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Executive Intelligence Review

August 17, 1990 • Vol. 17 No. 33

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

*European Headquarters: Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, Dotzheimerstrasse 166, D-6200 Wiesbaden, Federal Republic of Germany Tel: (06121) 8840. Executive Directors: Anno Hellenbroich, Michael Liebig*

*In Denmark: EIR, Rosenvaengets Alle 20, 2100 Copenhagen OE, Tel. (01) 42-15-00*

*In Mexico: EIR, Francisco Diaz Covarrubias 54 A-3 Colonia San Rafael, Mexico DF. Tel: 705-1295.*

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

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

## From the Editor

LaRouche has been proven right again. The question is, when is George Bush going to be forced to disgorge the suppressed evidence, that will exonerate LaRouche and free him from the prison to which his satanic enemies have consigned him?

Four weeks ago *EIR* published Lyndon LaRouche's warning that Israel was preparing for a Middle East war. The warning was poo-hooed from many quarters. Even now, since the Iraqi incursion into Kuwait, and ensuing actions by the President of the United States, have put the entire region on a war footing, there are some nitpickers who say, "Well, he was right about the war danger, but wrong about Israel."

But what LaRouche had stressed, as readers will discover by looking again at our July 20 issue, was that the *character* of the present government of Israel, as a puppet of British intelligence, is what makes a near-term war in the Middle East likely. And that analysis has been totally borne out by the developments of early August.

Our *Feature* takes up the issue of the historic British role—past and present—in manipulating Arab states and reactions to them. Following an introduction by Webster Tarpley, we present the timeline of events that led to the Iraqi action, and two statements by LaRouche which deal with the overall strategic significance of these events, as well as the oil price question.

Next, the article on the little known but powerful Hollinger Corporation on page 51 is essential to understanding the direction Israeli policy has taken.

LaRouche was right about AIDS, too. There have been leaks in the major media about the real dimensions of the AIDS crisis, even though it has largely lost the public attention it had a few years ago. On p. 14 we present a survey of LaRouche's policy initiatives on this issue and show how the latest terrifying data give the lie to those who opposed him bitterly—to the point of collaborating in framing him up.

Despite his unjust imprisonment, LaRouche's hat is in the ring in the Virginia 10th Congressional District, and that is providing an example of courage and optimism, and a rallying point for the people who want to deal with reality—see page 64 for an update.

*Nora Hamerman*

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## Feature



Laurence Hecht

"The United States was ripe for an oil price crisis, Iraqi involvement in Kuwait or not. What the Iraqi involvement in Kuwait has done, is merely triggered a sequence of events which brings the world back to reality, on the issue of oil prices."

—Lyndon H. LaRouche

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The U.N. Security Council was created as a mechanism for oligarchical destruction of nation-states, but the Cold War placed obstacles in the way of this plan. Now, with the "end" of the Cold War, the Anglo-American-Soviet condominium is pushing this genocidal policy with renewed vigor, as developments around Kuwait attest. An analysis by Webster G. Tarpley.

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## Winners and losers in the third 'oil shock'

by William Engdahl

"The countries we are most worried about are Eastern Europe and the U.S.A.," said a well-placed Japanese policy spokesman recently, when asked about the impact of the Iraq-Kuwait oil embargo. "Eastern Europe will be hit at the time their economies are most fragile. The U.S., well, this may push them finally over the edge."

Which economies will be most adversely affected by the third "oil shock"? On the surface, it will be the economies whose industrial production is already running at near-capacity levels, and which are most dependent on oil imports for energy. This means Japan and West Germany most immediately.

The impact of the West's economic embargo against Iraq and occupied Kuwait means the loss of an estimated 3 million barrels per day of the total daily world oil consumption of approximately 65 million barrels. Panic buying and outright opportunism by multinational oil companies sent crude oil prices soaring to levels close to \$29 a barrel for North Sea Brent oil, a jump of more than 80% from the low of \$15.50 in April of this year, and fully 60% over the average price for 1989.

Japan's dependence on imported oil for driving its industrial and transport economy, despite a growing nuclear energy capacity, is still considerable. Tokyo economists estimate that a 15% share of Japan's Consumer Price Index of inflation is today composed of the oil price—the highest of the seven leading industrial nations. West Germany reckons an 8% share, while Britain, an oil producer, only 5%. This new oil shock means an almost 1% inflation increment in Japan, if oil stays at present levels. With severe shortages of skilled labor and with industry running, as in West Germany, at full capacity, it is almost certain to result in a further rise in Japanese interest rates. This is the principal reason that the Tokyo stock market has been the worst hit of the OECD industrial countries since the Iraqi invasion of Kuwait on

Aug. 2. But, despite the unwelcome news, Japan will not suffer the dislocations it did in 1974 or 1979 with the two earlier oil shocks.

Nor will West Germany, where nuclear energy now comprises almost 40% of all electric power generated. This is a significant change from the early 1970s. France is in even better shape, producing almost 70% of its electricity from nuclear energy today.

But the real shock will hit in the present efforts of continental Europe to rebuild the battered economies of Eastern Europe. "The impact of this latest oil shock will be relatively to increase the political power of Britain at the expense of continental Europe and especially West Germany," said senior City of London economist Stephen Lewis in an interview. East Germany, Poland, and the other newly liberated economies of Eastern Europe must import almost all their oil and gas. In recent months, Moscow has ended former below-world-market oil prices for Comecon states, which must now buy at the soaring world price, at a time when their struggling economies are most vulnerable to any inflation shocks. Oil prices could increase for these economies some 400% over 1989 levels, as a result.

"By imposing higher interest and inflation costs on especially the booming West German economy, and more seriously, East Germany, this will slow the dynamic in Central Europe. This benefits circles such as those of [former Foreign Secretary] Lord Carrington or Midland Bank's Sir Michael Palliser, who want to bring Britain into the European Monetary System in order to dominate and control developments on the continent to their advantage," Lewis said.

### The Six Sisters cash in

The economy of Britain will itself be hit with at least another 1% increase in inflation. But strategists of the Royal Institute for International Affairs in London reckon that the

British economy is already in such depressed shape that this will not be unbearable, a small price to pay for gaining hegemony over Europe. Central to such policy circles inside the British liberal foreign policy establishment, is the institutional power of two giant multinationals, British Petroleum and Royal Dutch Shell. By some calculations, Shell has cunningly positioned itself in the past decade to become the world's most powerful energy multinational. On its board sit Sir Michael Palliser; the Dutch former head of the International Monetary Fund, Johannes Witteveen; as well as the influential Earl of Cromer who was British ambassador to Washington during the first Anglo-American oil shock in 1973-74, and is now associated with the Bank of England-linked Barings merchant bank.

The second powerful group of British-based multinational interests which will benefit from the new oil price shock is British Petroleum. Traditionally intertwined, like Shell, with the British Foreign Office and Secret Intelligence Services, BP holds major resources from the North Sea, Nigeria, and Alaska. It is linked through directorships to National Westminster and Lloyds banks, J.P. Morgan bank of New York, and also Barings.

Since the mid-1980s, when Chevron Oil of California bought up Gulf Oil Co., there have been only four major U.S.-based "sisters": Exxon, Texaco, Chevron, and Mobil.

According to informed London oil traders, BP, Shell, and the other majors are presently engaged in a form of consumer "rip-off," whereby the oil that was bought and loaded on tankers up to the time of Iraq's invasion, when some oil could be bought for as low as \$16 per barrel, is being sold today from the high seas, by telex, to, say, Shell, from a BP tanker. The new recorded price shows up at, say \$26 per barrel. BP simultaneously is buying the same volume from a Shell tanker. The net effect is that the multis record the oil as high cost and sell it to refiners as such, while pocketing the \$10 a barrel profit. BP and the other majors have been trying for months to push the price of oil up, without success, sending signals of \$25-35 prices. Now they have their goal. But it is not a mere paper profit which is the aim of the operation. BP and Shell, with the apparently witting cooperation of compliant American majors, are an integral part of the British foreign intelligence and economic warfare strategy to use the Middle East, as in the 1970s, as the lever to destabilize an industrial and political development on continental Europe and Asia which threatens their malthusian "steady state" world strategy.

### **Moscow and the Bush administration**

One word about the role of Moscow in this. The Soviet Union, which for almost 20 years has considered Iraq as its "client state," has made an effective show of its remarkable cooperation with the West against Iraq. But, the question is, why they did not *stop* Iraq before it moved against Kuwait. Could it be the badly needed windfall of dollars that Moscow

will reap from \$30 oil? If the world price stays at that level, the Russians could pocket an added approximate \$15 billion oil windfall this next year. In addition, now major Western oil companies are beating a path to Moscow's Oil Ministry to negotiate attractive joint venture oil and gas development projects, in order to lessen their dependence on the Gulf.

The Bush administration has lost relative control of its financial and economic policy. The oil shock will now ensure this. Some people in Washington already see this crisis as a convenient way of blaming the depression on the Iraqis. Here, there is a certain irony. Increases in the price of oil are the economic weapon the Anglo-Americans have deployed against their enemies.

However, as Lyndon LaRouche pointed out in an analysis released on Aug. 5 (see article, page 32), if there is one economy in the world which has benefited from the low oil prices that have prevailed since 1986, when for a time, the price went below \$10 per barrel, it is the United States. Cheap oil prices have been among the manipulations that have permitted the reality of depression collapse to be covered up for so long. It was George Bush who went off to Saudi Arabia in the summer of 1986, to conclude an agreement which stabilized the price at above \$15 per barrel. The price collapse wiped out the U.S. oil industry, but it was a key component in Bush's 1988 election victory. Bush negotiated an agreement for cheap oil prices. Now, the cheap prices are over.

In the longer view, the price increases that have just been effected, are not actually price increases at all. The political shocks in the Middle East have produced a correction in the price, bringing what had been an artificially low price back into line with the average over the last 30 years. In this respect, the weapon launched against Europe and Japan may well blow up in the United States too, with perhaps more devastating effects.

Compare the ratio of the dollar price for a barrel of oil with the dollar price for an ounce of gold. The comparison partially discounts the effect of inflation in the United States. Back in the late 1960s, when the per barrel price of oil was around \$3 per barrel, the officially fixed gold price was \$35 per ounce. Now, with gold at around \$370-380 per ounce, an oil price in the range of \$30 per barrel, would be back within the parameters of 30 years ago.

Over the past four years, the price of oil has actually been about one-half to two-thirds what it was in the late 1960s, before the oil shocks of 1973 and 1979. The cheapness in the price, relative to gold, is a measure of the economic subsidy afforded essentially bankrupt sectors of industry and the economy in order to maintain the pretense that there is no depression. Now, the political shocks restore the price to the average level of the last 30 years, and eliminate the subsidy. Industries like the airlines, trucking, and farming will be among the first to feel the effects. The chain reaction set off may well turn out to be what ends the presidency that was established, in part, on the basis of cheap oil prices.

# Soviets mobilize to save record harvest

by Konstantin George

The Soviet Union is currently mobilizing every available resource, civilian and military, to collect and save as much as possible of the *grain crop of the century*, harvested and lying in the fields of Ukraine, southern Russia and the north Caucasus, the Volga region, and Kazakhstan. There is, as of Aug. 9, every chance—despite enormous harvest losses resulting from deficiencies in transport and storage—that a record *saved* grain crop will materialize from this harvest. The prospect is thus at hand that the U.S.S.R. will emerge self-sufficient in grain for the first time in two decades.

U.S. congressional candidate Lyndon LaRouche, upon hearing the news, pointed to a proposal that he made in a speech in Berlin on Oct. 12, 1988. In the context of the coming reunification of Germany, he said at that time, we must define relations with the Soviet Union and Eastern Europe in such a way that food policy becomes the basis for promoting peace, to ensure food security for every person and every nation on this planet. “Now that the Soviets seem to have overcome, somewhat, part of their terrible food crisis, it probably marks this as the time to proceed for a true Food for Peace program as the next step,” LaRouche said on Aug. 9.

## ‘A chance to feed ourselves’

What is at stake in the war for the harvest was spelled out in the front-page headline of the Aug. 5 *Pravda*: “A chance to feed ourselves.” The article carried the announcement that the grain harvest (before losses) is a whopping 300 million tons, then declaring that while it is realistic to believe that losses can be kept within the normal annual range of 30-40 million tons, the total remaining would be more than the 1989 harvest after losses (211 million tons) *plus* record grain imports of some 40 million tons.

*Pravda* added that it is “still more realistic” to expect losses to be higher. However, even should losses total 60 million tons, which now appears realistic, that still leaves an all-time record of 240 million tons, surpassing the 1978 record of 237 million tons.

For the first time in over a decade, Moscow will not be beholden to the multinational grain cartels. In the worst case scenario (a harvest of some 240 million tons), Moscow could

reduce the grain imports needed for consumption by some 30 million tons—although actual purchases from the West, under this scenario, would be higher, as Russia would desire to procure a buffer for next year. In the best-case scenario, pulling in 250-260 million tons, imports could be drastically reduced and every ton imported would go for next year’s buffer. In either case, billions of dollars in precious foreign exchange would be saved, and could be used for importing, above all from united Germany, capital goods, machinery, and infrastructural and processing equipment to help revive and develop the shattered civilian economy. Add this factor to the “oil windfall” of *minimally* \$15 billion extra per year in hard currency export earnings that Russia will receive with an oil price rise to \$30 per barrel, and one sees that Russia has acquired the basis for financing massive imports of German, French, Japanese, and South Korean goods and technology.

## Effort on a wartime scale

The decisive phase of the “war” to bring in the harvest began Aug. 3, when “extreme measures” decreed by an emergency session of the U.S.S.R. Council of Ministers were announced. These measures constituted, as reported by Radio Moscow that day, a mobilization “to assist in gathering the harvest” of men and equipment from the Army, the KGB, the Interior Forces, workers from urban enterprises, and students. Indeed, the students of the Soviet Union, who since last year have been exempted from military service, have now been “drafted” to serve in the war for the harvest.

As confirmed in statements by Prime Minister Nikolai Ryzhkov and others, the Army, KGB, and other security forces are engaged in the biggest deployment since World War II. Under the new “extreme measures,” 10,000 additional Army trucks were called out to join the 35,000 Army trucks already deployed since mid-July to help transport the harvested grain and other produce.

The militarization of the harvest extends beyond mobilizing “all hands” to go to the fields. For example, as noted in the Aug. 3 military daily, *Krasnaya Zvezda*, units and vehicles from the Soviet Western Group of Forces, based in East Germany, have been sent to the Volga region to help bring in the harvest—a historic first. The Soviet Air Force’s military transport fleet has been deployed to move perishable crops like fruits and vegetables from the area of production to urban consumption centers throughout the U.S.S.R.

The effort now being undertaken falls just short of a formally proclaimed national state of emergency. Such a declaration sometime during August cannot be excluded. As TASS reported on Aug. 4, “several participants” at the Aug. 3 emergency session had called for proclaiming a national state of emergency for the duration of the harvest. That next level of mobilization in this war could soon occur. After all, the stakes for Moscow, namely achieving the capability to “feed ourselves,” could not be higher.



# Brazil and the new nuclear boom: a lesson in 'Listian' economics

by Lorenzo Carrasco

Before an audience of 300 people attending the inaugural session of the Third General Congress of the Brazilian Nuclear Energy Association (ABEN), held in Rio de Janeiro on July 23-27, ABEN President Guilherme Camargo addressed the challenge which Brazil's nuclear energy sector faces in the 1990s and whether it can function "in the service of society."

Pointing to the dramatic changes in Eastern Europe, Camargo underscored that the "reunification of Germany opens the door to an anticipated new nuclear boom." He reported that new nuclear plants are already being planned, in the short term, for East Germany, and that large investments will be required in the Eastern European nations as well as the Soviet Union to modernize their obsolete nuclear plants.

Indicating that France and Germany will undoubtedly lead the way in capturing these new markets, Camargo explained that "these are the results reaped by those countries which invested in strengthening their physical economy, in brain power, in capital goods and infrastructure, as in the tradition of the French Ecole Polytechnique of Lazare Carnot in the 18th century, and Friedrich List's German school of economics in the 19th century."

Among those who heard Camargo's speech were members of Brazil's nuclear elite, including representatives of the Ministry of Infrastructure, the Secretariat of Strategic Affairs of the Presidency, as well as other high-level authorities from the nation's nuclear sector. The political significance of the speech was heightened by the fact that the government of President Fernando Collor de Mello is about to release the results of a special presidential commission established to outline new goals for the Brazilian nuclear program. The anti-nuclear lobby, led particularly by the U.S. State Department, has been exerting fierce pressures on Brazil, demanding that the government sign the Nuclear Non-Proliferation Treaty and limit the nation's technological development.

There were several intense moments during the discussions at the congress, whose theme was "Brazil in the 1990s: Nuclear Energy at the Service of Society." One such moment occurred during an analysis of the Collor government's approach to nuclear energy, when Mr. Aniello Puziello, director of FURNAS, Ibero-America's largest electricity-generating company, demanded that the government immediately

decide to invest in the resources necessary to finish construction of the Angra II and Angra III nuclear plants.

Another high point was the discussion of the use of advanced, small-scale reactors as a means of generating large blocs of energy, including in Brazil's Northeast—a program which could help integrate this region into the nation and solve its serious energy and development problems. Participating in this debate, too, were representatives of the São Paulo Research Institute (IPEN), which has made the major technical breakthroughs in nuclear fuel enrichment and small-scale plants, members of other high-level nuclear institutes, and foreign specialists in this kind of reactor.

The congress also examined the results of 15 years of the Brazil-Germany Nuclear Accord. Participants, including several Brazilian ministerial representatives and nuclear authorities, were emphatic on the agreement's crucial importance, adding, however, that it must return to its original inspiration as an instrument of North-South cooperation based on principles of respecting national sovereignty and assisting genuine development and technology transfer.

In sum, the Third General Nuclear Energy Congress, was a complete success, and as ABEN President Camargo said in closing, "despite all of the international and domestic pressures and intrigues, which oftentimes contaminate even the nuclear sector, nuclear energy could become a powerful instrument of redemption for the Brazilian people who detest poverty and social underdevelopment—a tool to install in the country an economic system based on social justice and defense of the inalienable rights and dignity of the individual."

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## Documentation

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*Excerpts of the speech given by Guilherme Camargo, president of the Brazilian Nuclear Energy Association (ABEN), at the opening of that organization's Third General Congress, held in Rio de Janeiro, July 23-27. Subheads have been added.*

. . . I would like to say a few words about the central theme of our Congress—"Brazil in the 1990s; Nuclear Energy at the

Service of Society”—which, rather than being an absolute certainty, is something which has to be asked about (or worried about) during the five days of this event.

However, before going into that, it is necessary to put into focus the world economic scenario and nuclear energy's participation within it. The world today is going through accentuated social, political, economic, and cultural transformations. On the political-economic plane, we observe an unprecedented crisis, marked by the decline of the traditional economic systems. On the one side, there is liberal capitalism inspired by Adam Smith, a system incapable of promoting the common good and social justice, and, on the other side, the Marxist-inspired statist economy, based on collectivism which inhibits creativity and individual freedom.

The decline of these economic systems has sparked profound political and social conflicts, some of them marked by explosions of violence like those which recently took place in China, Romania, Azerbaijan, and Panama, while others are carried out surprisingly spontaneously and naturally, such as the political changes in Czechoslovakia and East Germany.

New world economic forces, represented by Japan, West Germany, and France, are emerging [which are] immune to the economic and political crisis orchestrated by the two superpowers. On the other side, the poverty and marginalization of Third World peoples is intensifying. The developing nations struggle for their own survival under the unbearable weight of their foreign debts, subjected to enslavement and dehumanization by the big powers.

In other words, the world power balance is shifting. The East-West conflict ends and North-South polarization increases, or better said, the conflict between rich and poor nations—where the former try to maintain their hegemony over the rest.

### **Technology access is the key**

In this new geopolitical scenario, new instruments for affirmation of international power are being created. The first of those relevant to our analysis is access to state-of-the-art technologies and the most recent scientific breakthroughs. Superconductors and nuclear technology are becoming important allies in this dispute.

There is full recognition today that without access to these new technologies, no nation would be able to move up the steps in the direction of the First World.

Another important piece in this world chess game is the environmental question. The ecological question—extending far beyond the limits of just and natural concern with protecting and improving the human species—is taking on the attributes of a new ideology and even a religion.

In our opinion, we are dealing with a political-cultural phenomenon born in the womb of the counterculture, stemming from ideological disillusionment and the discrediting of science, which began in the early 1960s. Whether intentional

or not, the fact is that the world ecological movement has been backed with billions of dollars in investments from the industrialized countries for publicity campaigns and in multinational environmentalist organizations, becoming a powerful instrument for maintaining the international *status quo*.

Poverty is the factor which most contributes to the degradation of the environment. This was one of the main conclusions of the World Conference on Atmospheric Changes, held in Toronto in 1988. The energy question could readily prove that. Some African countries obtain up to 70% of their energy balances from burning firewood. If we deprived those peoples of firewood consumption—on the grounds of protecting the environment—millions of people would die. If, on the other hand, we provided these countries with other, less primitive energy options, development, with environmental protection, would take place.

The path taken by the developed nations was: high levels of industrialization, intense technological development, high per capita energy consumption and solid national infrastructures. Environmental protection is related to economic and social development. When, on the pretext of economic concerns, we are pressured not to exploit our mineral reserves, not to build roads or nuclear and hydroelectric plants; when we are pressured to remain as a big agrarian country, full of untouched virgin forests, we are giving in to the slogan: “Do as I say, not as I do.”

### **A new world order**

All these changes can still mean the beginning of a new world order characterized by the resumption of development. We do not think such optimism is unfounded.

The profound and overwhelming changes in Eastern Europe, notably German reunification, certainly will lead to a development surge on that continent, shown by massive investments in infrastructure and in training skilled personnel. In order to reestablish the socio-economic levels of the Eastern European countries, we can expect [thousands of] kilometers of modern railroads to be built, complete canal transport integration of Europe to be sought, and large investments in electricity generation and distribution systems to be necessary.

This will be the natural environment for a resurgence of worldwide nuclear activities.

The world is now living amidst energy stagnation, caused mainly by the economic crisis I spoke of. This stagnation also affects the world market for nuclear plants and nuclear fuel. The developed countries are, however, preparing themselves for an imminent revitalization of the international nuclear industry. Such a new nuclear boom would be marked by the launching of new products—among which we stress the so-called advanced reactors, which are more secure, more efficient and more available and easier to operate.

A broad movement of association of the large international nuclear suppliers is also under way. New companies,

mergers of companies, joint ventures, etc., are appearing in Europe as well as the United States, looking to gain advantages in conquering those markets.

The reunification of Germany opens the door for an anticipated new nuclear boom. New nuclear plants are being planned in the short term for East Germany. Massive investments will be necessary in Eastern Europe as well as in the Soviet Union, for the technological recovery and modernization of obsolete and outmoded nuclear plants. France and West Germany will certainly be in the lead [in capturing] these new and formidable markets. This is the result reaped by those nations which invested in strengthening their physical economy, in brain power, in capital goods and infrastructure, as in the tradition of the French Ecole Polytechnique of Lazare Carnot in the 18th century, and Friedrich List's German school of economics in the 19th century. . . .

Currently, close to 17% of all electrical energy produced in the world is generated by nuclear plants. In 1970, this participation was only 1.6%, which shows that nuclear energy is the most rapidly growing source in the world. Today, there are close to 430 nuclear plants operating in 26 countries, with an installed capacity of close to 310,000 MW. Ninety-four percent of this installed capacity is found in industrialized nations; 3% in developing and Eastern European nations; and only 3% in the remaining developing-sector nations. There is

growing international recognition that nuclear energy is the safest and most non-polluting source of energy. . . .

### A look at the Brazilian situation

And how are we doing in Brazil?

Without question, we face today a moment of decision regarding nuclear energy. If on the one hand we have been able to build up a reasonable level of infrastructure for our national nuclear energy program, on the other hand, the outlook for this program's success is uncertain, given the enormous international pressures and the growing difficulties of public acceptance, on top of a tremendous lack of material and financial resources imposed on the country. . . .

On the political level, we must reaffirm the essentially peaceful vocation of the Brazilian nation, seen in its respect for the sovereignty of nations, its search for regional integration, its rejection of any ambition for expansionism or hegemony, and its endorsement of negotiated solutions to international conflicts. . . .

In the nuclear energy area, this orientation is clearly substantiated in the new Brazilian Constitution, which states that "all nuclear activity within the national territory will only be allowed for peaceful purposes and by the authority of the National Congress. . . ."

By statute, ABEN rejects any non-peaceful uses of nucle-

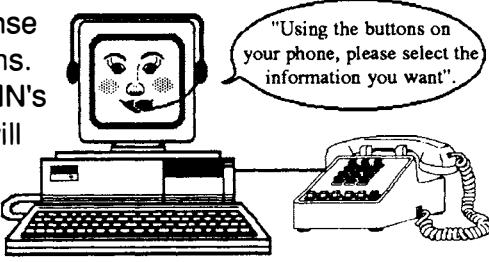
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ar energy. We also vehemently reject any type of international pressures against our national technological development. Within this principle, we defend Brazil's position of not signing the Nuclear Non-Proliferation Treaty, as we consider it to be a discriminatory, hegemonist, and armamentist document. . . .

International experience has plainly shown that a successful nuclear program represents a large-scale undertaking, on a national level. . . . The technological consolidation of these activities in Brazil will only occur through the creation of a large body of qualified personnel, which will allow us to reach the apex of research and development in new nuclear technologies. . . . In the nuclear sector, we stopped investing in the training of specialized technical personnel 10 years ago. . . .

Taking into account the country's current difficulties, we cannot give in to the pragmatism of starting new projects and programs without the backup of human resources in sufficient quantity and quality. In the end, investments in personnel training and development are those which give the largest and most rapid return. . . .

The decade of the '90s will certainly be a vital one for the future of our country.

Will we affirm ourselves as an informed, developed and sovereign nation, or will we descend into the depths of economic disorder, speculation, misery and social inequality?

I believe that the nuclear question is intimately linked to this question.

Will we continue to be an agrarian country, dominated by industries of extraction and basic transformation? Or will we be a technologically industrialized nation, in which the electronics, chemical, computer and highly sophisticated capital goods industries can flourish?

. . . If it wishes, Brazil can be a nuclearly developed nation by the year 2000. A clear decision by the government is required to attain this goal. To do so, we should accelerate our technological and scientific programs. We should seek international cooperation, primarily with our South American neighbors, like Argentina and Peru. A Latin American common market for [marketing] of nuclear and technological products, is possible today.

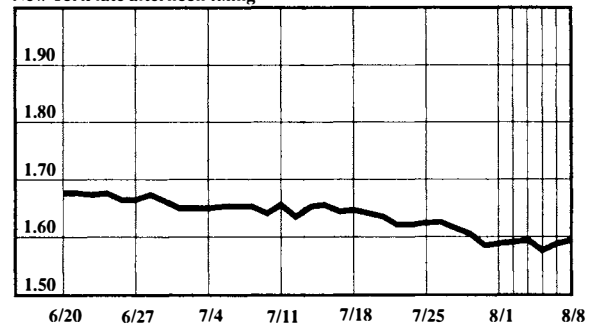
We believe that our country can overcome its temporary crisis; we are confident in the recovery of the economy and the resumption of development, in a program which could be the Latin American counterpart of Eastern Europe's recovery—a program which encourages investment in the physical economy, the building of railroads, highways, hospitals, mechanization of agriculture, rural integration and accelerated building of new hydroelectric, nuclear as well as conventional thermal plants.

In this then, we can remove the question mark and affirm with confidence "Brazil in the 1990s: Yes to nuclear energy in the service of society."

## Currency Rates

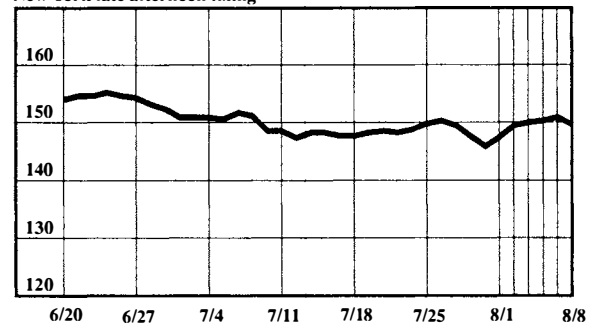
### The dollar in deutschemarks

New York late afternoon fixing



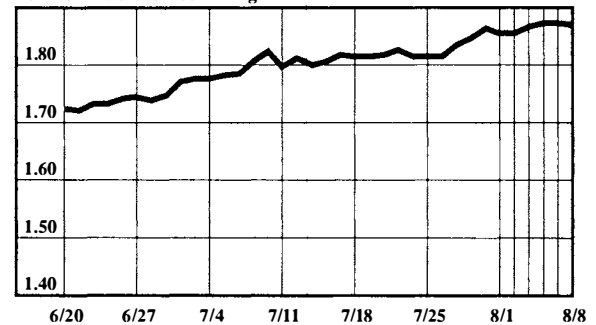
### The dollar in yen

New York late afternoon fixing



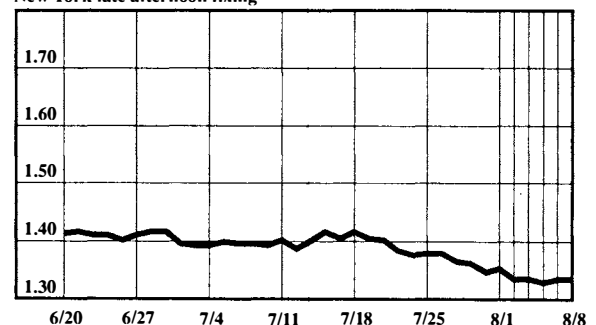
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# Pakistan's economy drifts into the trap of foreign dependence

by Susan Maitra and Ramtanu Maitra

Despite back-handed praise from the World Bank for progress in reducing "macroeconomic imbalances" and restructuring key parts of the economy in 1989 and early 1990, Pakistan's economy is getting more and more hooked on aid and increasing foreign debt.

The World Bank's praise came in the form of a report, "Pakistan—Assessment of Economic Performance in FY89," released in Washington, D.C. on March 15. The "Ides of March" report predicted that after 1992, Pakistan will be able to integrate itself more vigorously into the world economy through trade. And, "with a further deregulated and stronger economy," Pakistan should also be able to attract new and additional sources of financing—in particular, foreign direct investment.

This rosy assessment of Pakistan's economy received a jolt in June when the 1990-91 budget was presented by the then-ruling Pakistan People's Party (PPP) government, amid a tumultuous scene in the National Assembly. The budget document indicated that for the first time in Pakistan's 43 years of nationhood, both debt servicing and defense expenditures will outstrip developmental spending. It also showed that the economy is beset with a serious money crunch, with revenue deficits reaching a gigantic \$2.05 billion.

## IMF plays hardball

While some oppositionists argued that a good budget can come only from a good government, the fact is that the budget exercise was deeply interfered with by the International Monetary Fund. The three-member IMF team headed by Malcolm Knight that parked itself in Islamabad until May 20, three weeks prior to budget presentation day, made their minds known. Reportedly the team rejected most of the government's proposals for the 1990-91 budget, insisting instead that Pakistan put a tighter leash on budgetary deficits, drastically reduce its allocation for the provinces, and impose additional taxes. Unlike the optimism expressed by its twin, the World Bank, the IMF criticized Pakistan's failure to adhere to the conditionalities contained in its four-year Structural Adjustment Facility (SAF) agreement with the Fund.

The IMF team also told the Pakistan government to eliminate its practice of financing even a part of the budget from resources mobilized through the National Saving Schemes (NSS). The government had been contemplating financing at least 30% of the budget from NSS because of its inability

to generate additional revenue without resorting to wider taxation.

The IMF's disagreement with the Pakistan government went beyond suggestions and advice. According to the Karachi daily *The Dawn*, the IMF is withholding the last tranche of about \$200 million from the ongoing \$800 million SAF program. The IMF claims the budget proposals are completely out of line with the conditionalities of the agreement signed by the previous caretaker government under President Ghulam Ishaq Khan in November 1988.

The same news report indicated that the IMF team under Knight left in disgust after failing to "sell to the government a budget prepared by the Fund," and informed the government on leaving that cancellation of the last tranche of the SAF will drop Pakistan's credit rating from the 18th to 20th position on the list of 32 countries.

## Pakistan's major economic indicators

	1987	1988	1989	1990*
Gross Domestic Product (% change)	6.5	7.0	5.6	5.5
Agriculture	3.3	2.7	6.1	5.0
Industry	8.6	8.7	3.9	5.0
Services	5.9	6.8	5.2	5.5
Gross domestic investment (% of GDP)	19.1	18.2	17.5	17.0
Gross national saving (% of GDP)	17.0	13.7	12.6	12.5
Government expenditure (% of GDP)	19.5	20.3	18.3	na
Inflation rate (% change in CPI)	3.6	6.3	10.4	8.5
Merchandise exports (U.S. \$ bn)	3.5	4.4	4.6	4.9
Merchandise imports (U.S. \$ bn)	5.8	6.9	7.2	7.4
Trade balance (U.S. \$ bn)	-2.3	-2.6	-2.6	-2.5
Current account balance (US \$ bn)	-0.7	-1.7	-2.0	-1.6
External debt (U.S. \$ bn)	16.7	17.0	18.3	19.5
Debt service ratio (%)	26.5	24.7	24.5	25.0

\*Projected

Source: Asian Development Bank, *Asian Development Outlook 1990*

## Pakistan in throes of wheat production crisis

According to the information coming out of Punjab and Sindh, where Pakistan's main foodgrain crop, wheat, is grown, output for the season might be 20-22% less than the targeted 15 million tons. That would make this season's wheat production less than the 12.6 million tons Pakistan harvested in the drought year of 1987-88.

Once a wheat-surplus nation, Pakistan has failed to attain the production target set a few years ago (see Table 1). Over the past two decades, the country's wheat production has gone up by only about 75%, whereas the population has almost doubled. By the end of this century, according to a United Nations projection, another 45 million Pakistanis will be in the market for wheat, bringing the country's population to 156 million.

A wheat shortage scare broke out late last year when the Pakistani media reported that the country's feedstocks could reach a dangerous level by May. In February 1990, the Ministry of Food and Agriculture arranged to import 2.25 million tons of wheat and assured the population that current stocks plus imported wheat would be able to meet the requirements till June, when the new crop would begin

to arrive at market. But the shortage of 20-22% now predicted by wheat traders means that by November, Pakistan will be once again in the international market looking to import at least 3.0 million tons of wheat. With growing foreign debt-servicing and an unavoidable trade imbalance, the wheat import bill will further strain Pakistan's foreign exchange reserves.

Pakistan's wheat shortfall for the current year has been attributed to inadequate availability of canal water and to disruption in the supply of all varieties of fertilizers. The government claims that the shortage of fertilizers was caused by delay in clearance from the port; the farmers

TABLE 1  
Wheat production always short of target

Year	Production (In million tons)	Target
1984-85	11.6	
1985-86	13.7	
1986-87	13.0	
1987-88	12.6	
1988-89	14.0	
1989-90*	12.0*	15.0

\*Estimated

It is not that the Bhutto government openly defied the IMF, but apparently it only capitulated halfway. At issue was the fact that, when the budget was finally released, taxes were only raised by \$500 million, not by \$1 billion as the IMF demanded. The IMF also objected to the \$400 million rise in defense expenditures.

