

EIR

Executive Intelligence Review

October 5, 1990 • Vol. 17 No. 38

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

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

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

From the Editor

All you have to do is read the headlines of your local newspaper to realize that *EIR*'s message and that of its founder, the imprisoned statesman Lyndon H. LaRouche, Jr., has never been more relevant. And accordingly, our opponents have never been busier in trying to silence us.

Their policies are being discredited, and blatantly so. After nine years of chimerical "Reagan-Bush recovery," the economic depression is here. Fuel prices are zooming as winter nears—thanks to the *oil embargo imposed by U.S. President George Bush*. The United States is about to descend into "Third World" economic conditions.

In the Middle East, due to the desperate manipulations of Margaret Thatcher, war is imminent.

We are escalating our intervention. Although this issue of the weekly magazine is shortened to only 48 pages, *EIR* is producing, on a crash basis, a new *Special Report* on the Middle East war crisis, with all the details on who is manipulating it, and the outline of the economic program which will be the only basis for peace. In Washington, D.C. on Sept. 14, and at the United Nations on Sept. 26, *EIR* sponsored important seminars on the crisis, addressed by Webster Tarpley and others.

We are also bringing back to center stage LaRouche's October 12, 1988 intervention into Europe, when he went to Berlin (see page 23). He advocated a plan for German reunification pivoted around an economic rescue for Poland, that could become the model and catalyst for saving the entire Eastern European and Soviet sector from economic chaos and war. Helga Zepp-LaRouche recently visited Poland as the honored guest of the founders of Solidarnosc (see *Feature*). During the Sept. 23 party congress of Patriots for Germany—the party whose slate she is leading in this autumn's all-German elections—she urged a renewed emphasis on the rescue of Poland as a priority task of reunified Germany, just as her husband had set forth before his unjust imprisonment.

In the current showdown between the pagan, malthusian "ecologist" forces led by the British monarchy and its friends, and the Christian conception of man's dignity and a just world economic order, Poland holds great potential for helping to ensure the triumph of the good.

Nora Hamerman

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Feature



The office of Solidarnosc in Krakow, near the old university. Poland's reconstructed cities can now be counted among the most beautiful in Europe. Ten years since the founding of the free trade union movement, the Schiller Institute is inaugurating a new phase in the fight for Poland's future.

18 The Schiller Institute offers Poland an alternative

Helga Zepp-LaRouche, founder of the international Schiller Institutes, traveled to Poland to offer a truly Christian economic policy to this country, which has been torn between the failed communist model it just rejected, and the "free market" lunacy pushed by Harvard's Jeffrey "shock therapy" Sachs.

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In complete contrast to the cult of ugliness and decay enforced in East Germany, Poland's beautifully reconstructed cities are a testament to the beauty of spirit of the Polish people. A travelogue.

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How to solve the collapse of the U.S. economy

by Lyndon H. LaRouche, Jr.

Economist Lyndon LaRouche, an independent Democratic candidate for Congress from Virginia's 10th C.D., issued the following statement in early September for the fall campaign period. "It is necessary at this time," he said, "to set forth . . . a clear and relatively concise positive picture of what can be done to solve our problems as a nation, and the problems of the world." The following version has been slightly abridged. Although several weeks have passed since he made these remarks, the reasons for his diagnosis have only become more evident, and the urgency of the kind of measures he proposes more pressing.

September defines a new phase in the ongoing collapse of the U.S. economy and of the Anglo-American monetary and financial system. There can be no recovery from already worsening depression conditions in the United States and elsewhere, as long as the United States continues the financial, monetary, and economic policies which have prevailed as a trend over the past 25 years since the beginning of President Johnson's Great Society.

Over the past 25 years, we have, in short, turned away from the parameters and constraints of policymaking which prevailed during the Kennedy administration, away from capital-intensive, energy-intensive investment in scientific and technological progress, away from a balanced development and expansion of basic economic infrastructure, agriculture, and manufacturing, and toward what is called a "post-industrial society"—a society based upon administration and services in the parasitical extreme—while constricting or even shutting down the flow of investment into infrastructure especially, into agriculture, and into manufacturing. We have, in effect, been increasingly looting these productive sectors of the economy, shutting down, increasingly, scientific research, in order to create a purely parasitical paper administrative and services society. We have compounded that, especially since 1971, by a turn away from investment in

production of physical wealth into investment for purely speculative or usurious services.

People seem to think that the right way to earn a living is to have a dollar, and to invest it at the highest interest-rate yield or equivalent yield possible, and that the right to that technically earned but physically unearned income, in the form of interest and so forth, is the primary form of generation of wealth.

The combination of the collapse of the physical economy as a matter of policy, and the shift to emphasis on administration, services, and usury instead, has resulted in an erosion, collapse, and looting of the economic base of the United States to the point that the Anglo-American sector of the world economy and the suppressed developing sector are now at a point of irremediable economic collapse as long as the present policymaking structure persists.

At this point we are collapsing as an economy, and no genuine recovery is possible under a continuation of the kind of economic, monetary, tax, and financial policies we associate with the Carter, Reagan, and Bush administrations thus far. We are in a depression, and it is going to become only worse, until appropriately fundamental policy changes occur of the type which I have been demanding for more than the past 20 years.

Steps to economic recovery

The following steps, however, can, although not by themselves, lead to a genuine accelerating recovery of the U.S. economy. First, let's deal with the purely economic policy matters, internal to the United States; then look at the global areas; and finally, let's look at some other measures which must be taken to make the economic program for a recovery succeed.

1) There must be a return to a policy of capital-intensive, energy-intensive investment in rapid rates of scientific and technological progress, through balanced development and

rapid expansion at the same time, of net physical output per capita and per square kilometer in basic economic infrastructure, in independent entrepreneurial agriculture, and in manufacturing.

2) There must be a restoration of federal regulation of the economy according to Article I of the U.S. Constitution, as the Constitution defines these powers and responsibilities to be those of the legislative work of the Congress.

3) There must be the restoration of the concept of parity under constitutionally defined legislative regulation of foreign and interstate commerce.

4) The nation must scrap the central banking form of the Federal Reserve System and return to what is called Hamiltonian national banking, as the way of generating credit. At the same time, we must outlaw all forms of usury, by aid of putting ceilings on interest rates and kindred charges.

5) We must emphasize the use of national credit, as a matter of priority, in targeted areas of increase of physical output. This will be a preferential flow of credit to areas such as basic economic infrastructure and to entrepreneurial, family-owned high-technology farms, and into manufacturing. We must restore the use of investment tax credits, which means a fairly high rate of taxation on upper income brackets, offset by investment tax credit earnings possibilities, so that if people spend large incomes in a manner which is frivolous relative to the benefit to the economy, they pay the maximum tax rate on their upper bracket income, whereas if they invest that same income in beneficial ways, then they receive the benefit of the investment tax credit.

6) We must have a policy of investment in national goals. For example: The Kennedy administration's success in fostering an economic recovery, which lasted through most of the 1960s, depended upon the crash program commitment to place a man on the Moon by the end of the decade. That crash program fostered the technological and related progress which made possible the highest rate of growth of productivity during the postwar period, at least into the middle of the 1960s. Today, the substitute for Kennedy's program—a more ambitious, broader one—is, instead of a 10-year crash program to put a man on the Moon, a 40-year crash program to the initial establishment of a permanent manned scientific and technological base on Mars. This crash program, which will cover all aspects of the technologies required to establish a viable, permanent colonization of Mars, would ensure that our nation and this planet would have available as needed every variety of new technology which we on this planet would require. The space program should be seen both as a necessary exploration program, to make scientific discoveries in space which are extremely relevant to conditions of life on Earth, and also to generate—or force the generation of—new technologies which are directly beneficial in increasing the productive powers of labor and conditions of life and the environmental conditions on this planet.

Therefore, government must consider, apart from basic economic infrastructure, that its primary commitment to investment should be in these areas of national, scientific, crash program missions, such as the Kennedy Moon-landing program or the 40-year Moon-Mars colonization program, as the science-driver programs to stimulate our educational system, our laboratories, our industries, our machine-tool industry, and thus to ensure the highest possible rate of technological progress and increases of productivity for the economy in general.

International component of recovery

The second thing to consider after defining a sound economic program, is to look at the international requirements of a national recovery program.

The problem has been that today, we've reached the point where if you scratch the belly of almost anything we use, anything useful is usually either imported whole from other countries or is composed of major components which are imported from other countries. That is not because other countries have cheated us, but because we have ourselves destroyed our capacity to produce many essential categories of goods. Therefore, as we try to get out of this depression which we have brought upon ourselves with the bad policies of the Carter, Reagan, and Bush administrations, we are going to have to turn to our friends abroad for assistance in building the machine-tool and other industries needed to establish an actual physical recovery.

The center of this will not be Japan, although Japan will play a very important part. The center will be Europe. The successful reunification of Germany—establishing, in the center of an area from France to Vienna to Berlin, a triangular area approximately, involving 92 million people—will be crucial for that. This area, this so-called Productive Triangle, is the center of the world economy in terms of concentration of productive power. It is by linking the United States to the successful expansion of that center that we can obtain the materials, the machine tools, and so forth, that are necessary to rebuild our shattered economy.

Therefore, what we must do is not only have a program of economic recovery of the United States at home, but we must see the United States as participating in a qualitative way in an international program of general economic recovery throughout the planet.

Education reform is vital

Thirdly, these measures will not work with a population which is as badly uneducated and miseducated as has been the case with the past two generations in particular. Those who have left high schools and colleges since the 1968-72 period, are, in general, incompetent and unable to compete with the standard of those in the same categories graduating prior to 1958 or even prior to 1968. Unless we have a program of rebuilding our educational system, to get back to basic

science and humanities as the emphasis and away from the saturation with useless sociology and sociology by-products, we are not going to have a population which is capable of assimilating technological progress. If we do not make these changes, the United States population will be so useless, so underproductive, so primitive, that the United States will be simply a dumping place of cheap labor employed in assembly of products bought from the better-educated, and therefore wealthier, nations abroad.

We must change the school system and get away from the so-called left radical reforms associated, for example, with the leadership of the National Education Association, with the ecologists, the environmentalists, and the "New Age" people generally. But that's not enough. We must also recognize that the New Age counterculture in our society is destroying the morals and the minds of our citizens. If we wish to survive, we're going to have to recognize that the old ways of looking at the world, the traditions of Judeo-Christian standards of morality, are essential to successful, durable survival of our nation, and we must return to those standards with an educational system and cultural program which match that. Otherwise, we shall not survive.

These three basic sets of actions, if taken, with all the mistakes and all the failures which we must expect with any such program, would ensure that this nation will survive and that we will come out of this depression. And the sooner we get at it, the better.

Census Bureau writes off U.S. population

by Janet West

From New York City to Brownsville, Texas to San Francisco, California, mayors and other city officials are expressing alarm regarding the preliminary counts of their populations that was conducted and recently released by the U.S. Census Bureau.

Some undercount is always expected, but this year the Census Bureau outdid itself. It admits that up to three million people were not counted. Nationally, this translates into a potential loss of \$45 billion in federal funds to population-sensitive programs over the next 10 years, and a change in many of the districts for the U.S. Congress—either in the number of districts per state or their size.

Many seasoned political observers suspect that the Bush administration, besieged by an increasingly worsening economic crisis, is using the undercount as a politically more palatable enforcement mechanism to impose economic austerity measures. The ultimate decision of the final population count lies with the Secretary of Commerce, Robert Mosbacher.

Cities try to force a recount

Out of 39,000 jurisdictions taking part in the census, more than 4,300 cities, including 40 of the nation's 50 largest, have challenged the census in hopes for a recount.

In the 1980 census, New York City was undercounted by an estimated 450,000 people, costing the city an estimated \$675 million in population-based grants—\$150 per person per year. The mayor's office estimates that had there not been the undercount, the city would have had:

- 50% more Head Start slots for economically disadvantaged children;
 - 1,562 more entry-level policemen;
 - 12,500 more people in job training programs;
 - 2,857 more registered nurses;
- and additionally would have been able to feed all senior citizens in senior programs for two years; rehabilitated nearly 3,000 more units of housing, and repaved 38 major avenues. New York challenged the count, but it was never fully adjusted to the satisfaction of the city.

Now, after the preliminary count of the 1990 census,

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New York City estimates that 254,534 housing units were missed, an estimated population of 1 million people. City officials have calculated a figure of \$1.5 billion of federal funds that would be lost if the census count is allowed to stand. Planning and development personnel haven't begun to figure what impact that would have on the various programs, but they point out that although some programs get only a small grant from the federal government for their operating budget, all of the budget is federal money.

In the nation's capital, an estimated 30,000 residents were missed because the Census Bureau missed more than 10,000 of the city dwellings as well as several "group dwellings" such as dormitories at the various universities, boarding homes, and homes for the elderly. District officials point out that this number doesn't include a possible undercount of the homeless and illegal aliens. It is estimated that the federal funding that it would lose would be equivalent to \$200 to \$800 for every person who is not counted.

City after city comes in with an undercount from the census: Philadelphia—undercounted by about 90,000 people; Detroit—30,000 people missed; Houston—200,000; Chicago—almost 300,000; New York City—1,000,000; San Francisco—9,000; and in some counties of California, some of the smaller towns of less than 1,000 population were missed entirely.

Questionable methods

After the preliminary count is released to the cities, they are allowed 15 working days in what is called the Post Census Local Review program, to compare the count with their own records, drawn largely from statistics such as building permits, birth and death records, and utility hook-ups. This review program is relatively new, having only been initiated in the 1980 census. The local review process is now over, and the mayors, as represented by the United States Conference of Mayors, are "willing to pursue all remedial steps including legislative, judicial and administrative avenues to ensure an accurate count of the population."

Hearings before the House Subcommittee on Census and Population in the U.S. Congress on Sept. 25 in Washington, D.C., were held for the stated purpose of measuring the success of the Post Census Local Review program to date. Chairing the subcommittee was Rep. Tom Sawyer (D-Ohio) who expressed doubt that, even with the best checks and balances, the Census Bureau would be able, because of the very design of its programs, to find the several million people who may have been overlooked in the primary counting phase.

Several congressmen, the director of the Bureau of the Census, the director of the Government Accounting Office, and regional officials including six mayors—Jimmy Kemp, Meridian, Mississippi; Federico Pena, Denver, Colorado; Kurt Schmoke, Baltimore, Maryland; Richard Daley, Chicago, Illinois; Ygnacio D. Garza, Brownsville, Texas; and

Martha F. Wood, Winston-Salem, North Carolina—testified at this hearing. Although some testified in great detail as to the discrepancies between the cities' count and the census count, they agreed on several areas:

- The 15 working days is too short a period of time for review and for submission of challenges.

- The Census Bureau guidelines for recanvassing only 2% of the housing units challenged, fails to address the significant undercount, particularly in urban areas.

- The rule by the Census Bureau that the challenges could only be based on housing units is too narrow; cities must be able to challenge based upon population per housing unit, vacancy rates, and overall population.

- The Bureau did not provide enough technical assistance, and did not adequately train its field personnel.

The preliminary count is based on housing units, not on the more precise head count. One of the major points of contention by the mayors is the definition of a vacant housing unit. The Census Bureau admits that its definitions are different than that of local officials: "The Census Bureau considers vacant any unoccupied housing units that could be inhabited whether or not they are currently on the market. *Some units we classify as vacants would be considered uninhabitable by others* [emphasis added]."

But only housing units and group dwellings can be challenged, not vacancies or population count, according to the rules of the census. As one county official observed, "The housing units reported in the post census review were consistently equal to or greater than the projected dwelling unit count, while the population numbers were consistently and substantially lower than projections."

Contradictions abound

Rep. Mike Espy (D-Miss.) testified:

- "Overall, the preliminary report indicated that Mississippi added only 13,814 citizens to its 1980 population of 2.5 million. Using the standard formula of births minus deaths to calculate the natural increase of the population, Mississippi's overall population should have increased by 215,000. For the Census Bureau's preliminary numbers to be correct, Mississippi would have lost over 200,000 citizens to migration over the past ten years. There are currently 127,000 more Mississippians employed today than in 1980. It is difficult to understand how the workforce could increase by 127,000 if the overall population increased by only 13,800." He also pointed out that numerous state officials including the governor, the secretary of state, and the mayor of Greenwood, Mississippi, never received census forms.

Of particular concern to most mayors was the inability of the Census Bureau to address the problems of counting the elderly, students, prisoners, and the homeless. Also shocking was the fact that 1.5 million people nationally never received a form because the Census Bureau failed to print the post office box number on the address label.

Gorbachov assumes emergency powers

by Konstantin George

On Sept. 23, the Soviet Parliament granted President Mikhail Gorbachov sweeping emergency powers which took effect immediately, and will last through March 1992, when the planned "transition to a market economy" is supposed to be completed. According to TASS, Gorbachov received the power, "in accordance with the Constitution, to issue decrees on questions of property relations, administering the national economy, the budget, finances, wages, pricing policies, as well as affirming law and order."

The only alternative to these measures was the certain descent into chaos, if the economic reform program and its social-economic dislocations were not accompanied by strict state intervention to regulate the course of events. The plunge into chaos would end the still-fragile proto-democratic process that has begun in Russia and other republics, and ensure a return to absolutist rule under civil war-like conditions.

A crucial consideration behind the decision on a system of emergency powers and rule by decree, is the need to guarantee enough stability to allow desperately needed foreign, above all German, investment, for the rapid modernization and development of Soviet industry, agriculture, and infrastructure. In a Sept. 24 statement, Presidential Council member Aleksandr Yakovlev stressed that Gorbachov's powers included issuing decrees guaranteeing and promoting foreign investment, and that no "dissolution of Parliament" would occur.

Gorbachov rejected calls by deputies for the resignation of the government of Prime Minister Nikolai Ryzhkov, and Yakovlev was quoted by Radio Moscow on Sept. 25: "To change the government now would be tantamount to suicide."

Europeanization option

Within hours of the Soviet Parliament's vote for economic reform, the German government hailed the historic vote. Signaling that a flow of German assistance and investment will be coming, a German government spokesman declared that Chancellor Helmut Kohl welcomes "the Soviet Union's decision for a rapid transition to a market economy, through which the preconditions have been created for joint Western aid." The first deeds followed almost instantly, when a German banking consortium, led by Deutsche Bank, announced a new DM 5 billion credit and financial stabilization package for the Soviet Union.

Moscow and Bonn announced on Sept. 26 that the agreements already worked out—including the 20-year economic and political cooperation treaty, the agreements covering the

Soviet troop withdrawals, and the phasing out of the Soviet presence on German soil—would all be initialed in Bonn, before formal unification on Oct. 3. The formal signing will occur soon thereafter.

In contrast, the Anglo-American policy of promoting economic destabilization was expressed by President Bush, in his address to the annual meeting of the International Monetary Fund (IMF) in Washington on Sept. 25: "One cannot allow the brutal behavior of an aggressor [Iraq] to undermine the historic process of democratic change, or derail the movement towards a system of market economy" in Eastern Europe and the U.S.S.R. As Bush well knows, the "undermining" and "derailing" is being caused by the U.S. blockade of Iraq, which has wreaked havoc with the economies of Eastern Europe.

Prospects of a 'winter of hunger'

The Soviet Union is bracing itself for a winter of hunger and deprivation. As *Pravda* reported Sept. 26, only 3.7% of Moscow's winter potato requirements have been stored, and similar figures were given for needed stocks of cabbage, beets, and other vegetables. Russian cities depend on their surrounding farm regions for these winter staples, and the harvest has been crippled by severe rural labor shortages. Starting Sept. 10, the Soviet Army was deployed into farm regions to pull in the crops. It was this emergency deployment which provided the basis for a well-orchestrated media campaign warning of a "military coup."

The "coup" warnings began Sept. 11 with a statement by Russian Federation President Boris Yeltsin, and were continued by his followers among the Democratic Forum group of parliamentarians, who attacked Gorbachov for having too much power.

Then on Sept. 25, TASS issued a commentary accusing the Democratic Forum, and Moscow's and other city councils controlled by it, of deliberately having caused the chaos in food supplies and distribution in order to incite dissatisfaction and pave the way "for an anti-constitutional, counterrevolutionary coup." *Pravda* printed a document they claimed was from the Democratic Forum, describing an alleged project for "nationwide strikes and undermining of the power structure, which doesn't stop at nationality conflicts . . . to achieve its destructive goals." The goals were described as "the overthrow of the government and later of President Gorbachov."

A military coup, now, or very soon, is out of the question. It would sabotage that which the military cherishes most, a German-led investment infusion to modernize the economy. A coup exists as an option, if, during the heart of winter, the system of rule by decree proves insufficient to prevent chaos—though even then, the more likely version of this would be the one the Yeltsin group is warning about: Gorbachov's employing the Army as the final arbiter of law, order, and stability.

Bush administration plans gasohol giveaway to Archer Daniels Midland

by Marcia Merry

At the same time that an oil embargo is being imposed on the world by President Bush and British Prime Minister Margaret Thatcher, driving up the price of oil, the Bush administration is moving to give billions in taxpayers' dollars in subsidies to the grain cartels for production of economically inefficient corn-based fuels, thus robbing the food chain and leading the world toward greater starvation and misery.

While ethanol-blended fuels are being promoted as good for the nation, the policy is more accurately described as good for Archer Daniels Midland (ADM), which owns 75% of production capacity for ethanol fuels.

During September in Iowa, an appeal was scheduled in an eight-year-old anti-trust case against ADM, on which ADM had been acquitted of charges that the company has an illegal monopoly on producing fructose from corn, the sweetener that has all but replaced sugar in soda. Since the U.S. Department of Justice is bringing the appeal, it is expected that it will be for show and ADM will continue to enjoy its monopoly despite the fact that ADM accounts for over 40% of U.S. corn sweetener output.

Moreover, ADM has almost total control of producing "gasohol"—gasoline with ethanol added—and now expects to receive huge government giveaways because of the Middle East crisis.

ADM right now distills at least 70% of the corn-based ethanol produced in the U.S. As the price of oil has skyrocketed in recent weeks, so has the price of ethanol. In August, ethanol went up by 30¢ a gallon, and will probably rise by an equal amount in September.

The government, acting as the promotion agent for ADM, is leading the stampede for vast increases in corn-for-fuel on grounds of fuel needs, clean air, aid to farmers, and many other self-serving rationalizations.

On Sept. 13, the U.S. Department of Agriculture issued a gushing press release that began:

"Following President Bush's initiative to reduce America's dependency on foreign oil, Secretary of Agriculture Clayton Yeutter today announced a new departmental policy that requires employees to use ethanol or ETBE-blended gasoline [ETBE is an ether fuel additive, also made from corn] in all U.S. Department of Agriculture-owned and leased vehicles when such fuels are available at prices comparable to regular unleaded gasoline.

"Using ethanol-blended gasoline in USDA cars and trucks is an opportunity to promote a 'win-win' situation,' Yeutter said. 'Ethanol is produced from American corn and other agricultural products, and that's good for American farmers. But it also helps reduce our dependency on foreign oil; and, as the President pointed out in his address to Congress [on Sept. 11 on the prospects for war], that's especially critical right now. . . . This is a great way for each of us, as individuals and as members of USDA, to demonstrate our commitment to America's farmers, America's environment and America's future,' Yeutter said."

