any response from the Indian government yet.

It is also evident that there are not too many people left in the Kashmir valley who are willing to take on the terrorists on behalf of India. The movement for an independent Kashmir, rightly denounced by the Pakistani prime minister recently, has emerged as an active and central force, and it is apparent that the two nations have to put their best efforts together to blunt it. The independent Kashmir movement, spearheaded by the Jammu and Kashmir Liberation Front (JKLF) under Amanullah Khan, is based upon the old British design to balkanize India—the same way the Khalistanis in Punjab are pushing. Incidentally, the JKLF has its “brains” abroad, a fact which has become evident during Amanullah

Khan's recent sojourns in the United States and the Netherlands.

In order to deal with this cumbersome situation, the hawks are keen to “cut off Pakistani hands” to stop cross-border subversion. But beyond that, they have little to suggest. Meanwhile, most Indians agree that a war with Pakistan is not going to solve the smoldering Kashmir problem. The only solution to the Kashmir problem, which requires the full-fledged participation of both India and Pakistan, lies in making the present line of control in Kashmir a permanent boundary. But, so far, no such initiative has become visible in either India or Pakistan.

The second destabilizing factor, from which the hawks are trying to reap the maximum benefit, is the hush-hush nuclear weapons program undertaken by Pakistan. The exact status of Pakistan's nuclear bomb has been the focus of constant speculation, and the uncertainty on this matter has its own destabilizing effect under the present circumstances. If Pakistan has in fact already developed the capability, it should carry out a bomb test and lift the cloud of suspicion and gamesmanship that has gathered around it. In all likelihood, Washington would wrongly condemn such a test, but it could, ironically, blunt the talons of the warhawks and prevent a war in the region. Since Dr. Ramanna has promised that India would “rise to the occasion,” Pakistan will do well not to misread the signal, either.

# Media pronounce narco-terrorist cult as the future of Ibero-America

by Andrea Olivieri

On June 2, less than a week after Colombians elected César Gaviria Trujillo as their President and commander of their nation's war against the cocaine cartels, the *Washington Post* dedicated its post-electoral coverage to the candidate of the "M-19 Democratic Alliance," Antonio Navarro Wolf, whose third-place showing in the election was described as the most important political phenomenon "in Colombian politics this century." Navarro Wolf is a "former commander" of the recently legalized M-19, a narco-terrorist gang which went down in history for its 1985 seizure of Colombia's Justice Palace on behalf of the cocaine cartels. Half of the Supreme Court justices were executed, the nation's legal archives burned, and 100 people killed during that siege.

Today, the M-19 is being offered continent-wide power on a silver platter. Its sudden thrust into the limelight is part of the gameplan of its Anglo-American and Soviet sponsors to present the M-19 as a model of the so-called democratic process "sweeping" the continent. Navarro was explicit on this strategy when he told the Brazilian daily *Folha de São Paulo* May 28 that "A very important political party renovation is taking place in South America. I think we should have rapid integration of those parties to build Latin American integration." He described the M-19's close friendship with the Brazilian Workers' Party, which is identified with the gnostic doctrine of "theology of liberation."

## The 'political phenomenon of the 1990s'

The *Post*, which lovingly portrays Navarro as a "thin, scholarly and professorial" leftist of the non-Marxist variety, suggested that Navarro will get a "high-visibility post" in Gaviria's cabinet, and quoted the M-19er: "We are the political phenomenon of the 1990s. We are growing rapidly, and we aspire to be the majority party by the year 2000." The Eastern Establishment's flagship paper, the *New York Times*, similarly credited the M-19 with mediating the so-called peace talks with the country's other narco-terrorist forces, and predicted that the M-19 will "finally walk through the doors of government" on Gaviria's inauguration day. The *Wall Street Journal* and the *Christian Science Monitor* similarly presented the M-19 as idealists who have recognized the impossibility of winning an armed revolution and who are now committed to winning peace for the violence-torn

nation of Colombia.

None of the U.S. media have mentioned the one—and only—relevant fact about these terrorists. Far from being the "liberation fighters" the press has portrayed them to be, the M-19 has always been and *continues* to be a crucial accessory to the cocaine cartels' strategy for capturing political power in Colombia. The 13% of the vote the M-19 garnered on election day was no hopeful expression of "the country's hunger for change," as the *Post* would have us believe. Rather, it was a product of political and financial dirty tricks by former Colombian President and mafia godfather Alfonso López Michelsen, and by the billionaire cocaine cartels themselves.

Starting in 1981, when—according to Navarro—a "non-aggression pact" was signed between the M-19 and Medellín Cartel chieftain Pablo Escobar, the guerrilla group took out a cartel franchise in exchange for providing protection to drug mafia activities. By 1985, the M-19 was conducting full-scale armed actions on behalf of the cocaine cartel, such as the Justice Palace siege.

In 1988, the M-19 launched its final operation, kidnaping prominent Colombians as part of a strategy to open the door to a negotiated "amnesty" that could pave the way to political power. That strategy worked, and may now be the model for the M-19's drug-running sponsors.

The strategy of the M-19 and the cartels is obvious. The *Wall Street Journal* of May 22 didn't even blush when it wrote, "So strongly in favor of peace is M-19 that it even urges the government to give up its 10-month old war on drugs and make a deal with the drug lords." Rafael Pardo, the aide of President Virgilio Barco who negotiated the M-19 amnesty, admitted, "M-19 gave up its violent ways, but its politics are the same as before." Navarro boasted of the state security guards assigned to protect him: "The only difference with the past is that before they hunted me and now they protect me."

## A cult of Gnostic 'magicians'

The M-19 is not simply an asset of the drug mafia. It is also committed to imposing New Age institutions in place of traditional, national ones. Navarro told an interviewer in 1985 that the reason for the attack on the Justice Palace was



that the M-19 sought to destroy “one of the last, if not the last, respectable institutions which the country has. . . . We evaluated what the Supreme Court meant, in a country which no longer believes in anything, and which only has two institutions left: the Catholic Church and the Supreme Court.”

Navarro is a co-founder of the M-19, and self-described as a follower of M-19 leader Jaime Bateman, who was killed during a suspected drug-smuggling operation in 1984. Bateman told the Peruvian magazine *Caretas* in November 1983 that the secret to a successful guerrilla insurgency lay in the M-19’s adoption of the methods of the gnostic “magicians.” Bateman claimed he was “invisible” to his enemies and “immortal” because of a “mental chain” that his mother, a leading member of the gnostic cult, wove to protect him and his organization. Bateman went on in that interview to explain:

“I believe more in passion than in ideology, or theory. . . . I believe that our work needs more passion right now than reason. When people reason, they become pathetically slow, afraid. . . . Science stultifies the world, and stultifies thinking. . . . The traditional left refuses to acknowledge the importance of cults, magical thought, religious manifestations.”

Navarro, in a 1985 interview to the Mexican magazine *Cuadernos Políticos*, endorsed Bateman’s “philosophy” as the key to recruiting *children* into the M-19’s strategy of cultural and military warfare:

“What Bateman said is true: You don’t need so much to win over the minds of the people, as you have to win their hearts. . . . Very rapid social dynamics are needed in countries with . . . a youth without hope, which expects nothing from the future. . . . For example, in the [guerrilla] camps, we worked with *gamine*s, abandoned children who do not have parents and live in the streets: Thousands of children aged 10, 14, 16; these are the worst of human marginality, because they are marginalized in childhood. Organized in the camps, these children become a factor of tremendous dynamism in the popular struggle. . . . To what do you call all these people? To something quasi-magical, audacious, novel, vital.”

Navarro also described the M-19’s geopolitical strategy: “For us, what is fundamental is what is happening in the Pacific Basin of South America—Colombia, Ecuador, Peru, and even Chile. . . . This is where we shall find the solution to the stalemate of the revolution in Central America, where certain limits have been reached because of the force of imperialism and the small size of the countries involved in the conflict. We believe that the new fronts which are being opened up in the South American Pacific Basin will provide hope, give oxygen, to the Latin American revolution.”

The M-19 has extensive links throughout the Pacific Basin, where for years it headed a multinational narco-terrorist force calling itself the Americas Battalion. It is also well-connected in Europe, where its support apparatus is the so-called “solidarity” and “human rights” organizations linked

to the London-based Amnesty International; the “religious” organizations that subscribe to the “theology of liberation” doctrine; and a network of so-called Colombia Committees. Scattered throughout these support networks are elements of the global terror apparatus wielded so effectively by the Soviets.

### A glimpse of the real M-19

**Feb. 26, 1980:** An M-19 assault occupied the Dominican Embassy in Bogotá during a diplomatic reception. Over a dozen ambassadors were taken hostage, along with 60 others. The embassy was held for 61 days, and serious bloodshed avoided when the Turbay Ayala government paid a secret ransom and provided the terrorists with safe-conduct to Cuba.

**Dec. 9, 1981:** Mexican authorities arrested Jaime Guillot Lara, a Colombian drug trafficker and, according to Mexican sources, a leading member of the M-19. Guillot confessed to being a major arms supplier for the M-19, using cocaine shipments to finance weapons purchases.

**Dec. 5, 1984:** M-19 leader Iván Marino Ospina called a Mexico City press conference to announce M-19 support for the cocaine cartel’s threat to “kill one American for every Colombian extradited.” Said Marino Ospina, “These threats should be carried out throughout the world against the representatives of rapacious imperialism, and will serve as the basis for negotiations if some day these traffickers, who are also Colombians . . . use their money to build the nation.” Several weeks later, cocaine czar Carlos Lehder (currently serving a life sentence in the U.S. for drug trafficking) responded: “The M-19 is the only movement that has declared itself against extradition. Iván’s call in Mexico is a call for the guerrilla movements to join the [drug] bonanza.”

**Nov. 6, 1985:** Forty M-19 narco-terrorists, including Marino Ospina, stormed the Colombian Justice Palace and executed 12 members of the Supreme Court. According to then-Justice Minister Enrique Parejo González: “Let’s get one thing straight. The [M-19] guerrillas did not enter the Justice Palace to talk. They came to kill. They sought out as the immediate target of their action . . . the same judges whose lives had been threatened for having given favorable opinions on the extraditions. . . . They murdered them in cold blood. . . . The rebels burned the archives and the library where all the documents related to drug traffickers’ extraditions were kept. Their conditions were non-negotiable, one of them being a public trial of the head of state to be carried out by the assailants themselves.”

**June 1988:** An M-19 assault team kidnaped Colombian statesman Alvaro Gómez Hurtado, murdering his bodyguard. The ransom demands included a government commitment to establish a negotiations commission which would facilitate a political and juridical amnesty for the M-19. César Gaviria Trujillo, then interior minister, denounced the M-19 action as an effort “to win a national audience for its political project.”

## Albanian dictators covet Western aid

*Gjon Gjomarkaj, the chief of the Albanian broadcasts for Vatican Radio, was recently interviewed in Rome by Maria Cristina Fiocchi about events in Tirana, the capital of Albania. The interview, conducted in Italian, has been slightly abridged.*

**EIR:** The Albanian regime recently asked to join the CSCE [Conference on Security and Cooperation in Europe]. How do you judge this move; is this opening real?

**Gjomarkaj:** There are three causes for this "opening" by Tirana. First of all, there is internal pressure. The people need food. After 45 years of peace, they can't take it any more—having to tighten their belts, while the rulers have shops and consumer goods in abundance. That's why [Albanian boss] Ramiz Alia is asking to participate in international institutions like "Helsinki 2" and the European Community. Albania needs Western aid.

The second factor is Albanian youth, who know nothing of Albania's past nor of the West, but have found out from the media and tourists that there is prosperity and freedom in the West. The youth are protesting. A few days ago, the authorities shut down the universities in order to wipe out the graffiti reading "Down with Hoxha," "Down with communism," and "Down with Stalinism." But a short while later, the signs reappeared. The regime can't contain the youth protests.

The third factor is external pressure. There are 100,000 Albanians in exile because of persecution. That's 100,000 out of 3 million, a very high percentage. The Albanians in the United States have organized demonstrations. They surrounded the United Nations building for days demanding a U.N. intervention on behalf of Albanian freedom; also in front of the White House in Washington, tens of thousands of Albanians came from various nations of the world to demonstrate, and a delegation was received at the White House.

As a result, U.N. Secretary General Pérez de Cuéllar went to Albania, and he insisted, during his visit, on the need for the regime to respect human rights. The rulers already promised him that they will adhere to his demands; but despite these verbal promises, Ramiz Alia spoke a few phrases to the guests, in the presence of journalists, which arouse

suspicious. He stated: "We are guided by socialist ideas" (in other words, communist). At the Tenth Plenum of the Communist Party, held before Pérez de Cuéllar's visit, Ramiz Alia also said, "We are the pupils of [the late dictator] Enver Hoxha." That same Enver Hoxha did not allow, for 45 years, the least freedom, and did everything to crush the Albanian people and make it into an instrument of communism.

These words of Ramiz Alia, to those of us who have lots of experience of the Communist Party's methods, make it clear that for now the promises are just words. The regime does not intend to eliminate the guiding role of the party, as has occurred in other countries of Eastern Europe. That's why we are so cautious about saying there is a real opening. If Ramiz Alia had not taken these steps, one way or the other the people would have forced him to change. What could have happened was what nobody wants, a massacre, as in Romania. The regime would not have survived. The Tirana government showed itself to be smart. And it will be even smarter if it stays on the road of real reforms. Up to now, all the tendencies to open things up have been killed in the cradle, and the leaders eliminated. For example, the ex-chief of government and Hoxha's closest friend, Memet Sciu, who was defense minister and interior minister, was killed at Hoxha's behest because he was pro-opening, and his entire following with him. But the Albanian people can no longer tolerate the dictatorship. Ramiz Alia must first "open up" to Albania, concede freedom to the people, and then open up externally. The first is the crucial condition.

**EIR:** Is there a liberation movement in Albania?

**Gjomarkaj:** There has always been a liberation movement in Albania, because the people oppose the communist regime, and have shown it year in and year out. In Albania, every day there are persecutions, killings, jailings, and deportations. There is a National Democratic Committee of Liberation of Albania, headquartered in Paris, created in August 1949 with the blessings of the Americans and British (at least in the act of its founding). Sure, we have had a lot of difficulties and problems, above all because of the lack of Western support.

Almost all the parties and political groups that existed before communism in Albania belong to the Committee, including the National Front, the most democratic party, comparable to the social democracy, which is ready, because it is well known and established in Albania, having fought during the resistance to Nazi-fascism. In fact, the regime's propaganda has always been ferocious against the National Front, precisely because it is so respected. The National Front is fighting for an ethnic, unified Albania, while the Communist Party, under pressure from Tito, gave him Kosovo. Hence, the alliance that had been formed among the political groups against Nazism and fascism and against the foreign occupation broke up, because Tito ordered Hoxha to

break the alliance with the National Front. The communists unleashed a civil war among Albanians, communists against nationalists, while the nationalists, who continued to fight Nazi-fascism alone, had to defend themselves against the communists too. Albania was then subjected to the influence of the communists—first Yugoslavs, then Russians, then Chinese, always against God—but the people always rebelled.