### An economy adrift

But if the government of Prime Minister Benazir Bhutto sought to retain some authority in economic matters, it is not necessarily cause for economic optimism. The budget as such reflects an economy that is dangerously adrift, and getting increasingly stuck in financing non-developmental activities. Fully 80% of revenue expenditure is accounted for between debt servicing and defense, while maintenance of law and order ate up another 10%.

According to official sources cited by *The Dawn* on July 8, Pakistan's foreign debt servicing has shot up to 25.7% of its export receipts, 15.7% of its total foreign exchange earnings, and 3% of Gross National Product. Pakistan now carries a total foreign debt burden of about \$19 billion; another \$9.3 billion remains locked in the aid pipeline because the government is unable to raise matching funds in Pakistani rupees. Long-term debt outstanding is nearly 40% of GNP. In

addition, Islamabad is under pressure from the IMF to further liberalize imports. Already, 90 more consumer items have been put on the "free" list.

According to the budget proposals, total debt expenditure for the year will be \$4.0 billion—an increase of \$2.5 billion since 1985-86. Along with that, defense expenditures will rise to \$3.1 billion—up from \$1.17 billion in 1983-84. By contrast, the Annual Development Plan shows a steady decline over the years. In 1979-80 it accounted for about 40% of the budget outlay, but now it has come down to about 25%. Out of this—which amounts to about \$3.1 billion—more than two-thirds will come from external funds, largely foreign loans carrying substantial interest rates.

Such overdependence on external funds has already taken a toll on Pakistan's ability to make independent decisions. With more loans taken at commercial rates of interest, debt-servicing requirements are rising at a faster rate than disbursement of loans. While short-term borrowing accounted for only 2.3% of total external debt in 1978, it is over 15% today.

Analysts underline that it is getting to the point where foreign exchange receipts (export earnings plus remittances by Pakistani nationals living abroad) will not cover the import bill. Then, foreign debt-servicing, which last year stood at

blame both the public and private sectors, in collaboration with the multinationals, for creating an artificial shortage that hiked black market fertilizer prices sharply. A bag of urea, for example, was selling at \$8.

The wheat shortfall confirms fears expressed by many agriculturists over the years. According to them, the much-vaunted proclamation by the government that Pakistan has achieved self-sufficiency in wheat production, is a hollow one. With only a few exceptions, Pakistan has depended on imports from abroad every year. In each of the years 1985-86 and 1988-89, about 1.6 million tons of wheat (excluding the quantities required for the Afghan refugees) were imported. During 1987-88, importation was nominal; but in 1989-90, the government has imported 2.25 million tons.

According to calculations made by the Agricultural Prices Commission, wheat production grew at an average compound rate of 2.64% annually from 1978-79 to 1988-89, whereas during the same period population grew at a rate of 3.0%.

Besides the obvious shortfall in production, Pakistan has to come to grips with its problem of low productivity. In Pakistan, where wheat is grown in about 10 million hectares of land, more than 75% of sown land is under canal command area, and is classified as "good" or "very good" for agricultural work. Since water availability in

the coming years could only be marginally better, at best, the authorities will have to tackle the low productivity. Although greater fertilizer use may alleviate the situation temporarily, low wheat productivity is not due to inadequate inputs alone.

On the contrary, behind the growing crisis are other factors which, according to experts, the government keeps sweeping under the rug. Many of the big landlords, who hold Pakistan's fragile political system at bay, are not active agriculturalists. Many are "absentee landlords" who plough their farmland profits into real estate and other industries which give them a faster and greater return.

One of the reasons wheat production is considered "less profitable," is because the wheat price has been kept very low—even significantly lower than that in neighboring India—in order to allow the vast majority of poor to buy wheat, their chief source of calories. Any significant rise in wheat prices may entice the big landlords to produce more, but it may also have a harmful effect on the poor. Under the circumstances, should Pakistan fail to raise its wheat productivity substantially, through more and better management of inputs and comprehensive pricing policy which does not hurt the poor but, at the same time, provides the required initiative to the producers, in coming years it is doomed to become a perennial wheat-importing nation.



World Bank

*Harvesting wheat by hand in Pakistan. The country's shortfall for the current year has been attributed to disruption in availability of water and fertilizers.*

\$1.27 billion, will simply not be possible without a further reduction in development programs. Added to this conundrum, is the continuing weakness of Pakistan's export sector.

Pakistan's exports consist primarily of rice, cotton, leather and related primary products, and as such is relatively inflexible. Exports cannot be increased simply by increasing demand. At the same time, the frail manufacturing sector is highly dependent on development of physical and social infrastructure, besides import of machinery and intermediate products. Cannibalization of the economy has deeply affected infrastructure development and the ability to spend on social services. In spite of the sorry state of literacy (only 26% of all adults) and public health, the budget allocation to these sectors remains minuscule.

Further, the government's earlier optimism on foreign investment and the involvement of the private sector in large infrastructure projects has not yet materialized. While foreign investors have shown some interest, real investment is simply not coming in. A Japanese consortium's recent decision to withdraw from a \$1.0 billion 1200 megawatt power plant project at Hub has come as a particularly painful blow, and has dampened earlier enthusiasm expressed by the government that the answer to power shortages is private sector participation.

# The AIDS epidemic four years later: LaRouche was right

by John Grauerholz, M.D.

Watching the course of the AIDS epidemic over the past four years is like seeing a train wreck in slow motion. It combines a sense of inevitable disaster with the impotent hope that maybe it won't happen. In the wake of the Sixth International Conference on AIDS, held this past June in San Francisco, two things are clear: AIDS is still spreading, and there is still no serious commitment to stop it. The most significant symptom of this lack of commitment, is the continued incarceration of Lyndon H. LaRouche, Jr., the person who clearly articulated and advocated an adequate response to the epidemic.

LaRouche foresaw the potential implications of the epidemic as early as 1984, and his concern over those implications caused him to announce his presidential candidacy in 1985. He outlined the strategy to combat the epidemic in a Feb. 15, 1986 *EIR* Special Report, "An emergency war plan to fight AIDS and other pandemics." His approach to the epidemic, and a flood of hysterical distortions of that approach in the media and from Hollywood personalities, became a *cause célèbre* in 1986 because of the California ballot initiative Proposition 64, which would have applied standard public health procedures to AIDS. On June 4, 1988, during LaRouche's presidential campaign, he devoted a half-hour paid national TV broadcast to the topic, "Nothing short of victory: war against AIDS."

LaRouche's critics said he was crazy, a "political extremist." The World Health Organization (WHO) and the Centers for Disease Control (CDC) led the medical establishment in insisting that only "high-risk" groups, like homosexuals and drug users, could get AIDS. They denied that environmental factors played a role. They denied that there was any link between AIDS and tuberculosis. They pushed "safe sex" and "clean needles," and blocked the only programs that could prevent the disease from becoming a new Black Death.

Who was right?

At the end of June of this year, the WHO was forced to drastically revise upwards its estimates of those infected with AIDS globally, from 6 million to 10 million by the end of July. The new estimate is based on alarming figures from sub-Saharan Africa, and on the rapid AIDS spread in Asia,

particularly Thailand and India, and in Ibero-America. In 1988, the WHO was claiming near-zero reported AIDS cases in Asia, but now it admits that there have been 500,000 cases reported. As for sub-Saharan Africa, the WHO is now estimating 5 million cases, as against 2.5 million estimated in 1987. Whereas previously, the WHO said that 1 in 50 adults in sub-Saharan Africa, was infected, it now puts the figure at 1 in 40.

The WHO is also warning that AIDS is now spreading rapidly among women and children, a different trend than earlier.

In this and the accompanying article, we review the political battle over AIDS policy, starting with Proposition 64, and then present some of the additional dramatic evidence of how AIDS is conforming to the forecasts and warnings made by LaRouche and this magazine.

## The fight over Proposition 64

Proposition 64 was a California ballot referendum, initiated by associates of LaRouche, which defined AIDS as an infectious, contagious, and communicable disease, and the condition of being a carrier of HTLV-III virus as an infectious, contagious, and communicable condition, and placed both on the list of reportable diseases and conditions mandated by the California safety code. It mandated that the same regulations and procedures that applied to the other diseases on the list be applied in the case of AIDS and HIV (at that time HTLV-III) infection. The list in question already covered 55 other diseases, from measles to syphilis to rabies. It would have empowered the state health commissioner to conduct a testing program to determine the extent of infection, a program he was already on record as wanting to conduct. It would have effectively de-politicized the issue and dumped it in the lap of the public health authorities, where it belonged.

The proposition was sponsored by the Prevent AIDS Now Initiative Committee (PANIC). Their slogan was, "Spread Panic, Not AIDS!" This was a response to the uniform line of the health establishment that the most important thing was to "prevent panic," rather than stopping the epidemic itself. Nearly 690,000 voters signed petitions to place the proposi-



tion on the November 1986 election ballot.

The response was electric. Every medical organization in the state condemned the measure, and the California Medical Association made some truly incredible statements about the uselessness of public health law to control infectious disease. They persuaded the governor to cut the state AIDS budget, one of the largest in the country, by 20%.

Hollywood turned out in force to defend the virus from the California health codes and the California State Health Department. Ironically, so did the California State Health Department. Dr. Kenneth Kizer, the state health director, sued the proponents of Proposition 64 to remove his name from their ballot argument for the initiative—not because they said he supported it, but because they mentioned the fact that he had called for expanded testing for the presence of infection. Had the proposition passed, he would have had the authority, and the responsibility, to do it. So the defeat of the proposition absolved him from having to act on his better judgment and risk the wrath of the virus's defenders.

Not to be outdone, March Fong Eu, the California secretary of state, brought suit on behalf of the opponents of Proposition 64 to remove "false and misleading" statements from the arguments in favor of the proposition. These statements related to scientific evidence of the potential for transmission by means other than sex or needles. The offending statements, regarding insect and respiratory transmission, were struck from the ballot pamphlet by a judge who, while holding the evidence in his hand, claimed he couldn't see it.

The most hysterical reactions centered around the issue of quarantine. Almost every opponent referred to the proposition as a bill to quarantine AIDS carriers, and invoked images of concentration camps and leper colonies. This was in spite of the fact that the California health and safety laws had been on the books for many years, and there was no precedent for such a use.

As LaRouche observed:

All that Proposition 64 does, is to require the government and public health agencies of the state of California, to take those normal measures already prescribed by law for diseases ranging from measles, through tuberculosis, diphtheria, and bubonic plague.

Obviously no sane person should be opposed to Proposition 64. Yet, there are many reasons that some people are opposing the Proposition. Actress Liz Taylor, for example: Because her scheduled Turin, Italy "Live AIDS" rock concert was discovered to be a rally for Satanism, the churches and others shut the concert down. Patty Duke, the leader of the kookish faction in the Hollywood Screen Actors' Guild, has been sponsoring wild exhibitions against the proposition in the streets. Forget Liz Taylor and Patty Duke's crowd: Why are some people, who seem normal, opposing Proposition 64? Their motive can be explained in one

word: "Money."

Money means three things:

- 1) Public health measures to block the spread of the infection;
- 2) Adequate medical care for those infected with AIDS;
- 3) A "crash program" of medical research, to develop better treatment and also a cure for the infection.

Proposition 64 was voted down in the November 1986 elections after one of the most intense media campaigns of vilification against both the proposition and Mr. LaRouche personally. Nonetheless, over 2 million Californians voted for it. Commenting on the result, LaRouche said that within six months, those who opposed it would be calling for the same measures the proposition would have allowed. Indeed, in early 1987, James Chin and Donald Francis, two California AIDS experts who testified against Proposition 64, wrote an article in the *Journal of the American Medical Association* calling for such measures as contact tracing for partners of infected individuals.

### **AIDS and poverty: the case of Africa**

In 1973, LaRouche had commissioned a report on the biological and environmental consequences of World Bank President Robert McNamara's policy of triaging so-called Fourth World countries, such as the central African states. These countries were later to form the "AIDS belt" of the African continent. The 1974 report, prepared by the Fusion Energy Foundation and entitled "The potential threat of biological holocaust," predicted that under the squalid conditions imposed by the World Bank and International Monetary Fund, new plagues would arise along with the more classical epidemics such as cholera, tuberculosis, and malaria. One of its specific predictions was that a cholera epidemic would originate in Africa in the 1984-85 period. The cholera epidemic in the Ethiopian and Somalian refugee camps came right on schedule.

The *EIR* Biological Holocaust Task Force updated the 1974 report as a 1985 *EIR* Special Report, "Economic breakdown and the threat of global pandemics." LaRouche wrote an appendix on "The role of economic science in projecting pandemics as a feature of advanced stages of economic breakdown." The appearance of AIDS in Africa, in precisely the areas which McNamara had targeted for triage in 1973, showed that the biological holocaust was unfolding as predicted.

It was also evident from the demographic distribution of the disease in the United States and in Africa that AIDS was an environmentally based disease and *not* a sexually transmitted disease, as claimed by the WHO and the CDC.

The work of Drs. Mark Whiteside and Caroline MacLeod in Belle Glade, Florida provided clinching evidence for the environmental hypothesis. In this dilapidated rural slum,

with the highest ratio of AIDS cases to population in the world, over half of the afflicted did not belong to any of the known risk groups. For reporting the results of the most careful and thorough environmental studies done on AIDS to date, the doctors were subjected to vilification and ostracism. But the evidence was clear: In conditions of environmental collapse, AIDS was no respecter of persons.

Immediately after the defeat of Proposition 64 in November 1986, Dr. Halfdan von Mahler, director general of the World Health Organization, admitted that AIDS was out of control, especially in Africa.

### The FEF model

In October 1986, LaRouche requested that the *EIR* Biological Holocaust Task Force and the Fusion Energy Foundation (FEF) collaborate to develop a model for forecasting the future spread of AIDS. Using the epidemiological data available at the time, and an understanding of epidemics as physical processes, the team produced a preliminary model in early 1987.

The model forecasted, among other things, that the infection would spread in two waves in the United States: an initial rapid spread in the "risk groups," followed by a slower, but inexorable spread into the general population. The basis for the forecast was that in the initial stages of the epidemic, when few people were infected, highly efficient behavioral means of transmission were necessary to spread infection. Once a critical mass of carriers was reached, however, infection would spread by less efficient environmental means, especially if the environment were in a state of collapse anyway (Figures 1-2).

A refined version of the model projected an "autocatalytic" reaction between HIV infection and tuberculosis. This model was based on the demonstrated ability of HIV infection to activate latent tuberculosis and the reciprocal ability of tuberculosis to activate latent HIV infection.

The scientific and political challenge mounted by LaRouche and his associates against the policies of the Establishment—on the AIDS issue, the Strategic Defense Initiative, and other vital issues—constituted a threat that could no longer be ignored, particularly after two "LaRouche Democrats" won the Illinois Democratic Party primary race for secretary of state and lieutenant governor in March 1986. In October 1986, four hundred heavily armed local, state, and federal officers, backed up by helicopters, armored personnel carriers, and tanks, surrounded the farm where LaRouche was living in Leesburg, Virginia and seized the offices of organizations affiliated with his political and economic ideas. In April 1987, the U.S. government preempted the publication of the FEF AIDS model by illegally placing the tax-exempt Fusion Energy Foundation into involuntary bankruptcy and stopping publication of *Fusion* magazine. By January 1989, LaRouche had been jailed, the victim of a judicial railroad unprecedented in U.S. history.

Meanwhile, AIDS continued to spread, just as LaRouche and the FEF model predicted.

### Proposition 69

LaRouche supporters placed a second initiative on the California ballot in the June 1988 primary elections. Proposition 69 was identical to Proposition 64, except for including "infection with any other virus capable of causing AIDS" in the definition of reportable carrier states. LaRouche and his associates argued, among other things, that widespread testing was necessary to identify infected individuals before they became ill, in order to reduce their exposure to cofactors that would cause them to develop full-blown AIDS. Laurens White, M.D., and Mark Madsen of the California Medical Association called this argument "bizarre" and "mean-spirited."

LaRouche's proposal to treat AIDS victims in hospitals, instead of killing them in hospices, particularly enraged Madsen and White. LaRouche's associates pointed out that the current practice amounted to a policy of letting the uninfected become infected, of letting the infected become sick, and of killing off the sick as quickly and cheaply as possible. On June 4, 1988, in a national TV address, LaRouche reiterated his call for an Apollo-style "crash program" of research to develop a cure for AIDS, mass testing and provision of health services to those infected, and a large-scale program of hospital construction to handle the anticipated load of those requiring health care.

The proposition was defeated.

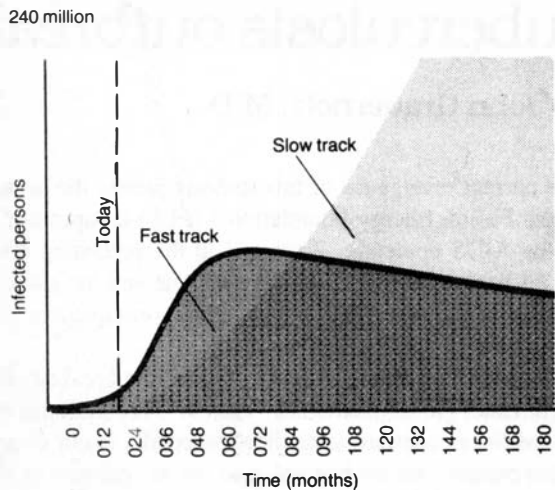
On April 20, 1989, with LaRouche locked away, the *San Francisco Chronicle*, the San Francisco AIDS Foundation, and various health officials called for testing of high-risk people for HIV. Dr. Tim Wofford, the foundation director, said they had changed their position because of breakthroughs in preventing AIDS-related pneumonia and because of benefits of early use of the drug AZT. Dr. David Werdegar of the San Francisco Department of Public Health was quoted in the press saying, "Times change. . . . Earlier is better. Earlier introduction of health care works better. That's true of all health situations, and it's true of HIV."

*EIR* commented in an editorial:

In the period of time which elapsed since Propositions 64 and 69, many persons have been infected with HIV, many of the infected have become sick, and many of the sick have died, some of them assisted with a little euthanasia on the way out. If widespread testing will help now, it would have helped even more at that time, when the numbers were smaller. It is obvious that many now infected would not be infected, many now sick would not be sick, and many now departed would still be among the living.

How many? This is more than an academic question, and the answer would be a quantification of avoid-

**FIGURE 1**  
**Early phases of U.S. AIDS epidemic**



Source: EIR Special Report "AIDS Global Showdown: Mankind's total victory or total defeat," August 1988.

Assuming that 20 million Americans are susceptible to fast-track transmission, the model forecast that within five years, more people would be infected in the general population than in "high-risk" groups.

able human suffering and death. It is a question that were most fittingly asked, and an answer sought, at a new Nuremberg Tribunal at which officials such as Dr. White, and institutions, such as the San Francisco AIDS Foundation, are called to account for policies whose consequences they knew or should have known.

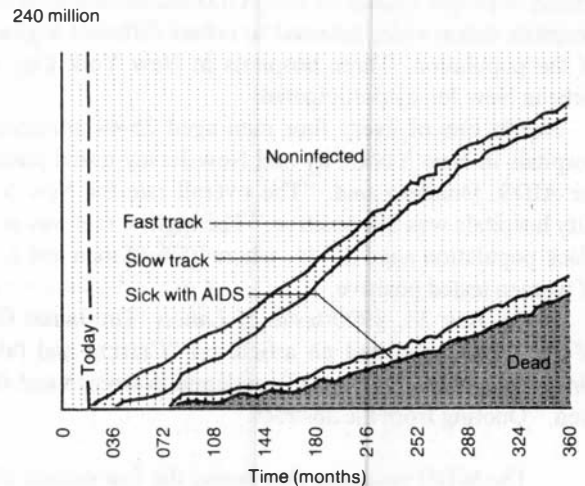
It is but one more indication of the fascist police state which we are becoming that a man who called attention to the homicidal consequences of present policies now languishes in prison, while those responsible for thousands of deaths can nonchalantly decide to change their policy once they are satisfied that an adequate death toll will be achieved.

### Current extent of the problem

In the United States, the epidemic is conforming to the forecasts of the FEF model. We see saturation of the high-risk groups, with the epidemic among urban homosexuals probably peaking in 1988. Infection continues to spread among intravenous drug users, but as they become saturated, the rate of new infections will decline. Meanwhile, infection continues to spread, and more and more cases occur which cannot be explained by sexual transmission—homosexual or heterosexual—or needle injection or blood transfusion.

Because the dogma of heterosexual transmission of HIV infection was not based on scientific fact, but served as a cover to avoid the role of environmental factors, the anticipat-

**FIGURE 2**  
**Projection of AIDS epidemic in the United States**



Source: EIR Special Report "AIDS Global Showdown: Mankind's total victory or total defeat," August 1988.

By the year 2014, continuing the model run in Figure 1, more than 80% of the U.S. population will be infected, sick, or dead.

ed epidemic among middle-class heterosexuals has not materialized. Instead the infection is spreading among men, women, and children in the most impoverished areas of the world.

In early 1988, Roderick Wallace of the Department of Epidemiology and Social Medicine at the Albert Einstein School of Medicine in New York, published an article entitled "A synergism of plagues: 'planned shrinkage,' contagious housing destruction, and AIDS in the Bronx." The article appeared in volume 47 of the journal *Environmental Research*, and documented that AIDS was interacting with a deliberate policy of housing destruction to produce "shock waves" of depopulation. Wallace observed that "AIDS in the Bronx and similar areas, like tuberculosis, seems increasingly a marker disease of extreme poverty, and again like tuberculosis, may form an important reservoir for further spread or resurgence of the disease."

In June 1989, *New York Post* columnist Earl Caldwell reported that 105 of 169 persons in a homeless shelter on Wards Island, New York tested positive for exposure to the AIDS virus. At the Fifth International Conference on AIDS in Montreal, researchers from Miami, Florida reported that 14 of 126 persons tested positive at a clinic for the homeless in Miami. Seven of these people denied any risk factors for acquiring the infection.

A recently released CDC study found that one out of every four men aged 25-44, admitted to surveyed hospitals in New York City, tested positive for HIV infection. The

April 4, 1990 issue of the newspaper *New York Newsday* reported that Dr. Timothy Dondero had released the most comprehensive results to date of the Sentinel Hospital Survey. For two years, CDC carried out large-scale anonymous testing of people treated for non-AIDS-related ailments at 26 hospitals nationwide, selected to reflect different segments of the population. Three hospitals in New York City and three in New Jersey participated.

Nearly one of every four men aged 25-44 admitted to hospitals in New York City and New Jersey tested positive for AIDS. Dondero said, "The overall rate for New York City hospitals was 8% positive." The highest rate was in the black population aged 25-44, where 24% of men and 8.1% of women tested positive.

In the July 28, 1990 issue of *Lancet*, Dr. James Chin of the WHO published an article on "Current and future dimensions of the HIV/AIDS pandemic in women and children." Quoting from the abstract:

The WHO estimates that during the first decade of the HIV/AIDS pandemic there were about 500,000 cases of AIDS in women and children, most of which have been unrecognized. During the 1990s, WHO estimates that the pandemic will kill an additional 3 million or more women and children worldwide. HIV infection among heterosexual populations has been increasing throughout the world during the 1980s. AIDS has become the leading cause of death for women aged 20-40 in major cities in the Americas, Western Europe, and sub-Saharan Africa. In these cities, infant and child mortality could be as much as 30% greater than what would otherwise have been expected. During the 1990s, not only can hundreds of thousands of pediatric AIDS cases be expected, but also more than a million uninfected children will be orphaned because their HIV-infected mothers and fathers will have died from AIDS.

Dr. Chin was the chief epidemiologist of the state of California before joining WHO in 1987, and testified against Proposition 64, in spite of the fact that he knew the initiative represented the correct public health approach to the problem. Dr. Jonathan Mann, who later became the director of WHO's Global Program on AIDS, did research in Africa that indicated that AIDS was transmitted by insects, and reported this at the First International Conference on AIDS in 1985, the same conference at which Drs. Whiteside and MacLeod reported on the Belle Glade cases. Mann later changed his story, attacked the idea of insect transmission, downplayed environmental factors, pushed condoms, and became the head of the Global AIDS Program of WHO. Whiteside and MacLeod were ostracized, and LaRouche was sent to jail. Is it really surprising that this pestilence continues to spread, when it has that kind of political clout behind it?

# AIDS epidemic fuels tuberculosis outbreak

by John Grauerholz, M.D.

The current resurgence of tuberculosis proves the accuracy of the Fusion Energy Foundation's (FEF) computer model of the AIDS epidemic, discussed in the preceding article. As far back as 1985, Lyndon LaRouche and his associates warned of the potentially catastrophic consequences of the interaction of AIDS and tuberculosis.

A 1985 *EIR* Special Report, "Economic breakdown and the threat of global pandemics," stated: "As conditions in the United States continue to decline, especially in our decaying urban centers, we are beginning to see an increase in childhood tuberculosis being reported. Even if treated, these children are an ongoing reservoir of the disease, which combined with imported and AIDS-related cases, is setting the stage for a major comeback of TB in the years ahead as the standard of living of the population continues to decline."

Today, scientific experts and even the mass media are being forced to admit the veracity of our forecast.

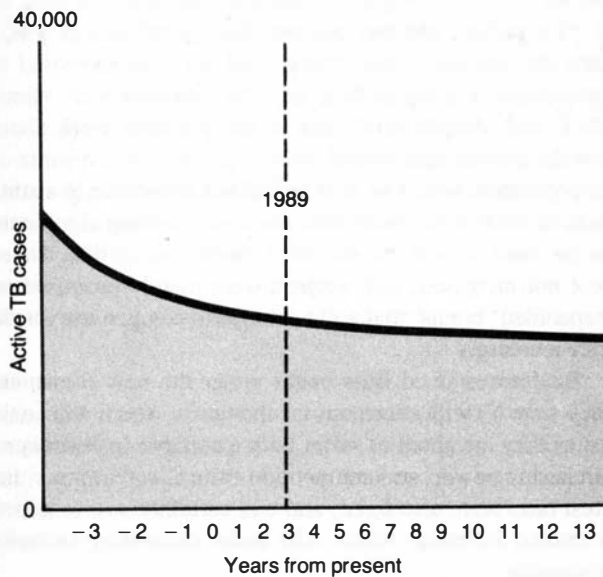
According to the July 15, 1990 *New York Times*: "Borne on a tide of AIDS, homelessness and drug and alcohol use, tuberculosis is re-emerging as a public health threat in the United States, particularly in inner cities. Although the number of tuberculosis cases decreased steadily in the 1960s and '70s, prompting public health officials to predict the disease's near-elimination by the year 2000, that trend abruptly stopped in the mid-'80s. Now a worrisome rise in cases has begun. The number of new cases in the United States rose 5% in 1989 from the previous year to 23,495, about 9,000 more cases than federal health officials had projected early in the decade."

The April 29, 1990 *New York Times* reported: "To the dismay of public health officials and doctors, the AIDS virus is playing a disturbing role in an outbreak of tuberculosis in Africa. Recent studies of Africans sick with tuberculosis have found that as many as 55% also have evidence of exposure to the AIDS virus, a rate far higher than [in] the overall population. Infection with tuberculosis is common in Africa, with some areas reporting infection rates of nearly 70%. But in most people with functioning immune systems the tubercular infection never takes hold, and the disease remains latent."

In January 1987, the FEF modeling group began runs of a computer model of the interaction of tuberculosis and AIDS. The model took into account the following:

1) AIDS-related immune suppression will "detonate" TB in a considerable percentage of inactive TB carriers.

**FIGURE 1**  
**TB cases without AIDS epidemic**



Source: EIR Special Report "AIDS Global Showdown: Mankind's total victory or total defeat," August 1988.

*Without an AIDS epidemic, and without a reduction in living standards, TB cases would be expected to continue on the decrease.*

2) If a person infected by HIV gets active TB, then the resulting stress to the immune system may activate the HIV infection and trigger full-blown AIDS.

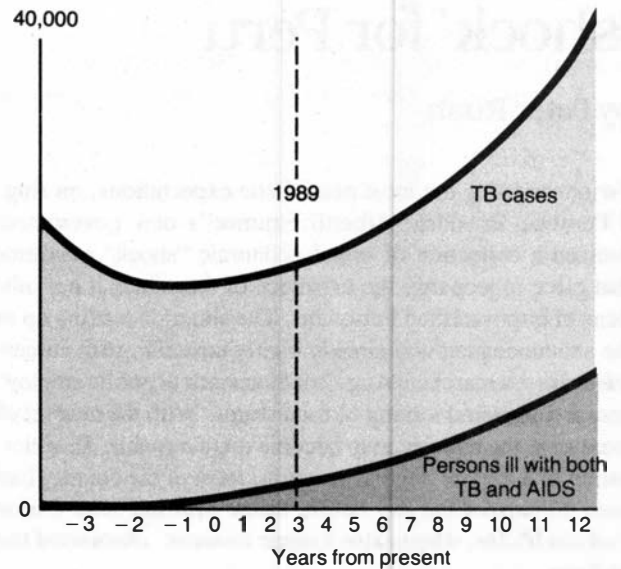
3) An HIV-infected individual who gets active TB, may become highly infectious for AIDS. TB lesions in the lungs provide favorable loci for large quantities of HIV virus and HIV-infected immune system cells to escape from the body. Someone exposed to a coughing, HIV-infected TB case may inhale, and become infected by, the HIV virus as well as the TB bacillus.

4) A person suffering from both HIV-linked immune suppression and active TB may be significantly more infectious for TB than those suffering from TB alone, since the levels of TB bacillus in such a doubly afflicted person may be extraordinarily high.

According to the FEF report:

*"The preliminary results so far make it very clear, that the evolution of the AIDS-TB process is highly sensitive to the effectiveness of the medical care system in rapidly identifying and treating active TB cases. If medical care is upgraded to the best postwar levels, then the TB component of the AIDS epidemic process will be relatively minor compared to the direct effects of AIDS alone. However, if medical care standards are allowed to continue collapsing, then we are facing a disaster far worse and far more rapidly developing. . . ."*

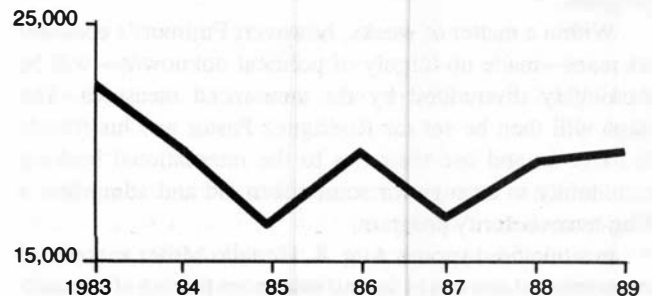
**FIGURE 2**  
**Effect of AIDS epidemic on TB cases**



Source: EIR Special Report "AIDS Global Showdown: Mankind's total victory or total defeat," August 1988.

*With an AIDS epidemic, the number of latent TB cases explodes, while the number of persons ill with both TB and AIDS climbs sharply.*

**FIGURE 3**  
**Actual TB cases in the United States**



*Compare this graph of the actual TB cases with the model projections in Figures 1 and 2. TB was indeed declining until 1984-85, when the AIDS epidemic began to hit hard; then, it began to rise, as the model forecast.*

The accompanying figures show the FEF forecast of TB cases with and without the AIDS epidemic, and TB cases from 1983 to 1989, as reported by the CDC. Year zero in the first two figures is 1986. As of July 28, 1990, there were 12,080 new cases of tuberculosis reported in the United States, as compared to 11,976 one year before, indicating a continuing rise in the number of cases.

# Fujimori decrees 'shock' for Peru

by Peter Rush

Far outstripping the most pessimistic expectations, on Aug. 8 Peruvian President Alberto Fujimori's new government decreed a collection of brutal economic "shock" measures that place in jeopardy the existence of thousands if not millions of impoverished Peruvians. The situation leading up to the announcement was already highly unstable, with numerous strikes, a march on Aug. 7 of thousands of public employees, and scattered looting of food stores. With the new set of measures, the country may become ungovernable. In anticipation of a violent popular reaction, most of the country had been militarized the day before Prime Minister Juan Carlos Hurtado Miller, who is also finance minister, announced the package.

## Same program as Vargas Llosa

Fujimori's program is precisely what his opponent in the presidential race, Mario Vargas Llosa, called for, and what the Peruvian voters believed they had rejected when they elected Fujimori. Three weeks ago, a special United Nations committee of international bankers, including Peruvian oligarch Carlos Rodríguez Pastor, a former economics minister currently with Wells Fargo Bank, ostensibly broke with Fujimori because he supposedly refused to go with a full "shock" program.

Within a matter of weeks, however, Fujimori's economics team—made up largely of political unknowns—will be thoroughly discredited by the announced measures. The stage will then be set for Rodríguez Pastor and his friends to move in and use their ties to the international banking community to arrange for some token aid and administer a long-term austerity program.

In a televised speech Aug. 8, Hurtado Miller announced measures that amount to the instantaneous freeing of virtually everything in the heretofore heavily regulated economy. The national currency, the inti, which has lost more than half its value in just the week preceding the announcement, will be allowed to float freely, putting the economy at the mercy of speculators. Trade is to be liberalized overnight, with the elimination of all import controls and a sharp reduction in the tariff levels that protect domestic industries and products. Since reserves are negative, the only source for dollars with which to import will be drug dollars, which will be used to import cheap consumer goods, in turn driving domestic manufacturers out of business, and exacerbating the already very high unemployment.

All price controls were also lifted, and the prices of basic foodstuffs zoomed up 500-700% by the next morning. Staples such as rice and sugar were up 700%, and cooking gas was up 25-fold. The price of gasoline increased 30-fold, to \$1.30 a gallon, and bus and taxi drivers refused to work, since the fare they could charge had not been increased to compensate. On top of this, all food subsidies were eliminated, and, despite much talk in the previous week about how the government would ensure that the poorest strata of the population would be provided direct assistance to enable them to survive the economic package, nothing significant has yet been done in this direction. In the face of this, wages were not increased, and workers were merely promised an unspecified "bonus" that will not begin to compensate for the price increases.

Businesses fared little better under the new measures. They were hit with enormous tax increases, which will come just as they are about to suffer both a collapse in Peruvians' purchasing power, and competition from cheap imports. Interest rates were also freed, and will certainly soar to match or exceed inflation, which will make borrowing virtually impossible.

On top of a wave of firings set to ensue in the private sector, the government also announced that there will soon be very widespread firings in the public sector. The decision to fire a large proportion of public workers is a outright betrayal, since Fujimori had promised he would not so.

## The genocide to come

Peruvians are in a state of shock in the wake of Hurtado Miller's announcement. The newspaper *El Nacional* on Aug. 9 called the measures "inhuman", and added that no one had voted for them. The leftist paper *Página Libre* had similar coverage.

Bernardino Céspedes, head of the CTP trade union federation close to the APRA party, said that the measures were "criminal" and would "incite to subversion." He added that the people now have the right to resort to insurgency. The leftist-run CGTP union confederation has called for a general strike.

Looting broke out Aug. 9 in parts of several departments (Peru's equivalent to provinces), and in certain districts of the capital Lima, but the Army, Navy, and police had been heavily deployed the night before to minimize the expected immediate popular reaction.

The effect of these measures can only be immediate, widespread death for thousands and misery for millions of Peruvians. The nation has no remaining food reserves, the government has negative foreign reserves which makes importing food impossible, and a drought has reduced domestic food production by half. Sixty percent of the population suffers from malnutrition, 7 million people live in dire poverty, and close to 3 million are so marginalized that their very survival is in jeopardy.

## Runs on the banks are growing

*Equity investors are pulling out while the banking system collapse "is the biggest coverup in American history."*

**F**ederal Deposit Insurance Corp. chairman William Seidman told a nationwide ABC "Nightline" television audience July 31 that despite its problems, the nation's banking system is sound. Were it not, he insisted, regulators and the markets would take action.

