

EIR

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From the Editor

It has been nearly five years since *EIR* published the revised second edition of the 1978 bestseller, *Dope, Inc.*, the only book on the worldwide drug cartel that dared to name the names of those political and financial powers “above suspicion” who promote and profit from the illegal drug business. This week’s *Feature* is the first major update in English to that book, which was commissioned by Lyndon H. LaRouche, Jr. The authors of our *Feature* include several who helped write the 1985-86 Spanish and English editions, with a special contribution from Muriel Mirak-Weissbach, who has just brought out a book in German on the international drug cartel.

The *Feature* includes a battle plan of what to do to stop this hideous “boom” in the business that destroys nations by destroying their morale and killing their youth. Our battle plan is the opposite of the strategy for defeat being implemented by the Bush administration.

It comes at a key moment. First of all, Europe, the greatest hope of humanity in the wake of the freedom movements that have swept through the eastern sector, is the prime target. It is the concern of every human being who wants to live and desires a bright future for our posterity, to stop this commerce of death from spreading into the very area with the greatest promise of becoming the locomotive of world economic recovery.

Second, there are encouraging signs in Ibero-America, especially in Mexico, of a renewed determination to fight the international drug cartel (see p. 59), and an uphill battle in Peru, Colombia, and other nations of South America.

Third, as we write in early November, the Drug Policy Foundation, the pinstriped wing of the U.S. drug lobby, was meeting in Washington, D.C., gathering its Establishment forces and mustering its shopworn arguments to step up its drive for drug legalization as the “only solution” to the bloody war over dope which has taken over the streets of so many cities, especially the nation’s capital. One D.C. mayoral candidate, Nancy Lord, is putting well-financed campaign spots on Washington TV to proclaim her “alternative” to the war on drugs. That alternative is surrender to Dope, Inc.

We say: No surrender. Here’s how to win.

Nora Hamerman

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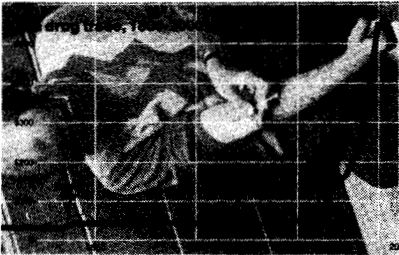
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Feature



The graph charts the historical rise of the illegal-drug business, with the imperial adventure that fostered it (see story, page 32). In the background: a heroin addict in Milan, Italy.

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Back in 1986, a team of *EIR* researchers were called "extremists" and much worse for exposing the \$250 billion integrated multinational narcotics cartel and its crucial banking support network. But a new look shows that its figures were in fact too low: Then it was \$400 billion, and today it is \$558 billion, and growing faster than ever.
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New GNP figures: What is growing?

by Chris White

U.S. Treasury Secretary Nicholas Brady spoke to an audience at Washington College in Easton, Maryland on Oct. 29. It wasn't clear whether the secretary's remarks were part of the administration's preparations for Halloween. He told his listeners, "In the first nine months of this year it [the economy] grew 1.5%. . . . That means very simply that the Gross National Product of the United States was 1.5% greater in 1990 than it was in 1989."

An aide to the Treasury secretary, Assistant Secretary Roger Bolton, later explained what Brady meant: The economy had been growing at a 1.5% rate, and was not in a recession.

Brady was speaking on the eve of the Commerce Department's release of its preliminary estimate of Gross National Product in the third quarter of 1990, the period from the beginning of July through the end of September. GNP grew during those three months by 1.8%, the Commerce Department claimed.

Recession? What recession?

The announcement was the occasion for a new chorus. Bush betook himself to the White House briefing room to tell reporters: "It is clear they were too pessimistic. The acceleration of the third quarter shows the economy has not been in a recession, as some have claimed." Michael Boskin, chairman of the Council of Economic Advisers, projected, "Our best guess is the economy will grow, although the next quarter or two will probably be somewhat weaker." And over at the Commerce Department, the official responsible for the numbers, Undersecretary for Economic Affairs Michael Darby, added: "This contradicts those who believe we are in a recession or are about to enter one. We expect the economy

to continue to expand at a modest pace for the remainder of the year and in 1991."

So, here is the United States, leading the world into the biggest financial and political upheaval of modern times, with its political leadership still blandly insisting, "everything is on course, steady as she goes."

Statistical fakery

The GNP numbers are notoriously subject to fakery, for political reasons. This time, the political reasons are particularly transparent. The numbers were issued on Tuesday, Oct. 30—one week before the mid-term elections. Whether anyone will believe what the government, from the President on down, continues to insist, is another matter entirely.

The political fakery to which the data are subject, is one level of incompetence to be taken into account, but there is another, more significant one. On the first level of fraud, the numbers purport to represent the net of all sales transactions in the economy. For example, oil which is purchased abroad, at say \$40 per barrel, and sold internally at \$45 per barrel, has a \$5 impact on the GNP. But the GNP numbers, as compiled, are something completely different.

The core of the GNP series is the approximately three-fifths of the total—more than \$3 trillion worth of transactions—which are sorted under the heading of "personal expenditure." The whole series will, more or less, follow the path of this, its largest constituent, which encompasses more than half of the transactions accounted for. However, this chunk of the whole has relatively little to do with any sales transaction at all. It is actually derived, by a process of statistical extrapolation, from the Bureau of Labor Statistics (BLS) sample surveying of employment. Total employment is ex-

trapolated from the sample. Wage and salary levels are imputed from the extrapolations of the level of employment. Personal expenditure is then estimated from the estimated wages and salaries which are based on the extrapolated employment numbers.

As became clear with the official revisions of the GNP numbers for the second quarter, released at the end of August, the BLS keeps at least two series on employment—one significantly higher than the other. Numbers published are adjusted by choice of originating series, to produce the results required.

So, this time we had GNP growth of 1.8%, compared with 0.4% for the second quarter, led by a more than \$23 billion surge in personal expenditure. The second quarter numbers were inflated by using the larger employment estimate rather than the smaller. Bearing in mind that the composition of the numbers bears little or no relation to events that are actually taking place in the real world, but more to the political demand for “credible” or “realistic” data, it’s not so difficult to conceive how such a series can be so out of line with the economic catastrophe which is otherwise so apparent.

Thus for example, while the GNP, spurred by consumers’ personal expenditure, grew, the Conference Board reports a 24% drop in its index of “consumer confidence.” The index fell from 85.6 to 61.3, the biggest drop since it began measuring in 1970. The index, which reflects the activity of corporate purchasing managers, shows a drop of 1%, to 43.3%, the lowest level since 1982, and a drop which reflects a reduction in actual GNP. For this index, 50% is the dividing line between growth and no-growth.

Construction spending has just registered its sharpest decline since January 1982. Sales of new single-family housing units registered their ninth straight month of decline in the month of September, and are at the lowest level since September 1982. A representative of K-Mart, one of the retail chains where personal expenditure might be expected to take place, called the GNP numbers “a mathematical fluke.” Someone over at J.C. Penny simply said, “I’m surprised.” Retail sales collapsed over the summer.

This type of report reflects the reality: The economy is and has been, not in a recession, but in a depression. On that score, it is irrelevant what the government decides to make the numbers say.

Cancerous ‘growth’ takes over

There is another level of incompetence in the composition of the numbers which is more deadly and corrosive. This leads to the kind of circumstance which might have been found in a badly run hospital, where for example, the growth of cancerous tissue might have been presumed to be an indicator of health. Such a hospital would eventually be hard put to justify the results of its treatments for cancer.

The Gross National Product does not distinguish between

healthy tissue and cancer. Take the employment series which the government uses for its GNP numbers. Divide the employed labor force into two broad categories, each to be associated with a grouping of consumers. The one category is made up of those workers who are involved in physical production, in transportation, and in services vital to the functioning of the economy, such as health, education, and scientific research. The other category is made up of workers who are involved in activities such as administration or sales, or who are unemployed, or involved in criminal types of rackets. While each individual member of such broad divisions, because he or she is human, is potentially capable of making a productive contribution to society as a whole, only the members of the first category are permitted to do so.

At the end of World War II, the U.S. economy maintained rather more than 50% of the employed in productive activity—higher still if teachers and health workers and other productive ancillaries are included. Now, less than 20% of the total employed labor force is involved in productive activity, or in the ancillary activities which support production.

Compare one dollar of Gross National Product then and now. It was less than 50% overhead at the end of the war, against more than 80% overhead now; for only the wealth producers contribute to the production of wealth, by increasing the productive powers of labor. Let us say, then, that out of the body of the whole, roughly less than 20% consists of healthy tissue, and more than 80% is unhealthy tissue or cancerous growth.

Then, compare that division with the growth of debt and speculation, and with the interest claims of debt and speculation. Overhead ought to be subtracted from GNP, as did the direct and indirect feedthrough effects of debt and debt service, the growth of both representing parasitism and cancer, against healthy tissue. Since the combination of debt and speculation grew to more than \$22 trillion over the course of the 1980s, claiming in interest and service more in each quarter than is actually produced in a year, it can readily be shown that the part of GNP which does represent productive activity is on the verge of being taken over by the cancer.

This is what Brady and company call “growth.” But, also in the domain of total insanity, it is likewise called growth by most of those who say that we have already entered a recession.

Brady and company have lied, as part of a commitment to maintain appearances, through crisis management, until after the Nov. 6 mid-term elections. And then what? The banking system is on the verge of collapse. Municipal and state governments are going over the brink. Whole industries—auto, airlines, and construction—are being destroyed. People are increasingly unable to find the means they need to survive. Brady and the other liars will surely be among the first to carry the can for the devastation that they presided over in the name of continuing “growth.” Sanity would dictate that their GNP system be junked along with them.

U.S. banking crisis shocks Ibero-America

by Dennis Small

“Panic in the U.S. economy,” was the headline of the Venezuelan daily *El Nuevo País* at the end of October, warning of the insolvency of the U.S. banks. It singled out Chase Manhattan for special attention.

“The U.S. approaches its fall as a nation,” was the headline in the Venezuelan magazine *Elite* Oct. 23, describing the collapse of real production, the skyrocketing of speculative activity, and the resultant financial crisis.

The Mexican daily *El Financiero* on Oct. 23 quoted “international financial experts” stating that another major debt crisis was about to erupt. The cause? The overall weakness of the dollar, along with the insolvency of U.S. banks, as evidenced by the over \$20 billion in arrears that they are carrying on their books.

And on Oct. 17, Brazilian Finance Minister Zelia Cardoso told the daily *Folha de São Paulo* that, of all Brazil’s creditors, the U.S. banks responded most negatively to Brazil’s recent debt proposal, because of their own problems with junk bonds and the collapse of the real estate market.

Such commentary may come as no surprise to most Americans today—and certainly not to readers of this magazine. But it is a shocking revelation in Ibero-America, where for the last few years people have been told by virtually every government and political leader that their own economic problems would soon be solved by help from the “booming” U.S. economy.

Now, there is a growing recognition that the U.S. economy is about to blow out, and that President Bush is on the ropes politically because of his handling of the budget crisis, in particular. This has led to scrambling in every major Ibero-American capital. As one seasoned analyst of the area noted, in an apt mixed metaphor: “Every Ibero-American government is in trouble. They have hitched their wagons to a sinking ship.”

Carlos Salinas’s woes

Typical is the case of Mexican President Carlos Salinas de Gortari, who has staked his entire administration, both economically and politically, on doing the bidding of the

U.S. banks and the Bush administration. As a result, the Anglo-American Establishment has lionized Salinas as the purveyor of an “economic revolution” based on “free market” policies which are properly obsequious to the banks. President Bush has gone so far as to patronizingly refer to him as “that young and talented Harvard-trained economist, my friend, the President of Mexico.”

But now Salinas is in deep trouble—because Bush is in trouble, and because the U.S. economy is in trouble. One well-placed Mexican official told *EIR* that every number, every calculation, every economic projection that Salinas has based his administration on, is now out the window. At the recent meeting in Caracas, Venezuela of eight Ibero-American heads of state, Salinas’s sales pitch for Bush’s policies went over like a lead balloon. “Bush’s initiative was treated with great caution,” according to Venezuelan journalist Ted Cordova-Claure, “in light of the economic recession in the U.S. . . . In private, [the presidents] talked about the U.S. government’s tremendous financial difficulties.”

The Seineldín affair

All of this is a formula for a gigantic political explosion, in much the same way Bush’s incompetence and the economic crisis are creating a strong anti-Establishment backlash within the United States. It also explains the fear with which the Establishment views those political leaders in a position to lead this backlash, in both North and South America.

South of the border, the man to be watched is Argentine Army Col. Mohamed Alí Seineldín, the hero of his country’s 1982 Malvinas War against Great Britain, and a nationalist who has spoken out strongly against the Argentine government’s submission to Washington, the creditor banks, and the International Monetary Fund. Argentine President Carlos Menem has responded hysterically to Seineldín, accusing him of plotting a military coup and of deploying Iraqi and Palestinian hit-teams to assassinate cabinet ministers, and has placed him under arrest for 60 days. Menem is reportedly now desperately trying to concoct further criminal charges against Seineldín, in order to jail him permanently. Like Lyndon LaRouche in the United States, this is a man the Establishment does *not* want walking around free, when the banking crash hits in earnest.

The man they *do* want to be in charge is the increasingly discredited Salinas, and so there has been a lot of hustle and bustle to try to bolster his image. For example, Miguel Alemán, Mexico’s plenipotentiary ambassador for special affairs and the son of a former President of that country, was dispatched to an Oct. 29 meeting of the Rotary Club in Los Angeles, to proclaim, according to the official Mexican wire service Notimex: “Mexico is willing to play by the rules of the game imposed by the U.S., and according to the IMF’s guidelines for joining the most powerful economic system in the world. What is happening today in the country [Mexico] is more astonishing than the fall of the Berlin Wall.”

Beijing seeks to rein in the provinces

by Mary M. Burdman

Press accounts have hailed the Oct. 17-18 statements of Chinese President Yang Shangkun and Communist Party head Jiang Zemin that China will “stick to” and “speed up the policies of reform and opening to the outside world” of Deng Xiaoping, as signals that the so-called economic reformers are gaining ground against the hardliners.

But there is good reason to think that changes in slogans are actually diversionary cover for the real brawl in China—over how the Beijing regime is going to hang on to power. The real issue of the Deng Xiaoping “reforms” is that they opened the way for regions and even individual cities to assert decentralized control of their own economic affairs; by early 1989, the result was armed guards on the borders between China’s provinces, enforcing regional trade bans.

Regionalism is an ancient problem in China, whose spoken language is so different between north and south, that it is mutually incomprehensible. Only the written language unifies the country—barely, given China’s officially acknowledged 25% illiteracy rate. This is a critical military as well as economic issue: A soldier from Guangdong province cannot understand orders given by an officer from Beijing.

According to the Hong Kong newsletter *China News Analysis* of Sept. 15, some analysts say that “the bloody repression of June 1989 was primarily meant as a warning against provincial separatism.” Measures are being taken to attenuate the powers of local governments, but policy is lacking. “One may cogently argue that for years to come, the top leadership will lack the unity and the vision” to retake control.

Economic splintering

Deng’s reforms may have allowed the current economic decentralization, but the rigid austerity policy imposed by Prime Minister Li Peng in autumn 1988 pushed the situation to the present point of crisis. Local governments and enterprises had been allowed to borrow heavily from abroad, and regional authorities retained all profits from their firms for local use, cutting off tax payments to Beijing. The central government is nearly bankrupt, owing tens of billions in foreign and domestic debt, and spending over 30% of all revenues on subsidies to keep the bankrupt state sector industries going.

Li Peng’s crackdown has only reinforced the barriers, as

regions and cities attempt to foster local production—and local power—in defiance of Beijing. The official *Economic Daily* reported in July 1990 the extent of the trade barriers, mostly imposed through administrative schemes and “well-concealed tricks,” including heavy fines and levies on goods at borders. Sale of industrial products or commodities from other provinces are banned or strictly limited; for commodities that are in high demand, the local government limits exports, to guarantee local supplies. Such measures are a key reason for the sluggish market the regime is so worried about. People are refusing to buy the few, often inferior local products available.

One province in southwest China declared protective measures for 19 goods in November 1989. Other provinces followed, especially Xinjiang, the central Asian province where Turkic Muslims staged a rebellion in April in which hundreds were reportedly killed by Chinese troops. On Aug. 24, official Xinjiang television proclaimed that “national splittism is Xinjiang’s main danger.”

“Local protectionism has brought serious damage to the Chinese economy,” *Tangtai* reported. “The unified market has disintegrated; circulation of commodities is restricted and rational distribution curtailed, posing an obstacle to development.”

Urban manufacturing centers such as Shanghai and Tianjin now face a severe cotton shortage, due to an almost 50% production collapse. This was caused by the state’s low procurement price, to which the cotton-producing regions reacted by setting up their own small, inefficient mills and procurement operations, which effectively sabotage state management of textiles, one of China’s key industries. Xinjiang province, which has imposed the most trade barriers, froze wool sales to other provinces last year, with the result that the coastal provinces now import from Australia.

Grain distribution is one of the main victims of these regional barriers. Hunan province wasted 8% of its rice crop last year because of barriers against selling the grain to other provinces, and Guangdong imports rice from Thailand as a result. In October, the Chicago Board of Trade helped China set up its first commodity exchange in Henan province, but the issue is not “market reform.” Beijing wanted the exchange to encourage sales and internal mobility of grain. About 70 million tons of grain a year are currently traded outside the state price-fixing system. But, International Wheat Council economist Richard Woodhams said, China’s transport system is so bad that the market can accomplish little.

Beijing is striking back. A purge of provincial leaders has been under way since the June 4, 1989 Tiananmen Square massacre, and provincial Communist Party secretaries, governors, and vice-governors of at least 13 provinces have been ousted. On July 10, Minister of Personnel Zhao Dongwan proclaimed that “the full-scale structural reform of local governments is a must. It is only a question of time.”

'Debt for nature' marauders target Peru and Brazil

by Sara Madueño

The U.S. government sponsored a unique "International Teleconference on Debt for Natural Resources Exchanges" on Oct 11. The teleconference was conducted among participants from several U.S. embassies via the U.S. Information Agency's Worldnet. The main panelist, who was in Washington, was Diane Walton Wood, Latin America and Caribbean director of the World Wide Fund for Nature, formerly the World Wildlife Fund (WWF). There were also two panelists in Lima, Peru and two in La Paz, Bolivia. There was also a plethora of representatives from ecologist organizations, bankers, debt specialists, and government officials in the audiences at the embassies in various Ibero-American capitals.

The idea was to propagandize for "debt for natural resources swaps," such as those the WWF has arranged with Bolivia, Ecuador, and Costa Rica. Although Mrs. Wood worked ardently to play up its economic advantages to the debtor countries, her numbers were so ridiculous that she ended up recognizing that "the debt is not reduced significantly by this means, but the ecology *is* conserved." She and the other panelists thus revealed that the whole package is nothing but a scam.

Debt-for-nature swaps are similar to the trading of debt for assets, which companies getting close to bankruptcy sometimes do. Ibero-American countries have exchanged about \$15 billion of their foreign debts for their assets since 1983. The difference is that, in this case, the asset confiscated from the debtor country is their territory, "given as property and/or to be administered," as they say.

In all cases so far, the WWF or a similar group has acted as the intermediary with the creditor banks so that they let the country which supposedly benefits from the exchange buy up, through them, part of its own foreign debt on the secondary market at a discount from its face value. The alleged benefit is that the debt is repaid not in dollars, but in national currency issued by the debtor country's central bank. The creditor banks hand over the currency or local currency bonds to the conservationist agencies, generally WWF affiliates. They in turn use it "to buy private or government-owned lands to turn them into national parks [which they administer] or to finance beneficial environmentalist activities."

The banks are making good money. Thanks to U.S. Treas-

ury Ruling 87-124, U.S. banks that donate debt in this way can deduct from their taxes the *total* nominal value of the debt and not its meager value on the secondary market. If applied globally, as they intend, they could acquire the entire continent as their property or for their administration. They could do this in a few years at the bankruptcy auction prices, and thus could recover legitimate debts, illegitimate debts, and more.

The Bolivian example

Bolivia was the test case for this mode of operation, dreamed up by Thomas E. Lovejoy, when he was World Wildlife Fund president. Today he is with the Smithsonian Institution. In July 1987, Conservation International acted as mediator for the Bolivian government to acquire from Citicorp Investment Bank \$650,000 of its foreign debt for the price of \$100,000, that is, for 15% of its face value. That canceled a tiny fraction of Bolivia's \$6 billion foreign debt, which it had not been able to service for years. For this minuscule amount, the Bolivian government contracted with Conservation International to give it 3.6 million acres of tropical forest in the so-called Beni Biospheric Reserve "to administer." The Bolivian government agreed to give Conservation International \$100 million of its own money and \$150 million from the State Department's Agency for International Development to set up the "administration" of the reserve.