**EIR:** What is the cultural grounding of the Albanian resistance?

**Gjomarkaj:** The anti-communist resistance has always had Christian values. Patriotic defense, either against Nazi-fascism or against Stalinism, has always started with the Christians, first of all with the Catholics. That's why communism's first crime was destroying the Catholic community, because with the Catholics intact, communism would never have won, even if the Catholics are a minority. In fact, in the north, in Scutari, the center of Catholicism, communism has never taken root, not even today. That's why in the present government there are almost entirely southerners. (There were some northerners, but Hoxha had them killed because he did not consider them trustworthy, either because they were Catholics, or came from persecuted Catholic families. Among them, Gjin Mark Toma, and Tuk Jakova were killed for being Christians.)

In recent months, Tanjug, the Belgrade [Yugoslavia] news agency, which is Serbian, reported that there had been a popular uprising in Scutari like the one in Romania. Unconfirmed reports came to us that three students were hanged in the square, and left on the gallows so people would look at them. We heard about hundreds of youth being arrested for having risen up peacefully, asking for freedom and reforms. After two or three days, the European mass media stopped publishing such reports, perhaps because they believed the denials from Tirana. But a few days later, an agency in West Germany ran a story confirming the Scutari uprising and saying there were 140 youth in jail and that arrests were ongoing. The agency confirmed what we knew all along: The resistance has never stopped. But the police, the "Sigurimi," is very strong. One out of three people is a spy for the regime, either paid or blackmailed or forced. More than three people cannot meet publicly, or the police intervene and threaten them or take them to the country. The police are present both in the cities and rural areas. Albania's riches (minerals, natural resources, farming, fish) are used mostly to maintain and build up the secret police, internally and abroad. We know that all over the world, including here in Rome, there are people paid handsomely by Tirana to spy on activities of the regime's opposition.

**EIR:** Is there an elite, a recognized democratic leadership?

**Gjomarkaj:** When we reflect on the problem of the Albanian liberation movement, we have to keep in mind that the

question is complex. Albania is a dismembered nation. Half of the Albanians, those who live in Kosovo, are persecuted every day; they live for months in a state of siege, because the Serbians want to eliminate the "problem" of the Albanians and definitively annex a territory that is not theirs and never was. The Serbians have reduced, and attempted to cancel, the autonomy Tito gave Kosovo in 1974 (a minimal autonomy, still incorporated into the Serbian republic). Milosevic, the Serbian leader, has abolished even this minimal autonomy and is trying, through a law of last July, to replace Albanians with Serbs, to take land and houses away from the Albanians and give them to Serbs (there are about 9 million Serbs in all).

Since the majority of Albanians in Kosovo are Muslims, for historical reasons, Milosevic is trying to convince world public opinion that they are Turks. They are not Turks, they are Albanians!

A few weeks ago we received reports that Milosevic was replacing the Albanian teachers and intellectuals, in the universities and high schools, with Serbian professors, and that he was imposing Serbian as the official language in Kosovo, whereas it had been Albanian until last March. Milosevic wants to wipe out the memory of Albanians. He is building a Greater Serbia, already having Kosovo in his very rich region which produces the goods the Serbs consume (we call Kosovo "the granary of Albania"). Once he's destroyed the Albanians of Kosovo, Milosevic has a plan to do the same with the other neighboring republics, just as occurred 100 years ago. With the Albanians, Milosevic has a tough nut to crack, because they don't surrender; they would rather die than be the slaves of an occupying force.

There is another question. Last year [the Greek socialist premier Andreas] Papandreou recognized the borders of Albania, and removed the state of war between the two countries. Until then, Greece had claims on Epirus in the north, and the cities of Korcia and Gjinokastra. In that region there are Albanians who belong to the Orthodox faith, which is why the Greek Church, which is active in politics, was pushing annexation. With the pretext of alleged religious persecution in Albania, the Greek Orthodox Church is still raising border questions. Even though the government shut down that quarrel, the Orthodox Church is still fanning the flames.

So the Albanians don't just have to fight communism. We also have the problem of defending our borders, the national territorial integrity, and of the survival of Albania as a nation. Hoxha, and Ramiz Alia, have always used the argument of the "foreign enemy" and the threat to the borders to keep the people under their domination. The Albanian people, kept in ignorance, deceived by the regime, and with hundreds of years behind them of battles to defend their nation, have suffered under communism, believing that the "foreign enemy" was at the door, and have often feared to attack the regime because then they would have no defense against that "enemy."

# Canada's high court weighs free speech

by Our Special Correspondent

A landmark freedom of expression case heard in May before the Supreme Court of Canada may well put the Charter of Rights and Freedoms through a crucial test before the June 23, 1990 ratification deadline for Canada's new "social contract," the constitutional amendments known as the Meech Lake Accord. The human rights charter became part of the Canadian Constitution in 1982.

It is in this context that Her Majesty's Government in Canada had appealed to the Supreme Court of Canada an earlier decision from the Federal Court Appeal's Division which recognized the right of the Party for the Commonwealth of Canada (PCC) to disseminate in airport terminals, ideas, policy documents and programs that it promotes. The party believes this is key to solving the constitutional crisis affecting Canada and the particularly virulent form of economic disease spreading throughout the North American economies.

What now appears to be the only policy document proposing a serious solution to the Meech Lake impasse—*The Draft Constitution for the Commonwealth of Canada*—authored by Lyndon LaRouche, is soon to go into its second printing. A reassertion by the Supreme Court of the PCC's right to organize in airports would allow the continuation of such forums for its dissemination. Both the Federal Court and the Appeal Division have previously judicially declared that airport terminals are "extensions of streets, parks and other public places [that] are traditionally viewed as public fora."

## Freedom of expression at issue

The party's attorney Gerard Guay based his argument before the court on the facts that freedom of expression rights of organizers for the PCC have already been recognized by two federal courts and that, notwithstanding, PCC representatives have subsequently suffered harassment by the RCMP and Transport Canada. Mr. Guay wrote in his statement before the Supreme Court, "it is insufficient to declare that a person's rights have been infringed or denied. Such a declaration does not prevent a repetition of the infringement or denial and does not promote fundamental freedoms. A judicial declaration that public property to which the public is openly invited is a public forum, a place where fundamental freedoms may be exercised, is the appropriate remedy. . . . [T]he respondents submit that a declaration to the effect that their

activities are Charter-protected is a further appropriate remedy."

In the Supreme Court case, one of the points at issue was that "freedom of expression is the cornerstone of political democracy and far outweighs government's property interests or any objective found in the airport concessions regulations," according to the brief submitted by the PCC. Quite simply, "government property rights cannot be used to limit fundamental freedoms in areas that are generally open to the public. To do so would create a dangerous precedent whereby a non-Charter right (state property rights) could override a Charter-right (freedom of expression). The appropriate role for the state should be to protect and enhance fundamental freedoms rather than to risk to limit those freedoms by an unreasonable defense of its property rights."

With jurisprudence cited from Supreme Court cases in both the United States and Canada, the PCC brief concludes that, in fact, "when freedom of expression is infringed, all other rights are infringed. Freedom of conscience, thought, belief, and opinion are so intimately related to freedom of expression, that they cannot truly exist if freedom of expression is denied."

## Cincinnatus principle can save the nation

The fundamental freedoms case which was heard on May 22, 1990 before seven of the nine Supreme Court Judges of Canada will also be remembered for the distinguished presence of Glen How, Queen's Counsel, who presented an *Intervenant's Factum* (*amicus curiae* brief) in support of the respondents' case. The 69-year-old lawyer from Halton Hills, Ontario, had made judicial history in Canada in 1953 when he argued before the Supreme Court the famous *Saumur* case involving the Jehovah's Witnesses. By this case, the principle of free speech was judicially established as the cornerstone of democracy in Canada. (See *Saumur v. A.G. Quebec and City of Quebec*, [1953] 2 S.C.R. 299, per Rand J. at p. 332.).

Thirty-seven years later, seeing Glen How standing again before the highest court, defending fundamental freedoms for all Canadians, is a proud reminder of the patriotism of Cincinnatus, the Roman farmer, who answered his nation's call to arms; when peace was achieved, Cincinnatus, now a hero, refused political office, and returned to his farm as an ordinary citizen, but always remained ready to defend the nation. The Canadian people should thank Glen How, not only for what he has done, but also for who he is.

As Lyndon LaRouche wrote in his *Draft Constitution*:

"In such rare intervals a great people rises for a time above preoccupation with the immediately personal and local concerns of the ephemeral mortal lives of each, and locates its most immediate sense of self-interest in the condition of the world and nation bequeathed to its posterity as a whole."

The Supreme Court of Canada is hearing this case at such a moment.

# Mideast: No war, no peace, more crisis

by Thierry Lalevée

At their recent summit meeting, neither President Bush nor President Gorbachov attempted to give the impression that the Middle East was in any way an important point on their agenda. In a break with the routine of other summits, which had always seen a pro forma declaration reiterating their commitments to sponsor a new peace initiative, there was no such statement this time. Even though at previous summits few believed the words, the statements of principles always led to a few weeks, even a few months of diplomatic momentum. The rule of the game was not to focus on the contents, but on the outward shape of the momentum.

This time however, there was not even such a pretense. Instead there were separate declarations, whose common denominator was to underline Moscow and Washington's opposition to Israeli policy, in particular regarding the issue of the immigration of Soviet Jews. This was pleasing to most Arab ears. Gorbachov warned that he could interrupt the flow if immigrants were settled in the Israeli-occupied territories—in full knowledge that he would not do it, because it would be a violation of the just-ratified American-Soviet trade agreement. Bush concurred, and added that American pressures would be exerted. Both knew that a simple solution existed: Give the Soviet Jews a bona fide passport and the right to emigrate anywhere they want. Gorbachov promised that such a law would be passed upon his return. It was discussed at the Supreme Soviet, and a decision was postponed until September. Meanwhile, the United States, and for that matter all of the other Western countries, are refusing to welcome any of the emigrés.

## No substance

Yet, these were not merely demagogical words aimed at appeasing the Arab world. They definitely served that purpose, and whoever wants to be misled, could now conclude that the superpowers are on the side of the Arabs against Israel. However, the mere fact that of all issues tearing apart the region, that one was singled out, did represent a policy statement.

The issue has little substance. Only 1% of Soviet immigrants might settle in the occupied territories. A comprehensive study of their social origins makes clear that, because of age and professional training, the bulk will never be interested in living in agricultural settlements in such areas. The Arab world itself saw nothing wrong in the matter until some-

time in January, more than a year after the first major flows of immigration, when Prime Minister Yitzhak Shamir was misquoted. The international media said he was speaking about a "Great Israel," while he had in fact spoken about a "strong Israel." Whether such a misquotation was innocent, is doubtful. It just came in time to give a sense of mobilization, at a time of diplomatic low ebb.

## Political manipulation

Prior to the Washington summit, the Middle East situation was bad; by the end of it, and with such statements, it was even worse. A direct result came on June 8, when after more than three months of governmental crisis, a right-wing government was finally formed in Israel, with a slim majority. Just what political and ideological compromises were made by Shamir to the small right-wing and religious formations, will not be known for some time. However, it is obvious that seemingly confronted by a superpower *diktat*, the Israeli right reacted predictably.

Such a right-wing government, with only a 61-vote majority, will have the ability neither to survive very long, nor to take fundamental decisions concerning the fate of the country. It will be instead a short-lived transition government, either leading again to a national unity coalition—depending on whether there are changes of leadership inside the Labor Party—or to general elections—depending on the proposed constitutional changes for a direct popular election of the prime minister.

Direct consequences of these manipulations are all too obvious. There is no peace process ongoing, and there will not be one for quite some time now. Does this mean a war? Not necessarily. The majority of the Israeli Armed Forces are opposed to a war. The political elite also knows that such a war would not solve the pressing task of integrating the Soviet Jews—a matter not of territory, but of economy and political system.

In the broader context, a war is also dangerous for the superpowers, and the Soviet Union in particular, even though there could be a sinister agreement between Moscow and Washington. Political manipulation would not change the basic parameters of a war, according to which, despite all of the weapons at their disposal, several Arab countries, including Soviet ally Syria, would be once again defeated by Israel. In the present situation, a Syrian defeat would be tantamount to a Soviet defeat. Would the Red Army swallow its pride and accept such a defeat for the sake of trade agreements with Washington? How would the populations of Soviet Central Asia and others who are living under Russia colonization, react to a Soviet defeat? According to some, there could be an economic bonus: A war could lead to a new oil crisis, with prices skyrocketing, which would be beneficial to the Soviet economy. But what then of the U.S. economy, which now requires lower oil prices to be able to lower interest rates and avoid a repeat of the 1987 stock market crash?

## Food for unity

*Lyndon LaRouche's offer that the West feed the Soviets in exchange for German unity is fast gaining currency.*

When Lyndon H. LaRouche made his proposal two years ago for a Western offer of "Food for Peace" to the Kremlin, on the condition that it redirect its efforts from building up a giant war machine to a sound policy of economic development and German reunification, his idea was termed "exotic" by many. Politicians held on to the idea that arms control talks would suffice to get along with the Soviet Union. Ironically, even in West Germany, which would profit considerably from such an initiative, the LaRouche proposal was considered a "maverick" venture not really worth considering for official action.

Now, politicians in the two Germanys are actively considering a policy which resembles certain aspects of the 1988 LaRouche proposals. The basic idea being discussed in Bonn and East Berlin is that, on condition that Gorbachov remove all artificial obstacles to German reunification, the Germans will commit themselves to substantial emergency shipments of food to the U.S.S.R.

Going beyond that, there is the option of lending assistance to develop a farm sector in the U.S.S.R. that can feed the population in the near future. Experts in Germany have come up with the idea that the food supply in the Soviet Union can be improved if very fertile, but abandoned, lands in Ukraine, which had a large export market in Western Europe before World War I, are restored to use. With the appropriate inputs of irrigation, seeds, fertilizers, and modern agricultural equipment, it should be possible to achieve that.

The current Moscow leadership,

otherwise desperate for Western food deliveries, seems still unwilling to make concessions on the issue of German sovereignty, but prefers to muddle through with the usual, insufficient barter deals. On May 31, for example, an agreement on extended barter trade between East Germany and the Soviet Union was signed by the respective cabinet ministers, Gerhard Pohl and Konstantin Katushev. Over the next seven months, the East Germans will deliver food products as well as machines and spare parts, for a total value of DM1.5 billion, to the Soviets, who will send more natural gas and crude oil to East Germany.