Reality says differently. Use of ethanol as a fuel does not help farmers, harms the environment, and foredooms future generations. Nevertheless, the government is on a rampage for ethanol, in effect, on behalf of the interests of ADM, and has published a stream of government reports on ethanol use over the last two years.

Economic insanity of ethanol fuels

Changes to the Clean Air Act sponsored by Rep. Bill Richardson (D-N.M.), would make ethanol-blended gasoline compulsory. The proposal calls for the use of between 2.7-3.1% ethanol or other alcohol blends in 27 "ozone non-attainment metropolitan areas" and in 16 "carbon monoxide non-attainment metropolitan areas," respectively.

This amendment is as unscientific and as disastrous in its potential impact, as the Clean Air Act itself.

First, consider the gross inefficiency of ethanol as a fuel. Ethanol is one of several alcohol compounds, including ethers such as methyl tertiary butyl ether (MTBE) that can be manufactured. These compounds are oxygenates, in a form that can be added to gasoline which otherwise lacks oxygen, and make for a burning process in internal combustion engines that is supposed to result in cleaner emissions.

Ethanol can be produced from almost any biomass or other commodity that contains carbohydrates. Brazil has used vast amounts of sugar cane for fuel alcohol, and in the United States, corn is used as the feed stock for ethanol. Last year, close to 840 million gallons of ethanol were produced in the United States, as compared with 115 billion gallons of gasoline.

However, the hitch is that ethanol yields only one-third to one-half the energy it takes to make it.

Most of the U.S. ethanol is produced from the "wet milling" processing of corn. About 60 ethanol plants are now operating in 23 states, but only eight giant plants produce most of the output and they are owned by five companies, with ADM alone accounting for 75% of capacity.

ADM has benefited from waves of government subsidies. Ethanol is exempt from six of the nine cents of the federal excise tax through the year 1993. At the beginning of this year, this subsidy amounted to 60¢ a gallon. In addition, there are state and local tax breaks amounting to another 20-30¢ worth of subsidies per gallon.

Now, with the price of oil skyrocketing, ADM is situated to rake off profits no matter how inefficient ethanol is to make. Ethanol blends of gasoline were considered "competitive" (with the government subsidies) at \$20 a barrel oil, and now oil is at \$40 per barrel.

Farmers, environment gain nothing

Don't believe any of the propaganda on how all of this benefits the farmer. The price of corn is down below \$2.50 a bushel, which is less than 50% of parity—the price at which the farmer covers his costs of production and makes enough return to be able to continue to capitalize to produce in the future.

ADM and the other cartel companies that handle grains, soybeans, and all staple commodities worldwide—Cargill, Continental, Louis Dreyfus, Bunge, Garnac-André, Ferruzzi-Central Soya—all collude to underpay farmers. There is no "law of supply and demand" that mitigates this systematic underpayment, and the USDA condones the process.

Falling into line, leaders of the crop commodity associations and farm-state congressmen are clamoring for even more favorable treatment for the "ethanol industry," which in practice means Archer Daniels Midland. The argument for the gullible is that there will be a "trickle down" of profits to the farmer.

The representatives from Iowa and Illinois—the nation's top corn states—vie for "most gullible." Eleven congressmen, led by Rep. Jim Leach (R-Iowa), in early September went to Secretary of Energy Adm. James Watkins to submit to the President an executive order requiring the use of ethanol in all government vehicles and other ethanol boosting measures. The Iowa Farm Bureau and the national office of the American Farm Bureau are asking for an extension of tax breaks for ethanol beyond the 1993 cutoff date.

There is the equally bogus defense of ethanol additives in terms of alleged benefit to the environment.

The safest and cleanest form of transportation is, in fact, mass transit using magnetically levitated trains and high-speed rapid transit that can move millions with speed and safety. Tinkering with the internal combustion engine and its exhaust pipes will not do the job.

Moreover, the requirement for growing large amounts of

biomass—the thousands of bushels of corn—will deplete the soils and related resources of the agriculture sector for no good reason. This is especially true under current conditions in which underpaid farmers cannot afford the fertilizers, anti-erosion improvements, and other measures needed to continue to maintain soil fertility.

The ethanol lobby ignores this environmental degradation and instead calls ethanol a "renewable" resource based on their misconception that you can grow corn every year without adequate inputs.

It takes close to half a bushel of corn to produce a gallon of ethanol. To produce the U.S. output of ethanol last year required over 385 million bushels of corn, or 12% of the entire annual corn harvest. In 1981, less than 2% of U.S. corn utilization (for all purposes) was for ethanol production; by 1989, nearly 5% was for ethanol output. If the Clean Air Act is passed, an additional 1.29 billion bushels of corn would be needed annually, according to analyses by Sparks Commodities, Inc.

Sparks called this an "economic shock" and said in a May report: "While the impact of the creation of such a large, new grain requirement would depend heavily on how the program was introduced and the amount of preparation undertaken by the government and others, it would mean an unprecedented increase in demand and a substantial economic shock to the sector. The initial impact would be on domestic corn consumption for livestock feed, corn sweeteners, food and other industrial products. . . . The result would be sharp reductions in U.S. feed grain stocks and increases in prices by as much as 35%."

The cost of food to the consumer would escalate dramatically. Meats and milk prices would be most pressured, with a minimum increase of 12%. The food assistance programs would be devastated.

During the 1980s, the national food assistance programs of all types experienced an increase of 50% in expenditures—mostly to keep up with food inflation. The bulk of this was for the Food Stamp Program.

However, to re-direct a major portion of U.S. agriculture out of production for the food chain and into production for fuel, will have disastrous consequences all the way around.

The sugar cane gasohol program in Brazil is a well-documented catastrophe. There, energy officials document that the alcohol producing program itself consumes 22,000 barrels of diesel fuel per day, which is 5.5% of Brazilian diesel consumption. If all the trucks in the canefields used alcohol, they would consume 60% of the total alcohol output of cane ethanol.

Because millions of acres of prime farmland has been taken out of food production and planted with sugar cane, hunger and malnutrition in Brazil have worsened needlessly. The cane gasohol project—which expects to produce 3.1 billion gallons of alcohol this year, is a gigantic tax break for the "cane lobby," just as the ethanol game is a giveaway for Archer Daniels Midland.

U.S. electric power supply in doubt

Financial warfare is destroying the electric utility industry, reports Steve Parsons of the EIR Economics staff. Part I of II.

For the first time since man harnessed the power of electricity, the United States is on the verge of suffering crippling shortages in electric power capacity. Utilities simply are not building—nor planning to build—new capacity anywhere near sufficient to meet an even modest growth in demand.

But like the savings and loan industry, the utilities are not the source of the problem. They are the victims of vicious financial and political warfare conducted by a powerful faction of Establishment individuals and institutions, operating through Wall Street and governmental regulatory and enforcement agencies. Their objective is the destruction of American economic development, and with it, the ability of the population to expand at an ever-higher standard of living.

Capital construction crucial

Ever-cheapening and plentiful electric power has been a bedrock for the expansion of population and productive output. Now, after nearly 20 years of increasingly insane financial and regulatory actions, the electric utility industry and its contractors simply cannot engage in large-scale construction projects of baseload power plants.

This is because each such project would tie up at least a billion dollars, with no return for more than a decade, under conditions where environmental and other regulations are constantly shifting and where public utility commissions are rendering increasingly punitive rate actions precluding cost recovery, let alone a profit. Many utilities have reached a point where it is difficult even to maintain current operations and nearly impossible to expand capacity significantly.

To begin to understand how the industry was forced into this condition, it is essential to focus on the central role of capital expenditures, especially for power plant construction and transmission infrastructure.

As of 1989, although the 206 investor-owned electric utilities comprised less than 7% of all U.S. electric utilities, they produced the vast majority of the nation's power. These investor-owned utilities are the most capital-intensive sector in the nation, having the highest ratio of capital assets per dollar of revenue among all the major U.S. industries.

As of 1988, this ratio was \$3.15. The closest competitor was mining, at \$1.90 of capital assets per dollar revenue—60% of the ratio for utilities. For the manufacturing industry as a whole, the capital assets-to-revenue ratio is \$0.86, or only 27.3% that of the utilities. The ratios for the retail and wholesale trades are a meager \$0.53 and \$0.37, respectively.

Since 1973, however, this foundation of the U.S. electric utilities has sustained a withering attack, to the point where the industry has been forced into absurd and costly economic and financial initiatives in a scramble merely to stay afloat.

Crippling the industry

From 1964-73, the growth in summer peak load demand averaged 7.8% per year. This impressive growth spurred ambitious construction projects. Billions of dollars were poured into these plants and related infrastructure.

But then the industry was hit with the 1973 oil crisis, which saw the price of oil quadruple in a matter of months. The ensuing recession, aggravated by the developing monetary crisis and incompetent financial decisions in Washington and New York, cut the growth rate in peak-load demand for power in half. From 1973 to 1980, the peak-load growth rate fell to 3.19%; and during the vaunted Reagan-Bush "recovery" from 1980 to 1989, the rate fell to an even lower 2.34%.

Due to the drop in growth rates and the coming on line of the previously planned new capacity, summer peak-load capacity margins suddenly jumped from the barely adequate level of under 17% in 1972-73, to 21.41% in 1974, peaking at nearly 30% in the recession of 1982. But increasingly squeezed residential and industrial customers screamed about rising utility rates, which were caused mostly by the enormous hikes in fuel costs and inflation.

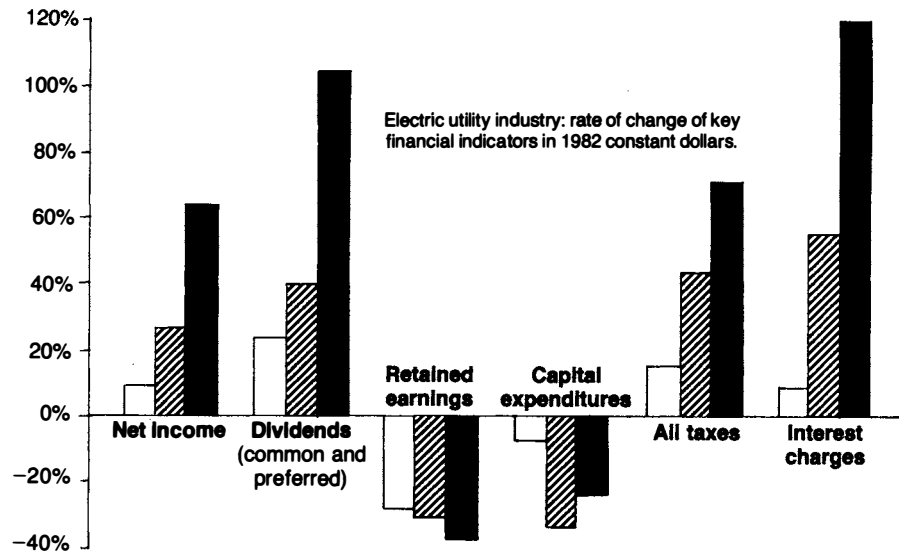
At the same time, the environmentalist onslaught against nuclear power intersected the industry's massive construction program and newly operating nuclear plants. Operation of many completed plants was interrupted or prevented from beginning. The financial condition of utilities nosedived.

At first glance, some of the key financial categories in the industry appear to have risen impressively. Comparing the year 1970 to 1989, for example, net income quintupled, from \$3.3 billion to \$16.6 billion, and dividends (both preferred and common) increased by more than six times, from \$2.4 billion to \$14.8 billion. Retained earnings (defined as net income minus dividend payments on both common and preferred stock) nearly doubled, from \$950 million to \$1.8 billion. Construction and capital expenditures more than doubled, rising 132%, from \$10.3 billion to \$23.8 billion.

But when these figures are deflated into constant dollars, the picture is very different (see **Figure 1**). In 1982 dollars, retained earnings actually fell 38%, from \$2.6 billion to \$1.6 billion, and construction and capital expenditures plummeted

FIGURE 1
Industry disintegration accelerates under Reagan-Bush

□ 1973-80
 ▨ 1980-89
 ■ 1970-89



Source: *Financial Deskbook Tables*, April 27, 1990, Edison Electric Institute.

24%, from \$27.8 to \$21.3 billion.

During the 1970-89 period, the increase in net income was outstripped by rising taxes and interest charges on debt. In 1982 constant dollars, taxes rose 72%, while interest charges soared 122%.

The prevailing view is that while the industry was particularly hurt after the 1973 oil crisis, and suffered through the miasma of the Carter administration, it has fared better under the Republican administrations of the 1980s. And from 1973 to 1980, in 1982 constant dollars, retained earnings and capital expenditures declined by 27.7% and 7.1%, respectively.

But the situation has become even worse under the Reagan-Bush tenure. Comparing 1980 to 1989, while net income and dividends improved somewhat, increasing by 26% and 40% respectively, the key indicators of retained earnings and capital expenditures fell further and faster, by 30% and 33%. Meanwhile, taxes and interest charges, which increased by 15.7% and 8.2% during the "energy crisis" years 1973-80, soared under Reagan-Bush, by 44% and 56%, respectively. So much for the "Reagan recovery."

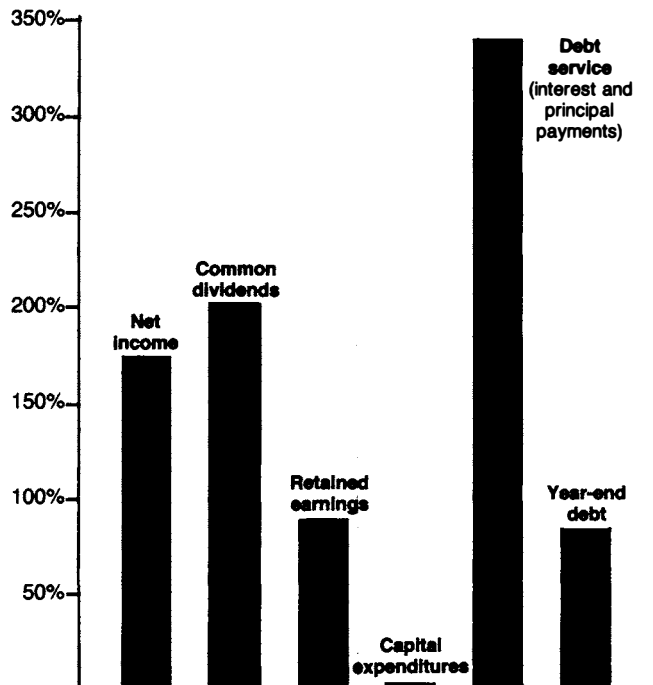
The killers: debt and debt service

The financial fates of individual utilities vary greatly during the past 20 years. Some were more severely crunched during the 1970s and the Carter years, while others were walloped even harder in the 1980s, especially with the recent plethora of adverse regulatory rate decisions. What analysts both within the industry and on Wall Street never really focus upon, however, is the role of debt in crippling the industry.

For the investor-owned electric utility industry as a whole, long-term bonded debt, in current dollar terms, nearly quadrupled, from \$42.2 billion in 1970 to approximately \$165 billion in 1989. Combined with the usurious double-digit interest rate hikes of the Federal Reserve under its chairman Paul Volcker, that increase in debt has resulted in soar-

ing annual payments of *debt service*—that is, of interest and principal on the debt. The acceleration in debt service

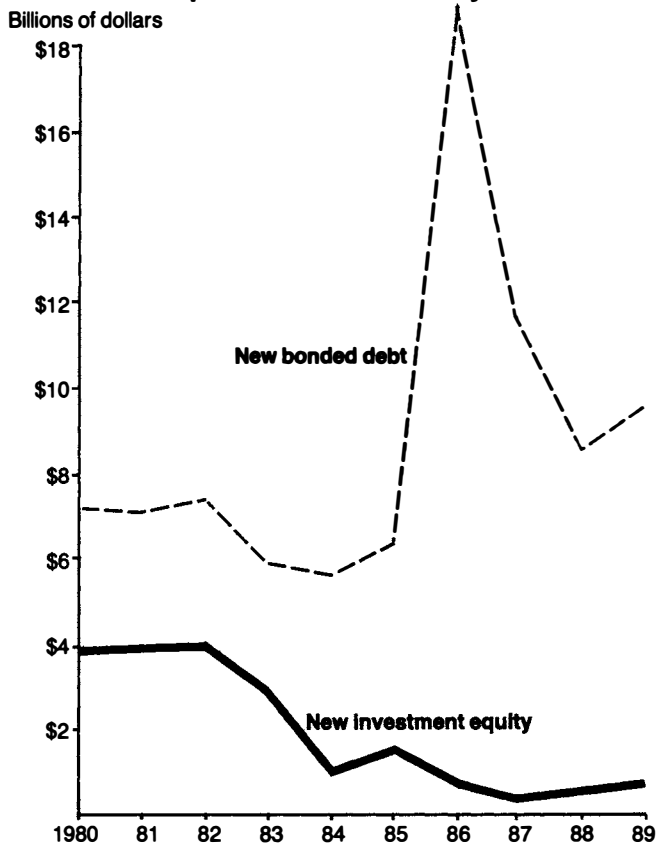
FIGURE 2
Debt service buries capital expenditures
 Percent change, Philadelphia Electric Co., 1989 versus 1970



Source: Philadelphia Electric Co.

FIGURE 3

Bonded debt puts utilities at mercy of Wall St.



Source: Edison Electric Institute.

payments have far outstripped such key categories as net income and dividend payouts (see Figure 1), ripping funds out of retained earnings that would have been available for vital expenditures, including operating expenses and maintenance, and capital for construction. And the situation has worsened during the Reagan-Bush years in the 1980s.

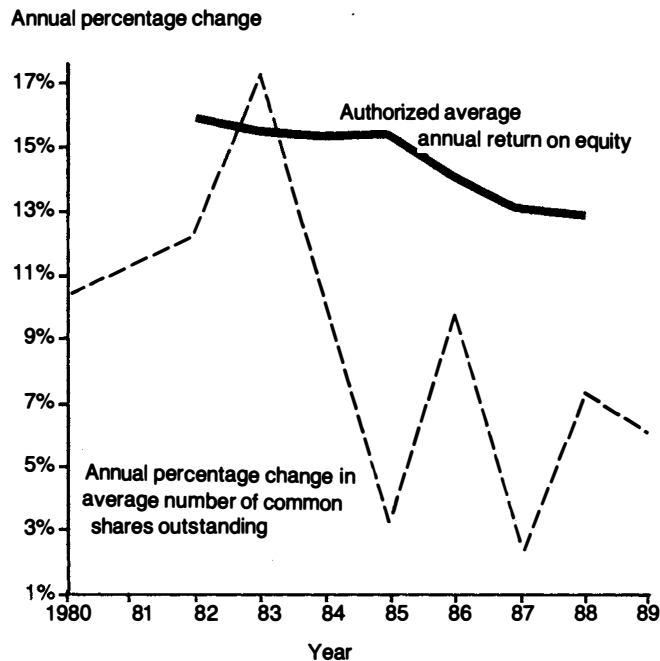
Many individual utilities have been hit hard by the triple-whammy of increasing debt amid rising interest rates, in a period of sharply constricted capital construction. One such example is Philadelphia Electric, which in the 1960s and early 1970s began building several nuclear plants for future needed capacity but were forced into such extended delays that the last one was completed only in 1989.

For Philadelphia Electric, annual debt service in 1989 was \$1.005 billion versus only \$75 million in 1970—an incredible 1,240% increase (see Figure 2). In 1982 constant dollars, debt service has risen 342%, against a virtually flat level of capital expenditures.

Another example is Illinois Power. Capital expenditures in 1970 and 1989 were identical in *current* dollars: \$97 million. But in constant dollars, this is a huge 67% drop. Total

FIGURE 4

Drop in return on equity dries up investor capital



Source: Edison Electric Institute.

debt, however, had soared from only \$385 million in 1970 to \$2.352 billion last year—more than a sixfold increase.

The furor over “pollution” has aggravated the ravages of debt and debt service, while sucking funds out of operating and maintenance budgets. From 1974-89, the industry has taken out \$28.1 billion in debt to finance pollution control measures, plus untold billions more from operating budgets, paid for through higher customer rates.

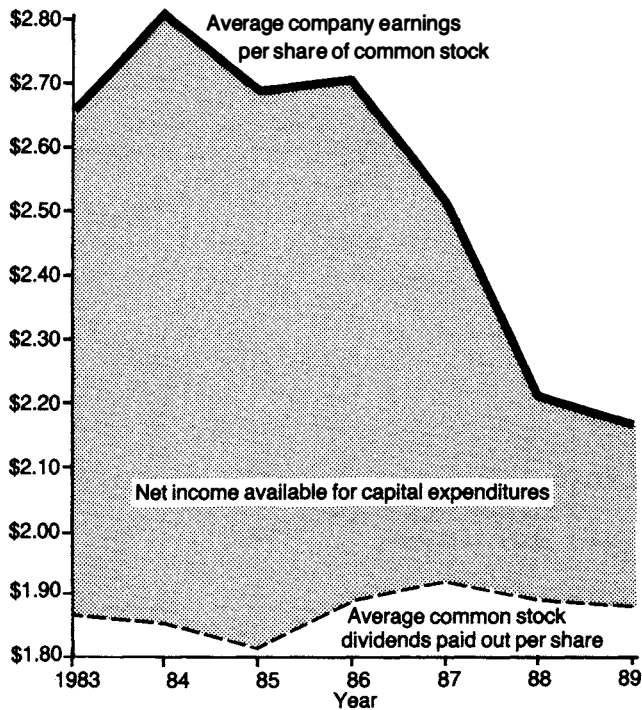
Put at the mercy of Wall Street

The confluence of environmental attacks, anti-nuclear hysteria, increasing debt, and deteriorating overall financial conditions has fed into waning investor confidence in the utility industry. Prior to 1973, investment in utilities was one of the safest and surest ways to guarantee a decent return on one’s money. The industry was always growing, and a substantial profit margin was ensured through adequate levels of return via the rate structure. In this climate, investors saw increasing, even if modest, returns on their investment.

Such returns are now history. New investment capital is increasingly hard to come by, and the industry, regardless of whether it can afford to do so, has had to maintain a given level of dividend payouts simply to retain the investment capital it already has. This means that it must increasingly rely on bonded debt—that is, on Wall Street—for both short- and longer-term financing.

FIGURE 5

Funds available for capital expenditure shrink



Source: Edison Electric Institute.

Exacerbated by changes in the tax laws, new equity investments in utilities have plummeted, while bonded debt issues have increased (see Figure 3). For 1989, new capital from equity amounted to just \$772 million, only 19% of the \$4.063 billion raised in 1980.

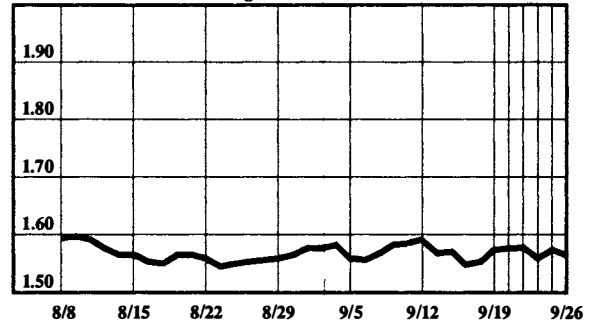
One main factor in this precipitous decline is that the various public utilities commissions (PUCs) have been authorizing *decreasing* returns on equity, by slashing rate requests from utilities. Since 1982, authorized return on equity has decreased almost every year, from 15.84% to only 12.72% in 1988—a cut of one-fifth (see Figure 4). At the same time, while the average utility earnings per share had eroded to \$2.16 by 1989, down from \$2.83 in 1984, the average dividend payment per share of common stock has been maintained at between \$1.79 to \$1.90 (see Figure 5). This has meant substantial cuts in retained earnings as the percentage of net income paid out in dividends has risen from under 70% to nearly 90%.