Seidman made his statements in response to the charge by Stanford University economist Dan Brumbaugh, a former deputy director of the Federal Home Loan Bank Board who also appeared on the program. Brumbaugh said that many of the nation's largest banks were either near insolvency or already insolvent, including—by name—Citibank, Bank of America, Chase Manhattan, Chemical, Manufacturers Hanover, and Bankers Trust. Brumbaugh further charged that the attempt to cover up the true condition of the nation's banking system was "the biggest coverup in American history."

While Seidman was inaccurate about the system's soundness, he was correct that the market would respond. In fact, the market *is* reacting to the growing banking crisis, in a way which demonstrates the accuracy of Brumbaugh's statements—and of *EIR's* long-standing assertion that the U.S. banking system is bankrupt.

Since the stock market crash of October 1989, there has been a run on the nation's banks as increasing numbers of investors have abandoned ship. Since that time, stock prices at all of the nation's major banks have declined precipitously: Citicorp's stock has dropped some 50%, as have Chemical and Chase. Overall, the major New York City banks—Citicorp,

Chase, Chemical, Manufacturers Hanover, Bankers Trust, and Bank of New York—have lost an average of 42% of their common stock values.

Over the same period, the stocks of the top three Boston banks—Bank of Boston, Bank of New England, and Shawmut—have dropped an average of 70% and prices at the top four West Coast banks—Bank of America, Security Pacific, First Interstate, and Wells Fargo—have dropped 40%. Since March of this year, the prices at Mid-Atlantic region banks have dropped by some 33%, Midwest banks by some 20%, Southeast banks by 15%. Furthermore, since mid-June, the rate of decline has been increasing, reminiscent of a plane which has lost its engines. Clearly, the market is reacting. Bank investors are running for the hills.

One reason for this flight out of bank stocks, according to Ferguson and Co. chairman David Cates, is that institutional investors no longer trust the banks' financial statements and the reports issued by bank analysts.

The "standard accountancy" procedures used by bank holding companies to report their financial status, Cates said, are "notoriously flawed" and "increasingly mistrusted." The recent series of "very bad shocks to the bank stock market has discredited the analytic process," he said.

A prime example of a failure to detect serious problems, Cates said, occurred last year with the Bank of New England. In the third quarter, despite growing problems which would spectacularly manifest themselves in the coming months, the Bank of New England still had a sufficiently high

rating to enable it to pull off a \$250 million equity issue. The issue was sold through a syndicate including Merrill Lynch, Morgan Stanley, and Goldman Sachs.

If those three prominent investment banks cannot figure out that a bank is in trouble, Cates asked, then who can? Certainly not an average individual or institutional investor, who can no longer even rely on those "experts" for advice. The result is that the investors shun the bank stocks as a group.

The driving force behind the free-fall in banking, however, has little to do with bookkeeping. The banking system is extremely unstable because the speculative bubble which propped it up, upon which the entire so-called Reagan-Bush great recovery was based, has popped.

During the 1980s, according to analyses by Cates and the Federal Reserve Bank of Boston, nearly one-third of the 150 bank holding companies with assets of \$2 billion or more experienced some sort of financial crisis. BankAmerica Corp. and Mellon nearly failed, virtually the entire Texas banking system collapsed, and the Bank of New England encountered what will likely become terminal problems. And these were the "good" years.

The 1990s will not be so kind. The banking system is undergoing collapse and consolidation, in which many of the big names in banking will simply disappear. The Wall Street crowd and federal regulators will attempt to manage this collapse by merging the smaller bankrupt banks into the larger bankrupt banks, backed up by blank checks from the government. The result will be that the giant money-center banks will increase their grip over a dying economy, and depression-wracked taxpayers will pick up the tab.

## Watkins abets Hanford radiation scare

*The move to shut down the defense industry is using a radiation scare that has no scientific merit.*

**E**nergy Secretary Adm. James Watkins angered many in the scientific community when he talked July 11 about safety at the Department of Energy's Hanford, Washington site, which has produced plutonium for defense since World War II. Watkins warned that an independent study would be made public the next day reporting that Hanford's releases of radioactive iodine in the 1940s could have given area residents doses as high as 3,000 rads to their thyroids.

"The rhetoric [about safety] is hiding the real agenda, which is to shut down the defense industry of the United States," one Hanford official angrily commented. "We can find no safer industry in the nation than we have at Hanford, and this is based on a review of safety records of the National Safety Council."

Watkins dropped a bombshell about the Hanford Environmental Dose Reconstruction Project: "The implications of the report are serious in that the anticipated doses that will come out of this Phase I report are high, and by high I mean significantly high—3,000 rads, thousands of rads," he said. He suggested that large doses could have caused cancer or thyroid problems for those living near Hanford.

Headlines the next day were predictably hysterical, and this set the tone for coverage of the actual results of the study announced by its technical steering panel July 12. In contrast to what Watkins said, the panel's report of Phase I of its multi-year study emphasizes that 95% of the study population (the 270,000 residents in the 10 counties nearest Hanford) received

a dose less than 33 rad, about 90% of the study population may have received a radiation dose to the thyroid of 15 rads or less, and about 50% received doses below 1.7 rads.

The report does not address either the 5% who received lower than average doses or the 5% who received higher than average doses—because of "much uncertainty associated with high-end doses." On the high end, said panel chairman Dr. John Till, "some infants may have received a radiation dose as high as 2,900 rads," but only a small number of people could have been exposed to such doses, and the "probability that any of them actually received such a dose is low."

Why did Watkins choose to mislead the public? "No one is quite sure where Secretary Watkins got that 3,000 rad dose," said Mary Lou Blazek, vice chair of the panel. A DoE press spokesman similarly told this reporter that the secretary "had not seen the panel's report before his press conference," that his figure was "based on no real knowledge," and that it was simply "the high end of speculation."

Radioactive iodine, iodine-131, in the amount of 340,000 curies was released into the air at Hanford from 1944 to 1947 during the extraction of plutonium for weapons. Hanford, one of the main sites of the Manhattan Project, had two plants to extract plutonium. As one Hanford engineer put it, the nation was at war and we could not tell the population how much and where it was being released, because it would have been very easy for the Russians and the Germans to calculate how many weapons the United States

was building.

Let's put the Hanford data into perspective, said Dr. Dixy Lee Ray, the former governor of Washington who chaired the Atomic Energy Commission from 1973 to 1975. "The first thing to remember is that releases simply mean that—what's put into the atmosphere—and that's a very different thing from a person's exposure or a dose that a person may receive. . . .

"The second thing is that radioactive iodine . . . has a half-life of eight and one-half days; much of the information I have seen lets the reader believe that the radioactivity is still there." In other words, within a few months it decays into a harmless material.

"The third thing," Ray said, "is that radioactive iodine is very specific [to the thyroid]. . . . Radioactive iodine cannot give a person cancer of the lung, the breast, the pancreas, the gut—anything else."

Although there are at present no data for thyroid disease, there is no record of excessive numbers of thyroid cancers in the Hanford area. The mortality data for the area are also interesting: Cancer mortality is 15% lower in the area than the national average, and the overall mortality rate for the area is 20% lower than the national average.

The Hanford Environmental Dose Reconstruction Project began in 1988 to estimate the radiation doses that the public might have received from the release of iodine-131 into the air during 1944-1947, and the release of other radioactive materials into the Columbia River from 1964 through 1966. The releases of radioactive materials other than iodine in the 1960s, the panel said, were very small, on average accounting for less than 15% of the dose an average American gets each year from naturally occurring radiation.



## Food cartel takes over research

*Agriculture Department research is shifting from science to superstition, and has prioritized study of low-tech farming.*

**E**ven before the signing of a new five-year farm law, changes have been announced by U.S. Department of Agriculture officials for farm research priorities that reflect the disastrous modern trend toward superstition and away from science in farm policy.

This shift was ushered in by the expiring 1985 "National Food Security Act," which contained unprecedented measures to promote "alternative" foods and farming. Now, the Bush administration, staffed by a cohort of servants of the big food cartel companies (Cargill, Continental, Louis Dreyfus, Archer Daniels Midland, and others) such as Agriculture Secretary Clayton Yeutter and Environmental Protection Agency head William K. Reilly, is accelerating the shift.

These interests want farm production to be transformed away from high-technology agriculture into low-technology, low-cost farming methods.

The USDA issued a silly press release July 23 that announced many of the changes at the USDA's flagship research unit, the 7,200-acre Beltsville, Maryland Agriculture Research Center near Washington, D.C.

The release began, "Pesticide Road is history; Biocontrol Road has arrived," referring to a new road sign installed at the Agricultural Research Center, to denote that research priorities will forsake electromagnetic, nuclear, and biochemical research, in favor of glorified investigations of "natural enemies" of pests. While this latter focus has a useful history—for example, using marigolds and lady-

bugs in your garden to ward off predators of food plants—the elevation of useful practices as advanced research priorities is bunk.

Essex E. Finney Jr., director of the Beltsville center, the largest facility of the USDA's Agricultural Research Service, said, "Biocontrol Road symbolizes our shift, made gradually over the last 20 years, towards finding natural alternative to chemical pesticides, such as good bugs that eat weeds or bad bugs. But changing the name makes sense because biocontrol research in labs along that road since the 1970s is again being strengthened."

Pesticide Road had become a misnomer, Finney said. He announced a new alignment of the center's Plant Sciences Institute. This summer, the institute's former 21 labs are being consolidated into 16. The center's total of 373 scientists and 1,087 other personnel remains the same. "We will focus more of our talent and resources on some of the highest priorities, especially biological control of plant pests, plant genetic resources, long-term sustainability of farm production and national resources, insect neurobiology, and global climate change," Finney said.

The few old-timers at the once-respected USDA research facilities have joked over the past few years that the new, "bio" fanatics are so extreme, that, for example, one top official tried to eat so much "natural fiber" in his diet, that he got a dreadful case of shingles as a result.

The same nutty shifts are reflected at the National Agricultural Library—

the largest such library in the world. Run by the USDA, the NAL is one of only three federal libraries; the others are the Library of Congress and the National Institutes of Health library.

The NAL has traditionally specialized in the collection of information on agriculture and subjects supporting agriculture research—soil science, veterinary medicine, nutrition, and so forth.

Today, the library is shifting resources into providing information on "alternative" agriculture, meaning low-technology, low-energy input farming.

Aiding and abetting this shift is a newly reorganized support group called the Associates of the National Agricultural Library. In the past, the group was composed of retired staff, friends of the library, historians, and researchers who wanted to honor and assist the library and the rich tradition of agricultural progress in the United States.

Within the last two years, the Associates group has been revamped. There is now a slick organizational chart which boasts a Senior Executive Board, on which are figures from the most infamous of the very food cartel companies currently underpaying farmers and undermining the food supply. It is these interests who are pushing "natural," low-tech farming as an excuse for robbing the farm family of the income with which to capitalize sound agricultural practices.

On the new board sit Dwayne Andreas of Archer Daniels Midland Co., William Louis Dreyfus of Louis Dreyfus, the grain mega-company, Donald L. Staheli, of Continental Grain Co., Charles Michael Harper of ConAgra, Inc., David H. Swanson of Central Soya Co., a subsidiary of the Ferruzzi group based in Italy, and Julia Peterson of the Cargill Information Center.

# Business Briefs

## Productive Triangle

### Europe faces growth era says Italian minister

"This Europe will pull the rest of the world behind itself," Italian Foreign Minister Gianni De Michelis, who co-chairs the European Community for the next six months, told *Corriere della Sera* on Aug. 3.

"I am absolutely convinced that we are facing a really extraordinary era with a degree of economic growth that we have not seen for a long time. I do not hesitate to say that what has begun is a sort of *belle époque* of Europe which will last 15-20 years and more. All the preconditions are there and in this period Europe could grow 4 or even 5% every year. That is double the rate foreseen for the world economy," De Michelis said.

De Michelis stressed that "Germany is going to become the true super-locomotive which will pull the rest of Europe behind itself with advantages for everyone." "Already, the productive base of Europe is enormous," De Michelis added. "Western Europe together with the East and some emerging countries in the Mediterranean area will make up a population of over 1 billion people, which is a market four larger than that of the U.S. This is a geopolitical revolution of truly epochal dimensions."

De Michelis does not exclude "accidents" that may disturb these great changes, but he expressed confidence. "If America falls into a recession . . . we will help the economy of the U.S.A."

## Labor

### Skilled worker layoffs cause early deaths

The lie that the thousands of scientists, engineers, technicians, and production workers in the aerospace industry losing their jobs will find work in other parts of the "free market" economy, is contradicted by a study by Dr. Robert Eliot, who found these workers increasingly susceptible to disease and early death.

In 1967, Dr. Robert Eliot went to Cape Canaveral Florida as a cardiovascular consultant to the U.S. government. He found that aerospace workers, as young as 29, were dropping dead of heart attacks at an alarming rate. He states in his book, *Is It Worth Dying For?* "The problem was not the firing of rockets but the firing of people." These people, who had worked 16-hour days in critical jobs on a program with a national priority, suddenly found themselves living with the constant anxiety of losing their work and identity as skilled professionals.

From 1965 to 1973, the work force at the Cape was cut from 65,000 to 32,000, and Cape Canaveral was leading the nation in sudden heart attack deaths, drinking, drug-taking, and divorce.

When the space program picked up again in the mid-1970s with the Space Shuttle program, very few of these skilled people returned to the industry.

## Health

### Infant mortality could be reduced, study says

A cabinet-level study on U.S. infant mortality says that application of known technology and practices, at an annual cost of \$480 million—one-tenth of one percent of U.S. yearly health care expenditures—could save 10,000 of the 40,000 infants who die each year and prevent 100,000 cases of disability, including vision and hearing loss, mental retardation, and similar conditions.

Release of the study, chaired by Health and Human Services Assistant Secretary for Health James Mason is being delayed by the Bush administration, according to the Aug. 6 *New York Times*.

The group recommends 18 specific initiatives, including the expansion of Medicaid to cover 120,000 additional pregnant women and children in low-income families, an increase in spending on prenatal care, and new state mandates for Medicaid benefits for pregnant women. It notes that nearly 9 million American women of childbearing age have no health insurance, and that a quarter of all pregnant

women either begin prenatal care after the first trimester or receive no such care at all.

In the late 1970s, the U.S. Public Health Service declared a goal of reducing infant mortality to 9 per 1,000 live births within a decade, with no racial group having a rate over 12. The national average in 1987 stood at 10.1, with the rate for blacks at 17.9.

The report points to Japan as proof that "with a national commitment and accessible health services it is possible to make substantial improvements in infant health." In 1960, Japan's infant mortality rate was 20% higher than America's. Today, it is the lowest in the world, and about half that of the U.S.

## Technology

### Image processing to help Hubble aberration

Computer-based image processing techniques can restore about two-thirds to three-quarters of the degradation caused by spherical aberration in the Hubble space telescope, according to Robert Stachnik, chairman of the Space Telescope Image Processing Working Group, in an interview with *21st Century Science & Technology* on Aug. 3. The group was established when the telescope problem was discovered.

Stachnik, a senior staff scientist in the Astrophysics Division of NASA, said this estimate applied to cases where the object was reasonably bright. For the Space Telescope, "reasonably bright" wouldn't necessarily have to be very bright by other standards, he said.

Improvements in image sharpness even much greater than this can also be achieved, but at much greater cost, involving longer exposure times or multiple exposures, and more computer time. Those costs are now being assessed, Stachnik said.

Extensive testing of the Space Telescope's optical assembly has now shown that the primary mirror alone is almost certainly at fault, rather than the secondary or both mirrors, according to the Aug. 3 *New York Times*, confirming the earliest hypothesis. The inquiry headed by Lew Allen has now concluded that the prescription formulated at Perkin-Elmer

for grinding the primary was correct. Attention has now turned to manufacture, where the functioning of the null corrector is considered the most plausible culprit.

## Nuclear Waste

### New microwave process could reduce volume

A new process using microwaves could reduce the volume and weight of some nuclear waste by 87%, the Colorado engineering firm EG&G Rocky Flats has announced.

The newly patented device uses microwaves, which are high-frequency radio waves, to melt sludge-type waste at temperatures of up to 2,800°F. This vitrifies the waste, and the glass-like product is denser, more leach resistant, easier to handle, and safer to store. The process reduces the moisture content of the waste from 70 to between 10-20%.

Transuranic wastes—waste containing radioactive materials that are heavier than uranium—have a relatively low level of radioactivity but are long lasting and therefore require special handling and storage.

A demonstration project will begin in October using simulated waste. The process also has applications for non-nuclear industries like steel mills, refineries, and electroplating.

## Space

### Japan and U.S. sign new space accord

The United States and Japan signed agreements for several new space cooperation projects during NASA Administrator Adm. Richard Truly's trip to Japan in late July.

Agreements were signed for new projects including solar-terrestrial experiments to be done from Space Station Freedom, space microgravity experiments onboard Space Shuttle Spacelab missions, observation of the ozone layer through exchange of data being gathered on U.S. and Japanese spacecraft, and data ex-

change on environmental monitoring from space from complementary satellites.

A Japanese astronaut will also be part of a Japanese-Soviet crew which will leave for the Mir space station on Dec. 2 to join a new Soviet two-man crew, which left Aug. 1, the Soviets are reporting, according to *NASA News*. The crew which left Aug. 1 will replace the cosmonauts who have been on Mir since February.

## Economic Theory

### Look to Germany, Pfaff tells U.S.

The United States should look for a model for reversing its economic decline to 19th-century Germany, with special emphasis on German scientific progress rooted in Germany's earlier "era of humanistic reform" and on the German commitment to national infrastructure and the creation of a customs union, writes William Pfaff in the Aug. 2 *International Herald Tribune*.

Germany was able to make changes to become a leading industrial power by the time of World War I in 1914. The change, Pfaff says, was "First, railways were built: a factor of fundamental importance. The German states and principalities united." Furthermore, "a customs union was created in 1834."

Pfaff quotes Princeton historian Harold James that "scientific education constituted a direct link between the era of humanistic reform and Germany's impressive economic performance several generations later." Germany's ambitious research programs "led to relative freedom and independence of academic activity, which produced a German scientific supremacy long before, in economics, Germany could even think about catching up with her rivals.

"The ideologically intoxicated faith, shared in Margaret Thatcher's Britain, that private industry will provide the communications infrastructure, trained manpower and long-term scientific research that the nation requires defies all evidence the past provides," Pfaff concludes.

● **BULGARIA** is on the verge of facing widespread famine, the *Süd-deutsche Zeitung* reported Aug. 4. Industrial production has fallen by 10.8% since the beginning of the year. A growing number of children are suffering from diseases caused by undernourishment.

● **12 MILLION MEXICAN** children work in the informal sector, Adelor Gómez, head of a private service organization in Mexico City, has testified to the Federal District's house of representatives. He said the system denies children their human rights—to play, to education, and to health. Nationwide, 18.7% of the children who work are 5-9 years old, 63.9% are 10-14, he said.

● **OKLAHOMA OIL** production, at its current rate of decline, will fall to under 100,000 barrels per day by 1991, the lowest rate since 1919. If this rate continues to 1995, Oklahoma—the fifth largest oil-producing state in the U.S.—will be a net importer of petroleum for the first time in its history.

● **LAOS** signed three agreements on Aug. 3 with Japan's Foreign Minister Nakayama, that include assistance to agriculture and development projects, repair of the Nam Nguan Dam, and debt relief, according to the Bangkok paper, *The Nation*.

● **THE BRITISH** Confederation of Industry warned in its latest report that the British economy is "on the brink of recession." CBI warns that 10,000 jobs are being lost monthly, the failure rate of newly starting-up companies is increasing dramatically, and the high interest rate squeeze is "hurting manufacture, the very sector on which we rely for the future."

● **THE PHILIPPINES**, in the wake of an earthquake the third week in July, has asked foreign creditors for a two-and-a-half year suspension of debt payments, according to Philippine press reports.

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## America can still solve the crisis in science education

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*Dr. Bassam Shakhashiri, a leading advocate for science education, calls for a mobilization to confront the shortfall of nearly half a million scientists and engineers by the end of the century.*

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The National Science Foundation (NSF) issued a study last year which showed that the United States could be faced with a shortfall of 400,000 scientists and engineers by the year 2000. This calculation was based on the declining population of 19- to 24-year-olds, and the apparent waning of American students' interest in science and engineering.

When the NSF was established in 1950, it was directed to initiate and support science education programs at all levels in the mathematical, physical, biological, and other sciences, and engineering education programs at all levels. In its first two and a half decades, science education received, on the average, a quarter of the NSF budget. The average approached 40% during the late 1950s, as America responded to the challenge of Sputnik. In the early 1960s, this average was about 30%, and the NSF was a part of the effort to supply scientists and engineers for the space program.

Starting in the late 1960s, however, science education's share of the NSF budget began shrinking, virtually disappearing by the early 1980s. This decline followed the attitude of Americans toward science, as the space program was undermined following the Apollo moonshot, and the public was inundated with the propaganda of environmentalists who blamed scientific progress for the problems of the world.

But as the U.S. began slipping in the world market and as tests showed U.S. students failing dismally in math and science, relative to those of our economic rivals (the average

Japanese student does better in math than the top 5% of U.S. students), some national leaders began to sound the alarm. So, in recent years, the requests for more science education funding fell on somewhat more receptive ears (**Figure 1**).

When Dr. Bassam Z. Shakhashiri came to the National Science Foundation as Assistant Director for Science and Engineering Education in 1984, science education at the NSF was beginning to recover. Over the past six years, Shakhashiri has become the nation's leading advocate for science education. His lobbying effort is in no small part responsible for the increased funding and visibility of science education. The budget for education has gone from \$55 million (in new funds) in 1985 to \$204 million in 1990, about 10% of the NSF budget.

NSF director Erich Bloch announced on June 1 that he was replacing the Science and Engineering Education Directorate with a Directorate for Education and Human Resources—a change in name which may be a harbinger of an underlying policy shift. Dr. Shakhashiri was fired as head of education, but has taken a position on Bloch's staff. Shakhashiri's successor, Luther S. Williams, has been serving as Bloch's science adviser and executive secretary of an inter-agency committee on education. Williams had recently recommended dividing the duties and funds of education among the other directorates, a move some felt would derail science education at NSF.

## Interview: Dr. Bassam Z. Shakhashiri

*Dr. Shakhashiri, a native of Lebanon, came to the United States in 1957 at age 18. He graduated from Boston University with a bachelor's degree in chemistry and earned his master's and Ph.D. degrees in chemistry at the University of Maryland. He joined the faculty of the University of Wisconsin in 1970, where he founded the Institute for Chemical Education in 1983. He has co-authored several publications, including the three-volume Chemical Demonstrations: A Handbook for Teachers of Chemistry.*



*Among his many awards are two from the American Chemical Society—the James Flack Norris Award for Outstanding Achievement in the Teaching of Chemistry (1983) and the ACS Award in Chemical Education (1986).*

*Mark Wilsey of 21st Century Science & Technology interviewed Dr. Shakhashiri on June 25.*

**Q:** What is the state of science education in this country today?

**Shakhashiri:** The situation that the country faces now in science, math, and engineering education, is by far more critical and more consequential than what we faced in the immediate post-Sputnik era. It's so for a variety of reasons; let me give you three.

First, the population of the United States in the past 30 years or so has increased by about 50 million people. To put that number in perspective, that happens to be the approximate population of all of Great Britain and twice the population of Canada. You might say, "What does that mean? So what?" It means that we have more students to teach and that we need more qualified teachers at all educational levels to teach them.

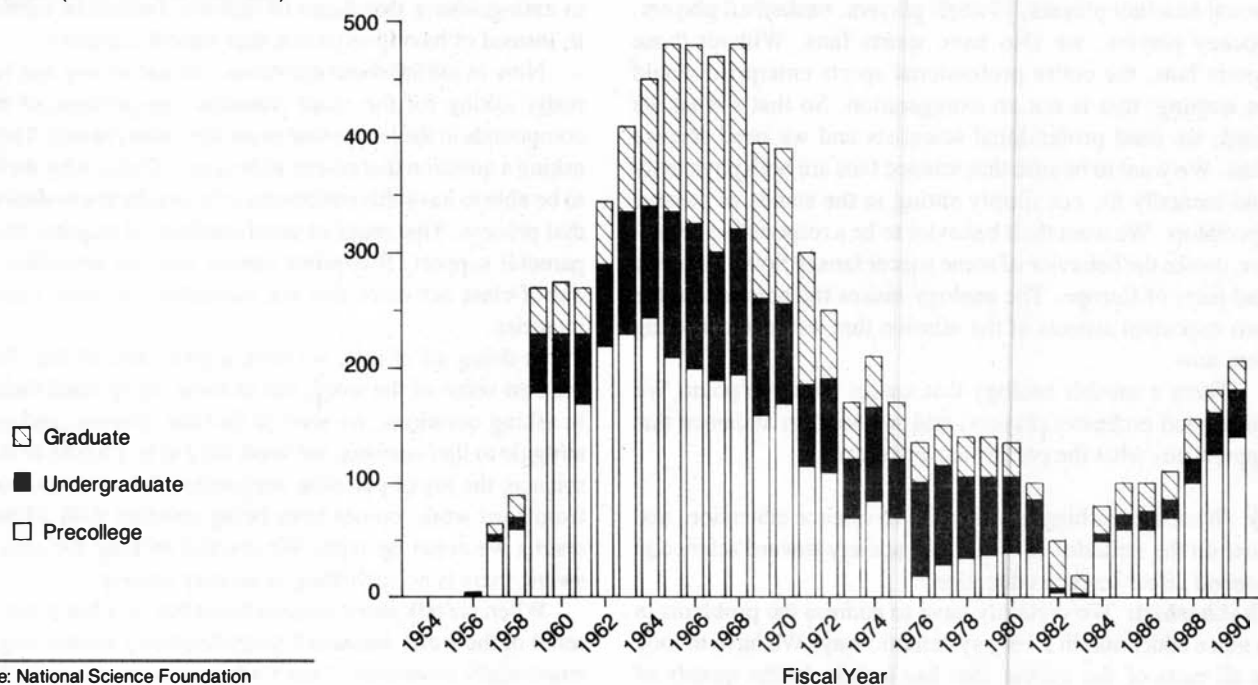
Some of the demographic data we have available to us now cause us to be alarmed about our ability to deal with this big change in scale that has occurred. So, the first reason can be summarized by saying that the scale of the population has changed so much and that all societal institutions, especially educational institutions, are very sluggish in responding to changes of that type. This causes problems, not only in education, but in traffic, in waste disposal, in housing, in care for the elderly, in just about everything.

The second reason, is that for our country to maintain its international pre-eminence in science, in technology, in the global economy, in the arts, in the humanities, in all walks of life, we have to have a good supply of scientists, mathema-

FIGURE 1

### What NSF has spent on education

Obligations (millions of 1990 dollars)



Source: National Science Foundation

ticians, and engineers coming through the educational system. That's what the National Science Foundation set out to do, in the immediate post-Sputnik era.

Nowadays, we are also alarmed about the flow of talent into those careers. The demographic data available to us cause us to be alarmed about our ability to cope with this situation.

The third reason as to why the situation is more critical and more consequential than it was 30 years ago—and in my judgment the most important of all three reasons—is that we now live in a much more advanced scientific and technological society than we did back then. We have to pay attention to the education in science and in technology of the non-specialist.

We need an educated citizenry that can distinguish between astronomy and astrology. We need the public at large to be able to successfully deal with the complex issues related to animal rights. We need our fellow citizens to be able to handle pollution and pollution-control issues. We want the population at large to benefit from the tremendous advances that we have in the nutritional sciences. We need to have our fellow citizens understand why burning the rain forest in South America is bad for the environment, and the list goes on.

To summarize, then, the present concern, we can talk about two parts: The first part is that we need to increase the flow of talent into careers in science, math, and engineering, and into careers of teaching science, math, and engineering. The second part of the situation, is that we want to make the public at large literate in science, literate in technology, literate in mathematics.

Let me use an analogy. In sports, just as we have professional baseball players, football players, basketball players, hockey players, we also have sports fans. Without those sports fans, the entire professional sports enterprise would be nothing; that is not an exaggeration. So that's what we need; we need professional scientists and we need science fans. We want to be sure that science fans are both physically and mentally fit, not simply sitting in the stands as passive spectators. We want their behavior to be a responsible behavior, unlike the behavior of some soccer fans in South America and parts of Europe. The analogy makes the point about the two important aspects of the mission that we're undertaking here now.

There's another analogy that makes the same point. We need good orchestra players, and we need an audience that appreciates what the performers are doing.

**Q:** What are the biggest obstacles to science education, and how do the attitudes of American society toward science in general affect science education?

**Shakhashiri:** We certainly have to address the problems in science education in a very systematic way. We have to look at all parts of the system that has a stake in the quality of

science education, indeed, the quality of life.

The biggest obstacle is ignorance—ignorance on the part of the citizens about the world that they live in. The great advances in science and in technology are meaningless unless people know about them, and enjoy their benefits, and understand their potential risks.

The first obstacle is to see to it that we have enlightened leadership at the federal level, at the state level, at the local level; to see to it that the business community and its leaders pay attention to those problems; to see to it that parents, school administrators, teachers—all of these groups—work together to overcome this big obstacle, namely, ignorance.

For the most part I'm optimistic about our ability to do this.

**Q:** You have a motto, "Science is fun." How do we communicate this to children? How do we make science fun?

**Shakhashiri:** Actually, you don't have to make it fun. It is fun! Why is it fun? Because kids of all ages are curious. We ask questions all the time. Why do the leaves change color in the fall? Why do the plants and flowers burst in the spring? Why is the sky blue? Why is it that when wind blows on a body of water, whether a lake or river, we see what we call whitecaps, and is the color of those whitecaps in any way related to the color of the stuff that floats up in the sky? How does the microwave oven work? How does the fax machine work? How does the suspension bridge get put together? The list of questions goes on and on.

What we have to do, is nurture that curiosity, by providing an environment that is conducive to asking those kind of questions, and to seeking the answers to those questions. In our school system, for the most part, at home, we succeed in extinguishing that flame of interest, instead of nurturing it, instead of having us pursue that natural curiosity.

Now in asking those questions, the kid of any age is not really asking for the exact chemical composition of those compounds in the leaves that cause the color change. They're asking a question that relates to *process*. That is why we have to be able to have this environment be conducive to deal with that process. That requires good teachers. It requires having parental support. It requires having in-class activities, and out-of-class activities that are supportive of these kinds of inquiries.

In doing all of this, we have a great deal of fun, fun in the best sense of the word, not in some cheap thrill fashion. In asking questions, we want to find the answers, and as we struggle to find answers, we work hard at it. The joy of doing science, the joy of pursuing our intellectual interests, comes from hard work, comes from being satisfied with whatever results we come up with. We are not looking for easy answers; there is no such thing as an easy answer.

When we talk about science being fun, it's fun in the best sense of the word, because it is intellectually stimulating and emotionally rewarding. That's what we want, to see to it that

every child in America has an opportunity to pursue that all-important natural curiosity that they have.

**Q:** What would be needed to improve the science teacher's effectiveness, or to keep the science teacher current, and to integrate the science educator into the science community?

**Shakhashiri:** You can't teach something you don't know. You might pretend for a little bit, you might fake it for a little bit, but everybody will catch up with you. The number-one requirement is knowing what it is you're talking about. But that by itself is not sufficient—it's necessary, but not sufficient.

What you have to do is, be able to communicate that knowledge. To communicate it effectively, you have to have a sense of where the students are, you have to have a sense of what their backgrounds are, and, more importantly, where you want to take them. You have to set, as the teacher, expectations for your students, and you have to tell them what those expectations are. You basically have to set some standards of achievement. . . .

**Q:** How has science education expanded at the NSF, and what are the most significant initiatives?

**Shakhashiri:** The recovery from the great shutdown of 1982, when the programs at NSF were basically zeroed out—this recovery is nothing short of remarkable. We have succeeded in rebuilding the effort by having high-quality staff onboard. We have succeeded in expanding the number of programs available. The funding has gone up almost to \$250 million; actually, the Congress is contemplating making that \$285 million for fiscal year 1991.

The foundation is poised to take on additional responsibility, to see to it that elementary science, middle school mathematics, secondary science and mathematics, and undergraduate science, math, and engineering programs, are all moving on in a healthy way.

You asked about the accomplishments. There have been a number of outstanding programs that have been put in place. I'll mention just a handful of them.

The Young Scholars Program, aimed at middle school and high school students, to expose them to research experiences, and work in the summer in a setting that allows them to nurture that curiosity we were talking about before.

Career Access Centers have been established around the country, aimed at increasing the flow of talent from the minority population into science, math, and engineering. There is a center in Atlanta, one in Philadelphia, one in El Paso, one in St. Louis. There are about almost a dozen of them, scheduled to reach a dozen and a half this fiscal year.

The third major accomplishment, is the increased involvement of the private sector in those science education activities. We established a program called Private Sector

Partnerships, whereby the private sector is called upon not only to participate in a cost-sharing manner, but actually to be a partner in an intellectual fashion. We're looking for two kinds of partnerships: intellectual partnerships and cost-sharing partnerships.

These are programs that take place in inner city settings, and in rural settings. There are a whole slew of them. We have a book that lists the grants that were made last year across all of these different programs.

At the undergraduate level, we have put in place programs that deal with instrumentation and laboratory improvement, programs that deal with faculty development, programs aimed at revamping the calculus curriculum. Under way now is a very major effort to revamp undergraduate engineering curriculum.

All of these activities are fairly young. The time has come now to look at them very carefully, to monitor them, to assess them, to evaluate them, to find out what works, and why it works, to disseminate those results, to find out what doesn't work, why it doesn't work, and share that information with others who are so keenly wanting to participate in this.

**Q:** What are the elements of a successful science education program, and how is success measured?

**Shakhashiri:** There are several elements. One is the extent to which the scientific community feels that this is a high-quality program. The judgment of the scientific community about the content of a curriculum effort, or the content of a teacher enhancement activity, is very important. That by itself is not enough.

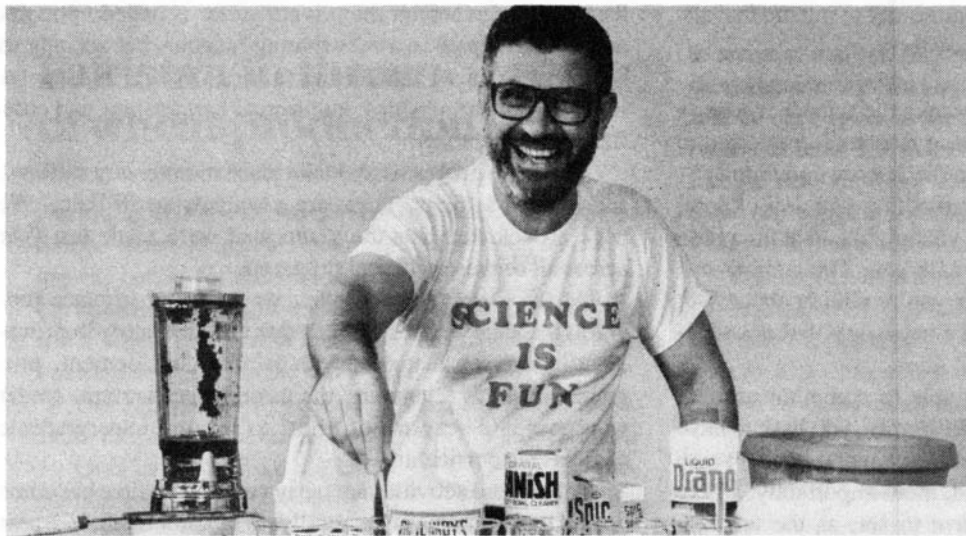
The second criterion would be the extent to which these programs are being used, how widely are they being used, and how well they are being received. The dissemination and extent of use are other criteria.