Next, the World Wildlife Fund trained its guns on Ecuador, where it pulled off another deal in December of that year. There it was the WWF front group called Nature Foundation which got the bone. The WWF promised to buy up \$10 million of Ecuador's \$12 billion foreign debt; it bought just \$1 million for \$355,000. Since even the monetarists realized it was "inflationary" for central banks to print money to buy back their otherwise unpayable foreign debts, Ecuador repaid the WWF in local currency bonds. As a reward, the Ecuadorian government gave the WWF several national parks to administer. With its teeth sharpened, the WWF agreed to renegotiate \$3 million of Costa Rican debt if the government would pay a private foundation to administer its national parks and would buy up dry tropical forest lands to form the Guanacaste National Park.

A plan to make off with the continent's lands was re-

vealed in one of the articles given out by the U.S. Information Agency to teleconference participants. Stephen Winthrop published an article on "Debt-for-Nature Swaps: Debt Relief and Biosphere Preservation?" in the *Review of Johns Hopkins School of Advanced International Studies* in 1989. In a chart of "Latin American countries chosen" for this debt renegotiation treatment, Winthrop lists Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Honduras, Mexico, Paraguay, Peru, Uruguay, and Venezuela. The same chart quantifies the land area of each country "chosen," followed by its population and the discount its debt is selling for on the secondary market. This is enough data to estimate how much each country, including its people would "cost," if, as he states, this swap mode were applied on large scale.

"Peru, Brazil, Paraguay and Colombia have considered entering debt-for-nature plans," Winthrop reports. He points enthusiastically to Peru, whose large Amazon area makes up 60% of its national territory, as a case where the largest area could be negotiated for the least cash. He writes, "in extreme cases such as Peru's, whose debt is selling at about six cents on the dollar, a large part of the debt could be accessible."

One factor not mentioned publicly, is the fact that Peru and Brazil's territories could be physically integrated by means of great transcontinental transportation corridors. That would be an obstacle to Bush's "Enterprise for the

Americas," which is using the pretext of "ecological protection" to block the linking of "South America's heartland" to the Pacific Basin economic scene.

Most of today's Ibero-American governments, however, are trapped in environmentalist and economic liberal ideology. Blinded by the illusion they will somehow profit from submissively joining Bush's Enterprise for the Americas, they have shown contempt for the concept of sovereignty and are hastening to hand over chunks of their territory in exchange for worthless foreign debt.

Peru has already taken the first step: On Sept. 8, the government of President Alberto Fujimori decreed a new "Environment and Natural Resources Code," whose Article 142 authorizes debt-for-nature swaps. Brazilian debt negotiator Jorio Dauster informed Brazil's creditor bank Oct. 10 that Brazil will add debt-for-nature to its menu of debt renegotiation options, the *Financial Times* of London reported. Colombia's Development Minister Ernesto Samper Pizano declared Oct. 8 that "the Colombian government is thinking of allocating a substantial part of its debt towards an integral program for the preservation of the Colombian Amazon region."

"The four main limits on debt-for-nature exchanges (latent nationalist resistance, uncompleted promises, limited debt availability, and inflation and overvalued currencies)

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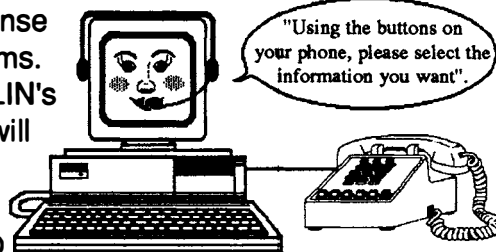
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could be overcome," Winthrop gleefully affirms. However, he continues, "One sensitive but necessary question which must be posed about a debt-for-nature swap is whether the host country will respect and comply with its part of the deal. Given the frequent changes of government in Latin America and other parts of the world, there is a considerable possibility that some leader will annul his predecessor's policies." Therefore, "a key element of the Bolivian deal was to strengthen the terms of the accord which protects the Beni Reserve" in order to make it irreversible.

Kathryn Fuller of the World Wildlife Fund says, "in response to national sovereignty concerns, projects financed by debt swaps probably [should be] structured to prevent transfers of land ownership and to channel any result of financing through local conservationist groups." Such groups have almost always been WWF affiliates or fronts.

Not all imperial spokesmen speak English. For example, after she participated in the Worldnet teleconference, the chairman of the Peruvian Senate's Amazon, Ecology, and Natural Resources Committee, Sen. Beatriz Merino, told this author that "sovereignty and nationalism are concepts of the past and are the reason for our backwardness." Merino claimed the United States was doing Peru a favor by taking care of the Amazon and by "preventing those roads and trans-continental routes from being constructed, since those kinds of works are the worst destroyers of the environment."

These traitors underestimate how strongly Ibero-American nationalism is rooted in its people and its leading institutions. A small example was the recent conference in Porto Velho, Brazil, sponsored by the Brazilian National Confederation of Industries, to discuss potential road, rail, and water corridors linking Brazil with Peru and Bolivia. As Peruvian Sen. Gaston Acurio emphasized at the conference, we will not tolerate "the Amazon being turned into an immense zoo . . . with thousands of Indians kept in glass cages to be watched as they die of hunger."

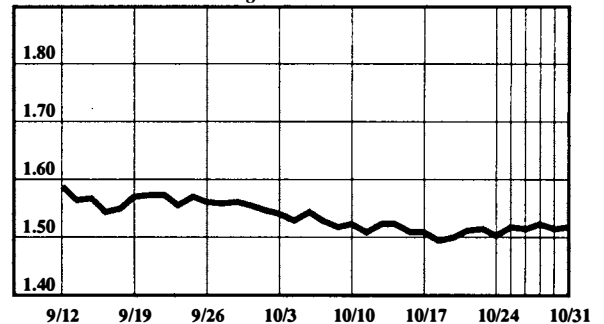
Winthrop gives a prescription for overcoming the nationalist obstacle: "Faster and larger-scale solutions to the problems of debt and environmental degradation must be sought. And the natural place to look is in the public sector." He recommends that non-governmental conservationist organizations like the World Wide Fund for Nature, Conservation International, and the Nature Conservancy focus more intensely on "their traditional lobbyist role, encouraging governments and Congress to implement large-scale plans." He suggests that bankrupt countries with poor credit ratings be given access to "U.S. bonds [which] could be used to guarantee the local bonds employed to buy or to preserve parks all over the Third World."

Winthrop points to a U.S. congressional resolution asking the World Bank to make loans to Third World countries to facilitate debt reduction schemes, in exchange for those "countries giving up highly valued lands with tropical forests and wetlands" as guarantees for the loans.

Currency Rates

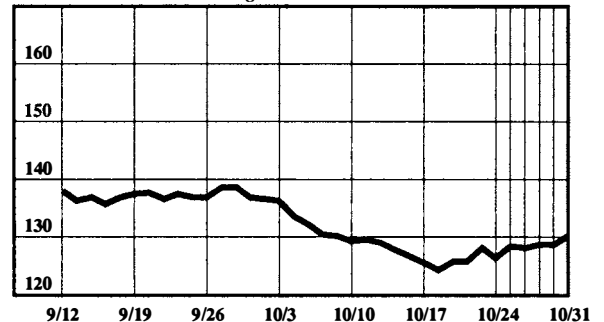
The dollar in deutschemarks

New York late afternoon fixing



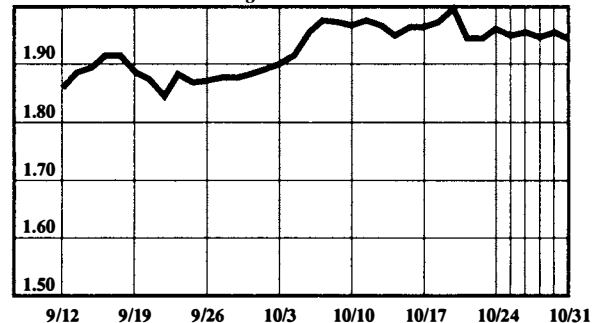
The dollar in yen

New York late afternoon fixing



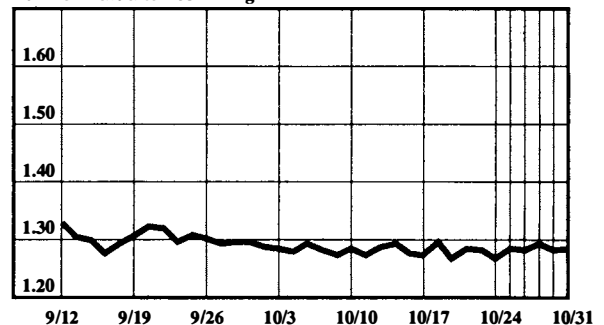
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Let's hope the GATT 'Uruguay Round' will end in failure

by Marcia Merry

If the monkey wrenches continue to fly in Europe, there is hope that the "Uruguay Round" of the GATT agriculture trade talks will end in failure. This would be the best possible outcome for the four-year process, begun in 1986 in Punta del Este, Uruguay, which was an operation right from the start for the international commodities cartel to overturn the sovereign rights of nations to govern their own farm and food policies.

Certainly, the General Agreement on Tariffs and Trade negotiations have nothing to do with helping farmers to produce the food necessary to feed a hungry world.

In 1986, Clayton Yeutter, then U.S. Special Trade Representative (now agriculture secretary), launched an imperious campaign for the "liberalization" of national laws governing farm and food trade, calling for an end to farm subsidies, and for the elimination of tariffs and other restrictions on food trade. The 90-plus member nations of the GATT went along with this for a couple years, but then they balked. Now the Uruguay Round, meant to be completed in four years, is in trouble. The final talks are scheduled for Brussels Dec. 3-7, but the European Community (EC) has not come to a consensus on its position on reduction of agriculture subsidies and related questions, and time is running out. On Nov. 5, the European Council of Ministers will meet for the seventh time in recent weeks to attempt to reach a joint position.

The EC delay reflects the revolt in the ranks of European farmers. After the EC Common Agriculture Policy (CAP) built up European farm productivity out of the rubble of World War II, European farmers were not prepared to accept the cuts in farm output and farm prices and income dictated by the EC Brussels Secretariat in the last few years. So, beginning in early 1990, farmers took to the streets.

Farmers in other food-exporting nations—the United States, Canada, Australia, Argentina, Thailand—have been bludgeoned by their governments and media into submitting to low prices and financial hardship, and to the prospect of worse under any new GATT "Uruguay Round" treaty. Heavy propaganda has been used to confuse and demoralize farmers, using a warmed-over version of the old "free trade" rhetoric that the British East India Company once used against the new United States. Farmers are all told that it

would be more "fair" if all farm supports were cut around the world, and that then competition in the marketplace would govern trade.

In addition, the U.S. farmers have been told the lie that European farmers are well off, and that Australian farmers are thriving, despite low prices.

The cartel against the farmers

The reality is that the small group of companies that dominates all world trade in grains and key food commodities, is colluding to underpay all farmers. In the last three years, European farmers have been hit by price reductions and rising costs that have lowered their income at least 15%. Australian and New Zealand farmers are reeling under drastic price declines. Argentina is in chaos, with four-digit inflation rates.

Yet the U.S. proposal to the GATT calls for a 90% cut by all nations in subsidies for farm exports, a reduction in food import tariffs by 75%, and a cut in major farm support payments by 75%—all to occur over a 10-year period beginning in 1991. Even the U.S. Department of Agriculture estimates that 500,000 U.S. farmers, out of 2.3 million, would be bankrupted by this plan.

The most recent proposal from the Brussels bureaucrats of the European Community called instead for a 30% reduction in farm supports, to be calculated for a 10-year period beginning 1986. Since European farmers have already undergone approximately a 15% reduction in supports since that time, the new ratchet of cuts would be lessened.

However, even this "compromise" proffered by the European Commission has not been acceptable to many of the EC agriculture ministers, who are under fierce political heat from farmers. In particular, France and Germany have refused to ratify the plan.

This refusal rankled British Prime Minister Margaret Thatcher, who has been colluding with President Bush to force draconian agriculture commodities demands on the rest of the world. In this, they are representing the interests of the modern day imperialist trade companies—Cargill, ADM (Archer Daniels Midland, allied with Toepfer of Hamburg), ConAgra/Elders, Bunge and Born, Continental, Louis Dreyfus, André Garnac, Nestlé, Unilever, Central Soya/Ferruzzi, and the rest.

The original Anglo-American agriculture trade “reform” platform was written by the multinational grain cartel companies in concert with a 1984 Trilateral Commission Task Force on Liberalizing World Agriculture Trade, which first demanded an Adam Smith “free market” in world grain trade by slashing farm subsidies in the EC, United States, and Japan.

At the Houston Group of Seven economic summit in July, Bush issued an edict that the GATT nations must agree to his demands for farm support cuts. Now, Bush is getting a nose-thumb from Europe.

So far, the Cairns group has sided with the U.S. and Britain, because the Australian, New Zealand, and other trade representatives who formulate the group’s policy are part of a holdover network of Anglo-Saxon colonialist types. However, Korea and Japan are going their own way, and sympathize with the political protest faction in Europe. Japan has refused to give up on its right to national self-sufficiency in rice, no matter how much Yeutter or Bush complain.

Negotiations a shambles

Whatever the twists and turns in negotiating may be during the month of November, the GATT “rules of the game” are in shambles. On Nov. 4 and 5, at the GATT Secretariat in Geneva, there will be “crisis talks” by 13 GATT food-exporting nations, to decide whether to abandon the four-year-long negotiations on trade liberalization. Brazil is talking of a walkout. This may be only intended to pressure the EC, but that could blow up GATT for good. Canadian Trade Minister John Crosbie, dutifully aligned until now with Washington and London, threatened, “The situation now is a lot worse than anyone ever contemplated that it could be, and the responsibility is firmly on the EC, especially Germany and France.” U.S. Trade Representative Carla Hills is in a tizzy, and as of Halloween on Oct. 31, could not decide whether to get on her broom and fly to Geneva or not.

The Geneva meeting was called after Germany’s Chancellor Helmut Kohl took the surprising eleventh-hour initiative of refusing to accede to the plans for farm cuts, at an EC ministers meeting in Rome in late October. He was backed by France and several other EC countries.

Kohl is under strong electoral pressure from farmers—an important part of his Christian Democratic Union party. According to German Agriculture Minister Ignaz Kiechle, an estimated 10 million European farmers (out of only 12 million) stand to be wiped out if the U.S. GATT proposals are implemented.

European farmers are threatening to hit the streets again before the Dec. 3-7 GATT meeting in Brussels. Last April, thousands of European farmers staged demonstrations in opposition to the GATT, and against low prices and declining farm support from the EC. Tractor brigades blocked highways in and out of Brussels. From Denmark to Italy, protesters swarmed through the streets.

A question of national sovereignty

Since the start of the Uruguay Round in 1986, the proposals made by Washington to the GATT negotiating groups have been outrageous, in their calls for ending sovereignty over food questions.

In a U.S. proposal titled “Proposal With Respect to Food Security,” made June 6, 1988 for the “mid-term review” Uruguay Round in Montreal, the incredible argument was made that there will never again be global food shortages and that a nation is wrong if it even attempts to be self-sufficient in food output.

The document states:

“We recognize that food security is a concern of all GATT member countries. . . . However, food security need not imply food self-sufficiency pursued behind restrictive trade barriers.

“Food security and self-sufficiency are not one and the same objective or goal. Food security is the ability to acquire the food you need, when you need it. Food self-sufficiency means producing some portion of one’s own food supply from domestic resources, regardless of market forces, with deliberate intent of displacing imports or reducing import dependence. . . .

“Self-sufficiency, as distinct from food security, is no longer justified by the possibility of massive global food shortages. . . . Today, due to the greatly diversified sources of agricultural products and the worldwide integration of agricultural trade, it is highly improbable that food shortages caused by shortfalls in agricultural production would have a lasting or harmful impact. . . . Thus, the world market has been a dependable, stable source of food.”

Within months of the U.S. making this proposal to the GATT, Washington, D.C. itself proved how fickle and unreliable the so-called “free” market forces are, when the Agriculture Department arbitrarily held up delivery to Mexico of 20 million pounds of milk powder—previously contracted, over the winter of 1989-90. The world supply of milk powder was very short, and Washington channeled U.S. supplies for use by Nestlé and the rest of the chocolatier cartel. The children of Mexico were expected to take second place.

There are many other examples of denial of food by the so-called “reliable” world market forces. The latest example is the cutoff by Bush of grain relief shipments to Sudan, leaving millions desperate for food aid.

Simultaneous with the U.S. proposals to GATT, an international pro-GATT propaganda campaign has been conducted through universities, private foundations, and the media. New York’s Council on Foreign Relations and the Royal Institute of International Affairs in London teamed up this year to publish *Restructuring the GATT System* in order to give a blueprint on how to update GATT’s constitution for its intended new role in policing world trade.

But the best laid plans are now disintegrating.

Collor's Brazilian honeymoon is over

by Silvia Palacios

During the first six months of President Fernando Collor de Mello's government, the unanimous attitude of influential business and military circles was one of anticipation. Today, those same circles have become apprehensive about their nation's future.

This abrupt change is in large part due to a foreign policy aligned with the interventionist adventures of George Bush and submission to the ecological and technological blackmail of the superpowers. It is also directly connected to Collor de Mello's own disastrous neo-liberal economic policies. Not the least significant factor is the growing disillusionment with a government that campaigned on a morality platform, but which within six months has been discovered in various pornographic intrigues and corruption scandals.

This picture of general disillusion and pessimism was confirmed in the Oct. 3 elections of state and federal congressmen and governors. According to the pollsters, "blank votes"—which are effectively abstentions—reached a whopping 60%. For example, in Rio Grande do Sul, one of the most politicized and economically developed states in the country, the general abstention rate was 50%. In the second round of last December's presidential elections, only 4% abstained.

In the face of such decline, the government has chosen to perpetuate the myth that the election results are a victory for the administration. This same myth is being proffered by the Anglo-American Establishment—revealing, if nothing else, where President Collor's most solid support actually lies. The Oct. 4 *New York Times* editorialized that, "Although today's vote was not billed as a referendum on Mr. Collor's radical economic program, the local elections are expected to strengthen the President's hand in opening Latin America's largest economy to free trade, more foreign investment, and a reduced economic role for the state."

On Oct. 19, at a luncheon with 249 high-level Air Force officers, President Collor issued his public evaluation of the election: "The government confirmed at the polls that its acts are understood and supported by the majority."

The response to Collor was not long in coming. On Oct. 23, Air Force Minister Brig. Gen. Socrates Monteiro, whose sector has been hit hard by the anti-military campaigns of the

government, warned, "These elections were full of messages. The politician who fails to decipher the riddle of the blank votes runs the risk of being devoured by the Sphinx. Some have already been so devoured."

Reality is intruding, in the form of economic disruptions stemming from the monetarist "adjustments" imposed by the government's economic team, which believes it can save the nation from economic disaster through stratospheric interest rates. Thus, the third week of October began with a series of bankruptcies of major companies. The panic spread to the stock exchanges when it was learned that the Casas Pernambucanas chain of department stores had gone under. The company's lawyer explained, "With the Collor Plan there was a 30% drop in sales . . . and the high interest rates adversely affected the cash flow."

On Oct. 23, the São Paulo Merchants Association revealed that the number of new bankruptcies that month would be 20, while the monthly average through September had been 6.

The extramarital affair between Economy Minister Zelia Cardoso de Mello and Justice Minister Bernardo Cabral—which concluded in the latter's departure from the cabinet—appears to have reinforced Cardoso's embrace of neo-liberal economic dogma. "That economic policy was defined on the first day of government, and we will continue with it," said the defiant minister on Oct. 22 to a group of 200 São Paulo businessmen who were protesting the fact that interest rates are currently hovering around 1,300% a year.

Debating the 'Third Way'

In this context of loss of confidence in the government, a debate has erupted around the so-called "Third Way," a frequent reference of Pope John Paul II to an alternative to liberal capitalism and Marxist collectivism. For example, the magazine *Ombro a Ombro*, official mouthpiece of the Brazilian Armed Forces, warned in an editorial in its October issue, titled "The hegemony of the Third Way," of the "risks of failure of the neo-liberal economic program of the current government, which could lead to institutional chaos of deadly consequences" (see *Documentation*).

The editorial is an explicit response to the attacks of "Theology of Liberation ideologue Frei Betto" and to "Senator Roberto Campos, renowned ideologue of the liberal extreme right," against the "Third Way." The implied criticism of former Planning Minister Campos is unusual, given that he has retained considerable influence among military and business circles.

Campos's closest associates have recently sharpened their attacks on the social encyclicals of Pope John Paul II, out of recognition that these are the foundations of the feared "Third Way." Ambassador J.O. de Meira Penna, one of the most prominent spokesmen for British liberal thought in Brazil, wrote in the April 1990 issue of the magazine *Digesto Econômico*, "There are not really three alternatives in the

modern world. There are but two. One of these implies strengthening of private enterprise, without nationalist restrictions or exaggerated patriotic rhetoric. The other represents the path of slavery to which [Mont Pelerin Society founder Friedrich von] Hayek has referred since 1944.”