Not surprisingly, the rate of increase in the average number of common shares outstanding has been falling. From 1980-83, the increase in equity shares was accelerating, from 10.31% in 1980 to 17.11% in 1983 (see Figure 4). Since then, the rate has been far lower, and is estimated to have been just under 6% for last year.

Currency Rates

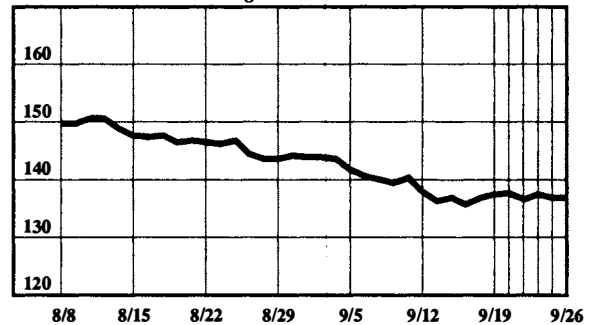
The dollar in deutschemarks

New York late afternoon fixing



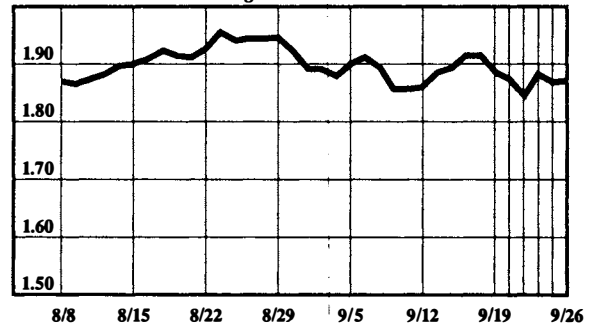
The dollar in yen

New York late afternoon fixing



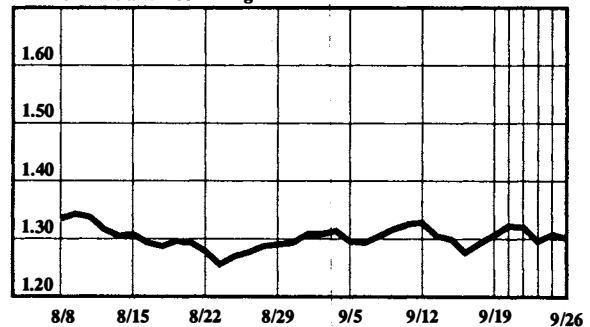
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



A taste of things to come

The impending demise of Chase Manhattan shows that political expediency and a banking crash are dangerous bunkmates.

Chase Manhattan Corp., the nation's second-largest bank, gave the country a taste of things to come Sept. 21, when its problems nearly collapsed the entire banking system.

It is common knowledge among financial insiders that the U.S. banking system, and in particular the very largest money center banks, are bankrupt. Considerable effort, both financial and political, is being expended to prevent that nasty little fact from being widely known. Fortunately, truth has a way of asserting itself.

These days bankers hate the ends of the quarters, when they have to reveal their banks' sad financial condition. If they lie, they can go to jail; if they told the truth, many of their banks would collapse immediately.

Chase took the plunge Sept. 21, revealing that it expected to lose \$625 million in the third quarter, due mainly to massive real estate losses and a drastic restructuring. The bank announced that it would also cut about 5,000 employees from its rolls—12% of its work force.

On top of that, the bank is widely expected to cut its stock dividend in half at its Oct. 17 board meeting. In the quick-buck world of modern speculative finance, such dividends are considered sacrosanct. Insolvency can be overlooked, but cutting dividends is another story.

The news sent Chase's already depressed stock plummeting, forcing the New York Stock Exchange to take the drastic step of temporarily suspending trading in it. The stock fell 7% Sept. 21, to only \$12.75 a share. Since the October 1989 stock market

dive, when it was just under \$45, Chase's stock has collapsed nearly 75%.

Chase is hardly alone. The major New York banks—Citicorp, Chase, Chemical, Manufacturers Hanover, Morgan Guaranty, Bankers Trust, and the Bank of New York—have as a group lost over 50% of their common stock value since that 1989 crash, with half of that loss coming since June, and some 10% in the last two weeks alone.

All of these banks, with the possible exception of Morgan Guaranty, are facing serious liquidity crunches. In order to roll over a mere \$200 million in debt, Chase recently had to raise the interest it paid from 9.66% to more than 13%, putting the bank's debt very nearly in the "junk" category.

Stanford University economist Dan Brumbaugh recently told a Cable News Network audience that the six biggest banks in the country are already insolvent, and that 400 banks have shown net losses since 1986. That means, he said, that the Federal Deposit Insurance Corp. is also insolvent, since its \$13.2 billion in insurance funds could not begin to cope with the losses were the insolvent banks to be closed.

The obvious question one should ask is, why are the banks still open?

The answer is simple: politics. There's an election coming up in November, and it's considered bad form to have a catastrophic financial collapse right before an election.

The secret agenda in Washington is to hide the banking crisis from sight

until after the elections, then implement a massive British-style consolidation and restructuring plan.

According to an article by Christopher Whalen in the Sept. 17 *Barron's* magazine, the Federal Reserve has given a virtual blank check to the Resolution Trust Corp., by treating RTC bonds as de facto Treasury obligations. The Treasury, through the Treasury, Tax & Loan (TT&L) mechanism, is pumping billions of dollars of government money into "deserving banks" in a massive covert support operation. To complete the federal bailout picture, Whalen noted that the Federal Reserve has been buying billions in Treasury notes at Treasury auctions.

For these agencies to squander hundreds, perhaps thousands, of billions of dollars to prop up a hopelessly bankrupt system, thereby risking a hyperinflationary blowout, is a reflection of the desperation gripping the government. After all, the Federal Reserve itself has proclaimed inflation as Public Enemy Number One.

Such political manipulation, of course, is old hat to the Bush administration. The 1988 failure of First Republic Bank Corp. of Dallas—which Whalen identified as the beginning of the TT&L support operation—was postponed until after the Texas primaries, at a cost of several billion dollars, despite its obvious insolvency and financial hemorrhaging. It might have hurt the political aspirations of the state's favorite presidential candidate, George Bush. Federal officials are currently investigating to see why the government waited until after the 1988 presidential election to close the insolvent Silverado S&L, where the President's son Neil Bush had been a director.

When political expediency and financial chaos mix, a crash is not far behind.

Business Briefs

Transportation

Skinner opposes smaller autos which cost lives

U.S. Transportation Secretary Samuel Skinner has adopted a policy against down-sizing cars to increase fuel efficiency because it costs lives. "It would be a tragic mistake to enact legislation that would undermine this country's progress in highway safety," he said.

A study released by the Department of Transportation showed that the move to smaller cars in the 1970s helped improve fuel economy "but resulted in more traffic deaths and injuries in those vehicles," he said.

The report was prepared in response to legislation proposed by Sen. Richard Bryan (D-Nev.) which calls for an increase in auto fuel economy levels to 40 miles per gallon. The auto industry insists that making cars smaller and lighter is the only way even to try to meet this goal. From 1970 to 1982, car weights dropped by 1,000 pounds on average, resulting in an additional 1,300 highway deaths and 6,300 moderate or serious injuries per year.

Finance

Sony president attacks Anglo-American policy

Michael P. Schulhof, president of Sony, U.S.A., indicted the U.S. financial system and American corporate management for a shortsighted pursuit of paper assets, in an article in the Sept. 23 *New York Times*.

Schulhof argued that scientists have three advantages over corporate managers trained only in finance or banking: "First, at a time when even traditional industries are technology driven and technology dependent, the scientist can understand technology from inside out. Second, scientists understand the process of critical thinking. But perhaps most important, a mind trained in science knows that worthwhile results take time and investment to achieve.

"Unfortunately, most American corporations in the last few decades were run by people

... more interested in rearranging assets than in building them. They could not look beyond the next quarter's earnings to the next decade's technology."

Education

Geometry class crucial for college entrance

"Black and Hispanic students who take at least one year of high school geometry vastly improve their chances of getting into college and receiving a bachelor's degree," according to a study prepared for the College Board, the Sept. 24 *Washington Post* reported.

The study of almost 16,000 students found that the gaps between college-going rates of whites and minorities virtually disappeared among those who had taken a year or more of geometry.

The study also looked at whether students had taken courses in laboratory sciences or foreign languages, and did not find as strong a relation to college enrollment and completion as in the case of geometry. "I think we're looking at something that is more basic than those other courses," said Sol H. Pelavin, one of the authors of the report.

Development

Kohl and Mitterrand look to Maghreb

West German Chancellor Helmut Kohl and French President François Mitterrand called for joint European efforts to develop the Maghreb region of northern Africa and the also eastern Mediterranean nations, in a joint declaration issued after talks in Munich on Sept. 18.

"In view of their political, economic, social, and cultural ties that they have historically developed to the Mediterranean region and the countries directly bordering on it, France and Germany share a special interest in the security and stability of that region," Article 5 of the declaration read.

"Both governments are committed, therefore, to enhance their cooperation with the states of North Africa and of the eastern Mediterranean region in the framework of European policy, in order to coordinate closely efficient contributions to peace and economic and social progress and the protection of the natural environment in that region."

German and French Foreign Ministers Hans-Dietrich Genscher and Roland Dumas declared in separate statements that the first meeting of the European and Arab foreign ministers will take place in Asolo, Italy on Oct. 7.

Italian Foreign Minister Gianni de Michelis and Spanish Foreign Minister Francisco Fernández Ordóñez also plan to jointly propose an initiative for a Council for Security and Cooperation in the Mediterranean (CSCM), which would extend from Portugal to Iran. It would attempt to address such problems as economic underdevelopment. The two are committed to bringing Israel into the CSCM.

Health

Shigellosis incidence doubles in two years

The Atlanta Centers for Disease Control reported in its *Morbidity and Mortality Weekly* of Aug. 3 that laboratory-confirmed cases of shigellosis, a sometimes severe form of food poisoning, that were reported to the center nearly doubled from 1986 to 1988. The CDC added that the actual number is easily many times that level, since most cases go unreported.

Although not lethal, the bacteria is much more contagious than salmonella. The symptoms include diarrhea (including bleeding from the intestine), abdominal pain, high fever, vomiting, and headache. Infected people can transmit the disease even longer than one month after they recover, regardless of how long their symptoms lasted, or how severe they were. Among the elderly and the very young, severe cases are treated with antibiotics, but one doctor at the CDC cautions against using antibiotics in mild cases, because the organism can easily develop a resistance to drugs.

Briefly

Before 1945, the main cause of infection was consumption of food or water that had been contaminated with fecal matter. It was brought under control due to increased sanitation of water supplies and other improvements.

Now, it is becoming common in day care centers, nursing homes, institutions, and among male homosexuals. One reason for the disease's spread is lack of simple hygiene—washing one's hands after using the toilet and before eating.

Free Enterprise

Tulips are passé: Holland sells hashish

The Netherlands is no longer the land of tulips, fresh produce, and windmills. It's hashish that is taking over more than just the coffee houses of Amsterdam, where the menu for the ingredients of a hashish pipe is often longer than that for food and drink. Today, hashish is big business, for export to the United States and the Soviet Union.

With falling prices for fresh produce—which last year amounted to a 40% decline—a growing number of greenhouses are looking for more lucrative business. Where once tomatoes and cucumbers flourished, now hemp is grown. In one case, a "gardener" from Milsbeek turned an empty factory into an ultramodern hothouse for the exclusive growing of hemp. When the police looked into the hothouse and its business records, they found out that the dope gardener was listed in the trade register as a "seed cultivator," and had sales totaling 3 million guldens last year.

But in general, the police are not very interested in the drug traffic. For many years, the sale of so-called soft drugs has been tolerated in the Netherlands. Furthermore, the highest Dutch court has ruled that growing hemp plants of the cannabis type for "seed extraction" is allowable.

The media report regularly about the "successful businessmen" and how they ply their trade. One newspaper reported that Ben Dronkers, the chief of Sensi Seeds BV in Amsterdam and a specialist in growing hemp

seeds, recently confided that he had sold seeds worth 10,000 guldens to "a Russian." Drug cultivation is also evidently finding a niche within the agricultural program of the European Community.

Agriculture

Colombian growers unite against 'free trade'

Under the banner of "Food for Peace," Colombia's Second Congress of Peasants, Cattlemen and Farmers was held Sept. 20-22 to denounce the César Gaviria government's policy of opening up the agricultural sector to the ravages of the free market.

In response to government plans to eliminate all import controls, end agricultural subsidies, raise interest rates, and dismantle the state marketing agency IDEMA, Carlos Gustavo Cano Sanz, president of the Colombian Society of Farmers (SAC), charged that the international banks were behind the "modernization" scheme. Such measures, he said, would only benefit "the monopolies of certain families who only act to satisfy the appetites of certain dynasties. . . . Don't tell me that import controls by the state will be replaced by a complete freeing of customs and exchange rates to allegedly give greater transparency to market price mechanisms. . . . Rather, the name of the game is under- and over-invoicing, buying and selling to oneself, bribery and free zones for contraband smuggling."

Cano was seconded by Adriano Quintana, head of the National Grain Growers Federation (FENALCE), who protested that the countryside was being turned into "a guinea pig by academics who want to test their assertions, theories, and foreign models upon the most vulnerable sector of the community, ignoring reality." Quintana defended the role of the state's agricultural marketing agency, which has been charged with "paternalism" and marked for elimination. Said Quintana, "Is it paternalism when the peasants of Guaviare [province] agreed to change the coca crops for corn, only to have to sell the corn at absurd prices because IDEMA is no longer around to buy their crop?"

● **BULGARIAN PRESIDENT** Zhelyu Zhelyev ordered a total, immediate ban on food exports on Sept. 24. Food shortages in the cities exceed conditions during World War II and the immediate postwar years. The government officially estimates that 70% of food produced for the cities disappears into the black market.

● **R. DAN BRUMBAUGH**, who warned on the July 31 ABC News "Nightline" that the FDIC bank insurance fund was insolvent and on Sept. 21 on CNN's "Money Line" that the six biggest U.S. banks are insolvent, was notified by Stanford University that his research project on banking had been terminated, the Sept. 24 *Wall Street Journal* reported.

● **THE SOVIET UNION** officially attended a meeting of the International Monetary Fund in September for the first time. Viktor Rakov, chief currency expert at the Soviet central bank, told *Izvestia* that IMF membership could bring needed discipline as the Soviet system moves to a market economy.

● **TUBERCULOSIS** cases in the U.S. rose 4.7% higher in 1989 than in 1988 after a steady decline of about 6% a year, the Sept. 23 *Washington Post* reported. While the rise is correlated with the rise in AIDS cases, the *Post* admits the rise could be the result of increasing poverty and malnutrition.

● **FORD CANADA'S** 12,800 workers must be given a one-year notice of plant closings and a six-month notice for reasons of technological change, in a new contract settlement. The union estimates average increases in income of 7.5%, 6.7%, and 4.8% over the next three years.

● **ONTARIO STOCK YARDS** will cut their operations in half. General Manager Doug McDonell said, "If the next five years are like the last five, who the hell knows if there will even be a beef industry in Ontario?"

Schiller Institute offers Poland an alternative

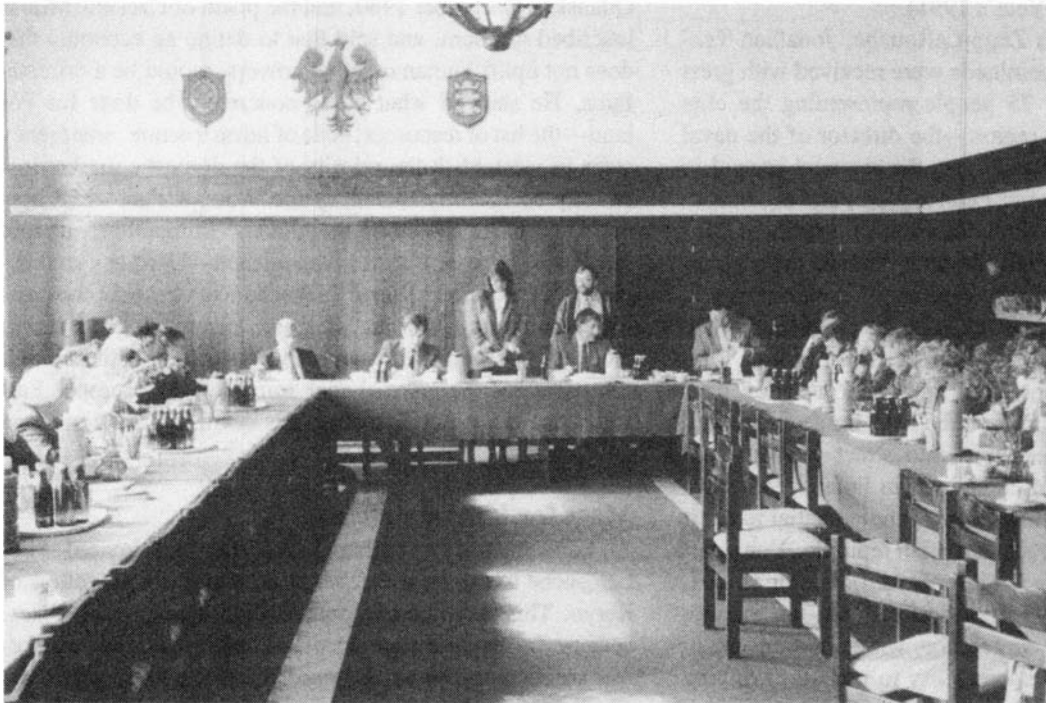
by Jacques Cheminade and Nora Hamerman

During September, leaders of the Schiller Institute from Western Europe went to Poland to make a personal contribution to the fight for that nation's freedom. This fight began a decade ago with the founding of Solidarnosc, the free trade-union organization. It has been nourished by the constant interventions of the Polish Pope, John Paul II, on behalf of the universal ideals underlying the struggle that made Poland, in 1989, the first Eastern Europe "satellite" of the Soviet empire to establish a government not run by the Communist Party.

Helga Zepp-LaRouche, the wife of U.S. political prisoner Lyndon LaRouche and the leader of the Schiller Institute in West Germany as well as the chairman of the Schiller Institutes' international board of advisers, was invited to Gdansk by Father Henryk Jankowski, together with Jacques Cheminade, president of the Schiller Institute in France, and Jonathan Tennenbaum, the author of the Schiller Institute's program for the economic development of Poland. They took part in a pilgrimage to the national shrine of the Madonna of Czestochowa on Sept. 15 and 16, and on Sept. 17, spoke to a conference at the Gdansk shipyards where the Solidarnosc movement began, and assisted at a mass celebrated in the memory of thousands of Polish officers slaughtered by Stalin at Katyn in 1939.

Thus begins a common history between Poland and the Schiller Institute, rich in hope for the future. They share the same long march to achieve justice; the same defense for the dignity of man against all outrage; the same temporary setbacks and trials in seeking the yet-unattained common goal, that of a spiritual order which cannot be shaken by the ups and downs of changing times.

The "Pilgrimage of the Workers" to Czestochowa is one of the most important, if not the most important, in all Poland. Mrs. LaRouche, Cheminade, and their friends were seated on the speakers' dais overlooking the "sacred hill" where 200,000 pilgrims gathered for the Saturday evening mass, and nearly double that number on Sunday. At Czestochowa, each year since 1939, the desire for liberty and national independence have been renewed, just as they were in the darkest hours of the Partition of Poland, between 1795 and 1918. The rapport between the world of labor, the Polish nation, and religious faith was expressed symbolically by



Gdansk, Sept. 17, 1990. Helga Zepp-LaRouche (standing), and Jacques Cheminade (seated, to her left) address the first meeting of Schiller Institute in Poland in the room where Solidarnosc was founded in 1980.

George Gregory

this immense crowd, as it lowered thousands of Solidarnosc banners from all over Poland and even from Polish-Americans, and formed a chorus of hundreds of thousands of voices directed by a young priest from a promontory at the top of the hill. In successive waves, the hymns and songs gave homage to the Virgin “Queen of Poland,” whose image stands above the altar.

The meaning of this image not only religious: It is the symbol of the attachment of Poland’s people to their national independence within the Christian faith, i.e., within respect for the dignity of man. In the heart of Europe, the Polish nation—in a hostile world once defined by the presence of Prussia and the empires of Russia and Austria-Hungary—always represented Western values, developed within the Christian faith and within the respect this faith has for others, as attested by the 1573 “Peace of the Dissidents” and the great Jagellonian Golden Age, the *Złoty Wiek*, of the fifteenth and sixteenth centuries. Indeed, the bodies of most of the victims of the Stalinist terror recovered at Katyn Forest were carrying the image of the “Queen of Poland.”

In 1655, Czestochowa under the command of Father Augustyn Kordecki, the Pauline prior at the time, successfully resisted the Swedish invader, who lifted the siege on Christmas Eve, although he deployed 3,725 men and 500 cannon, and the defenders were no more than 160 soldiers, 70 monks, and 20 noblemen. This first patriotic “miracle” was followed by another, when Casimir Pulaski, at the head of the Confederation of Bar, repulsed the assault by Russian troops four times superior in numbers. A new act of heroism at Jasna Gora was that of Kajetan Stuart who, in 1809, raised the

defense with 800 men and 28 cannon against more than 4,000 Austrian soldiers, thereby contributing to the defeat of the aggressors who were trying to liquidate the Duchy of Warsaw.

At this site, where national history meets religious commitment, the church authorities present urged the pilgrims to “build Poland,” in the image of the very best of themselves that they devote to their daily labor, such that each day, in new-found unity, it would become a bit better, a bit more exemplary. Helga Zepp-LaRouche was particularly struck by this lofty conception of human labor, expressed in all its simple grandeur when the workers’ delegates from each region of Poland came to read a message of solidarity in the name of their industry’s comrades. The spirit of the Pope John Paul II’s encyclical on the dignity of work, *Laborem exercens*, is more palpable here than almost anywhere else, since, faced with adversity, the Polish Church has sought to communicate the essential—in contrast to other Western churches.

On Monday Sept. 17, at 10 a.m., the Schiller Institute held a meeting in Gdansk, at the invitation of Father Jankowski. Its objective was to define a new policy, a new hope for Poland, against both looting and usury, in the framework of the Paris-Berlin-Vienna Productive Triangle proposed by the Schiller Institute in a handsome pamphlet printed in Polish for the occasion. While this had not been explicitly stated, all the participants were aware that this was an alternative to the Balcerowicz Plan, the austerity program of the new government which has lowered production by 30%, the living standard by 40%, and created 800,000 unemployed (2

million expected by New Year's 1991).