A third criterion is the way in which students react to them. After all, these programs are aimed at altering the setting that the students are in. . . .

**Q:** Can programs be developed in such a way as to attract women and minorities into science and engineering, without a head-counting system?

**Shakhashiri:** I think you need to recruit women and minorities and retain them in that pipeline of science and mathematics. You have to do it in at least two ways: You have to do it in a mainstream way, but you also need to have a special target. The targeting is very important.

The NSF does that now in a number of ways at the middle school level, at the high school level, undergraduate, post-graduate, and so on. Let me give you a couple of examples. There is a graduate fellowship program for women in engineering. There are special efforts designed in the Young Scholars Program to target females and minorities. In fact, over 50% of the participants in the Young Scholars Programs are females and about 42% are minorities. The minority num-



*Once upon a midnight cheery, in the lab of Shkhashiri. . . . Dr. Shkhashiri is known for his entertaining demonstrations, in which he seeks to impart the joy of discovery to students. "I believe in the hands-on approach," Shkhashiri says. "This is how we learn science."*

ber is a disproportionate number to the population, but that is the result of the targeting.

You've got to target groups that have traditionally not been represented in science. I think that is very important. If you want to change the terribly low flow of talent among minorities into science, you've got to target it. You can't just do it in a general way. At the same time, it has to be done in a fashion that does not leave out the other segments of our society. Both mainstream and targeting approaches are important.

There are very important programs that are under way now, and will be launched, to target the participation of women and minorities. By the way, the strategies that are used to recruit and retain women are different than the strategies that are used to recruit and retain minorities—even among minorities themselves. Hispanics in the Southeast require different strategies than Hispanics in the Southwest. Inner city blacks require different strategies than suburban blacks. We've got to take into account the setting which the students are in.

The National Science Foundation for a long time has focused on the best and the brightest, and I think that is very important, there's no question about it, but that cannot be the sole focus.

My position, and my advocacy, is to expand that effort and deal with the bottom half of the student population, to see to it that their exposure to science is a good one. Now, why do I say that? Because I believe very strongly in the effective democracy that we belong to and I believe in having science literacy among all citizens—not only those who are college-bound, not only those who are going to become Ph.D. candidates in science, in math, or in engineering.

We've got to have the entire population brought up to speed in terms of understanding what science and technology are all about, appreciating what science and technology are

all about, benefiting from those tremendous advances that I talked about before, and understanding the potential hazards that accompany such advances. That's why we've got to deal with the entire population, not only selectively with a segment of it.

Don't misunderstand. I'm not saying we should ignore the best and the brightest. We should help them as much as we can; but the strategies also differ there.

**Q:** In comparing science education in the U.S. to Japan, West Germany, or other countries, what could we learn from them, and what features wouldn't work here?

**Shkhashiri:** There actually is no single solution to these problems. Our educational systems differ from those of other countries. We have a diverse system of education. In some of the other countries you mentioned, they have a monolithic approach to education, a monolithic approach to life. I think we ought to take a very close look at what they do and how they do it. But we should also understand that the diversity of our system is both a strength and a potential liability.

What we have to remember, as we look at these international comparison tests where the U.S. students come out near the bottom, that the talent in this country is as good as it is anywhere else in the world. These tests tell us that there's something in our society, something in our educational system, that we ought to pay attention to.

I have no doubt that we have the capacity to deal with those problems. The question is, do we have the will? Do we have the determination? Do we have the resolve to address those problems and to learn about what our systems of education offer and what the other systems of education offer? We have got to get this national will going. We've got to get in the business of developing talent. That's what we're in, we're in the business of talent development. We're not in the business of weeding out students, which happens to be the case



in some settings. What we have to do is take advantage of the fact that we have the students, and we want to help them fulfill their human potential, their human capacity.

We should learn what works in Japan, what works in Korea, what works in Canada, what works in West Germany, what doesn't work, and how it can apply to our own free enterprise system. Because what's really at stake is the quality of life in this society, and how we can preserve it. That is why my call is to have people who believe in the democratic institutions upon which this country was founded, participate fully in revamping the educational system, and using science as a vehicle to do that. Science is not the only problem we have; it's across all of education.

I would look very carefully at the way in which parents nurture the development of their kids in Japan, in Korea. I would look at the quality of television that they watch here, as compared to what they watch in Korea. I would look at the self-image that the kids have. I would look at the performance of kids in math, in science. It's not just knowing the subject matter, but knowing the process which is all important.

School prepares us for the rest of our lives, and most of what we learn most of the time we learn outside of school. The school years are critical to develop talent, are critical to develop attitudes, to develop behavior. For the most part, behavior is a manifestation of attitudes. That is what we have to be instilling in our youth, healthy attitudes toward life, toward education, toward science. We don't want everybody to become a scientist, far from it. That's not the point; the point is, we want people to enjoy the environment that we're in, and to protect this environment. I'm talking now about the global environment. I'm talking about global environmental issues. . . .

The President has said, and the governors have all agreed, that the U.S. goal is to have our students be number one in science and mathematics by the year 2000. I'm committed to that goal, and everything that I will do will be aimed at helping us achieve that goal. We want to be sure that goal is realized. That goal serves as a rallying point to galvanize the nation to act in a responsible, coherent manner. Otherwise, it becomes an empty goal. . . .

**Q:** There is the argument that if our students are deficient in science, then science education is at fault, and that the we should burn the whole system down and rebuild anew. During the Sputnik era, we revamped our textbooks and trained more teachers. There was the excitement about going into the Space Age. Isn't that a somewhat different process?

**Shakhashiri:** It is not really all that different, because when it comes to education, and you have a problem in education, you can't fix it once and for all. It's not like fixing a bridge and looking at it every 15 years to see if it has any cracks in it, or it needs repainting. In education, you have to have a continual, sustained presence. You have to pay attention to

all of these problems on a yearly basis. You have to be concerned about the quality of the curriculum, but also about the effectiveness of the curriculum. You don't want to develop a high-quality curriculum and have it sit on the shelf; you want to have it used.

That's why you want to look at the outcome of the educational process. What does it mean to be the holder of a high school diploma, from any school in whichever state? What does it mean to be the holder of a bachelor's degree from any college or university in this country? I know what it means; it means that they have fulfilled certain requirements, but that's not what I'm talking about. I'm talking about the true meaning of having gone through that experience—that's what we're talking about.

The real challenge to us is how can we get youth to continue to be motivated to pursue both intellectual and other endeavors that they want to pursue. In this country, we attract students from all over the world. They flock to our shores to go to graduate school. It's the greatest tribute to our institutions of higher education. The challenge to us is, can we have our native-born students partake in paying that tribute? That's why I talk about the national will. That's why I talk about the development of talent. There is no doubt in my mind, whatsoever, that we have the capacity to do it, but I'm puzzled as to why we don't act more strongly in nurturing the talent.

I came to this country in 1957 from my native Lebanon with my parents and two sisters. We have enjoyed the wonderful hospitality and the great opportunities available in this country. We are very grateful for that. But it bothers me that native-born students do not partake of these same opportunities, develop themselves, and help fulfill their human capacity.

You asked before about ways in which we can try to deal with this issue. Let me mention one point to you. In our society, we have a science-rich sector, and we have a science-poor sector. Who's the science-rich sector in our society? Colleges and universities, parts of industry, the national labs. Who's the science-poor sector? Everyone else. The science-rich sector owes a lot to the science-poor sector. The science-rich sector has got to share their attitude and wealth of information with the science-poor sector. Otherwise, the whole enterprise will fall apart, the whole societal enterprise will fall apart. That's what it's going to take. It's going to take strong collaboration between institutions of higher education, the public school systems, parents, the private sector, civic leaders, all working together to see to it that the entire system is revamped.

That's what the Statewide Systemic Initiatives that the NSF issued recently is all about. It's a program aimed at engaging the states as political entities, to work together to form partnerships within a state among the groups just mentioned, to set goals for each state, and to help achieve those goals. . . .

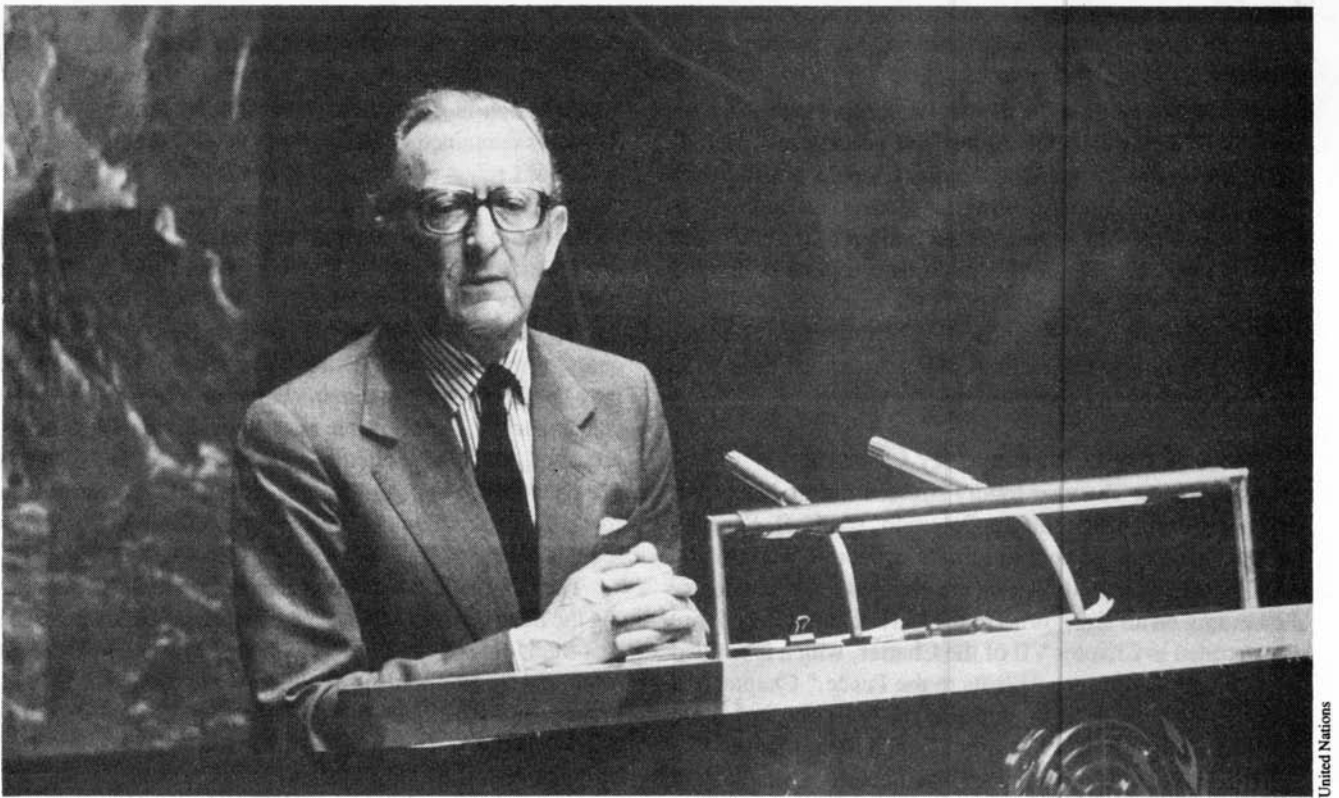
## British steer Gulf crisis toward one world government

by Webster G. Tarpley

Peter Lord Carrington and other British oligarchical practitioners of the Great Game of geopolitical manipulation are attempting to direct the unfolding crisis in the Gulf toward the consolidation of new and more monstrous forms of one-world, supranational government. These British circles, who have promoted the outbreak of the Gulf crisis, seek to use a widening conflict to impose a new geopolitical and economic-demographic pattern on world affairs. The form of this world government will be the institutionalization of the present Anglo-American-Soviet condominium, with special roles for Red China, Israel, and perhaps France, through the organs of the United Nations Security Council. The content of the policies promoted by Carrington and his Foreign Office group is absolute, satanic evil. If London succeeds in its utopian scheming, the result will be genocide and a new Dark Age. If, as so often happens, the British machinations misfire, the great gamesters may succeed in squeezing a third world war out of the departing twentieth century. In any event, new Koreas and Vietnams, and far worse, will be the lot of the United States, unless London is stopped.

The Great Game, as understood by Carrington and his late associate, Lord Victor Rothschild, features the concept of the "splendid little war." This is the manipulated military clash that seeks not just to redress the balance of power, but to reorient the policies of states, state coalitions, and dominant institutions, sometimes for a whole historical epoch. The Spanish-American War, launching the United States on the path of imperialism and toward a clash with Germany, is a fine example of this method. The Korean War of 1950-53 also offers very relevant lessons of what London is up to today.

The purpose of launching the Korean War was the consolidation of the institutions of decades-long U.S.-Soviet rivalry known as the Cold War. When that war broke out in 1950, NATO existed on paper, but had no troops and no command structure. The Korean emergency was used to promote American rearmament, back from a postwar low of a land army of just 500,000 men, toward a permanent,



*Top British oligarch Peter Lord Carrington, speaking before the United Nations, one of the Anglo-American oligarchy's playthings in its racist "Great Game" of manipulating nations into genocidal population wars against the peoples of the Southern Hemisphere.*

large-scale military economy, and also to set into motion the process leading toward German rearmament and the long-term division of Germany. Korea further gave the decisive impulse to the creation of bases and alliances for the permanent encirclement of the Sino-Soviet bloc.

The treachery and double-dealing of perfidious Albion back in the days of General MacArthur are instructive keys to London's scheming today. The Korean War was facilitated by the famous speech of U.S. Secretary of State Dean Acheson which announced to the world that South Korea and Taiwan lay outside of the U.S. defensive perimeter. The British encouraged Truman to intervene against North Korea's invasion despite that announced policy. Later, when Red China intervened, we saw the British formally participating along with the United States in the U.N. police action—with the usual token and Commonwealth forces, just enough to acquire rights to the relevant dispatches—while they worked behind the scenes to help Mao Zedong to consolidate his murderous regime. The bloody saga of Korea, which cost upwards of 5 million lives, reminds us that for the British, both nominal allies and nominal enemies are there to be manipulated to their own destruction.

### **The U.N. and the Cold War**

Today, the British elite feels that the time has come to recast the dominant conflict of world affairs into the form of economic and demographic warfare between the developed countries of the Northern Hemisphere and the underdevel-

oped South or "Third World." This means that institutions left over from the East-West conflict must either be junked, or rebuilt to fill the needs of North-South animosity. The British have been promoting a North-South axis of confrontation since the late 1970s at the latest. This was one of their main goals in Margaret Thatcher's Malvinas-Falkland adventure of 1982, and this tendency had been strengthened by such exercises as Grenada and Panama. The current Persian Gulf conflict is designed to complete these transformations, with the Anglo-Americans, Europe, the Soviets, and Japan all lining up, the British intend, against the developing sector. The creation of Saddam Hussein as a new enemy image along the lines of General Noriega, is an integral part of London's plan. Germany and Japan are the big losers in this scheme.

The Cold War was a wretched epoch of human history, but it had one benefit in comparison with what seems to be emerging: The constant conflict between the United States and the U.S.S.R., or, failing that, between the U.S. and Red China, virtually guaranteed the paralysis of the U.N. Security Council. In the Security Council, each of the permanent members (Washington, London, Paris, Moscow, and Beijing) has a veto power. During the Cold War, it was generally the Soviets who could be counted on to use their veto, followed by the Chinese, and occasionally the Americans, the British, and the French.

Much to the detriment of national sovereignty, independence, and human progress, the Security Council would ap-

pear to be functioning at the moment according to the original Franklin D. Roosevelt plan for the "five policemen," according to which the permanent members would preside over frequent and sweeping use of military forces and international police powers against recalcitrant nations of the small and medium rank. The result is a nightmare regime of limited sovereignty for all states, except for the permanent members of the Security Council, since all other states can be dragged into military operations and war against their will, and regardless of any constitutional provisions.

### **The role of the U.N. Security Council**

As Margaret Thatcher loudly stressed during her recent visit to the Aspen Institute in Colorado, the U.N. Security Council possesses powers to initiate economic warfare and actual hostilities in ways which are claimed to be mandatory and binding on all signatories to the U.N. Charter. These are concentrated in Chapter VII of the Charter, which is entitled "Action with Respect to Threats to the Peace." Chapter VII is explicitly cited *in toto* as the legal basis for economic sanctions against Iraq in Security Council Resolution 661.

Article 39 reads as follows: "The Security Council shall determine the existence of any threat to the peace, breach of the peace, or act of aggression and shall make recommendations, or decide what measures shall be taken in accordance with Articles 41 and 42, to maintain or restore international peace and security." This sweeping provision was the basis used for the June 1950 U.N. "police action" with multinational military forces under United Nations command that became known as the Korean War. The Korean police action was made possible by the fact that the Soviet delegate, Malik, was boycotting council meetings in support of the demand that Red China be seated, and thus cast no veto. Malik's return began a 40-year logjam in the council which, ominously, now seems to be ending. Article 39 has also been used to set up "peace-keeping forces" in the Congo (Zaire), Yemen, Cyprus, and elsewhere.

This is only the beginning of a sinister ladder of supernatural escalation. Next comes Article 40, which allows the Security Council to call on the parties to any dispute to "comply with such provisional measures as it deems necessary or desirable."

From there the Charter escalates further to Article 41, which reads as follows: "The Security Council may decide what measures not involving the use of force are to be employed to give effect to its decisions, and it may call upon the Members of the United Nations to apply such measures. These may include complete or partial interruption of economic relations and of rail, sea, air, postal, telegraphic, radio, and other means of communications, and the severance of diplomatic relations." These provisions were never used until December 1966, when mandatory international economic sanctions were applied against Rhodesia (now Zimbabwe), and they have never been applied since. This is the

article which most explicitly allows the economic warfare measures contained in Resolution 661, although, as already noted, 661 refers to Chapter VII as a whole.

Chapter VII also contains Article 42, which allows the concert of the five permanent members to declare universal war on a state or states. The text is as follows: "Should the Security Council consider that measures provided for in Article 41 would be inadequate or have proved to be inadequate, it may take such action by air, sea or land forces as may be necessary to maintain or restore international peace and security. Such action may include demonstrations, blockade, and other operations by air, sea, or land forces of Members of the United Nations." Article 42 has never been formally invoked, but its invocation against Iraq would now seem to be imminent.

The most celebrated attempt to apply Article 42 was during the Suez crisis of 1956, when the Soviet Union proposed that the U.S. and the U.S.S.R., along with other states, be delegated the task of using armed forces to discipline Britain, France, and Israel into obeying Security Council decisions bearing on their ongoing invasions of Egypt. This was vetoed by the British and by the French.

Article 45 creates the further obligation for member states to "hold immediately available national air force contingents for combined international enforcement action." The specifics of these supernatural air fleets are to be determined with the help of something called the Military Staff Committee. What is this Military Staff Committee? Article 46 gives it the following additional assignment: "Plans for the application of armed force shall be made by the Security Council with the assistance of the Military Staff Committee." In Article 47, we learn that "there shall be established a Military Staff Committee to advise and assist the Security Council on all questions relating to the Security Council's military requirements for the maintenance of international peace and security, the employment and command of forces placed at its disposal, the regulation of armaments, and possible disarmament. . . . The Military Staff Committee shall consist of the Chiefs of Staff of the permanent members of the Security Council or their representatives."

In the good old days of the Cold War and of East-West confrontation, the Military Staff Committee was quiescent, but it has existed for 45 years, with regular monthly meetings. The present chairman is a Soviet officer, Gen. Maj. Grigori Yakovlev. During the current crisis, the U.S.S.R. has ruled out taking part in a U.S.-led force in the Gulf, but is holding open the possibility of joining a U.N.-sponsored force. The U.S.S.R. has suggested that it would be open to revival of the Military Staff Committee for the purpose of planning such actions. The Soviet Foreign Ministry says it is "prepared for immediate consultations" within the framework of the committee, "which, according to the U.N. Charter can perform very important functions." Similarly, France has ruled out taking part in a U.S.-led or NATO intervention force,

but remains open to the idea of a force brought into existence under the aegis of the Security Council.

### The end of national sovereignty

The U.N. Charter, established at San Francisco in 1945, is everywhere adamant that the sovereignty and laws of all states be subordinated to the diktat of the Big Five. In addition to their immorality, these provisions are now also anachronistic, since many states, notably Germany and Japan (against which, along with Italy and other former Axis states, the several "enemy states" clauses of the Charter are explicitly directed), but also Brazil and other developing countries, could claim economic, strategic, and even military primacy over a devastated oligarchy like Britain.

Former U.S. Ambassador to the United Nations George Bush is presumably thoroughly familiar with this monstrous edifice of international coercion. Such figures as Thatcher and Kissinger clone Joseph Sisco (the former Assistant Secretary of State for the Middle East) have gloated that decisions of the Security Council, such as resolutions 660, 661, and 662 (the last voids Iraq's attempt to annex Kuwait) are *ipso facto* universal and international law, mandatory for all nations. It is the manifest intent of the condominium to activate this principle, first to blockade Iraq by land, sea, and air, and then perhaps to mandate an attacking force of which U.S. forces would be the centerpiece. The new prominence of the Security Council is a frontal assault on the sovereignty of every independent nation on the planet. Where is Stalin's veto-happy U.N. ambassador, the grim Andrei Vishinski, now that the world might derive some benefit from his favorite pastime of tying up the Security Council with his *nyets* and vetoes?

## The Persian Gulf: a British lake

by Webster G. Tarpley

Virtually all of the conflicts that have plagued the Middle East since World War II have their roots in colonialism and the British Empire, and the current Persian Gulf crisis is no exception. The Gulf has been a British lake throughout this century, and all of the Gulf actors in the present upheaval are

either former British colonial possessions, or components of the British sphere of influence. In particular, the family of Jabir Ahmad Jabir Sabah, the now-deposed Emir of Kuwait, for whose restoration American soldiers may shortly be called upon to fight and die, and for whose restoration American taxpayers are already paying, has been an imperial satellite and pawn of the British Foreign and Colonial Office for almost a century.

The Gulf as a British lake began well before the exploitation of the area's immense petroleum reserves. British imperialism in the Gulf was a hobby of Lord Curzon during those *fin de siècle* years when he was viceroy of India. This is the same Lord Curzon who gave his name to the Polish line of demarcation.

In the late 1890s, Sheikh Mubarak al Sabah, the ancestor of the present toppled ruler, was a down-on-his-luck petty warlord of the arid Gulf littoral. Kuwait, according to tradition, had been founded in 1710, and an emirate under the Sabah family is said to have existed from 1756 on. The entire region was, of course, formally a part of the Ottoman Empire, and Kuwait remained ultimately subject to the Sultan in Constantinople, but the authority of the Sublime Porte was already tenuous in the upper Gulf, where various petty rulers were seeking to break loose from the Sultan in the direction of the Court of St. James. In March 1897, Mubarak asked to be placed under the protection of the British Crown. The Foreign Office declined, but Mubarak kept repeating his offer.

The British became more interested when they began to perceive that other great powers, notably Russia, might be interested in taking over Kuwait. The British became especially alarmed when it appeared that Kuwait might become the southeast terminus for the Berlin-to-Baghdad railway, which was being projected by Germany. "We don't want Kuwait, but we don't want anyone else to have it," wrote a Whitehall official to Lord Curzon. Lord Curzon was so concerned about countering German influence, that he proposed that Britain occupy Bubiyan Island in order to be able to cut off Kuwait city from access to the Gulf.

Therefore, in January 1899, an agreement was signed between Sheikh Mubarak and Colonel Meade, the British political resident in the Gulf, which made Kuwait a protectorate of the British Crown. One of the provisions of this accord was that it was to be kept secret. Kuwait thus became a British protectorate and was to remain one until 1961, when its nominal independence was established. But as far as the Sultan and even world public opinion were concerned, Kuwait in 1899 remained a part of the Ottoman Empire. According to the British Foreign Secretary, Lord Lansdowne, "a shadowy suzerainty may be exercised by the Sultan over the Sheikh, but the Sheikh should not be described as 'technically a subject of the Sultan.' "\* In 1899-1902, the Royal Navy employed or threatened armed force numerous times to protect Mubarak from the Turks.

The British found Emir Mubarak an unruly and aggressive ward. In 1901, Lansdowne wrote, "We have saddled ourselves with an impossible client in the person of the Sheikh. He is apparently an untrustworthy savage, no one knows where his possessions begin and end, and our obligations towards him are as ill-defined as the boundaries of his Principality."

Mubarak became involved in a rivalry with another local potentate, Ibn Rashid, for the domination of eastern Arabia. As a result of this rivalry, Mubarak gravitated toward an alliance with another desert warlord, Abdul-Rahman ibn Faisal al-Saud, and with the latter's son, Abdul-Aziz, later King Ibn Saud of Saudi Arabia, who was able to administer some defeats to Ibn Rashid in 1902, and who was later associated with Lawrence of Arabia.

During World War I, the upper Gulf was important as a base of operations for British forces advancing against the Ottoman Army defending Baghdad, with which German General von Falkenhayn served for a time. During these years of 1914-18, the British repeatedly reaffirmed their protectorate over Kuwait.

### **'Independence' and its aftermath**

On June 19, 1961, the British government announced that it was terminating the protectorate of 1899 and was recognizing the sheikhdom as an independent state. At this time, the British government also signed an undertaking, promising to provide military assistance to Kuwait if asked to do so by the Kuwaiti government. Thus was established a purely British obligation to defend Kuwait which remains in force, but which may not have been invoked by Kuwait now in August 1990. If any direct and explicit request for British help has been made by Kuwait, it has manifestly not been honored by the British, who prefer rather to hide behind Churchillian posturing and behind Chapter VII of the U.N. Charter.

Several days after London had announced Kuwait's independence, Gen. Abdul Karim Kassem, the prime minister of Iraq, advanced a claim on Kuwait, maintaining that Kuwait had always constituted an "integral part" of Iraq. Kassem argued that under the Ottoman Empire, Kuwait had been juridically a part of the Ottoman province of Basra, and that ethnically, geographically, and socially Iraq and Kuwait were in effect one country, which had been artificially and arbitrarily partitioned by the British.

Kuwait appealed to the U.N. Security Council for help against Iraq, but no action was taken because the U.S.S.R. interposed its veto. London thereupon chose to act unilaterally, and in early July 1961, some 600 Royal Marines landed in Kuwait. The British government announced that it would be willing to withdraw its forces if they could be replaced by a peace-keeping force of the Arab states. British diplomacy had, in the meantime, induced the Arab League to admit Kuwait as one of its members, thus further buttressing its

claim to independence. Arab forces began to arrive in Kuwait by September, and in October the last of the British departed. But in December of the same year, the British placed their Middle East forces on a high alert, in response to reports of new Iraqi attempts to seize Kuwait, which did not, however, materialize.

In October 1973, Kuwait was at the center of world attention as the venue of a meeting of the six largest Gulf oil producers which announced a 17% increase in the price of crude oil in response to the Yom Kippur War involving Israel, Egypt, and Syria at that time. But in March 1973, another acute crisis involving Iraq had emerged. In that month, Iraqi troops occupied a police station in the locality of Sameta, some 2.5 miles inside Kuwaiti territory. Sameta commanded a dominating position over the Iraqi port of Umm Qasr. For a time there was the danger of larger-scale fighting, but the dispute was submitted to negotiations, which dragged on to late August without any result, and were then adjourned. In June of this year, the National Assembly voted an appropriation of \$1.2 billion to provide Kuwait with a defense force.

The Sabah regime in Kuwait has been noted especially for its unbridled nepotism, with a 1984 survey showing members of the emiri family holding the posts of deputy prime minister, foreign minister, information minister, interior minister, finance minister, and various sub-cabinet posts. The Sabah clan is known for its sybaritic lifestyle, with yachts, limousines, race horses, and opulent consumption as the order of the day.

### **The British in Iraq**

As for Iraq, it too has a long history of British influence. In the postwar period, Iraq, along with Iran, Turkey, and Pakistan joined Great Britain in membership in CENTO, the Central Treaty Organization, a regional and ostensibly anti-Soviet pact modeled on NATO and SEATO. Iraq was therefore a British ally until 1958, when a military coup deposed the pro-Western Iraqi monarchy, leading to the creation of the regime of General Kassem.

The ability of the Anglo-Americans to manipulate Saddam Hussein was impressively documented in 1980. At this time, it was apparent to London that the regime of Ayatollah Khomeini in Iran was threatened with collapse after one year in power. Circles in the Foreign Office estimated that only an armed conflict with a foreign enemy could provide the needed cohesion and preserve the Khomeini dictatorship. Certain of these circles then chose to incite Saddam Hussein to wage war on Iran, primarily for the purpose of consolidating the Teheran regime as the leading pillar of the Muslim fundamentalist revival. Through enticements conduited via the intelligence channels of several countries, Hussein was offered assurances of an easy victory over the Persians that would establish him as the most dynamic leader of the Arab world. In reality, the Gulf war lasted eight years and cost upwards of a million lives.

# Anglo-Americans set stage for Mideast war

The following time-line gives some highlights of how Middle Eastern leaders were manipulated into war by Anglo-American interests.

**December 1989.** Bush-Gorbachov summit in Malta formalizes an Anglo-American/Soviet agreement to make a "Greater Syria" and "Greater Israel" the dominant powers of the Middle East. Iraq, an opponent of both Syria and Israel, is declared a joint U.S.-Soviet target.

**Early March 1990.** Jordan's King Hussein reportedly tells Egyptian President Hosni Mubarak and Saddam Hussein, at a meeting of the Arab Coordination Council in Amman, Jordan, that he has concrete evidence showing that the Israeli government has been planning a war with Jordan. Iraq is Jordan's main military ally; any attack on Jordan would be an attack on Iraq. The emigration of hundreds of thousands of Russian Jews to Israel is cited as a main impulse toward war. The Malta summit had formalized conditions whereby emigrating Soviet Jews would only be allowed to emigrate to Israel, and not be allowed to emigrate to the United States, their longstanding country of choice.

**March 15.** Iraq executes British spy Farzad Barzof, who had been caught photographing an Iraqi military installation. The Anglo-American and Israeli press begins a campaign depicting Iraqi President Saddam Hussein as a "new Hitler."

**March 22.** Iraqi-linked weapons scientist Gerald Bull is assassinated in Brussels, Belgium. Bull had been employed by the military installation that Barzof had photographed.

**March 28.** British authorities arrest three Iraqi agents supposedly attempting to smuggle nuclear bomb timing devices from London's Heathrow Airport. The arrests trigger a well-prepared series of attacks against the Iraqi regime for allegedly daring to develop its military technology, and implicitly threatened a repeat of the 1981 Israeli strike against Iraq's nuclear research facility at Osirak.

**April 2.** Saddam Hussein, warning of a new plot against his state, threatens to obliterate half of Israel with chemical weapons if Israel ever bombs Iraq again. Anglo-American media claim that Saddam Hussein said he was preparing to "gas the Jews."

**April 3.** Israel, unlike Iraq a current nuclear power, launches its second military reconnaissance and target acquisition satellite into orbit.

**April 11.** Israel begins a series of tests to gauge international opinion regarding a new Israeli war with the Arab states. Israeli government funds a Jewish religious school to illegal-



ly occupy church property adjacent to the Greek Orthodox-managed Church of the Holy Sepulchre in the Christian Quarter of Jerusalem. The yeshiva desecrates the property the day before Good Friday, and in the ensuing riots the holy site is tear-gassed. Despite the provocation, on April 24 the U.S. Congress votes up a resolution recognizing the illegally seized Jerusalem as Israel's eternal capital.

**April 22.** The Argentine government announces that it has canceled its Condor II missile program co-sponsored by Egypt and Iraq, in compliance with Bush administration demands. The United States, British, and Israeli press had depicted the project as "Hitlerite."

**May 5.** King Hussein calls for an emergency summit, later held in Baghdad, Iraq, to deal with the effects of the planned immigration of hundreds of thousands of Russian Jews to Israel.

**May 29.** At the emergency Baghdad summit, Palestine Liberation Organization leader Yasser Arafat denounces the United States for support of Israeli expansionism. At the same summit, King Hussein denounces the war plot against Jordan.

**June 11.** A new Israeli war government is formed by Yitzhak Shamir, with the covert support of the Bush administration. The main stated commitment of the new regime is the settlement of some 1 million Soviet Jews in Israel over the next three years. Shamir calls for a "Greater Israel" to provide necessary space for the new immigrants.

**June 20.** Bush formally breaks off U.S. talks with the PLO under the pretext of an aborted Palestinian raid on the Israeli coast near Haifa on May 30.

**July 8.** Saddam Hussein appears on French television to warn of the danger of a Middle East war, and of an Israeli attack planned against Iraq.

**July 10.** Yasser Arafat appears on Voice of Lebanon to warn that the "Kissinger gang of five" within the Bush administration is pushing the region toward war. He states that the problem with Israel is that Israel is a U.S. project.

**July 12.** U.S. Joint Chiefs of Staff Chairman Gen. Colin Powell announces in Cairo that Egypt will get fewer U.S. arms. He decries as "ridiculous" the warning that there is a threat of a new war. That same day, Bush administration spokesmen leak a claim that Libya is secretly planning to manufacture poison gas.

**July 12.** Former Senator Charles Percy concludes a five-week Mideast tour with a press conference at which he says

the region is heading for war.

**July 16.** King Hussein appears on ABC Nightline to warn that the Middle East is headed toward war and that the United States is failing to stop it.

**July 17.** Iraq's Saddam Hussein accuses Kuwait of being part of a U.S.-Zionist conspiracy to keep the price of oil artificially low.

**July 24.** The Bush administration denounces Iraq for "coercion and intimidation" against Kuwait, and announces an immediate "exercise" of its Persian Gulf task force.

**July 25.** Israeli Foreign Minister Moshe Arens and former Defense Minister Yitzhak Rabin appear on two separate Israeli radio programs stating that the presence of any Iraqi troops in the Iraqi allied state of Jordan is a "*casus belli*."

**August 2.** Iraqi troops seize Kuwait. Conveniently, U.S. Secretary of State James Baker III is meeting with Soviet Foreign Minister Eduard Shevardnadze in Siberia, while President George Bush is meeting British Prime Minister Margaret Thatcher in Colorado. Appearing before a special session of the Israeli Knesset that day, Israeli military intelligence deputy director Daniel Rothschild admits that Israel intelligence and the U.S. Central Intelligence Agency had foreknowledge of the Iraqi invasion plan.

**August 4.** High-ranking Iraqi official Izzat Ibrahim travels to Riyadh, Saudi Arabia to tell the Saudis that Iraq has no intention of crossing into Saudi Arabia; that it honors the Iraqi-Saudi non-aggression pact; and that it hopes that the Saudis will not yield to U.S. pressure to engage in hostilities with Iraq. The Saudi Kingdom responds positively to the Iraqi offer, and refuses a U.S. request that day to cut the Iraqi oil pipeline that flows through Saudi Arabia to the Red Sea. This, and other intense diplomatic maneuvers in the region, offers hope that a larger war may be avoided.

**August 5.** President Bush dispatches an angry note to Riyadh expressing unhappiness with the Saudi decision. Immediately after receiving Bush's note, King Fahd orders Saudi troops to advance to the Kuwaiti border, and agrees to open up Saudi airfields to U.S. forces. U.S. Defense Secretary Richard Cheney is dispatched to Riyadh. Secretary of State Baker announces plans to go to Ankara, Turkey to pressure the Turks, who, like the Saudis, have no desire to be involved in an unnecessary U.S. adventure.