Cardinal Eugenio de Araujo Sales, the archbishop of Rio de Janeiro, wrote an Oct. 13 column in *Jornal do Brasil* on the centennial of Pope Leo XIII’s *Rerum novarum* encyclical, in which he implicitly defended the “Third Way.” “Neither capitalist liberalism, nor Marxist totalitarianism has the answer for the vast hopes of Humanity. As Leo XIII already perceived, the truth lies in meeting the demands of justice, and in respect for the inalienable rights of freedom, founded on the teachings of the dignity of man created in the image and likeness of God.” Cardinal Araujo concluded, “It is time to practice these preachings.”

Documentation

A Christian ‘Third Way’ for Brazil

The following is excerpted from the October 1990 issue of the Brazilian military newspaper Ombro a Ombro.

The profound political, economic, and social transformations sweeping the world, including in Brazil, lead us to reaffirm the proposal contained in our editorial of May of this year, on the adoption of a “Third Way.” In that editorial, we said that the collapse of communist regimes and the failure of liberalism makes the order of the day the search for a “Third Way,” which reconciles economic development with the principles of the common good and social justice. Both Marxist collectivism and savage capitalism oppressed individual dignity, violating the inalienable right to liberty and the pursuit of happiness, just as was proclaimed in 1776 in the United States’ famous Declaration of Independence, written by the Founding Fathers against the doctrines of liberal radicalism and free trade of England’s George III.

Our proposal gains strength when it is attacked by representatives of both the left and the right. The first one to attack the “Third Way” was Frei Beto, ideologue of the Marxist Theology of Liberation. . . .

Sen. Roberto Campos, considered an ideologue of extreme right-wing liberalism, also opposes the “Third Way”

when he says: “The most dramatic event of the recent period was the death of communism. . . . There is a less dramatic, but equally important event, which is the death of the third way. . . . In Latin America,” the senator concluded, “they still don’t know about this death. The nostalgia for populism and ‘third ways’ persists. . . . Perhaps [Latin America] will be the last continent to admit that the market economy is more than just a simple option. It has become a consensus.”

We could also respond to Sen. Roberto Campos with the words of Pope John Paul II, the person most responsible for the collapse of the communist regimes, as he addressed businessmen during his trip to Mexico: “The events of recent history have sometimes been interpreted, in a superficial way, as the triumph of one system over another—definitively, as the triumph of the liberal capitalist system. Certain interests wish to take that analysis to the extreme of presenting the system they consider the victor as the only option for our world, basing themselves on the experiences of the real setbacks socialism has suffered and refusing [to exercise] the necessary critical judgment on the effects which liberal capitalism has produced, at least to date, in the countries of the Third World.”

. . . The economic disaster which Poland has experienced in only a few months, after following the neo-liberal recommendations of Jeffrey Sachs or the IMF, had the effect of beginning to convince the governments of the newly liberated Eastern European nations that the liberal dogmas of Adam Smith are incompatible with the proposed task of economic reconstruction. Even President Mikhail Gorbachov is convinced that an economic alliance with a reunified Germany offers the only hope of political stability. . . .

In contrast to Germany’s imminent prosperity, which so worries Prime Minister Thatcher, the British and U.S. economies can no longer hide the fact that they are headed for collapse, due to having substituted productive investment in economic infrastructure with speculative investments in the international markets. . . .

This crisis, which presages the collapse of the Bretton Woods financial system, is the final proof of the failure of the theories of Adam Smith, based on the dogmas which underlie current neo-liberal theories. Those who continue to embrace those dogmas, shall witness the collapse of their nations’ political structures, in the same way that the collectivist theories of Karl Marx led to the collapse of the Soviet Empire.

Therefore, when we defend the creation of a movement based on the “Third Way,” we do so based on international reality. . . . The risks of failure of the current government’s neo-liberal economic program, which could lead to institutional chaos of dire consequences, leaves us as patriots with the responsibility of seeking solutions which reconcile economic, industrial, and technological development with the universal values of social justice, which considers each individual’s life as sacred to the nation.

New options open for maglev trains

The growth in transport demand is expected to be so huge that magnetically levitated trains must be built.

On Oct. 3, the day of reunification, Germany resumed its traditional role as the central pivot of transport between east and west, as well as the north and south of Europe.

Already before the fall of the Iron Curtain, West Germany's railroads, highways, and waterways transported 3 billion tons of commercial goods every year. At the end of 1989, experts estimated at least a fivefold increase in volume through Germany by the late 1990s. Now, it is estimated that there will be a tenfold increase of transport volumes between the united parts of Germany alone, during the same period. There is, at present, no clear forecast of what long-distance transport of commercial goods between East and West Europe will look like 5-10 years from now, but the increase will be immense, and it will place great demands on German railroads, highways, and waterways.

In response to this vague forecast, railroad-building options are being revived in the minds of transport policy planners after three decades of emphasis on the extension of the highway system. The bureaucracy is slow, and this has an impact where all public transportation is under the control of the state. But a new emphasis on railroads is there, and one may even speak of a new era in transport policy in Germany.

The new era began on Oct. 3 when, after the state ceremony for German unification in Berlin, Chancellor Helmut Kohl met with Heinz Duerr, the chairman of the AEG corporation, and told him it was a "national duty" to take the job as chairman of the German state railway, the

Bundesbahn. Kohl's choice was a good one: Duerr's background at AEG, a high-tech firm with a tradition in the rail sector, is very helpful.

Assuming the post on Oct. 18, Duerr declared: "I am entering my new job with a total commitment, because I am convinced that the railways, being a technologically challenging system, are entering a new era of flourishing."

Interviewed on German national television the same day, Duerr said that he took the job only on condition that the government make a clear commitment to the railways as a top priority. Kohl, who gave that promise, told the cabinet session two days before that with the feared increase of transport bottlenecks in the late 1990s, "the railways would have to be invented again, if they weren't already there."

The government will take over DM 12 billion in old debt on the railways and is considering taking over the considerable cost of track maintenance, which would put the railways on an equal status with road transport and internal shipping, where the state pays corresponding costs. This will offer the railway system, with its accumulated debt of about DM 50 billion, some breathing space and enable it to regain competitiveness with road and waterway transport.

Once the bureaucratic hold on railway projects was removed by the chancellor, an acceleration of the new ICE (Inter-City Express) high-speed train project, which will begin to operate along the Hanover-Würzburg route at an average speed of 200-260 kilometers per hour in June 1991, has

started. The shift of increasing numbers of personnel from the older railroads to the new ICE, which will run on an entirely new, separate track, will relieve the old structure, which also serves to transport commodities.

But given the expected increase in transport demand, the relief created for commodity transport will only be temporary. Demands upon the ICE grid will become critical, and at this point, the option of yet another, separate structure that operates on the magnetic-levitation train technology is entering the picture.

The first generation of the maglev system, the Transrapid, which has already been developed and tested in Germany and can travel at 400-500 kilometers per hour, is back on the agenda in Bonn. Reporting the results of the Transrapid experimental model, Dieter Spethmann, chairman of Thyssen Corp.—one of the companies in the industrial group that constructed the train—proposed in Bonn on Sept. 25 that the maglev system be used on a long-distance track to be built in the next few years between Berlin and at least one of two big cities in eastern Germany, Leipzig and Dresden, or even all three.

Several months back, a similar proposal by Thyssen was discarded in Bonn as too exotic. But after the selection of Duerr as Bundesbahn chairman, chances for the Transrapid have improved, an aide to the transport policy commission of the Parliament told *EIR* on Oct. 23.

Duerr's former company AEG is involved in maglev technology projects, with emphasis on intra-city systems for mass transit. AEG produced the M-Bahn that has run successfully for several years in West Berlin, and the firm is presently developing a maglev system for computerized transport of raw materials and commodities.

U.S. farm bill cuts \$13.6 billion

The new five-year bill claims to give "flexibility" to the farmer. In general parlance, that means, "Bend way over."

The new farm bill, which was passed amid the final frenzy of the federal budget crisis, ended up being trimmed down to only \$41 billion, way down from the \$54 billion range called for earlier by the separate House and Senate versions.

However, farmers, not dollars, may get the biggest trimming from the new law. It slashes farm subsidies by about 25%, which, coupled with the low prices forced on farmers by the food cartel—a concentration of commodities companies that dominate international and domestic trade—will result in ruination for thousands more farmers, and a vast loss of food output capacity.

Under the farm laws of the last two decades, farmers could opt for federal cash flow assistance by contracting to participate in the federal programs for price deficiency payments (a safety net under the market price) and crop loans.

In exchange, farmers were told by the Department of Agriculture how much of their base crop acreage (a calculation based on an average of five years) they had to "set aside" in any given crop year.

The new law mandates a "triple base" plan, which reduces the number of acres for which the farmer can get price deficiency payments. For example, if a corn farmer gets, under certain conditions, payments on 90 of his 100 base corn acres, now he will get payments on only 76.5 acres.

The 15% reduction in the acres considered when payments are calculated, can be planted with other crops (except fruits and vegetables), which

is the rationale for calling the package "flexible."

But calculations by Sen. Robert Kerrey (D-Neb.) show that a corn farmer who has averaged about 100 bushels per acre, might expect to lose \$15 an acre in his income under the new law.

Kerrey also calculates that once oil price rises and other increased costs of farming are added into the income equation, the farmer will experience a \$35 to \$40 per acre cash flow reduction.

As it is, farmers have been unable to net enough income to operate and still meet debt payments, and farm foreclosures or voluntary departures have become a mass phenomenon. The new law will only speed this up.

State agriculture commissioners are closer to the problem, but so far they have been little better in terms of advocating emergency policies to turn around the economic crisis.

There was an eerie atmosphere this year at the annual conference of the National Association of State Departments of Agriculture on Oct. 7-10 in Richmond, Virginia, because state officials tried to enjoy socializing-as-usual, while, not far away, the House and Senate conference committee sat tinkering with the disastrous farm bill.

The Southern States Agriculture Commissioners passed an emergency resolution, calling on President Bush to prevent cuts to federal inspection functions that would interrupt the food flow from the farm to the public.

But otherwise, the agenda was heavily influenced by the administration, and featured a New Zealand rep-

resentative calling for the U.S. to bash Europe over its resistance to ending farm subsidies.

The true nature of the federal loan and price deficiency payments to date—whether before or after the budget cuts—is, in fact, a subsidy to the grain, milk-processing, and other international cartel companies that are able to underpay farmers while acquiring a commodity on which they profit greatly.

Wheat prices are now at record lows, relative to farmers' costs. At below \$2.40 a bushel, they are less than half of what a parity, or fair price to cover costs and investment, ought to be. In Australia, where the spring wheat harvest begins in November, many farmers fear that they cannot afford to harvest their crop at all.

The cartel companies offering the low prices argue that there is a world glut. However, this is a ruse, because one good season (in this case, good harvests this year in Kansas and the U.S.S.R.) does not make up for the recent years of poor crops and empty elevators.

On Oct. 5, the Idaho state government sent a letter of appeal for relief to Agriculture Secretary Clayton Yeutter. It reported, "Today's low prices jeopardize not only Idaho farmers, but entire rural communities. At \$2.48 per bushel, Idaho's wheat price is, after adjusting for inflation, lower than at almost any time since the Great Depression. . . ."

"It is far too easy to blame falling wheat prices on record world wheat production. However, the 1990 stocks-to-use ratio has risen only slightly above the near record low 1988 and 1989 levels. It is unrealistic to suggest that a slight rise in the stocks-to-use ratio is responsible for the sharp decline in price. Obviously, additional factors have contributed to the record low prices."

U.S. 'care-less' of mentally ill

A recent report charges that the nation has gone backwards almost two centuries in this field.

On any given day throughout the United States, somewhere around 250,000 seriously mentally ill people are on our streets, in the prisons, or in the homeless shelters. This is the estimate issued in a recent study jointly produced by the Public Citizen Health Research Group and the National Alliance for the Mentally Ill (NAMI).

This contrasts to the 68,000 patients with schizophrenia and manic-depressive psychosis, currently in the nation's 286 state and county psychiatric hospitals.

The report states bluntly: "We have . . . returned to where we began 170 years ago; at no time in the intervening years have there been as many seriously mentally ill individuals, most receiving no treatment, living in the community."

The study evaluates numerous facilities for the mentally ill, and using a point system, "grades" them on their ability to serve those for whom they were originally established.

It also cites how problems may have occurred because of the apparent movement of mental health professionals from the public sector to private practice.

"Virtually every mental health professional trained in the United States since 1948 has had the majority of his or her training costs subsidized by . . . federal and state funds. . . . No payback option was included with the subsidized training."

Many community health centers receive state and federal funds to operate. What kind of mental illness do they treat? If one has a "life adjustment problem" rather than a primary

brain disease; or if one needs "counseling," but not if one's mental illness means that one needs medication and vocational rehabilitation.

The report evaluated the states according to a "point" system, which assigned 0 to 5 points for: 1) hospitals, 2) outpatient/community support, 3) vocational rehabilitation, 4) housing, and 5) children.

At the top of their list was Vermont, which scored 17 points out of a potential 25, and Hawaii ranked last, coming in with 2 points. Many states (44) failed to get even one-half of the total possible points.

The District of Columbia, the nation's capital, came in on the low end—tied for 31st place with six other states, with 7 points out of 25. It is estimated that there are 8,000 mentally ill in the District. About 1,300 are patients at St. Elizabeth's psychiatric hospital, and some 25% of the inmates in the D.C. jail are seriously mentally ill.

The report states that "psychiatric care at overcrowded St. Elizabeth's has deteriorated significantly in the past two years," noting "a nursing shortage, increased use of patient seclusion and restraints . . . medication errors, and poor care in general . . . a patient's chances of getting first-class care approaches the chances of winning the D.C. Lottery."

The report renders scathing attacks on the abysmal funding and in other cases, the apathetic approach to treating of the seriously mentally ill. Many states are cited:

Massachusetts. Budget cuts pose a significant threat to mental health services. A *New York Times* article

quotes the Secretary of Human Services, Dr. Philip Jonston, in response to the latest round of cuts, "the words 'devastation and destruction have become meaningless. . . . The mentally ill, the mentally retarded, the elderly and the homeless take it on the chin.' "

Georgia. " 'Bus therapy,' whereby some rural regional programs give seriously mentally ill individuals one-way tickets to Atlanta or Savannah, has not gone completely out of style in Georgia. "

Texas. "In the use of state funds for the training of psychiatrists, the Department of Psychiatry at Southwestern Medical School in Dallas gets \$370,000 per year to train psychiatrists, who then go off to private practice to make \$200,000 to \$300,000 per year (according to the *Dallas Morning News*), while Dallas County Mental Health-Mental Retardation has to turn away all new cases (as reported in September 1989) because it cannot hire any psychiatrists. "

Wyoming. It has only recently organized a Department of Health. For the last century, the state hospital has been lumped together with the state prison under the Department of Institutions.

Hawaii. "In December 1989, Hawaii State Hospital was . . . inspected . . . by the U.S. Department of Justice to investigate allegations that hospital patients were being deprived of their civil rights. They found the hospital . . . in abysmal shape . . . 'the amount of food available to serve patients was consistently inadequate,' [there was] 'a serious cockroach infestation' in the kitchen, and 'numerous puddles of urine.' "

Shocking, but not too surprising in a nation that has all but abandoned its commitment to progress, and to the sanctity of human life.

Business Briefs

Depression

Eurobanker warns of U.S. 'inflationary recession'

Bank for International Settlements general manager Alexandre Lamfalussy told the Finnish Economic Association on Oct. 15 that the deregulated global financial system now faces the "possibility of an inflationary recession." This, he said, implies that interest rates in especially the U.S. and U.K. will be forced to remain high rather than falling as has happened in previous postwar recessions.

In short, the European central banks—German, Swiss, Austrian, and French—which dominate BIS policy today, are resolved not to destroy their economies in order to bail out the U.S.

Biophysics

Yale doctor announces major breakthrough

Dr. Richard Edelson, chairman of Yale University's Department of Dermatology, announced the discovery of a new treatment for autoimmune disease, some cancers, and possibly AIDS and other diseases, at a press conference Oct. 22 in New York. The treatment uses portions of the light spectrum that have demonstrated extraordinary success in the treatment of autoimmune diseases.

The new treatment, which has been extensively tested in three autoimmune diseases—cutaneous T-cell lymphoma, scleroderma, and severe rheumatoid arthritis—has had remarkable results. Called photophoresis, the treatment is now being tested for other diseases, including AIDS.

Photophoresis is based on injecting patients with a drug derived from reeds used by ancient Egyptians to treat all kinds of diseases, and then irradiating their blood with ultraviolet light. The drug, 8-methoxypsoralen, becomes activated, and seems to tag deranged cells, at which point the immune system mounts a full-fledged attack on them, eradicating the disease.

The breakthrough has emerged as the best treatment for a family of ailments known as autoimmune diseases, in which the immune system starts attacking the body. Although the original breakthrough was made eight years ago, Dr. Edelson was so astonished at the results, that he decided to keep it secret and test it further.

Dr. Edelson described patients with "incurable" cancers who experienced full recovery with his treatment.

Photophoresis is now being tested on AIDS patients, and although it is still early to tell, results have been encouraging. In laboratory experiments, the drug 8-methoxypsoralen inactivates the AIDS virus when irradiated with ultraviolet light.

Medicine

Lack of sunlight called 'carcinogen'

Lack of sunlight is the leading cause of colon and breast cancer, according to Cedric F. Garland, head of the Epidemiology Department of the University of California at San Diego. For the past ten years, Garland has been studying the causes of colon cancer, and believes he has discovered a direct geographical correlation between latitude, which determines the amount of sunlight received throughout the year, and colon and breast cancer rates.

He found that people in Minnesota are three to four times more likely to develop colon cancer than Americans living in the Southwest. Mortality rates double for breast cancer from 17-19 per 100,000 in the South and Southwest, to 33 per 100,000 in the Northeast. As one approaches the Equator, cases of breast and colon cancer go down to almost zero.

In several scientific papers, Garland has documented the active role of so-called vitamin D in fighting and killing cancer cells, directly and by increasing the ability of the colon to absorb calcium, which breaks down precancerous cells present.

Cedric Garland and his brother Frank Garland also believe that sunscreens may be the leading cause of skin cancer in the United States today. In a recent interview with *EIR*,

Frank Garland pointed out that dermatologists have real problems trying to explain the epidemiology of the enormous increase in skin cancer rates over the past two decades, especially malignant melanoma skin cancer, which accounts for less than 4% of all skin cancers, yet 75% of all fatalities.

Sunscreens are designed to screen out ultraviolet radiation in the middle range, yet are transparent to other radiation. Present theory is that it is sunburn which causes the damage which leads to cancer. So people dab themselves with sunscreens and stay in the sun 10 to 50 times longer than they should, Garland said.

Europe

France, Spain sign pacts with Gorbachov

French President François Mitterrand and Spanish Prime Minister Felipe González signed separate economic cooperation treaties with Mikhail Gorbachov during the Soviet leader's recent European tour. The French-Soviet pact provides for an immediate \$1 billion credit to Moscow, and bilateral cooperation in five areas: nuclear technology, energy, transport, telecommunications, and R&D.

France and the Soviet Union commit themselves to work together in "a network of solidarity" towards a "Common European Home," and toward a "European Confederation," said a joint statement.

The treaty with Spain is broadly modeled on the 20-year Soviet-German economic cooperation treaty due to be signed in Bonn in early November. Spain will extend a \$1.5 billion export credit to the Soviet Union, to finance the purchase of Spanish consumer goods, mostly durables, by the Soviet government and republics.

King Juan Carlos, at a dinner for the Soviet leader, declared that Spain is "ready for economic cooperation with the Soviet Union." Soviet radio went out of its way to stress that "the visit raises Soviet-Spanish relations to a new level."

The U.S.S.R. has already presented Italy

Briefly

with a draft for a long-term economic cooperation treaty, emphasizing "industrial cooperation."

Malthusianism

Population control plan announced by Peru

Peruvian President Alberto Fujimori announced Oct. 23 that his government would shortly implement the long-desired goal of the international malthusian lobby and make use of "effective instruments" to curb population growth and promote family planning. He claimed that current methods of birth control had not succeeded in slowing population growth, and warned that by the year 2000, Peru's population would reach 30 million.

"Traditional methods have not worked, and increasing numbers of women are filling their bellies with unwanted children, for whom they often can't provide care," he said.

Peruvian Bishop Luis Bambarén of Chimbote responded to Fujimori's announcement with the charge that the plan was the direct result of pressures on the government by the International Monetary Fund and other lending agencies. Such entities often demand population control programs in exchange for granting credits, the bishop said. Policies of this kind are based on a "culture of death," he continued, which had already led to the sterilization of over 200,000 impoverished women in Peru.

Labor

Canadian workers protest low wages in Mexico

Canadian workers are already being hurt by a North American Common Market between the United States, Canada, and Mexico which is years away from coming into existence.