The remarks of Helga Zepp-LaRouche, Jonathan Tennenbaum, and Jacques Cheminade were received with great interest and emotion, by 25 people representing the elite of Gdansk and the Baltic region—the director of the naval shipyards, the director of railways, the regional second in command in Solidarnosc after Lech Walesa, and economics professors from Gdansk and the Catholic University of Lublin. “When you define human creativity and the principle of scientific discovery as the very essence of economics, you have reconciled us with ourselves, with the profound faith in man that we carry within us,” said one participant. “You have exposed this government minister who, just a few days ago, right here, patted himself on the back for seeing graduates with advanced degrees turn into street vendors, and called it the beginnings of capitalism in Poland; you have told us that to deprive human labor of the potential to exert its skills is a crime against our Christian republic. You don't know how grateful we are.” The shipyard director voiced, on everyone's behalf, his strong desire to see the Schiller Institute organize another conference, which participants in the meeting would take responsibility to prepare, bringing together hundreds of Baltic region workers for the occasion.

Mrs. LaRouche presented the extent and the causes of the current international crisis, and then pointed to the pathway to hope by analyzing the papal encyclicals *Populorum progressio* by Paul VI and *Laborem exercens* and *Sollicitudo rei socialis* by John Paul II. She located “economics”—man's unique potential to carry out projects which uplift the order of the world and transform the environment—in the context of the work of Nicolaus of Cusa, the great fifteenth-century canon of the Catholic Church. Beyond Marxism and liberalism—and against them—she showed that the Western countries were developed thanks to an economic policy coherent with the concept that man is created in the image of God, by manifesting this coherence through man's capacity to discover, implement, and convey new ideas—discoveries that drive forward the transformation of the universe.

Numerous questions followed this presentation, as well as that by Jonathan Tennenbaum on the Paris-Berlin-Vienna Productive Triangle. Certain fears about German and French domination came out, fears about having a “third power” appear in Europe besides the United States and the U.S.S.R. Mrs. LaRouche and Mr. Tennenbaum showed that the Schiller Institute's objective is precisely—in opposition to the logic of the Holy Alliance or the “partitioning” of the world to which Poland was constantly made victim—to give birth everywhere to new republics. The Institute's pledge to the sovereignty of the creative power of each individual, whatever his race, nationality, or social origin, is consistent with its defense of the sovereignty of nations, they explained.

Cheminade's remarks centered on the duty of Germany and France to make modern Poland sovereign. He evoked the memory of the snowy inauguration of the crosses of

Gdansk in December 1980, and the poem of Czeslaw Milosz inscribed on them, and said that to define an economy that does not uplift human creative powers, would be a criminal farce. He showed what could concretely be done for Poland—the list of resources, state of infrastructure, emergency steps to reestablish the priority of the domestic market in a country so recently looted by the Warsaw Pact—and how Paris and Bonn should be mobilized. “Remember,” he told the Poles, “that it was the vanquished—Germany and Japan—of the Second World War who have become the post-war economic powers. Poland, occupied, oppressed, mocked, but with its human resources intact, with its faith, can represent the great chance tomorrow for Europe, East and West, if we mobilize ourselves in Gdansk, in Bonn, and in Warsaw.”

Mass for Katyn victims

Later that day, Father Jankowski had invited Mrs. LaRouche to the mass celebrated in honor of the victims of Katyn. This assumed the greatest importance for all Poles, because for the *first time* since 1945 active military and former combatants in uniform were allowed to attend the ceremonies, organized on the anniversary—Sept. 17, 1939—of the day Soviet troops entered Poland, after Hitler and Stalin divided it between them.

The mass, during which a young soldier read out the list of all the victims from Gdansk and its region, combined religious choruses with hymns to the freedom and faith of Poland, which were joined by all the participants. Polish television filmed extensive parts of the ceremony, showing Mrs. LaRouche, who sat in the first row, being introduced to the faithful by Father Jankowski.

Father Jankowski, in an interview given on Sept. 18 to the *Journal of the Baltic*, announced that he had just learned of the official candidacy of Solidarnosc leader Lech Walesa for President of Poland “at the very moment the Schiller Institute conference was being held.” Recalling that he had appreciated from the beginnings of Solidarnosc “his friend's charisma,” he commented that today Walesa had much courage to want to take up the cross of Poland after that of his family and union. He added that the country and its leaders—both Walesa and Prime Minister Tadeusz Mazowiecki, whom he held in equal regard—needed a true economic and political program that draws its inspiration from friends' contributions and Poland's tradition. Now, it is exactly on this day that the Schiller Institute presented its program for Europe and for Poland, in the very room where the first strike committees of Solidarnosc were held in 1980 at the Gdansk Naval Shipyard. Bringing home the historic ties, one of the Polish participants stated, “Here, a great moment began in 1980, and many among us remember it with emotion. We were here. Today, in 1990, with your presence, we are certain that, 10 years later, another great moment is beginning. We are here.”

Poland at a crossroads between chaos and cultural flowering

by Frank Hahn

The following travelogue, shortened here, originally appeared in July in the West German weekly Neue Solidarität. Frank Hahn is a member of the Schiller Institute in Germany.

A visit to our neighbor Poland in the summer of 1990 awakens the happy sense that Europe is no longer divided. Despite the visa restriction which is still in effect, crossing the Oder River from East Germany is as routine as crossing the Rhine into Strasbourg, France. Following the turmoil of the last few years, we are traveling not into a desolate region where we are met with hardened faces full of fear and mistrust, where anger, hatred, and brutal violence keeps both resident and visitor alike in chains. No—now we can finally experience the land to the east of the Oder as part of the old Europe and of the Europe about to be created anew. We experienced Poland as a friend, as a neighbor, and as a great cultural nation which will firmly take its place among the concert of the new Europe of the fatherlands.

Images of the country

As representatives of the Schiller Institute, we had been invited to hold political talks and to establish contacts with the country and its people. If one is to travel to Poland with an open heart, one must first make up one's mind to bury some prejudices. The idea that everything east of the Oder River must be a lot grayer and uglier and more run-down than even in East Germany, is quickly corrected. The West German visitor is amazed at the well-constructed streets, the relatively quick pace and good condition of the railways—in short, the condition of this country's infrastructure is by and large quite passable.

The people, despite having to do without many things, radiate a sense of happiness. Much value is placed on maintaining a good personal appearance and being tastefully clothed.

But without a doubt the most impressive thing was Poland's cities. Gdansk, Poznan, and Warsaw, whose centers had been 90% destroyed in the last war, can now be counted among the most beautiful cities of Europe, with their historically faithful reconstructions of their center cities. The spacious main thoroughfare of Gdansk, with its picturesque

gabled facades dating from the time when it was a member of the Hanseatic League, and terminated on both ends with artistic Renaissance-era gates, are unmatched throughout the entire Baltic region.

The old courthouse in Poznan, reconstructed in typical Renaissance style, surrounded by the crowded, colorful fifteenth-century houses with their arched entrances, is impressive not only because of its architecture, but also because of the quite visibly immense accomplishment of reconstructing it all.

The crowning high-point of this Polish city-building culture is Warsaw. Admittedly, the area around the main railroad station is a symbol of the brutal ugliness of the dominance of the two superpowers: on one's left there juts out the Cultural Palace, which, built in the Stalinist confectionary style, was a "gift" to the Poles (who had to finance it themselves, of course). To the right, the no less ugly glass palace of the American Marriott Hotel disfigures the cityscape. But the castle which towers over the Vistula River and was completely rebuilt in only seven years, the plazas and little streets of the Old City with their colorful houses dating from the fifteenth and sixteenth century, and the broad boulevards with their bright, gleaming representative classical buildings—all of these elevate Warsaw into one of Europe's most beautiful cities.

What an immense drive, will to survive, and zeal for labor we see here, and especially, what deep respect for history and culture! A city with nearly 2 million inhabitants, completely leveled to the ground: Should one set about to reconstruct it, or should one not build a completely new, featureless one from the ground up, one lacking any personality? The Poles have decided to save their nation and their own soul, and in Warsaw they have created a masterwork of fine art, which, to be sure, has a long way to go before it is completed.

This thought has special force for the German visitor who has seen the horrible example of East Germany. One thinks about East Germany's ugliness-by-decree as a means of degrading its people: Even in those places where some effort was made at reconstruction, such as in Dresden, one cannot escape the impression of ugliness in its very artificiality. For

Dresden was not reconstructed as an entire city, but instead only one part of it was turned into a museum area—and even that was clumsily done.

Looking for work

To put the situation briefly: No one here is going hungry in Poland, but certainly no one can live on their regular wages. The average monthly income is 500,000 zloty (about \$60 at the current exchange rate). Of that, an average of 150,000 zlotys must go for rent, and, following the 100% price hikes on July 1, another 150,000 zlotys goes for gas and electricity. The remaining 200,000 zlotys are of course not nearly enough to get by on: For that amount one person could eat a good meal, with meat and vegetables and perhaps a little vodka to top it off, no more than once a week. A family of four needs an income of 2 million zlotys in order to more or less survive. Under these conditions, it is quite understandable that thousands of people can be found waiting in long lines in front of the U.S. Embassy in Warsaw, in order to get a visa for entering the United States. Whether in the United States, in France, or in Germany, Poles are looking everywhere for a couple of months' employment abroad so that they can live without trouble for a few years at home. And here we won't even speak of the Polish small-time traders who shuttle between Lodz and Berlin. If the labor which Poland is currently losing through the black market trade and work stints abroad could be applied instead to the construction of Poland itself, within a very short time the country could develop a flourishing domestic economy.

Going beyond ideologies

But is this overall picture perhaps a little too rosy? Aren't the Poles in reality a lazy people, dirty, and alcoholic to boot?

Where did all these ugly slanders come from, and why have prejudices and mistrust erected such barriers between Poles and Germans? Some hints toward a full answer can perhaps be found by comparing Poland to East Germany.

The Poles, who we generally found to have a very friendly attitude toward Germany, have always regarded the German Democratic Republic as a fascist country. On the most obvious level, this was tied to the activities of the East German secret police, the Stasi, in Poland itself, and the Stasi's training of the Polish secret police.

But let us ask ourselves: Isn't there something unique about the deadly perfectionism with which Germans built their communism behind barbed wire and cement, something which in the final analysis was impossible to achieve either in Poland, or in Czechoslovakia, or in Hungary? Would Poles have shot at their own people who were wanted the cross the Vistula from East Warsaw into West Warsaw?

The blind zeal, the extinguishing of all human emotion in the fulfillment of one's duty, the resulting cold-bloodedness of betraying even one's own family in the service of the system—are these qualities not especially marked in the

German style of communism? Have Germans' minds not become assailed and atrophied by the unholy threesome Kant, Hegel, and Bismarck, more so than we would care to admit?

As mentioned before, the German Democratic Republic was built on one fundamental principle: ugliness. Even in its public edifices, where the bestial stink of chemical antiseptics still reminds one of war, prison, or times of misery, the primitive tastelessness of plastic furniture reigns supreme. In Poland, at least one sees an effort to achieve a certain elegance of style. And when one looks at the brilliant artistry of Poland's reconstructed cities, it is no longer possible to believe that lack of financial means has been the sole cause for the deterioration and collapse of East Germany's cities. No, the rule of ugliness had been raised into a method. A life led only in the colors gray and brown was meant to deform people into strict uniformity. The very idea of a German nation had to be extinguished. Concepts such as fatherland or nation were supplanted by words such as "our territory"—what a mockery of the German language!

Poland, on the other hand, remained a nation following the war. And even many communists considered themselves Polish patriots first and ideological zealots only after that. After 1945, Poland's century-long conflict with Russia led to an attempt to keep alive as much of the Polish nation, the desire for freedom and of Polish culture as possible—to save the Polish soul, as were. And preserving individuality was possibly only through beauty—as exemplified in Poland's cities.

This is not to overlook or deny the very real problems of Polish ideology. The tendency to wallow in the nation's misfortunes, Poles' legendary chaos in acting and thinking, their frequent dishonesty toward each other, and much more—these would be a subject in its own right. And before we self-righteously wrinkle our noses at Poland we had better consider what we can give Poland, and what it can give to us.

The coincidence of opposites

There is in my opinion no better figure than the great Cardinal Nicolaus of Cusa, who can unite Germans and Poles on a higher level. The deep religiosity which marked his entire life, and his rigorous scientific method unite, so to speak, the best sides of Germans and Poles. The concept of *coincidentia oppositorum*, the unity of opposites on a higher level, as developed by Nicolaus of Cusa, should be raised up as an ideal not only for Germany and Poland, but for the growing together of all Europe. This new higher level of commonality can only find expression in the conviction that every human individual is sacred and must be considered inviolable in his dignity, and that the creative power of all individuals in our nation is the sole source of progress. Only the political power which recognizes and demands adherence to these principles, has won its legitimacy.

U.S. policy toward the reunification of Germany

by Lyndon H. LaRouche, Jr.

Lyndon LaRouche released the statement below at a press conference in West Berlin's Kempinski Bristol Hotel on the morning of Oct. 12, 1988. He was at the time an independent candidate for the presidency of the United States, and was indicted two days later in federal court in Alexandria, Virginia on trumped-up "conspiracy charges" designed by his political foes, which eventually led to his conviction in December 1988 and his imprisonment together with six associates in January 1989. While he was in prison—where he remains today, the world's most prominent political prisoner—revolution broke out first in China, and then in Poland and East Germany and other Eastern European countries, leading to the fall of the Berlin Wall just 13 months after his speech, on Nov. 9, 1989.

We are pleased to republish this speech on the occasion of the second anniversary of its presentation. Two years ago, few save LaRouche himself foresaw the events which were shortly to unfold. Now, friends of LaRouche's policies and outlook the world over are celebrating the formal reunification of Germany which occurred on Oct. 3.

I am here today, to report to you on the subject of U.S. policy for the prospects of reunification of Germany. What I present to you now, will be a featured topic in a half-hour U.S. television broadcast, nationwide, prior to next month's presidential election. I could think of no more appropriate place to unveil this new proposal, than here in Berlin.

I am the third of the leading candidates for election as the next President of the United States. Although I shall not win that election, my campaign will almost certainly have a significant influence in shaping some of the policies of the next President.

Although we can not know with certainty who will be the winner of a close contest between Vice President George Bush and Massachusetts Gov. Michael Dukakis, it is the best estimate in the United States today, that Mr. Bush will win the largest electoral vote. Obviously, I am not supporting Mr. Bush's candidacy, and I am not what is called a "spoiler" candidate, working secretly on Mr. Bush's behalf. Nonetheless, should Mr. Bush win, it would be likely that I would have some significant, if indirect influence on certain of the

policies of the next administration. How this result would affect the destiny of Germany and Central Europe generally, is the subject of my report here today.

By profession, I am an economist in the tradition of Gottfried Wilhelm Leibniz and Friedrich List in Germany, and of Alexander Hamilton and Mathew and Henry Carey in the United States. My political principles are those of Leibniz, List, and Hamilton, and are also consistent with those of Friedrich Schiller and Wilhelm von Humboldt. Like the founders of my republic, I have an uncompromising belief in the principle of absolutely sovereign nation-states, and I am therefore opposed to all supranational authorities which might undermine the sovereignty of any nation. However, like Schiller, I believe that every person who aspires to become a beautiful soul, must be at the same time a true patriot of his own nation, and also a world-citizen.

For these reasons, during the past fifteen years I have become a specialist in my country's foreign affairs. As a result of this work, I have gained increasing, significant influence among some circles around my own government on the interrelated subjects of U.S. foreign policy and strategy. My role during 1982 and 1983 in working with the U.S. National Security Council to shape the adoption of the policy known as the Strategic Defense Initiative, or SDI, is an example of this. Although the details are confidential, I can report to you that my views on the current strategic situation are more influential in the United States today than at any time during the past.

Therefore, I can assure you that what I present to you now, on the subject of prospects for the reunification of Germany, is a proposal which will be studied most seriously among the relevant establishment circles inside the United States.

Under the proper conditions, many today will agree, that the time has come for early steps toward the reunification of Germany, with the obvious prospect that Berlin might resume its role as the capital.

For the United States, for Germans, and for Europe generally, the question is, will this be brought about by assimilating the Federal Republic of Germany and West Berlin into the East bloc's economic sphere of influence, or can it be

arranged differently? In other words, is a united Germany to become part of a Europe from the Atlantic to the Urals, as President de Gaulle proposed, or, as Mr. Gorbachov desires, a Europe from the Urals to the Atlantic?

The reality of the worldwide food crisis

I see a possibility, that the process of reunification could develop as de Gaulle proposed. I base this possibility upon the reality of a terrible worldwide food crisis which has erupted during the past several months, and will dominate the world's politics for at least two years to come.

The economy of the Soviet bloc is a terrible, and worsening failure. In Western European culture, we have demonstrated that the successes of nations of big industries depend upon the technologically progressive independent farmer, and what you call in Germany the *Mittelstand* [Germany's small and medium-sized entrepreneurs]. Soviet culture in its present form is not capable of applying this lesson. Despite all attempts at structural reforms, and despite any amount of credits supplied from the West, the Soviet bloc economy as a whole has reached the critical point, that, in its present form, it will continue to slide downhill from here on, even if the present worldwide food crisis had not erupted.

I do not foresee the possibility of genuine peace between the United States and Soviet Union earlier than thirty or forty years still to come. The best we can do in the name of peace, is to avoid a new general war between the powers. This war-avoidance must be based partly on our armed strength, and our political will. It must be based also, on rebuilding the strength of our economies.

At the same time that we discourage Moscow from dangerous military and similar adventures, we must heed the lesson taught us by a great military scientist nearly four centuries ago, Niccolò Machiavelli: we must also provide an adversary with a safe route of escape. We must rebuild our economies to the level at which we can provide the nations of the Soviet bloc an escape from the terrible effects of their economic suffering.

I give a concrete example.

Recently, in response to the food crisis, I sponsored the formation of an international association, called Food For Peace. This association has just recently held its founding conference in Chicago Sept. 3-4, and since then has been growing rapidly inside the United States and in other nations represented by delegates attending that conference.

One of the points I have stressed, in supporting this Food For Peace effort, is that the Soviet bloc will require the import of about 80 million tons of grain next year, as a bare minimum for the pressing needs of its population. China is experiencing a terrible food crisis, too. As of now, the food reserves are exhausted. There are no more food reserves in the United States, and the actions of the European Commission in Brussels have brought the food reserves of Western Europe to very low levels. Next year, the United States and Western



Lyndon LaRouche at press conference on Oct. 12, 1988, at the Bristol-Kempinski Hotel in West Berlin.

Europe will be cut off from the large and growing amount of food imports during recent years, because of the collapse of food production in developing nations throughout most of the world.

During 1988, the world will have produced between 1.6 and 1.7 billion tons of grains, already a disastrous shortage. To ensure conditions of political, and strategic stability during 1989 and 1990, we shall require approximately 2.4 to 2.5 billion tons of grain each year. At those levels, we would be able to meet minimal Soviet needs; without something approaching those levels, we could not.

If the nations of the West would adopt an emergency agricultural policy, those nations, working together, could ensure that we reach the level of food supply corresponding to about 2.4 billion tons of grains. It would be a major effort, and would mean scrapping the present agricultural policies of many governments and supranational institutions, but it could be accomplished. If we are serious about avoiding the danger of war during the coming two years, we will do just that.

By adopting these kinds of policies, in food supplies and other crucial economic matters, the West can foster the kind of conditions under which the desirable approach to reunification of Germany can proceed on the basis a majority of Germans on both sides of the Wall desire it should. I propose that the next government of the United States should adopt that as part of its foreign policy toward Central Europe.

Rebuild the economies of Eastern Europe

I shall propose the following concrete perspective to my government. We say to Moscow: We will help you. We shall act to establish Food For Peace agreements among the international community, with the included goal that neither the people of the Soviet bloc nor developing nations shall go hungry. In response to our good faith in doing that for you, let us do something which will set an example of what can be done to help solve the economic crisis throughout the Soviet bloc generally.

Let us say that the United States and Western Europe

will cooperate to accomplish the successful rebuilding of the economy of Poland. There will be no interference in the political system of government, but only a kind of Marshall Plan aid to rebuild Poland's industry and agriculture. If Germany agrees to this, let a process aimed at the reunification of the economies of Germany begin, and let this be the *punctum saliens* for Western cooperation in assisting the rebuilding of the economy of Poland.

We, in the United States and Germany, should say to the Soviet bloc, let us show what we can do for the peoples of Eastern Europe, by this test, which costs you really nothing. Then, you judge by the results, whether this is a lesson you wish to try in other cases.

I am now approaching the conclusion of my report. I have two more points to identify.

All of us who are members of that stratum called world-class politicians, know that the world has now entered into what most agree is the end of an era. The state of the world as we have known it during the postwar period is ended. The only question is, whether the new era will be better or worse than the era we are now departing?

The next two years, especially, will be the most dangerous period in modern European history, and that worldwide. Already, in Africa, entire nations, such as Uganda, are in the process of vanishing from the map, biologically. Madness on a mass scale, of a sort which Central Europe has not known since the New Dark Age of the fourteenth century, has already destroyed Cambodia, is threatening to take over the Middle East as a whole, and is on the march, to one degree or another, in every part of the world. As a result of these conditions of crisis, the world has never been closer to a new world war than the conditions which threaten us during the next four years ahead. What governments do during the coming two years will decide the fate of all humanity for a century or more to come.

There have been similar, if not identical periods of crisis in history before this, but, never, to our best knowledge, on a global scale, all at once.

I recall the famous case of a certain German gentleman of the Weimar period. This gentleman was persuaded that a second world war was inevitable. He searched the world for a place to which he might move his family, to be out of the areas in which the next war would be fought. So, when the war erupted, he and his family were living in the remote Solomon Islands, on the island of Guadalcanal.

In this period of crisis, there is no place in which any man or woman can safely hide in a crisis-ridden world without food. One can not duck politics, with the idea of taking care of one's career and family, until this storm blows over. There is no place, for any man or woman to hide. There is no room for today's political pragmatists in the leadership of governments now. If we are to survive, we must make boldly imaginative decisions, on the condition that they are good choices, as well as bold ones.

The time has come for a bold decision on U.S. policy toward Central Europe.

If there is no Soviet representative here in this audience at the moment, we may be certain that the entire content of my report to you now will be in Moscow, and will be examined at high levels there, before many hours have passed. The Soviet leadership has said in its newspapers and elsewhere, many times, that it considers me its leading adversary among leading individual public figures today. Nonetheless, Moscow regards me with a curious sort of fascination, and, since President Reagan first announced the Strategic Defense Initiative, considers everything I say on policy matters to be influential, and very credible.

Moscow will read the report I deliver here today. It will wait, as Soviet political leaders do, to see what other circles around the U.S. establishment and government might echo the kind of proposal I have identified. Once they see such a signal from those quarters, Moscow will treat my proposal very seriously, and will begin exploring U.S. and European thinking on this.

Germany's sovereign choice

As far as I am concerned, it is Germans who must make the sovereign decision on their choice of fate for their nation. My function is to expand the range of choices available to them. So, I have come to Berlin, where the delivery of this report will have the maximum impact in Moscow, as well as other places.

I conclude my remarks with the following observation.

Moscow hates me, but in their peculiar way, the Soviets trust me to act on my word. Moscow will believe, quite rightly, that my intentions toward them are exactly what I described to you today. I would therefore hope, that what I am setting into motion here today, will be a helpful contribution to establishing Germany's sovereign right to choose its own destiny.