An additional trade agreement of over DM1 billion is already being discussed between East Berlin and Moscow.

Moreover, it seems that Gorbachov is setting most of his hopes on new grain deals with the U.S., like the one signed with Bush at the Washington summit. This policy is meeting strong criticism in Bonn.

In a discussion with *EIR* on June 6, Kurt Eigen, farm policy spokesman of the Christian Democrats in the West German federal parliament, said: "It is quite apparent that these kinds of grain deals have not really helped to improve the situation in the Soviet Union. . . . It is not clear, anyway, where the grain has been ending up in the past. . . . We should rather deliver something that is certain to reach the Soviet consumer, and that is finished food products."

Eigen said that, on condition that Gorbachov give a clear "yes" to a rapid reunification of the German nation, Bonn should even be committed to

footing the entire bill for the food products that are to be delivered to the Soviets. Along with other Christian Democrats in Bonn, Eigen has launched a parliamentary initiative calling on the government to make a formal proposal to Moscow. Eigen referred to Chancellor Helmut Kohl's own exemplary gift, in Moscow on Feb. 10, of DM220 million for Soviet emergency food purchases in the West. Most of this money has already been used up.

"If it is really internal problems," another member of this new Bonn initiative told us, "that prevent Gorbachov from moving ahead on the German issue, we should take the approach that German unity mustn't fail because of a shortage of, maybe, several hundred thousand tons of beef in Soviet food stores."

Eigen put it another way: A worsening of the food situation would add to the grave instability in the Soviet Union, and a hardening of Moscow's views on the German issue that could dramatically aggravate the international strategic situation. If a special German initiative could help to prevent that, it shall be done regardless of cost. Eigen continued, "The costs [for new deliveries] should be bearable, if compared to the costs of a further worsening of the situation in the Soviet Union . . . after all, one minute of war would cost us far more than the entire sum we would spend on these food deliveries."

This would, however, only alleviate the immediate crisis, Eigen admitted. Durable solutions to improve the Soviet food supply must yet be worked out.

He and a group of other members of the Bonn parliamentary farm commission will tour Soviet farm regions in late July, including a trip to Ukraine, and probe the Soviets' thinking.

## Report from Rome by Antonio Gaspari

### 'How we beat the green referendum'

*For the first time in the Italian republic's history, a national referendum organized by the ecologists was defeated.*

**T**hanks to the Schiller Institute's catalytic role, on June 3, Italian voters nullified an ecologist-initiated referendum by massive abstention. This was an historic first in Italy, where the Green Party, together with the Communists, the Socialists, and other leftist groups, had succeeded in making Italy the first country to ban nuclear power, through a 1987 referendum.

This same political coalition promoted three referendums in the June 3 vote—two aimed at abolishing the rights of hunters, and a third which would prohibit the use of chemical pesticides in agriculture by revoking a clause in the regulatory law. Confident of victory, the ecologists had spent more than \$10 million on their campaign and enjoyed exclusive access to the major media.

But the Italian people did not bow to their dictatorship. More than 56% of the voters did not vote. This was not apathy, but the use of a right established by the Constitution (the referendum has no effect, whatever the result of the votes, if voter participation is less than 50%). The anti-Green forces, led by the Schiller Institute, organized the abstention as a political protest.

I had overall responsibility for the Schiller Institute's strategy. The Institute does not oppose defending the environment. It opposes the forces that are using environmentalism as a tool to destroy the national economy, science, and advanced technology. Behind the referendums there was a project to destroy the Italian light weapons industry (one of the best in the world)

by abolishing hunting, and to ruin modern Italian agriculture, especially the production of fruit, vegetables, and wine, by prohibiting the use of pesticides.

Furthermore, this referendum was meant to be a test for similar campaigns in the rest of the world.

One year ago, when the Greens started to gather the 700,000 signatures needed to promote the referendum, the Schiller Institute was the only opposition. We wanted to defend the Italian economy. We decided to take legal action to inform the magistrates that the promoters of the referendum were committing crimes in their campaign, scaring the people with "false and exaggerated news"; that they were making an "unfair competition," speculating on so-called organic produce, and favoring an increase in imported fruits controlled by the international food cartels.

Most of the farmers' magazines reprinted the full text of our legal petition. We set up stands at every important agricultural fair. We organized forums and debates on a national level. We became a reference point and our ideas began to penetrate among the farmers and the hunters.

At first, the official farm organizations were afraid to take clear-cut stand. But the campaign we conducted among their base produced so much ferment, even they had to move. They used the Schiller Institute method as a guide for their own campaigns. The hunters began a mass campaign for abstention. The biggest Catholic farmers association, Coldiretti, start-

ed out saying that they only wanted to wage an "informational campaign," but in the final weeks officially asked the voters not to vote.

We also sent a letter to every member of the board of directors of Agrofarma, the association of the chemical industries, asking them to support the Schiller Institute campaign against the Greens. The debate at their national meeting was very hot, but they did make a public call for abstention.

In past years we produced two special dossiers, one on the "Ecologists' Conspiracy" detailing the history and the financial supporters of the Greens, and a second on "The Ecologist Movement: the Biggest Fraud of the Century," detailing the scientific hoax behind the ecologists' scare stories. These have been a very important weapon to educate the opposition. Our dossiers, the most effective source of information, were also requested by parliamentarians and senators.

While not one party officially opposed the referendum, the citizens ignored the parties. The Italian Communist Party, for example, had been the biggest promoter of the referendum. During the electoral campaign, they split. The base demanded the resignation of the leader of the environmentalist faction. The referendum received its lowest vote in former Communist strongholds. In the last year the party lost 300,000 members, partly in revolt against the zero-growth policy adopted by the leadership.

The Schiller Institute will not rest on its laurels. We think there is an opportunity now to reopen Italy's nuclear power plants. We can show that the anti-nuclear referendum of 1987 was unconstitutional. We are also gathering evidence that it was promoted as a plot of international oil companies such as Exxon, with the help of corrupted Italian politicians.

## U.S. orders Panama to forgo army

*The plan to demilitarize Panama is a test case for the line that Ibero-America's militaries are inherently corrupt.*

Gen. Marc Cisneros, head of U.S. Army South which is occupying Panama, said that Panama should not have an Army. "I don't believe there is any need for an army here," and Panama "does not have to worry about being invaded by anyone," Cisneros, one of the commanders of the U.S. invasion of Dec. 20, told a conference May 24 at Panama's exclusive Union Club.

Cisneros, the U.S. acting military proconsul in Panama, said that the Public Force, the new constabulary that replaced the Panamanian Defense Forces (PDF), is more than adequate, and suggested that a restored PDF would pose a danger to democracy from a "corrupt" military.

Ironically, U.S. authorities ensured the appointment of Col. Eduardo Herrera, an admitted CIA agent who reportedly played a role in the transfer last year of a cache of weapons obtained by Israeli Col. Yair Klein (ret.) to Colombian cocaine kingpin Gonzalo Rodríguez Gacha, as commander of the Public Force.

Panama's constitution is being rewritten to abolish its sovereign right to an army, and military installations of the former PDF, including the air base at Río Hato and Fort Amador, will be replaced by luxury hotels. At Amador, the resort project reportedly includes a land bridge to El Chorrillo, the slum area destroyed in the invasion which will now be rebuilt with high-priced condominiums and hotels.

But it is not a case of beating swords into plowshares. While Panama will be denied its own army, there will be armed forces in Panama—U.S. forces. The 1977 Carter-Torrijos treaties call for Panama to be fully capable

of defending the Canal when its jurisdiction is transferred at the end of the century. Without an army, Panama will probably have to grant the U.S. extended basing rights. As General Cisneros reminded his audience: "We have a responsibility to defend the Canal and the interests of those who run the Canal, and we want to do it with the goodwill of the government."

Julio Linares, Foreign Minister in the U.S.-installed Panamanian government, said that the U.S. "is hinting" that it wants to occupy certain areas of Panama, according to the May 28 *El Siglo*. Linares said that "it is an undeniable truth that Panama has been a country occupied by the Army of the United States since Dec. 20," although he blamed this on the former head of the PDF, Gen. Manuel Noriega, reported *La Estrella* May 27.

Linares confirmed that the U.S. has claimed the right for its Coast Guard to patrol Panama's territorial waters, and it also wants to install a submarine base in Panama, according to *La Estrella* May 29. Troops from the U.S. Special Operations Command have been carrying out maneuvers in the jungle province of Darien, preparing for a possible invasion of Colombia, supposedly to fight drugs, the paper noted.

In fact, U.S. policy for all of Ibero-America is to replace national armies with constabulary forces such as that being organized in Panama. Their primary role will be to wage war against their own people, already suffering from International Monetary Fund-ordered austerity.

These native constabularies will be subordinated to the U.S. Armed

Forces, whose mission is being redefined from defending the U.S. and the West from the Soviet Union, to acting as imperialist enforcers for the emerging U.S.-U.S.S.R. condominium. U.S. Army Gen. Carl Vuono said, according to the *New York Times* May 21, "the fight against the drug trade and the guarantee of democratic regimes in Latin America will be the Army's main priorities just as soon as the two superpowers conclude arms reduction agreements."

Cisneros's boss, Gen. Maxwell "Mad Max" Thurman, head of the Panama-based U.S. Southern Command, toured South America in mid-May to demand that all the nations of the hemisphere slash their budgets and reorganize themselves to fight "the two most important enemies": drug-trafficking and internal subversion. According to the Argentine daily *Clarín* May 17 and 18, Thurman let it be known that the U.S. will intervene "practically directly" in Colombia, since the situation there is so "grave."

U.S. Ambassador to Panama Deane Hinton told the American Chamber of Commerce in Panama on May 30 that the U.S. still has some key tasks to complete in Panama, among them "our role in the conversion of the former Defense Forces into a National Police Force" whose primary focus would be "internal security." Hinton said that to instill the proper mind-set into the new Panamanian police, the U.S. is providing training through the U.S. Justice Department ICITAP program, reported *La Prensa* June 1.

That is, Panama's police will be indoctrinated in the principles of democracy and the war on drugs by the same Justice Department of U.S. Attorney General Richard Thornburgh, whose top aides—Henry G. Barr and Richard Guida—face indictments for cocaine trafficking and use.



## Presidential election impasse

*Fujimori and Vargas Llosa offered free-market swindles; only LaRouche's co-thinkers gave Peru some hope.*

On the eve of the June 10 runoff elections for President of Peru, both candidates, Mario Vargas Llosa and Alberto Fujimori, ignored an open letter sent them on May 24 by the Catholic priests of Lima pleading with them to "seek the common good and the well-being of the Peruvian family" by ending "the generalized chaos which affects our national life and its profound economic crisis."

Production and real wages have both fallen 30% over the past three years. City streets are jammed with beggars and hawkers. In the jungle region of San Martín, over half the people have been stricken by dengue fever, doctors report. The money for eradication of the terrible disease's carriers (mosquitoes) never arrived. Tax collections have fallen to a quarter of what they were as the "informal economy" of cocaine and corruption overwhelms the nation-state. When the government tried to enforce a new 2% tax on checks, a run to illegal dollars drove the national currency's value down 43% in the first week of June.

Hopes were lifted after the April 8 elimination round. Shining Path narco-terrorists, who have killed 17,000 and done \$15 billion in damage in a decade of violence failed in their efforts to scare voters away from the polls. Pornographic novelist Mario Vargas Llosa, who had once been expected to sweep to a majority victory, saw his neo-liberal "free market" program repudiated by almost three-quarters of the voters. And independent Alberto Fujimori won the second spot in the runoffs.

Early polls predicted a resounding victory for Fujimori June 10. But he steadily lost his edge because he lacked the courage to define a coherent economic solution to Peru's increasing chaos. That solution has been made known to all Peruvian leaders by Peruvian co-thinkers of Lyndon LaRouche, who fielded 100 candidates April 8 on the Independent Solidarity Movement (ISM) slate.

ISM leader Luis Vásquez has given many seminars to business, labor, civic, and military leaders on the "Great Projects" which would pull Peru out of the economic abyss. He spent June 6-8 with business leaders in the north coastal city of Chiclayo working out strategies for how to win an ambitious \$3 billion program for nuclear-powered development of that region. The Nucleomar project would make the sleepy city into a world-class industrial center. Nuclear plants would fuel the pumps to bring water from the nearby Amazon basin to the surrounding fertile deserts. A railroad reaching the Pacific near Chiclayo would carry bulk Brazilian cargoes from a river port on the upper navigable reaches of the Amazon system. A branch would give peasants in the almost inaccessible Huallaga River valley a chance to grow and get to market the food Peru so desperately needs instead of the cocaine paste now flown out of there.

Vásquez presented such projects and the "mercantilist" alternative to the failed systems of communism and "free market" capitalism in a May 19 debate before 400 Lima businessmen. He roasted his opponent, liberal mon-

etarist Hernando de Soto, who called for the immediate end of all government action in the economy. De Soto, who never turns down dollars from the U.S. government, is the ideological mentor of perverse candidate Mario Vargas Llosa's "economic shock" program. Vargas advocates ending all food subsidies for the poor and firing most government employees.

During the weeks before the elections, Vargas Llosa sought votes from Peru's poor majority by toning down his genocidal economy policies and by dirty tricks against Fujimori. His campaign invented all sorts of scandals to throw at Fujimori, who replied in kind. For example, in their only debate June 3, the agnostic Vargas Llosa accused the Catholic Fujimori of being anti-Catholic and of cheating on his taxes. Fujimori confounded his opponent by reminding Vargas Llosa of his confession he had smoked marijuana at age 14. "This is extremely grave for someone who wants to be President, because if we want to fight narcotics trafficking, the man who is President must have clean morals," Fujimori blasted. The perverse nature of his opponent's morals are evident to any reader of his novels and essays.

Vargas Llosa charged Fujimori's economics was mere "demagogic populism." On that he is correct: The only concrete idea Fujimori offered during the "great debate" was to issue a new currency at a par with the dollar. The "Fujiplan," in fact, reflects the same liberal monetarist policies which the Peruvian people rejected in the first round of the elections. Fujimori condemned the moribund Alan García government for once having tried to break the International Monetary Fund debt-usury system. Instead, he said Peru would try to "restore the confidence" of the foreign banks which hold its unpayable \$18 billion foreign debt.

# International Intelligence

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## **Israeli drug-linked colonel is indicted**

An Israeli Army reserve colonel was indicted by Colombia on May 31 for illegally exporting military equipment, Reuters reports. Col. Yair Klein and his security company Hod Hahanit (Spearhead) have been charged in news reports with training Colombian drug lords. Klein came under scrutiny a year ago when a U.S. television network showed pictures of him giving paramilitary courses in Colombia. The TV identified his clients as members of the Medellín drug cartel—a charge he denied.