Canadian Labor Congress (CLC) officials report that bosses are already threatening Canadian workers, "I'll go to Mexico, if you don't accept my conditions." CLC vice-presi-

dent Nancy Riche told the Mexican daily *Excelsior* Oct. 21, "We do not agree with the free trade treaty." Trilateral negotiations on it will start in the spring, if the U.S. Congress goes along with President Bush's request.

Canadian workers earn slightly more than U.S. workers, and seven times more per hour than the miserably paid Mexicans. The CLC calculates that the bilateral free trade agreement with the United States has already lost 150,000 Canadian workers their jobs.

"It would make more sense to try to pull Mexico upward than to pull Canada down, but it seems like that's not what will happen. What the multinationals are looking for is to cheapen their labor force," said Riche. She said Canadian workers would rather see better wages and safer working conditions for the Mexicans. "But all that is a dream."

Development

Cheysson slams Brits' Gulf oil greed

The Anglo-Saxons" are opposed to a strategy of defusing tensions in the Middle East through economic development, former French Foreign Minister Claude Cheysson told *Le Monde* Oct. 26. After elaborating on his proposal for the creation of a "European-Mediterranean Bank" to fund Middle East development projects, Cheysson asserted, "To this manner of solving problems, the Anglo-Saxons counterpose another construction."

He recalled what was done in the early-1950s days when Mossadegh nationalized the oil industry of Iran. That was seen as a "scandal" by powerful forces, who said then that it necessary to "physically re-take control of the oil zones." That led to discussion of creating a "Baghdad Pact" in the region, linked to Britain and the U.S. Now, said Cheysson, "it is disturbing that U.S. Secretary of State James Baker has revived the idea," in testimony before the U.S. Senate. The former French foreign minister added that the U.S. has always wanted military bases in the Gulf.

Mossadegh was overthrown in a joint British Intelligence-CIA coup.

● **JOHN GALBRAITH**, a top economic adviser in the Kennedy administration, argues in a new book that financial collapses are caused by "free markets." Titled *A Short History of Financial Euphoria: Financial Genius Is Before the Fall*, he argues that far from being a neutral concept, the free-enterprise economic structure is inherently riddled by the "mass insanity" of speculation and speculators.

● **A NEW HEART-LUNG** machine developed at the University of Pittsburgh could save an additional 10-15% of cardiac arrest victims, say its inventors. After a victim is taken off the machine, a device is implanted in the chest to help prevent future episodes. Soon, every hospital emergency room will have one, and it will even be made small enough to be carried in ambulances.

● **BOND DEFAULTS** will soon be at a 20-year high, according to Moody's Investors Service. In the first three quarters of this year, 48 speculative-grade bond issuers defaulted, compared to 33 for the same period last year. Defaults are now running at 7.2% of all speculative-grade issues. In addition, 10 unrated firms defaulted through the first nine months of the year.

● **AIDS CARRIERS** will be segregated by the Indian state of Maharashtra. Public Health Secretary P.P. Mahana said that the measure became necessary when prostitutes known to be carriers had not responded to incentives to leave their profession. The government plans projects at the isolation centers to allow carriers to earn adequate incomes.

● **39.5% MORE WORKERS**, or 1,127,000, have been laid off in the U.S. this year than in a comparable period last year, the U.S. Labor Department announced. In addition, the number of workers who have not been laid off, but have had their hours curtailed, has jumped 8.2% in September to 2.65 million.

Ulysses spacecraft takes a new look at the Sun

The first spacecraft to be propelled outside the planetary plane of the ecliptic, Ulysses will give us a unique look at our nearby star, by orbiting the poles of the Sun. Marsha Freeman reports.

The European-built Ulysses spacecraft was launched on Oct. 6 from the payload bay of the U.S. Space Shuttle orbiter Discovery, to begin a five-year mission to study the Sun. By doing so from a position nearly perpendicular to the planetary plane of the ecliptic for the first time, Ulysses will provide a new look at our nearby star.

For millennia, man awoke each morning to the assurance of the one constant object in his environment: the Sun. Until this century, it was assumed that the Sun's light and radiant energy were unchanging. Indeed, the energy released by the Sun is called the "solar constant." Astronomers did not initially realize that the Sun is but one of a vast number of highly active stars.

But in 1973, X-ray telescopes aboard the world's largest space station, Skylab, showed us a new, active Sun. Observing it during a period of intense solar activity in the Sun's 11-year sunspot cycle, scientists saw cataclysmic eruptions of plasma, or hot ionized gases, spewing violently from near the Sun's surface into interplanetary space.

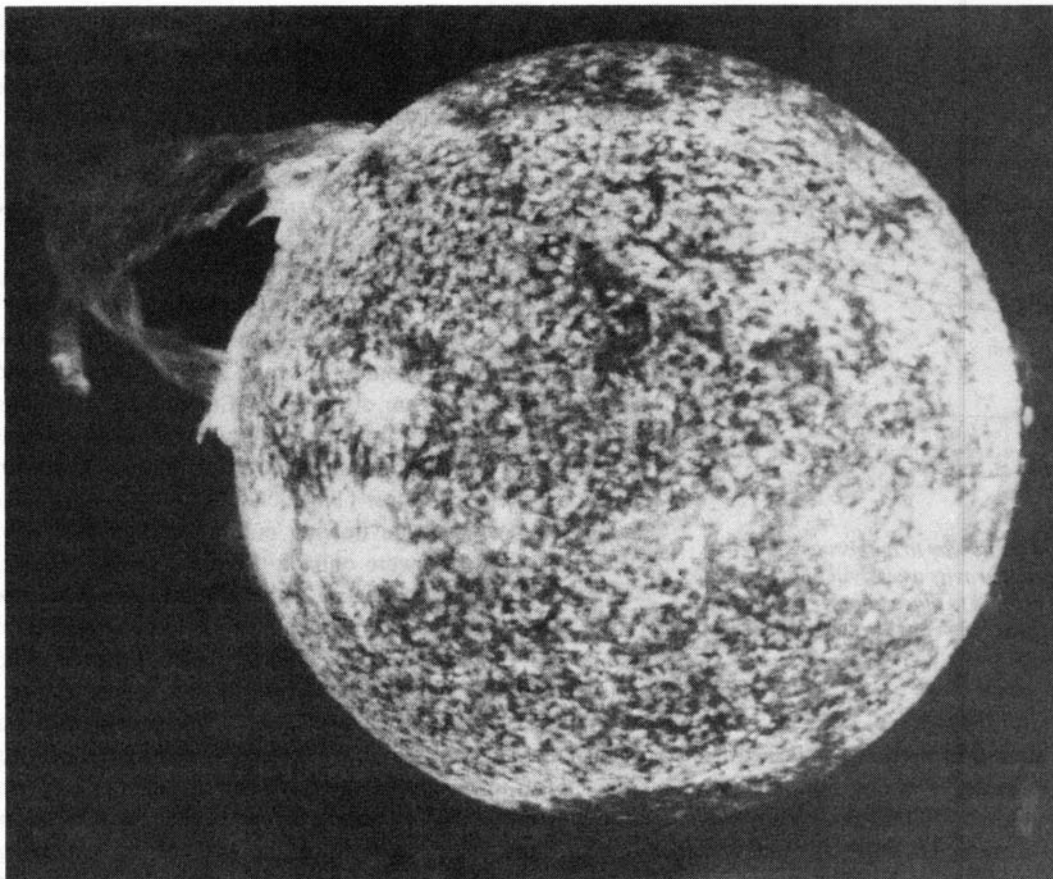
Sunspots were discovered to be concentrations of lower temperature gas and magnetic energy, correlated with the production of violent solar flares, and prominences made up of plasma filaments connecting these concentrations of magnetic energy of opposing polarity. Scientists watched as the sunspots moved from half way between the poles and the equator of the Sun, at 45 degrees latitude, toward the equator, as it prepared for the 11-year reversal in magnetic polarity.

The active Sun introduced a new oxymoron into the language of astronomy: "variations in the solar constant."

Changes in the release of energy from the Sun, particularly in the form of the charged particles which make up the 1 million-mile-per-hour solar wind, have long been recognized as responsible for various effects on the Earth. As these particles collect in the Van Allen Belts which surround the Earth and protect it from harmful levels of radiation, they are periodically released in bursts into the ionosphere, producing the Aurora Borealis, or Northern Lights.

These releases can also affect the electromagnetic activities of people on this planet, as was witnessed earlier this year when bursts of electromagnetic energy caused surges in electric power transmission lines, blacking out large parts of Canada. It has also been suggested that the electromagnetic radiation from particularly the large U.S. and European electricity transmission systems, in turn, affects the energetic releases into the ionosphere.

For many years, scientists have tried to correlate sunspot and other solar activity with changes in the climate on Earth. Between 1645 and 1715 there was an unusual lull in sunspot activity. Named after the French astronomer who studied this, the period is known as the Maunder Minimum, or alternatively as the "mini-ice age." There was an estimated 1°C drop in average global temperature because of the lull in solar activity, which caused increased glaciation, bad crops, and famine.



Skylab's telescopes revealed an active and spectacular Sun. This flare, photographed on Dec. 19, 1973 and extending 367,000 miles across the solar surface, clearly shows the twisted plasma structure along the magnetic field lines produced by the quickly rotating solar sphere.

NASA

It is particularly important for space scientists today to understand and monitor the activity of the Sun, because sudden intense releases of high-energy particles and radiative energy in outer space, where people are not protected by the Earth's radiation belts and atmosphere, could be life-threatening. The Apollo missions were carefully planned during a period of solar quiescence, and while the astronauts were on their way to the Moon, or walking on its surface, astronomers on Earth were on constant watch for unexpected solar flares, in order to be able to send a warning to the explorers to take refuge in a magnetic "storm cellar" if necessary.

Even Earth-orbiting spacecraft are affected by changes in solar activity. On March 6, 1989, an extraordinarily fierce solar flare erupted from the surface of the Sun. The energy of the flare was estimated to be comparable to the total energy consumed in mankind's entire history. Eight minutes and 20 seconds later, the first pulse of X-rays and other radiation swept past the Earth. Solar radiation detectors on the Solar Maximum Mission satellite and the GOES weather satellite were quickly saturated, but did recover.

Two days later, the Earth was engulfed by the flare-induced shock wave in the solar wind, and the ensuing geomagnetic storm heated up and expanded Earth's atmosphere

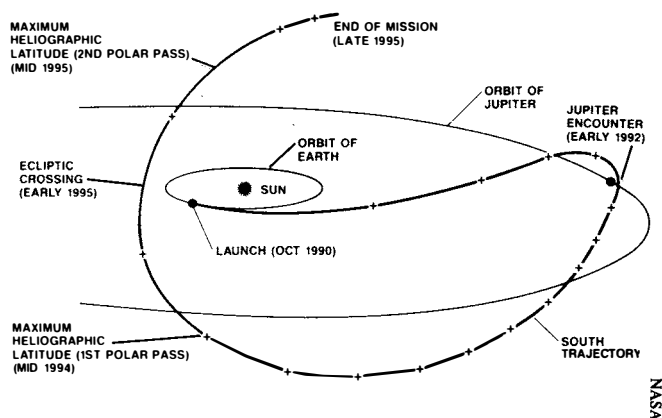
enough to increase the drag on over 5,000 Earth-orbiting satellites which were knocked out of position. From that incident, Solar Max dropped nearly a kilometer in altitude.

During its five-year mission, the Ulysses spacecraft, which was built by Dornier GmbH of West Germany for the European Space Agency, will study the Sun itself, the magnetic fields and streams of particles generated by the Sun, and the interplanetary space above the Sun. Combined with the data from Skylab, the Solar Maximum Mission, and other spacecraft, along with ground-based observations which have all looked at the Sun "head-on"—from within the plane of the planets—the Ulysses data, from a viewpoint nearly perpendicular to the plane of the ecliptic, will give us our first "three-dimensional" look at the Sun (**Figure 1**). The importance of this difficult task, we shall examine below.

The solar wind

Until man could send spacecraft above the distorting and protective atmosphere of the Earth, it was thought that our planet traverses a vacuum as it orbits the Sun. The observations of Explorer 1, launched in January 1958, revealed that the Van Allen Belts surrounding the Earth capture high-energy particles from space, most likely from the Sun. In 1962, the Mariner 2 spacecraft verified earlier theories that the Sun

FIGURE 1



The Ulysses spacecraft is now on its way to a February 1992 encounter with Jupiter. A Jovian gravity assist will boost it south of the planetary plane of the ecliptic to place it under the Sun's south pole in mid-1994. One year later, it will view the Sun from above its north polar region.

continuously produces a stream of particles, released from the corona or outer halo-like layer of the Sun. Scientists estimate that this layer is at least 500,000 times fainter than the Sun itself. The Earth is immersed in the solar wind, which is an extension of the corona into interplanetary space.

The thin corona was seen to have "holes" during periods of minimum activity in the 11-year sunspot cycle, near the poles of the Sun where the plasma is not wrapped tightly around magnetic field lines, and from which few X-rays are emitted. The solar wind spewing from the corona is visible from Earth-based telescopes during eclipses, when the Moon blocks out the bright solar disk and the very thin corona can be observed. Skylab's telescopes were able to provide data about these coronal holes without waiting for eclipses, because they could "look" at the Sun's X-ray emission, not just the visible light. This revealed that the holes move away from the poles and toward the equator in the active parts of the solar cycle. Although the solar wind blows continuously, its density and velocity are always changing.

It has been difficult to examine the creation and propagation of the solar wind up until now, because the Sun's equator, which is what you can observe from the ecliptic plane, is whirling around at over 4,000 miles per hour, rotating on its axis every 27 days. It is pulling both high- and low-speed streams of plasma along with it, creating a complex of interactions which dominate the physics that can be observed.

A teaser on how interesting the solar wind will be from outside the plane of the ecliptic was noticed in 1988. NASA scientists examining data from 1985 collected by the Pioneer 10 and 11 spacecraft on their way out of the Solar System,

and from Voyager 2, which was then 2 billion miles from the Sun, discovered variations in the solar wind. Scientists knew that the solar wind does not slow down with distance, as there appears to be no dissipation of energy in the form of heat. Pioneer 10 and Voyager 2 were at varying distances from the Sun, but approximately at the ecliptic plane. Pioneer 11, however, was about the same distance as Voyager 2, but 15 degrees higher in latitude, or above the ecliptic plane.

Before 1985, both Pioneer 10 and Voyager 2 measured periodic gusts in the solar wind called "high-speed streams." These energetic particles were seen to speed up and then slow down dramatically about once every 27 days, or one period of rotation of the Sun on its axis. But in June 1985 this wind stream pattern stopped and the winds slowed down at Voyager 2's distance of 2 billion miles, though no slowdown was measured by Pioneer 11, which was farther away. Eventually, the winds were flowing only about half as fast at Voyager 2 as they were outside the plane of the ecliptic, where Pioneer 11 was located. Three months later, in August 1985, the solar wind slowed and the high-speed streams also stopped at Pioneer 10, on the ecliptic plane, but at twice the distance of the other two spacecraft.

These changes in the solar wind, which are part of the sunspot cycle, were discovered to be related to the fact that the "holes" in the corona move over the 11-year cycle. When the Sun approaches the solar maximum, these coronal holes creep from the poles toward the equator by extending "tongues" out 10 or 20 degrees in longitude. During the quiescent period of solar minimum, the holes creep back toward the poles. The solar wind apparently blows out fastest from these lower-density holes at the poles.

It is expected that when Ulysses can view the Sun from above and below the poles, it will provide a simpler, and certainly different, view of the origin and propagation of the solar wind, as it is believed that above the poles, the plasma flow should be of more uniform speed and parallel to the radially extended magnetic field lines, rather than twisted into complex structures.

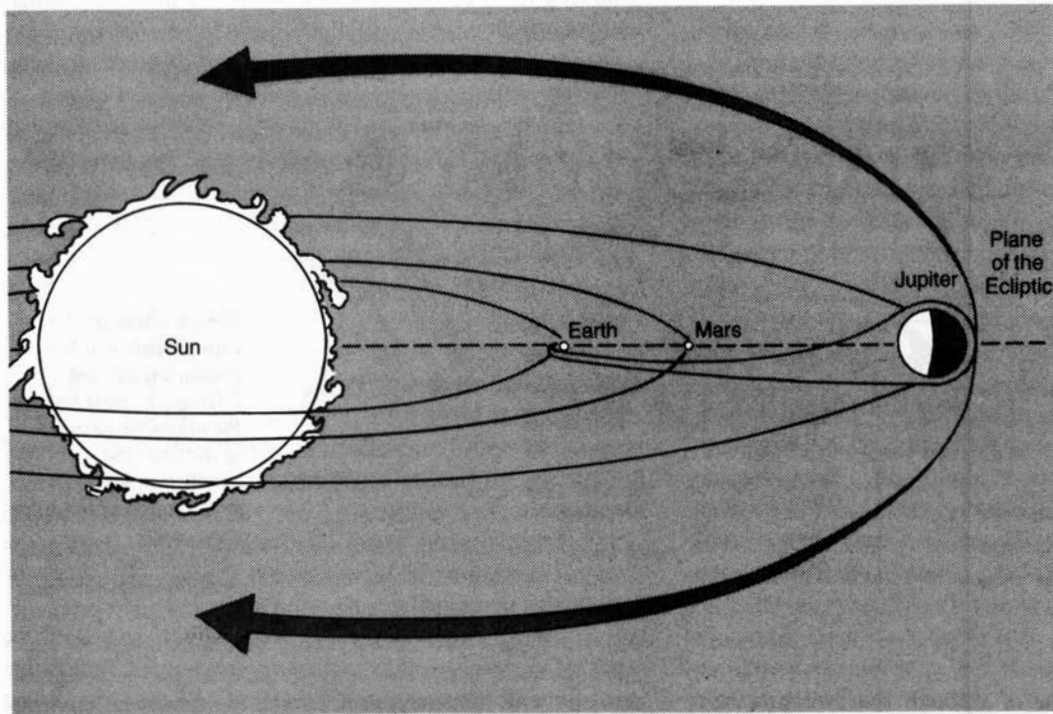
The Sun's magnetic fields and radiation

Similarly, the magnetic fields generated by the rotating plasma of the Sun, which are created by the power currents of electricity flowing in the interior of the Sun, co-rotate with the star. In the equatorial region of the ecliptic plane, the magnetic field lines take on the appearance of a water stream tossed out by a garden sprinkler.

However, at the poles, the magnetic field lines extend radially outward from the Sun, because these regions are less affected by the Sun's rotation. The same is true for the magnetic fields around the Earth.

Because the sunspot cycles are so intimately connected to the changing concentrations of magnetic energy in the Sun, observing the poles should shed light on these fundamental solar processes.

FIGURE 2



The two-spacecraft International Solar Polar Mission: According to the original plan, two spacecraft, launched simultaneously from the Shuttle, would have orbited the poles of the Sun at the same time. Thus, a genuine three-dimensional view of the Sun would have been possible.

For decades, astronomers proposed that changes in solar activity, particularly sunspots, changed the amount of radiation emitted by the Sun, or the “solar constant,” and that this affects the Earth’s weather. The Solar Maximum Mission satellite proved this to be the case. Launched on Feb. 14, 1980, Solar Max continuously monitored the output of the Sun, in a spectral range from the far ultraviolet to the infrared. Though a failure of its attitude control system in late 1980 reduced the pointing capabilities of the craft, and therefore the precision of the data, it was repaired by Space Shuttle astronauts in 1984 and continued its mission.

Total radiant output of the Sun decreased slightly between 1980 and 1985, during solar minimum, and then started to increase. Since scientists assume that since the actual amount of energy being produced through the nuclear fusion process is constant, it would mean there is some mechanism in the Sun through which energy is stored in the atmosphere during periods of quiescence.

Studying the data over seven years, astronomers found a convincing correlation between the degree of sunspot activity and the energy emitted from the Sun. A treasure trove of extremely detailed data was also acquired regarding the magnetic structures which organize the sunspots. Solar Max measured the intensity and polarity of magnetic energy above sunspots and helped provide explanations for some of the mystery of how these concentrations of magnetic energy form.

Unrealized plan for a two-spacecraft mission

Astronomers have been anxious to take a look at the Sun from outside the plane of the ecliptic for decades, because of the difficulties of studying the most interesting and important solar phenomena from a head-on view. The first mention of an out-of-the-ecliptic mission appears to have been during a meeting of the American Geophysical Union in 1959.