For reasons you can readily recognize from the evidence in view, I know my German friends and acquaintances rather well, and share the passions of those who think of Germany with loving memory of Leibniz, Schiller, Beethoven, Humboldt, and that great statesman of freedom, Freiherr vom Stein. If I can not predict Germany's decisions in this matter exactly, I believe that if what I have set afoot here today is brought to success, the included result will be that the Reichstag building over there, will be the seat of Germany's future parliament, and the beautiful Charlottenburger Schloss, the future seat of government.

If the conditions arise, in which that occurs, President de Gaulle's dream of a Europe from the Atlantic to the Urals will be the peaceful outcome of thirty years or so of patient statecraft, and that durable peace will come to Europe and the world within the lifetime of those graduating from universities today.

Heute, bin ich auch ein Berliner.

Hussein warns Mideast war threat just like 1914

by Joseph Brewda

King Hussein of Jordan broke diplomatic protocol and publicly warned of the grave crisis facing his nation, the Middle East region, and the world, in a column published in both the Sept. 24 *Washington Post* and London *Guardian*. Hussein dramatically and correctly compared the present world situation to that of 1914 immediately prior to World War I. He warned that the now probable war that will erupt in the Persian Gulf cannot be confined to the Middle East, and he called upon the nations of the world to mobilize on behalf of a political rather than military solution to the crisis.

"I fear the current course of events could be a replay of 1914 . . . when the world stumbled into a war it did not want but could not stop," Hussein warned. "To repeat that scenario would be an inexcusable tragedy. . . . As for victors and spoils, Middle East wars have produced neither, only graveyards for false illusions and the seeds for future wars."

On Sept. 22, King Hussein had appeared live on Cable News Network and emphasized that "demonization of the Arabs, their culture, and their causes" was a critical factor in exacerbating tensions in the region. The Jordanian monarch said that while he believed that "friendship has to be reciprocated," this is not possible "if one side constantly holds the other in public scorn." He correctly denounced such attitudes as an attempt to "deny Arabs full potential in all areas of knowledge and development."

Peace initiatives could still stop war

A series of intense diplomatic initiatives undertaken by King Hussein and other Arab leaders might yet avert a new Middle East war. Unfortunately, President George Bush and British Prime Minister Margaret Thatcher, like Adolf Hitler before them, seem bent on war to implement their "new world order."

King Hussein planned to meet with Iraqi President Saddam Hussein in Baghdad, Iraq on Sept. 27, together with the foreign ministers of Algeria and Morocco. The topic of discussion was to be a comprehensive Arab solution to the Gulf crisis which was reportedly agreed upon at an emergency meeting in Rabat, Morocco on Sept. 21, which included King Hussein, King Hassan of Morocco, and Algerian President Chadli Bendjedid.

The components of the plan are reportedly the following: Iraq would withdraw from Kuwait and release foreign nationals on its soil; Arab League troops, primarily Algerian, would be deployed into Kuwait to maintain the peace; Iraq would be granted long-term leasing of Kuwait's Bubiyan and Wabah Islands; and Iraq and Kuwait would jointly explore disputed oil fields. A key underpinning of the agreement would be regional and international guarantees that the plan would not be sabotaged, particularly by U.S. forces in the area. Reportedly, a regional security Gulf agreement, guaranteed by the Gulf Coordination Council, the Arab League, and the United Nations, would also be sought.

According to reports, the plan was approved by Saudi Arabia on Sept. 21, but the U.S. immediately intervened and forced the Saudis to rescind their agreement. Even before the Moroccan summit, unidentified Bush administration officials widely condemned the Jordanian plan as "face-saving," in comments to the U.S. press. The Bush administration continues to demand unconditional withdrawal by Iraq as part of its policy of provoking war.

This is not the first time that the Bush administration has sabotaged an Arab peace plan. An emergency summit between Saddam Hussein, the Emir of Kuwait, King Fahd of Saudi Arabia, King Hussein, and others, which had been planned for Jeddah, Saudi Arabia for Aug. 6, four days after

the Iraqi invasion, was also canceled under U.S. pressure.

Meanwhile, President François Mitterrand of France delivered a speech before the United Nations General Assembly on Sept. 24 which outlined a four-point proposal for the region. Mitterrand proposed that "guarantees" be given to Iraq once it "announces its intentions to withdraw [from Kuwait] and release the hostages." Mitterrand proposed that Kuwait, once having regained sovereignty, "hold elections," thereby implying that France would not insist on reimposing the hated Emir of Kuwait back on the throne. The French President also called for solving the other outstanding territorial disputes in the region, linked to negotiations over establishing a Palestinian state and ending Israeli and Syrian occupation of Lebanon. Mitterrand also called for negotiations on the possession of weapons of mass destruction in the region.

On Sept. 25, the U.N. Security Council passed another French-initiated proposal imposing an air blockade on Iraq, which opens the way to greater potential to create provocations for war. In commenting on that measure that day, which also includes the seizure of Iraqi ships on the high seas, the Jordanian newspaper *Al-Rai* reported that the measure was a "declaration of war agreed [upon] by Washington, Moscow, London, Paris, and Beijing." It was widely noted in Amman, Jordan that the Mitterrand-initiated air blockade, which will also devastate Jordan's economy, is part of an effort to destabilize Jordan. The overthrow of King Hussein and the declaration that "Jordan is Palestine" has long been one of Israel's preferred solutions of the "Palestinian problem" and an option also apparently favored by Bush.

In a purported "Arab" response to King Hussein, Prince Bandar, the Saudi Arabian ambassador to the United States, issued a threatening "Open letter to King Hussein" which appeared in the Sept. 26 *Washington Post*. Repeating Bush's rhetoric, the prince asserted that the world situation is rather comparable to 1939, and he compared Saddam Hussein to Hitler. Bandar was a leading figure in implementing Bush's policy of arming Iran in the Iran-Iraq War.

Documentation

Hussein: 'It's not too late to prevent a war'

The following statement by King Hussein ibn Talal of Jordan appeared in the Sept. 24 Washington Post and London Guardian.

Is it too late to prevent another major war in the Middle East? Is the pace of events accelerating at such an uncontrollable rate that war is inevitable? Are the opposing parties so locked into

their positions that a peaceful solution is no longer possible?

It is the sad conclusion of many of those who live in the area, and who will be innocent victims of such a conflagration, that the answer is probably yes. And it is part of their despair that they are helpless to do anything about it.

One might ask how such a tragic turn of events could have occurred in the space of less than two months. Would there be any victors, and what would be the spoils? Are we embarked on a noble mission to establish a new world order of peace and justice and the abolition of aggression? Or are we witnessing a replay of the quixotic events of August 1914, when the world stumbled into a war it did not want but could not stop?

I am stubborn enough to believe there is still a chance to prevent war. I refuse to concede that events cannot be brought under control. And I cannot conceive that disputants would commit themselves to a war that is so contrary to their vital interests.

As for victors and spoils, Middle East wars have produced neither, only graveyards for false illusions and the seeds for future wars.

Let us hope that a new world order can be established, but its foundation must be based on conciliation, not conflagration, and on distributive, not selective, justice and morality.

I fear the current course of events could be a replay of 1914. To repeat that scenario would be an inexcusable tragedy. If the same effort by the world community in the present marshaling of military forces, the imposition of sanctions and the commitment of colossal sums of money were to be applied to a political solution, I am convinced it could be achieved.

It is very disturbing that some believe military action is the only solution. This is dangerously short-sighted. The effects of a war against Iraq will not be limited to the confines of that country. They would reverberate in every capital throughout the Middle East. They will create the very instability such action was designed to prevent. For these reasons, a political solution to the present crisis is imperative.

Since the Iraqi invasion of Kuwait did not occur in a vacuum, it cannot be solved in a vacuum. Any solution must address, if not simultaneously at least sequentially, the major underlying causes—namely, the dispute between Iraq and Kuwait, the imbalance of wealth in the area, the unresolved confrontation between Israel, Palestine and the Arab states, and the perilous escalation and proliferation of weapons of mass destruction.

All these problems are driven by political differences. To attempt to solve them militarily treats only symptoms, not the causes, and can only exacerbate the problems.

Because these problems are interrelated, piecemeal solutions are not the answer, as efforts over several years have demonstrated.

This is not as tall an order as it sounds, since proposed

LaRouche warns Bush policy means war

In a campaign statement issued on Sept. 25, Lyndon LaRouche, candidate for U.S. Congress in Virginia's 10th District, warned that "If George Bush and Margaret Thatcher are not stopped, we are headed for World War III." The following is edited from oral remarks.

I support fully the perception put forth by Jordan's King Hussein that what is going on in the Middle East is not a threat of a splendid little war between the United States, Israel, and Britain against Iraq; but is rather a situation very much like the conflict around Serbia in the Balkans just before the outbreak of World War I.

As Pat Buchanan has said: We are playing the same kind of game, so-called British balance-of-power game, which caused World War I, and implicitly therefore led to World War II.

The world is a hotbox: There are places ready to explode all over it. If the United States succeeds together with Israel and Britain in destroying Iraq, this will inflame the entire region and will set fire to other places all ready to explode. The world today is like a forest in a drought: Start a fire in one place and the fire may spread to the forest as a whole, and thus, to World War III—perhaps not World War III tomorrow, or the day after, but down the line. That is, we're putting into place the factors which, once they gel and become institutionalized, would be the basis for a perceptible World War III.

The underlying cause for all of this mess is economic. Some people say that President George Bush and British Prime Minister Margaret Thatcher have created the war in the Middle East—which they certainly did create—in order to take Neil Bush's picture off the front pages of the U.S. newspapers and to hide the economic dirt under

Margaret Thatcher's skirts. The British economy is collapsing, it's in a depression. The United States is *really* in a depression though some of the financial structures have not yet toppled, but are on the verge of doing so. But George Bush is not running to the Middle East *merely* to escape an embarrassing financial crash on Wall Street. Rather, the refusal of Bush, Thatcher, and others who think like them to change a 25-year-old policy of the post-industrial society, of the rock-drug-sex counterculture, of usury of the Paul Volcker type, of current monetary and financial policies such as the deregulation policies, or the Neil Bush policies at Silverado, the determination of George Bush and Margaret Thatcher to defend those policies against all change, against all reform, is the essential cause for the worldwide economic situation we face today. And it is the instability created by economic collapse and crisis in one form or another in every part of the world, especially the Americas, the developing nations, Britain, and Eastern Europe, that this is the route of war.

If we do not change these policies—as I have proposed again and again and again, and as I have been vindicated by my forecast again and again and again, when all the other fellows were wrong—we are indeed headed for World War III: not necessarily because of a war in the Middle East, which might be avoided this time, though it seems less likely all the time, but because the conditions which lead to world wars are building up around the economic debacle. And as long as George Bush and Britain can succeed in defending policies which should have been scrapped decades ago, this world is headed for war.

You want that? Well, you had better look at how you vote. You must have made a lot of mistakes when you went to the polls previously, because look what you have. You have this depression. You have this threat of World War III.

What did you do wrong? Did you listen to what the major liberal news media told you to listen to? Did you vote on impulse, the way you buy Wheaties in the grocery store? Did you fail to think?

Now is a pretty good time to start thinking.

solutions to some of these problems already exist in the files of those governments involved. The area is exhausted from the conflicts and tensions it has endured for decades. Most are appalled by the wasteful diversion of so much wealth and energy to the misfortunes of war. They are eager to join the rest of the world in its new march toward freedom, justice and prosperity. Despite the threat of war, the conditions for peace do exist. It is a moment of opportunity which we should all grasp.

Whatever political solution to the immediate crisis might

be devised, I believe it imperative that it include a substantial Arab input. Irrespective of the justice of any solution, there must not be room to misrepresent it as a resolution imposed from outside the area. This would only discredit its legitimacy.

Finally, there is one thing of which I am certain. The Middle East cannot afford another war. The world should not impose one on it. I am certain that it is not beyond the ingenuity of the leaders of this world to devise a peaceful solution to this crisis. God help us if they cannot.

Nuremberg trials for British malthusians?

by Mark Burdman

The constant drumbeat of British propaganda that Saddam Hussein is “the new Hitler” and should be tried at new Nuremberg tribunals, is truly a case of “the pot calling the kettle black.” Throughout the summer, beginning before the Gulf crisis erupted, leading British spokesmen mounted a propaganda offensive for radical malthusian population-reduction policies. Such advocates of genocide are, indeed, good candidates to be put into the docks, should Nuremberg tribunals be reconstituted.

The tone for the malthusian offensive was set in late June, when the chancellor of Scotland’s University of Strathclyde, Sir Graham Hills, proposed in a letter to the London *Times* that contraceptives be inserted into the world food supply, to cause a global reduction in population. Hills was justly denounced as a “fascist” by Catholic spokesmen and others in Scotland. But he was not alone. Prominent London commentator Sir William Rees-Mogg authored a commentary in the *Independent* asserting that the world would be entering the “malthusian century” in the next millennium. Rees-Mogg labeled Parson Malthus’s writings “delightful,” and bemoaned the fact that population growth in the 20th century has outpaced the murderous effects of two world wars and the policies of Hitler and Stalin.

Also in late June, the Ditchley Foundation group, a leading policy body for the Anglo-American oligarchs, elaborated a malthusian agenda for the 1990s. What was discussed at the Ditchley Park estate in Oxfordshire, England, was the conceptual core for what has since become known as the “Bush-Thatcher new world order.”

According to a synopsis of the conference discussions authored by Dr. William Wallace, deputy director of London’s Royal Institute of International Affairs, the central themes at these deliberations included:

- The future would be dominated by North-South conflicts. One speaker asserted that “the politics of rage and frustration” would dominate those areas where “North and South meet,” with Eastern Europe being economically classified with “the South.” Instability was forecast for Asia and Africa, in the latter case because of “the disruptive potential of an unstable China or India,” due to “the implications for their neighbors of their failure to control their own rate of population increase.” Africa was seen as “the world’s disaster continent.”

- “The demographic explosion, it was agreed, lay at

the heart of most environmental problems: Environmental degradation was itself becoming a major impetus to global migration, and population control was an essential part of any strategy of international adjustment.”

- “Migration and population pressures” would be “a central problem for the 1990s,” especially because of a “clear ‘threat’ from the South.” Western European governments would have to consider re-erection of barriers at borders, to stem a massive flow of immigrants and economic refugees from the Slavic regions.

- The “successful management of a highly integrated global system” would depend on removing “populist resistance to cosmopolitan internationalism.”

- The U.S. and Britain would have to engage in economic warfare with Japan, East Asia, and Europe.

Participants at this gathering included British Ambassador to the U.N. Sir Crispin Tickell and U.S. Ambassador to the U.N. Thomas Pickering; British Deputy Prime Minister Sir Geoffrey Howe; and Bank of England Governor Robin Leigh-Pemberton.

‘We have not yet been frightened enough’

Since the Iraqi seizure of Kuwait on Aug. 2, the British have exploited the crisis to force through their “new world order” agenda.

On Sept. 24, the London *Times* editorialized on the virtues of a new book, *Less People, Less Pollution*, written by former Conservative Party parliamentarian Richard Ottaway. The *Times* pointed to this as one example of the “malthusian tendency” spreading among conservative ranks, noting that its main theme is that “overpopulation and environmental degradation can be prevented by a crash program of world family planning.”

On the same day, British newspapers reported that one William Stewart had become Mrs. Thatcher’s chief scientific adviser. Described as a committed environmentalist, Stewart was quoted: “Life has been present on Earth for 3-4 billion years, and during that time, there’s been survival of the fittest. It’s not going to change in our lifetime.”

On Sept. 23, British Energy Secretary John Wakeham blurted that the threat posed by global warming could “make Saddam Hussein’s current territorial ambitions pale into insignificance.” He insisted that “we have not yet been frightened enough” by the threat of global warming.

In mid-September, a secret meeting was held in Santander, Spain, of the executive of the Club of Rome, the mother-organization of the malthusian movement, which was founded in the late 1960s by Britain’s Dr. Alexander King, a racist who is committed to the reduction of populations of non-white races through famines and regional wars. According to Spanish press accounts, a central theme at that meeting was that the underlying cause of the Gulf crisis was too-rapid population growth in the Arab world—a “problem,” of course, than can readily be “solved” by a new war.

Iraqophobia: a pretext to seize the Saudi oil fields

by Herbert Quinde

Former U.S. Ambassador to Saudi Arabia James E. Akins has charged that the seizure of Saudi Arabia's oil fields and their placement under U.S. military control, in a desperate attempt to soften the impact of the world economic crisis, is the real motivation propelling present U.S. policy in the Middle East.

The truth of this charge is amply documented by a review of statements by some key policymakers since the "oil hoax" of 1973. As we shall show, sucking dry Saudi oil fields to bail out the U.S. economy is not a new idea.

Ambassador Akins reveals that in 1975 while he was representing the United States in Saudi Arabia, a group of "neo-conservative" ideologues was set loose by then-Secretary of State Henry Kissinger to beat the drum for a military invasion of Saudi Arabia as a "solution to the eternal Arab problem and to our own economic problems." Ambassador Akins opposed the policy, which he said could only benefit the Soviet Union.

In 1975, the "enemy" was the Organization of Petroleum Exporting Countries (OPEC). According to intelligence community and diplomatic sources, Kissinger manipulated the increase in oil prices at that time by secretly urging the Shah of Iran to steadily boost prices, even though it was official U.S. policy to restrain them. Today, it is Saddam Hussein against whom President Bush is willing to sacrifice 30,000 American soldiers to "preserve our way of life."

In 1975, proposals for seizing Saudi oil fields to bail out the declining U.S. economy did not come with much moralistic mumbo-jumbo about preserving "our way of life" or "rallying to the defense of international law." The proposal for a British-style imperialist grab of raw materials was much more naked and straightforward than is the Bush administration's public relations posture today.

The opening public salvo in the debate appeared in the March 1975 issue of *Commentary* magazine, in an article titled "Oil: the issue of American intervention," by Robert W. Tucker, then a professor of international relations at Johns Hopkins University.

"Those who insist that armed intervention be ruled out so long as we are confronted only with a distinct possibility of disaster are perfectly at liberty to do so," wrote Professor Tucker. "But candor does at least require them to concede that this is what they mean when they say that intervention is unnecessary. For there is a general consensus, which includes

most of the 'optimists,' that if the present situation goes unaltered, a disaster resembling the 1930s is indeed a distinct possibility. . . . This being so, it is irrelevant, though true, to be reminded that the current economic malaise—above all, the global inflation—had its origins in conditions largely unrelated to the price of oil today and *would persist even if this price were drastically lowered*. A generally sick man who also happens to be hemorrhaging will not be saved from bleeding to death by being reminded of the other and more deeply-rooted causes of his ill health [emphasis added]."

Tucker's piece was complemented by a lengthy article in the March 1975 issue of *Harper's*, entitled "Seizing Arab Oil," written under the pseudonym of Miles Ignotus (Latin for the "Unknown Soldier"). He outlined the necessary military components of an invasion, starting with the deployment of the 82nd Airborne. According to one diplomatic source, the author was Edward Luttwak, a pro-Israeli Anglo-American mouthpiece housed at the Washington, D.C., Center for Strategic and International Studies.

"Virtually every industrialized oil importer is in deep recession, with its threat of social instability and, in turn, political disarray," was the assessment of the author. Therefore, "the only feasible countervailing power to OPEC's control of oil is power itself—military power. . . . This, then, is the scenario: an Arab embargo or supply cut, an atmosphere of crisis, most probably in the aftermath of a short but bloody war" between Israeli and Arab forces.

"The first question is where?" continued Miles Ignotus. "The goal is not just to seize some oil (say in accessible Nigeria or Venezuela), but to break OPEC. Thus force must be used selectively to occupy large and concentrated oil reserves. . . . Faced with armed consumers occupying vast oil fields whose full output can eventually bring the price down to 50 cents per barrel, most of the producers would see virtue in agreeing to a price four or five times as high, but still six times lower than present prices. This being the ultimate goal, there is only one feasible target: Saudi Arabia."

Although the U.S. government publicly denied that it had any intention of invading Saudi Arabia back in 1975, both Kissinger and President Gerald Ford did not rule out the option, and made clear that the issue was not the bogeyman of OPEC and the price of oil as such, but the need for a contingency plan to alleviate the effects of a future domestic economic catastrophe.

In a Jan. 13, 1975 interview with *Business Week*, Kissinger commented, "I'm not saying that there's no circumstance where we would use force. But it is one thing to use it in the case of a dispute over price. It's another where there's some actual strangulation of the industrialized world." President Ford echoed Kissinger in an interview with NBC's John Chancellor: "I want it made clear . . . that this country, in case of economic strangulation—and the key word is strangulation—we had to be prepared . . . to take the necessary action for our self-preservation."

Saddam Hussein or no Saddam Hussein, what will soon become clear to King Fahd of Saudi Arabia and other Arab leaders is that their countries have been militarily occupied. And as one U.S. intelligence analyst commented, "Even with Saddam eliminated, the U.S. cannot pull out overnight. As removed and out-of-the-way as the oil fields are located from Saudi population centers, having U.S. troops with barbed wire surrounding Saudi well-heads will not add to internal Saudi stability, much less regional stability. It can only get worse."

Documentation

The following are excerpts of the commentary by Ambassador James E. Akins that appeared in the Los Angeles Times on Sept. 12 and the Virginia Pilot on Sept. 17.

In January 1975, the neo-conservative publication *Commentary* carried an article proposing invasion of Saudi Arabia as a solution to the eternal Arab problem and to our own economic problems. A flurry of similar articles followed that proposed occupying oil fields on the peninsula from Kuwait to Dubai, pumping them dry, and in 50 years or so returning the properties to their original owners. . . .

I suggested that anyone who would take this proposition seriously was a madman, a criminal or a Soviet agent. Henry Kissinger, then U.S. secretary, had another view, and my career in the Foreign Service did not extend much beyond that point. . . .

There are those in the Bush administration who will point out that conditions are more propitious now than in 1975 for at least a de facto military occupation of the Saudi oil fields. An invasion would not be necessary.

I am not the only knowledgeable observer who is convinced that the Iraqi President Saddam Hussein did not intend to attack Saudi Arabia early last month. . . . Yet . . . Dick Cheney convinced King Fahd that such an attack was imminent. . . .

If Saddam is not overthrown, he will remain a potential threat to Saudi Arabia and a certain threat to the House of Saud if the Americans were to withdraw. So, it is conceivable that U.S. troops might be welcome to stay indefinitely. Whether that would enjoy the favor of the army and the

Echeverría: End 'cycle of poverty and pillage'

Luis Echeverría Alvarez, the former President of Mexico (1970-76), criticized Anglo-American actions in the Persian Gulf at the annual meeting of the Latin American Economic System (SELA) in Caracas, Venezuela on Sept. 6. Excerpts follow:

This crisis has all the characteristics of a profound crisis between the North and the South. . . . It is beginning to be evident that, in the grave Persian Gulf conflict, there are still-unresolved issues which persist, and which could worsen due to the unilateralism of North-North negotiations.

We understand the circumstances which have generated the tendency toward the globalization of the economy; but, can anyone think that globalization will be acceptable and fruitful [when it] leaves out the Third World countries? The answer is clear; it will not be possible. If there was any doubt of this, the Persian Gulf events are eloquent. In summary, we are going to face one conflict after another in the developing areas. They show us today, and they will demonstrate tomorrow, that it is neither conceivable nor possible to eliminate 76% of the world's population from participation in constructive peace dialogues.