Klein insists he was training cattle farmers to fight off communist guerrillas. The indictment, without mentioning drugs, said Klein gave unauthorized services to the "Organization of Cattle Ranchers." It said he provided early detection devices normally used by airlines and airports, and special night vision equipment. Recently Klein was linked to a shipment of guns to the Caribbean island of Antigua which ended up on the ranch of a slain Colombian drug baron. He said he was trying to set up a security training school on the island.

Israel's defense ministry has authorized some 800 companies to deal overseas in arms and security, but complained to police that Klein did not have a license to export military technology. Colombia issued warrants for Klein's arrest and extradition on charges of criminal conspiracy, but Israel said it would not comply because the two countries do not have an extradition treaty.

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## **Satanism on the rise in South Africa**

The commander of the South African police force's Child Protection Unit, Captain Leonard Solms, gave an extraordinary briefing to the press on the rise of satanic cult behavior in the country, according to reports in the *Jerusalem Post* of May 21 and *Die Welt* of May 26.

Captain Solms said he was following

active leads about satanic cult behavior in 10 schools in white areas of South Africa. At these schools, there were cells of Satan-worshippers, performance of black masses, homosexual orgies, and death threats. There is evidence of cats being sacrificed, and their blood being drunk. There is also evidence of whole families being involved in satanic-cult cells, in which children are forced to engage in sodomic acts with dogs and goats.

At least 11 cases have been uncovered, of newborn babies being sacrificed and eaten in satanic rituals. *Die Welt's* correspondent in South Africa says this is believed to be "only the tip of the iceberg." According to Agence France-Presse, dozens of babies are being bred for such sacrifice.

*Die Welt* reported that a 32-year-old South African man, wearing a mask, told reporters, "I have drunk human blood, I have drunk animal blood." He stated that he had been recruited, as a young criminal, into a satanic cult whose "high priest" is a "high-ranking figure" in the South African Establishment.

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## **KGB tried to organize coup in Czechoslovakia**

The Soviet KGB tried to organize a "reformist communist coup" in Czechoslovakia, which backfired at the last moment and resulted in Vaclav Havel becoming President, the British Broadcasting Corporation (BBC) reported on May 30. The documentary was based on findings of a Czech investigative commission and on evaluations given by Havel himself.

According to this information, the KGB, acting in collaboration with Gen. Alois Lorenz, head of the Czech STB secret service, had set in motion a plan, in late 1988, to dump the hardline communist government and replace it with a "Gorbachovian" government led by Gorbachov's old Czech crony Mlynar, living in exile in Vienna. Labeled "Operation Wedge," this plan also involved infiltration and manipulation of Czech opposition groups.

A few days before the Nov. 17, 1989

confrontation between demonstrators and police in Prague, Lorenz met with top KGB officials in the city, and arranged a scenario to implicate the police in a violent incident and to bring down the government. Integral to this, was the faked "death" of student Martin Smid on Nov. 17. In actuality, "Smid" never died, but an STB operative pretending to be Smid simulated dying, to have his "corpse" carried away in an ambulance.

Everything was working according to plan. But when Mlynar was approached at the last minute, he refused to become head of a new government. Beyond this, what the KGB-STB combination did not count on, was the popular acclaim which swept Havel to power.

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## **Continuing communist threat to Europe seen**

Father Werenfried van Straaten, founder of Aid to the Church in Need, warned of a continuing communist threat to Eastern Europe, in an interview published in the May issue of the Vatican-linked magazine *30 Giorni*.

"Above all I am concerned about the ease with which the communist parties are eliminating those individuals whom they view as too politically compromised, and now useless, and are changing their own names from 'communist' to 'socialist,'" he said. "The men involved, however, remain the same; They are people who have always supported communism, either because it provides their livelihood or because they really believe in it. All these people could enter the Socialist International—whose honorary president is still, let's not forget, Willy Brandt—*en masse* and provide a European socialist front totally infiltrated by communists. This is a grave danger for the new Europe that is emerging."

He also warned that reforms in Eastern Europe may be short-lived. "I'm afraid that under the influence of this excessive trust in Gorbachov, it is possible some people will delude themselves into thinking that the problems are now solved. I will simply say

## Briefly

that the communists in China began their reform five years before Gorbachov, but when things went too far, Stalinism was reinstated."

### ***Soviets propose new 'Congress of Vienna'***

The Soviet Union is proposing a new "1815 Congress of Vienna" scheme for Europe, within the framework of the Conference on Security and Cooperation in Europe (CSCE), and the idea is receiving support from various Western and Eastern European official spokesmen.

Speaking at a news conference in Paris on May 31, Spanish Foreign Minister Francisco Fernández Ordoñez said he had received a letter from Soviet Foreign Minister Eduard Shevardnadze, outlining Moscow's plan for setting up a new European security system. "Shevardnadze's idea is to convert the CSCE into what could be called a structure to safeguard European peace. He wants the creation of a Greater European Council, grouping all the heads of state that would meet once a year. A separate foreign ministers' council would meet once or twice a year, and there would also be a permanent secretariat."

Senior Gorbachov political adviser Valentin Falin on June 3 floated the idea of a "pan-European Security Council," which would include U.S. participation and have its own army, as the security basis of a new Europe and a reunited Germany.

### ***Bronfman set up talks for Bush and de Maiziere***

East German Prime Minister Lothar de Maiziere will visit New York and Washington this month at the invitation of the World Jewish Congress (WJC), which is headed by Canadian liquor baron Edgar Bronfman. He will meet with President Bush and U.N. Secretary General Javier Pérez de Cuéllar. It will be the first visit to the United States by a top East German leader.

A WJC spokesman said de Maiziere was scheduled to meet Bronfman and other Jewish leaders on June 10 in New York and to go to Washington June 11. The WJC has invited de Maiziere to continue talks started in Berlin on German-Jewish reconciliation.

As *EIR* has reported, Bronfman is scrambling to protect himself from growing criticism within the world Jewish community over his support for the former East German communist regime (*EIR*, May 11, 1990, "Bronfman traded 'whiskey for Holocaust' to Reds").

### ***British seek to renew ties with Syria, Iran***

British diplomats are involved in round-the-clock talks with Syrian and Iranian emissaries to negotiate a spectacular reestablishment of relations, which were broken over the role of Damascus and Teheran in promoting international terrorism.

Unconfirmed reports circulating in Teheran on June 2 said that Iran may cancel the death sentence it proclaimed in 1988 against Salman Rushdie, the British author of *The Satanic Verses*. The reports were greeted by Thatcher as a "significant olive branch"—although they were officially denied by the Iranian government. British Foreign Secretary Douglas Hurd, who has been touring the region, has made statements about the need to respect Islamic beliefs, falling just short of acknowledging Rushdie's work as an "insult against Islam," which is what Teheran is requesting.

It is expected that a British parliamentary delegation may go on a fact-finding mission to the Middle East in the coming weeks, to pave the way for better relations.

This flurry of diplomacy comes in the wake of the U.S. Presidential Report on the terrorist bombing over Lockerbie, Scotland, released in May, which failed to mention even once Syria and Iran as potential sponsors. The release of the report is understood as the closing of the final chapter concerning the terror act, meaning that the United States will not seek retaliation against any countries.

● **LECH WALES**A has nominated the Baltic nations for a Nobel Peace prize. The Polish Solidarnosc leader, himself a Nobel laureate, said that giving them this award would end the international "conspiracy of silence" against the Baltic states.

● **RIOS MONTT**, the Guatemalan evangelical crazy whose 1982 coup and 16-month rule was a joint Israeli-U.S. intelligence project, has launched a presidential campaign which threatens the country with a constitutional crisis, which forbids former coup leaders from running.

● **THE WARSAW PACT** will meet for two unscheduled sessions to discuss the German question, beginning with heads of state and government plus foreign ministers in Moscow on June 7, and then defense ministers on June 11-15 in East Berlin.

● **THE SOVIET** republic of Moldavia on May 31 recognized the right of Lithuania to be independent. "The Supreme Soviet of the Republic of Moldavia unconditionally recognizes the right of the Lithuanian and other peoples to self-determination and the creation of an independent state," the resolution said.

● **EAST GERMAN** communist party funds are now under government trusteeship, following a vote of the parliament on May 31. All parties will have to document that their income is of legal, democratic origin. The parliament also decided that the state emblem of the communist regime, the hammer and compass, must be removed from flags and official buildings.

● **DMITRI YAZOV**, the Soviet defense minister, wrote in the Armed Forces newspaper *Krasnaya Zvezda* on June 3 that reforms of the Soviet military "must be planned and carried out in such a way that they do not damage the armed forces' defense capacity and battle-readiness."

## New coalition for human rights mapped out in U.S.

by Nancy Spannaus and Christina Huth

More than 350 participants attending the Schiller Institute's Martin Luther King Freedom Day Tribunal on June 2 near Washington, D.C. passed a resolution calling for the formation of a new human rights organization. The organization will be called the Schiller Institute Coalition for Human Rights.

The meeting, the fourth international conference of the Tribunal since it was founded in early 1989 in the wake of the outrageous frameup of American political leader Lyndon LaRouche and six of his associates, was convened to honor the thousands of martyrs of Tiananmen Square. It was held in the Washington suburb of Silver Spring, Maryland, during the weekend of the first anniversary of their massacre by the Chinese communist dictatorship on June 4, 1989.

The call for the new coalition was presented by Mrs. Amelia Boynton Robinson, a prominent civil rights leader who worked with Martin Luther King, and has served for the past several years as a leader of the Schiller Institute, the international think tank established to promote republican principles by Helga Zepp-LaRouche.

Mrs. Robinson motivated the need for the new coalition to the participants, by citing the grave threat to humankind from the economic crisis, and particularly the AIDS crisis, which is being used as a means of wiping out the non-white and the poor. She argued that democracy and the world are on the brink of annihilation in the name of justice, and the U.S. Constitution and its principles have become a thing of the past; that man is being brainwashed to be a puppet, a robot and an animal whose mind can be twisted; and that man's role, as given by the Creator in Genesis, to have dominion over the animals, is being totally destroyed.

### **The individual as sacred**

The principles of human rights espoused by the new coalition were elaborated in a resolution read to the conference

as follows:

"The principle of reason, as is associated with creative science; the principle of reason as is associated with classical art; and the principle of reason as expressed by this quality of love to which St. John and St. Paul referred to, in their respective Gospels and Epistles, all go together. That is the essence of man; that is the essence of the law. The form of human society must always become consistent with this sacredness of the individual, and consistent with the development and furtherance and celebration of that principle of creative reason which sets mankind apart from, and above the beasts. Under this principle, there are no races.

"In the case of human beings, among all the so-called human races, all individuals, in our experience, have exactly the same kind of potential; and within the so-called racial group, so-called, the same potentials, the same height of potential, exists; there is no difference among human beings in respect to that which makes them in the image of the living God; and that is also a principle of natural law.

"These principles of natural law are higher than any government; they are higher than any constitutions; they are higher than any treaty agreement; they are higher than any law passed by any court, any legislature, or any other body within a nation. Those who violate natural law, even with the backing of the positive law of the state, of treaties, of courts and so forth, those are criminals. They have violated the law."

The conference voted to defend these principles of natural law as a matter of human rights, and reaffirmed its support for the Schiller Institute's Declaration of the Inalienable Rights of Man, adopted in November 1984.

### **Strategic crisis requires a Renaissance**

The day's proceedings were opened by Schiller Institute founding member Fred Wills, who served as justice minister

and foreign minister of Guyana during the 1970s. Wills received a standing ovation when he told the audience that the international freedom movement must fight with the same determination expressed by the 18th-century Prussian King Frederick the Great: "I will fight until my enemy is exhausted; I will fight until my enemy can no longer sustain the casualties I inflict upon him."

A summary of the global strategic crisis that has deepened since the Tiananmen Square massacre divided humanity into two opposing camps, separated by "a river of blood," was brought to conference participants via videotape from Helga Zepp-LaRouche, made in West Germany, where she is a well-known political leader. Underlining her husband Lyndon LaRouche's November 1988 call for an international anti-Bolshevik resistance movement, she said that events in China and Eastern Europe show that history has once again produced a moment in which "the people have to take their power into the streets, reach up for the stars, and take back their eternal, inalienable rights, given by natural law. It is exactly the kind of moment expressed in the Declaration of Independence in the United States.

"We must be the actors . . . we, represented in this room, representing a very broad coalition of people in many countries around the world," to create a global moral renaissance, she said.

The superpower summit convened in Washington just before the Tribunal shows "the immediate problem we are facing," Mrs. LaRouche said. As Gorbachov and Bush work to consolidate their condominium of world rule, starvation, disease, and repression are coming to the forefront of economic and political life in the Soviet Union.

"In the Transcaucasus, again, the army is brutally clamping down," Mrs. LaRouche reported. "The death rate is already in the dozens against the Armenians. In Ukraine, the situation is ready to explode. There is starvation, and, after the price increase, panic-buying; millions of people going to the stores in long, long queues. . . . The crime rate is increasing; police brutality is unbelievable."

Here in the United States, a crisis is also under way, Mrs. LaRouche continued. "There is a gigantic banking crisis looming, which can bring down the entire banking system any moment. There is an increasing poverty among an ever and ever larger group of people. Crime, horrible, here in Washington; the increase of the drug plague; violence; police brutality; the United States right now . . . is using repression toward the inside, and imperialist aggression toward the outside, as recently in the case of Panama—the Thornburgh Doctrine."

We are up against a consolidating "judicial fascism: the idea of using the apparatus of the state, especially the justice system, for political purposes and repression," Mrs. LaRouche said. "This is what was used against Lyn [Lyndon LaRouche]. One can say that the condominium between the two superpowers is exactly based on what the Pope once called the 'structures of sin.' "

## Petition text

The participants in the Martin Luther King Freedom Day Tribunal in Silver Spring agreed to begin a petition campaign for the founding of the new coalition. The petition will be circulated among people of all walks of life, and organizations, including ministers, churches, doctors, lawyers, fraternities, sororities, housewives, and others. The text of the petition reads as follows:

"Given the fact that the most precious of all rights, which must remain inviolable, is called human rights: a regard for the condition of the individual, for the opportunity for the development of the individual, for the opportunity of the useful expression for the good of the potentials of that individual: these, being matters of human rights, we hereby place our names as signifying our commitment to the defense of human rights for all people. We do this, this day June 2, 1990, in alliance with the Schiller Institute."