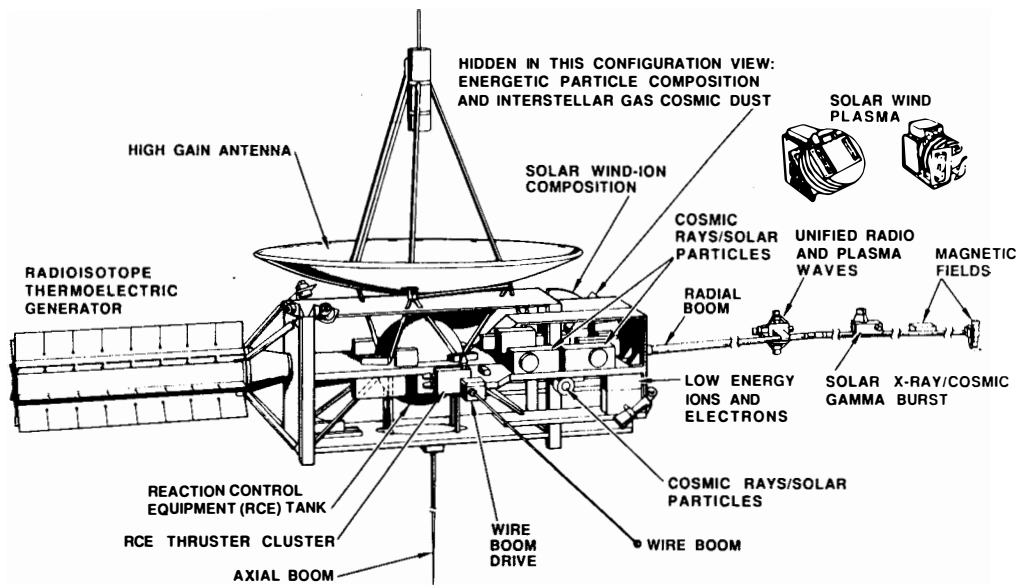
In the 1960s, the results from a series of Pioneer missions showed that the heliosphere (the interplanetary region influenced by the energy output of the Sun) in the vicinity of the Earth is highly structured, increasing the interest in an out-of-ecliptic trajectory for a spacecraft.

By 1974, a dual-spacecraft mission, to observe both solar poles simultaneously, was conceived by a joint U.S.-European team, which was reviewed at a symposium the following year (Figure 2). In 1976, the European Space Agency (ESA) and NASA started planning the International Solar Polar Mission (ISPM), and one year later, the two agencies issued a joint announcement of opportunity to the scientific community to develop concepts for the instruments that the two spacecraft would carry to the solar poles.

Because no propulsion system has been developed to give a spacecraft enough energy to do this directly from Earth orbit, a plan was proposed to fly such a craft around the largest planet in the solar system—Jupiter—for a “gravity assist” to push it out of the ecliptic plane.

One early concern was the extent of damage a spacecraft

FIGURE 3



Eleven scientific experiments will be conducted aboard Ulysses, to shed light on the magnetic structures of the Sun, the production and propagation of the solar wind, and characteristics of the interplanetary medium.

might suffer passing near or through the radiation belts around Jupiter. After the successful Pioneer and Voyager missions, however, engineers were confident that a Jupiter gravity assist for a solar polar mission was possible.

In 1978 the Jet Propulsion Laboratory (JPL) in California released a profile for such a complex mission, and 200 scientists from 65 universities and research centers in 13 countries were chosen to participate, with 17 experiments identified for the mission. The ISPM plan consisted of simultaneously launching two spacecraft from the Space Shuttle in 1983, to slingshot around Jupiter, and then approach the Sun from opposite poles. The report stated that no spacecraft had yet "ventured off the ecliptic plane, by more than 15 degrees" in latitude relative to the Sun.

The four-year mission called for the two spacecraft to arrive at Jupiter in May 1984, within days of each other, and for NASA to build one craft, and the European Space Agency the second. The estimate was that the U.S. part of the mission, which included the cost of the Shuttle launch and the tracking of the two craft by NASA's Deep Space Network, would be \$141 million in 1977 dollars.

The JPL plan explained that the mission "will take a subject which is currently two-dimensional in its outlook and bring it into three-dimensional reality." The mission was to study all solar latitudes several times and simultaneously in both solar hemispheres, in three and a quarter years.

The scientific experiments proposed were designed to study the Sun, interstellar space, and the solar wind. The enormous distance between the spacecraft and the Earth would allow for measurements of distant astronomical phe-

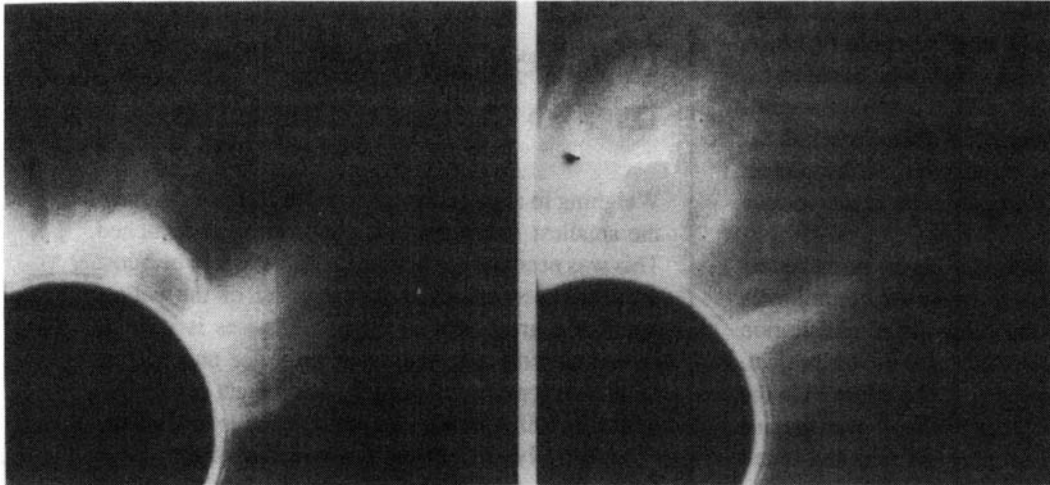
nomena with less interference from the terrestrial environment than had hitherto been possible.

For example, instruments were proposed to study sources of gamma rays, such as neutron stars, pulsars, and quasars. A zodiacal light experiment was outlined to observe the intensity, color, and polarization of remote light sources, such as stars, galaxies, and light scattered by the interplanetary dust cloud. These measurements would produce a three-dimensional picture of the distribution of the particles in the Solar System.

It was proposed to study the temperature, velocity, and density of the interstellar gas, along with a cosmic dust experiment designed by scientists at the Max Planck Institute for Nuclear Physics in Germany. This experiment would detect and record the mass, speed, flight direction, and electric charge of cosmic dust.

To study the Sun, an array of complementary instruments was put forward for each of the two spacecraft. Several instruments were proposed to study the solar wind, including a mass-separating experiment which could separate ions that enter the instruments according to their mass charge, to measure the wind in three dimensions. A plasma spectrometer would analyze electrons, protons, alpha particles, and various charged states of oxygen, silicon, and iron as they make up the solar wind, at all latitudes of the Sun.

The magnetic fields of the Sun, as well as of Jupiter and the interplanetary medium, would be measured by instruments to reveal their structure and dynamic properties. An X-ray ultraviolet telescope and white-light coronagraph were instruments proposed by the ISPM study, to observe the Sun.



These two photographs, seen with the aid of Solar Max's coronagraph, were taken 49 minutes apart. In the first picture, a solar prominence is forming out of the diffuse solar corona. In the second picture, the looping structure of the prominence is clearly visible.

NASA

These two experiments together would provide images of layers of the Sun's atmosphere, from the chromosphere to the outer corona. They would help determine the dimensions of the corona and its relationship to the surface of the Sun.

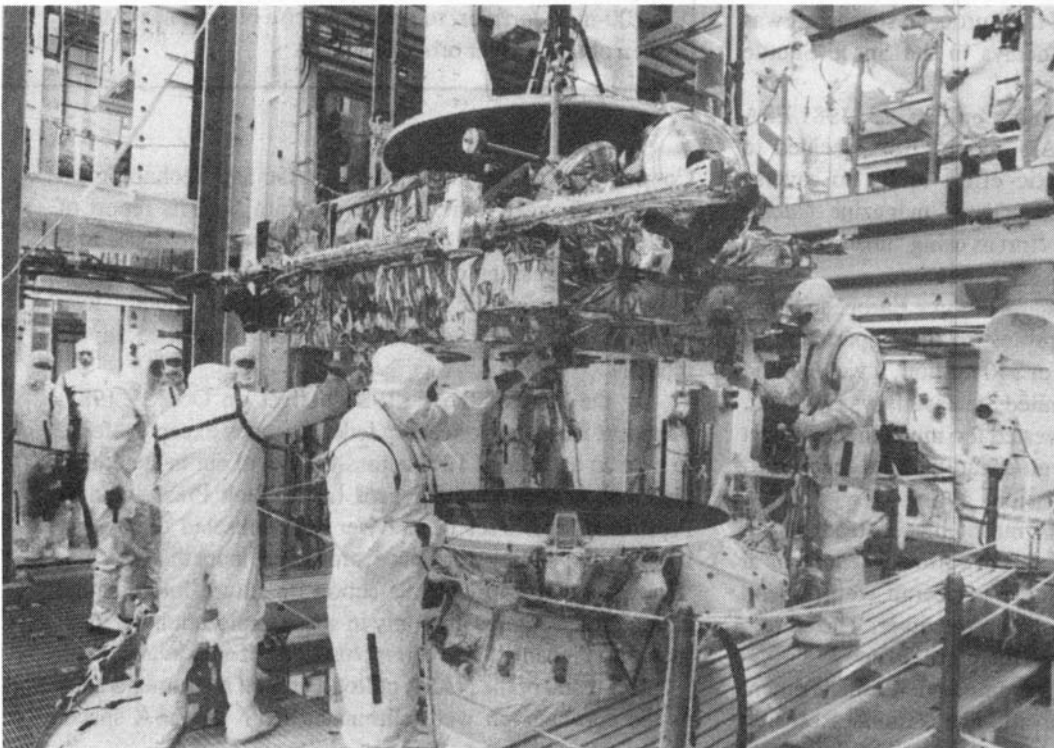
Budget-cutters wrecked the original plan

On March 29, 1979, a Memorandum of Understanding was signed by NASA and ESA for the International Solar Polar Mission to be launched from the Space Shuttle in 1983. TRW, Inc. was selected as the contractor for the American

spacecraft—but this agreement did not last long.

When the last Carter administration budget, for fiscal year 1981, went to Capitol Hill in the spring of 1980, it was proposed that the Solar Polar Mission be postponed from 1983 to 1985, to save \$43 million.

Congress only made the situation worse. In the first week of May, the House Appropriations Committee stated that "NASA has not done its part to balance the budget," and voted to terminate the ISPM project. The committee complained that when asked to cut its budget, NASA manage-



On July 31, the Ulysses craft was lowered for mating with the Payload Assist Module in the Vertical Processing Facility at the Kennedy Space Center.

ment did not cancel anything, but just deferred programs.

The Europeans were not amused. The ESA had already spent \$30 million in the design of their spacecraft (NASA had already spent \$60 million), and stood to be liable to the Dornier firm for the remaining \$50 million to build the craft. In a letter to then-NASA administrator Robert Frosch, ESA director Roy Gibson stated that cancelation of the project would kill as much as 25% of Europe's total space science effort.

The Carter White House reportedly began firing letters off to Congress to convince them to reject the committee's recommended termination, but the delay the administration insisted upon was expected to add \$100 million to the project, nearly doubling the initial estimated cost. An editorial in the June 9, 1980 *Aviation Week and Space Technology* magazine criticized the disregard for our European partners and stated that ESA had rescued the original program by offering to build the second spacecraft, when NASA could not get the money for it. The effort to kill the U.S. spacecraft was temporarily beaten back, through a diplomatic mobilization by the Europeans.

But Ronald Reagan was elected President in November of that year, and his first budget went to Capitol Hill for FY1982 in the winter of 1981, with the recommendation from the Office of Management and Budget that NASA reduce its space science programs from the \$756 million recommended by the Carter administration, to \$597 million. The space agency had to choose between keeping the Galileo spacecraft to Jupiter and the Magellan spacecraft to Venus on schedule, or building its spacecraft for ISPM. NASA unilaterally decided to eliminate its half of the two Solar Polar spacecraft. The launch of the European spacecraft was also pushed to 1985, due to delays in the Space Shuttle program.

At a tense meeting in New York on Feb. 23, 1981 ESA representatives rejected NASA's action. ESA decided to launch a high-profile diplomatic effort to try to reverse NASA's decision. The British science magazine *Nature* characterized ESA's lobbying effort as using "unaccustomed undiplomatic language."

Early in March the ambassadors of three European countries took an official note of protest to the Department of State. ESA made an offer that for \$40 million, it would build the second spacecraft for the United States; this was rejected. Finally, ESA decided it had invested too much in the project to cancel it, and that it would go ahead with its spacecraft, resulting in a one-spacecraft mission.

The one-spacecraft mission meant that instead of obtaining simultaneous measurements of various phenomena at each of the Sun's poles, the single spacecraft would spend nearly a year going from one pole to the other. The stereoscopic nature of the mission was, therefore, lost.

Congressional committees recommended reinstatement of the NASA program, to no avail. The National Research

Ulysses' five-year trip to explore the Sun

Weighing in at just over 800 pounds, Ulysses is one of the smallest interplanetary spacecraft ever launched. This was necessary, because in order for it to be boosted nearly perpendicular to the plane of the ecliptic requires a great deal of energy. Ulysses is now the fastest-moving man-made vehicle in the universe, on its way to Jupiter, traveling 45 kilometers per second, or nearly 100,000 miles per hour, relative to the Sun.

After Ulysses left the payload bay of the orbiter Discovery, commander Richard Richards fired the Shuttle's Orbital Maneuvering System engines to move the Shuttle away from the spacecraft. One and a half hours after deploy, the two-stage Inertial Upper Stage (IUS) engine was attached to Ulysses, and then a three-stage Payload Assist Module propulsion system was fired.

Before that could be done, however, the exact position of the spacecraft and attached IUS in the payload bay had to be determined, because even if it had moved a fraction of an inch during ascent to orbit, the IUS navigational data would have to be changed. A small navigational error in Earth orbit propagates into a significant error over the nearly half-billion-mile trip to Jupiter. Ulysses must approach the giant planet within a 100-mile corridor, to get the precise boost it needs to then obtain a polar orbit at the Sun.

Council Committee on NASA Scientific and Technological Program Changes reviewed the program, and its report of September 1981 states that "the complete two-spacecraft ISPM, with imaging capability on the NASA spacecraft, is a powerful scientific investigation that is sound, well planned, and meets all the objectives" described in the report.

By the start of the FY1982 budget on Oct. 1, 1981, President Reagan asked every federal agency except Defense to take an additional 12% across-the-board cut in spending. National Academy of Sciences head Frank Press, who as President Carter's science adviser had counseled against any increased spending for space programs, nonetheless said, "The potential harm of our action on future international cooperative ventures, not only in space exploration but in all matters . . . cannot be overemphasized." To no avail.

As a result of the NASA pullout, crucial instruments such as the coronagraph were eliminated from the ESA space-

In addition to knowing the precise position of the spacecraft in the Shuttle orbiter, the navigational unit in the Inertial Upper Stage was tested to make sure it agreed with a similar unit in the orbiter. Ground controllers observed both the orbiter and IUS data to make sure there were no differences in how the two spacecraft systems believed they were oriented in space. The IUS must have precise attitude data to correctly compute the seconds the engines must burn for the proper Jupiter trajectory.

Shuttle commander Richards calculated before the mission that the mathematical targeting for Ulysses' trajectory is equivalent to a golfer hitting a 360-mile hole-in-one.

Ulysses' flight plan

In February 1992 Ulysses will arrive at Jupiter, where it will take measurements of magnetic fields and structures, and other phenomena, similar to its mission activities at the Sun. It will fly past Jupiter at about 30 degrees north Jovian latitude, and the planet's gravity will push the spacecraft into a downward dive away from the ecliptic plane.

In June 1994, the spacecraft will reach 70 degrees south solar latitude, beginning its transit of the Sun's polar regions. Ulysses will spend about four months south of that latitude at a distance of about 200 million miles from the Sun, or more than double the distance between the Sun and the Earth. The spacecraft will observe the Sun from a unique vantage point, but not up close.

In February 1995, Ulysses will cross the equator of the Sun, followed by a four-month pass of the Sun's northern polar region, beginning in June of that year. The official

end of the mission is Sept. 30, 1995.

The Deep Space Network, which is receiving data from a number of interplanetary spacecraft including Magellan which is orbiting Venus, and Galileo on its circuitous way to Jupiter, will receive Ulysses' data for eight hours a day. During this time, the spacecraft will transmit data from the previous 16 hours stored on tape recorders.

Built into the timeline for Ulysses was an initial trajectory correction 10 days after launch, but it was reported from tracking data that the craft will probably not require the correction.

Spectacular data expected

While on its journey to Jupiter, and then from Jupiter back toward the inner Solar System and to the Sun, Ulysses will be sampling and measuring the energetic and particular aspects of interplanetary space. It will also reveal more of the fantastic dynamics of the Jovian system.

But the primary mission of Ulysses will provide its most spectacular data. The Sun is a fabulously complex fusion reactor, where the energy produced in the core takes a million years to reach the surface of the star. The processes that make that possible are little understood.

The fusion process which produces the energy of the Sun and all of the stars is a process scientists have been trying to duplicate in Earth-bound laboratories since the 1950s. Their goal is to develop an inexhaustible source of energy for use on Earth. Studying the Sun from a new perspective will doubtless shed light on the process of nuclear fusion, the dynamic functioning of stars, the relationship between our star and the planets of the Solar System, and the history of the universe itself.

craft—it was too far along in design to be changed. About 80 scientists were eliminated from the project.

In June 1984, Dornier completed the spacecraft, and it was put into storage awaiting a Shuttle launch that had now been postponed to May 1986. In August 1984, ESA decided to rename the mission Ulysses. As ESA explained, in the 26th Canto of *Inferno*, Dante describes the last voyage of Ulysses beyond Gibraltar, a region at that time unknown and unexplored. According to legend, Ulysses' crew mutinied out of fear and he exhorted them to courage:

Brothers, said I, that have come valiantly
Through hundred thousand jeopardies undergone
To reach the West, you will not now deny

To this last little vigil left to run
Of feeling life, the new experience
Of the uninhabited world behind the Sun.

Think of your breed; for brutish ignorance
Your mettle was not made; you were made men
To follow after knowledge and excellence.

As the May 1986 launch of Ulysses drew near, the European Space Agency control team moved to the Jet Propulsion Laboratory in California, where the data from the Ulysses spacecraft would be received. The flight and ground safety reviews were completed, and the upper stage and support hardware were shipped to the Kennedy Space Center in Florida.

Four months before Ulysses was scheduled to be launched, the Space Shuttle orbiter Challenger and its crew were destroyed. The resulting two-and-a-half-year shutdown of the Shuttle program pushed the Ulysses mission to October of this year.

But now, it is finally on its way.

'Dope, Inc.' is doubling every five years!

by Dennis Small

An *EIR* task force has just completed a detailed survey of the size, composition, and growth rates of the international drug trade. The findings are shocking. Contrary to the self-serving propaganda issued by the Bush administration, consumption of mind-destroying drugs such as marijuana and cocaine is *not* declining in the United States; it is *not* contained; its rate of growth is *not* even leveling off. It is skyrocketing. There are currently about 70 million Americans who have consumed drugs—nearly one-third of the total population.

Moreover, the single, integrated, multinational cartel which runs this trade, and which is properly referred to as "Dope, Inc.," is now engaged in a vast expansion of its markets in Europe and Japan, which, if not checked, will do to their youth, their cities, and their economies what has already been done to ours in America.

Back in 1986, *EIR* researchers wrote the controversial book *Dope, Inc.*, in which they concluded that the U.S. drug trade at that time grossed a minimum of \$250 billion per year, and that if non-U.S. drug trafficking and other aspects of the "black economy" (such as the illegal weapons and gold trade) were taken into account, the total figure would be in the range of \$500 billion per year.

It can now be demonstrated that those figures were, if anything, *too low*. In 1986, world drug trafficking alone was close to \$400 billion. By 1989, the last year for which figures are available, that total had leapt to \$558 billion. This is much larger than the annual world consumption of oil. It is more than 50% larger than the Gross National Product of Brazil, the largest nation of Ibero-America, and the eighth-largest economy in the capitalist world. It is about half the GNP of West Germany, the most powerful economy of Western Europe (**Figure 1**).

These are conservative calculations, based mainly on official production statistics of the Drug Enforcement Administration (DEA), adjusted to assume that 10% of the quantity produced is lost through seizures and spoilage. (See accompanying box for details on the data and methodology employed in this survey.) If we were



Europe and Japan are the next targets of opportunity for the international drug cartels. Here, young "punks" in Wiesbaden, Germany. The rock-sex counterculture provides the entry point for Dope, Inc.

Philip Ulinowaky

to also consider other areas of the so-called "black economy"—illegal weapons, gold, and other transactions related to the drug trade—it is likely that the total would be closer to \$1 trillion for 1989.

All of it is a cancer; it is a sickness which is destroying the productive economies of both the advanced and developing sectors of the world.