[Latin America must integrate itself.] This cycle of poverty and pillage, of submission to forms of globalization conceived in North-North terms, must be replaced with precise forms of regional integration.

people of Saudi Arabia is another matter.

Those in and out of the U.S. government—including Kissinger—who were serious about taking over the oil fields in 1975 surely will argue that we should not let these extraordinary resources go now that they are in our control.

The scenario can be advanced further. The United States, which has already persuaded the Saudis to increase production by 2 million barrels a day, could order or persuade them to increase production much further. . . . The Saudi-Emirates production could be raised to 20 million barrels a day within three or four years through a crash development program. We could then write off permanently—or at least for a generation—Iraq, Kuwait, and for good measure, Iran.

The oil price would be kept low, ensuring the support of the world's consumers. . . . Or the price could be set somewhat higher, say, \$20 per barrel. . . . Cost of produc-

tion would be no more than \$2 per barrel. The United States could take a management fee of \$10 per barrel. . . . At 20 million barrels a day, our \$10 management fee could reduce the federal deficit by \$70 billion a year after payment of the occupation costs. . . .

A more imaginative plan would be the internationalization of all Arab oil, thereby rectifying one of God's inexplicable errors in placing such a valuable resource in such an unworthy place.

If this is our plan—and it appears to be—it is as foolish as it was 15 years ago. It is absurd to believe that the Saudi Arabian population and the army would remain docile; and it is beyond belief to suggest that, otherwise, they be exterminated or expelled, as was proposed in 1975. Anti-Semitism (Arab branch) may be acceptable in the United States today, but I doubt that the American people would have the stomach to conduct a racial, genocidal war—even in the interests of such enormous gain.

It would be useful if President Bush told us whether he has excluded the possibility of ending the Kuwait occupation through diplomatic means, and if so, why. If he is preparing to starve or invade Iraq, this should be debated and the American public should know that it will face a rocky road.

If the President is planning a long occupation of Saudi Arabia, he will never admit it; it will just happen. It seems to be happening already.

Narco-terror resurges as the Colombian government retreats

by Andrea Olivieri

On the eve of Colombian President César Gaviria's departure for the United States to speak before the United Nations General Assembly Sept. 27-29, his administration is in shameful retreat in the face of a renewed narco-terrorist offensive by the cocaine cartels. Notwithstanding the President's fervent desire to strike a "gentlemen's agreement" with the cartels, the traffickers have responded with a wave of new kidnappings.

Spitting on the government's offer, known as Decree 2074, of reduced jail sentences and no extradition in return for surrender, the so-called "Extraditables" have ended a relatively quiet period of retrenchment (dubbed a "truce" by the ever-hopeful Gaviria administration) by kidnaping three prominent Colombians. On Aug. 30, Diana Turbay, the journalist daughter of former President Julio César Turbay, was reported missing. On Sept. 19, the 28-year-old managing editor of the daily *El Tiempo*, Francisco Santos, was kidnaped, his driver and guard murdered. Hours earlier, the sister of former President Virgilio Barco's personal secretary German Montoya was abducted.

In a statement released to *El Tiempo* and published Sept. 21, the "Extraditables" acknowledged holding the three kidnap victims, and demanded for their ransom "political treatment" (read: full amnesty) similar to that granted the narco-terrorist M-19 by the government. They further categorically rejected the government's deal, assuring that "no one, absolutely none of us, are thinking of surrendering," and confirmed that their so-called truce was not in response to anything the President had done or offered, but purely their own strategy. State security agencies report that the Medellín Cartel has created "three working fronts" in the cities of Bogotá, Medellín, and Cali to conduct further kidnappings and assaults against government officials and notables in the immediate future.

Also on Sept. 21, the anti-drug daily *El Espectador* published an editorial which described Gaviria's offer to the cartels as "a surrender, the abandonment of a state of law [for a] quietly agreed-upon reign of crime." *Espectador's*

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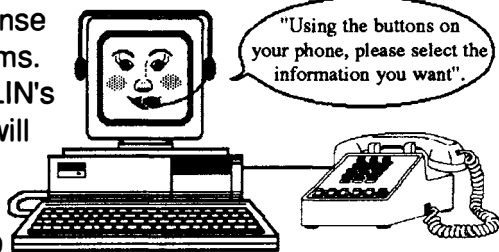
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editors chastised Gaviria, who “had promised us as candidate that he would first strengthen the administration of justice, that he would build secure prisons, that he would guarantee the life and honor of the country’s inhabitants, and then consider modifying the extradition arrangement. He has done the opposite, and the result can be seen in damage to public peace and to individual security. . . . What is the government’s real policy? Silence? Surrender? What is behind all this? Are secret talks going on? Where are we going?”

Army Commander Gen. Manuel Alberto Murillo González was emphatic on how his forces would proceed to deal with the situation, describing the kidnappings as the “incongruous response organized crime has given to the government’s recent offers. For such organizations, there is no place in the political arena; on the contrary, they have shut all the doors and necessarily it is impossible to achieve anything with them. The military forces will continue in their battle against those who violate the law, since there has never been a truce with criminals and they will continue to be treated for what they are: criminals.”

Unilateral disarmament

The timing of the cartel’s move is not accidental. The traffickers have sat back and watched the government demilitarize cartel strongholds like Medellín, in response to nothing more than a temporary halt in hostilities. With Gaviria’s issuance of Decree 2074, the on-again/off-again policy of using extradition to the United States as a weapon against the cartels was once again interred. Justice Minister Jaime Giraldo Angel told the Congress that judges would be encouraged to *personally* seek out and appeal to cartel members to voluntarily surrender under the decree guidelines. The Attorney General declared all prior attempts to confiscate cartel assets “a judicial failure” and too costly to the state to continue.

Then the famous “loopholes” in the Colombian justice system were reactivated. Some 21 detainees from the military’s “Operation Apocalypse II,” directed against the Medellín Cartel’s logistical networks, were peremptorily released by an obliging judge, with not a peep of protest from the government. Another five, considered principal security advisers to cartel chieftain Pablo Escobar, were released by a judge Sept. 18. That same day, the suspected assassin of presidential candidate Luis Carlos Galán escaped from jail, reportedly with inside help.

All along, the Gaviria government has allowed the Armed Forces to be the fall-guy for its own failure to adequately prosecute the war on drugs. President Gaviria himself has repeatedly warned against military “abuses of human rights,” a favorite charge of the pro-drug left, and the “restructuring” of the Armed Forces along the lines of a Panamastyle police force now appears to be near the top of the government’s agenda.

Because the government has thus unilaterally disarmed

itself, it is the Colombian government—and *not* the drug traffickers—which now finds itself cornered and about to lose all its hard-won and costly advantage against an enemy which only months ago was on the run.

Caught with its pants down?

With Decree 2074 so definitively spurned by the traffickers, the Colombian population is awaiting new marching orders from the government it elected to win the war on drugs. Yet the Gaviria administration appears to have been caught with its pants down. In fact, on Sept. 17, just before the cartels publicly launched their kidnaping spree, President Gaviria gave a speech in Mexico City in which he assured his listeners that “the criminal organizations have suspended their terrorist activities.” Not because of the military campaigns against them, he hurried to add, but “fundamentally because those criminal organizations were convinced that terrorism is the wrong path, and that Colombian society was not going to alter its decisions because of terrorist actions.”

During Gaviria’s trip, he joined with Mexican President Carlos Salinas de Gortari in issuing a communiqué urging the need for an “Agreement to Limit Conventional Offensive Weapons in Latin America.” This, from a country at war with a mafia equipped with Stinger surface-to-air missiles!

After the kidnappings came to light, the government convoked a hurried meeting of the National Security Council. Afterwards, national security adviser Rafael Pardo Rueda told the press that “various hypotheses” had been discussed: “There has been a resurgence of different kinds of violence, such that one cannot say there is someone directly responsible for what is happening nor who is behind this.”

In a Sept. 21 press conference, Justice Minister Giraldo admitted that the government was unprepared to use any other instruments in dealing with the cartels than Decree 2047. He denied that the decree had been a failure, despite the traffickers’ unequivocal refusal to accept its conditions. Giraldo told the press, “Decree 2047 is barely two weeks old, and it is too soon to say whether it has failed or not.” He also insisted that there was no proof that the Extraditables were behind the Santos, Turbay, and Montoya kidnappings. Worst of all, he asked for press self-censorship regarding the narco-terrorist resurgence, since “we all have families and we are going to suffer if this terrible war is renewed.” President Gaviria went further, threatening the media with sanctions if they publicized “unconfirmed” reports or “anonymous” messages.

A campaign to force government negotiations with the narco-kidnapers has already been launched, headed by the Santos family’s *El Tiempo* and by *La Prensa*, the newspaper of the Pastrana family, which first launched the campaign to offer the narcos a plea-bargain. It is expected that further narco-terrorist acts will be carried out in parallel with this campaign, to give additional weight to the Extraditables’ demands.

Argentina's Menem backs Britain's war

by Cynthia R. Rush

British Prime Minister Margaret Thatcher still has blood on her hands from the 1982 war with Argentina over the Malvinas Islands. Thatcher punished Argentina for having the audacity to retake the Malvinas and challenge Britain's colonial policies. She took her revenge in acts such as personally ordering the sinking of the cruiser *General Belgrano* in May 1982, violating Britain's own stated rules of engagement—the ship was moving away from the exclusion zone which had been established around the islands—needlessly sending 323 sailors to their deaths.

Every Argentine knows that Britain has always considered this nation to be part of the British Empire. No one has forgotten the brutality of Britain's actions during the 1982 war. Yet now, President Carlos Menem has made the decision to back Thatcher's colonial warfare in the Mideast. On Sept. 18, Foreign Minister Domingo Cavallo announced that two Argentine Navy vessels and two transport planes, with a total of 300 crew members, would be going to the Persian Gulf to participate in the blockade against Iraq. Bypassing the constitutionally mandated need to seek congressional approval for such a decision, the Argentine President claimed that the ships and planes constituted a "peacekeeping force" for which congressional approval was unnecessary.

The decision has caused an uproar inside the country. Every political party has denounced the move, and according to one opinion poll, at least 70% of the population opposes it. Zulema Yoma, Menem's estranged wife, stated that she was "saddened and ashamed" by the decision, adding that the crisis should be resolved by the Arab nations. On Sept. 19, Menem narrowly averted disaster when the majority opposition in Congress nearly voted on a bill declaring his order to send troops illegal. Only the fact that a few Peronist party deputies walked out, leaving the chamber without a quorum, saved him.

New security doctrine

The Peronist President remains unfazed by the opposition. Since he took office, he has placed the demands of the Bush administration and the Anglo-American Establishment above national interests. This has meant not only imposing the International Monetary Fund's (IMF) economic austerity, to guarantee foreign debt repayment, but dismantling the institution of the Armed Forces for the purpose of replacing it with a small, national guard-type structure which could

participate in Bush's phony war on drugs, or deploy according to foreign needs.

Since April of this year, the United States has pressured Argentina intensely to abandon its traditional "hypothesis of conflict," based on maintaining its defense capabilities in the event of a military conflict with its neighbors. The U.S. Southern Command's Gen. Maxwell Thurman visited Argentina in May to demand that the government cut the military budget, reduce troop strength, and redeploy troops in the anti-drug war. At the same time, the government complied with Washington's request to scrap the Condor II missile project, which Argentina had been developing together with Iraq and Egypt.

Cavallo's press conference made clear to what degree Menem has complied with Bush's demands. "With the end of the Cold War," he said, "there is a new system of international security being created and we want to insert ourselves into that process. . . . Instead of preparing for a war with our neighbors, or applying themselves to the development of non-conventional weapons, as has occurred in the recent past, our Armed Forces now have active participation in this new international security system as their hypothesis of conflict."

One South American diplomat told Brazil's *Jornal do Brasil* newspaper that Menem's decision to send troops means "an automatic alignment with the United States." Cavallo affirmed this when he echoed the Anglo-American argument against technology transfer to developing-sector nations. Menem's decision, he said, was coherent with "the decision to respect the rules that inhibit nations from proliferating nuclear and non-conventional weapons."

Political backlash

The Sept. 20 *Financial Times* of London reported frankly that Menem's decision to send a token force to the Gulf "will distract Argentina's politically restless soldiers from domestic affairs . . . the troops' activities in the Gulf will have the added virtue of distracting public opinion from the country's severe economic problems." That is not likely. Menem is already extremely unpopular precisely because of the IMF policy he has imposed. Following the Sept. 17 announcement of the troop deployment, the jokes which have been circulating in the country ridiculing Menem intensified.

The President has a reputation for causing bad luck, to the point where no one mentions his name for fear that that alone is a bad omen. People refer to him as "Mendez," and on the day after the announced deployment, graffiti appeared near the presidential palace reading, "Mendez, you get crazier every day." Dante Caputo, the former foreign minister under the Alfonsín regime, who is not exactly known for his good looks, told the media that "if this is a peacekeeping force, then I'm Robert Redford." Caputo and the opposition Radical Civic Union (UCR) are calling for Menem's impeachment for violating the Constitution and international law.

Opposition denounces CAP's folly

Even the old families of the Venezuelan Establishment are fulminating against the Pérez government.

Despite Venezuelan President Carlos Andrés Pérez's insistence that he has the reins of power fully in his grip, behind the scenes a rebellion is brewing against both his economic and foreign policies. In fact, the implications of Pérez's 200% support for George Bush's colonial Middle East adventures are driving even the most cautious to revolt.

Alberto J. Vollmer, a representative of one of Venezuela's oldest and most tradition-bound families, published two articles in *El Diario de Caracas* opposing Pérez's policy vis-à-vis the Middle East conflict. The second, which appeared Sept. 15, was widely viewed as a warning to "CAP," as the President is known, that his policy would not be tolerated by the country's elites.

"What guarantees are there that Venezuela, with its immense petroleum reserves, will not also someday be gobbled up by the U.S.A. or by England?" asks Vollmer, adding that the entire Anglo-American military operation has become basically an economic affair. Vollmer calls those who have backed the operation "mercenaries"—without specifying whether or not he is referring to the President, whom he has otherwise supported on many occasions.

A declaration of war can be understood when the integrity and sovereignty of a nation is threatened, writes Vollmer, but not when it is "the pocket" under attack. "Who could have convinced President Bush and Mrs. Thatcher of such barbarity? . . . Those who control the communications media, those who control the in-

dustries which produce war matériel, the oil producers."

Despite the warning, CAP has not backed down. During one of his tours through the state of Guárico, a hostile journalist challenged the President: "Who is Venezuela with, its OPEC partners or the common enemy of Latin America, the United States?" CAP responded by defending Bush and comparing Saddam Hussein to Hitler: The United States "is our ally and also that of Latin America and the world.

. . . We have always stood by democracy's side, and with all its defects and flaws, between Hitler and the United States I don't think anyone would doubt who to support, in this fight for Kuwait's freedom. . . . At the United Nations, one must back the U.S. position. Thus, Venezuela's position is very clear."

Polarization inside Venezuela is growing daily, as the opposition to CAP's economic policies also mounts. That opposition has focused, in part, on a bill to refinance the foreign debt, which was in nearly continuous debate for the past four months, but nevertheless failed to win congressional passage. Among other things, the bill demands that the Venezuelan government give up its legal jurisdiction over any debt disputes, leaving their settlement to the courts of New York City, rather than Venezuela. It further establishes that the government represent the Venezuelan government "commercially," that is, as if Venezuela were a private enterprise that could be raided, reorganized, declared bankrupt, and so forth.

Fearful of incurring its creditors'

wrath with the delay, the Venezuelan government called Congress into a week of extraordinary sessions between Sept. 17 and 21, to force approval of the bill. On the last day in session, the measure passed, due to the combined efforts of the ruling Democratic Action (AD) party and a faction of the opposition Christian Democrats (COPEI).

Independent deputy for the Democratic Republican Union (URD) Reynaldo Cervini immediately labeled the law unconstitutional, and announced that a group of opposition congressmen would be turning to the Venezuelan Supreme Court to seek an injunction that would halt the law's implementation.

Others opposing the law have decided to break ranks with the government. Superintendent of Foreign Investment Edison Perozo resigned his post on Sept. 18. Perozo, who has opposed CAP's economic measures for opening the door to a "narco-economy," said he was not in disagreement with either the President or with Finance Minister "Bobby" Pocaterra. However, Perozo implied that the existence of a sovereign entity to control foreign investment in the country would have little to do in CAP's administration, since the President has determined to surround himself with a group of international advisers who are counseling him as to which investments should be made, and which not. This group includes Henry Kissinger and Fiat's Gianni Agnelli, among others.

Still others seem to feel that more drastic measures are called for. The daily *El Nuevo País* published a front-page article in mid-September, under the headline "20% of Venezuelans want a uniform," meaning a military government. Comments on the street the next day were, "Only 20%? No, many more!"

New Age education for Mexico

Would-be modernizers seek to pervert the remains of an education system already ravaged by IMF austerity.

A new curriculum is being designed for Mexico's school system which, under the name of "education reform," threatens to mire new generations in the "post-industrial" dogmas of malthusianism and ecologism. According to the reform planners themselves, the new curriculum represents "a radical change in the pedagogic model," directed more toward "forming" than "informing" the student, who will instead be encouraged to "seek his own knowledge."

The author of this plan is Education Secretary Manuel Bartlett Díaz. As government secretary to former President Miguel de la Madrid, Bartlett had orchestrated the most massive electoral fraud in Mexican history, in his capacity as president of the Federal Election Commission. It was through that fraud that bankers' choice Carlos Salinas de Gortari was imposed as President of Mexico. Now, Bartlett and Salinas would defraud Mexico's future.

The new education curriculum was launched on an experimental basis in 474 schools during the 1990-91 school term, and its application will be expanded over successive terms until it becomes obligatory throughout the entire national education system by 1992-93.

The core of the plan, dubbed "the modernization of education," is oriented toward reproducing among Mexican children the beliefs of Salinas de Gortari himself. These were best reflected by his recent assertion that "our idea of progress as dominion over nature today confronts one of its greatest and most dramatic chal-

lenges." This single concept, translated into a curriculum, will necessarily end up separating education from the teaching of those fundamental laws of the universe which make possible nature's transformation through science and technology. Instead, "education" becomes a series of contemplative dogmas about "conservation" and "equilibrium."

Natural and social sciences will now be transformed into an ecologist-oriented study of nature, with science, technology, and health somehow crammed into that category, and physical and human geography tacked on. The student's technological knowledge will now be oriented toward conserving the resources of his environment, while he will study "the structure and organic functioning of living beings, both as individuals and as species, as subjects vis-à-vis the environment." Teaching of mathematics will be reduced by 25%, from 12 to 9 hours a week, while other class materials will be similarly shrunk, to make way for more "practical" courses such as ecology and human sexuality.

Announcement of the new education plan has triggered a heated controversy—less over the contents of the curriculum, than over the disastrous shape the national education system is currently in, which was brought to light by the reform itself. The most dramatic aspect of this deterioration is the disappearance of entire sections of the educational system, for lack of students! Such is the case, for example, with evening classes offered to junior high school students in Mexico

City, which were eliminated in 33 schools, leaving 915 teachers classless. Registration of junior high school students in Mexico City overall has fallen from 130,000 to 117,000.

The same phenomenon exists at other grade levels. First grade registration rose by a pathetic 0.9% over the previous year, while for the first time in many years, high school and college applicants did not have to fear rejection for lack of available spaces. Perhaps most dramatic of all is the fact that nearly 50% of the children and youth who register for school, are dropping out. The National Farmers Federation has revealed that this percentage rises to 80% in the rural areas, where only 54 out of every 1,000 children finish the primary grades.

The question is why a country like Mexico, with a large and rapidly growing youth population, is seeing more and more of its children abandoning the school system? The answer lies with the International Monetary Fund (IMF), which has imposed such murderous austerity restraints on the country that its families simply cannot afford to leave their children in school. Student dropout levels are less a response to the cost of education per se, than they are a reflection of their families' desperate need for more income.

On World Literacy Day Sept. 6, Mexico's national director of literacy, Geraldine Novelo Openheim, reported that between 1984 and 1989 more than 800,000 children had dropped out of school, "obliged by family circumstances which make them responsible for supporting the household at an early age."

Mexico is indeed in need of "reform," but not in the classroom. Rather, it is needed in the corridors of power, where the country's leaders have mortgaged the country's future, and the future of its youth.

'Liberation Theology' goes green

The Marxist Liberation Theology has joined Prince Philip in a crusade for ecogolism in its latest gnostic heresy.

After the defeat suffered by Marxist Liberation Theology with the collapse of the Sandinista regime in Nicaragua, its theoreticians have concluded that the best way to assure their survival as an organized movement is by metamorphosing into ecogolists. This was made evident in an article by Frei Betto, one of the most important ideologues of the Workers' Party (PT), that appeared in *Jornal do Brasil* on July 15.

In his analysis of the uncertain future of the Marxist movement in Brazil, Frei Betto vehemently appeals for its embrace of the new banner of ecogology.

He writes, "By taking on the ecological question, the people's movements would be freeing themselves from ideological confinement . . . and opening themselves to innumerable people's participation." He was mainly addressing the People's Movements Center, a newly formed organization which seeks to manipulate the social explosions developing in Brazil as the economic depression deepens.

Frei Betto, a defrocked Dominican priest, is the longtime spiritual adviser—and some say controller—of Luis Ignacio Lula da Silva ("Lula"), the head of the PT, who nearly won last year's presidential election. According to Frei Betto, ecogolism is "intrinsically revolutionary." "There are no separate passenger classes . . . on board this terrestrial airplane. We are all equally affected by the greenhouse effect, polluted water, the devastation of the forests, and the chemical residues which poison food," he said.

With this full embrace of ecogolism, the pseudo-Catholic Frei Betto joins the followers of Prince Philip of Britain, the guru of the ecogology movement who intends to bring the world into a new pagan era whose motto could be summarized as: "The fewer the people, the more animals and trees." It is Philip and his ilk who have sponsored the drive to limit Brazil's sovereignty over the Amazon, in the name of the environment.

Frei Betto's argument is an attack on Verse 28 of Genesis, that man's mandate is to "replenish the earth and subdue it." Frei Betto disagrees: "By conceiving the human being through the optics of Biblical fundamentalism, capitalist pragmatism situates him as the lord who, from the outside and from above, sees and manipulates nature."

Despite the fact that the PT nominally preserves its old slogans in defense of national industry and development, the anti-industry Frei Betto is clearly a top policy shaper for the party. Frei Betto is also a leading propagandist for Fidel Castro's economic initiatives, as well as an influential adviser to Nicaragua's Marxist grassroots church communities.

The PT's ecogolist turn and its intention to spread it on the Brazilian political scene is symptomatic of the flirting it has been doing with the Socialist International. Top Socialist International leaders in Ibero-America serve as the regional mediators of the Anglo-American-Soviet condominium deal to impose genocidal ecogolism conditionalities on the region. Venezuelan President Carlos Andrés Pérez,

the SI's vice president for Ibero-America, played that role in keeping the Sandinistas' military power intact, by making sure that Humberto Ortega was kept on as defense minister. In Colombia, Pérez promoted the legalization of the gnostic narco-terrorist gang M-19.