"How shall we react to suppression, violence, and brutality?" Mrs. LaRouche asked. With a non-violent mass movement: "Exactly in the same way as Mahatma Gandhi did against the evil British colonial masters, as did the great Martin Luther King, in whose tradition we are celebrating this tribunal; and as has been demonstrated by the students in Tiananmen Square, in Lithuania, East Germany, and Czechoslovakia.

"We will build a mass movement around the idea of man in the image of God; we will build on that basis the new, just world economic order, and the idea of the inalienable right of self-government. If we do this, with this Tribunal as a launching point, we shall overcome; and not only overcome, but we will win this fight for mankind."

## From Beijing to Panama

The first panel featured spokesmen for democracy movements from East to West, including Ukraine, Romania, the Soviet Muslim republics, Panama, China, Vietnam, and Cambodia. Most expressed concern about the role of the Bush administration in providing support for tyrannies in their countries.

The most poignant presentation, given the anniversary of Tiananmen, was made by Chinese student Yadi-Hu. Yadi-Hu called for the reimposition of economic sanctions against the Deng Xiaoping regime, the rejection of Most Favored Nation status, and a boycott of the Asian Games planned for Beijing in September, as indispensable measures for aiding the democratic movement in China.

An eyewitness account of brutality by the communists was given by the Cambodian speaker, Kassie Neou from the Cambodia Genocide Survivors' League. Kassie Neou pinned responsibility for the Cambodian genocide, in which one out of three Cambodians were killed by the Pol Pot regime, on the Soviet and Chinese communists. But he argued that there was not just one "killing field," but three—since the Vietnamese and current government of Cambodia are also carrying out massive violations of human rights.

Stirring up the most controversy, however, was the graphic report from two Panamanians, Leonardo Sidnez and Professor Cecilio Simon. Sidnez introduced Simon, by describing some of the history of racism against Panama, and the incident on Jan. 9, 1990, when nine Panamanian students were killed for raising their flag. Sidnez heads an organization formed in their memory.

Simon stressed that he was at the Tribunal to get out the truth of what happened in Panama, including the truth of the casualties of both Panamanian civilians and U.S. soldiers. He proved, incident by incident, that deaths of U.S. soldiers had to be at least ten times greater than the 23 which were mentioned. He also presented a devastating case on how the invasion was based on the three Ds—Drugs, the suppression of Democracy, and Demilitarization. The last, of course, involves preventing Panama from taking over the canal, as provided for in the Canal Treaties of 1977.

### **Genocide by economic policy**

In addition to Mrs. Robinson's speech, this panel concentrated on asserting the principles of the right to life against the genocide being carried out in abortion, economic austerity, and euthanasia.

Joining in support for the coalition was the Rev. James Bevel, who had worked with Mrs. Robinson in the civil rights movement with Martin Luther King. Bevel called on the audience to wage war for the good, in support of two fundamental principles: 1) God's injunction that we are all made in the image of God and to have dominion over the earth; and 2) the Declaration of Independence's assertion of man's inalienable right to "life, liberty, and the pursuit of happiness."

The right to life movement was also represented by individuals who are fighting abortion, fighting the brain death statutes that are leading to euthanasia in the name of "organ farming," and combatting Planned Parenthood's racist "family" (sex) education curricula in schools.

A final panel presented in the fight against judicial tyranny in the United States, in several domains. The LaRouche case was reviewed by Senate candidate Nancy Spannaus, and, in a highlight of the entire proceedings, a 45-minute video from LaRouche's recent testimony in Roanoke, Virginia was played.

Other constituencies confronting police state measures were also represented. This included a sharp indictment, by

Democratic Party activist and attorney Mary Cox, of the political-judicial witchhunt being carried out against Washington Mayor Marion Barry, as well as a spokesman for the Crow Indians, the Mexican American League against Crime, and the farm movement.

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## Documentation

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### Excerpts from LaRouche's remarks

Lyndon LaRouche, who sent his remarks to the conference from prison via audiotape, dedicated them to "the late martyr, the Reverend Martin Luther King." He addressed the fundamental principle that only man, among all of God's creatures, possesses the power of creative reason, a power which distinguishes him from, and raises him above, the beasts. This principle, said LaRouche, is "the essence of all proper law, inclusive of relations among states and people," and has been the "motive for all of my public activities."

Mankind's sovereign power of individual creative reason, expressed in creative scientific breakthroughs, celebrated by classical art, and accompanied by the fundamental emotion of love for all mankind, LaRouche continued, "renders all individual human life sacred. . . . The form of human society must always be consistent with this sacredness of the individual, and consistent with the development, furtherance and celebration of that principle of creative reason which sets mankind apart from, and above the beasts. Under this principle . . . [which] casts mankind in the living image of God, . . . there are no races."

The human rights bestowed on mankind under natural law are today threatened by "the environmentalist alliance between Moscow and Washington," which is furthering a new "pagan religion, akin to the religion of pagan Imperial Rome, or Sparta, or the Persian Empire before them," LaRouche said. This evil, Satan-worshipping religion has been set forth to destroy Christianity. Wherever it has spread, society and the right to life are being destroyed. This is the enemy we must fight, said LaRouche.

"We must insist on the right of the individual, and of the nation, to those conditions which are in accordance with natural law, and in accordance with the sacredness of all individual life, and which are in accord with the fact that there is only one race of the human species; and that race is the human race. These are natural rights.

"It is also a natural right to fight for those political and other causes which defend human rights, against those political forces, governments and causes, which deny human rights," he concluded.

# Charges highlighted by NBC slander dropped against LaRouche associates

On May 21, an NBC Nightly News broadcast represented the fundraising practices of Lyndon LaRouche's political supporters and associates as generally fraudulent and threatening, targeting the elderly in particular. In support of such allegations, NBC showed videotape of 89-year-old Harriet Driver of Oregon, Illinois, on camera in a wheelchair in a nursing home. During two brief snippets, Mrs. Driver said that she had felt as if she had been "hypnotized" and that she believed she would not have suffered a recent stroke had she not testified as the prosecution's chief witness at the trial of three LaRouche supporters.

Whatever Mrs. Driver meant to convey, the clear implication of the NBC News broadcast was that her suffering was the fault of LaRouche and his associates.

The truth is somewhat different, as was revealed in court June 1. There Ogle County prosecutor Dennis Schumacher, after being challenged on his ruthless efforts as part of a nationwide "Get LaRouche" task force to exploit Harriet Driver, suddenly asked for a dismissal of all charges against the LaRouche defendants. Judge Alan Cargerman then dismissed the case, which had turned into a humiliating defeat for the task force.

This ended a ten-month-long prosecutorial witchhunt, one of the most far-fetched and outlandish in U.S. judicial history, by State's Attorney Schumacher.

## Fundraising a crime?

At Schumacher's instigation, on Aug. 17, 1989, LaRouche associates Ron Fredman, Patricia Noble-Schenk, and Richard Blomquist had been indicted on a total of 18 counts of robbery, intimidation, theft by threat, and residential burglary. Their only "crime" was obtaining political contributions from Mrs. Driver.

Two of the defendants, Fredman and Noble-Schenk, were candidates for statewide office in the Illinois Democratic Party primary March 20.

From the beginning, defense attorney Michael Null told the court that prosecutor Schumacher's behavior was immoral, unethical, and reckless, and that he saw Mrs. Driver, or any other senior citizen, as merely bait to convict his clients, even at the cost of her life.

Reckless, indeed. At one point, the prosecutor had given

defendant Pat Noble-Schenk immunity in return for her testimony before the grand jury, only to withdraw it four days later, just before she was indicted. Attorney Null argued that that was improper and an abuse which should result in the charges against her being dismissed.

Prosecutor Schumacher's reply came in a statement to the press: "I'm going to hang Pat Schenk from the courthouse steps."

Judge Cargerman did throw out, without an evidentiary hearing, Schumacher's bizarre contempt actions against LaRouche associates Tom Szymecko and Gene Schenk, as well as against defense attorney Null and Pat Noble-Schenk's attorney, Dennis Zitzer. Szymecko and Gene Schenk, subpoenaed as witnesses before the grand jury, and their attorneys, had been cited by Schumacher for contempt for an alleged failure to appear—after Schumacher himself had dismissed the grand jury and sent it home!

At another point, Schumacher had improperly given names from telephone records subpoenaed for the grand jury to Harriet Driver's attorneys, who had then called them to solicit participation in a class action suit against the defendants and their employer, Midwest Circulation Corp. Judge Cargerman granted a temporary restraining order against the prosecutor for this, and directed that all such grand jury materials be returned.

## A stroke on the witness stand

The defendants were put on trial on March 7 of this year. That trial ended abruptly, with Judge Cargerman declaring a mistrial, when Harriet Driver suffered a stroke on the witness stand and was hospitalized after being questioned for only 45 minutes by prosecutor Schumacher.

Courtroom observers noted that Mrs. Driver appeared to be a highly reluctant witness testifying under heavy pressure, and at the time of her stroke, her testimony had conspicuously failed to support Schumacher's charges.

One juror told defense counsel afterward, "I didn't think her testimony proved she was robbed or threatened. The state's attorney was trying to put one over on us."

Throughout her testimony, she continued to refer to the defendants by their first names, and described the reasons for her political support of their ideas. In a fashion hardly

consistent with that of someone who has been robbed, she described each of the series of conversations and visits that occurred with "Pat and Ron." The worst she had to say was that she had acted "like a fool." Never did she say she had been robbed, threatened, or frightened, as prosecutor Schumacher charged.

What was clear from the beginning of Schumacher's witchhunt, and from Mrs. Driver's testimony, is that she had been pressured to testify, and that pressure had been applied by Schumacher. What was also obvious from her testimony, was that she was in an internal struggle between the truth and what Schumacher had attempted to convince her she needed to say to make his case.

Although after her stroke and hospitalization, Mrs. Driver was confined to a nursing home and her medical condition remained uncertain, State's Attorney Schumacher repeatedly expressed his intention to retry the case.

Congressional candidate LaRouche commented on Schumacher's zeal to force the stroke victim to continue to testify, "What does Schumacher wish to do? Does he wish to kill the woman? He appears to be in total reckless disregard of the fact that he might."

Nevertheless, on April 17, Schumacher announced that he had not finished with Mrs. Driver. Although Schumacher reported to Judge Cargerman that her doctors had said testifying again would pose a grave risk to her health, that she would never be able to testify in open court, and would spend the rest of her life in a nursing home, the State's Attorney insisted that he would attempt to secure her testimony on videotape so that he could proceed with his absurd case. How defense attorneys were to cross examine a videotape, he did not explain.

### **The NBC broadcast**

On May 21, Schumacher's charges received national publicity on the NBC Nightly News program. But on June 1, defense attorney Michael Null filed a motion asking Judge Cargerman to compel NBC and Schumacher to produce documents and unbroadcast videotapes relating to the May 21 broadcast. Null's motion charged that Schumacher "arranged, promoted, and induced" the interview of Mrs. Driver, and "stepped outside of his prosecutorial role and acted as a zealous advocate of anti-LaRouche action, giving the lie to his statements that he is not conducting these prosecutions because of the defendants' First Amendment activities and beliefs."

Suddenly, after the filing of Null's motion to compel discovery, Schumacher decided to drop the charges that very day.

What the defense had already learned should have made prosecutor Schumacher nervous.

According to the medical records of Harriet Driver, obtained by a defense subpoena, prosecutor Schumacher had personally visited Harriet Driver on May 3, and informed the

nurse on duty that an NBC interview would be conducted on May 4. This was then confirmed through Mrs. Driver's daughter, Mary Ann.

The medical record also states on May 4 that Harriet Driver "does not want to be interviewed." Despite this, the interview took place.

Referencing the TV broadcast, Null's motion pointed out that "NBC employee Pat Lynch is a material witness relevant to the bad-faith nature of the prosecution as part of a nationwide 'get-LaRouche' task force including both governmental and non-governmental entities and individuals. An individual named Mira Boland, an employee of the Anti-Defamation League, was named on Dennis Schumacher's list of witnesses for the first trial in these cases. In testimony in the case of *Commonwealth v. Welsh* [in Virginia], Mira Boland indicates that she attended a meeting at the home of an individual named John Train to discuss Lyndon LaRouche, at which

## **Schumacher admits unprofessional conduct**

In mid-April 1990, Ogle County, Illinois State's Attorney Dennis Schumacher was cited for "grave misconduct" by the Illinois State Disciplinary Commission. The Disciplinary Commission found that Schumacher had failed to recuse himself in a case where he had a clear conflict of interest.

The complaint to the commission arose out of a grand jury investigation of alleged sexual abuse of an elementary school child in Ogle County. The investigation was conducted by Schumacher's office. The child was a student at a school run by a fundamentalist church congregation, of which Schumacher is a board member.

It was alleged that Schumacher, who has fiduciary as well as oversight responsibilities for the church, not only did not remove himself from the investigation, but impeded the grand jury by preparing witnesses who were his friends and associates at the church. Apparently the man who threatened to "hang Pat Schenk from the courthouse steps" and who endangered the life of witness Harriet Driver in his zeal to prosecute LaRouche's associates, has shown himself capable of unprincipled, immoral, and unethical behavior in other cases as well.

The present charges against Schumacher arise from several instances of child abuse in the spring of 1988 that occurred at the Faith Christian School, an elementary school run by the Faith Assembly of Grand Detour. Schu-



meeting Roy Godson, an individual connected with the National Security Council and Pat Lynch, together with other members of the press were in attendance.”

As Null’s motion indicated, in any new trial, the entire history of the “Get LaRouche” task force and all prosecutions of LaRouche’s associates and LaRouche himself might have been reopened for examination.

Sources close to the case say that defense attorney Null only found out that charges had been dropped when he was telephoned by attorneys for NBC, who said they had been informed by Schumacher.

### Political pressure

Whatever prompted Schumacher’s request to drop the charges, he did not explain his reasoning to the defense. Perhaps his friends at the state capital at Springfield advised him to cut his losses. Schumacher has worked

closely with both Illinois Attorney General Neil Hartigan, and Secretary of State Jim Edgar, respectively, the Democratic and Republican candidates for governor, in his witchhunt against supporters of LaRouche in Illinois. Ever since the March 1986 victory of two friends of LaRouche in statewide primary races, they and the national “Get LaRouche” task force have worked overtime to prevent, by any means necessary, LaRouche Democrats from being given ballot access.

And the zealous Schumacher isn’t through. Afterward, he told press that he would follow up his collapsed prosecution with an attempt to get a new law passed in Illinois. That law would state that no money could be raised from a person over 65 after 9:00 p. m. It would also put a ceiling of \$1,000 on any political contribution by a person over 65! Dennis Schumacher continues to be a menace to the U.S. Constitution.

macher is a member of the Board of Trustees of the Faith Assembly, and is also a personal guarantor of loans taken by the church for both the construction of its building and that of the school.