Exponential growth

The drug trade has been growing exponentially over the past 10-15 years. **Table 1**, based on production estimates, shows that Dope, Inc.'s annual revenues from street sales of drugs rose from \$175 billion back in 1977, to about \$400 billion in 1987, to \$558 billion in 1989. It has been growing by an average of about 18% per year over the last few years—more rapidly than any productive economy on the face of the Earth. *At this rate, Dope, Inc.'s size doubles every five years!*

Its main components are cocaine (where Ibero-America is the sole producer worldwide), marijuana and hashish (where Ibero-America and the United States are the biggest producers), opium and heroin (where the largest amounts by far are grown in Southeast and Southwest Asia), and other synthetic chemical drugs such as amphetamines, LSD, and so on. We will look at each of these components in more detail shortly, but for now, notice that Ibero-America currently produces about 55% of the world total value of drugs—up from a 43% share 12 years ago.

This does not mean that Ibero-American nations receive this drug money. Quite the contrary: The large international

FIGURE 1
World drug trade is larger than most nations' national product

(billions \$)

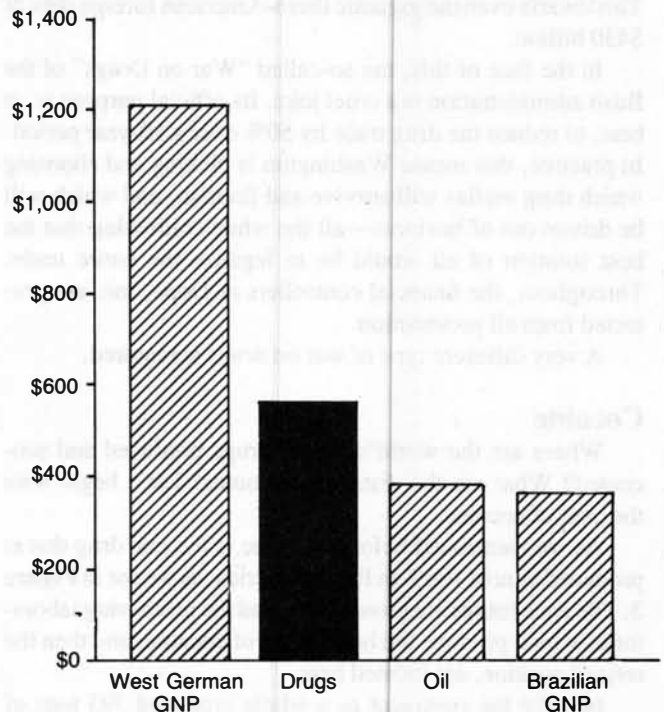


TABLE 1
Retail value of world drug trade grew exponentially from 1977-89
 (billions \$)

	1977	1982	1987	1988	1989
Cocaine					
Total	52	83	99	106	113
Ibero-America	52	83	99	106	113
Marijuana and hashish					
Total	40	60	156	254	273
Ibero-American marijuana	19	15	114	185	178
U.S. marijuana	—	—	30	53	76
Southeast Asian marijuana	—	—	4	6	7
Hashish	—	—	8	10	12
Opium					
Total	50	60	83	89	100
Ibero-America	4	3	11	11	17
Southeast Asia	—	—	38	44	51
Southwest Asia	—	—	34	34	32
Others, total	33	47	65	68	72
World total	175	250	403	517	558
Total from Ibero-America	75	101	224	302	308
Ibero-America as percent of world	43%	40%	56%	58%	55%

banks that finance the drug trade get it and launder it, using it to prop up their bankrupt international financial system. **Figure 2** shows that, over the past 12 years, the total cumulative revenue that the banks have received from just the Ibero-American portion of the drug trade, is almost \$2 trillion. This dwarfs even the gigantic Ibero-American foreign debt of \$430 billion.

In the face of this, the so-called "War on Drugs" of the Bush administration is a cruel joke. Its official purpose is, at best, to reduce the drug trade by 50% over a 10-year period. In practice, this means Washington is picking and choosing which drug mafias will survive and flourish, and which will be driven out of business—all the while confessing that the best solution of all would be to legalize the entire trade. Throughout, the financial controllers of Dope, Inc. are protected from all prosecution.

A very different type of war on drugs is required.

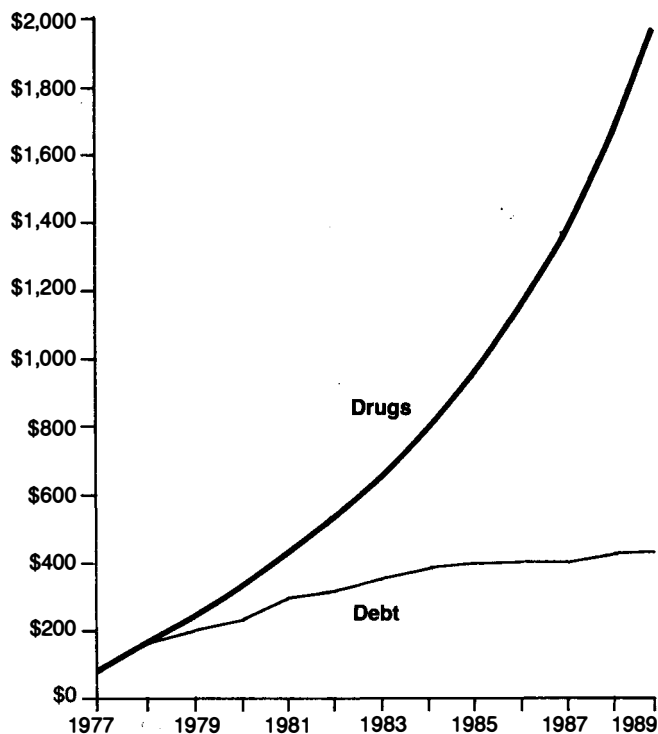
Cocaine

Where are the world's illegal drugs produced and processed? What are the distribution routes? Let's begin with the case of cocaine.

As we mentioned before, cocaine is the one drug that is produced almost 100% in Ibero-America, as we see in **Figure 3**. The coca leaves are grown here, and the processing laboratories which produce the basic paste of cocaine, and then the refined cocaine, are located here.

In 1989 the continent as a whole produced 703 tons of

FIGURE 2
Cumulative value of Ibero-America's drug trade is nearing \$2 trillion mark
 (billions \$)



cocaine hydrochloride, measured in terms of maximum potential cocaine production if all known coca leaf harvested were refined into cocaine. (This is the standard international unit for measuring cocaine.) As the map shows, by 1989 Peru had assumed the lion's share of coca production (373 tons), followed by Bolivia and Colombia. However, the bulk of refining of coca paste or base into pure cocaine occurs in Colombia, followed secondarily by Bolivia and Peru, which refine only a small portion of their coca base. Therefore, the figures should not be misunderstood to imply a lesser role for Colombia in the cocaine trade: they simply indicate that its local production of coca leaves is less than that of Peru and Bolivia.

A critical input to the transformation of coca leaves into cocaine, are certain chemicals, such as ether and acetone. Although these are legal chemicals that have valid industrial uses, they are obtained illegally by the drug runners in large quantities, principally from the United States, Western Europe, and also Brazil.

Figure 4 shows the shocking growth of the volume of cocaine production in Ibero-America. It increased almost sixfold in the decade from 1977 to 1987 (from 90 tons to 513 tons), and grew another 37% since then, to its 1989 total of 703 tons. The estimated amount for 1990 is a staggering 876

FIGURE 3

Cocaine production sites and distribution routes

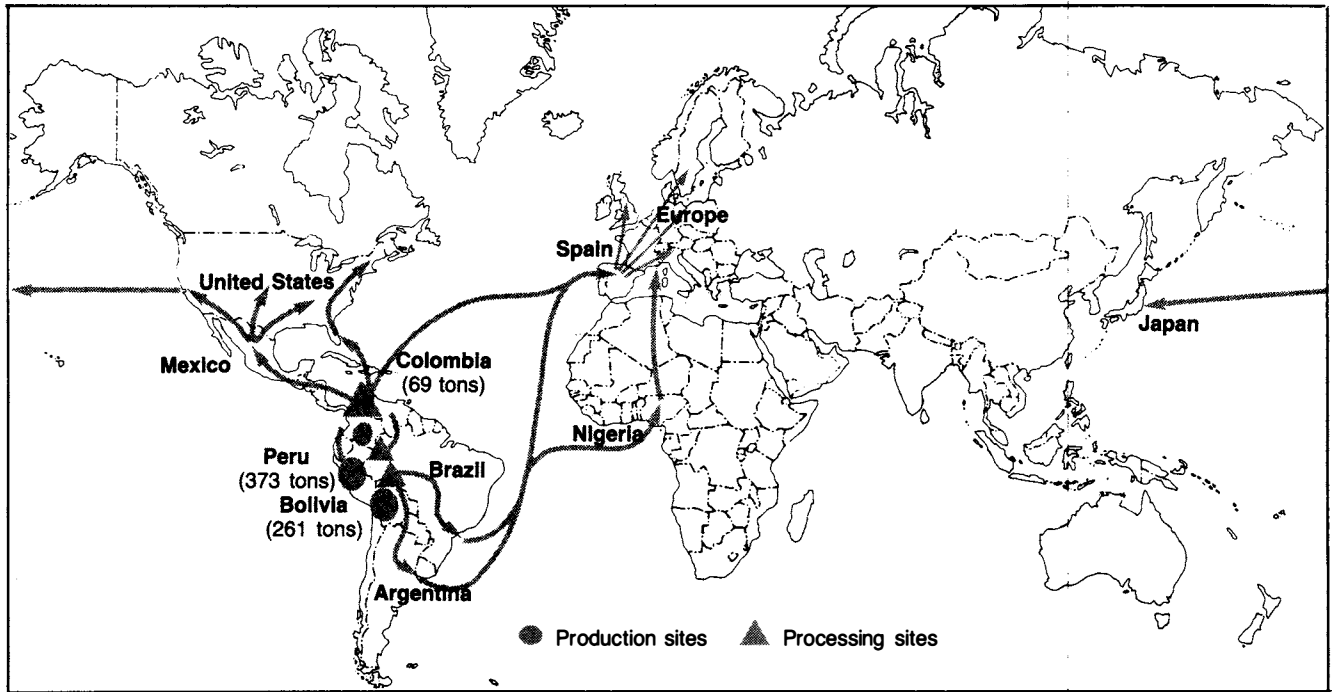
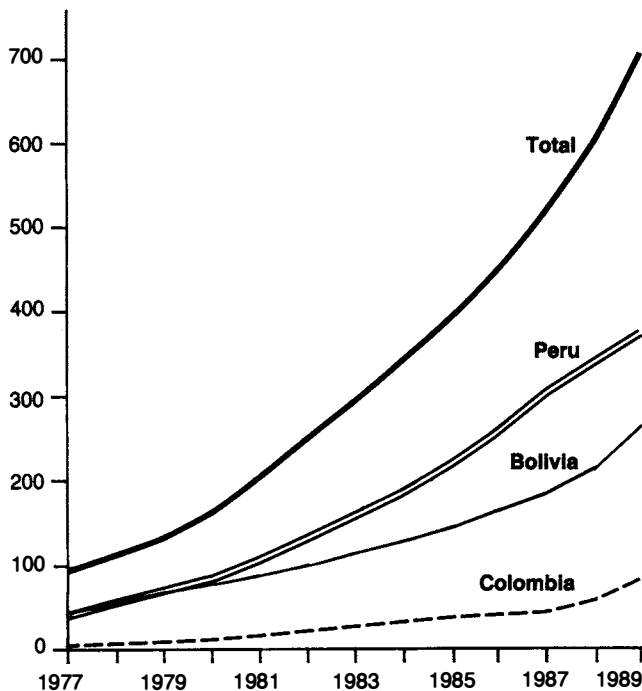


FIGURE 4

Ibero-America's cocaine production has risen sixfold since 1977

(tons)



tons. These increases are due both to increased hectares under cultivation, and to improved productivity on those already in use.

We see in Figure 5 what this translates into in terms of average annual growth rates. In the five-year period of 1982-87, cocaine output grew by an average of 15% per year. In 1988 and 1989, that increased to 16% and 18% respectively; and for 1990, everything indicates that cocaine production will leap by another 25%.

These are hardly the signs of a victorious war on drugs.

Historically, the vast majority of Ibero-American cocaine has been shipped to the United States from laboratories in Colombia and the trinational triangle in the jungle area where Peru, Brazil, and Colombia meet. Up until a few years ago, the principal route was to the Miami area, by both air and sea. But increased surveillance and interdiction along this route have forced the mafia to develop a second major route through Central American and Mexico, before entering the western United States.

Cocaine for the European market is shipped directly from Colombia, as well as through Brazil and Argentina. Brazil is reportedly becoming an important refining center as well, producing 144 tons of cocaine last year, according to one report. Spain is the principal port of entry and logistical staging area for coke bound for all Europe, for the obvious reason of the historically strong commercial, linguistic, and also mafia links between Spain and Ibero-America.

Anti-drug investigators report that Nigeria has recently

become an important new transshipment point in the European route.

Lowering the price of death

What does the future hold for the coke trade?

Take a look at **Figure 6**, which shows how the U.S. coke market was created. You can see that the average retail price of a ton of cocaine was \$640 million in 1977, and dropped dramatically to \$182 million in 1987, a decade later. In other words, the 1977 price was more than three times greater than the 1987 price.

As a result of this *deliberate marketing decision* by Dope, Inc., the amount of coke sold to American kids increased by almost six times in the same period! This price slashing is the typical way in which any cartel creates and seizes a market. So, coke went from being a high-priced drug for the upper middle class in 1977, to being a cheap dose of death, especially in the form of crack, for a mass market of millions of working-class and poor youth in the 1980s. Of course, Dope, Inc.'s total revenue from coke also rose substantially in the process.

But the picture gets worse. As the American market be-

gins to reach "saturation" levels, as an entire generation is destroyed by this epidemic, Dope, Inc. is turning its attention to what it hopes are the markets of the future: Europe and Japan.

Figure 7 shows the cocaine price and quantity trends for Europe over the last five years: a precise replica of the tragedy that has swept the United States.

In 1987, the retail price of cocaine in Europe was \$510 million per ton, about what it was in the United States in 1979-80. In the last two years, the European price has plummeted to \$262 million per ton, half of what it was in 1987. What took a decade to achieve in the United States is being executed in Europe by the drug mafia in one-third that time.

The consequences are identical. European consumption of cocaine is skyrocketing, as can be seen in the graph.

If one compares Figures 6 and 7, the similarity of the process is striking—only it is happening far more quickly in Europe.

Figure 8 compares the rate of price decline, and the rate of quantity increase, in the United States and Europe over the indicated years.

It should be noted that, when we refer to Europe, until

Chinese opium to Colombian cocaine

by Valerie Rush

The narcotics trade has a history that goes back to the eleventh and twelfth centuries, when mind-deadening narcotics were used ritually by various religious sects and cults of assassins. Broader use began in the mid-1700s, when the opium trade became a profitable business controlled by Britain's East India Company. By 1830, opium was the largest commodity in world trade, with the British selling it to targeted populations in China and elsewhere.

When the Chinese emperor tried to stop the flow of opium into his country, the British launched the famous Opium War against China. Britain cynically argued that China was violating Adam Smith's sacrosanct economic laws of "free trade" by refusing to import the deadly drug. The British won that war, and as a result, tens of millions of Chinese were subjected to the misery of narcotic addiction.

For the rest of the nineteenth century, British finance—backed by British guns—employed the totally legal world narcotics trade as an instrument of state policy, converting entire sections of the globe into producers and/or consumers of the opium poppy.

It wasn't until the Hague Convention was made effective in 1919-20 that trafficking in opium was made illegal. But this did not get in the way of the Anglo-American bankers. The same financial crowd that traded it legally before 1920, continued to trade it illegally afterwards, up to the present day.

However, beginning in the 1950s, the Soviets and the Chinese got in on the action. Nikita Khrushchov was convinced of Mao Zedong's war strategy of using drugs to corrupt and destroy the West. The Communists' gradual expansion sped up after 1967, when Yuri Andropov took over the Soviet KGB. Andropov's policy was to aggressively promote drugs in the West, and to use Soviet-sponsored terrorist groups as part of this effort.

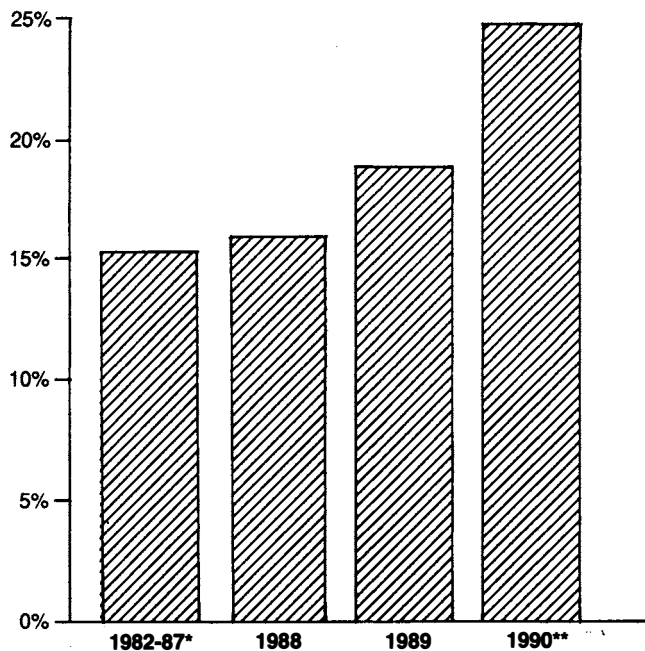
The Anglo-Americans provided the Sino-Soviets the golden opportunity they were waiting for, with the Vietnam War. Tens of thousands of American soldiers in Vietnam pumped their veins full of Chinese heroin, and brought their addictions back to the United States. The U.S. was then flooded with heroin, marijuana, and such experimental drugs as LSD, and with the rock-sex counterculture that spread the drug plague. By the last half of the 1970s, large amounts of marijuana were entering the U.S., from Mexico, and later Colombia.

In the 1980s, cocaine became the top drug, and as the debt crisis swept Ibero-America and whole economies were destroyed by the creditor banks, the bankers' drug cartel stepped in to fill the economic vacuum.

FIGURE 5

Ibero-American cocaine production is growing faster than ever

(annual rate of growth)



* Annual average.

** Production estimated at 876 tons.

1989 we are referring to Western Europe. But now, with the peaceful revolutions that have swept Eastern Europe, and especially with the unification of Germany, there is a new situation. Just as this New Europe is humanity's greatest hope in terms of the potential for economic development, so too is it viewed by Dope, Inc. as a potential new and larger market for drugs. And the traditional European mafias are on board for this project.

Japan is also a prime target of the drug mafia, although so far the drug runners have been unable to cut a deal with that country's traditional organized crime apparatus.

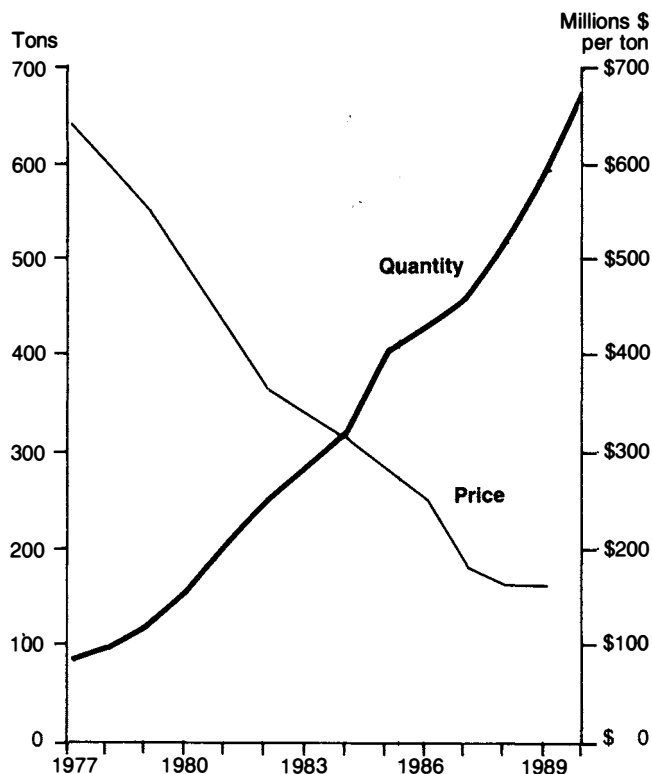
Marijuana and hashish

The picture is no better when we turn to marijuana. As Figure 9 shows, Ibero-America is not the only producer—but it is the largest one. Mexico and Colombia are the biggest producers, but Jamaica is also significant, and Brazil has reportedly begun to grow a large, but unspecified, amount. The Mexican figures we employed for this study are particularly high, reflecting both the findings of a U.S. congressional committee, and a new U.S. government methodology for calculating production based on satellite detection of growing areas.

The lion's share of Ibero-America's marijuana produc-

FIGURE 6

Deliberate cuts in U.S. cocaine prices have created a huge market



tion is exported to the United States, but a rapidly growing percentage of the U.S. market is now being supplied by marijuana grown right at home. In fact, DEA sources indicate that U.S. production of marijuana has tripled from 5,000 to 15,000 tons in the last three years.