It is, in fact, no accident that the PT and the M-19 share "warm" relations. In an interview in *Folha de São Paulo* held after Colombia's presidential elections May 28, M-19 leader Antonio Navarro Wolff stated, "Yes, we are friends with members of the PT. We believe it is one of the new forces emerging in South America. We are similar, to a certain degree. A very important renovation of political parties is taking place in South America. I think we should rapidly integrate those parties to build a Latin American integration."

In June, Lula da Silva toured Europe where he met with prominent SI leaders. On June 8, *Gazeta Mercantil* reported that he would meet in Sweden with Vice Minister of Foreign Affairs Pierre Schori, one of Henry Kissinger's best Socialist International agents. Schori is also close to Nicaragua's Sandinistas. Lula's trip ended with an agreement with German leader Willy Brandt that the PT would be an observer to the next SI meetings.

Socialist International vice president and president of the Democratic Workers Party (PDT) Leonel Brizola has also picked up the ecogolism banner. In a meeting of the Permanent Council of Latin American Political Parties held here July 16, Brizola and other leaders of his party set up an environmental committee based in Brazil. In May, *O Estado de São Paulo* noted that Brizola had offered Lula to help the PT join the Socialist International. But, it seems that for internal electoral reasons, the PT leaders opted for other mediators.

International Intelligence

Pope calls mass media instruments of sin

"Man lives in a condition characterized by moral slavery," said Pope John Paul II on Sept. 19 to a meeting of 4,000 priests from all over the world. He accused the media of being instruments of sin and spreading "models of aberrant behavior."

"The situation in which man lives today is marked by a vast and complex condition of slavery in the moral sphere," the Pope said. "Sin has at its disposal today means much more powerful and insidious than in the past to enslave the consciousness. The contagious force of bad proposals and examples can avail itself of the channels of persuasion offered by the varied gamut of the means of mass communication. . . .

"Deviating models of life are progressively imposed onto public opinion not only as if they were legitimate, but also as if they showed an open and mature conscience. . . .

"In this way models of aberrant behavior become progressively imposed on public opinion. . . . A subtle network of psychological conditioning is thus established which can resemble chains inhibiting the true freedom of choice."

UNICEF: Starve the children to pay the debt

With the deceptive title of "World Summit in Favor of Children," the United Nations Children's Fund (UNICEF) gathered an assembly of Presidents and prime ministers from around the world in New York on Sept. 30, to discuss a new version of an old project for world depopulation, based on a 1981 U.S. State Department document entitled "The World in the Year 2000."

The new document, "Adjustment with a Human Face," is a shameless appeal for slashing population levels under the guise of concern for the environment. It warns that "a high infant mortality rate goes along with high birth rates and rapid population growth. . . . [which] obliges millions of peo-

ple to overexploit their environment for the sake of survival." In other words, to protect the environment, one must reduce population.

The document acknowledges that "the poorest and most vulnerable children have paid the Third World's foreign debt at the cost of their normal development" and that "the laws of the market place can be brutal with those who lack the buying power to meet their needs." However, nowhere does UNICEF address the immorality and illegitimacy of the debt, or the need to channel resources into infrastructural projects and agricultural modernization which would enable the Third World to feed its children. Instead, UNICEF cynically calls for continued austerity "adjustments" under International Monetary Fund auspices, while advocating "the exchange of developing nations' debt for programs to protect the environment."

Aquino wants 'orderly withdrawal' of U.S. forces

Philippines President Corazon Aquino on Sept. 17 called for an "orderly withdrawal" of U.S. military forces from the Philippines. "In a world where the Cold War has ended, and events in Eastern Europe and the Middle East have altered the geopolitical order, the decades-old parameters of the Philippine-U.S. relationship no longer hold," she said.

Defense Secretary Fidel Ramos, who mirrors the U.S. position, indicated in an interview with UPI that although there was no way a new bases agreement could make it through the Philippine Senate, that Filipinos should not create "new problems" with a demand for the sudden elimination of the bases. "More time is needed, be it just short of the 21st century, not a sudden stroke without planning," Ramos said.

The head of the U.S. negotiating team, Richard Armitage, also indicated time for a phaseout was needed, and gave a glimpse of the new world order, in which the Anglo-Americans see themselves as imperial policemen. "Let us give our friends in this region adequate time to adjust to a world in which superpower rivalry is being replaced,

it seems, by the proliferation of regional powers seeking domination of the respective neighborhoods."

Thatcher moots emergency rule to stop terrorism

In response to the latest act of terrorism by the Irish Republican Army, British Prime Minister Margaret Thatcher hinted in mid-September that Britain may have to abrogate normal democratic procedures and laws, to deal with the IRA. Thatcher was in Hungary, when she was informed that the IRA had shot Sir Peter Terry, former governor general of Gibraltar, and his wife, in their house in England. Asked by a reporter what her reaction was, Thatcher denounced IRA "guerrilla warfare." The reporter expressed surprise that she would use such harsh language, and she said, "They are acting under what they regard as the rules of war," while Britain was acting "according to the law of the land" in responding to them.

This extreme language is raising eyebrows in the U.K. Coming on top of the war hysteria around the Gulf, it would seem like the climate is being prepared for rule by emergency decree, under conditions of the worsening economic and financial collapse.

The attack on Terry is the latest IRA terrorism against British territory. Targets have included the Carlton Club, the leading Conservative Party club in London; the London Stock Exchange; and Thatcher intimate Ian Gow, who was killed in July.

China continues mass executions of 'criminals'

Sixty-four people were executed in one day in mid-September in the Chinese province of Guangdong, the *Canton Evening News* reported. This was the biggest mass execution since China began its latest "anti-crime" campaign in May, the paper reported. Those put to death were "24 robbers, 20 thieves, 14 murderers, 4 weapons dealers, and 2 hooligans." They were killed after what are

now called "sentence pronouncement rallies"—mass rallies like the ancient Roman circuses, where people are condemned to death and marched away to be shot immediately afterwards. Earlier in the month, 13 other "criminals" were executed in Guangdong.

Canton's vice-mayor, Shi Anhai, was quoted telling the rally that the people must "smash the arrogance of criminals. Criminals must be frightened by the power of society so that they have nowhere to hide." China has denounced a recent report by Amnesty International that 500 people had already been executed this year as "interference in China's internal affairs," but did not deny the allegations.

In related news, the London *Times* reported on Sept. 21 that Britain may soon ask the European Community to drop its sanctions against China, in recognition of the support Beijing has given to the U.N. sanctions against Iraq and the U.N. plan for Cambodia. The new British minister responsible for Hong Kong, Lord Caithness, who was now visiting Hong Kong, said, "I think it is right to develop our relationship with China," and called Beijing's role "very positive."

'Beethoven Day' will hail German unification

The State Treaty on German Unity was passed with a vast majority of votes in both German parliaments on Sept. 20, and received with thunderous applause by the deputies—with the exception of the communist PDS and the Greens who had voted against it. In Bonn, 13 deputies of the Christian Democrats who oppose the fixing of the German-Polish border along the rivers Oder and Neisse, voted against the treaty as well.

The vote clears the way for the official reunification of Germany on Oct. 3.

The East German parliament voted 299 for, 80 against, with 1 abstention (20 deputies were absent). The West German parliament voted 442 for, 47 against, with 3 abstentions (18 deputies absent).

The two parliaments will merge along

with formal German unification on Oct. 3. They will hold their first joint session the day after in the historic German parliament building, the Reichstag in Berlin, which has been restored for that purpose. The merged parliament with 518 Bundestag and 144 select Volkskammer deputies will work as a transition body only until the first all-German parliament is elected on Dec. 2 and is sworn in.

Oct. 3 will be known as Beethoven Day throughout Germany. Germans will link hands to form the longest human chain ever known, all along the former border between East and West Germany. It will start at the Baltic Sea and run to the southernmost corner of Thuringia. Participants will sing the "Ode to Joy" of Beethoven and Schiller. Every major city will have performances of Beethoven's Ninth and Fifth Symphonies, including two performances of the Ninth in Berlin.

Black leaders try to stop violence in South Africa

Officials of the African National Congress (ANC) and the rival Inkatha Freedom Party met in South Africa on Sept. 19, the highest-level meeting between the two warring groups since 1979. Discussions focused on ending the violence which has left more than 750 people dead in just over a month. It was agreed that Inkatha Chief Mangosutho Buthelezi will meet with the leadership of the ANC (presumably headed by Nelson Mandela).

Following the discussions, Mandela and Buthelezi made major steps toward reconciliation, in an effort to isolate the provocateurs who are conducting the massacres in South Africa. Mandela praised Buthelezi in a television interview, pointing to Buthelezi's refusal to negotiate with the government during Mandela's imprisonment, and said that Buthelezi's stance contributed to his release.

The Inkatha leader in turn stated that he is willing to meet with Mandela, and recalled that the two were personal friends when Buthelezi was still a member of the ANC.

● **FRENCH PRESIDENT** François Mitterrand will join Margaret Thatcher and George Bush in boycotting the Oct. 3 celebrations of German unity. Mitterrand announced that he will visit French troops in the Gulf on Oct. 2-3.

● **SYRIA'S PUPPET** President of Lebanon, Elias Hrawi, is threatening a "surgical" elimination of the forces of nationalist challenger Prime Minister Gen. Michel Aoun. Hrawi has signed the Syrian-mediated constitutional reforms proposed by the Arab League, and has demanded that General Aoun "peacefully join the process of ending the civil war. . . . Otherwise, I will be forced to make the bitter decision of resorting to an imperative surgical operation."

● **JAPAN** is restoring high-level ties with the Beijing regime. Japanese Education Minister Kosuke Hori and former Prime Minister Noboru Takeshita were designated to represent Japan at the Asian Games at the end of September. Takeshita will act as the personal representative of Prime Minister Toshiki Kaifu.

● **THE SOVIET UNION** and Saudi Arabia have reestablished diplomatic relations, after 52 years. In announcing the new ties, both called for Iraq to withdraw from Kuwait. King Fahd told a Saudi newspaper Sept. 16 that the shift was linked to Moscow's opposition to Iraq's actions.

● **ROBERT MAXWELL**, the KGB-linked publishing magnate, is angling to gain control of the media in the eastern part of Germany. In his latest venture, Maxwell has teamed up with the Bertelsmann media group in West Germany to buy East Germany's largest and potentially most profitable publishing group, Berliner Verlag, paying its former communist owners over \$100 million. Berliner Verlag publishes the largest-selling newspaper in Berlin.

Attacks on LaRouche prove his jailing was political

by Warren J. Hamerman

In the context of George Bush's imperialist adventure in the Persian Gulf, the Anglo-American Establishment has unleashed a series of unprecedented attacks on Lyndon LaRouche's congressional campaign. The main target of these attacks has been a series of radio spots taped by LaRouche from his cell, where he has been held innocently as a political prisoner. The ads take sharp issue with current U.S. foreign and economic policies and present his own alternative as the prospective U.S. Congressman from Virginia's 10th C.D.

During the seven-day period between Sept. 15 and Sept. 22, the *Washington Post*, the leading voice of the liberal Establishment in the capital, printed two photographs of LaRouche, along with articles attacking his radio ads and citing LaRouche's charge that George Bush's policy of starving the Iraqi-Kuwaiti populations is comparable to Adolf Hitler's policies of starving the Warsaw Ghetto. A nationally syndicated TV show, "Inside Edition," pointed the accusatory finger at LaRouche for running a congressional campaign from prison. The radio stations which run the LaRouche for Justice ads have taken to running derogatory disclaimers about the ads.

LaRouche associates point out that nothing could prove more clearly than these new attacks, the fact that LaRouche's incarceration is entirely political, and that he is George Bush's political hostage. LaRouche and those defending him, such as his attorney Ramsey Clark (a former U.S. Attorney General), have said that those who did not like LaRouche's policies—specifically George Bush—had framed up LaRouche in order to silence his voice. Now, the media organs of the Anglo-American Establishment complain that his ideas are reaching out from prison and his

challenge to Bush's insanity is getting media coverage.

It is also in order to silence that challenge, that Bush refuses to release masses of secret documents and files proving that LaRouche and the six associates who were convicted and jailed with him, are innocent. This material points to the fact that a National Security Council team which had functioned under then-Vice President Bush in the Reagan administration manufactured evidence against LaRouche and his movement. The files also contain material demonstrating how a task force of various government agencies and private organizations such as the Anti-Defamation League and NBC conspired to conduct financial warfare against LaRouche and his associates.

LaRouche's radio spots and news releases, which are reaching hundreds of thousands of people in Washington and nearby northern Virginia, are catalyzing into political resistance a growing mood of fear about Bush's reckless and indeed genocidal foreign policy, dictated as it is by a small band of Anglo-American financial elites and the faction currently running the Israeli government. The Persian Gulf is the immediate hot spot, but the same forces have set up a devastating war between Nigeria and Liberia. In Asia, in South America, and elsewhere, the efforts of Bush, his British mentor Margaret Thatcher, and their friends have been to create either pretexts for military conflict, or situations where starvation and disease would kill large numbers of people.

A political threat

Even though, as of Oct. 5, LaRouche will have spent 617 days unjustly in prison, he is nevertheless running for Congress in northern Virginia. The contents of some of the written campaign statements and paid radio ads circulated by

the LaRouche for Justice campaign throughout the Washington, D.C. metropolitan area during the last two weeks of September, give some idea of what has provoked the Anglo-American Establishment's fears:

Judge Bryan, Establishment gun-runner: Federal Judge Albert Bryan, Jr., who ran the railroading of LaRouche and associates, turns out to have "personally set up the world's largest private gun-running corporation," Interarms, an Anglo-American intelligence cover. "Since this allegedly impartial judge who jailed LaRouche was in effect a spy for the prosecution, LaRouche is seeking a new trial. Lyndon LaRouche must be freed."

Dump post-Kennedy economic policy: "The two, reigning economic dogmas of our past 50 years—those of Adam Smith and Karl Marx—are both being buried forever, under a worldwide mountain of collapsing, postwar rubble." It would be a very good thing if the United States today would overturn, immediately, every change in economic, financial, and monetary policy, which has been introduced since the assassination of President Kennedy.

Thatcher's war: On Sept. 14, Britain's prime minister said in an interview that a "new world order" was coming into being through the present Mideast crisis. "Now, the last time I heard of a new world order, was in a speech broadcast publicly by Adolf Hitler, as he launched the Wehrmacht legions against Britain and France in the West."

Build a political anti-war movement: Whatever people of good will may think about the various political issues involved in the current buildup to war in the Persian Gulf, the fact remains: We don't want such a war. "We do not want another Vietnam War, or something worse. We do not wish to set off World War III by starting a brushfire in Iraq, which begins to spread around the world, and leads into a general nuclear conflict. If there is a clear, negotiable solution, we want it sought, and we want it sought now, before the thing gets out of control. We do not like the idea of pulling Mrs. Thatcher's political chestnuts out of the fire, or those of British Petroleum, or Aramco, at the price of American lives, when there is no reason, except the ego or strange policies of certain Anglo-American circles, for such a policy."

Learn the lessons of MacArthur: Gen. Douglas MacArthur gave a most eloquent warning against the folly of the United States pitting itself against the cause of the nations of the former colonial world, to gain the same access to national sovereignty, to the economic development, using scientific and technological progress, that we as a nation fought to gain when we fought our oppressor, King George III's Britain. "We have repeatedly ignored General MacArthur's warning. You are not a lily-livered pinko, as some folks say, if you are opposed to this war in the Middle East, which Mrs. Thatcher is so eager to have Mr. George Bush conduct. On the contrary: as General MacArthur says so eloquently, implicitly, you are a true patriot of the United States; and, those who want this war, are not."

Dangerous proposals of the International Monetary Fund: It is argued that only if the world is brought to heel so that every country obeys the dictates of the IMF-World Bank will we come through successfully in this period. "Why do we insist on imposing upon the world, the policies which have caused the catastrophic collapse of the economy of the United States?"

War against corrupt prosecution team

The enemies of all those who dare to speak the truth, will also be put on the spot by a series of initiatives around the upcoming trial of three political associates of LaRouche in Virginia, on trumped-up charges of violation of state securities laws. In earlier rounds of the same frameup prosecution, defendants have been convicted and sentenced to as much as 77 years in prison.

On Sept. 24, attorneys for Larry Hecht, Anita Gallagher, and Paul Gallagher filed 15 different pre-trial motions which directly challenge the political corruption of Attorney General Mary Sue Terry and the Virginia prosecutorial component of the "Get LaRouche" task force. These motions, scheduled to be fought out on Oct. 12 in Roanoke, Virginia, would:

1) Disqualify Attorney General Terry and her staff on the grounds that they have engaged in a persistent pattern of extrajudicial statements to the media and distribution of improper literature, including a recent newsletter mailed from the state Democratic Party to the potential jury pool, boosting Terry's vendetta to finish off the LaRouche movement.

2) Disqualify prosecutor John B. Russell, Jr. because of his outrageous conduct in giving continuous prejudicial media interviews, his perjured testimony during previous hearings, and his bad faith involvement in extortion plots with the Anti-Defamation League (ADL) against the defendants.

3) Dismiss the indictment on grounds of selective prosecution. The motion outlines the government and private task force actions against the LaRouche movement going back 20 years, and demonstrates that no other political loans in the history of Virginia have been treated as securities. It reports that J. Marshall Coleman took out massive loans when he ran for Attorney General in 1977 and governor in 1981 and again in 1989. In his 1989 campaign, Coleman issued notes. Needless to say, he was not prosecuted for this. Coleman is now a partner in the Washington law firm of Arent, Fox, Kinter, Plotkin, and Kahn—the law firm for the Anti-Defamation League!

4) Dismiss and demand an evidentiary hearing for prosecutorial misconduct, bad faith prosecution, and outrageous government conduct.

5) Dismiss the indictment because the phony use of a so-called securities law infraction is a gross violation of the First Amendment rights of a political/publishing association and a violation of the Fourteenth Amendment right to equal protection under the law.

Bankers turn screws on Massachusetts

by H. Graham Lowry

Facing the worst economic crisis in the state's history, the voters of Massachusetts marched dumbly to the media's beat in the Sept. 18 electoral primary, selecting two candidates for governor committed to police-state imposition of fascist austerity. Blueblood Republican William Weld—who ran a Justice Department coverup in 1985 for the Bank of Boston's laundering more than \$1.2 billion in drug money—and Democrat John Silber—promoter of race hatred and euthanasia and apologist for cannibalism—both won by wide margins, even though neither one broke 30% in the polls until the final stages of the campaign.

Ironically, both cashed in on widespread rage against the economic depression exacerbated by years of outgoing Gov. Michael Dukakis's insane "post-industrial society" program. Silber shot past Francis X. Bellotti, an old Kennedy machine retread who served in several previous Dukakis administrations, with the help of conservative Democrats and independents who wanted to obliterate all traces of "the Duke" and his so-called "Massachusetts miracle." Weld, a big loser at his party's state convention to pro-life conservative Stephen Pierce, racked up 60% of the vote in the Republican primary with a massive infusion of independents who refused to vote for any Democrat, and \$1.2 million of his family's funds.

The stage for these dark horses and darker days was set by the fact that the Commonwealth of Massachusetts is running out of money faster than it can cut payrolls and public services. Having just imposed the biggest tax increase in its history, the state slashed \$310 million from its budget on Sept. 25—on top of \$419 million in cuts made since July 1. State revenues continue in a free fall, with August's receipts coming in \$27.6 million below projections. More and more of the state's ruined industrial cities are also running out of funds, squeezed harder by the state's failure to return millions of dollars in tax collections owed to the localities.

Industrial layoffs

The collapse in Massachusetts revenues is deepening, with a wave of new industrial layoffs by major companies across the state, on top of an official unemployment rate which reached 6.7% in August, a seven-year high. In the western part of the state, General Electric, Pittsfield's largest employer, announced that 473 production workers—10% of

the work force—would be laid off Sept. 21, and another 500 by the end of the year. Thousands have already been laid off at GE plants in Lynn, Fitchburg, and Burlington. The Foxboro Co., an industrial controls and instrumentation manufacturer bought out by a British firm in June, announced on Sept. 10 that about 25% of its 4,000 Massachusetts employees will be laid off over the next six months. Digital Equipment, an electronics firm employing over 60,000 workers in Massachusetts and New Hampshire, has announced plans to cut at least 5% of its work force, though sources inside the company say the actual figure may be triple that.

Under conditions of increasing poverty, malnutrition, and homelessness, Massachusetts is also experiencing a resurgence of tuberculosis, to levels not seen since the worst conditions of the 19th century. State Public Health Commissioner David Mulligan announced Sept. 12 that the number of reported TB cases increased 10% from 1988 to 1989, and that an estimated 286,000 residents are infected with the bacillus in a dormant mode, in a population of less than 6 million. Mulligan called the situation one of grave concern, because TB spreads at a geometric rate. The disease also typically accompanies lowered resistance levels resulting from the AIDS virus.

Financial dictatorship

Rather than return to American System methods to rebuild the state's industries and infrastructure, the self-anointed blueblood elite which Weld typifies is busily drawing up plans for financial dictatorship. Both Silber and Weld now serve on a special task force which is to report the day after the Nov. 6 election on "restructuring state government." Through an Oversight Committee already established by the legislature in July, bankers and outside "experts" are to be given control over the Office of Administration and Finance, to impose draconian cuts in public employment, transportation systems, infrastructure projects, education, pensions, insurance, and health care programs. Under a directive to "clearly separate needs from desires," many vital state programs will be placed under "administrative receivership" until the cuts dictated by the Oversight Committee are made.

Similar measures are already being applied to communities across the state. The city of Brockton was unable to meet its biweekly payroll Sept. 7, leaving 2,146 city employees without paychecks. Blackmailed with \$2.3 million in lost wages, the city accepted a state demand that its finances and expenditures be placed under a financial control board, a "solution" already imposed on Chelsea, Lynn, Holyoke, and Lawrence. Municipal officials report that 100 cities and towns statewide are in the same condition and will soon be under the gun of financial dictatorship. In Brockton's case, the new Department of Finance has the power to veto appropriations made by the City Council and department heads, and to hold officials personally liable for any "excess" spending!

ADL mafia caught in 'contract hit'

by Jeffrey Steinberg

Syndicated columnist Patrick Buchanan was right on the mark when he identified the Anti-Defamation League of B'nai B'rith and ADL national director Abe Foxman as the instigators of a month-long smear campaign against him because of his opposition to the U.S. deployment in the Persian Gulf.

Buchanan's initial blast at the ADL by name came in an early September syndicated column in which he responded to a vile attack on him as an "anti-Semite" by former *New York Times* editor A.M. Rosenthal. Buchanan labeled the Rosenthal piece a "contract hit" ordered by Abe Foxman, and launched into an all-out attack against the ADL's use of the tar brush of anti-Semitism to stifle debate about U.S. policy toward Israel and to destroy the careers of many honest critics of Israel and the Zionist lobby.

Buchanan's counterattack marks the first time in this writer's memory that any prominent journalist or publication—with the shining exception of Lyndon LaRouche and *EIR*—has taken the ADL head-on.

The immediate provocation for Buchanan's salvo was a series of attacks against him by the ADL, beginning with a press release issued on ADL letterhead dated Aug. 28, in which Foxman described a Buchanan televised warning about Israel wanting a Mideast war as "reminiscent of scurrilous charges made during World War II that Jews were the only ones who sought American entry in the war against Nazi Germany." The press release charged that Buchanan had a "venomous attitude toward Israel and its supporters." The latter smear was based on a televised quip by Buchanan that Capitol Hill was "Israeli-occupied territory."