In July 1988, parents whose children had allegedly been physically abused, retained counsel to file a damage suit against the church and its trustees for negligence. However, before the action could be filed, Schumacher reportedly moved to intimidate them from actually doing so, by threatening to haul them all before a grand jury. Using the pretext of an investigation of several more serious alleged instances of child abuse, given him by the parents themselves, he convened a grand jury, using it to harass the parents and their children. The grand jury returned no indictments on the child abuse charges, and the lawsuit was dropped.

The Disciplinary Commission found that Schumacher had improperly failed to remove and isolate himself from the investigation and the State’s Attorney’s presentation to the grand jury. It further found that, although there was no clear evidence, there was a sufficient amount of “smoke” to warrant “serious concern” on the role played by Schumacher in handling witnesses he knew and had personal and religious affiliation with, prior to their testimony before the grand jury.

Stopping short of a finding of obstruction of the investigation, the Disciplinary Commission found that the evidence presented went beyond simply the “mere appearance of impropriety” which is the standard used for recusal in cases. They further chastised Schumacher for the appearance of less than even-handedness, which they said undermines the faith in the State’s Attorney which those who elected him have the right to expect.

Schumacher and other church elders have also been the subject of charges of financial impropriety. It is alleged that Schumacher and other church officials issued promissory notes for loans from church members and then utilized the funds for purposes other than that for which they had been intended.

On April 20, Schumacher filed court papers admitting to prosecutorial misconduct and conflict of interest:

“a. Conduct involving the acceptance of employment when the exercise of Respondent’s professional judgment on behalf of the People of Illinois was or reasonably may have been affected by Respondent’s own financial, business or personal interest, in violation of Rule 5-101(a) of the Illinois Code of Professional Conduct.

“b. Failure as a lawyer to represent his client the People of Illinois, with undivided fidelity, in violation of Rule 5-107(a) of the Illinois Code of Professional Conduct.

“c. Conduct prejudicial to the administration of justice in violation of Rule 5-102(a)(5) of the Illinois Code of Professional Conduct.”

By filing this admission, Schumacher apparently hoped to receive only a “censure” for his violations, amounting to a slap on the wrist. The Illinois Supreme Court, however, could still reject his petition and proceed with hearings, which very well might result in a stiffer finding, possibly forcing him to resign or forbidding him to continue the practice of law.

According to a source intimately familiar with the complaint, the Supreme Court is being asked to review charges that Schumacher’s conduct in the whole affair was nothing more than intimidation directed at quashing a civil damage action which named Schumacher, among others, as personally liable to the tune of over \$1 million.

# Budget cuts and summit failure open way for Soviet campaign against NATO

by Leo F. Scanlon

Even as the Bush administration was struggling to put an acceptable face on the Memorial Day summit, Soviet Foreign Minister Eduard Shevardnadze once again stole the arms control propaganda initiative, with a proposal to remove certain tactical nuclear weapons systems from Eastern Europe. The June 6 announcement came three days after the end of the summit in Washington, and caught the Bush administration flat-footed. Shevardnadze told a meeting of foreign ministers from the 35-nation Conference on Security and Cooperation in Europe (CSCE) that the Soviets plan to withdraw 60 tactical missile launchers, more than 250 atomic artillery units, and 1,500 nuclear warheads.

In typical Soviet style, specific weapons systems were not identified, leading observers to point out that the Soviets possess many outmoded tactical nuclear devices which are being replaced by advanced conventional weapons (fuel-air explosives) which have far greater accuracy and similar destructive power. In addition, the small numbers involved in the proposal could easily be accounted for by those weapons assigned to troops which Gorbachov previously pledged to remove, but has not.

The announcement is more than a propaganda gambit, however. Soviet claims of a "defensive" reorganization of their military forces are fully coherent with the offensive doctrines of Marshal Nikolai Ogarkov—a fact which cannot be ignored during treaty negotiations.

## Ogarkov thins out the battlefield

The May 1990 issue of *Jane's Soviet Intelligence Review* contains an article by military analyst Charles Q. Cutshaw which throws cold water on those theories which view the current Soviet reorganization as benign, or even some type of retreat. Cutshaw notes that the Ogarkov strategy is predicated on a reduction of the total military forces stationed in Europe in order to reduce the number of "targets" and to facilitate a concentration of highly mobile firepower, principally artillery. He quotes Soviet Maj. Gen. Ivan Vorobyev who writes, "It seems no longer needful to concentrate manpower and equipment too densely in a penetration area. As a result the very definition of the principle has changed. This principle must now be defined as decisive concentration of the major efforts of forces at the right moment in the most important

sector. . . . Maximum use of the might of weapons rather than troop concentrations is now first priority in locating the major efforts of forces. . . . To begin with, combat can now be undertaken with a considerably lower amount of personnel and material at shorter times . . . without nuclear weapons."

Cutshaw warns that "this aspect of the Soviet revolution in military affairs cannot be overemphasized and should be cause for concern. For NATO, it means that the troops which formerly would be concentrated prior to an attack will very likely not be: The breakthrough concentration will be conducted by firepower." He points out that although the Soviet General Staff continues to deny it, artillery battalions "in their most ready divisions have grown from 18 to 24 guns in strength." Cutshaw adds that this only underscores the ominous nature of the general reorganization now in progress.

U.S. military officials have addressed the dangerous nature of the imbalance which persists in Europe in specialist publications, but not in public statements. In August 1989, *Military Review*, the magazine of the Command and General Staff College at Fort Leavenworth, Kansas, ran an article by Maj. Gen. Raphael J. Hallada, chief of field artillery and commander of the U.S. Army Field Artillery Center at Fort Sill, Oklahoma, in which he said:

"During just the past 15 years, the Soviets have made extensive developments in cannons—fielding two new towed and six self-propelled systems—and they have seven other cannon systems under development. They have fielded four multiple rocket launcher systems and seven target acquisition systems. They have increased their capabilities dramatically in effectiveness, mobility, survivability, range, and lethality to the point that the quality of their systems equals, or better, ours in almost all respects. We expect their modernization to continue in this vein. In the same 15 years, our efforts have fielded only one towed howitzer, one multiple rocket launcher, and one counter fire radar system. Overall, U.S. artillery systems have declined in total numbers to approximately one-tenth that of the Warsaw Pact.

"Today, a U.S. force commander in Europe could face a 7-to-1 disadvantage in field artillery in a breakthrough sector of a main attack. A brigade commander opposing a Soviet main thrust may expect in excess of 2,000 metric tons of

ordnance delivered on him in the 45 minutes prior to meeting the attack.

"Beyond sheer numbers, current U.S. fire support to maneuver is far below that needed to carry out our doctrine in the face of our adversary. Our current fire support systems are manpower intensive, with some near a ratio of 75 men to 1 weapon. Our fleet is aging and its effectiveness deteriorating. It is costly to sustain and, in some cases, unfeasible to support. Our cannon and rocket systems are being outranged by like-caliber Soviet systems. Our target acquisition systems are limited, and our fire support command and control system is centered around a 1960s vintage computer system."

A January 1990 Congressional Budget Office study examined the effect of mutual reductions in forces as proposed in the Conventional Forces in Europe (CFE) treaty negotiations and showed that "treaty mania" is no panacea for these problems: "At some point after mobilization begins, the ground capability of the Warsaw Pact—as measured WEI/WUV [a war-game calculus based on several assumptions which weight heavily in favor of NATO—ed.] scores—would exceed NATO's capability by 50% or more. In the air, reductions in NATO air forces would mean that NATO would have significantly fewer aircraft; in fact Pact aircraft would outnumber NATO aircraft by one-third."

An accompanying graph shows that in the proposed CFE framework, the Soviet Union maintains a 1.2-1.3 to 1 advantage over NATO, *even without the Warsaw Pact*. The study goes on to emphasize the point raised by Cutshaw above: The Soviets "believe that they would need to achieve roughly 4-5 to 1 on selected sectors but that the ratio across the theater would not have to be high. . . .

"Soviet military historians and military scientists have concluded that a 1.5 to 1 force advantage—and even parity—across the entire theater is sufficient to enable Soviet forces to achieve a 3-4 to 1 force advantage on a few (two to four) fronts or army breakthrough sectors 20 to 40 kilometers in width and advantages of 4-8 to 1 at the tactical point of penetration."

One way to deal with this problem is to simply leave Europe—which the Bush administration and the Congress are doing. Budget cuts contemplated by the Army could take the U.S. out of the European battlefield altogether. Current plans call for abandoning the "Block 2" replacement for the M-1 Abrams tank, a move which will eliminate the U.S. as a producer of heavy tanks. The Army announced in December that it intended to pull approximately 40,000 troops and 600 main battle tanks out of Germany before 1994, an announcement which prompted one Pentagon official to tell *Defense News* that the "Army's planning ideas are dangerous."

Nonetheless, the Army plan is being implemented, and represents a major doctrinal shift in Army war-fighting policy. Previously, all the most advanced weapons were forward deployed to the frontline troops. Under the new Army plan,

these weapons will first be fielded with U.S.-based contingency forces.

While the U.S. Army does have its own long-term plan for creating smaller, more mobile and agile fighting forces, the present actions do not reflect a systematic plan, but are budget driven, and will have a destabilizing impact at a point where a premium is placed on Western military stability.

### **U.S.S.R. to become 'policeman of Europe'**

Bush administration spokesmen, up to the level of the Joint Chiefs of Staff, obsessively repeat the shibboleth that "the collapse of the Soviet empire will increase warning time of a Soviet attack" from 10 days to as much as two years. This Pollyanna view is most effectively refuted by the words of the Soviet general quoted above. It is also useful to note that the Ogarkov revolution assumes no strategic surprise—except in the political realm. Tactical surprise is inherent with the types of forces the Soviets are now fielding in Europe.

These same spokesmen insist that the U.S. budget cuts are justified in light of the "defensive" nature of the Soviet military reorganization. But this is a propaganda term.

A technical paper by Army analyst Col. David M. Glantz puts the true meaning of "defensive strategy" in Soviet military thinking into historical perspective. Glantz reviews the long tradition of Soviet military studies of operations during the "Great Patriotic War" in which operations such as at the battle at Kursk, or the Khalkin-Gol model of 1939 operations against the Japanese, are emphasized.

The common feature of these campaigns is the use of a "defensive" force structure to conduct offensive operations. He points out that the Soviets pointedly avoid discussing the case of Manchuria, "in which a defensive force structure and posture is rapidly converted into an effective offensive one through a combination of *khitrost* (cunning), *maskirovka* (deception), and a massive covert strategic and operational regrouping of forces. . . . In a future context, this model embraces the circumstances of creeping up to war over an extended period."

Glantz asks the question, regarding Gorbachov and Ogarkov's "defensive" posture: "Is it based upon the Kursk or Khalkin-Gol models, or on yet another model?" No matter how one answers the question, it is not necessary to conclude that war will begin tomorrow in order to see that the Soviets are pursuing a systematic strategy to preserve their military position in Europe—despite their economic crisis. This, unfortunately, cannot be said of the U.S., or NATO as a whole.

Shevardnadze's intervention at the CSCE meeting occurs during a period of strategy and budget turmoil in NATO. The U.S. Congress has announced plans to cut its contribution to the NATO infrastructure fund for the second year in a row and is also moving to withdraw vital air assets from the Mediterranean theater. As Bush talks "peace" and the Congress moves toward isolation, NATO will be left to face a formidable Russian military machine.

# Thornburgh role in kidnap plot exposed

by Jeffrey Steinberg

At a federal court hearing in Los Angeles on May 25, a senior official of the Drug Enforcement Administration provided critical evidence that Attorney General Richard Thornburgh personally approved the payment of up to \$50,000 for the kidnaping of a Mexican gynecologist, who was indicted in the United States, for allegedly abetting the murder of DEA agent Enrique Camarena. The kidnaping of Dr. Humberto Alvarez Machain on April 3 of this year at his office in Guadalajara, Mexico touched off an international scandal.

Alvarez Machain was abducted by a team of former and current Mexican police acting under the direction of a long-standing DEA informant. They forced the doctor to fly in their custody to El Paso, Texas where a team of DEA agents was waiting to arrest him and transport him to Los Angeles, where he was arraigned on the Camarena murder charges.

Initially, senior officials of the Department of Justice (DoJ) denied that they had authorized or financed the abduction.

## DoJ denial erodes in court

That implausible denial began to erode as soon as DEA officials began to be questioned under oath by Federal District Court Judge Edward Rafeedie. First, long-time DEA informant and retired Mexican police officer Antonio Garate Bustamante testified that he had arranged for the doctor to be brought across the border with the approval of DEA officials. After an initial plan fell through, which would have involved the simultaneous extradition of a Mexican drug fugitive back to Mexico to stand trial there and a payment of \$100,000, Garate said that he arranged for some of his "friends" to abduct and transport Dr. Alvarez to the United States. An initial payment of \$20,000 was made, and \$6,000 payments were subsequently made every week starting April 6. As of the end of May, those payments were still being made.

Garate told the court that he had set up this kidnaping plot at the behest of Los Angeles DEA agent Hector Berellez, the agent in charge of the ongoing Camarena probe.

On May 25, Berellez told Judge Rafeedie that he had gotten approval for the kidnaping from a senior official from

DEA headquarters, Peter Gruden. At the time of the abduction, Gruden was a deputy director of the agency. When the scandal broke, he was quietly transferred out of headquarters to the Washington, D. C. field office where he is now regional director.

The very next day, a Justice Department official told the *New York Times* that aides to Thornburgh had been apprised in advance of the kidnaping plot and had voiced no objections. The *Times* further noted that, under a standing order issued several months before the Alvarez grab, Attorney General Thornburgh was to be consulted in advance and had to give his personal stamp of approval before any "sensitive" operations were undertaken by either the DEA or the FBI.

"It was not clear," the *New York Times* stated, "if Mr. Thornburgh himself knew in advance of the operation. The Justice Department official said it would have been highly unusual if Mr. Thornburgh's aides did not tell him of plans for the doctor's abduction which set off an uproar in Mexico."

Mexican President Carlos Salinas de Gortari on May 25 called on the Bush administration to turn Dr. Alvarez back over to Mexican authorities. "We are making the appropriate gestures to achieve the return of Dr. Alvarez Machain because his transfer was illegal, contradicting Mexican law. If the doctor faces criminal charges, it should be in Mexico in accordance with Mexican law," President Salinas said.

## Thornburgh facing defections

Attorney General Thornburgh's troubles are not just centered around the blatant violation of international law, which has become known as the "Thornburgh Doctrine," carried out with his apparent prior approval. He faces a continuing cocaine scandal back in his home state of Pennsylvania, where top aides have been either indicted or face expected indictments as users and traffickers.