Southeast Asia is the third important producing region for marijuana, but it is much smaller in size and seems to supply the Asian market principally.

The total world production of marijuana has been growing by about 13% per year between 1987 and 1989.

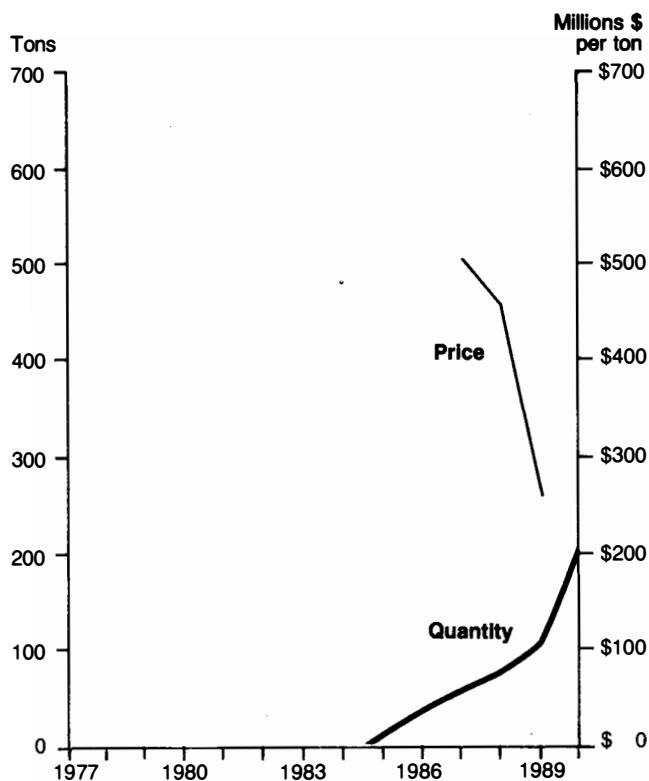
The relative shares of world marijuana production can be seen in Figure 10, for 1987, 1988, and 1989. Particularly noticeable is the growth of the U.S. share, to the point where it is now more than 25% of the total.

The reader should also note the areas of the world where hashish is produced—a derivative of the same cannabis plant which produces marijuana. The majority of hashish production occurs in Afghanistan, Pakistan, and Lebanon (in particular, in the Syrian-controlled Bekaa Valley).

Also note the major distribution routes for marijuana and hashish. Because marijuana is bulkier than cocaine and has a lower dollar value per ton, most producing areas supply nearby consumers. Thus, most Ibero-American production is shipped to the United States, while only a small share of

FIGURE 7

Price and quantity of cocaine exported to Europe follows U.S. pattern



the total harvest goes to Europe.

Europe's hashish is supplied by Middle Eastern and Southwest Asian producers, such as Afghanistan, Pakistan, and Lebanon, using Turkey and communist Bulgaria as major transshipment points.

Southeast Asian marijuana is mainly consumed in that area itself.

Opium and heroin

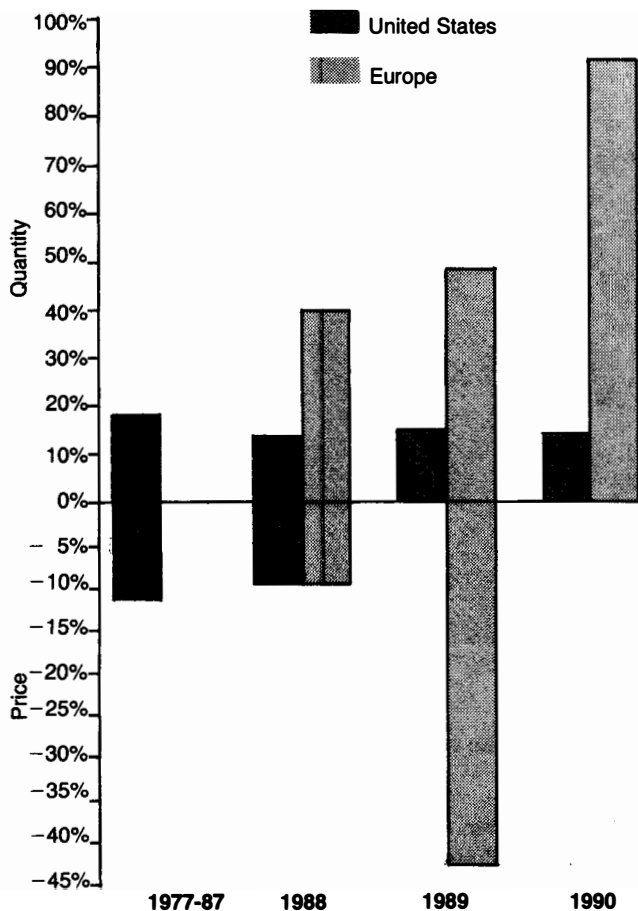
Opium is a drug which either can be consumed directly, by smoking it, or can be refined into heroin, which is usually injected into the veins of the addict. The vast majority of world opium is grown in two areas of Asia: the first spanning southwest China, Afghanistan, Pakistan, and Iran (and Lebanon), and the second from China to the Southeast Asian nations of Burma, Thailand, and Laos—the infamous “Golden Triangle” (Figure 11). Although DEA statistics show Burma as producing the lion's share here, the fact is that much of this is grown in Communist China, or in areas of Burma and Laos under Communist Chinese control.

The other significant world producer of heroin is Mexico, with Guatemala just beginning to take up an important role.

We can see in Table 2 that the amount of opium grown in Mexico in 1989 (85 tons) is only a small fraction of the

FIGURE 8

Rates of change in price and quantity of cocaine show Europe is targeted



total world output of nearly 5,000 tons. The largest amount (over 3,000 tons, or 60% of the total) comes from the nation listed as “Burma”—i.e., from China. But the Mexican production is actually of greater significance than the tonnage seems to indicate, because 100% of it is converted into heroin, and thus its street sales value was a whopping \$18.7 billion in 1989.

Best estimates are that only about 10% of Asian opium is converted into heroin for export to the West, and the remaining 90% is consumed in the area, both in the form of opium and as low-grade “brown” heroin, whose retail prices are only a fraction of Western heroin. Thus, in 1989 Mexico accounted for 17% of the total world value of opium and heroin production, Southwest Asia was 32%, and Southeast Asia was about 51%. If heroin alone is considered, some sources report that as much as three-quarters of all the high-quality heroin consumed in the West comes from areas controlled by the Communist Chinese, a fact deliberately cov-

TABLE 2

China produces most of the world's opium and heroin

(tons and billions \$)

	1977	1982	1987	1988	1989
Mexico					
Quantity	31	17	55	55	85
Value	\$5.0	\$3.7	\$12.1	\$12.1	\$18.7
Southeast Asia					
Quantity	—	—	1,575	1,833	3,593
Value	—	—	\$41.6	\$48.6	\$56.7
Southwest Asia					
Quantity	—	—	1,420	1,450	1,310
Value	—	—	\$37.6	\$38.4	\$34.7
Total					
Quantity	—	—	3,050	3,338	4,988
Value	\$55.6	\$66.7	\$91.3	\$99.1	\$110.1

ered up by the U.S. government since the early 1970s, when Henry Kissinger insisted on that coverup as part of his famous "secret diplomacy" deals with that country.

The other shocking fact that can be seen in this chart is the gigantic jump in opium production from 1988 to 1989, mainly as a result of a bumper crop in "Burma." It is also noteworthy that Mexico's production of opium rose from 55 to 85 tons that year—a more than 50% increase in one year.

Although most bulk opium is consumed in the general area in which it is produced, refined heroin is exactly the opposite, since it has an extremely high unit price and is more easily shipped. Thus, the United States gets some of its heroin from Mexico and Guatemala, but most is Asian or Mideast heroin shipped to both the western and eastern coasts of the United States.

The route of Southeast Asian, or Golden Triangle, heroin is particularly interesting. The British Crown Colony of Hong Kong is the major entrepôt, and it reaches there both by overland routes through Communist China, and also via Thailand and Malaysia—a perfect symbiosis between the Communist Chinese and their Western oligarchic counterparts!

As with hashish, Southwest Asian heroin is shipped to Europe and the U.S. via Iran, Turkey, and Bulgaria.

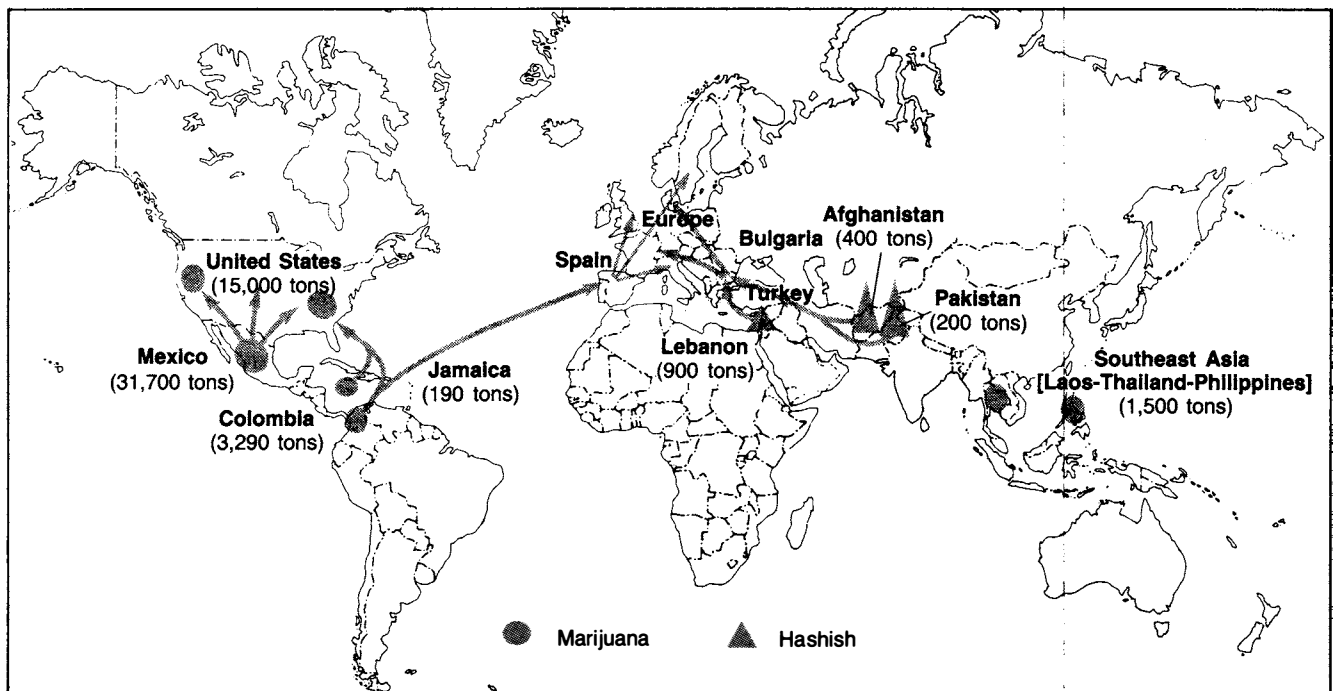
Consumption

There are almost no reliable statistics on either the number of drug users around the world, or the quantity they consume. At best, the evidence is fragmentary.

U.S. government agencies have attempted to present some semblance of consumption statistics through a system known as DAWN (Drug Abuse Warning Network), which makes use of reported cases of hospitalization due to different kinds of drug abuse. But this approach is notoriously inaccurate since 1) it deals only with consumption levels

FIGURE 9

Marijuana and hashish production and distribution routes



Method of calculations

In calculating quantities and values of drugs, we have principally used the figures published by the U.S. Drug Enforcement Administration (DEA). Most of the quantity figures provided by the DEA are given as a range, for tons of coca leaf, marijuana, and opium production. We have taken the higher figure, because it seems far more likely that some portion of total production escapes detection. In some cases, we have employed the official area or production estimates of the countries in question, when these seemed more accurate.

Earlier applications of this approach have been borne out. For example, *EIR*'s July 8, 1988 report on the Ibero-American drug trade, used figures for Peruvian cocaine which were substantially higher than the DEA's estimates, but were based on in-country reports. More recent DEA publications have revised their earlier estimates up.

To calculate the total value of drug production, the average prices of the different drugs, as given by the DEA, were used, and were applied against 90% of the total quantity produced, allowing a 10% loss of physical output through seizures, spoilage, and other losses (eradication is already taken into account in the DEA's production figures). DEA officials stressed that their figures are, at best, "guesstimates."

In 1986, the House Select Committee on Narcotics Abuse and Control published figures on U.S. marijuana imports (30,000 tons) which were more than *double* the standard DEA estimates. The DEA's new 1989 figures for Mexican marijuana production are based on a new methodology of aerial detection of fields, which puts their estimates even higher than those of the House Select Committee. We have employed the House figures for 1986, and then used two-thirds of the new, controversial DEA number for 1989.

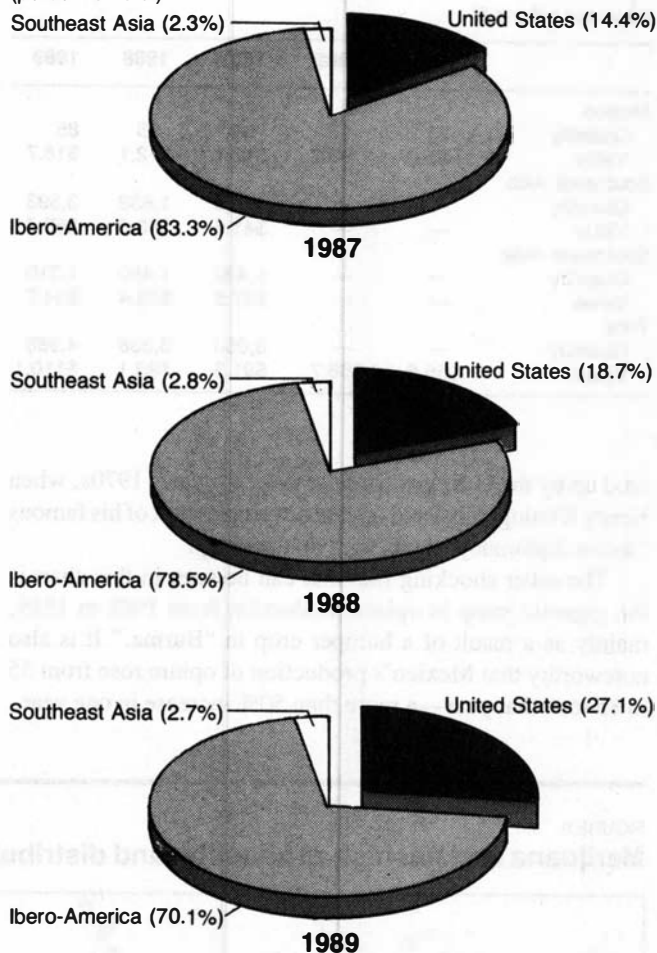
Since the DEA does not publish figures for U.S. marijuana production, we have employed the rather detailed figures published by the pro-drug National Organization for the Reform of Marijuana Laws.

The opium/heroin calculations are based on DEA figures, assuming that 100% of Mexican opium is converted into heroin, but only 10% of Southwest and Southeast Asian opium. Retail price estimates came from DEA and U.S. State Department publications. Global calculations of the retail value of the world drug trade were based on the above criteria for 1987-89, and estimates for the 1977-87 period were derived from the July 8, 1988 *EIR* study and from *Dope, Inc.* (1986).

FIGURE 10

U.S. share of world marijuana production is over 25%

(percent of total)



requiring hospitalization, and 2) it depends on cases being reported. Informed DEA sources have confided to *EIR* that the latest DAWN statistics are particularly unreliable: The drop in the figures reflect, more than anything, the decline in DAWN's *budget*, and therefore, of its ability to detect even a fraction of the consumption. The same methodological errors and outright biases plague the recent, much ballyhooed consumption surveys, which purportedly show a drop-off in U.S. consumption of certain drugs.

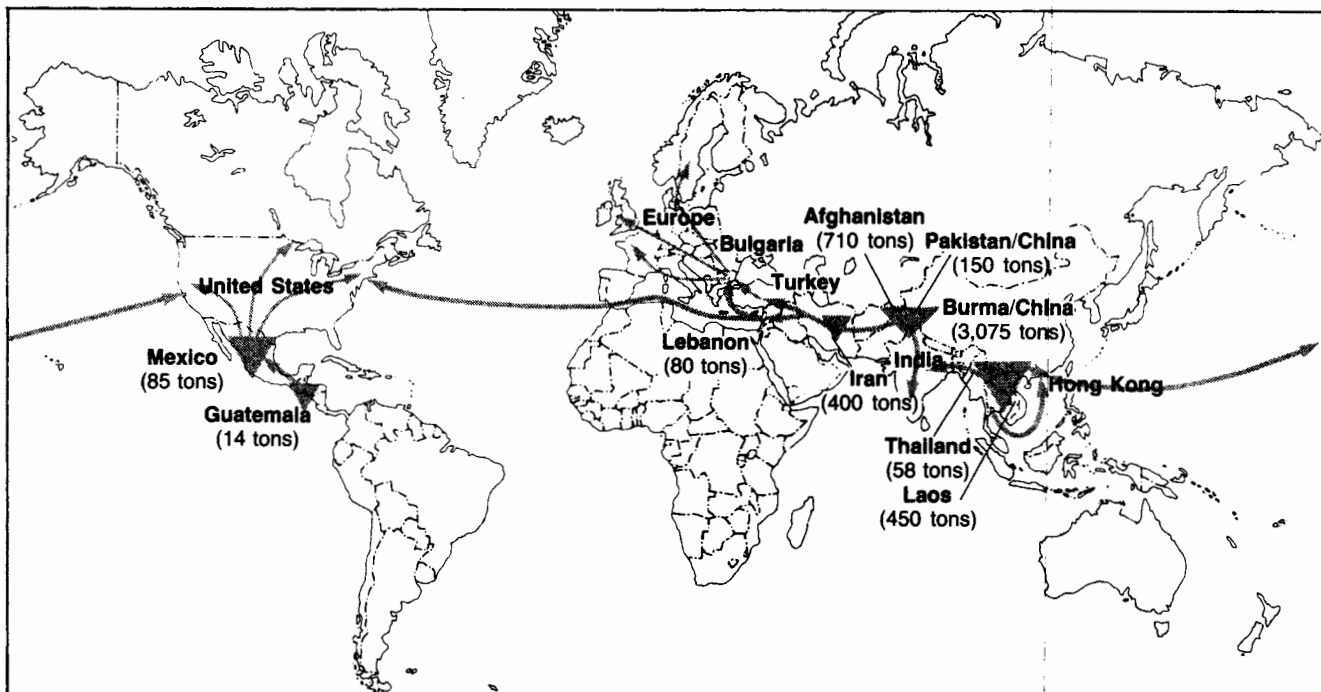
The United States unquestionably has the single largest addict population, with somewhere in the range of 70 million Americans having used drugs at some point in their lives. Many, if not most of these, are now addicts.

Europe is another very large market for all types of drugs, with an unknown number of consumers.

Ibero-America used to be relatively free of widespread drug use, and many politicians and others convinced themselves that their countries could keep on producing drugs,

FIGURE 11

Opium and heroin production and distribution



without worrying much about the consumption problem. Not any more. Over the last five years, the period of the sharpest austerity measures imposed by the International Monetary Fund, drug consumption has skyrocketed all across Ibero-America—by and large, consumption of the same drugs that are grown in each area. Thus, Brazil reports a serious jump in domestic marijuana production—and consumption. Peruvian sources say that there is now widespread use of basic paste of cocaine, soaked into cigarettes. “Bazuko,” another form semi-refined cocaine, is endemic in Colombia. And so forth and so on.

Perhaps less known are the shocking figures for Asia. U.S. government publications admit that there are 5 million opium addicts in India, 2 million heroin addicts in Iran and 1.2 million in Pakistan, and 1 million opium users in Egypt. No figures are available for China, but researchers believe that opium and heroin use is extremely widespread, perhaps reaching into the tens of millions.

Destroying Dope, Inc.

The international drug trade today has amassed such power, wealth, and military might that it almost constitutes a government unto itself, stronger and better supplied than the legitimate governments of many nations. Yet with all its power, the single most effective weapon in the dope trade’s arsenal is the Big Lie that it is too big and powerful to stop. But it can be defeated. An all-out military war on drugs must

be declared. The means and methods of war must be applied in every sense. Traffickers, and especially drug bankers, must be treated as are traitors in time of war. Consumers and advocates of the legalization of drugs are guilty of giving aid and comfort to the enemy in time of war, and must be prosecuted for such crimes.

Let us be very clear that the Bush administration’s misnamed “War on Drugs” is a major part of the problem, not the solution. As mentioned, Bush’s official strategy is to reduce drugs by 50% over the next decade. In practice, this has meant working with one group of drug runners to control or eliminate another.