**August 6.** Iraqi President Saddam Hussein threatens that if attacked, Iraq will blow up the oil fields of Kuwait. He also threatens to blow up Saudi Arabia's oil fields if the Saudis aid U.S. forces.



## Understanding the war in the Mideast

*The following has is taken from verbal remarks made by Mr. LaRouche, speaking from prison in Rochester, Minnesota.*

The Middle East war must be understood in the following terms: There is a geopolitical conflict, avowedly by the Anglo-Americans of Britain and North America. This policy envisages the danger that a united Germany might lead Western Europe in giving economic assistance to the rebuilding of Eastern Europe, and Moscow, as creating a Eurasian land-mass threat to their world domination by the Anglo-American rim.

The Anglo-American rim group, which has orchestrated the situation in the Middle East, and which controls the government of Israel, at present, has two general objectives: One is to weaken Germany, and Japan, at all costs. The declaration of economic warfare against Japan and Germany as the strategic elements of the CIA, and so forth, is one illustration of this. The role of U.S. Special Trade Representative Carla Hills is another illustration of the same intent to destroy, virtually, the economies of Japan and West Germany.

The other side is to pit Russia against Germany. This is very much the same kind of thing that was done by the British to cause World War I, and, by reflection, also World War II. It is a natural outgrowth of the theory behind the Congress of Vienna, the Holy Alliance policy of Britain's most famous butcher, Castlereagh.

The other part of the British—or Anglo-American—policy, is to shift the conflict otherwise, to between the northern and southern parts of the world—that is, the war of the Northern White Race, against the Southern Colored Races, including Spanish-speaking people in Mexico, and south, as parts of the targets of this dirty operation.

The significance of the Middle East is that it's the crossing point for both of these issues.

### **Oil is not the issue of conflict**

A shutdown of 60% of the world's proven oil reserves, which is what is threatened right now, or even the threat of doing so, drives up the price of petroleum, and drives down

the supplies of petroleum, to the point that Eastern European development is threatened, the development of continental Western Europe is threatened, and the development of Japan is threatened.

At the same time, this same war is a part of structuring the military capabilities of the northern part of this planet for perpetual population wars, and other murderous enterprises, against the people of the nations to the southern part of the planet.

The fact that the Israeli government at present is a bunch of warlike maniacs, and otherwise certifiably insane, and that the saner forces in Israel are not presently at the fore; the general situation in the Middle East; the instability of the condominium, that is, the East-West joint empire arrangement—all indicate that we're going into a summer-autumn period, in which a Middle East war would be the most probable event orchestrated by the Anglo-Americans in particular.

What is at conflict here, is not the price of oil; but, of course, the price of oil is very much affected. The stresses had reached the point in the economy generally, that any perturbation was likely to upset the appercart for George Bush. What the war might cause, as former Energy Secretary James Rodney Schlesinger has said, would be a rise of the price of oil to \$40 a barrel or higher; and a really bad war, or perpetual war in the Middle East, might drive the price of oil up to \$60, of course. Those are realities. But, that is not fundamental. It's very important, it's very painful, it's very crucial, but it's not fundamental.

### **A war of two images of man**

The fundamental thing is a conflict in philosophy.

Since Solon of Athens, approximately, since the time of the Ionian revolt against the Persians, the suppression of that revolt, European civilization has been divided into two currents, which, for the past 2,000 years, has been a conflict between a Christian current, and a paganist current, sometimes calling itself Christian, but nonetheless paganist.

The two currents are called, respectively, republican, which is the Christian current, or oligarchical, which is the opposing current, the anti-Christian current, typified, for example, by King George III of Britain, back in the late 18th century and early 19th century. Or, the conflict between Alexander Hamilton, the Christian, the republican, as against the heathen, paganist Adam Smith of Britain. Those are simple facts; they're not contestable to anyone who understands the subject.

What we face now is the alignment, or attempted alignment, of Anglo-American pagans, people who would like to bring back a *Pax Romana*, some kind of a Roman Empire under their rule, in partnership with a significantly weakened Moscow. That's their game. These people who want that kind of game, the partnership with Moscow, for imperial rule, believe that this is a Third Rome. They wish at the same time to support policies which exterminate Christianity, at

least in the form associated with Jesus Christ and the Apostles or anything since—the republican form of Christianity—and to bring back in a pantheon, an assortment of religions, in which Christianity might be tolerated as one of them.

But, Christianity as a system of values would be exterminated, extirpated, from the political processes of society. These people are also radical environmentalists, radical ecologists. They wish to crush technological progress, not because it enables us to produce more people, although that's what they say; but, because technological progress means the development of the mind of the general population to a level at which it can generate, assimilate, and use advanced scientific knowledge in the form of improved technology.

Therefore, I say, that the conflict today is between these two philosophies: the oligarchical, or pagan, or pagan Rome, or those who would like to go back to pagan Rome, or New Age, on the one side; and on the other side, the Christian, republican tradition, which implicitly is traced from Solon and Socrates, so that we might say modern Western European civilization and American civilization is, essentially, that of a Socrates converted to Christianity.

Which of these two philosophies is going to prevail, is the question. If the former, the world is going to hell; the planet is going to hell. Only this upsurge of the latter, to say, "Enough. Enough evil; this evil must cease," leaves any hope for humanity.

In summary, the situation involving Iraq, Kuwait, and other states of the Arab world, is an internal Arab affair, and anyone from outside the Arab world, must proceed with a great degree of reserve and caution in this matter: not make ultimistic demands from the outside, which complicate and render difficult, the ability of Arabs to settle their own affairs.

### **Arabs have a right to develop, too**

In general, this danger in the Middle East will continue, until the world accepts the right of Arabs to have basic economic development, including basic infrastructural development in the region. This means water systems, energy systems, including nuclear plants; this means transportation grids, and so forth and so on.

One would hope that Israel could become an integral part of such a joint economic development of the region as a whole. That, I see today, is the only hope for peace. But, the essential thing remains: It is time that the industrialized nations recognized the *human right* of Arab people to economic development, including basic economic infrastructural development. It is time that the world allowed the Arab nations to use their petroleum assets in particular, as a bargaining chip for development of basic economic infrastructure, and, thus, provide the foundation for the improvement in food production, the foundation for the development of small, high-technology firms, entrepreneurial firms, and thus, the basis for the development of a healthy, viable, manufacturing sector.

## **Natural \$30-35 oil price to shock U.S.**

*On Aug. 5, the foremost expert on physical economy, jailed political prisoner Lyndon LaRouche, explained why a \$30-35 per barrel oil price is a "natural" level. This price level will deliver financial and economic shocks to a disastrously mismanaged U.S. economy, he said, which has been propped up the artificially low cost of oil and other primary commodities. The following is edited from oral remarks.*

The general estimate is that the rise in the price of oil will hit the highly vulnerable U.S. economy the hardest. The interesting thing to note here, is that a \$25-30 oil price is not to be seen as something specific to a Middle East oil crisis. Rather, if one looks at the movement of prices for petroleum products over the past quarter-century, we find that petroleum should be, on the international markets, between \$30-35 a barrel.

Now, what is the proper price of petroleum? It is a price which covers three elements of cost. One, is depletion: The cost of developing fields before you begin to produce even a gallon of oil from them. Second, the price of production, including capital replacement costs, that is depreciation and amortization costs, as well as direct production costs. Third, costs of distribution, especially physical distribution. On that basis, we can say that on the average, the world market price for petroleum should be \$30-35 a barrel.

The sole argument, from a physical standpoint, against this, is that given the extraordinarily low cost of production and large quantities of product available from Saudi Arabia, and so forth, why not produce all the world's petroleum supply in Saudi Arabia and other exceptionally low-cost regions, and not use the marginally higher-cost petroleum products of the North Sea and other higher-cost production areas?

That, obviously, is a fallacy of thinking, a fallacy which is exposed by the fact of the current Middle East oil crisis. Would you wish the world's petroleum supply to come entirely from one highly vulnerable region of the world, a region which could be shut down overnight, by some catastrophe?

So obviously, part of the cost of production of the petroleum involves the *security* of supplies of an essential product, petroleum. Petroleum is not something we can dispense with overnight, simply because we decide we're not going to use it tomorrow—that means shutting down our economy. We have to have the flow of petroleum to keep our economies

moving. We must have secure supplies of petroleum, not merely petroleum at the lowest price. And there goes the flea-market economy theory out the window, once you bring in security of economies.

Therefore, we have to say that the price of petroleum is not the average price of petroleum from all sources, but rather is determined as the top price which we must pay, in order to bring into production, and sustain in production, any part of our petroleum supply which we require for security reasons.

For example, if Europe needs North Sea oil, as a security measure, then you cannot have an oil price in the world which goes below that price, the price of the North Sea oil. If the United States should have petroleum domestically produced, as a security measure, then we should not have a price below the price of maintaining domestic U.S. petroleum production. And thus, by these marginal factors, we defend the basic cost of depletion and production and so forth. Those are the considerations.

### **U.S. ripe for oil price crisis**

Now, let's get back to the sticking point. Why, therefore, is the U.S. considered threatened by a Middle East petroleum crisis? On two grounds: We do not have well-developed alternative sources, because of an idiotic domestic policy on oil production of the Western Hemisphere, as well as U.S. domestic production. On both points, the U.S. government's policy over the recent 20 years has been increasingly insane. There were moments when we threatened to become sane, but those little fits have been safely passed over, and we have gone back to our now-more-accustomed insanity.

In those terms, therefore, the United States was ripe for an oil price crisis, Iraqi involvement in Kuwait or not. What the Iraqi involvement in Kuwait has done, is merely triggered a sequence of events which brings the world *back to reality*, on the issue of oil prices.

What's the explanation, then?

The United States is being subsidized, in part, by the flows of petroleum at prices way below what should have been the true price. Once the United States has to adapt to what is a truly competitive price, for sustained supplies of petroleum, then the United States economy is threatened with a collapse! In other words, the U.S. policy recently has been gambling on an unsustainably low price of petroleum. Reality has caught up with the United States.

Let's look now at the Iraqi actions and developments around the Iraqi actions, in that context. It is generally a law, in history, that crises such as this one do not cause rises in oil prices, for example, but rather create political instabilities in which what would have tended to happen anyway, happens. Take, for example, the oil price crisis of 1973-74. A great deal can be said, about the fact that Henry Kissinger and Henry Kissinger's friends were the cause for that particular piece of nonsense. The correspondence from Sheikh Ya-

mani, who was the Saudi oil minister at that time, to the U.S. ambassador to Saudi Arabia, stated that in the view of Saudi Arabia, concerning petroleum policy, the Kissinger administration in Washington was *insane*.

### **Petroleum and gold prices related**

On a deeper level, as one fellow has recently noted in the pages of the *Wall Street Journal*, the price of petroleum has always maintained—with one brief exception, which was not 1973-74—a definite relationship to gold, to monetary gold, reserve gold, so that the cost of barrels of oil in terms of a gold bullion price, has remained fairly stable over the past quarter-century. But what held the gold price down artificially, below the \$500 or more per ounce level it should have been at, was an artificially low price of petroleum, and some other primary commodities in international circulation, such as food products—which have been selling way below their true cost of production, along with petroleum—and because of the depressed industrial markets, and other primary commodities which have also been selling below their cost of production. Therefore, the gold price has been artificially low.

But, if we look at what the oil price would have been without this variously caused artificially low price of gold, we get a \$30-35 per barrel price, which is perfectly in line with what should have happened. What happened? The bubble was popped. Reality flowed in, and oil is headed toward \$30-35 per barrel. Gold, eventually, is headed up toward \$500 an ounce, unless the U.S. government can muster the world's agreement to keep it down.

### **Bush is in trouble**

That gives the essential lesson about oil pricing and the way in which this oil pricing matter is affected by the Gulf crisis of the moment. Otherwise, what had happened is simply that George Bush, who has run the United States, with his friends, since prior to October 1987, in fact, has managed apparently, thus far, to walk on water on the economic issue, by means of measures, including those put into effect in October 1987, which delay the inevitable next financial crash. Now, he has run out of steam. These efforts no longer work.

What has happened is a new oil price crisis comes along, a perfectly natural phenomenon—inevitable. Such a phenomenon would have occurred somehow, anyway, even without this Iraq-Kuwait issue. It has now caught up to George, along with a number of other things which are collapsing, including bank collapses, and so forth. This shock wave, of a surge of oil prices toward their *natural* value of \$30-35 per barrel, hitting a shattered, unstable U.S. economy, ready to collapse already, will cause great financial shocks and economic shocks, from the top to the bottom of the U.S. financial, economic, and monetary system. That's the lesson for today.

## German unity faces towering challenges

by Rainer Apel

In discussions with this news service, Mideast policy analysts who also advise the West German government expressed deep concern about an escalation of the Persian Gulf crisis provoked by an Anglo-American military intervention, and about the immediate effects this would have on the oil supply to Europe and on the general economic perspectives for the next few critical years—years during which an economic recovery must be launched in East Germany, Eastern Europe, and the Soviet Union.

One may assume that these concerns were passed on to Chancellor Helmut Kohl prior to the beginning of Iraq's military occupation of Kuwait, and that this intersected arrangements for the surprise meeting of Kohl and East German Prime Minister Lothar de Maiziere on July 31, which resulted in an unexpected, joint call for moved-up unification of Germany and date of election of a united German parliament on as early as Oct. 14.

The date, actually the day of the first elections for state parliament in the five restored, historic German states on the territory of present-day East Germany, doesn't make sense from a merely internal German viewpoint, especially since Kohl and de Maiziere referenced the grave economic situation in East Germany as the main reason for proposing moved-up elections. Proposing the date reflected a panic reaction, a feeling of "coming too late, otherwise," triggered by something than internal German problems.

Before July 31, neither Kohl nor de Maiziere had endorsed an election date before Dec. 2. Their change of mind came as a total surprise, as did the change of mind among

the Social Democrats, who all of a sudden responded by calling for Sept. 15 to be the date of actual merger of the two German states, but insisted on Dec. 2 as the election date, as before. Both alternate proposals seem to be rather absurd, seen as an issue by themselves, and they caused rather absurd political repercussions in both German parliaments, which were scheduled to hold the final vote on the election law package on Aug. 8-9.

Part of the East German parliament boycotted the decisive session on Aug. 8 before the vote, and thereby upset the entire timetable, so that the West German parliament could not vote on the following day. Both parliaments will have to convene again two weeks later, which means that these same two weeks will still be absorbed with fruitless debates and absurd maneuverings, in a situation which in fact requires a higher level of political debate on the realities of the escalation of crises abroad, and their repercussions on Germany and the unification process.

### Cleaning up the economic mess

Meanwhile, only a few weeks before the expected unification of the two Germanys into one nation-state, the nation's political scene gives the impression of mounting, almost unsurpassable problems. Alarming figures on the industrial and farm sector employment have been published: More than 400,000 jobless, and another 500,000 on shortened work time are registered in East Germany, with many more to come in the next few months. Against a total labor force of about 9.5 million, this represents a dramatic development.

Admittedly, the social security system which East Germany adopted along with the German-German Monetary Union on July 1, will ensure that nobody is turned into a homeless person from one day to the next. Everyone will have guaranteed medical treatment, no one will starve, and the effects of the overall austerity policy approach will be eased by additional tens of billions of deutschemarks pumped into East Germany by the West Germans.

But still, there is an economic emergency in East Germany; there are grave problems whose solution cannot be delayed, for the sake of a functioning united German economy and its role in the planned recovery of Eastern Europe and, if possible, of the Soviet Union as well.

Following the collapse of the socialist regime in East Germany, there has developed a state of economic, administrative and political anarchy, fueled by a mixture of incompetence of the new political forces and sabotage of relics of the ousted communist Socialist Unity Party. Compared to the problems facing the population of Poland, Czechoslovakia, and the other nations in the East, including the U.S.S.R., are, this "German disease" appears rather small and manageable. But to most West Germans, used as they are to living under stable, secured economic and social conditions, the trouble in East Germany looks most threatening. Fueled by sensational media reports on the situation in East Germany—usually a mixture of truths, half-truths and allegations—many West Germans tend to believe in the scary picture presented.

### **Vision versus pragmatism**

A major problem is the fact that West German Chancellor Kohl and his conservative-liberal coalition government prefer not to rally West Germans behind their policy, but rather are attempting to deal with difficulties in a purely administrative way, and by emergency transfer of additional billions of deutschemarks into the East, while letting West Germans dwell on their mostly unfounded fears. This has opened a vulnerable flank which is being exploited to the hilt by the parliamentary opposition, the Social Democrats, who are acting as the domestic mouthpiece of the international circles which are bitterly opposed to German unity.

The opposition candidate for chancellor, Social Democrat Oskar Lafontaine, has been quite successful in whipping up the mixture of founded and unfounded fears among the West German electorate, and paints a doomsday picture of the future united Germany. Even before the November revolution last year, Lafontaine was an unabashed supporter of the hated communist regime of Erich Honecker in East Germany. And now, it is quite obvious that he is employing his populist rhetoric in accordance with media attacks launched on the German unification process from abroad.

For example, there has been massive propaganda in the Anglo-American media about an alleged German-Soviet accord, sealed by Chancellor Kohl and President Gorbachov in Stavropol July 16, which excludes the other Western na-

tions—meaning Great Britain and the United States. Lafontaine and another Anglo-American asset in Bonn, Count Lambsdorff, chairman of the liberal Free Democrats, Kohl's minor coalition partner in the government, launched a phony fight over the date and conditions of the envisaged all-German elections, thus driving a deep wedge between the different coalition parties in both German governments.

Matters came to a head on July 24, when the eastern Liberals withdrew support to the coalition government of Prime Minister de Maiziere (a Christian Democrat) and pulled out their two cabinet ministers (municipal affairs and housing), over the hair-splitting issue of having East Germany join West Germany one day before the date of all-German elections. The eastern Social Democrats, again, confronted de Maiziere with an ultimatum to declare his mind on this issue by July 27, or else they would walk out from the coalition, too.

De Maiziere countered the operation with statements that the crisis was one "ostensibly triggered from outside, in Bonn, at least from the liberal side"—i.e., from the side of Count Lambsdorff, whom he charged with having given the "marching orders via television" to the eastern Liberals.

But why had Lambsdorff given these marching orders, and on behalf of whom? Lambsdorff is well-placed in senior Anglo-American "free market" lobbying groups such as the Trilateral Commission, the Mont Pelerin Society, and the Eminent Persons Group, a free-market front group recently established that took to the public for the first time at a press conference in Houston on July 10, taking a stand against the Franco-German proposal for a comprehensive immediate Western aid package to the U.S.S.R.

Lambsdorff, ganging up in this new group with former U.S. Federal Reserve chairman Paul Volcker, among others, called for strict, International Monetary Fund-type conditionalities to be applied to all Western aid to the East. Kohl and French President François Mitterrand opposed that approach at the Houston summit, and Gorbachov added his own opposition at his subsequent meetings with Kohl in Moscow and Stavropol on July 15-16.

### **More sabotage in the works**

While de Maiziere attacked Lambsdorff, an aide to the parliamentary group of the Christian Democratic Union (CDU) in Bonn admitted to this news service on July 25 that the struggle over the election law was "certainly not the real thing. Something else is cooking, and only Lambsdorff and a handful of others at the very top may know. We don't know yet, what the strategy is, but we can be sure it is going against Bonn, not against the cabinet in East Berlin as in the last instance."

As for Oskar Lafontaine's role in this conflict, he has consistently sided with the Anglo-Americans against German unity and Chancellor Kohl. Shortly before Kohl's talks with Gorbachov in Stavropol, Lafontaine stated full sympa-

thy for "fears caused by Kohl's German policy, in London and at the Houston world economic summit."

Since late last year, Lafontaine has been favored as an alternative to Kohl by the U.S. State Department, and has also been the subject of lavish and fawning coverage by the same Anglo-American media that have launched the "Fourth Reich" hysteria against Kohl's policy.

It should also not be forgotten—as Lafontaine's previous support for Honecker attests—that Lafontaine is seen as a useful asset by circles in Moscow that oppose German-Soviet economic cooperation and which favor instead a "Trojan Horse" strategy of destabilizing, and then taking power in a united Germany.

A dangerous constellation of domestic and foreign hostile forces are therefore ranged against the German unification policy of Kohl and de Maiziere. From July 24 to July 27, the two governments seemed to be on the verge of paralysis and collapse.

But at the utmost peak of the crisis, the eastern Social Democrats decided to stay in the government and deserted the Lafontaine strategy of all-out confrontation. The motives of the eastern SPD are not fully clear, but it is said that they felt the issue pushed by Lafontaine was counterproductive to their own reputation among the East German electorate, the large majority of whom oppose this kind of inter-party warfare and rather favor a debate on the pressing economic issues. The desertion of the SPD in the East forced a fuming Oskar Lafontaine to rework his confrontation strategy, this time not so much along the election issue as such, but more along economic crisis issues.

There remains a big question mark on the matter of why the chancellor canceled his address to the West German parliament on Aug. 9, missing a chance of responding to the tirade of Lafontaine which, in addition to the usual attacks, also contained an appeal for all-party emergency dialogue on issues such as a state-run program for investments in infrastructure, energy, and housing.

One may accuse Lafontaine of demagogic intentions with this call for a massive investment program, but in fact, the situation is overripe for an all-party initiative that may help German politics back to the real issues. The chancellor should have taken the chance of testing the mind of his challenger, of nailing him down on something that is useful across all party boundaries, or of exposing Lafontaine's proposal as a phony election ploy. The chancellor also missed a chance to address West German citizens, who usually follow parliamentary debates with great interest, but who are often frustrated about the low level of debate. A great historic task such as the reunification of Germany, in the middle of a deepening international crisis, deserves the appropriate quality of political debate.

It is still possible to change the level and course of politics in Germany; but it seems that the real strategic shocks which will wake up the politicians, are still to come. The current

muddling won't lead anywhere, except to disaster. One may hope that while waking up, some of Germany's senior politicians will realize that what is required at this moment, are proposals like the one made months ago, in expectation of this crisis, by Lyndon LaRouche, for a "Productive Triangle" of industrial recovery, centered around government initiatives in Central Europe.

### **Another escalation: terrorism**

On July 27, something else happened that was peculiarly well-timed with the peak of the parliamentary crisis: In the wee hours of the morning, an automobile being driven by Bonn Assistant Interior Minister Hans Neusel drove into a terrorist bomb trap. Luckily, Neusel survived the attack and suffered only minor injuries. According to a letter found near the site of the detonation, the attack had been carried out by the infamous Baader-Meinhof Gang, the so-called "RAF."

The initials stand for "Red Army Faction," the terrorist group whose members have been sought by West German authorities since the early 1970s, and which, it now turns out, were harbored and assisted by the Soviet Union and the former East German regime. But reading "RAF," one might also think of the British "Royal Air Force," for the following reason: The group's letter explained that they had attacked Neusel because he "personified, through indirect incorporation of the continuity of German fascism from the Third Reich to the Greater Germany that is heading towards the Fourth Reich." The phraseology bore quite a resemblance to attacks that had just been aired against the Germans in certain London and Glasgow dailies and other British publications.

The similarity between the RAF document and the tone of the latest British media propaganda campaigns, was duly noted in a commentary in the London *Sunday Correspondent* appearing on Aug. 5. The newspaper remarked: "Last week, the RAF let it be known that the Neusel attack marked the start of a long period of struggle against the newly emerging Greater German/West European superpower. 'West Germany and the new political elite in the G.D.R. [East Germany] are pursuing the same aims and political plans as Nazi fascism,' it said in a letter. 'The third invasion of Europe by German capital this century will not be carried out militarily, but economically and politically.'

"A year ago such views were seen as absurd. Today they are equally so, but more people may be ready to listen. After all, the content of the remarks of the British Trade Secretary [Nicholas Ridley] in the *Spectator* last month was not so different."

If more than a merely verbal connection exists, it may be most difficult to prove at this point, just as it had been difficult to prove East bloc connections to the RAF until early this year, when the direct involvement of the former East German secret intelligence and other East bloc agencies became known.

# A hot, bitter summer in Moscow

by Larissa Grigorenko and Karl Heine

Moscow, end of July 1990. Seeing Moscow today—crossing it on foot, by metro, by bus and tram, the vast stretches of this huge metropolis, and talking to scores of people from all walks of life—is not the same Moscow as during the Brezhnev years, nor that of even two years ago.

What we saw was more than a city, more than a people. We became eyewitnesses to history, to what one can only describe as a revolution in the making. Had we not seen things with our own eyes and heard with our own ears, we would never have believed what we did hear and see.

Why revolution? The Russians have lost their fear. What strikes you most is that Russians, and those of all other ethnic groups living in Moscow—a sort of cosmopolitan microcosm of Soviet society—all speak out, in the open. They say what's on their mind about the "communist paradise" they are still forced to live under, about their leaders, about the KGB, about the Church, about their miserable living conditions. They openly express themselves, often in quite loud and colorful language, and are no longer afraid. The fear of punishment, of being brought in for questioning, of arrest, imprisonment, loss of job, whatever—all this has vanished. In front of or around other people one can find Muscovites loudly denouncing and cursing the system, the *apparatchiki*, the "privileged class," meaning the party and government members of the hated ruling caste, the *Nomenklatura*, the state and the mafia. Pamphlets and leaflets can be bought for a ruble or two (expensive for Russian standards because of persistent paper shortages) claiming to have the goods on "Who is Raisa Gorbachova, Really?" and "Read All About Mikhail Gorbachov's Lifestyle."

Popular patience is wearing thin, given the worsening lack of tangible results during the five years of perestroika. People, seething with anger because of the severe shortages of meat, fresh fruit and vegetables, cigarettes and paper, would tell you: "We work hard, and all we hear is talk and promises. We work hard and we can buy nothing. Yet prices have gone up. Things are not better, but worse for us." We were also shocked to find that the selection of consumer goods at Moscow's largest state department store "GUM" is

of worse quality and taste than at your average "Polish" flea market in West Berlin.

For the most part, the Muscovites, as the July 15 mass demonstration showed, are pinning their hopes on the more radical populist types, such as the newly elected Russian Federation President Boris Yeltsin, Moscow Mayor Gavriil Popov, ex-KGB Major General Oleg Kalugin, et al., who "tell it like it is"; but even that can change, we were told, to an even more radical direction, if the city's shops continue to display bare shelves. "The system is in agony . . . in its death-phase," said one musician. "There is a wave of mass exodus from the party. . . . In our Conservatory only the director is left holding the party membership card."

## State and mafia

We didn't expect to be eyewitnesses to a situation hovering on the brink of a revolution. Of course, soon before our arrival, we had read about that Moscow demonstration of "hundreds of thousands" on July 15, and remembered that these people had carried banners calling for the abolition of the privileged class in society, and of all its privileges. During our stay, one of us had mentioned how wonderful it was that "hundreds of thousands" had demonstrated. "What do you mean hundreds of thousands?" interrupted one Russian. "We were one million—one million, you understand? That was a day. And there will be more. Things can't go on this way."

We arrived at Moscow's Sheremetyevo Airport, and, after quickly clearing customs, got our first glimpse of the combination that runs the Soviet Union, what Muscovites commonly refer to as "state and mafia," which not accidentally is meant to make fun of Lenin's standard work, *State and Revolution*. We were carrying our bags, after having cleared customs, when around the exits there they were, state and mafia: the uniformed men of the customs, and meters away, the black market currency changers. From out of the corners and shadows, Russians emerged, searching out tourists, offering black market rates for dollars, for deutsche-marks, offering rates for a taxi ride into Moscow—to be paid in hard currency, of course.

## In search of food

Arrival in Moscow. A beautiful city with great potential. Wide boulevards—majestically wide, so wide they make the famous wide boulevards of Paris appear like almost side streets in comparison. The streets are extremely clean, spotless. I have seen nearly every large city on the European continent, and I have to say, some of them are clean, but none approach the Moscow standard of cleanliness. The old buildings like the Pushkin Museum or the Tretyakov Gallery are impressive, but many are in need of renovation. Disrepair is everywhere.

The true measure of a city is how the daily existence of its citizens proceeds. What we saw was appalling, tragic, unforgettable. Moscow is a city of millions—over 8.5 million inhabitants—always on the move, especially from the hours of 4:00 p.m., when work for the day stops, to 8:00 in the evening when the shops close. These millions move, in waves, in hordes, from shop to shop, from one part of the city to another, by metro, by bus, whatever, always, and in a frenzied state, in search of food and other necessities.

Everyone has heard about the incredibly long queues at the Moscow “food shops.” The long queues are an ugly true fact of daily life. The term “food shop” is misleading. The person in the West automatically thinks of some equivalent of a supermarket, or some store which sells certain genres of food. Nothing of the sort exists in Moscow; there are no “food shops.” There are shops for each type of food. To shop, one must endure a long queue in front of the shop that sells milk, then the shop that sells bread, then the shop that sells meat, the shop that sells fruit and vegetables, and so on—a never-ending nightmare. The search for scarce food goes on, day after day, many times, seven days a week. Often Sundays, too, become workdays for many shops and enterprises if the monthly plans are not fulfilled. And due to the scarcity of goods and raw materials, this is almost always the case, we were told.

Everyone we spoke to said that the shortages have never been worse. Meat is now totally unavailable in the shops. Even the most mobile of Muscovites, the taxi driver, cannot find a shop with meat. One taxi driver told us he had stopped by 15 meat shops in a single day and found absolutely nothing. The story with fruits and vegetables is just as dismal. The anger of the people is very close to exploding. The peak of summer is the one time of year when fruits and vegetables, otherwise scarce throughout the year, are normally available in the cities, especially in the capital, Moscow. Not so this year, at least not for the hard-working ordinary citizen.

## The class society

No such problems confront the members of the privileged class. As tourists, armed with dollars and deutschemarks, we were able to go to the handful of good restaurants, open only to foreigners and the *Nomenklatura* or their offspring. We did not do this for snobbish reasons. We had actually tried

to emulate the ordinary Muscovites and eat at the snack bars and “cafés” that exist for the *hoi polloi*. The actual sight of these places, close-up, changed our minds. The sanitary conditions were appalling. And if you’re thirsty you go to a coin-operated soda machine, where, as in the West, you put a cup underneath, insert a coin, push a button, and the soft drink pours into the cup. The problem was not the equipment. It was the “cup,” a glass cup, and the *only* one to be had. As soon as a customer would finish his or her drink, the glass cup was *rinsed* with water, not washed, because there was *no soap* (the severe shortages of soap, detergent, and disposable containers responsible for such unsanitary atrocities still persist), and passed on to the next customer. That typified what the man on the street has to put up with.

We went to one of the best restaurants in Moscow, the “Paha,” just off of the Arbat, one of the oldest parts of the city, today a pre-1970s Greenwich Village-style, or Paris Latin Quarter youth scene, which gained international attention through Rybakov’s controversial book, *Children of Arbat*. Entering the restaurant we found class society in action. To get in, either you must look like you are from the *Nomenklatura*, or a Westerner with *valyuta* (hard currency, meaning dollars or deutschemarks). Aside from the portier, there are a dozen mean-looking bouncers to make sure this rule is not

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violated. Once inside, there was no doubt that this was a restaurant for the *Nomenklatura*. The Russians we saw there were not only rich, but flaunting how rich they were: The most expensive and exquisite clothing—yes, a fashion show, that would put the *schicki-mickis* of Germany to shame.

We had seen first-hand what the population curses as the “*spets class*” (*spets* is an abbreviation for “special”)—special as in special privileges; special restaurants; special food shops, while the ordinary people get by with no meat or fruit and vegetables; special hospitals with the latest equipment and medicines, while even aspirin is no longer available in the pharmacies; special holiday resorts, trips to the West; special dachas, and so on.

What communism has created is the worst, most despicable class society anywhere. The greatest contrast perhaps was the scene around the Hotel Rossiya, a fancy Moscow hotel for the native *Nomenklatura*. Nearby, almost in front of it, an encampment of Moscow’s homeless in self-erected plastic tents. The pensioners, invalids, and others who can no longer get by on low fixed incomes came to protest in the capital city. The old *babushka* holding a placard which read “Mikhail Gorbachov, We Are Awaiting Your Reply,” told us after finding out we were tourists from the Federal Republic of Germany: “Take pictures and show to the world outside how the system treats the old, poor, and unemployed.” Among the homeless was an unemployed factory worker with wife, child, and dog forced out into the rain and cold. By night that evening, the temperature had dropped to 10-12°C (50-53°F).

In every conversation, without exception, what struck us so much was the support for and happiness over Germany being united again as a nation. The Russian on the street sees this as his great hope. Mixed with this, as one Ukrainian patriot living in Moscow stressed, is the hope that the West will help the people, but not the system: “The West must make the kind of accords that allow the ideology to collapse, and not support it.” He continued: “The best thing was Reagan with the SDI [Strategic Defense Initiative]. That really scared them. The system is at the precipice. One of Reagan’s biggest mistakes was to stop it; he slowed it down too much. The SDI would have forced the system to fall. They need Western help, and we and the Baltic need sovereignty. That’s the mistake of the West, again in the Baltic. Support Baltic and Ukrainian independence, do not be afraid. Moscow needs the West.”

He was talking in the middle of a crowded room. We asked him: “Aren’t you afraid to talk so openly about bringing the system down?” His answer: “Why, everyone talks like this now. What can they do? Arrest 10, 20, 50 million?” He wasn’t exaggerating. As we saw in our days in Moscow, everyone talks like this.

A revolution is coming, and soon, unless things change. But the very scale on which they must change to prevent a revolution would itself amount to a revolution.

## Will Moscow legalize drugs?

by Muriel Mirak

Since the historic Kohl-Gorbachov talks in the Caucasus, most people both East and West have been trying to imagine what Russia will look like, once it has adopted Western technologies and modes of production. The center of debate in the West is the question of which type of Western economic policy the Soviets should follow: the Listian approach, which could replicate the process of rapid industrialization we went through in the last century; or the monetarist version, favored in London and Washington, which concentrates on “buying cheap and selling dear,” i.e., speculative profit per se.

It seems there are some even in Moscow who are toying with the latter alternative; in fact, one organization has come into being which is proposing the legalization of narcotics—the biggest profit maker which has the most devastating economic effect on both producer and consumer. Believe it or not, an international conference was held at the Moscow Institute for Historian-Archivists, to debate whether or not dope should become a legal product on the free market to be set up in Russia. According to a report appearing in the Soviet magazine *New Times* (No. 30, 1990), top names in the international legalization lobby, such as Arnold Trebach and Italy’s Sen. Lorenzo Strik Lievers, gave their audience, mainly composed of young people, the usual pitch on legalization: that prohibition, whether of alcohol or drugs, is the reason why narcotics prices are so high; that such immense profits make it impossible to dissuade the poor from pushing drugs; that law enforcement efforts are expensive and futile. Trebach, who is the president of the U.S. Drug Policy Foundation, which pushes for a drug-controlled police state, demagogically warned that “the imposition of harsher sentences for drug users . . . threatens to lead to the creation of a police state in the most democratic country in the West.”

Conclusion? Trebach and Lievers proposed that the Soviet Union legalize drugs, on the Dutch model, complete with free distribution of needles (to “deal with such frightening enemies as AIDS”), the breakup of organized crime, and the reduction of market prices. The two Western drug apologists also called for expanding one of the key lobbies in the West, the Radical Party, which has now become transnational.