The illegal leak of false information by senior Justice Department officials last year targeting Pennsylvania's powerful Democrat Rep. Bill Gray, also continues to divide the department and suggests possible criminal coverup by the attorney general himself. In May, Deputy Attorney General Donald Ayers resigned in protest over Thornburgh's handling of the Gray leak probe, among other issues.

Now, according to the June 6 *Washington Times*, Michael Shaheen, a career Justice Department attorney who has headed up the Office of Public Responsibility (OPR), the in-house watchdog unit in the DoJ, is also reportedly considering resignation. Shaheen's office, which normally would have directed the probe into Justice Department corruption in the Gray matter, was frozen out of it altogether. Shaheen was kept out of the probe even after Ayer and criminal division chief Edward Dennis both urged Thornburgh to bring in the OPR to give its impremature to the investigation. Top aides to Thornburgh, Robin Ross and David Runkel, both were caught lying in polygraph examinations administered by the FBI as part of the Gray leak investigation.

# Barry targeted in political witchhunt

by Debra Hanania Freeman

As jury selection in the trial of Washington, D.C. Mayor Marion Barry on charges of perjury and drug usage enters its second week, the Department of Justice (DoJ) is pulling out all the stops in its continuing effort to remove Barry from office, but above all, to force him to halt his bid for reelection.

It was revealed June 6 that NBC's local affiliate WRC-TV has "somehow" obtained the FBI videotape of Barry smoking crack cocaine during the incident staged by federal officials which led to his arrest. Barry has charged that executives of NBC held a viewing of the tape in their offices after the prosecutor's office intentionally leaked the tape to the station, despite a standing order by Federal Circuit Judge Thomas Penfield Jackson prohibiting any discussion of the evidence in the case.

Then, in a move that left many startled, Jesse Jackson, once considered a friend and political ally of the mayor, joined the government's effort in a widely publicized Washington, D.C. press conference June 6. Jackson urged Barry to announce he will not seek a fourth term, saying that such a public declaration could serve as "powerful leverage" in a plea agreement. Echoing repeated offers by U.S. Attorney Jay Stephens to drop charges against Barry in exchange for the mayor's resignation, Jackson said, "If he agrees not to be a part of the equation, the question will be: Why prosecute?"

Citing his longtime friendship with Attorney General Richard Thornburgh, Jackson urged Barry to compromise and "spare a lot of pain to the city. After all, not only is Marion Barry about to go to trial, so is the Justice Department." However, putting the Justice Department on trial is exactly what is called for in the Barry case.

## Violation of Barry's rights taken to U.N.

Last week, Washington attorney Mary E. Cox filed a petition with the Commission on Human Rights of the United Nations charging the U.S. government—and specifically the DoJ—with gross violations of the human rights of Mayor Barry and the citizens he represents.

Cox's petition documents that "since 1984 the Department of Justice, in close collaboration with the *Washington Post*, has harassed, persecuted, and prosecuted the mayor and anyone connected with him under the cover of an investigation of public corruption and drug use in an effort to remove him from office."

The petition continues, "despite seven years of intense investigation, the government was unable to establish Barry's direct participation in public corruption or to charge him with violating any law. When all else failed, the government created a crime." Indeed, by their own admission, the U.S. Attorney's office spent an estimated \$50 million in public funds to entrap Mayor Barry.

The June 4 *Times* of London noted the petition of Barry supporters in a feature entitled "Shadow of racism looms over Washington mayor's drug trial." "A handful of Mr. Barry's supporters are so convinced the U.S. judicial system cannot give him a fair trial, that they have sent a petition to the United Nations asking the world body to send an observer mission to Washington to ensure he gets a decent hearing," the *Times* reported.

## FBI's 'Frühmenschen' targeted blacks

Marion Barry is not alone. A recent study by Prof. Mary R. Sawyer of Iowa State University on the harassment of black elected officials shows that 43% of all black elected officials in the U.S. today are either currently under investigation or indictment, or have been. The Sawyer study, in documenting a widespread pattern of improper investigations and charges against black elected officials, suggested that the criminal and civil justice system is being misused out of political motivation rather than a true search for criminal activity.

Charges of politically motivated prosecutions were given additional credence by the exposure in the Jan. 27, 1988 *Congressional Record* in a speech by U.S. Rep. Mervyn Dymally (D-Calif.), of the existence of an FBI program entitled "Frühmenschen," a German term meaning aborigine. This FBI directive called for the investigation of black elected officials across the nation "without the need for probable cause" on the theory that blacks are "intellectually and socially incapable of governing."

At a press conference in Washington, D.C., former Maryland State Senator Clarence Mitchell III of Baltimore, who has just returned from serving 18 months in a federal penitentiary as a result of a conviction stemming from the Wedtech scandal, endorsed Mary Cox's petition. Mitchell brought with him a resolution of endorsement passed by the National Council of Churches condemning the "harassment of black elected officials and other persons and organizations of conscience."

Mitchell stressed that the issue goes beyond the immediate case of the Mayor of Washington; that at issue is not even the guilt or innocence of each of the many who come under attack, but that the pattern of attacks by agencies of the government in itself constitutes criminal activity. Mitchell said the politically motivated criminal and civil investigations, in effect, deny the citizens who vote for these black elected officials their full constitutional rights under the 1965 Voting Rights Act.

## **W**hite House tries to cool porno dispute

The White House has asked Congress to reauthorize the National Endowment for the Arts without restrictions for one year, while a commission reviews the NEA's grant-making procedures, which have included funds for pornographic "art."

Sen. Jesse Helms (R-N.C.) attacked the NEA funding of the erotic photographs of homosexual photographer Robert Mapplethorpe and an exhibit that included a photograph by Andres Serrano of a crucifix submerged in urine. In the midst of that controversy, President Bush in March gave NEA chairman John Frohnmayer a public vote of confidence and called for a full five-year reauthorization of the NEA without restrictions.

Faced with heavy opposition, according to one official, the administration's goal is "to let the noise level die down."

Legislators were angry about not being consulted by the White House. Rep. Pat Williams (D-Mont.), chairman of the House subcommittee responsible for the NEA authorization, commented, "Before the White House begins to legislate on this, they really ought to communicate directly with [Rep.] Tom [Coleman (R-Mo.)] and myself, other members of our committees, as well as the leadership on the Democratic and Republican side. To do less than that shows political naïveté and will result in serious political mischief."

Representative Coleman, who serves on the subcommittee, called the Bush plan the "wrong proposal at the wrong time." "The administration is like a car careening from one side of the road to the other," he said.

Sen. James McClure (R-Id.), ranking Republican on the Senate subcommittee working on the NEA budget, told reporters on June 6 that he is

"almost certain" Congress will insist on some funding restrictions. McClure said he would not vote to reauthorize the NEA for one year unless there is "restrictive language" in the bill.

## **G**un control bill meeting stiff opposition

Senate leaders on June 5-7 failed to mobilize the necessary votes to close off debate on a plethora of amendments offered to the Omnibus Crime Bill. The main reason for the opposition is the partial ban on assault weapons in the bill.

The bill also toughens the use of the death penalty and restricts the possibility of appeal for prisoners on Death Row.

The gun ban, which was approved by the Senate on May 23, has met with strong opposition from the National Rifle Association. Senate Majority Leader George Mitchell (D-Me.) tried to close off debate on amendments on June 5, but the 54 to 37 vote was six votes short of the 60 needed. Again on June 7, supporters were only able to mobilize 57 votes for cloture.

## **H**UD to call for cuts in home loans

Sources within the Department of Housing and Urban Development indicate that HUD Secretary Jack Kemp will ask Congress to impose a 0.5% loan assessment on Federal Housing Administration (FHA) buyers who provide less than a 10% down payment on their homes, and to require those borrowers to pay two-thirds of the closing costs up front, in cash.

The FHA presently allows buyers to finance closing costs, which can run

to several thousand dollars, as a way to encourage home ownership among lower-income families. The HUD proposals would cut by up to 70,000 the number of low- and middle-income buyers who could qualify for assistance.

HUD is also proposing tightening lending standards and an increased monitoring of lenders while improving the process of selling properties the FHA has taken through foreclosure. FHA is being hit by the collapse of the speculative real estate market and has been plagued by a backlog of unsold foreclosed properties during the last 10 years.

HUD released on June 6 a report by the accounting firm Price Waterhouse, which estimates that the Mutual Mortgage Insurance Fund—which provides single-family home loans—had a net worth of \$2.6 billion in 1989, down from \$8 billion in 1979. The FHA lost \$4.2 billion in 1988 and continues to lose \$350 million a year in its single-family loan programs. Although the fund is solvent, projected losses would soon wipe out its reserves. The fund insures 600,000 mortgages.

## **O**pposition grows to China MFN status

In a looming battle between the Congress and the administration, leading Democrats are warning that they are not pleased with President Bush's attempt to renew Most Favored Nation trading status for the People's Republic of China.

In remarks on the House floor on May 24, Sen. Edward Kennedy (D-Mass.) noted that the "leadership in Beijing has snubbed" President Bush's overtures since last July, and that the "Chinese government intimidation of Chinese students in this

country continues, including revoking passports, intrusive surveillance, termination of government stipends, restricting contact with family members, firing those with jobs back home, and revoking their special student status." Kennedy said it would, under these circumstances, be "preposterous" to grant MFN status.

When Soviet leader Mikhail Gorbachov, in a meeting with congressmen at the Soviet Embassy in Washington on June 1, pointed to Bush's granting of MFN status to China as a reason to also grant it to the Soviet Union, Senate Majority Leader George Mitchell (D-Me.) indicated that the China proposal would be a matter of controversy when it came up for Senate consideration.

Conservatives have also expressed their disappointment with the Bush decision. Sen. Gordon Humphrey (R-N.H.) commented on May 24 that the U.S. must again begin acting on the basis of principle, as it did when it revoked MFN status for Poland when martial law was imposed in 1982.

On June 5, Chinese student leader Chai Ling testified before the Senate Foreign Relations Committee that any accommodation to the Chinese regime "strengthens and emboldens the hardliners and weakens the reformers." Asked by Sen. Alan Cranston (D-Calif.) whether Congress should renew MFN status for China, she said it should be linked to some conditions for human rights improvement. "The best way is to connect these," she said.

## **AIDS infected can be barred from food-handling**

In a slight shift in policy on the AIDS epidemic, the Senate joined the House in agreeing to permit employers to transfer workers who are carriers of

the AIDS virus out of food-handling jobs. The move is in stark contrast to the major anti-discrimination protection for the disabled that is nearing final approval in Congress.

Voting 53 to 41 on June 7, the Senate first refused to kill, and then approved by voice vote, a proposal from Sen. Jesse Helms (R-N.C.) to instruct Senate conferees to agree to the food-handlers provision, which would require employers to make "reasonable accommodation" for alternative employment.

Opponents characterized the measure as a politically inspired concession to public fears about AIDS, claiming that the fatal disease cannot be transmitted through food. Supporters of the bill pointed to the fact that public opinion is strongly in favor of such measures. "The reality is that people who have communicable diseases should not be working at the salad bar," said Sen. William L. Armstrong (R-Colo.).

## **House okays Soviet trade bill with proviso**

The House of Representatives on June 6 passed a bill by a 312 to 86 vote that would speed up the transfer of Western technology to the Soviet Union and the emerging democracies of Eastern Europe.

The House tagged on an amendment to the bill which would deny the Soviets the higher levels of technology until President Bush certifies to Congress that the Soviets have entered into "serious negotiations" with Lithuania's duly elected government and are conducting these talks without coercion. The amendment, introduced by Rep. Richard Durbin (D-Ill.) and passed on a 390 to 24 vote, would effectively freeze current restrictions.

The House bill would allow the

U.S. to sell to the Soviet Union and East European countries computers with a capacity of 550 megabytes of information per second. Current rules set a limit of 78 megabytes per second. The legislation would permit East European nations—and the Soviet Union under some conditions—to buy some U.S. mainframes as well as most personal computers available in the West.

## **Budget summit at a standstill**

The White House and Congress resumed deficit-reduction negotiations but are in disagreement over how to proceed as spending bills for the Energy, State, Justice, and Commerce departments are slated to come before House Appropriations subcommittees on June 7.

The Democratic leadership backed away from a high-profile fight over a resolution to first formalize discretionary spending levels for the new fiscal year. House Speaker Thomas Foley (D-Wash.), according to several sources cited by the *Wall Street Journal*, received a phone call from White House Chief of Staff John Sununu, who apparently raised the prospect of President Bush's going on television to accuse the Democrats of scuttling the budget talks.

Foley is coming under growing criticism that he, unlike former Speaker Rep. Jim Wright (D-Tex.), is too conciliatory. Many Democrats feel that such an attitude will damage Democratic chances in this year's elections. Some Democrats suspect that the administration's refusal to act on the discretionary spending resolution indicates that the White House wants an excuse to walk out of the talks.

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# National News

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## Supreme Court grants broader seizure powers

The Supreme Court decided in two rulings on June 4 to give the police broader powers to seize evidence and to conduct undercover operations in jail without warning suspects of their rights.

In one case, the Justices voted 7 to 2 to allow the police to seize evidence not identified in a search warrant, if it is in "plain view." The discovery of the evidence not identified in the warrant does not need to be "inadvertent."

In another ruling, the Justices voted 8 to 1 to allow an undercover officer posing as a fellow inmate, to interrogate a suspect without giving him the "Miranda" warning of his legal rights.

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## Billington appeals 77-year sentence

Attorneys for Michael Billington, tried in Roanoke, Virginia for "securities fraud," filed on June 4 an appeal to overturn his conviction and 77-year sentence. Billington is a political associate of Lyndon LaRouche, and his trial was a frameup by a federal-state "Get LaRouche" task force.

The appeal, filed with the Virginia Appeals Court, calls his 1989 trial before Judge Clifford R. Weckstein "one of a nationwide series of cases aimed at dismantling the political organization which promotes the policies and ideas of former presidential candidate Lyndon LaRouche." The brief reads, "these prosecutions were spearheaded by the joint efforts of the federal government and several of the states," and, referring to the Anti-Defamation League, among others, "were backed by a number of private organizations which were publicly avowed political opponents of LaRouche and his policies."

Billington's attorney in the trial was Brian Gettings, who had been part of a joint defense team, but who, on the eve of trial, "turned on the defendant" and "sabotaged

his defense." "The resulting trial was a travesty," the brief states. The trial court, "for the sake of expediency," refused to allow Billington to change counsel.

The brief charges that it was error for the court to have denied dismissing the case on double jeopardy grounds since Billington had already been tried and convicted on the same charges in federal court; that Brian Gettings had a conflict which prevented Billington from calling witnesses in his own defense; that the jury *voir dire* (questioning) was grossly inadequate to assure an impartial verdict; that the charge to the jury on "securities" was wrong; and that the court erred on evidentiary and venue matters allowing prejudicial hearsay into evidence.