Following Buchanan's response to the Rosenthal-ADL libel, the ADL published and widely circulated a second press release which referenced Buchanan's public defense of several victims of frameups by the Justice Department's Office of Special Investigations (OSI), as further "proof" of the columnist's "pro-Nazi proclivities." Perhaps not coincidentally, only days after Buchanan's eloquent defense of OSI victim John Demjanjuk on a nationwide television show, the *Washington Times* reported that the Justice Department has launched an internal probe into widespread allegations that the OSI broke the law by hiding evidence showing the innocence of targets of OSI "anti-Nazi" hunts.

The contents of the ADL crib-sheet targeting the conservative Catholic columnist Buchanan were instantly regurgitated through the mouths of several columnists, including

Morton Kondracke and Fred Barnes, both of the *New Republic*. The pair ganged up on Buchanan during the Sept. 22 broadcast of NBC's McLaughlin Group show. Buchanan responded by charging that the *New Republic* was preparing the next printed blast at him and that the libel campaign was "as spontaneous as the von Schlieffen Plan"—a reference to the war plan painstakingly developed by the chief of the German General Staff during the late 19th century which formed the basis of Germany's invasion of the Low Countries at the outbreak of World War I.

The dogs of war

Meanwhile, the ADL has been publishing a steady stream of propaganda from the Ariel Sharon-dominated war cabinet currently in power in Israel, going beyond its attack on Buchanan. Back in June, the ADL widely circulated a memorandum evaluating the new Israeli government as a "moderate" coalition deserving of full backing from the Bush administration.

More recently, on Aug. 15, Kenneth Jacobson, the director of the ADL's International Affairs Division, sent out a memorandum to all League regional offices, ordering a propaganda assault against local news outlets and politicians indicating any signs of "sympathy" for the Arab position. "Since Iraq's invasion of Kuwait," Jacobson wrote, "a number of myths about the Middle East that had gained currency in recent years have now been exposed. At the same time, however, a number of new myths emanating from the Arab world and being given a hearing, and sometimes sympathy, by the media are emerging. It is important early on to counter these myths so that they do not gain a foothold in public opinion. . . . For now we thought it most important to respond to the dangerous myth that Israel's 'occupation' of the West Bank and Gaza is like Iraq's occupation of Kuwait." Appended to Jacobson's memo was a two-page "fact sheet" stating the Israeli government's position justifying its intransigence on the Palestinian question.

Sections of that ADL propaganda sheet appeared nearly verbatim in a nationally syndicated column by Jeane Kirkpatrick on Sept. 24.

As a reformed choir boy in the Israeli Defense Ministry's "amen corner" in Washington, Buchanan knows a great deal about the ADL's methods. Reminding the League that he was a one-time recipient of ADL propaganda against presidential candidate Jesse Jackson, Buchanan delivered a warning shot across the bow that threatened the ADL where it would hurt the most: its dubious tax exempt status.

For the moment, what have been called the "Buchanan-Rosenthal wars" have retreated from the public spotlight. However, as long as the vile bullying tactics of the ADL are not thoroughly repudiated and crushed by a massive outpouring of public exposure, the idea of a free press in America will remain a cruel hoax.

Buchanan picked up the ball. Who else will run with it?

Gejdenson says U.S. headed for depression

Rep. Sam Gejdenson (D-Conn.) said that the U.S. economy was "heading not for a recession but for a massive depression," in comments on the floor of the House on Sept. 17.

Gejdenson said it is time to "stimulate the American economy back to life. We need to make low interest loans available for housing, and we need to put our construction industry back to work. We need to revive this economy or all the attempts at debt reduction will only further slow this already devastated economy.

"In those states with the most economic activity and the most population," continued Gejdenson, "we are already deep into a recession."

Bush threatens veto of GRH suspension

The White House has made it known that President Bush intends to veto any budget agreement which suspends the Gramm-Rudman-Hollings deficit reduction law. House and Senate Republican leaders believe that although any vote would be close, they would be able to uphold the President's veto.

"With a sequester . . . the heat becomes intense," commented Rep. Jerry Lewis (R-Calif.), the chairman of the House Republican conference. "And the voice becomes a scream in a district back home."

The sequester would make across-the-board cuts and is scheduled to go into effect on Oct. 1 if no agreement has been reached. Senate Minority Leader Robert J. Dole (R-Kan.), in the hope of finding a compromise, suggested that the capital gains tax cut be put into a bill separate from spending cuts and tax increases. Other Republicans and the White House disagree. "We can't find anything in the

talks that has anything to do with growth except capital gains," said Rep. Bill Frenzel (R-Minn.), the House Budget Committee's ranking Republican.

White House press spokesman Marlin Fitzwater claimed that the capital gains tax issue was not the problem. "The Democrats have been able to focus attention on the capital gains provision to the overall detriment of the progress of the negotiations," he said. Capital gains taxes are levied on profits from sales of stocks, bonds, property, and other assets.

Both sides have tentatively agreed to defense cuts of \$170-200 billion; net tax increases of \$130 billion; and net domestic spending cuts of \$90-120 billion.

In the light of the failure of negotiators to come to a budget agreement, an omnibus spending bill which would include a 20-day delay of the Gramm-Rudman sequester will be introduced in the House.

Cranston, civil rights groups oppose Souter

Sen. Alan Cranston (D-Calif.) has declared his intention to oppose the nomination of Judge David Souter to the U.S. Supreme Court when it comes to the Senate floor. Citing Souter's refusal to acknowledge that the Constitution guarantees abortion rights, Cranston said, "I will vote 'no' because Judge Souter will not reveal his views on a fundamental constitutional issue—the right of privacy," the buzzword used for abortion.

The Leadership Conference on Civil Rights, an umbrella organization of civil rights and civil liberties groups, has also announced that it will oppose the Souter nomination. The conference, which helped defeat Bush U.S. Supreme Court nominee Robert

Bork, said Souter's testimony before the Senate Judiciary Committee failed to allay the "concerns and fears" the group had about the nominee based on his record as the New Hampshire Attorney General and on the bench. The conference cited in particular Souter's comments that New Hampshire "does not have racial problems" as "perhaps the most upsetting" part of his testimony.

But the Souter nomination appears headed for approval as two Democratic members of the Senate Judiciary Committee, Sen. Dennis DeConcini (D-Ariz.) and Sen. Howell Heflin (D-Ala.), have said that they will vote in favor of the nomination.

Souter testified before the committee earlier last month and said little on most controversial issues.

Budget Office: Carbon tax would be devastating

The Congressional Budget Office warned in a report that a tax on carbon-based fuels would result in "dislocation and the possible slowing of economic growth." By the year 2000, the tax on coal would be twice the selling cost of the fuel, at \$60.50 per ton; the tax on oil would be \$12.99 per barrel, and would be \$1.63 per million BTUs for natural gas.

The report, prepared at the request of the Senate Energy and Natural Resources Committee, examined the effect of the tax proposed by Rep. Fortney Stark (D-Calif.) to limit the burning of fossil fuels, an alleged cause of the so-called ozone hole.

Industries such as steel, glass, rubber, aluminum, and chemicals would face higher costs that would undermine their ability to compete in international markets, the report warned. The coal industry would be

devastated. "Production would fall by 70% below the baseline, to less than half the current levels," the CBO report said.

The National Coal Association said the measure would have a "negligible" impact on pollution, yet cost consumers \$41 billion per year.

Saudi arms sale to be pared down

The White House announced on Sept. 21 that it would seek congressional approval for a "significantly" pared-down, immediate arms sale to Saudi Arabia, to be followed by a second request in January to meet the longer-term military needs of the desert kingdom.

The White House backdown on the Saudi arms deal came after congressional leaders objected to the original \$21 billion proposal that the Defense Department had circulated on Capitol Hill. The White House statement on the Saudi arms package contained no details of the components or costs.

"The specific items to be provided in the first phase are still being determined and will encompass equipment and training requiring early action," the statement said.

Dems call on Bush to tap oil reserves

House Democrats urged President Bush to tap the nation's oil reserves, in a letter circulated on Sept. 24 seeking Member endorsements. Referring to the rapid price rise of oil, the letter states that "clearly this is the kind of economic hardship the Strategic Pe-

troleum Reserve was designed to reduce."

"Economists are not debating when, but how serious the recession will be," the letter noted. The Bush administration had refused to tap the massive crude oil stockpile, but on Sept. 26, authorized the "test" sale of 5 billion barrels. The reserve has been accumulating since 1977 in six underground salt caverns in Louisiana and Texas. White House spokesman Marlin Fitzwater said, "We want to make it clear to those speculators that we have oil to put on the market."

Some experts are concerned that opening the reserve's spigots will expose its structural and administrative weaknesses. The system has not been tested and there is worry that the amount of crude oil needed cannot be physically pumped out. Energy officials also acknowledge that emergency oil distribution to mid-Atlantic and New England refiners could be slowed by a lack of American-flag tankers. A congressional act prohibits the use of foreign-flag tankers to operate between U.S. ports.

Robb seeks to quash book on cocaine links

Sen. Charles Robb's (D-Va.) campaign committee filed a complaint on Aug. 28 with the Federal Election Commission to stop publication of a book alleging that Robb attended parties where cocaine and other illegal drugs were openly used.

One-time GOP congressional candidate Lewis H. Williams helped finance investigations by Norfolk detective Billy Franklin over fear of a Robb presidential bid, the Sept. 25 *Washington Times* reported. Franklin has announced plans to publish a book about his findings which he claims

verify the allegations.

In the letter to the FEC, excerpted in the Sept. 22 *Richmond News Leader*, Robb attacked U.S. Attorney for the Eastern District of Virginia Henry Hudson for political use of a grand jury in an attempt to smear him. Robb has denied that he was aware of drug use at parties he attended while he was governor from 1981 to 1985.

Congress moots action on War Powers Act

Sen. William Cohen (R-Me.) called on President Bush to schedule a congressional vote "in support or rejection of American forces being placed in circumstances involving imminent hostilities" in the Persian Gulf in accordance with the War Powers Act, in a commentary in the Sept. 24 *Washington Post*.

"If the War Powers Act is unworkable," said Cohen, "it should be immediately modified or nullified. Until that occurs, Congress should insist upon executive compliance."

Senate Foreign Relations Committee chairman Sen. Claiborne Pell (D-R.I.) also called for a vote on invoking the War Powers Act, stating that "so far the President has resisted the calls for war and instead counseled Americans to be patient as the economic embargo, designed to pressure Iraq to withdraw from Kuwait, squeezes the Iraqi economy. But the pressure and temptation to attack may mount inexorably as the military buildup is completed and the standoff continues."

Opponents of military action in the Gulf are, however, afraid that a vote on the War Powers Act could give Bush a *carte blanche* to move militarily, as did the Gulf of Tonkin resolution during the Vietnam War.

National News

Kissinger to close China Ventures, Inc.

A spokesman for Henry Kissinger announced on Sept. 19 that Kissinger will close China Ventures, Inc. on Nov. 1, a \$75 million investment fund with Communist China which he chaired.

Also on Sept. 19, *EIR* correspondent Scott Thompson received a letter from Deputy Assistant Attorney General for the Criminal Division John C. Keeney acknowledging receipt of a criminal complaint against Kissinger for violation of U.S. Criminal Code Title 18, Sec. 208. The complaint by Thompson had charged that Kissinger had used his position as a member of the President's Foreign Intelligence Advisory Board to soften the Bush administration's reaction to the Tiananmen Square massacre by the butchers of Beijing so as to benefit Kissinger's business associates financially. The complaint singled out China Ventures, Inc.

Keeney thanked Thompson for drawing the matter to the attention of the U.S. Department of Justice and said that the Public Integrity Section of the Criminal Division would pursue the allegation.

The money for Kissinger's firm was provided by such firms as Hank Greenberg's American International Group and James Robinson's American Express.

Opposition to Gulf war grows in U.S.

There is a "developing coalition of peace movements in the United States that sees the Gulf crisis as the key to President Bush's post-Cold War strategy," Martin Walker reported in the Sept. 24 London *Guardian*. A round of "nationwide teach-ins to rally opposition to U.S. policy in the Gulf crisis" will be held at such places as Ann Arbor, Michigan, Berkeley, California, and at the Martin Luther King Hall in Atlanta. The process is evoking memories of the 1960s anti-war movement.

Omitting mention of Lyndon LaRouche's

call for an anti-war coalition and the role of LaRouche associates in shaping a mood against the war, Walker says there are "three fairly discordant groups which are prepared to organize or demonstrate on a national level against President Bush's policy." The first is that of the "old warhorse of the left, ex-Attorney General Ramsey Clark," who has begun a "national mobilization coalition" in New York. Others include those centered around "radical church groups," and those around traditional peace groups like "SANE and Freeze."

Walker notes that there is a growing anti-war sentiment in liberal factions in the Democratic Party. Robert Borosage, a political adviser to Jesse Jackson, is quoted saying, "The Cold War is dead—so long live the global gendarme of law and order and cheap oil." Borosage is helping prepare the platform for "Jackson and the radical wing of the Democrats for the next presidential election in 1992" for opposition to "Bush's real agenda."

FDIC sues Neil Bush, Silverado

The Federal Deposit Insurance Corp. filed a federal lawsuit in Denver, Colorado on Sept. 21, against Neil Bush and other directors, officers, and lawyers of the defunct Silverado savings and loan, charging them with "gross negligence" and seeking \$200 million in damages, the *Washington Post* reported.

The agency singled out Neil Bush, saying that his involvement with William Walters and Kenneth Good violated his "fundamental duty" to avoid a conflict of interest or the appearance of one. "Silverado was the victim of sophisticated schemes and abuses by insiders, and of gross negligence by its directors and outside professionals," said FDIC senior deputy general counsel Douglas Jones.

Neil Bush faces an administrative hearing by the Office of Thrift Supervision, arising out of his alleged conflict of interest at Silverado.

Federal investigators also have begun asking why the closing of Silverado was delayed until after the presidential elections. Kermit Mobray, former president of the

Federal Home Loan Bank of Topeka, Kansas has stated that federal regulators in Washington told him to delay, the Sept. 25 *Washington Post* reported.

Jewish leaders demand Gulf pullout

A group of Jewish leaders are backing a U.S. pullout from the Gulf and Israeli withdrawal from occupied lands. The International Jewish Peace Union has a full-page ad signed by several dozen American Jews in the *Nation* magazine the week of Sept. 19.

"Jewish history teaches us that when our neighbors prosper, we prosper too, while a blow to our neighbors strikes us as well," the ad reads. It decries the 23-year-old Israeli occupation of Palestinian lands, says that "Saddam Hussein cannot solve Iraq's problems through military adventures," and warns that "we must address the American role in precipitating this situation," referring to the reliance on cheap oil and former flow of U.S. arms to Iraq.

"It is inconsistent for our government to subsidize the Israeli occupation of Palestinian territories while spending billions to oppose the Iraqi occupation of Kuwait. . . . The U.S. must stop financing the Israeli occupation."

IRS seizes, runs Nevada whorehouse

The Internal Revenue Service has seized the Mustang Ranch whorehouse in Nevada and is running it through a U.S. bankruptcy trustee.

Government employees were busily calling prostitutes to convince them to come to work. An assistant to the trustee told the Sept. 20 *Washington Times* that it is "very important that we get open by the weekend. This [annual Reno airshow] is the biggest party of the year."

The State of Mississippi has similarly turned to legalized dockside riverboat gambling to boost revenue. The *Journal of Commerce* reports that at least three firms are

trying to find ships to be outfitted as waterborne casinos.

The *New York Times* recently reported that revenues from slot machines in Las Vegas and Atlantic City are nearly \$5 billion—about \$1.5 billion more than new orders for U.S. machine tools.

Judges to train in environmental law

Judges in New England will receive training in environmental law to enable them to deal with the wave of environmental crime cases now flooding the courts.

The program, set up by the Environmental Law Institute, the Massachusetts Executive Office of Environmental Affairs, and the Flaschner Judicial Institute, is the first of its kind and will be a prototype for judicial environmental education programs elsewhere in the country.

Thousands of cases are now on the docket where individuals, who a couple of years ago were innocent of any wrongdoing, are now facing jail sentences because laws were changed and made retroactive. For example, the legal procedure of disposing of waste oil two years ago has now been ruled to be improper, and the new ruling made retroactive to the 1940s. Anyone who properly disposed of oil over the past 40-odd years is now liable for environmental crimes under the new ruling and new court interpretations.

"There is a tidal wave of environmental litigation that's about to break over the courts," Andrew W. Savits, general counsel for Massachusetts' Office of Environmental Affairs told the Sept. 20 *Wall Street Journal*.

New York candidate blasts one-party system

Pierre A. Rinfret, Republican candidate for governor of New York, has begun attacking state GOP party leaders for fostering a one-party system.

In a Sept. 21 press conference, Rinfret

attacked the party apparatus for being "in bed" with New York Democratic Gov. Mario Cuomo and for leading the state into a Dukakis-style fiscal disaster.

Rinfret is enraged at the sellout of his campaign being conducted by the party apparatus. He has received comparatively little financial support for his campaign aside from his own, considerable contributions. Rinfret is vowing to continue his campaign and turn it into a populist struggle against both parties.

In his press conference, Rinfret labeled Manhattan State Senator Goodman as "one of the most destructive people in the state," and called Sen. Guy Valella of the Bronx "one of the most dangerous people in the state."

Nervous and arrogant GOP officials responded by suggesting that Rinfret is mentally unbalanced and proposing that he "take a rest."

Michigan bill would outlaw assisted suicide

Michigan State Senator Frederick Dillingham (R-Fowlerville) introduced Senate Bill 1084 on Sept. 19 which would make it a felony carrying a maximum penalty of four years and a \$2,000 fine to help someone commit or attempt to commit suicide.

Dillingham has said that the state must act quickly to halt the perception that Michigan is a place in which it is safe to assist someone to die. Michigan does not have a law on assisted suicide and the state Court of Appeals has ruled that it is not covered by murder laws.

Two recent cases prompted the bill, according to the Sept. 13 *Flint Journal*. In one, the husband of a terminally ill California woman is charged with helping her kill herself in a Detroit-area motel. Then there is the case of an Oregon woman who came to Michigan to use a Royal Oak doctor's "suicide machine."

"We've had these examples of people traveling thousands of miles to reach what is considered to be the safe state of Michigan to perform assisted suicides," Dillingham said. "I think that is certainly a very black eye on Michigan nationally."

Briefly

● **SEVEN GREENPEACE** terrorists were arrested Sept. 25 after boarding the *Aloha*, engaged in researching the mining potential of the Continental Shelf off the Oregon coast. The Greenpeace flagship *Rainbow Warrior* led the assault by a fleet of dinghies and fishing boats.

● **LAROCHE CANDIDATES** received 10-30% of the vote in the Sept. 18 Washington state primary. LaRouche Democrats in three congressional and two state legislative races received between 10-20% of the vote. In state district 32, Melinda Norris received 30% in a race with one of the most vicious eco-fascists in the legislature.

● **BEN BRADLEE**, the *Washington Post* editor, once told a symposium: "To hell with the news! I'm no longer interested in news. I'm interested in causes. We don't print the truth. We don't pretend to print the truth. We print what people tell us. It's up to the people to decide what's true," according to *Trashing the Planet*, a book by former Washington Gov. Dixy Lee Ray.

● **'ILLEGALS CROSSING'** road signs will be posted by the California Department of Transportation along Interstate 5 in San Diego County. Some 144 people have been killed in highway accidents between 1988 and 1989, and 48 illegal immigrants have already died in 1990 crossing the route.

● **HOUSTON** is being whipped into a frenzy over the early release of 254 prisoners from the Harris County jail by order of a federal judge who ruled that overcrowding must end.

● **THE PUBLIC** Broadcasting Service refuses to broadcast a British TV documentary entitled "Equinox, Conspiracy in the Air," which exposes the "greenhouse effect" as a scientific fraud. The scientific advisers to PBS include Stephen Schneider and astro-kook Carl Sagan. The Discovery channel also refuses to air the program.

Poland, the linchpin

The fight over economic policy presently unfolding in Poland is of major significance for the global strategic situation. Lech Walesa appears to be centering his campaign to become the President of Poland around repudiation of the insane Anglo-American economic policies imposed on his nation, under the guidance of Harvard University's Jeffrey Sachs. Some wags have appropriately referred to Sachs as a virus, rather than a person—but the diseased state of the Polish economy indicates that this is not really a joke.

Integration of Poland into the roughly triangular developmental region based on Germany, France, Austria, and Czechoslovakia can open up a new era of global development, since such integration is a key element in the unfolding Bonn-Soviet relationship.

For the Soviets, a major nation-building, high-technology effort based upon infrastructure and energy development is the only viable alternative to political dismemberment and worsening economic chaos.

There is no question but that the Soviet military, along with other nationalist forces, recognizes the insane, Anglo-American adventure in the Gulf as a direct response to the potential of a German-Soviet accord. They have made it clear that they see the danger of an unfolding "Thirty Years War" scenario which could spark World War III. Thus they are even more determined to pursue alliance with Germany, despite Anglo-American pressure and internal pressure from "cosmopolitans," who are willing to take Russia down the road that has almost sunk Poland.

The proper historical analogy for this period, viewed from the perspective of Soviet national interest, is that of France's Louis XI, whose policies laid the basis for implementation of a part of the economic program worked on by Leonardo da Vinci, for major infrastructure development as an alternative to the centrifugal dissolution of the French nation. This is precisely what the British fear—that the Soviets will recognize the bankruptcy of both Marxist economics and the flea-market economics of Adam Smith.

The contradiction between the two is apparent rather than real. Not only can Karl Marx be fairly characterized as a disciple of Smith, but the Anglo-American

and Soviet economies, as they are presently unraveling, bear many lawful similarities. Both economies are in a state of breakdown; and key to this is the state of their infrastructure.

For example, Soviet problems in delivering the harvest highlight the urgency for them to develop their transportation system, warehousing facilities, and so on. The rapid rate of disintegration of railroad transportation, roads, housing, and schools in the United States is similar.

It is now 15 years since the murder of John Kennedy. His death and the outrageous coverup which followed it marked a downward inflection in the direction of policy in the United States. While Americans did land on the Moon at the turn of the last decade, the vision which made that possible had been lost, and the kind of cost-cutting which has severely damaged the U.S. space effort began.

Kennedy's program involved the promotion of high technology and the creation of mechanisms through tax and other policies, for the assimilation of this technology throughout the economy. Kennedy's policy in this respect was the traditional American System economics (so called to distinguish it from the free-market economics of the British, against which our revolution was fought).

The United States no longer operates even with vestiges of the economic policies (hammered out by George Washington, Alexander Hamilton, and Friedrich List) which made it a great power. Instead the United States, like Great Britain, has become a flea market where idiots who mouth Adam Smith's nonsense are allowed to privatize whole areas of government function, selling them off cheaply to international cartels.

Worse still, the United States has allied with Britain in a brutal effort to impose free-market economics on the rest of the world. This is an effort of the Anglo-Americans to return to pre-American Revolution, British Empire politics. Today, it is Germany and Japan which carry on the American System tradition. For Poland to ally itself with them is a crucial element in averting a global disaster.

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