And the Soviet response? According to Konstantin Isakov, writing for *New Times*, “So far some 260 Soviets have responded to the call, forming the active core of the party in the Soviet Union.” The article continues: “It is possible that the idea of the legalization of drugs is not all that bad. But

are we ready for such an experiment in the Soviet Union? Senator Lievers reasons in the following way: The Soviet Union for many years remained a closed society, outside of the drug trade. Now that it has begun to open up to the outside world, *it could become a colossal market for drug trafficking*. Drug addiction, stressed the Italian senator, should not impede the process of democracy in the Soviet Union. The 'war on drugs' in the American fashion could have such an adverse effect. *If the legalization of drugs came on the initiative of the Soviet government, it would have an enormous positive impact*" (emphasis added).

### The KGB and drugs

To understand what is behind this otherwise inexplicable event in Moscow, and the reportage appearing in an official Soviet magazine, consider a few facts.

It was the Soviet KGB, under Andropov, which in 1967 took over the controlling share in the illegal narcotics traffic, run up to that time by the British, the Chinese, and parts of the U.S. intelligence and financial elite. Detailed information on the Soviet role released by high-level defectors from Czechoslovakia and Bulgaria, have since been confirmed in the revelations regarding East German Stasi (secret police) drug and terrorist operations, around such figures as Alexander Schalck-Golodkowski, Erich Honecker, and Markus Wolf. Further confirmation has been provided in breaking scandals around the CIA funding of similar operations run by the Masonic lodge P-2. The Iran-Contra case established down to the finest detail how the drugs were run from the American side. And all the pieces fit together, like a jigsaw puzzle, to compose the picture of the international narcotics cartel, stretching from the opium fields in China and the cocaine plantations in Peru, to the consumers throughout the world.

That most highly articulated, militarily protected structure, which turns over anywhere from \$600 billion to \$1 trillion a year, is now being threatened by the revolutionary developments sweeping Eastern Europe, developments which, by opening up a new era of productive growth and cultural progress, could wipe out the scourge of drugs. Such economic process would also threaten the fragile banking empire resting on dirty drug money. Politically, it would have the power to take on the drug mafia seriously, and dismantle its network, which consists not only of former communist rulers, but of many highly placed government officials still in the West.

Therefore, it should come as no surprise that the drug mafia would seek to keep its monetary and political clout, by turning the newly opened nations of Eastern Europe into a vast new market. This would kill two birds with one stone: keep the speculative finances afloat, and break the morale of the targeted populations, thus sabotaging healthy economic progress. And what better means exists than to use the insidious argument that legalizing drugs is a sign of "democracy"?

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# Bhutto is removed; says the President

by Susan Maitra and Ramtanu Maitra

The teetering Pakistan People's Party (PPP) government led by Prime Minister Benazir Bhutto was summarily dismissed Aug. 6 through a proclamation by President Ghulam Ishaq Khan. In his statement the President charged the government with corruption, nepotism, and ineffectiveness, and accused it of defeating the "utility and efficacy" of the parliament and undermining the constitution.

In one fell swoop, President Ishaq Khan also dissolved the National Assembly and four provincial assemblies and sacked all four chief ministers. The President announced that fresh elections will be held on Oct. 24, and, later, declared a state of emergency nationwide. Almost at once, President Ishaq Khan named a five-member caretaker cabinet to be headed by the combined opposition parties' parliamentary chief, Ghulam Mustafa Jatoi. Later, three more members were added to the cabinet.

The final nail may have been driven into the political coffin of Benazir Bhutto, when, on Aug. 2, the Iraqi tanks rolled over Kuwaiti borders, posing a threat to Saudi Arabia. Since Pakistan has strong military links with Saudi Arabia, the United States might expect substantial Pakistani help to protect Saudi Arabia, an expectation that may have contributed to suddenly boosting the Army's say in the affairs of the country.

Further, Army Chief of Staff Gen. Mirza Beg, whose frustration with the Bhutto government has been building up for months, is keen to build a "Fortress Pakistan," impregnable by its enemy in the east, India, and as a result, has developed a military doctrine which will form a strategic consensus among Pakistan, Iran, Turkey, and Afghanistan. However far-fetched the particular scheme may be, it is based on a vision of the Army as the protector of the nation and not the keepers of law and order, much less administrators. General Beg strongly resented the Army being used for keeping law and order in the restive Sindh province, and repeatedly reminded the administration that Sindh is not a military but a political problem which the PPP and the Mohajirs, who settled there after the partition of the subcontinent, must resolve.

In the event, a series of mistakes and underlying disasso-

# promises betrayed, of Pakistan

ciation from reality have led to the fall of the Bhutto government. It can only blame itself. As one analyst put it: "The party was long over. Now the guests have been told to go."

To be sure, there is a somewhat hollow ring to President Ishaq Khan's charges of "nepotism and corruption," in a country where that is another name for politics. A truer indictment might be that that is *all* the Bhutto government was doing.

The order issued by President Ishaq Khan on Aug. 6 cites, among other things, the Bhutto administration's failure to pass any legislation other than the budget in 19 months in office; its having "willfully undermined" the working of constitutional arrangements between the federal government and the provinces, resulting in "discord, confrontation and deadlock"; and failure in its constitutional duty to protect the province of Sindh against internal disturbances and to ensure constitutional government in the province.

## Anatomy of drift

There is hardly any question that the Bhutto government has been foundering from the outset. Laden with politicians of doubtful loyalty and questionable integrity, the administration remained deeply involved in petty quibbling and failed to resolve any of the major political or economic problems at hand. Public order deteriorated, typified by the violence in major Sindh cities, to the point where the administration had no choice but to hand the province over to the Army for maintain peace.

During the past 19 months Bhutto had gotten herself involved in a seemingly endless series of nitpicking fights with the Punjab state government, ruled by the opposition IJI under an equally quarrelsome Chief Minister Nawaz Sharif. Bhutto's apparent lack of political will to resolve the sticky Sindhi-Mohajir problem in Sindh resulted in a spiral of killings that has turned Karachi into a "mini-Lebanon." The Mohajirs were with Bhutto in 1988 when she rose to power. But, during these 19 months, things have come to such a pass that the Mohajirs and PPP members have become sworn enemies. The mindless government operation in May, ostensibly to arrest the killers in riots in Hyderabad, resulted in a

massacre of Mohajirs. Subsequently, Bhutto did little to allay the Mohajirs' growing fears that the PPP had joined hands with the chauvinist Sindhis to deny them their due rights.

Equally disturbing were the events that preceded the no-confidence motion brought by the Opposition last November. The event turned out to be a bonanza for horsetraders and money was collected, reportedly even from the well-known heroin traffickers, to buy off National Assembly members. Bhutto's slender victory on that occasion did not bring new strength. Meanwhile, allegations of massive corruption against her ministers, and even her husband, began to make the rounds. While it is not clear how widespread the corruption actually was, the Pakistanis have little doubt of the substance of the charges, and even if they are mere slanders, it is unlikely that Bhutto or any of her party bigwigs could make a dent in what the people have come to believe. It is a political failure, as in Sindh, for which she has to pay dearly.

## Other dangers ahead

These and many other events had vitiated the political atmosphere badly. Bhutto's willingness to go along with the International Monetary Fund prescription of economic austerity, pushed through her coterie of Harvard-trained economic experts, has not only undermined her party's manifesto completely, but has worsened the living conditions of the common man. In the process, the country has become firmly caught in a debt trap and the IMF is continuing with demands for "structural adjustments" which will bring the economy to complete ruin (see p. 11). During Bhutto's 19 months of democratic leadership, the food situation has deteriorated, and law and order has hit the nadir, while the narcotics traders, whom she had promised to eradicate, have flourished as never before.

Yet another danger was looming ahead. On May 13 the Senate adopted the Shariat Bill, and it was scheduled to be presented in the National Assembly this month, where it would have passed and become law. The Shariat Bill would supplant the Constitution with the orthodox Sunni interpretation of the Shariah, as the highest law of the land, and subject each citizen to a code of conduct derived from it. Under the Shariat Bill, most of the Islamic sects, including the Shias, who are 20% of Pakistan's population, are considered heretics. There is hardly any doubt that passage of the bill would have unleashed sectarian riots the likes of which Pakistan has never seen before.

That the Shariat Bill was not stopped is yet another example of the colossal failure of the Bhutto administration, and one weighted with irony. On May 13, after sheer negligence allowed the bill to get through the Senate, Bhutto said she "would not like to go down in history as the one who opposed the Shariat Bill." In 1986 when the Senate had adopted the same bill, Gen. Mohammed Zia ul-Haq's handpicked Majlis-e-shoora, allegedly loaded with born-again Muslims, simply ignored it. But the Bhutto government fell into the

trap of trying to compromise with a fundamentally unconstitutional measure, apparently without really thinking through what it would mean for the country.

### **Collision course with Army, bureaucracy**

All this and more led the government directly on the path of confrontation with the other two power blocs in the country: the bureaucracy, headed by the President, and the Army. After the Hyderabad massacre, President Ishaq Khan called a press conference where he strongly condemned the government for the mindless operation and also spoke pointedly of the growing corruption and nepotism. There is every reason to believe that he was ready to dismiss the government at that point but didn't, because neither the Army nor the United States was ready to accede to this drastic step.

The Bhutto administration's confrontation with the Army came when Chief of Staff Gen. Mirza Aslam Beg was asked to restore law and order in Sindh after the state PPP government had aggravated the situation to a point of no return. Bhutto and her party members labeled the Mohajirs as terrorists and gave the PPP activists a clean chit, when everyone in Karachi and Hyderabad knows that both were equally responsible for the growing law and order problems. If the Mohajirs are trading illegal arms, so are the PPP members; if the Mohajirs are dealing drugs, so are the PPP members. Bhutto's petty partisanship only made things worse.

When the Army took over the streets, Bhutto wanted the troops to arrest all those whom the PPP government in Sindh fingered. The culprits would be subsequently handed over to the nation's courts for trial. Foreseeing a design by the PPP government to eradicate the Mohajir toughs, leaving the PPP goons in control, the Army refused to comply, and demanded special authority to arrest all lawbreakers and try them in military courts.

Bhutto opposed the demand. It became evident that the President would have to decide how the resulting deadlock between the government and the Army was to be resolved. So far, no decision has been made, but it is clear that the Army grew decidedly critical of the PPP government.

### **Democracy back in deep-freeze?**

Benazir Bhutto described her government's sudden dismissal as "unconstitutional and wholly illegal," and expressed apprehension over the President's promise to hold a free and fair election. "If the democratic process is not restored, I see dark days ahead," she added. At this writing, Bhutto is in Karachi, where a meeting of her party's Central Committee will decide what steps to take.

Although troops were deployed to protect certain key government installations in Islamabad following the dismissal of the duly elected government, the country remained calm and business carried on in a normal manner. Within 24 hours the troops were withdrawn by the caretaker cabinet.

Whether the democratic process in Pakistan has again

been put in the deep-freeze by the President's decision—no doubt with the military's concurrence—to halt the drift, remains to be seen. If the composition of the caretaker cabinet and the interim governors' roster is any indication, the kind of organized revenge-taking one might expect with an anti-democratic thrust does not seem to be in the cards.

### **The caretaker cabinet**

As of this writing, Pakistan's caretaker cabinet consists of eight persons. The prime minister's job went to Ghulam Mustafa Jatoi, a Cambridge University-educated landlord from Sindh and co-founder of the PPP, who is a bitter critic of Bhutto's government. Once a close comrade of Benazir Bhutto's father, the late Prime Minister Zulfikar Ali Bhutto, Jatoi was also chief minister of Sindh and acting leader of the PPP during the 1970s. In 1986 Jatoi fell out with Bhutto and left the party.

During the 1988 election, Jatoi's effort to get elected to the National Assembly from Sindh under the banner of the Islamic Jamhoori Ittehad (IJI) failed in the face of a PPP wave in the state, but he was later accommodated by his old friend, Ghulam Mustafa Khar, who got Jatoi elected to the National Assembly from Kot Addu, Punjab in a by-election. During the 11 years of military rule (1977-88) under General Zia ul-Haq, Jatoi had remained an active figure with the Movement for Restoration of Democracy, a PPP-dominated alliance, but had developed close ties to the military rulers.

The second most important individual in the cabinet is the former chief minister of Punjab, Ghulam Mustafa Khar, a Punjabi landlord who was also a very close associate of the late Z.A. Bhutto. Khar, who had left the PPP earlier, came back into the fold recently and is still a member of the party. Though recently he raised a voice of dissent against Benazir Bhutto, he hedged his bets and stayed with the party. Khar is considered a shrewd politician with close links to the military.

Others in the cabinet include Foreign Minister Yaqub Khan, an emigré from India following partition of the sub-continent; Elahi Bux Soomro, a former member of the Muslim League who had earlier served in the late General Zia's caretaker cabinet; and Chaudhury Shujaat Hussain, a tough-talking Punjabi landlord and a close associate of the dismissed Punjab chief minister and IJI leader Nawaz Sharif.

While, except for Khar and Jatoi, the interim cabinet members are all associated with the previous military regime, the selection of Ghulam Mustafa Jatoi as prime minister and the inclusion of Ghulam Mustafa Khar at all suggests that the legacy of Zulfikar Ali Bhutto has not acted as a barrier. It is expected that these former Bhutto colleagues will not be involved in revenge-seeking against either Bhutto or her mother, Begum Nusrat Bhutto, who were once their comrades-in-arms. Yet another former Bhutto colleague, Jam Sadig Ali, has been made caretaker chief of the volatile Sindh province.

# Hollinger Corp.: Dope, Inc.'s global press empire

by Sandro Mitromaco

When the British monarchy decided in July to publicly launch a psychotic slander campaign against German reunification—even at the expense of severely destabilizing the Thatcher government—it was the *Spectator*, a well-known but limited-circulation magazine that published the now infamous interview with Trade Minister Nicholas Ridley, in which the cabinet official and close ally of Prime Minister Margaret Thatcher compared West German Chancellor Helmut Kohl to Hitler. Within hours of its release, the Ridley *Spectator* interview had grabbed headlines worldwide, triggering a spate of propaganda pieces purporting to “debate” whether or not Germans were inherently “authoritarian.”

The wing of the Anglo-American Establishment most strongly committed to a British-Soviet axis against unified Germany—and, not surprisingly, also committed to steering Israel into a new Mideast war—had scored a propaganda shot across the bow with Ridley’s interview, and had further set in motion the option of dumping Prime Minister Thatcher—if circumstances demanded her replacement by someone more able to wage a sophisticated “balance of power” war against the emerging prospect of a Berlin-centered, new continental European order.

Similarly, when the same Anglo-American crowd decided to install a war cabinet in Israel that could be called upon to unleash a Middle East Armageddon—even at the expense of the survival of the Jewish state—one of the first steps was the takeover of the most powerful newspaper in Israel, the *Jerusalem Post*. Once respected as Israel’s “newspaper of record,” the *Post* was transformed overnight into a shrill propaganda organ for Israel’s would-be dictator, Gen. Ariel Sharon. In keeping with the prejudices of the Anglo crowd that bought it, the *Post* began agitating for a new secret alliance between the Israeli Mossad and the Soviet KGB—not only for the purpose of jointly spying on the Arab nations, but to conduct joint operations in Central Europe to undermine “anti-Semitism and neo-Nazism”—British Foreign Office buzzwords for German economic influence.

In both instances, the vehicle used to carry out these government-shattering propaganda forays was a little-known media conglomerate called the Hollinger Corporation. In the

past year, Hollinger has moved into the British, Canadian, American, and Israeli media, grabbing up such plums as the London *Daily Telegraph*, England’s largest-circulation news daily, and the *Jerusalem Post*. Hollinger already had bought up the *Spectator*.

A team of *EIR* investigators has spent several months conducting a thorough probe of the personalities and financial interests behind Hollinger. That investigation revealed a number of startling facts about the Toronto, Canada-headquartered firm, not the least of which was the strong indication that the funds behind Hollinger’s global media grab appear at least in part to be laundered proceeds from the Far East opium trade.

The idea that Golden Triangle opium proceeds finance secret Anglo-American intelligence operations, including large-scale psychological warfare capabilities, is nothing new. As a team of *EIR* editors documented in the 1979 book-length study of the world drug trade, *Dope, Inc.*, Great Britain has traditionally trafficked in opium and other illegal drugs, and has traditionally laundered the profits through a Hong Kong-to-Canada route.

## The Hollinger profile

The Toronto-based Hollinger Corporation brings together on its board of directors a collection of British Foreign Office assets, long associated with what has been alternately referred to as the “Anglo-Zionist,” “Cosmopolitan,” or “Trust” faction of the English-speaking Establishment. Hollinger chairman Conrad Black is a second-generation British Intelligence financial warfare specialist who was sponsored by one of Her Majesty’s leading wartime spymasters, Edward Plunket Taylor.

Other current board members include:

- Peter Lord Carrington, former British Tory Defense Minister, former NATO Secretary General, and a current partner in Kissinger Associates;
- Henry A. Kissinger;
- Peter Bronfman, the cousin of Edgar Bronfman of the Seagram’s-Du Pont empire;
- Paul Reichmann, the Hungarian-born Canadian Jew-

ish real estate mogul whose Olympia and York firm emerged from nowhere (reportedly with Bronfman family patronage) to grab a lion's share of high ticket real estate all over the world during the 1980s;

● Robert Campeau, the chairman of the now-bankrupt Campeau Corp. department store conglomerate.

The *modus operandi* of Hollinger is simple: Buy up print media all over the world and transform them into vehicles for the brand of pseudo-conservatism known to *EIR* readers as "Project Democracy"—the secret government apparatus manipulating U.S. policy, increasingly, since the time of the Iran-Contra fiasco. The accumulation of political power and influence through this method is incalculable. The ability to create, destroy, blackmail, and control political leaders and processes is enormous.

Hollinger's media empire now includes 80 daily newspapers and 151 weekly papers throughout Canada, the United States, England, Israel, and the Caribbean. The total daily paid circulation is 1.9 million. The total circulation of the weeklies is an estimated 2.9 million. In the United States, Hollinger is aggressively pursuing a strategy of buying and expanding local newspapers. It is already present in 20 states from Arkansas to Pennsylvania, from Illinois to Hawaii, and from Connecticut to Colorado. Hollinger is also relentlessly buying up modern printing facilities and paper mills so that its increasing control over the supply of printers' paper will be secured by a vertically integrated industry structure.

The main arms of Hollinger in the media wars are: The Daily Telegraph PLC (Hollinger and the Telegraph Group bought the *Spectator*); the American Publishing Company; UniMedia, Inc.; Sterling Newspapers, Ltd.; Saturday Night Magazine, Inc.; the Financial Post Co., Ltd.; and Valley Cable TV, Inc. In addition, Hollinger chairman Conrad Black is trying to take over United Newspaper PLC, the group that controls some of the most important media in England, including the *Daily Express*. Hollinger already controls 9% of the group, and Black, at this moment, is trying to gain more control through his friend, the Project Democracy-linked millionaire Sir James Goldsmith.

The two "crown jewels" of Hollinger are the *Telegraph*, purchased in 1985 at the strong urging of the British branch of the Rothschild family, and the *Jerusalem Post*, purchased in 1989 in a massive overbid. In its annual reports, Hollinger chairman Black underlines that the *Telegraph* is "the largest-circulation general interest broadsheet newspaper in the Western world." The *Telegraph* was immediately transformed into the house organ of the Thatcher government—or at least the Carrington-associated policies imposed through the Thatcher government.

In July 1990, Black made additions to the *Telegraph's* board of directors including: Peter Carrington; Evelyn de Rothschild, chairman of N.M. Rothschild; Henry Keswick, chairman of Jardine, Matheson, the Far East trading compa-

ny that has historically been at the hub of British opium trafficking out of Hong Kong; Lord King, chairman of British Airways; and Sir James Goldsmith.

Goldsmith's rags-to-riches emergence as one of Britain's leading raiders of American industry and finance was facilitated beginning in the mid-1970s by one of Conrad Black's closest allies, Arthur Ross of New York.

Black and Hollinger ran a similar housecleaning over the 12 months since buying out the *Jerusalem Post*, a change noted in the 1990 Hollinger Corp. annual report, issued in April: "We reasoned that, as the *Post* had formerly been owned by a Labour confederacy and was clearly greatly overstuffed, there was substantial potential for drastically improved operating efficiency. To date the personnel have been reduced. The changes . . . have not been introduced as quietly as we would have hoped. The editor resigned after his sole ability to commit the newspaper irrevocably on matters of the utmost national importance to Israel has been slightly curtailed . . . the managing editor resigned taking about 25 other editorial people with him. This was not an altogether unwelcome development."

The buyout of the *Jerusalem Post* was carried out by Hollinger via a multimillion-dollar loan from a mysterious Vancouver, British Columbia-based privately owned holding company called Gee Corporation. After much probing, *EIR* learned that Gee was a personal financial vehicle for one of Hong Kong's most powerful financiers, Li Ka-shing, the man known as the "Red Baron" because of his deep ties to the communist regime in Beijing. Li Ka-shing is the vice chairman of the Hongkong and Shanghai Banking Corporation, another British Empire creation of the 19th century that for decades boasted of its pivotal role in the world opium trade. No evidence has ever been surfaced suggesting that HongShang left the dope trade.

Gee's readiness to fund Hollinger in acquiring the preeminent Israeli newspaper underscores the emerging picture of Israel being taken over by City of London-centered interests traditionally linked to opium.

### Shaping of Hollinger by war

Hollinger, Inc. in its present form is just the last metamorphosis of a power group created during World War II in Canada under the supervision of Winston Churchill. The group, led by Edward Plunket Taylor, was the key secret connection between the highest British elites and their American counterparts concerning questions such as the movement of funds from the U.S. for the war, at a time when the U.S. was still officially neutral. The war over, Taylor did not dissolve the gang. It became a private corporation: Argus, later named Hollinger.

"In 1945, along with several dollar-a-year men he met while serving in wartime Ottawa, Canada, Taylor formed a closed-end investment fund called Argus Corporation." So the hagiographic book, *The Canadian Establishment* (To-

ronto, Canada, 1975) describes the origins of Hollinger and the role of E.P. Taylor, the man who did more than anyone to establish the postwar Caribbean offshore banks, a major center for the laundering of drug money. Who were these dollar-a-year men and what had they done in the war?

First, the dollar-a-year story comes from the fact that these people were not paid for their work, receiving a symbolic \$1 a year. This means that they had been selected from some of the elite families in Canada—plutocratic elites who had made their family fortunes rapidly by taking advantage of U.S. Prohibition, and smuggling liquor to the U.S. from Canada. E.P. Taylor had “used his grandfather’s Branding Breweries in Ottawa as a starting base to merge, buy up, and pressure in various ways some 30 beer-making concerns into his huge Canadian Breweries, which eventually became the world’s largest brewing organization.”

Another dollar-a-year man was George Montegu Black, the father of the present chairman Conrad Black and of another member of the Hollinger’s board, G. Montegu Black. His father owned the Western Breweries in Winnipeg.

Also found on the board of Hollinger is Peter Bronfman, the cousin of Edgar Bronfman of the World Jewish Congress. Their fathers, Allen and Samuel Bronfman, respectively, started amassing the family’s wealth in connection with organized crime, smuggling alcohol into the U.S. in the 1930s, setting up the giant company Seagram’s, which in recent years took over one of the most prestigious U.S. industrial corporations, Du Pont.

E.P. Taylor was recruited after April 8, 1940, by the newly appointed Minister of Munitions and Supplies, Clarence Decatur Howe. Like the others, Taylor was selected for his family connections. The task assigned to Taylor was among the most delicate; it concerned the economic-financial side of the war on behalf of the British banks. He was to study new, more effective methods to manage huge amounts of money, including moving them in secret. These procedures, once successfully proven experimentally, found new expanded uses after the war.

After having accompanied Howe in a “war supply” mission from Ottawa to London, Taylor was asked to find a way to solve the shortage of U.S. dollars in Britain and the colonies. He obviously was quite successful, given that he was charged with briefing the Canadian prime minister, Mackenzie King, before his historic meeting on April 21, 1941 with President Franklin Delano Roosevelt at Roosevelt’s country house in Hyde Park, New York. The issue they discussed was a barter exchange of Canadian resources and war supplies for American manufactured products. Of course, the negotiation was highly confidential, given that the United States was nominally still under the constraints of the Neutrality Act. The day after the meeting, the *New York Times* wrote that what was agreed there was “a virtual merging of the economies of the United States and Canada.”

That same day Howe informed Taylor that they had created a “Crown corporation” called War Supplies, Ltd. Taylor had already been appointed as its chairman. His mission: “Go to Washington, live at the Willard Hotel and sell our stuff.” Taylor himself recalled many years later: “When I got to Washington I realized right away that the Hyde Park agreement was completely illegal. It had no authority at all. It hadn’t been passed either by our Parliament or the U.S. Congress. I overcame that one pretty fast.

“My first day in Washington, I went to see Frank Knox, U.S. Secretary of the Navy, Gen. Somerwell, head of the Army Services of Supply, and the head of all the other big procurement agencies. ‘Sure we want those things you have got,’ they told me, ‘but what authority can we use?’ So I’d bring out my copy of the *New York Times* and they’d read the story describing Roosevelt’s pledge, and they’d say, ‘Well, looks as if you have something there. Come back tomorrow.’ I told them to call [Roosevelt adviser] Harry Hopkins in the White House if they had any doubt.”

Indeed, Taylor had learned how to organize an operation that would bypass official institutions using the private power of the media. As result of these activities, Taylor’s War Supplies, Ltd. gained \$1.3 billion selling Canadian “goods.” The result was so important to Winston Churchill that at the personal request of the British prime minister, Taylor was named to head the most important of the war supplies institutions, the British Supply Council. From that position, Taylor coordinated all of the Britain’s American supplies.

To understand the importance the highest-level British oligarchy attributed to Canada economically and financially, at that point, it is enough to say that during the period of Taylor’s exploits, a group of high-ranking Bank of England executives were sent to the offices of the Ottawa Foreign Exchange Control Board, which was charged with controlling export and import currency transactions. Their secret task was to set up the structure to host the Bank of England in case of German invasion.

### **Setting up drug money laundering**

After having chaired Argus for years, Taylor suddenly declared that he was tired of his job and “retired” in the Bahamas. While “vacationing” there, he put together the new Bahamas banking law. This law served as the model for the offshore banks of the entire Caribbean, i.e., the modern financial apparatus of the drug traffic.

In his typical patronizing way, Taylor would boast about the fact that financially, the Bahamas were under his control. When the government of the Bahamas tried not to totally follow his advice sometime during the early 1970s, he said: “I’ve got a meeting with the prime minister a week from today to see whether I can get some action on things that would help the country. I’ve a little advantage there in that the Royal [Bank of Canada] is the government’s banker and I’m in charge of that area for the bank.”

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## Book Reviews

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### 'God is green, long live the Queen'

by Mark Burdman

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#### **God Is Green: Christianity and the Environment**

by Ian Bradley

Darton, Longman and Todd, London, 1990  
118 pages, paperbound, £6.95

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#### **Political Theory and Animal Rights**

by Paul A.B. Clarke and Andrew Linzey  
Pluto Press, London, 1990

193 pages, paperbound, £9.95

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One of the best indications of how committed the British elites are to pagan ecologism, is the selection of the Right Reverend Peter Carey of Bath and Wells, to be the new primate of the Church of England. Carey is the first bishop in Britain to have publicly advocated the doctrine that "God is Green," which was the title of an article he wrote for the British press some months back. Carey recently told a meeting of the British Green Party: "In nature, predator numbers are always fewer than their prey, but the human species is unique in attaining such a high density, that the structure of our environment is in danger of breaking down under the huge punishment." The Green Party issued a statement welcoming Carey's appointment, calling him the "first Green primate." His selection by a Crown Appointments Commission was certified by Prime Minister Margaret Thatcher and announced by Her Majesty the Queen on July 25. After his appointment, he said that he wanted the church to work out an ideology for greener living, and to call for simpler lifestyles to ease ecological pressures, since "we have to modify lifestyles to take into account diminishing resources."

In the light of Carey's appointment, these two books

are essential to understanding the mind of an ever-growing section of the British Establishment. Although they express different forms of clinical insanity—on one side, "green ecologism" and, on the other, support for "animal rights"—their declared aim is identical. It is to destroy what they call the "anthropocentric" world view, a view that they attribute to the classical Greek tradition of Plato and Socrates, to Judeo-Christian monotheism particularly as expressed in the Christianity by St. Augustine, and the 15th-century Golden Renaissance.

In Ian Bradley's view, the main culprit is St. Augustine, and the "classical Greek influences" out of which the Augustinian tradition came. Christianity, he complains, has suffered from "that long period of anthropocentric and negative Christianity inaugurated by St. Augustine. . . . Many Christians remain stuck in the old anthropocentric rut of individual salvation, justification and atonement." To this, he counterposes a "Green Christianity," and defines his own purpose as a "missionary urge to spread the Green gospel of Christianity," with a "conviction that, if the 1980s have been barren of religious ideas, the 1990s must be the decade of Green theology. . . . But in order to find this Green gospel at the heart of Christianity," he warns, "we need to clear away centuries of anthropocentric thinking which has put man rather than God at the center of the universe and which has made the church in the Western world at least one of the prime aiders and abettors of the exploitation and pollution of the Earth's resources."

Bradley is assistant minister at St. Leonard's in the Church of Scotland.

Similarly, North Carolina State University Prof. Tom Regan, president of the Culture and Animals Foundation and chief ideologue for the "animal rights" movement in the United States, affirms in his foreword to *Political Theory and Animal Rights*: "There is a revolution of ideas afoot. . . . Some partisans refer to the change as the emergence of a 'new paradigm'. . . . There is no single 'new paradigm' that has taken hold. Rather, there is a variety of contenders each at war with the others, each vying for widespread acceptance. . . . Deep ecology. Feminism. Animal rights. . . . Dissonant though their demands often are, one main theme is the same: traditional moral anthropocentrism is dead. This is the faith shared by deep ecologists, feminists, proponents of animal rights, and other critics of the intellectual *status quo*. Their common task is to bury Protagoras once and for all. Humans are *not* the measure of all things. And while it is true that the death of the 'old paradigm' by itself does not give birth to a new one, ideas may be like forests. Sometimes the stands of old trees must be destroyed by fire, before the new growth can flourish. In the present case, it is Protagoras and his descendants that find themselves in the furnace. One part of this conflagration is being fuelled by those thinkers and political activists who constitute the animal rights movement."



Regan points to Andrew Linzey's 1976 book *Animal Rights: A Christian Assessment*, for having "heralded the beginning, in earnest, of the growing theological assault on traditional moral anthropocentrism." Linzey is chaplain to the University of Essex and its director of studies at the Center for the Study of Theology. In July, he and Regan were among the chief sponsors, of a "Pilgrimage to Rome" by animal rights organizations, to petition Pope John Paul II on the subject of "the souls of animals." Ian Bradley regards Linzey as a co-thinker.

### **Thank God for anthropocentrism!**

This British attack on "anthropocentrism" is the equivalent of giving out a license to kill. All the rhetoric about the rights of nature, the rights of animals, and so on, is a cover for destroying the concepts of *human* rights and the sanctity of human life, thereby seeking to induce the human race to regress to bestiality and brutality. It is no accident that the release of these books coincides with increasingly open expressions of bestiality in the British press, including, prominently, a tendency to relativize the crimes of Hitler and Stalin. One such apologia for genocide was made, appropriately enough, in the context of a June 12 London *Guardian* editorial page opinion column endorsing the philosophy of the animal rights movement. Another *Guardian* piece, a July 26 review of a new book about animal rights fanatic and vegetarian cultist George Bernard Shaw, documented Shaw's defense of both Stalin and Hitler, and then eulogized Shaw as "one of those extraordinary personalities with the power to energize others."

The simple fact is that "anthropocentrism" is the beginning of all knowledge and philosophy. There is no way to determine knowledge and truth, but from the standpoint of the creative human mind. Without starting there, the result is either meaningless babble, or fascist drivel, or both. Augustinian anthropocentrism expresses a fundamental law of the universe, which is that the creative individual human mind is in atonement with the universe. This lawfulness can not be negated just because petty and ugly souls want it to be. And, even these petty and ugly souls cannot explain their own existence, and their ability to write books, even bad books, except from a standpoint that is "anthropocentric."

The attack on Augustine has a special significance. As *EIR* founding editor Lyndon LaRouche has asserted, the past two millennia of human history might be summed up as the "St. Augustine wars"—the battle between Christian republicanism and pagan imperialism.

Augustine himself needs no defenders. To claim, as Bradley does, that Augustine "put man rather than God at the center of the universe" is just a fatuous lie, as anyone who has read his writings—as Bradley seems not to have done—would know. But beyond this, his *City of God*, written about A.D. 410, stands to the present day, as the best polemic against the likes of Bradley, Linzey, Clarke, and

their ilk. Augustine wrote that book in reply to what he denounced as the "calumny" of those who were blaming Christianity for having brought about the fall of Rome. He argued, most persuasively and convincingly, that it was worship of the pagan gods, not Christianity, that destroyed Rome from within, and that the process of moral decay induced by such worship began even before Jesus Christ was born. Those qualities which ruined Rome, the sins of avarice, cruelty, lust, greed, and so on, were precisely that which Christianity was created *to overcome*. The reader is invited to read Book Two of the *City of God*, and judge for himself.

From an adversarial standpoint, Linzey and Clarke publish a statement from Augustine, in which he attacks those who equate man with beasts as promoting the "foolish error of the Manicheans." Amen!

Today, these creatures blame Christianity for the destruction of the environment, for pollution, and for mistreatment of the animal kingdom. Again today, St. Augustine's argument would hold: it is *paganism* in its various forms, including in its pseudo-Christian forms, with its encouragement of hedonism, irrationalism, drug usage, and infantilism, that is responsible for ecological degradation. The virtues espoused by St. Augustine and his Christian republican tradition, with the goal of creating the "City of God," are precisely what are needed to "protect the environment" now. As for the abuse of animals, isn't it interesting that not a whimper of protest is heard from the animal rights activists about the ritual abuse, torture and sacrifice of animals by Satan-worshipping cults? But what can one expect from a pack of foolish Manicheans?

### **Paganism in Christian clothes**

In attacking St. Augustine and claiming to speak on behalf of a "green Christianity," Ian Bradley is repeating what might be called the "Emperor Constantine heresy." Constantine, ruling Rome only a few decades after the gnostic reforms of the Emperor Diocletian, established Christianity in nominal terms, as the religion of the Roman Empire, while making sure that the *content* of his Christianity would be paganism, and the worship of the pagan gods. As seen in his text, Bradley is extremely sensitive about being seen to recommend paganism, since he is, after all, a Church of Scotland official, and he wants to dupe believing Christians. But in content, paganism is precisely what he is preaching. He is a self-professed devotee of feminism, vegetarianism, Gaia-Mother Earth, the Hindu cult of Shiva, and Eastern Orthodoxy. He has accepted the central argument of medieval historian Lynn White, who wrote in *Science*, the journal of the American Association for the Advancement in Science, in 1967: "Especially in its Western form, Christianity is the most anthropocentric religion the world has seen. In absolute contrast to ancient paganism and Asia's religions, it not only established a dualism of man and nature but also insisted that it is God's will that man exploit nature for his proper ends." Bradley's solution is not to abandon Christianity in name,

but to transform Christianity into paganism. Neat little trick!