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## President plans to purge PFIAB

Leo Cherne, the right-wing social democrat and a key individual in the "secret government" apparatus known as Project Democracy, may be ousted from the President's Foreign Intelligence Advisory Board (PFIAB) as part of an expected broader shakeup, columnists Jack Anderson and Dale Van Atta have reported.

In the first of two pieces on a pending reorganization of PFIAB, published May 25, the columnists wrote that President Bush has been reluctant to use PFIAB and that he would like to purge the whole lot except for former Sen. John Tower (R-Tex.). Anderson wrote that Bush would like to make Tower chairman of a reconstituted PFIAB, in a purge that may take place as early as June or as soon as FBI background checks are completed.

A second Anderson column on the subject reviewed the role of Sen. Jesse Helms (R-N.C.) in helping to oust Henry Kissinger from the Board:

"Helms did not like the fact that Kissinger, a paid Washington consultant for several countries and international corporations, had his fingers in the business world and the White House at the same time. . . . Kissinger has had a long association with Chinese business and government leaders. After the brutal Chinese suppression of the Tianan-

men Square demonstration last June, Kissinger took a soft public stance on the issue. Worse, when Bush sent secret envoys to China, he chose two former employees of Kissinger's consulting firm—national security adviser Brent Scowcroft and Deputy Secretary of State Lawrence Eagleburger. One PFIAB member, who is also a friend of Kissinger's, told us that PFIAB never advised Bush on Tiananmen Square. . . . Such assurances did not convince Helms and others who wanted Kissinger off the board."

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## New York GOP approves abortion rights plank

The New York Republican Party, for the first time, unanimously approved an "abortion rights" plank in its platform adopted at a party convention on May 29.

State Assemblyman George Pataki, chairman of the platform committee, said that the state GOP was essentially adopting the position of Republican national committee chairman Lee Atwater, who said earlier this year that the Republican Party should be a big enough "tent" to accommodate both pro- and anti-abortionists, even though the national GOP platform opposes abortion.

The New York GOP is in the process of selecting economist Pierre A. Rinfret as its gubernatorial candidate; Rinfret is pro-abortion.

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## Judge rules Social Security acted illegally

A federal judge has ruled that the Social Security Administration acted illegally in denying tens of thousands of Americans Social Security disability benefits under rules enforced in the 1980s.

The case stems from an earlier court decision which had ruled improper the procedure Social Security was using to deny the eligibility of many disabled applicants. The Reagan administration directed the agency to continue to use its own interpretation, not that of the court with which it disagreed, in



its determinations.

The policy, termed "non-acquiescence," failed to inform tens of thousands of applicants that the procedure under which they had been turned down had itself been voided by a federal court. Most such applicants, unaware of their excellent grounds for appeal and unable to afford lawyers, simply let the matter drop. A large majority of those who did appeal their denial won those appeals. According to Burt Neuborne, who argued the case on behalf of the American Civil Liberties Union, the government's policy was to "use non-compliance against people who couldn't afford lawyers."

## Spannaus files for Senate against Warner

Nancy B. Spannaus, an independent Democrat for U.S. Senate running on policies associated with Lyndon LaRouche, filed petitions with the Virginia Board of Elections in Richmond on June 8 to be placed on the November ballot in opposition to Sen. John Warner (R-Va.).

"As of today, I am putting the Independent Democrats for Spannaus campaign into high gear, in my determination to provide a vehicle for rebuilding the Democratic Party around the principles of scientific and technological progress most recently seen in the programs of John F. Kennedy and Franklin D. Roosevelt," Spannaus said. "More broadly, my campaign reaffirms the principles of the Declaration of Independence and Constitution, upon which this nation was founded."

## Environmentalists rev anti-population effort

*Science*, the magazine of the American Association for the Advancement of Science, on May 11 reported that environmentalist groups are putting the issue of reducing world population back on the agenda as a high priority.

"Fear of alienating people in developing countries and fierce opposition to family

planning by the American right-to-life movement caused activists to shy away from the issue," *Science* wrote.

"In recent years, the Audubon Society has been the only major environmental group that has had a population program. But in January, the Sierra Club hired former marine activist Nancy Wallace as its first full-time population lobbyist. . . . Barbara Bramble of the National Wildlife Federation says her group is now looking for the money to hire a population person. And the board of the Natural Resources Defense Council has voted, for the first time, to list world population stabilization among its priorities.

"Audubon is now organizing a coalition of groups to lobby for increased appropriations for the Agency for International Development's population program. The goal is to more than double the budget, from about \$220 million to \$500 million a year. As part of this push, Audubon's Patricia Baldi is seeking private funding to help from a network of population lobbyists within environmental groups."

## Thornburgh unveils new indictments in New York

Attorney General Richard Thornburgh and U.S. Attorney Andrew Maloney unveiled 15 racketeering indictments against members of alleged New York crime families May 31. The indictments are the first phase of an ongoing Justice Department operation which Maloney said will shortly produce up to 50 more indictments against New York City labor organizations.

"Today's indictments closed the window on this lucrative enterprise," Thornburgh said, adding that the key in the fight was going after top mob figures.

Thornburgh, who has led the attack on the savings and loan institutions, defense, and other U.S. industry, elaborated his legal philosophy. "To dismantle Chrysler Corp., you wouldn't do it by disrupting sales meetings or by grabbing one LeBaron at a time. You'd go after Mr. Iacocca and their bank accounts," he said, referring not to prosecution of criminality, but a more broadly defined "criminal enterprise."

## Briefly

● **GOP POLLSTER** Richard Wirthlin found that President Bush's popularity is falling, over his handling of the economic crisis. Some 51% think that the U.S. is headed in the wrong direction, and less than 25% strongly approve of Bush's presidency. "Bush partisans are particularly alarmed" about the results, *U.S. News and World Report* reported.

● **THE ADL** "has strongly supported legislation" for gun control, according to the February 1990 issue of the Anti-Defamation League's *Capital Agenda-Update*.

● **OLIVER NORTH** testified June 1 before a new grand jury investigating other Reagan administration officials in the Iran-Contra scandal.

● **NASA** Administrator Adm. Richard Truly announced May 31 that NASA will reach beyond the space community to evaluate new ideas in technology, systems, and architectures for lunar bases and President Bush's Exploration Initiative. The effort opens the door to a broader flow of new ideas into the Moon-Mars program, but may be used by some to forestall a crash program.

● **GROW MORE GRAIN**, the *Boston Globe* urged in a June 2 editorial. "Recent reports indicate that, for the first time in decades, supplies of grain are inadequate for tiding the country over a period of deep drought," the paper wrote.

● **MAGICKNET**, the self-styled "world's largest electronic coven"—a satanic network—is undergoing a shakeup. Coordinator Brad Hicks resigned, citing exposés by Lyndon LaRouche and his associates in his letter of resignation.

● **MASSACHUSETTS'** Department of Mental Health is drafting a plan to dump mental patients into the ranks of the homeless by releasing them to shelters if housing cannot be found elsewhere.

## Editorial

### *The oligarchy's new order*

Prince Philip and his friends have tried to spread the lie that their bestial pagan views represent, or correspond to, the beliefs of the Catholic Church. Since the Prince's view is that the human population should be sharply limited in order to increase the living space for animals, and since he has recommended pagan religions over Christianity or Judaism or Islam—in his words, the “revealed religions”—not even the most credulous can believe his claim that he and the Pope can have reached an accord.

The truth is that Prince Philip and his circle are involved in a project to create a new universal religion, which would be coherent with his ecologist anti-science predilections, and which would be the ideology appropriate to a new, one-world federalist world order. There would be a place in this oligarchical neo-feudalism, which he would like to see as a replacement for republican nation-states, for a Russian section as well.

The model for Prince Philip is the Roman Empire. Not coincidentally, the ecological cult, Gaia, worships the pagan Roman Earth goddess of that name. This is the same who was known in other times as Shakti, Ishtar, Astarte, Isis, and Cybele—an evil creature whose priests and priestesses demanded the blood sacrifice of babies, and sometimes young men and women as well.

The ecology movement, by its opposition to advancement in science and technology, is by its nature irrational; therefore, it is not shocking to learn that its leading figure, Prince Philip—the father of Britain's next ruler and the husband of Queen Elizabeth, the head of the Anglican Church—is openly espousing the oligarchical model of pagan Rome.

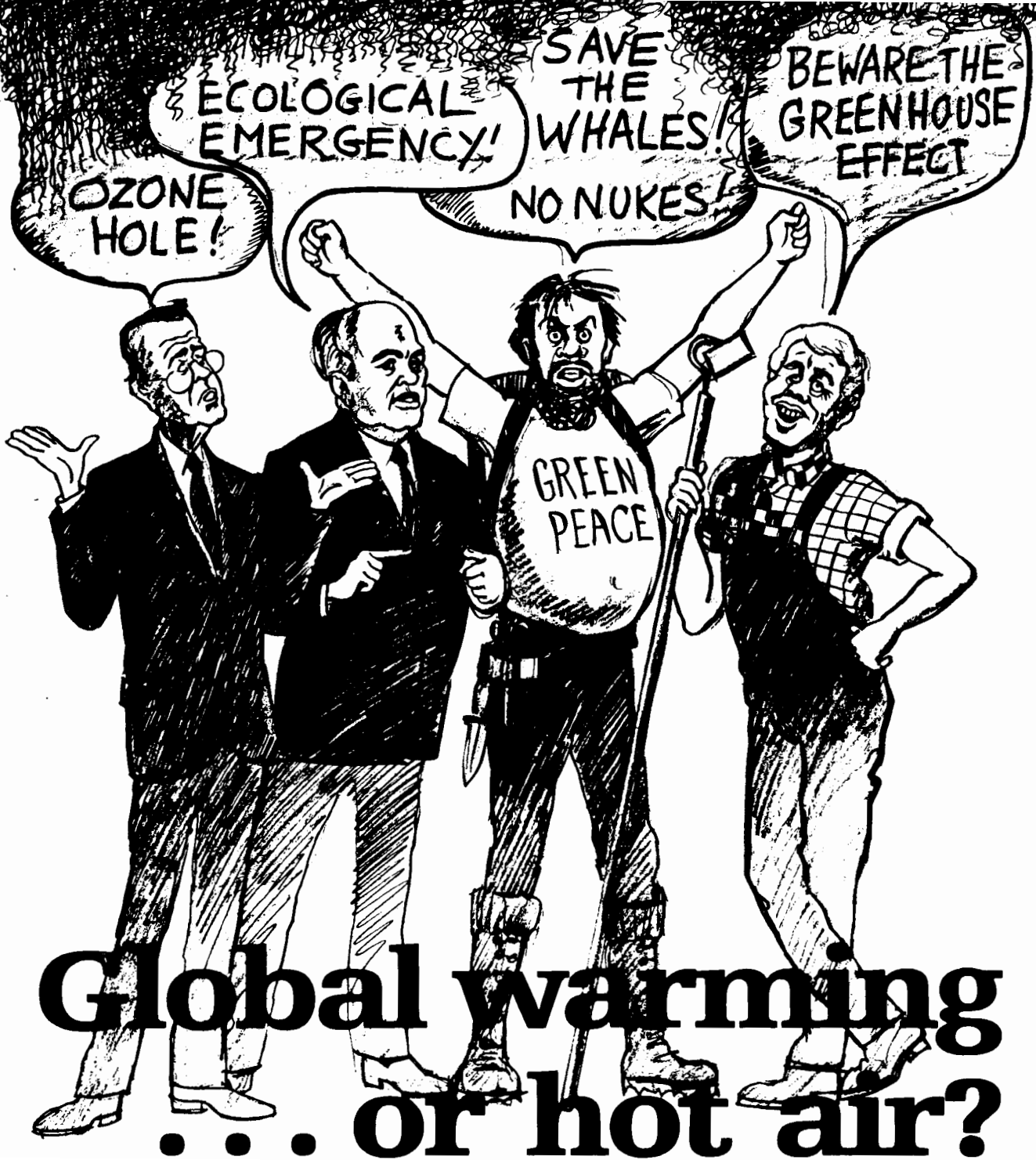
In the 19th century, this pagan ideology resurfaced in the form of romanticism, to be followed by modernism. Characteristic of these *new* movements was repudiation of the potentialities of science and industrial technology, and an attack upon the family. This is the secular guise of paganism; its political guises are fascism and communism.

Cardinal Ratzinger has followed in the footsteps of Cardinal Nicolaus of Cusa in his Pentecost sermon in Speyer June 3. Here he asserted the reality of the living God, whose act of creation stretches over all time and all history. In other words, it is God's will that mankind move forward, that we work with Him to perfect this Universe. Furthermore, he warned about the snare of the new Babylon—in other words, Prince Philip's vision of a new Roman Empire.

Lyndon LaRouche warned, in 1982 and 1983, that there was an oligarchical conspiracy afoot between the Anglo-American Establishment and circles around Mikhail Gorbachov, who were determined to create a condominium between East and West which would establish a one-world system based upon two empires. At that time, LaRouche was called a wild man, a weird conspiracy theorist. But he was right.

At that time, LaRouche took as a historical point of reference the effort by the Magi of the Persian Empire to divide world into a western and an eastern division of the Persian Empire. Napoleon Bonaparte, Adolf Hitler, and Fyodor Dostoevsky on behalf of the Russian oligarchy, have all had similar pretensions. With the fall of communism in Eastern Europe and in the Soviet Union, we might ask, “Who, then, is the enemy?” The answer is unfortunately too simple. It is the Old Believers of Russia, on whose behalf Dostoevsky set forth his program for Russia to become a Third Rome, the same people who created that evil pagan religion, Bolshevism.

After the defeat of Napoleon, the British formed an alliance with the Russians and with Austro-Hungary's Prince Metternich. Thus the British hoped, despite their defeat in the American Revolution, to become the imperial power of the West. They called their accommodation the Holy Alliance. It is such an oligarchical, *unholy* alliance that Prince Philip would recreate today. Each in his own way—Cardinal Ratzinger and Lyndon LaRouche—represents the hope of mankind to escape this evil utopia, the oligarchy's new order.



The environmentalists say that "industrial pollutants" are heating up the world's climate-what a hoax!

First, the evidence that such a heating is occurring is dubious; if it is occurring, what *can* be proven is that industrial emissions are not the cause. And the "remedies" proposed by George Bush, Mikhail Gorbachov, and the other "greenies" will only make things worse.

*Executive Intelligence Review's* Special Report, "The 'Greenhouse Effect' Hoax: A World Federalist Plot," assembles the scientific evidence, and analyzes the political purpose behind the hoax: the drive to use "ecological emergency" as the pretext to destroy the sovereignty of nations.

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