Bradley, unfortunately, speaks for a growing tendency within Christian churches. According to his own account, he represents a growing minority within the Church of Scotland. He also claims new Church of England primate Carey as a “co-thinker,” and Carey’s appointment, of course, puts that irrational belief-structure at the top of the Church of England. Beyond this, such organizations as the World Council of Churches (WCC) and the World Alliance of Reformed Churches (WARC), the umbrella organization for predominantly Calvinist churches, have been mounting attacks against anthropocentrism, the Renaissance, and the like. Two of the books that Bradley cites in his first pages, as works that shaped his own thinking, are the 1978 *The Human Presence: Towards an Orthodox View of Nature*, authored by the World Council of Churches’ senior theologian Paulos Gregorios and published by the WCC, and the 1985 *God in Creation: An Ecological Doctrine of Creation*, by West Germany’s Jürgen Moltmann, a co-thinker of Britain’s Prince Philip who has authored an ecologist animal rights treatise for the WARC. Bradley also praises the work of a Church of England working party on the “theology of nature” headed by the ultra-liberal Dr. Hugh Montefiore, and that of the Church of Scotland’s Religion, Science and Technology Unit.

Bradley’s method is to interpret, or rather misinterpret the Bible, in order to make it “ecological.” His greatest contortions are around the Book of Genesis, whose injunctions to man, to be “fruitful and multiply,” and to “have dominion” over nature, are the bulwarks of Judeo-Christian civilization. Out of such contortions, Bradley assures us that early man was a vegetarian! Elsewhere, we are told that the great moment of Christ in Gethsemane is one of many “garden” scenes in the Bible. The Old Testament, which Bradley otherwise vilifies for having advocated the destruction of idol worship, is praised for an “ecological” view, as typified by the ancient Israelites’ supposed reverence toward the pristine desert and the wilderness. One wonders what modern Israelis, whose best instincts are expressed in the policy of “making the deserts bloom,” would think of this!

### **‘Rats will hold the primacy’**

*Political Theory and Animal Rights* is in the form of a series of essays, supposedly for and against “animal rights.” Aside from the fact that the book is clumsily and incoherently composed, it attempts to elevate the absurdity of animal rights into a serious philosophical dispute, juxtaposing eccentric kooks and cultists with republican philosophers. Of course, the editors’ bias is never hidden. The book-cover illustration, is of five similar drawings in sequence: the first, on the far left, is a dead chicken hanging from a hook. After three intermediate transformations, the last one, on the far right, shows a dead man’s corpse on a hook. Get it?

What clearly emerges out of the mess, is that the philo-

sophical mentor of the animal rights movement is British 18th-century philosophical radical Jeremy Bentham, reinforced later by John Stuart Mill, and then continuing through the present time up to Bertrand Russell and the Fabian Society’s George Bernard Shaw, meanwhile merging through the years with continental European traditions associated with Friedrich Nietzsche and anarchist Prince Kropotkin of Russia. In one essay, Bentham is praised by a certain Henry Salt, who had authored *Animal Rights* in 1892, which made a big impact on George Bernard Shaw. Salt praises Bentham as having had “the high honor of first asserting the rights of animals with authority and persistence,” leading to the promulgation in England in 1822 of a *jus animalium*. (The same Bentham who believed in “animal rights” did not believe in inalienable human rights, and was violently hostile to the American Declaration of Independence.)

Bentham’s is the famous “utilitarian calculus”: Nothing really matters beyond the seeking of pleasure and the avoidance of pain. In 1789, he wrote: “The question is not, Can they reason? nor, Can they talk? but, Can they suffer?” This is the principle of “sentience.” The absurdity and danger of Bentham’s philosophy is seen in the contribution of Australia’s Peter Singer, the guru of the animal rights movement: “Surely every sentient being is capable of leading a life that is happier or less miserable than some alternative life, and hence has a claim to be taken into account. In this respect, the distinction between humans and nonhumans is not a sharp division, but rather a continuum along which we move gradually, and with overlaps between the species, from simple capacities for enjoyment and satisfaction, or pain and suffering, to more complex ones.” Singer is not shy about naming his enemy: “This idea of a distinctive human dignity and worth has a long history; it can be traced back directly to the Renaissance humanists. . . . This view of the universe, in turn, goes back to both classical and Judeo-Christian doctrines.”

A quote from Bertrand Russell’s 1932 essay, “If Animals Could Talk,” excerpted in the Linzey-Clark collection, sums up the state of mind involved here: “An eminent biologist of my acquaintance looks forward to the day when rats will hold the primacy among animals and human beings will have been deposed. There is no impersonal reason for regarding the interests of human beings as more important than those of animals. We can destroy animals more easily than they can destroy us; that is the only solid basis of our claim to superiority. We value art and science and literature, because these are things in which we excel. But whales might value spouting, and donkeys might maintain that a good bray is more exquisite than the music of Bach. We cannot prove them wrong, except by the exercise of arbitrary power. All ethical systems, in the last analysis, depend upon weapons of war.”

The longer the Benthamite-Russellite “anti-anthropocentric” worldview is tolerated, the likelier it will be that human beings will be “deposed.” And, indeed, by rats!

# Trilateral policy is tested in Trinidad

by Carlos Wesley

President George Bush's deployment of troops to Saudi Arabia and Iraq's move into Kuwait were not the only military interventions in which the Trilateral Commission had a hand in recent weeks. In fact, the Trilateral Commission's recent proposals for "a multinational police force," which former member Bush wants to put into practice in the Persian Gulf crisis, were tested in the oil-producing Caribbean nation of Trinidad and Tobago, during a week-long crisis that ended on Aug. 1.

On July 30, Jamaican soldiers landed in Trinidad, according to the Caribbean News Agency (CANA). The Jamaicans, probably accompanied by soldiers from other Caribbean nations and by American forces, went into Trinidad to help end a looting spree, unleashed after a group of heavily armed men, led by one Iman Yasin Abu Bakr, a former policeman, seized the Parliament on July 27. The assailants, a fringe Black Muslim sect known as the Muslimeen, also took control of the national TV and radio stations and took 41 people hostage, including Prime Minister A.N.R. Robinson, several members of his cabinet, and opposition members of Parliament. The hostages were held until Aug. 1, when Bakr and his followers surrendered unconditionally to authorities.

Bakr's uprising coincided with a summit meeting of the heads of state of the Caribbean Community (CARICOM) in Jamaica, whose prime minister, Michael Manley, has long advocated a multinational force to police the countries of the hemisphere, allegedly to fight drugs. The hostage-taking in Trinidad created yet another pretext for military intervention, besides the fraudulent "war on drugs" that was used to invade Panama. Seizing upon the fact that Bakr had visited Libya, the uprising was blamed on Muammar Qaddafi—always a safe bet as a bogeyman—and it was claimed that Ibero-America and the Caribbean are now threatened by Islamic fundamentalism.

The Caribbean leaders quickly assembled a multinational force in nearby Barbados under the Caribbean Regional Security System (RSS). The RSS, set up in the wake of the U.S. invasion of Grenada in 1983, coordinates closely with the U.S. Southern Command in Panama, headed by Gen. Maxwell "Mad Max" Thurman.

"Our information was that Jamaica was sending its troops to be on stand-by here in case the Trinidad government asked for their assistance. But then they went in [to Trinidad], we don't know at whose request," a CANA editor in Barbados

told *EIR* on Aug. 1.

American and Venezuelan warships were deployed into the Gulf of Paria. Several sources in Trinidad confirmed that American troops and helicopters were also deployed, although Washington officially denied it.

## IMF austerity policy is to blame

While Bakr's uprising was the immediate trigger for the widespread looting, "ultimately the policies of the International Monetary Fund have caused all this mess," said a Trinidad trade unionist. "Some people have taken advantage of the situation to advance their own agenda, but it is the destitution brought about by the IMF, which, just like the riots in Caracas, has brought us to this point," he said.

Like most of the governments in the Americas, the Robinson government in Trinidad has been following the "economic liberalization measures" being pushed by the Anglo-American Establishment through the IMF, in hopes of qualifying for the empty promises of Bush's "Enterprise for the Americas" or similar fakeries. In Trinidad, the government signed with the IMF, even after a government-appointed commission confirmed the charges made by former IMF official Davison Budhoo last year, that the IMF had concocted fraudulent statistics to justify unnecessary austerity in Trinidad.

Other countries in the region are also facing unrest because of IMF austerity. On July 28, President Carlos Andrés Pérez of Venezuela raised gasoline prices by 15%, and similar increases will take place every month for the next six months. Fearing a repeat of last year's rioting, the government militarized several cities as it announced the price hike.

## The Trilateral agenda

Pérez was also working on a strategic oil reserve for the hemisphere, in expectation of a war in the Middle East. Oil-producing Trinidad, just seven miles off Venezuela's coast, has a role slated in that scheme. Both Manley and Pérez are advocates of a multilateral military force to impose austerity. They also share membership in Jimmy Carter's Council of Freely Elected Heads of Governments. Carter was the first U.S. President installed by the Trilateral Commission.

It was anticipating a Trinidad-style backlash to genocide economics, that the Trilateral Commission recommended that "new regional security systems" be set up. In a report issued earlier this year, "Latin America at the Crossroads: The Challenge to the Trilateral Countries," the commission called for "jawboning" the region's governments into accepting "liberalization measures that the whole world knows hold the key to economic progress." The report recommends that NATO forces be deployed out-of-area to police the Third World, adding: "Serious thought about new institutional mechanisms to update or replace OAS-Rio Treaty arrangements is clearly in order—including consideration of some form of multinational police force."

## 'Solidarity Week' a cruel joke

*Any income surplus from the Mideast oil crisis has already been signed over to Mexico's bank creditors.*

It is likely that Mexican President Carlos Salinas de Gortari did not foresee the Aug. 2 Iraqi invasion of Kuwait, which set the world on the brink of a new oil "shock." And he likely didn't know about it because he was too busy preparing to launch his July 2-8 "Solidarity Week," a high-profile publicity campaign to show "solidarity" with Mexico's poor. It is the first "concrete" action, taken under the auspices of his so-called National Solidarity Program (Pronasol), to fulfill campaign promises since he assumed the presidency—fraudulently—in 1988.

Throughout this oh-so-special week for the government, no events abroad were permitted to impinge on Salinas's grand scheme, for this was the week in which Mexico's President elevated the miserable poverty of his country to the status of a *virtue*. It was also the week in which the government revealed its inherent schizophrenia. As journalist Miguel Angel Granados Chapa sharply noted July 5: "In its double personality, analagous to that of Mister Hyde and Doctor Jekyll, the government first manufactures the poor, and then hides them" with ephemeral welfare plans.

It was also a week in which the budget secretary announced that an overdraft in the social expenditure budget of some 40 trillion pesos would be permitted this year. The design is clearly to finance Salinas's latest social welfare campaign, with an eye toward laundering his rather tainted image for the 1991 federal elections, which are hardly "in the bag," despite the billions of pesos being

spent to buy Mexican votes.

Salinas has thus far limited his "Solidarity" activities to delivering property titles to squatters amid great fanfare. Now, of course, these new "owners" will have to pay taxes to the Treasury for the right to live in the "belts of misery" that abound in both rural and urban Mexico. Handfuls of bricks, nails, and other so-called construction material have been distributed to these new property owners for the alleged purpose of building houses, primary schools, and sports facilities. Salinas has also been photographed busily inaugurating "sports centers" ("because sports is also solidarity"), issuing invitations to community *fiestas*, and distributing gifts in the government's name.

However, in not one of these highly public events across the country has Salinas inaugurated, or even announced, plans for a single public works project, confirming yet again that for this government, salaries are as "unnecessary" as productive agriculture or modern industry. To be poor in Mexico, in fact, "is not a fatality, but a challenge."

But reality has its way of interfering with such fantasies. The conflict in the Mideast exploded, suddenly and drastically driving up the international price of oil. An official statement from the directors of the Mexican state oil company Pemex denied commentaries in the British press to the effect that "the Mexican government is celebrating Iraq's invasion of Kuwait." Despite the denials, extra income of more than \$1 billion is anticipated this year based on an average

price calculation of \$18 per barrel. But various factors stand in the way of Mexico ever enjoying this new "oil bonanza":

1) Amid the renegotiations of the foreign debt and letters of intent with the International Monetary Fund, there exists a clause which establishes that, if the price of a barrel of oil should go above \$14 for more than three months, then *the Mexican government is committed to increasing its foreign debt payments*. That is, any income surplus goes to Mexico's creditors!

2) The increase in oil prices will raise the U.S. trade deficit and inflationary pressures, which will in turn provoke a tendency for interest rates to rise. As one may recall, among the three options of the financial "accord" to restructure Mexico's foreign debt was one which proposed that creditors freeze the interest charged on Mexico's debt at a rate of 6.25% for 30 years. Very few banks chose that option.

If interest rates rise—as they already have begun to do—the benefit of a 35% reduction in debt principal will be lost, as interest costs on the remaining debt increase.

3) Spokesmen for Mexican private enterprise have already proposed that Mexico increase its oil exports to "capture the advantage posed by the conflict in the Middle East."

This proposal has two problems. First, the oil price rise will have a recessionary impact on oil-importing economies. Second, Mexico *cannot* produce more oil: Its export platform is limited to 1.2 million barrels a day because the industry's physical plant and equipment has been practically destroyed by the "de-investment" policies that have afflicted it for more than eight years.

The Salinas government has made its bed, and now must lie in it.

## Brazil appeases superpowers

*The Collor government has sacrificed its longstanding relations with Iraq to satisfy demands of the superpowers.*

Since President Fernando Collor de Mello assumed office last March, he has followed a script written by the superpower condominium in crucial areas of trade and ecology. But the Middle East crisis set the stage for Collor to destroy a years-long relationship with Iraq, in a public display of subservience to the condominium.

The independence of Brazilian foreign policy for the past 15 years has been reflected in its special relations with the Arab world, and particularly with Iraq, which until Aug. 2 was Brazil's chief supplier of oil. Since the 1974-79 government of Ernesto Geisel, Brazil and Iraq have woven very close ties, with Brazil providing military equipment, food, and services while its giant construction companies have built highways, rail lines, and irrigation projects.

On Aug. 4, after the current Middle East crisis first broke, U.S. Ambassador to Brazil Richard Melton ran to the Foreign Ministry to demand that Brazil adhere to the sanctions the Bush administration was planning to adopt against Iraq. The Collor government agreed, and on Aug. 6 embraced the total boycott of Iraq decreed by the U.N. "Brazil has no reason to act differently. Our bilateral trade with Iraq is not so large that it merits a unique position," explained Foreign Minister Francisco Rezek in announcing the Brazilian position.

Brazil's break with its historic allies began even before he took office, when his first meeting during a pre-inaugural visit to the United States was with World Jewish Congress President Edgar Bronfman. Upon tak-

ing office, President Collor ordered a shutdown—for no apparent reason—of the lucrative trading company Interbras. Dependent on the state oil company Petrobras, Interbras was created for the single purpose of exchanging Brazilian products for Middle Eastern oil.

As the culmination of its shift in strategic position, Brazil concretized—just days prior to the Iraqi invasion of Kuwait—a deal to buy 100,000 barrels per day (bpd) of oil from the Iranians. Iraq, which used to be Brazil's major oil supplier at 250,000 bpd, will now sell only 150,000 bpd to Brazil.

In recent weeks, U.S. State Department pressures on Brazil to break relations with Iraq have been especially intense due to the role undertaken since last March by a group of top-level Brazilian technicians serving as advisers to the Iraqi government in the fabrication of missiles. The group is headed by Brigadier Hugo Piva, the former director of the Air Force's Technology Center. It is doubtful that Brigadier Piva "is working without the blessing of the Brazilian government, or at least of the Brazilian military establishment," State Department envoy Gary Milhollin told the July 29 *New York Times*.

Milhollin, director of the Wisconsin Project for Nuclear Arms Control, is demanding cancellation of the U.S. sale to Brazil of a supercomputer which would enable the Brazilian Aeronautics Co. (Embraer) to carry out sophisticated calculations of propulsion and aerodynamics. "Brazil has a policy of exporting weapons and

missiles which does not overly concern itself with the uses of its eventual clients, [and] which has not officially adhered to international patterns of nuclear technology use, nor permits inspection. . . . The connections with Iraq worsen the situation."

The supercomputer purchase had been hailed as a major Brazilian diplomatic triumph, following the announcement by U.S. Special Trade Representative Carla Hills that restrictions on such a sale were being lifted as a reward for Brazil's new trade "opening."

And yet, the Collor government still has to contend with forces at home which are increasingly disgusted by this abandonment of Brazilian national sovereignty. It is, therefore, no accident that representatives of Collor's Foreign Ministry were deployed to give speeches at leading policy study institutes of the Armed Forces which suggested that Brazilian foreign policy was returning to an independent stance vis-à-vis the Anglo-Soviet-American condominium power arrangements.

On July 23, Foreign Minister Francisco Rezek gave an extraordinary speech to the Superior War College, in which he analyzed the unfortunate consequences for Brazil of the superpower "condominium" with which the U.S.-U.S.S.R. axis "divides world power." According to the minister, a "select group of countries" has joined that condominium out of a desire to impose their will through "international corrective actions."

Speaking to the officers' school of the Army Chiefs of Staff, Foreign Policy Secretary Marcos Azambuja presented a similar view, asserting that "Brazil, Argentina, India, and several other developing countries have resisted the assaults of the two superpowers and their allies" out to prevent nuclear and aerospace development.

## Project Democracy devours offspring

*The puppet government is being deserted in droves by its former supporters, including the U.S.*

**P**anama's Bishops' Conference issued a scathing attack against the U.S.-installed ruling troika of President Guillermo Endara and his two vice presidents, Ricardo Arias Calderón and Guillermo "Billy" Ford. "There is a lack of leadership and definition on the part of the government," said the bishops in a Pastoral Letter issued Aug. 2.

They criticized the government for leaving too much in the hands of "private enterprise and civic clubs, as if the government has abandoned its duties of looking out for the common good, by providing encouragement, leadership, and coordination to national life." They charged that the administration of justice is slow, and chastised the factions that make up the ruling coalition for their "thirst for revenge" against members of the former government of Gen. Manuel Noriega and for being more concerned with getting a share of the spoils than promoting the good of Panama.

But the bishops reserved their most pointed barbs for the U.S. government, which brought the current Panamanian regime to power with the invasion of last Dec. 20. President Bush, who is condemning Iraq for its invasion and occupation of a smaller nation, Kuwait, would do well to study the Panamanian bishops' letter before jumping on Saddam Hussein.

The U.S. military continues its forcible occupation of Panama, the bishops said, implying that it is covetous of Panamanian territory. The churchmen added that key decisions about Panama's internal affairs are made in Washington.

"Panama demands that the gov-

ernment of the United States respect the integrity of its territory, in accordance with the basic principles of international law," they said. They demanded "that the Panamanian state must be autonomous respecting its government policy decisions," and added that "the American military presence outside of the areas allowed by the canal treaties, cannot be justified."

The Bush government has shown its "insensitivity to the pain of the people" by being "late and providing too little" economic aid to rebuild Panama, say the bishops, who add that they back "the right to compensation to which the families of those killed in the invasion are entitled."

The bishops' attack is all the more remarkable since Panama's Catholic Primate, Archbishop Marcos McGrath, last December had welcomed the U.S. invasion as an act of "liberation." McGrath, a member of the Inter-American Dialogue, an organization that has been working on behalf of drug legalization, had also mobilized against General Noriega. The new line reflects pressures brought to bear upon McGrath by fellow bishops (and, say some, by Rome itself), and disillusionment with the puppet government among its erstwhile supporters because it is so ineffective.

Also, the gang that brought the Endara troika to power, the U.S. secret government apparatus known as Project Democracy, is working to undermine its own creation. Similar to its actions against Cory Aquino in the Philippines and the Violeta Chamorro government in Nicaragua, two other governments it helped bring to power,

Project Democracy has been conducting a massive campaign to discredit the Endara government.

This is in keeping with its philosophy of "supporting the opposition until they become the government, and then supporting their opposition" in an unending cycle, as one of its agents, William Paddock, once told a journalist. This prevents a strong government from consolidating itself and ensures permanent U.S. control over Panama.

One who has been deployed for this purpose is Miguel Antonio Bernal, a French-trained lawyer and journalist who worked with Project Democracy to discredit Noriega. Bernal, for whom the U.S. arranged a fellowship and teaching post in the U.S. last year after he slandered Noriega one time too many, returned to Panama a few weeks ago to take up the same role against Endara. The "presidency . . . is influence-peddling," he claimed, saying that Endara was covering up for people who robbed the nation.

Endara sued Bernal for slander. But others were publicly backing Bernal's charges that Endara's law partner and key adviser, Hernán Delgado, was peddling influence through the presidency. Worse, according to an open letter from a member of Endara's own Panamanian Party, his partner Delgado was accused of having been, together with current Attorney General Rogelio Cruz, "the legal representatives of First Interamericas Bank, which was shut down for money laundering."

Alberto Conte, the leader of the Civic Crusade, the group that ran the street demonstrations against Noriega with funds provided by Project Democracy's public coordinating body, the U.S. National Endowment for Democracy, announced on July 30 that his group will have to "take other actions" against the Endara government.

## Colombian voters betrayed?

*The inclusion of two pro-drug enemies of Colombia in the new Gaviria government is a deadly mistake.*

Someone's played a terribly cruel joke on the Colombian electorate. After enduring more than a decade of political corruption and narco-terrorism, Colombians were finally offered a choice between candidates who openly advocated legalization of drugs and appeasement of the drug cartels, and the single candidate who pledged to continue the war against drugs and to allow no compromises with the enemy, César Gaviria Trujillo. Successor to the martyred anti-drug figure Luis Carlos Galán, Gaviria was elected President in May and inaugurated Aug. 7.

But President Gaviria's first act in office was to put the two most prominent drug legalization advocates among his former rivals into his cabinet, all in the name of "democratic representation."

One of these, Development Minister Ernesto Samper Pizano, is not unknown to *EIR's* regular readership. As the front-man of former President and drug cartel protector Alfonso López Michelsen, Samper will undoubtedly serve as Dope, Inc.'s advocate inside the Gaviria administration. An intensely ambitious man with no scruples, Samper's technique has often been to cloak himself in the guise of a populist, and he is already being described as the man who may temper Gaviria's more orthodox monetarist tendencies. One thing is certain: Samper can be expected to do his utmost to sabotage President Gaviria's best impulses, while preparing for the presidency in 1994.

Although Samper is by far the more dangerous of the two, it is Anto-

nio Navarro Wolf whose appointment to the Health Ministry was the worst slap in the face to the Colombian population. Navarro Wolf, a British-trained engineer who helped found the narco-terrorist M-19 in 1970, turned "legit" one year ago when his terrorist hordes succeeded in blackmailing the previous Virgilio Barco government into offering Navarro and friends a political amnesty which invited them into the government.

The M-19 gained notoriety internationally for its cocaine cartel-financed siege of the Colombian Justice Palace in 1985, and its cold-blooded execution of half the Supreme Court. Navarro was emphatic during his presidential campaign earlier this year that he is the same bloody assassin he always was. As he cynically explained to reporters, "The only difference with the past is that before they hunted me and now they protect me."

However, Navarro is not merely an asset of the drug mafia which has paid his way for nearly a decade. He is also committed to imposing "Gnostic magic" as the new Colombian cultural matrix. In a series of interviews in the 1980s, he claimed to model himself on the ideas of the lunatic co-founder of the M-19, Jaime Bateman, who insisted that his mother's Gnostic beliefs made him invisible to his enemies. Navarro described Colombia's abandoned children as prime recruitment targets for his gang, and insisted that "magic" and "passion" were the necessary lures. He also defined the Catholic Church as one of two crucial enemies to be destroyed. The other was the Colombian Supreme Court.

Navarro's appointment to Gaviria's cabinet was fought to the bitter end by the courageous anti-drug daily *El Espectador*, which editorially accused the Barco government of having created, with its pact with the M-19, a "dangerous monster" which now threatens the country's political future. Pointing to the lucrative concessions and political payoffs to the amnestied terrorists by a government "which has assumed the paternity of the M-19," *El Espectador* warned Aug. 2, "As if this were not a peace pact, but the surrender of the government to a subversive movement, we already have the head of this movement walking the halls of power, indicating what path the constituent assembly should take and the principles that should serve as the basis for the [constitutional] reform. And as if that weren't enough, he is now rumored to become the next health minister."

Navarro's near-appointment as Gaviria's education minister was thwarted when the Colombian Association of Universities issued a press release on Aug. 4 describing Navarro as failing to demonstrate the moral, human, ethical, or cultural fitness for the job of educating Colombia's new generations.

President Gaviria's dangerous concessions to the drug lobby can be traced directly to the pressures of the Bush administration. Washington's consistent sabotage of Colombia's war on drugs, its obsessive allegiance to the "free-market economics" so dear to the cocaine traffickers, and its longstanding covert ties to the drug- and arms-smuggling networks cultivated by former CIA chief George Bush, have left little maneuvering room for a Colombian government so financially tied to the banks' purse strings. Whether Colombia's nationalists can stiffen Gaviria's backbone remains to be seen.

# International Intelligence

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## **'Noriega was overthrown for exposing drug trade'**

Argentina's Col. Mohamed Alí Seineldín (ret.), the nationalist military leader, says that Panama's Gen. Manuel Noriega was overthrown because he permitted exposure of the drug trade's financial operations. Panama's *Crítica Libre* newspaper quoted Seineldín saying that the U.S. operation against Noriega was launched when the Panamanian general lifted bank secrecy laws and permitted the exposure of the drug traffickers' financial networks. The quotation appeared in a book on Seineldín and his followers.

The colonel charged that U.S. interests are involved in the Panamanian drug traffic, and that Noriega became an obstacle, which is why he was accused of being a trafficker. Seineldín further ridiculed the hypocrisy of U.S. leaders who claimed to be fighting a war on drugs, while protecting the traffickers.

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## **Scottish human rights activist is honored**

Glasgow solicitor John Carroll, who is at the center of a storm of controversy in the Scottish legal community, was given an award on July 27 by the Scottish Council for Civil Liberties (SCCL), for making the most significant contribution to civil rights in Scotland.

"British institutions' days of arrogance towards human rights are over," said Carroll at the award ceremony. Noting that those institutions had long equated civil rights with sedition, he continued: "The principles of human rights have emerged as a force to be reckoned with. . . . It is only a matter of time before the organs of the state are forced to adjust in compliance for the good of us all."

Making the award, SCCL chairman Alan Miller pointed to Carroll's "tenacity and selflessness in seeking justice for those least able to defend their own dignity." The

speeches were prominently covered in the main Scottish newspapers.

Carroll, who as *amicus curiae* has denounced the miscarriage of justice against Lyndon LaRouche, is now the object of a bizarre complaint for alleged professional misconduct by the president of the Supreme Court of Scotland, Lord Hope. That the SCCL chose to make the award at this moment reflects not only the virtues of the recipient, but also what most of the Scottish legal community think of Lord Hope's complaint: that it is vexatious and politically motivated.

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## **Former Stasi chief defends Red Army Faction**

Markus "Mischa" Wolf, the former head of the East German Stasi secret service, defended the terrorist Red Army Faction (RAF) as "an alternative way," on German television on Aug. 6. This was in reply to a question put by Günther Gaus, the former West German ambassador to East Germany. Wolf is now living in exile in Moscow, and, despite his claimed conversion to "democratic" principles, is believed to be a coordinator of what intelligence experts call "Operation Trojan Horse"—the effort to infiltrate the West with "former" agents of the KGB and allied intelligence services.

Wolf also said that, contrary to what many might think in view of the collapse of communism in East Germany, he did not consider his life a failure. "No," he said, "the principles will never die, though the people have foolishly thrown away the chance for socialism with democracy and humanism. In my life there have been love and happiness, there are children and grandchildren, and something will remain forever."

Wolf speaks only in riddles and puzzles, and the "children and grandchildren" to whom he refers are not those of his flesh.

Powerfully built and repellently healthy, with that "child molester" look of the Hollywood film star, Wolf exudes self-confidence. He shows flashes of animation only when speaking of Russia and Gorbachov,

for whom he feels boundless respect "given the almost impossible circumstances he labors under."

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## **Khmer Rouge relocates refugees into Cambodia**

The Khmer Rouge rebel forces are relocating refugees to sites inside Cambodia, the Bangkok daily the *Nation* reported Aug. 7, from interviews with relief officials. The officials claim that there are indications that the genocidal Khmer Rouge was moving refugees under its control to jungle areas infected with malaria and full of land mines. The Khmer Rouge has already sent thousands of refugees back into Cambodia this year.

Refugee officials and diplomats say the relocation of refugees is linked to diplomatic developments—that guerrilla leaders are attempting to counter the impact of the U.S. announcement that it was withdrawing diplomatic support for the guerrillas' seat at the United Nations, by strengthening their hold on "liberated" zones.

The refugee officials also claim that these moves are related to logging and gem-mining concessions inside Cambodia, sold by the Khmer Rouge to companies in Thailand. More than 1,000 people, for example, are said to have "disappeared" recently from Khmer Rouge camp K in southeastern Thailand, to be hauled into Cambodia to build roads and jungle trails for trucks to carry concessions to the border.

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## **Crisis intensifies in the Dominican Republic**

"There are almost no goods in the shops, and there are long lines just to get bread, if you can find it." That description is not of the Soviet bloc, but of the Dominican Republic.

On Aug. 6, President Joaquín Balaguer met with labor and political leaders in an attempt to work out a "social pact" to stave off an explosion, as the government announced it would abide by President Bush's free-trade



## Briefly

policies. Food subsidies are being eliminated, fuel prices are going up, and protectionist tariffs are being reduced or done away with altogether, which will mean the end of small and medium-sized industries.

The government is indicating its willingness to adopt police-state measures to enforce these policies. On Aug. 6, in a major break with the longstanding Ibero-American tradition of respect for university autonomy, police entered the campus of the national university to put down student protests.

The country continues to suffer daily electrical blackouts of 16 hours or more. Most companies are now entirely dependent on their emergency generators, which are fast breaking down, as they are not designed for constant use. The noise from the thousands of individual generators has brought about a significant increase in neurotic ailments and even psychosis, according to mental health professionals.

Some fear that the crisis might force the octogenarian President to give up most of his powers to Vice President Carlos Morales Troncoso, a life-long employee of Gulf and Western Corp. and a friend of Henry Kissinger.

### **Executions make Beijing 'safe' for tourist season**

Eleven people were executed in Beijing "to make Beijing peaceful, safe, and happy for foreign friends visiting during the Asian Games," the *Beijing Daily* reports.

The city is once more under martial law (not officially acknowledged, of course) in anticipation of street demonstrations during the Asian Games to be held starting Sept. 15, but the Communist Chinese regime is going all out to cover it up. The *Guardian* of London reports that the bullet holes that have pockmarked the façade of the Jianguomenwai diplomatic compound since the Tiananmen Square massacre of June 1989 have finally been filled up, and roads are being repaired to eliminate the track marks of tanks.

The Asian Games will be the biggest

international gathering ever staged in China, with 6,500 athletes, coaches, and officials from 38 countries; 2,700 journalists, and tens of thousands of tourists expected.

Ordinary Chinese will not be able to attend the games because tickets will cost more than an average week's wages. Worse, workers throughout China are having their pay envelopes robbed by the government for "donations" to sponsor the games.

Security is the greatest expense. The press claims there is an "international terrorist" threat, which is being used as an excuse for the reappearance of troops and armored vehicles on the streets. Road blocks have been reestablished at night, and the official *China Daily* reported a "rehearsal" of soldiers armed with submachine guns.

Beijing Mayor Chen Xitong recently proclaimed: "If [police] cannot handle it, we will certainly not rule out the use of the Army. Martial law can be declared if the situation requires it."

### **Contraceptives in the world food supply?**

A spokesman for the Roman Catholic Church in Scotland condemned as "verging on fascism," a proposal by prominent academic Sir Graham Hills, vice-chancellor of the University of Strathclyde in Glasgow, that contraceptives be placed in the world food supply to ensure that "all casual sexual encounters would be unproductive."

Sir Graham had written a letter to the *Times* of London, which was published on July 30 under the title, "Case for direct population control." Challenging what he considers the misguided "right to bear children," he declared: "For the protection of the individual, as well as for the protection of the earth, I would therefore suggest that one essential ingredient of milled cereals should be a heat-resistant, contraceptive but otherwise harmless chemical additive. Pharmaceutical companies please note."

Father Tom Connelly stated on July 30, that Sir Graham's comments degraded human nature, removed free will, and "treated human beings as unthinking animals."

● **JAPAN** has offered to help arrange a summit meeting between South Korean and Chinese leaders, if they come to Japan to attend the enthronement of Emperor Akihito in November, according to a Seoul newspaper, *JoongAng Ilbo*. The plan is to set up a meeting between President Noh Tae Woo and either Chinese Communist Party leader Jiang Zemin or President Yang Shangkun.

● **THE PONTIFICAL** Theological Academy of Krakow has awarded an honorary degree to Agostino Cardinal Casaroli, for his work on behalf of winning freedom for the Church in Poland. "The figure of Casaroli is tied to the current Pontiff more closely than some would think," according to the June issue of the Italian journal *30 Giorni*.

● **CHINESE** Prime Minister Li Peng arrived in Jakarta, Indonesia on Aug. 6 to sign an agreement resuming diplomatic relations after 23 years. Li will also visit Thailand and Singapore during his trip. It is likely that Communist China and Singapore will establish relations in September.

● **ARIEL SHARON**, the Israeli housing minister, called for deporting the entire Palestinian leadership in the occupied territories "tonight," in a speech Aug. 7 to his Likud Party faction, which followed the killing of two Jews in East Jerusalem, blamed on Arabs.

● **THE BASQUE** separatist guerrilla group ETA should become a legalized political party, the president of the Basque government, José Antonio Ardanza, told the EFE press agency. Ardanza is in effect proposing a general amnesty for all ETA members, who are responsible for at least 600 assassinations. Under a similar formulation, the Colombian terrorist group M-19 was legalized earlier this year, and now has representation in the parliament and a cabinet post.

## LaRouche candidates win victories in Midwest

by Patricia Salisbury

On Aug. 4, a four-hour debate on the floor of the U.S. House of Representatives on government subsidies to congressional campaigns, was focused around the prospect that imprisoned U.S. statesman Lyndon LaRouche could win a congressional seat from prison, and that LaRouche supporters were running campaigns for public office all over the country. So upset were the congressmen, that Rep. Pat Roberts (R-Kan.) at one point predicted the end of the two party system. Then on Aug. 7, LaRouche supporters in the Midwest running for U.S. Congress, state legislative positions, and other public offices, polled 20-45% of the vote in their races. In one case in the 10th Congressional District (C.D.) in Michigan, LaRouche supporter Joan Dennison captured the Democratic Party primary nomination with 59.2% of the vote.

What is the nature of this campaign, a bid by Lyndon LaRouche for Virginia's 10th C.D. seat, which is breaking all the rules of American politics, and causing certain congressmen to threaten to further trample the U.S. Constitution in an effort to stop the growth of this movement?

Starting in December, LaRouche for Justice, the election campaign committee for LaRouche's independent Democrat bid for the 10th C.D., began a series of radio ads on WTOP, the all-news radio station most listened to by the policy-making bastions of Washington, D.C. and which blankets the 10th C.D. which abuts the nation's Capitol. For anyone who hadn't already gotten the message, these ads made it clear that this was no typical local congressional campaign.

Over WTOP, LaRouche has been directly addressing his constituents on the need to reverse 25 years of post-industrial decay, and to link the United States politically and economically to developments in Germany which can provide the basis for the recovery of the world economy out of conditions of depression collapse. He has minced no words in address-

ing President Bush, urging him to cease telling the American population that the depression and a trillion dollar blowout of the banking system is caused by a few bad bankers. "George," the LaRouche campaign ads state, the problem "is your policies and the policies of the Democratic administration under Carter before you." LaRouche's message to Bush is echoed in a series of provocative billboards on the highways bordering Washington, D.C. and the 10th C.D., urging Bush to "Eat It George," and decorated with a huge stalk of broccoli.

### Bad news for the 'Get LaRouche' task force

The LaRouche for Justice campaign statements also identify and attack the illegal government task force operation, which, along with the Anti-Defamation League (ADL) and NBC TV, railroaded LaRouche to prison. In late July, LaRouche informed his constituents that he was a party to a lawsuit filed in federal court in Illinois which charges elements of the corrupt task force and NBC News employee Pat Lynch with attempted extortion. Then, when Italian President Cossiga ordered an investigation of charges that U.S. intelligence services had used terrorism in Europe, in cooperation with an Italian Freemasonic organization, Propaganda 2, LaRouche called for an investigation of these charges and of the likelihood that networks around Oliver North, NBC, and the ADL were involved in the coverup of these secret operations. WTOP management has reported that attorneys for Oliver North and NBC have been making inquiries to the station, apparently in response to these LaRouche messages.

The themes of the LaRouche campaign statements have been echoed in several hundred thousand leaflets that have been distributed in the 10th C.D. and throughout the country.

LaRouche statements on the alternatives of the policy disasters being pursued daily by the Bush administration have inspired his supporters around the country who have picked up the themes in their own campaigns. It is this magnification of LaRouche's ideas which seemed to be most on the minds of certain congressmen during their Aug. 4 debate.

### **'Hundreds, if not thousands of followers'**

It is the power of these ideas and their potential for rallying a political movement which will put LaRouche in Congress and demand fundamental change, not scapegoats, from Washington that is creating the "freakout" in the corridors of power. On that day the House of Representatives nominally debated "The Campaign Cost Reduction And Reform Act of 1990." During the discussion there was total hysteria about LaRouche's congressional campaign, and the activities of his supporters around the country.

Rep. Richard Durbin (D-Ill.) was the person most upset. He argued during the debate against one substitute measure, attacking it for what he called a fatal flaw, that it would not prevent people who agree with LaRouche's ideas—vilified by Durbin as spreading a gospel of anti-Semitism and racism—from continuing to campaign. Durbin stated, "Although their leader, Lyndon LaRouche, has been imprisoned for criminal activities, they still conduct a massive solicitation and recruitment effort. If you live in the Washington, D.C. area, you can still hear the imprisoned Mr. LaRouche on the radio soliciting support for his extremist effort."

After reviewing the fact that four years ago LaRouche supporters in Illinois captured the Democratic Party nomination for two state offices—a recurring nightmare for Democratic Party hacks which again became a reality in the Missouri and Michigan primary election results of Aug. 7—Representative Durbin raised the fear that LaRouche supporters, and the candidate himself, might be able to take advantage of proposed matching fund provisions of the legislation. The irony of this argument, when one considers that while tens of thousands of citizens throughout the country have made small donations to the presidential campaign efforts of Lyndon LaRouche, his supporters have generally spent close to zero, relying instead on grassroots campaigning. For example, Bill Jacobs, who polled 42% of the vote in Missouri's 7th C.D., had spent exactly \$235 on his campaign.

Rep. Jim Moody (D-Wisc.) let the cat out of the bag with the proposal that Congress simply solve the problem by prohibiting Lyndon LaRouche's supporters from exercising their right to back his run for Congress. "Mr. Chairman, I certainly agree with the thrust of what the gentleman says about Mr. LaRouche," Rep. Moody said. "But the way to handle that, it seems to me, is to require that people not be able to run for Congress unless they can serve in Congress. Mr. LaRouche, if elected, could not serve, because he is a convicted felon. Mr. LaRouche could not run for Congress and soak up campaign funds of any variety, as he now is doing."

But Representative Durbin feels that even this assault on political rights will not work to stop the LaRouche movement. "The unfortunate fact is that in the State of Illinois, he has hundreds, if not thousands, of followers. We see them on the street corners of Washington, and they are candidates for office. The fact that he is in prison is not going to stop this movement. . . . He has plenty of surrogates who will run in congressional districts, at least in my home state, and perhaps across the nation. We cannot stop them with this message."

Durbin's words will prove prophetic, but for reasons he and his congressional colleagues only dimly understand. Politics is out of control because of the fundamental crises that are racking the nation and the world. It is in periods such as these that populations turn once again to the "dreamers" who will demand that the nation and its citizens reclaim its history and rise to a great moral task. It is this quality of the LaRouche campaign, which is echoed by his supporters, which created the upsets in the Midwest primary elections. In Michigan, LaRouche supporter Joan Dennison, who received 8,637 votes to her opponent's 5,678 votes, drawing 59.5% to win the Democratic congressional primary in the 10th C.D., was associated with the "Food for Peace" movement which LaRouche had inspired in 1987.

Other LaRouche supporters were uncompromising in raising national and international issues in campaign forums. In Missouri, Bill Jacobs, who campaigned for U.S. Congress wearing a "Free LaRouche" tee-shirt, won 42% in his southwest Missouri district. Jacobs became famous throughout this district when he stuck by his LaRouche affiliation after the Missouri Citizens for Life tried to bribe him with an endorsement if he would abandon LaRouche policies. The papers in the area carried his hilarious response to this attempted bribery: "Well, that's the way the pickle squirts! I will not denounce LaRouche! You can take your endorsement and shove it!" Jacobs went on to make the battle against the police-state imprisonment of LaRouche the center of his campaign. Jacobs confronted his constituents with the message that the very existence of the Republic is at stake in the election.

In St. Louis, well-known LaRouche supporter Nick Clement garnered a substantial 19% of the vote against House Majority Leader Rep. Richard Gephardt (D) in the 3rd C.D. Clement had forced Gephardt to debate him on radio station KXOK a few weeks before the election (see *EIR*, Aug. 10, 1990, p. 64). Clement used the occasion to outline the policy alternatives to our current "junk bond economy," and blasted Gephardt for his intimate collaboration with Bush to continue these policies.

With the LaRouche for Justice congressional campaign announcing major plans for half-hour television broadcasts in the Washington area between now and November, and with many LaRouche supporters running in upcoming primaries, the political upsets of 1990 promise to continue.

# Bush to Aspen confab: Third World the enemy

by Kathleen Klenetsky

The U.S. military is being rapidly transformed into a British-style strike force, whose sole purpose is to implement neo-colonial looting policies against Third World nations—with the current American military move into the Mideast being a prime example of this new strategy. President Bush made this shift official in a speech to the 40th anniversary conference of the Aspen Institute for Humanistic Studies Aug. 2, in which he unveiled a plan for radically restructuring the U.S. military.

Drawn up by Secretary of Defense Richard Cheney and his Undersecretary for Policy, Paul Wolfowitz, the proposal will cut 25% in Armed Forces personnel over the next five years. Of greater significance is the proposal's redefinition of America's military mission. The major threat to U.S. national interests in the so-called post-Cold War era, it maintains, now comes not from the traditional East-West matrix, but from those developing-sector countries possessing raw materials which the U.S.'s collapsing economy dictates must be obtained at bargain-basement prices.

This was the basic message of Bush's address to the Aspen Institute. In that context, it was hardly happenstance that the conference's guest of honor was British Prime Minister Margaret Thatcher, who epitomizes the savage neo-colonial looting policies that motivate the administration's new military policy.

Bush told his audience that the potential threat from the Soviet Union has been so reduced over the past year, that it is now permissible to contemplate a massive reduction in American forces deployed in Europe. By the mid-1990s, he claimed, it will take the Soviets so long to "return to the levels of confrontation that marked the depths of the Cold War," that a strong U.S. military presence in Europe will no longer be needed. Instead, the U.S. will rely more heavily on reserve units and "the concept of reconstitution of forces."

The "new era" the world is entering into will enable the U.S. to cut 500,000 active duty personnel out of the current 2.1 million-man force. At that point, he said, "America's Armed Forces will be at their lowest level since the year 1950"—when the Korean War was triggered.

According to published reports, the Cheney-Wolfowitz proposal calls for streamlining the U.S. military into an Atlantic Force, a Pacific Force, and a Contingency Force, the last geared toward rapid interventions into Third World areas. This was clearly reflected in Bush's speech.

"Notwithstanding the alteration in the Soviet threat, the world remains a dangerous place with serious threats to important U.S. interests wholly unrelated to the earlier patterns of the U.S.-Soviet relationship," he said. "Outside of Europe, America must possess forces able to respond to threats in whatever corner of the globe they may occur. Even in a world where democracy and freedom have made great gains, threats remain. Terrorism. Hostage taking. Renegade regimes and unpredictable rulers. In an era when threats may emerge with little or no warning, our ability to defend our interests will depend on our speed and agility."

Bush motivated his proposal by pointing to the Iraqi invasion of Kuwait, which had started just hours before the President spoke. "The brutal aggression launched last night against Kuwait illustrates my central thesis," he said. It proves that threats "can arise suddenly, unpredictably, and from unexpected quarters. U.S. interests can be protected only with a capability which is in existence, and which is ready to act without delay."

In truth, Bush's military restructuring has virtually nothing to do with deterring aggression. Its real purpose is to create a military force to loot Third World countries of raw materials, force them to pay their debts (which economic conditions have now made unpayable), and to threaten or take over countries which resist U.S. colonial policy—such as Panama under General Noriega.

Bush could not have hoped for a more receptive forum. Other speakers at the Aspen conference included Robert McNamara, the former defense secretary and World Bank head who has repeatedly claimed that human population growth is a more dangerous threat than nuclear war, and that the population in the Third World must be sharply decreased; Barber Conable, a close Bush crony and current World Bank president, whose views are akin to McNamara's; and Richard Lamm, the former Colorado governor who thinks that the elderly have a duty to "die and get out of the way."

## Maggie holds Bush's hand

The real hallmark of the conference was Thatcher's presence. She was there to receive the institute's "Statesman Award," making her only the third person to receive that honor in four decades. But her trip to the U.S. just happened to coincide with the explosion in the Mideast, and she prolonged her stay for several days to ensure that the U.S. would make some lunatic military response to the situation, which it did.

In his Aspen speech, Bush hinted at how much he was relying on Thatcher's input on the Iraq-Kuwait crisis. "It was very, very comforting to me today when I went out . . . expressing our views on the . . . naked aggression by the state of Iraq. I felt very comforted by the fact that as I spoke, Prime Minister Thatcher was there with me answering the tougher questions and standing shoulder-to-shoulder with the United States."

# Bush stands up South American compradors

by Mark Sonnenblick

The scrubbing of President George Bush's trip to five South America countries, scheduled for Sept. 16-22, could puncture the illusions of a U.S. bailout with which Ibero-American Presidents are propping up their bankrupt regimes. The State Department announced Aug. 5 that Bush would be tied down in Washington with the federal budget nightmare. The U.S.A. is also bankrupt.

The Project Democracy-linked Presidents of Argentina, Brazil, Venezuela, Chile, and Uruguay were left in the lurch. Argentina's Carlos Menem looked particularly ridiculous. For months, he has been assuring his compatriots that Bush would be so impressed by how he has dismantled the economy that he would convince the bankers to renegotiate its debts. Menem has been scurrying to meetings with the other four Presidents to plan how to warm Bush's cockles. Menem has brought his country to the edge of revolt to woo Bush; and now there is no Bush.

Lyndon LaRouche anticipated on July 27, "Look at the situation in the Hemisphere, particularly, with the United States sliding on the verge of the great financial and monetary mudslide, which is about to come down, we don't know exactly when, but this will mean . . . that very soon all these governments in Central and South America, which have cut deals with the United States, will find themselves embarrassed by the bankruptcy of the United States, in monetary and financial terms, as well as economic ones.

"They will look like fools before their own people, and there will be a process unleashed in each of these countries, against the ridiculous fools, who counted on being submissive compradors to the whims of the giant, who is not really a giant anymore, to the North," LaRouche commented. Compradors were the native agents for colonial looting operations, such as the Dutch East India Company.

Cancellation of Bush's trip indeed left them looking foolish. These fools sought rewards from Bush by auctioning off their national patrimony to pay debts, by exporting everything, by cutting wages and by creating massive unemployment in their poor countries.

## Writing off Ibero-America

Bush's trip was planned to counteract the perception of most Anglo-American think tankers that he has "written off" Ibero-America. The Woodrow Wilson International Center

published in June an essay by Thomas Carothers, calling Bush "an actor without a script on the Latin American policy stage, improvising as crises arise, hoping only to avoid serious embarrassments before the curtain falls." Carothers proposes (along with "scholars" such as David Ronfeld, Abe Lowenthal, and Georges Fauriol) that the U.S. abandon most of the region to a "New Dark Age," while cementing an American empire with the bigger and richer countries like Brazil and Mexico.

Thus, the comprador Presidents were "tickled pink," as the *Washington Post* aptly put it, by Bush's June 26 proclamation of his "Enterprise for the Americas" initiative. In it Bush offered vague promises that if they surrendered national sovereignty, the fabulous U.S. market would be opened for their exports, and they would receive a flood of U.S. government-guaranteed foreign investment.

Luigi Einaudi, "Kissinger's Kissinger for Latin America," briefed the Organization of American States in Washington Aug. 1 on the "process" Bush sought. He declared, "In September President Bush will travel to South America. That trip will provide major opportunities for discussion of the actions required to shape the process and move it forward."

The president of Kissinger Associates, Inc., banker Alan Stoga, threatened in the *Christian Science Monitor* Aug. 2, that "a case could be made that the evolution of South America is no more than a remote interest to the United States. . . . The seeds of disengagement are well planted." He ordered the five Presidents to "take advantage of Bush's September trip to the region" to convince him they would impose "successful economic stabilization" programs on their countries. Otherwise, they would get iced. The Kiss. Ass. Inc. chief admits, however, "Unfortunately, despite the Enterprise for the Americas speech, Bush is unlikely to come up with either a comprehensive strategy for economic progress in the region, or massive new financing to overcome the lingering debt crisis."

## Ibero-American responses

Venezuela's ambassador in Washington, Simón Alberto Consalvi, half-joked that the U.S. government was too broke to afford the fuel for Bush's plane.

Brazilian analysts each had an explanation for why Bush wanted to avoid meeting face-to-face with the South Americans. *Jornal do Brasil* guessed that Bush was angry at Brazil for the close relationships it has had with Iraq. The staid *O Estado do São Paulo* speculated that Bush was upset over a late-July meeting of Southern Cone finance ministers in Brasilia where they had supported Bush's initiative in general, but criticized its "very modest resources in the face of the region's severe scarcity of capital." In other words, "Where's the beef?" U.S. Ambassador Richard Melton felt compelled to issue a statement denying all speculations except for Bush's inability to solve the U.S. budget crisis.

## Senate moves to gut SDI program

The Senate voted 54-44 on Aug. 4 to radically restructure the Strategic Defense Initiative (SDI) program, essentially relegating research to development of a ground-based system. This is the first time that Congress has attempted to rewrite the entire program.

The proposal would apparently forgo a space-based system using the militarily and economically more advantageous and technologically advanced laser weapons systems to annihilate incoming nuclear missiles—the conception elaborated by political economist Lyndon LaRouche, then working in an unofficial capacity with the Reagan administration, and by President Reagan himself in his speech of March 23, 1983, when he announced his commitment to the SDI.

The Senate measure, appended to the Defense Appropriations bill, would cripple the Brilliant Pebbles program (in which small interceptor rockets would track, hit, and destroy attacking missiles), which has been the primary research effort of the Bush administration. The Senate measure reduces the administration's request for Brilliant Pebbles from \$329 million to \$129 million, which is its present funding level, and transfers the difference to research on ground-based systems that would not breach U.S.-Soviet treaties, and to other programs that would take longer to develop.

The Senate also reduced by \$1 billion the \$4.7 billion overall administration request. The vote is a major blow to the program, since the Senate has traditionally been more supportive of the SDI than has the House, which wants to reduce the SDI funding to \$2.9 billion. Current funding for the SDI is around \$3.8 billion.

When the bill passed, the administration issued a statement of policy saying that Defense Secretary Richard Cheney would recommend a veto of the appropriations bill if it did not include "proper funding or flexibility" for the SDI.

## Congress approves small AIDS funding

Congress approved on Aug. 4 legislation authorizing an estimated \$4.4 billion over the next five years to help cities hardest hit by the AIDS epidemic. The bill authorizes spending of up to \$875 million a year for the next two years, and sums sufficient to continue the program for the following three years.

It is considered unlikely, however, that the Congress will appropriate the full amount, because of budget constraints.

Health officials in New York City have stated that the amounts they would receive under this legislation are grossly inadequate for meeting the present catastrophic situation. For the current fiscal year, Congress has appropriated \$1.7 billion to combat AIDS, money which goes almost exclusively for education, prevention, and research.

## New moves against black officials

In a continuing pattern of legal persecution of black elected officials, Rep. Floyd Flake (D-N.Y.) was indicted on charges of misappropriating \$75,200 from a federally subsidized housing complex built by his church, and with evading taxes on \$66,700 of the church's money that he and his wife

put to personal use.

Flake, the pastor of the Allen A.M.E Church, one of the largest black churches in New York City, has denied any wrongdoing. Members of Flake's church contend that the charges are racially motivated. There was also general support for Flake in his Queens district, where the 300-unit housing project from which he is accused of taking money, is one of the few successful projects for senior citizens in the nation.

In a blow to the Department of Justice operations, Rep. Harold Ford (D-Tenn.), a black congressman, crushed his primary opponents in an election on Aug. 4, winning 75% in a race for re-election. Ford was accused two years ago of bank and mail fraud, but was acquitted in April after a jury was unable to arrive at a verdict. The DoJ then announced its intention to re-indict the congressman, in an apparent effort to hurt his re-election chances.

## Civil Rights bill approved, faces veto

The House on Aug. 3 passed the Civil Rights Act of 1990 by a 272-154 vote, but it faces a veto threat from President Bush, who claims that the legislation would set racial quotas on private businesses.

House Minority Leader Robert Michel (R-Ill.) and Rep. John LaFalce (D-N.Y.) worked to pass an alternative acceptable to the White House, which would have eliminated language that Bush said encouraged minority hiring by quotas. The alternative was killed on Aug. 2 after Democratic leaders pressured Democrats to withdraw support.

LaFalce refused, arguing that there would be no civil rights bill if Bush vetoed it, but other Democratic

supporters of the Michel alternative were persuaded to withdraw their support, on condition that certain amendments be added to address White House concerns.

The bill is intended to overturn six recent rulings by the new majority of the Supreme Court. A similar bill in the Senate had been approved earlier, 65-34.

## Hill leaders seek cuts despite depression

Congressional leaders announced on Aug. 6 that the threat of a "recession" and the danger of skyrocketing oil prices should not deter them from moving for major cuts in the U.S. budget.

"It is tremendously attractive to members of Congress to think that this whole problem of the budget summit might just conveniently disappear a month before elections," said House Speaker Thomas S. Foley (D-Wash.). "We ought not let the easy decisions predominate."

Senate Budget Committee Chairman Sen. James Sasser (D-Tenn.) said that the price of not cutting the deficit would be greater than the price of making the cuts. "We still need to go ahead with a significant deficit-reduction package," Sasser said. "That's the only way the Federal Reserve Board is going to be able to lower interest rates."

Federal Reserve chairman Alan Greenspan had earlier indicated that he might lower interest rates if a budget agreement could be reached. But the turmoil in the Mideast has created problems for budget negotiators. One of the possible revenue-creating schemes was to raise energy taxes, a measure which would be exceedingly difficult with the price of oil and gaso-

line now skyrocketing. Budget negotiations collapsed before the Congress adjourned for the August recess, and are scheduled to resume shortly after the Congress returns after Labor Day.

Some negotiators indicated that they will meet a Sept. 10 deadline for an agreement, although their staffs have cautioned that both sides are still far apart and there is no indication that an agreement will be rapidly forthcoming. In addition, Democrats and Republicans intend to use the breakdown in the talks as an election issue. President Bush has said that he will be campaigning on behalf of GOP candidates in order to blame Democrats for the failure of the talks.

Although both sides are in agreement that harsh austerity must be imposed on the U.S. population, the risk of being blamed for this and the rapid onset of the depression during an election year, has impeded implementation of the program.

## Bill making EPA a cabinet post is stalled

The much-touted proposal to upgrade the Environmental Protection Agency to a cabinet-level post is languishing in committee, while the burgeoning oil crisis and the rapid erosion of U.S. industry are making such a measure increasingly unattractive.

"I think it's sort of stalled," said Sen. William Roth (R-Del.), one of the key sponsors of the bill, which was introduced in January.

President Bush had expressed support for such legislation earlier, as a part of his hype about being the "environmental President," but he has been quiet on the issue since.

In March, the House had voted 371-55 to create a Department of the

Environment, but had added requirements which the White House viewed as a congressional attempt to "micro-manage" the Executive Branch. Bush let it be known that he would veto any bill containing these requirements. Even in the Senate, the measure has led to so many differences that it is uncertain if it will even get to the floor.

## Recriminations fly as S&L debacle discussed

Tempers flared amid a lot of finger-pointing as five members of Congress and a former senator gathered at a *Washington Times* forum on Aug. 4 to discuss the causes of the savings and loan crisis.

Sen. Jake Garn (R-Utah), the Senate Banking Committee's ranking Republican, angrily threatened to walk out of the meeting after Rep. Charles Schumer (D-N.Y.) blamed the S&L debacle on the 1982 Garn-St Germain bill, which deregulated the thrift industry.

At another point in the debate, Rep. Robert Torricelli (D-N.J.) lectured Garn that he should "get his manners straight."

Garn tried to throw the blame on a do-nothing Congress, of which he himself has been an important part. "There were plenty of signs and plenty of reports" indicating the growing S&L problems, said Garn. "They were ignored over and over again." Garn urged against "making this a partisan issue," although Rep. Jim Leach (R-Iowa) fittingly dubbed it the "best challenger issue in American politics."

Rep. Torricelli noted that "errors were made," and demagogically warned that "some people should pay for those errors with their careers."

# National News

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## FDIC files lawsuits against accountants

The Federal Deposit Insurance Corp. has filed 21 lawsuits against public accounting firms which audited the books of failed savings and loan institutions.

Under its new policy of going after the providers of professional services to failed thrifts, the FDIC is seeking \$1.5 billion in damages. Over half of the suits have been filed against the "Big Six" accounting firms, the *Washington Post* reported Aug. 4.

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## Va. governor reveals \$1.4 billion deficit

Virginia Democratic Governor, L. Douglas Wilder, announced Aug. 1 a state deficit of \$1.4 billion, calling it the worst budget crisis since World War II.

Wilder blamed the shortfall, out of a \$26.4 billion two-year state budget, on a slowing state economy, defense spending cuts, "soft" business revenues, and overly optimistic revenue forecasts.

Virginia congressional candidate Lyndon LaRouche commented on Aug. 3, "I wish to commend the governor for being forthright in this matter, at a time when many Nervous Nellies, from the White House on down, are covering up one disaster or another, trying to hide today what they will not be able to hide tomorrow.

"But, the fact remains, that I've been warning of precisely this development, not only as a national development, but in the Northern Virginia region, where it's hit the hardest over the past years. I warned exactly of this in some detail, in October and November of 1987, when I told people what the effects of the financial crisis of October 1987, would be. I warned of this again, and again.

"If people had paid a little more attention to what I've been warning, they wouldn't have been caught by surprise. Also, if people had been paying attention, not only to what I was warning, but what I was proposing as a solution, we wouldn't have so many

bankrupt banks, and other bad news hitting us right now," LaRouche said.

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## Clean Air costs should spark revolt

If people knew that the Clean Air amendments will cost each household \$300-400 per year, "perhaps opposition would be sharper," writes Paul R. Portney, vice president and senior fellow at the Resources for the Future group.

A preprint of Portney's article, "Economics and the Clean Air Act," was released by the Clean Air Working Group, an industry lobby. The article, to appear in the *Journal of Economic Perspectives*, documents that the proposed clean air legislation will cost billions and return very little in real benefits such as cleaner air or prevention of pollution-caused diseases.

"By the year 2005 or so, the U.S. may be spending \$29-36 billion more each year on air pollution control than it is today. Annual benefits of the proposed changes probably range from \$6-25 billion. . . . If these estimates are even close to correct, Congress and the President are about to shake hands on a landmark piece of environmental law for which costs may exceed benefits by a considerable margin." Portney suggests that it might be better to target control efforts to specific cities instead of adopting a broad "scattergun" national approach.

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## Gonzalez charges deaths covered up in Panama

Rep. Henry Gonzalez (D-Tex.) has charged the U.S. with engaging in a "sinister and deadly coverup" in Panama and has demanded a full investigation of U.S. military actions there since the December invasion.

"We have been conducting an unconstitutional twilight war in Panama," he said. "There is alarming evidence that our armed forces murdered hundreds more civilians in Panama City than the Pentagon has admitted," he said.

Gonzalez introduced a measure to the House floor on June 11 and has now placed it before the House Foreign Affairs Committee and the Select Committee on Intelligence. According to the Aug. 1 *San Antonio Express News*, this has put him into conflict with White House Counsel C. Boyden Gray, who said the President will refuse to make available to Congress the information Gonzalez wants, citing the "President's constitutional authority" to withhold information from Congress.

Gonzalez's motion calls on Bush to provide Congress with detailed information on: cash payments to Noriega; cash payments made to Noriega's successor, Endara; secret communications between U.S. intelligence and military and Panamanian police and military officials; and the number of Panamanian civilians killed in the invasion, including those buried in mass graves.

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## Levit charges prosecutorial abuse

Attorneys for Keith Levit, a Maryland associate of political leader Lyndon LaRouche, have filed court papers charging prosecutorial misconduct by Maryland and Virginia law enforcement officers including Loudoun County, Virginia Sheriff's Lt. Don Moore. Levit was arrested for theft in July, without a specific crime ever being set forth.

The motion, filed in the Prince George's County district court states that nowhere in the charging documents does Greenbelt, Md. detective Carolyn McLean cite any facts which constitute a crime. Instead all the charging document states is that Levit "convinced" Miss Mary Norton to purchase literature and give contributions to Southeast Literature Sales.

The motion describes the outrageous conduct of the "Get LaRouche" strike force surrounding this case and asks for an evidentiary hearing to look into the conduct of the Anti-Defamation League, Moore, and various news organizations.

The motion states that even though the Greenbelt City Police detective began her investigation in 1988, Levit was not charged until December 1989, and was not arrested



## Briefly

● **MARION BARRY'S** case was declared a mistrial Aug. 10 after the jury declared itself hopelessly deadlocked on 12 of the 14 charges. He was found guilty of one misdemeanor and acquitted of another. The sticking point with many jurors was the blatant targeting by the Justice Department of the Washington, D.C. Mayor.

● **THE NATIONAL** Research Council of the National Academy of Sciences, demanded an "environmental" approach to forestry on the premise that "humans are not superior to the natural world, but depend on the biosphere for their existence," according to its July 30 press release.

● **TOMPAINÉ**, former NASA administrator and contributor to *21st Century Science & Technology* magazine, was appointed to Advisory Committee on the Future of the U.S. Space Program, Vice President Quayle announced Aug. 2. Paine headed the National Commission on Space which called in 1986 for a Moon-Mars mission.

● **JIM MATTOX**, the Texas Attorney General, has warned that he will prosecute any "price-gouging" in the gasoline market. Mattox put together a task force to investigate the price hikes of 5-9¢ a gallon which appeared at the pumps overnight.

● **HISPANIC BANKERS** called on President Bush to save the near bankrupt Pan American Savings Bank based in San Mateo, California, one of the largest Hispanic banks in the U.S., in an ad in the *New York Times*. A bank lawyer said his client should get the "same type of special treatment" as the Spotted Owl.

● **CHICAGO'S** West Side was pitched into darkness the weekend of July 28-30, after a Commonwealth Edison transformer exploded. The blackout over 14 square miles prompted looting, according to police.

until July 1990. In June of 1989, Detective McLean obtained a grand jury subpoena seeking loan records from another LaRouche associate, even though these records had nothing to do with the Maryland investigation. Virginia authorities, however, were seeking the same records at that time. Now the supporting affidavit for that subpoena is missing from the Maryland file.

The motion states that Detective McLean improperly coordinated her investigation and arrest of Levit with Mira Lansky Boland of the ADL and with the TV news program "Inside Edition," which sent cameramen to film Levit's arrest.

### U.S. Attorney denies convict right to counsel

A Washington, D.C. defense attorney has been told by the office of U.S. Attorney Jay Stephens that her imprisoned client has no Fifth or Sixth Amendment rights.

The brazen statement was made to defense attorney Diane Lepley, who called the office of Jay Stephens to complain about the fact that her client was illegally questioned by prosecutors seeking information in the Rayful Edmond drug case. The government contacted the prisoner and demanded that he comment about matters concerning his involvement in a conspiracy for which he had already been convicted.

When his attorney contacted the Justice Department to complain about the incident, she was told that her client "had no Fifth Amendment right to remain silent—nor did he have Sixth Amendment right to counsel." Stephens's office claims that they are following guidelines promulgated by Attorney General Richard Thornburgh, which support that view.

### Expert on satanism warns of Process Church

Sergeant Edward Pearce, a law enforcement expert on satanism with the Warwick, Rhode Island Police Department, warned of

the danger of the Process Church of the Final Judgment in the United States, in an interview in the Aug. 2 European daily, *The Scotsman*.

Pearce, who is described as one of the first of a growing number of law enforcement experts on the links between satanists and crime, reports that he has links with many police departments inside the U.S. who are having people trained to deal with this problem. He is building up connections with the Royal Canadian Mounted Police and with police in Britain and other countries across the Atlantic, in order to shadow cross-border bonds between satanist cults.

"There are different levels of satanism," states Pearce. "The type of criminal involvement depends on what level is involved, from the experimentalist to the generational, national and international cults. One of the bigger ones is the Process Church of the Final Judgment, which sprang out of two groups in England and is very much a presence in America," Pearce said.

As previously reported by *EIR*, a key prosecutor of Lyndon LaRouche, former assistant U.S. Attorney John Markham, has long been closely tied to the Process Church.

### Bush a one-term President, says writer

Liberal columnist Richard Reeves of the Universal Press Syndicate, in a commentary in the Aug. 3 *International Herald Tribune*, writes that it is clear from the mood in the United States population—outside Washington D.C., where policymakers are out of touch—that George Bush will be a one-term President.

The real estate collapse is devastating, writes Reeves, especially as it intersects the S&L crisis. He says there will be "bank failures around the country," as a result of mortgage foreclosures and a lack of buyers for houses. Reeves recalls that Bush had warned America's population that the country would do badly if a Democrat were elected, but now it is 1990, and the country is doing as badly as Bush warned—under his administration. "It's not his year," Reeves writes.

## Editorial

### *United Nations cannot impose law*

Over the Aug. 4-5 weekend, Margaret Thatcher, with George Bush's enthusiastic support, enunciated a new legal doctrine. According to the British prime minister, a United Nations resolution against Iraq was binding on all nations of the world, and superseded decisions by the governing bodies of hitherto sovereign nation-states. This was echoed by George Bush in his speech on Aug. 8, when he said, "This resolution now has the force of international law."

Such a pronouncement is coherent with British aspirations to prevent another nation-state, a reunified Germany, from being a force for economic development. That Germans would again play the role that they did in the era of the American Revolution, led by the great republican poet Friedrich Schiller and the economist Friedrich List, is a fate which the Anglo-American oligarchs intend to avoid at all costs—even including a Third World War.

Thus they will seek by every means possible to bully the rest of the world into submission to their interpretation of the already abominable United Nations resolution, which essentially outlawed the Iraqi nation.

This is the same arrogant disregard for national sovereignty which is embodied in the infamous Thornburgh Doctrine, which says that the United States has assumed the right to take police action against the nationals of other nations, without regard to the law of those nations. Assassination of the political leaders of other nations falls under this category.

Another instance of this new interpretation of international law—overshadowed at the moment—is environmentalist law, which is also intended to override national sovereignty.

Now the irony, which has not escaped critics of the United States, is the fact that there were no sanctions against the United States under international law for its unprovoked invasion of the nation of Panama—not to speak of the kidnap of General Noriega. The comparison should perpetually be borne in mind.

A U.N. resolution, of course, does *not* have the force of international law. What is being asserted by Mrs. Thatcher and Mr. Bush is a pagan Roman notion

of international law, bearing no connection to Christian natural law. That the use of nuclear weapons against Iraq is now being mooted by the U.S. government, proves this. The Anglo-American willingness to consider the use of nuclear weapons against the Arabs is coherent with their otherwise openly expressed racist views against the "coloured" peoples of the world. It is also coherent with the pagan views of Britain's Prince Philip, who has stated that he places a value on animal life above that of humans.

True international law flows from natural law, as elaborated by Gottfried Leibniz in the past, or Lyndon LaRouche today. It is based upon the natural sovereignty of every man, woman, and child living today, and the rights of future humanity. It is based upon the political notion of a community of sovereign republican nations.

There are three conceptions of international law. First, there is customary law, which is based upon Locke. This is a flawed conception in comparison with a true, Leibnizian conception of international law defined by natural law; nonetheless it does not countenance lawlessness such as the American invasion of Panama, or the current Anglo-American show of force in the Middle East. What we are seeing today is a third conception, which is modeled upon the arbitrary power of the Roman Empire.

The establishment of a new Roman Empire, a third Roman Empire under the control of the Anglo-Saxons, in collaboration with an Eastern, Russian cosmopolitan faction, has been a project of the British over this whole century. One pathway which they are trying to use to accomplish this, is to turn the U.N. Security Council into an imperial council controlled by the Anglo-Americans. According to this, when the Security Council declares a law, everybody must obey, or else face the terror of Anglo-American power.

If Mr. Bush and Mrs. Thatcher continue to assert this kind of nonsense, they're going to find that the world says we'd better get rid of these Roman imperial powers, while we still can do it. The world will then welcome a great financial collapse of Britain and the United States.



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## The Anti-Defamation League's top "fact finder" says she worked for CIA—but her credentials stretch all the way to Moscow.

Court revelations prove that Mira Lansky Boland, a key private player in the U.S. government's "Get LaRouche" task force, is part of the U.S. intelligence network which will do anything for Mikhail Gorbachov—a network which was first exposed by *EIR*.

# EIR

SPECIAL

REPORT

### The Kalmanowitch Report:

# Moscow's Moles in the Reagan-Bush Administration

with a preface by Lyndon H. LaRouche, Jr.

On December 23, 1987, some were shocked at the news that Israeli playboy and arms trafficker Shabtai Kalmanowitch had been caught working as a top agent for the Soviet KGB. But it was no shock to Vice President George Bush's "secret government," which had just finished brainwashing President Reagan into swallowing Moscow's phony "peace" treaties.

For more than 20 years Moscow has been using the Israeli intelligence services as a conveyor-belt to place its agents high within the U.S. government. Jonathan Jay Pollard, who was caught passing U.S. secrets to Israel—secrets which ended up in Moscow—is only notable because he got caught: The man who recruited him, Uri Ra'anani, is still walking free, along with another of Ra'anani's students, Mira Lansky Boland of the ADL.

The Kalmanowitch Report tears the mask off this network, which has been involved in virtually every

dirty deal coming out of the White House, the State Department, the CIA, and the Justice Department during the Reagan-Bush tenure—from Oliver North's Iran-Contra guns-for-drugs deals, to the spreading of Soviet disinformation throughout the U.S. news media, to forcing Soviet Jews to become cannon-fodder for a genocidal war in the Middle East, to framing up the author of the Strategic Defense Initiative, Lyndon LaRouche.

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