Specifically, a working alliance has been created between the U.S. government and the Cali Cartel, against the Medellín Cartel of Pablo Escobar and José Gonzalo Rodríguez Gacha. The result has been, as now admitted in such organs of the liberal Establishment such as the *Washington Post*, that the Cali Cartel has become dominant among the different Colombian groups . . . all with behind-the-scenes American approval. Small surprise, when one learns that one of the official Washington lobbyists of the Cali Cartel is Michael Abbell, a 17-year employee of the U.S. Justice Department who became one of its highest officials as director of the department’s Office of International Affairs. Abbell was quoted in the *Washington Post* last year saying of the Cali Cartel: “The people in Cali have been adamantly opposed to any violence. . . . My impression is you can work with these

people.”

The drug runners also know where to turn for influence in Washington. The Colombian lawyer Joaquín Vallejo Arbeláez, who has publicly represented the Medellín Cartel “Extraditables” on numerous occasions, told the press that the cocaine cartel was hiring lobbyists in Washington. “Even Kissinger’s name was thought of. They knew what Kissinger costs. However, they said they were ready to take on those costs for the purpose of convincing the American government of the appropriateness” of making a deal.

But Washington’s role is worse still. The Bush administration is actively promoting the destruction of one of the only Ibero-American institutions capable of stopping Dope, Inc.: the military. Bush has forced on the nations of Ibero-America paramilitary operations by U.S. troops which violate their sovereignty and help dismantle the legitimate militaries of these countries—all using the hypocritical excuse of “fighting drugs.” The invasion of Panama late last year was the classical case of such an operation, which constituted a dangerous precedent for the entire hemisphere. Not surprisingly, drug trafficking in Panama has *increased* since the U.S. invasion.

The scope of such U.S. military actions, both current and planned, can be seen in **Figure 12**.

To actually destroy Dope, Inc. and eliminate the drug problem, it is not a matter of arguing whether consumption or production must be stopped first. The enemy must be hit simultaneously on all fronts—above all on the financial front. The money-laundering aspect must be attacked with special vigor, since this is Dope, Inc.’s jugular—and in war, one must always go for the enemy’s jugular.

To do all of this, alliances are needed between those governments, in both consuming and producing nations, who are willing to carry out this war, but with full respect for national sovereignty. Each government shall be responsible for prosecution of this war within its own territory.

The specific measures to be taken can be summarized in the following six points:

- 1) *Stop drug-money laundering*
 - banking transparency
 - seize the drug traffickers’ assets
 - jail the drug bankers
- 2) *Stop drug production*
 - satellite detection of all production and processing sites
 - air and land military assault on crops and laboratories
 - bomb all clandestine air fields
 - seize all illegal shipments of chemicals used for processing drugs
- 3) *Stop drug distribution*
 - AWACS and other radar technology detection of drug shipments

FIGURE 12
Current and proposed Anglo-American military presence in Ibero-America



- X-ray and nuclear magnetic resonance technologies to “search” all shipments
- 4) *Stop drug consumption*
 - stop the legalization campaign
 - severe jail terms for all traffickers and dealers
- 5) *Stop pornography and Satanism*
 - make them illegal, and jail all violators
 - promote classical culture among the youth
- 6) *Develop the Third World*
 - Great projects of infrastructural, industrial, and agricultural development
 - Full productive employment
 - High-technology crop substitution

John Hoefle and Peter Rush contributed to the research and preparation of the data presented in this survey.

How the traffickers launder drug money

by Gretchen Small

After the world supply of drugs has been produced, processed, distributed, and consumed, there is one further step in the process that completes the "Dope, Inc." cycle: The \$558 billion per year in gross revenue must be "laundered" through the international banking system. This is the most serious logistical problem faced by the drug trade, where it is most vulnerable; yet no government has dared touch it!

Take it from the beginning. A dealer sells cocaine on the streets of the United States for cash, some \$100 per gram. He then pays off his supplier, who may supply a network as large as a hundred or more dealers. This supplier may accumulate tens or hundreds of thousands of dollars per week, most of it in \$20, \$50, and \$100 bills. But he can't just go to a bank and deposit it. Under U.S. law, banks must report all deposits of \$10,000 or more.

Traffickers have turned to high cash-turnover businesses—such as hotels, casinos, restaurants, and sports events—to launder their money. Since banks don't have to report deposits made by these businesses, drug profits are simply mixed in with legal cash flows.

Cash is also frequently shipped out of the United States. Often planes which fly cocaine into the U.S., fly back loaded with \$20, \$50, and \$100 bills. The bills can then either be deposited directly in offshore banking centers—where no questions are asked—or in remote bank branches in the drug-producing countries. These funds are then wire-transferred out to the offshore banks, into secret accounts where there is no government supervision.

Only a tiny portion (at most 10%) of the drug revenues ever stay in the producer countries—and virtually none of that benefits those nations' productive economies. It is simply a lie to say that the drug trade is a "bonanza" for Ibero-America.

Although no precise figures are available, a leading anti-drug prosecutor in Switzerland, Paolo Bernasconi, told Italy's *La Stampa* newspaper in January 1990 that the leading money-laundering centers include the United States (Miami and Wall Street), Canada, Great Britain, and, of course, Switzerland.

Today many Ibero-American governments, including Venezuela and Mexico, are rushing to change their banking laws so that they can capture some of these "hot money" flows. They foolishly view this as a way to help pay their foreign debt, and solve their financial crises.

Drug-dependent economy

The world financial system is now as addicted to drug monies as a junkie is to heroin. Without the regular flow of those monies, the system would collapse.

As the London *Economist* wrote proudly in June 1989: "It is obvious . . . that drug dealers use banks. . . . The business . . . has become part of the financial system. . . . If you had morals or ethics in this business, you would not be in it."

U.S. finances are so dominated by money laundering that Treasury officials cannot locate 80% of all the dollar bills printed by the U.S. Treasury. Cocaine plays such a predominant role in the U.S. financial system that a significant majority of all \$20 bills show physical traces of cocaine dust on them!

Yet no government has ever touched the *system* which allowed this to occur. At best, a few accounts here and there have been seized. To this day, money laundering is not even a criminal offense in 8 out of the 15 industrialized nations. In the United States, the center of the problem, government action is a joke: No top management has *ever* been charged or prosecuted for criminal money-laundering activity.

The banks didn't just take advantage of the drug trade profits; they have *promoted* their "right" to make use of them. As one banker stated in an off-the-record discussion in London in 1986: Dope "is the biggest source of new financial business in the world today. . . . I know banks which will literally kill to secure a chunk of this action."

The banker worked for one of Wall Street's biggest investment houses, Merrill Lynch. The chief executive officer of Merrill Lynch for 12 years was Donald Regan, who served as Treasury Secretary and Chief of Staff of the White House for seven years of the Reagan presidency.

The bankers have also sponsored the campaign to legalize drugs. "Cocaine is indeed clearly the most profitable article of trade in the world," the *Economist* wrote in August 1989. "Vast untaxed profits amass in the conspirators hands." The time has come to legalize the dope trade, the magazine argued.

Instead of prosecuting drug-bankers, this crowd has prosecuted anyone who has acted against the drug trade, such as Lyndon LaRouche, the American economist who commissioned the book *Dope, Inc.*, which first exposed how the bankers set up the dope trade.

In 1986, in Panama, Gen. Manuel Noriega closed down First Interamericas Bank after it was proven that the bank was owned by the Cali Cartel. In December 1989, U.S. occupation forces invaded Panama on the pretext of the lie that Noriega himself was a drug runner—and proceeded to place four members of the board of that same First Interamericas Bank in power—as President, Attorney General, President of the Supreme Court, and Minister of Treasury. The result: Drug running in Panama has *grown* since Noriega's ouster.

Drug dealers rush through shattered Iron Curtain

by Muriel Mirak-Weissbach

When the Iron Curtain came down across Europe over 1989 it was not only freedom-hungry Eastern Europeans and excited West European tourists who rushed through the crowded borders. The international drug cartel was among the first enterprising concerns to set up shop in the East. Land was bought up, front organizations set up, bank accounts opened, and local contacts made. The street vendors staked out their territory and began to peddle.

Europe, unified, represents the promise of the biggest economic boom in history, and, thereby, hope for impoverished millions there as well as in the developing sector. Dope, Inc. is moving in on this political target with marijuana, hashish, cocaine, and heroin, in an attempt to demoralize the younger generation and to reap enormous profits from the immense, 500 million-strong market.

That the drug cartels were setting their sights on Europe was already clear in the trends of 1989, which showed a jump in drug deaths and in confiscated drugs. The Federal Republic of Germany held the unenviable first place with 991 deaths (compared to 670 in 1988 and 442 in 1987), Italy was close behind with 965 (compared to 804 and 542), and France suffered 318 deaths (compared to 236 and 228). Officials were staggered at the amounts of drugs flowing into the F.R.G.; 35,479 kilos of cannabis products and 708 kilos of heroin seized showed a large increase over the previous year (29,008 and 537 kilos respectively). But the biggest jump appeared in cocaine seizures. While only 496 kilos had fallen into customs officials' hands in 1988, in 1989 the figure rose to 1,388. Somewhere between DM 4 and 8 billion was spent by addicts in street sales, whereas DM 2-4.5 billion changed hands at the wholesale level. The best estimates indicate that there were about 100,000 addicts in the F.R.G. in 1989, about 150,000 in France, and 300,000-500,000 in Italy. In Western Europe as a whole, there were an estimated 900,000 heroin addicts and 775,000 cocaine addicts.

According to law enforcement agencies, no relief is in sight. European-wide, 4,000 kilos of cocaine had been confiscated in the first three months of 1990, compared to 6,300 kilos in 1989 as a whole. The German criminal police (BKA) could not believe their eyes when they put their hands on *one*

ton of Colombian cocaine in a single raid in Frankfurt in early October. A few days later, their colleagues seized 24 kilos of heroin coming in through the Balkan route. Accordingly, last year's sad record of drug deaths has already been surpassed, as the 1,000th German victim was counted in October.

In the former G.D.R. (East Germany), drug addiction was not a social problem. The communist political leadership, which dealt in drugs as part of the international cartel, was careful to prevent their spread among its captive work force. Alcoholism and abuse of medicines was a problem: The G.D.R. was number ten in the world ranking for alcoholism. But the drugs seized by the authorities were minimal. Joachim Pfeiffer of the G.D.R. customs told the magazine *Horizont* in September, "In the last three years, we blocked 41 drug shipments in transit. Forty-six dealers were arrested in this span of time, and altogether over 100 kg of cannabis and 14 kilos of heroin or cocaine were confiscated. . . . And with an annual quota of about 200 cases—it was mostly tourists with one or two grams of drugs for personal use—one could not really talk about a drug scene in the G.D.R."

That changed rapidly. Within the first half of 1990, 493 persons were found in possession of drugs, mostly from West Berlin, a European center of the trade. And it was not for personal consumption: 4,819 grams of cocaine, 989 grams of amphetamines, 785 grams of hashish, 776 grams of cannabis, and 747 grams of heroin were seized. This added up to double the amount confiscated in the corresponding period of 1989.

With the opening of the borders, drugs have increased their flow into Poland, whose citizens traveled in droves to visit Berlin, as well as into Czechoslovakia and Hungary. According to Yuri Shchekochikhin, a commentator for the Soviet periodical *Literaturnaya Gazeta*, drug addiction inside the U.S.S.R. has existed for some time, and is increasing. He estimated, in discussion with *Horizont*, that the Health Ministry's figure of 130,000 addicts is a gross underestimate, in that the actual figure is probably 4-5 times that. Last year, he said, 3,000 dangerous dealers were arrested, and tons of drugs confiscated, including 10 tons of heroin,

seized in transit through the U.S.S.R. Furthermore, he reported the existence of poppy fields and hashish crops inside the country.

What to do

One would think that the alarming statistics would have shaken the political elite into action, particularly in Germany, where the recent reunification has defined clear economic tasks for the nation within the broader European perspective. Instead, the response has been one of helplessness, at best. At the first national conference on drugs held on Chancellor Kohl's initiative in June in Bonn, what emerged was a vague plan to fight drugs through an information campaign, with emphasis on prevention and therapy. Improved law enforcement, through legislation, and international cooperation were promised. But what made the headlines as a truly bold initiative on the drug front was a call for legalization made by ranking politicians in Germany, Switzerland, and Holland.

The most outrageous intervention of this nature came from Henning Voscherau, the Social Democratic mayor of Hamburg. In a widely publicized interview to *Der Spiegel* magazine, just four days after the official unification, Voscherau proposed that "heroin addicts who can not otherwise be helped, should if necessary receive their dose of drugs from the state, under medical supervision." Were this "medicalization" of the problem not successful, then, "a further step would have to be taken. Then we would have to think about the complete free distribution of hard drugs." Reciting the familiar argument, that legalization would halt criminality, Voscherau said he was "for drug distribution through the state and not through the mafia."

Voscherau, who governs in a port city known as the "high of the north," the biggest drug transit center in Germany, leans for support on the drug decriminalization program that has long been in effect in Holland. One week after the Sunday papers announced Voscherau's proposal, the mass circulation *Bild Zeitung* featured in its Sunday edition a report on the "success story" of the Dutch. Paul Vasseur, drug commissioner for the infested city of Amsterdam, was quoted boasting, "We have spent DM 34 million for aid programs, methadone projects, police work, and information campaigns. We have our drug problem under control." Of the 15,000 heroin addicts (among them 6,000 Germans) who had settled in the drug paradise city five years ago, he claimed, only 2,000 Dutch addicts were left. Only 42 died of overdose in the city in 1989, the statistics say, compared to almost 100 in the same time in Voscherau's Hamburg. But where have the thousands of former addicts ended up? Paul Vasseur explained that they are participating in the city's methadone program—in other words, they have traded addiction to one narcotic drug, for addiction to another. A bus from the health department is parked in a central part of the city, at addicts' disposal day and night. Some 5,000 addicts come by, in total anonymity, go into the bus, and get their methadone dose.

The city maintains these, and any more who may appear, on the substitute drug methadone, and boasts that criminality has dropped, and the addicts even hold normal jobs.

There is every reason to fear that, although Voscherau's free heroin plan will be shunned as too extreme in Germany, the methadone maintenance program which Amsterdam is advertising, with all of its implications for creating a drug-dependent labor force of docile slaves, could be adopted. Already in Germany, methadone programs have been introduced in numerous cities and states, among them Hamburg, Bremen, Berlin, Hesse, and North Rhine Westphalia. It was no left-leaning Social Democrat who sanctioned the program, but Christian Democrat Rita Süßmuth, when she was Health Minister in Bonn. Following a July 1988 trip to the U.S., where she met Dr. Robert Newman, who heads New York's biggest methadone program, and traveled to San Francisco and Washington to inspect similar projects, Süßmuth returned to Germany an enthusiast. It was not only the case against criminalization which Süßmuth, who is currently president of the Bundestag, argued, but also the case against AIDS transmission. Süßmuth's anti-AIDS policy as minister was based solely on promotion of condom use.

Thus, the drug lobby, while moving the merchandise in by the truckload or planeload, is busily corrupting public opinion, to force through political approval of narcotics. Following Voscherau, *Der Spiegel*, *Bild*, and Süßmuth, the former vice president of the constitutional court, Martin Hirsch, German judge Manfred Bruns and Free Democratic parliamentarian Ulrich Irmer spoke out in favor of decriminalization or outright legalization, even of heroin. Just to the south, in Switzerland, leading personalities representing the churches, political, and social layers made public their position regarding the government's drug program, in which they stated their commitment to decriminalization. Spain introduced methadone maintenance programs in October.

Whether or not Europe beats back the drug onslaught will depend to a large extent on Germany which, together with France, is the driving force for economic reconstruction of the East. The first all-German elections on Dec. 2 will vote in a parliament which will elect a government, whose task will be to concretize this effort. When this new government, the first to be elected by all Germans in free elections in almost 60 years, assumes power, it will have the chance to recast legislation in a number of areas. The drug issue, coupled with the related issue of terrorism and internal security, has become the number-one political issue in the election debate. Germans, particularly those in the eastern part of the country, do not want their hopes for a prosperous, meaningful future to be dashed by cocaine and heroin. If the electorate succeeds in making its voice heard loudly enough, there are real chances that the liberalizing trend which has so weakened the West over the last decades, may be halted and reversed. If it is not, the promises for economic and social progress will ring hollow.

Petulant Bush beats the war drums against Iraq

by Joseph Brewda

U.S. President George Bush has made a series of provocative statements since Oct. 22, proving that his administration is still committed to war with Iraq. In part, Bush's war rhetoric is motivated by his knowledge that peace initiatives undertaken by such diverse governments as that of Iraq, Jordan, Saudi Arabia, and to some extent, France and the Soviet Union, would succeed were it not for U.S. interference. In apparent response to Bush's behavior, Iraqi President Saddam Hussein put the Iraqi military on "extreme alert" on Oct. 30. "We must be prepared with all the potential God has given us to thwart the perfidious intentions of the United States and its allies to launch an attack in the coming few days," he told the Iraqi News Agency.

In one grandstanding display, Bush zeroed in on the Iraqi government's supposed food cutoff to the eight people staffing the former U.S. embassy in Kuwait as his latest pretext for war. "I have just had it with that kind of treatment of Americans," Bush blustered, at a Virginia press conference on Oct. 31. While not explaining why Iraq should supply food to U.S. diplomats in Kuwait who are free to leave for Baghdad or elsewhere, while it is suffering a U.S.-imposed food embargo, Bush added, "And what am I going to do about it? Let's just wait and see."

Two days earlier, in California, Bush ridiculed the idea that bombing Iraq during the ongoing congressional recess would subvert Congress's constitutional authority to declare war. "History is replete with examples where the President would have to take action. I've done this in the past," Bush said, referencing his ordering the invasion of Panama in December 1989, during a similar recess.

Fearing such a possibility, 15 bipartisan congressional

leaders led by Senate Majority Leader George Mitchell (D-Me.) and House Speaker Tom Foley (D-Wash.) had what was described as a "frank meeting" with Bush on Oct. 30, to demand that they be consulted before any attack is initiated. Alluding to the Oct. 25 announcement by Defense Secretary Richard Cheney that the United States might send 100,000 more troops to the Gulf region, Mitchell said, "There's a concern on Capitol Hill . . . that this is somehow a prelude to immediate military action."

In view of top secret Pentagon estimates—reported by syndicated columnist Jack Anderson on Nov. 1—that a war would mean the loss of as many as 30,000 American lives in the first three weeks, some in Washington are viewing the situation more soberly than they once did. This would be *nearly half* the total number of Americans killed in the Vietnam War.

Eighty-one congressmen signed a statement on Oct. 30, expressing their "grave concern about the possibility of war" during the recess, and reiterated that "only Congress can declare war." A congressional intelligence expert told the *Washington Post* on Oct. 31 that "any attempt to resupply the embassy" in Kuwait, which could occur during the recess, "would involve shooting and there is a better than even chance that it might precipitate general war."

Earlier, on Oct. 20, Bush's controller, British Prime Minister Margaret Thatcher, told visiting Soviet envoy Yevgeni Primakov that the Iraqis "have only 11 weeks to make up their minds" to leave the former British colony of Kuwait—or else. Primakov, Moscow's top Mideast hand, has toured the Gulf region on two occasions since the Iraqi annexation of Kuwait on Aug. 2, in an ongoing effort by the Soviets to

avoid a war for varying, conflicting reasons.

Reflecting such concerns, Soviet President Mikhail Gorbachov and French President François Mitterrand held a Paris meeting on the crisis on Oct. 28-29. Immediately prior to their meeting, both leaders had received a letter from Saddam Hussein, in which the Iraqi President reportedly offered to release all the foreign hostages held by Iraq if the two leaders publicly committed themselves to a political solution. The meeting ended without such a joint statement.

Despite this disappointing result, on Oct. 30, Gorbachov called for the convening of an Arab summit to find a peaceful solution, stressing the importance of "the Arab factor" in avoiding war. The call was rejected by Egyptian President Hosni Mubarak the next day, as one which would only be a "summit of insults," pointing out that "Arab countries held a summit on Aug. 10 without accomplishing anything." In fact, that summit could have led to a peaceful solution if it were not for the fact that Mubarak, under U.S. instructions, rammed through a violent condemnation of Iraq.

On Oct. 29, the U.N. Security Council approved another resolution against Iraq, with the approval of both the Soviet Union and France, threatening "further measures under the Charter"—that is, by force.

Sabotaging an Arab solution

While the Bush regime has claimed that there is a pressing need to go to war with Iraq, it has simultaneously sabotaged every promising Arab effort to negotiate a diplomatic solution to the crisis.

Typifying such potential, Saudi Defense Minister Prince Sultan signaled on Oct. 21 in widely publicized comments to journalists, that a negotiated settlement to the crisis might be at hand. Asked about Iraq's demands that it have an outlet to the sea if it withdraws from Kuwait, Sultan said that "Saudi Arabia has said, and says now, that giving rights, including territorial brotherly concessions—given willingly—is a matter of pride." Iraq, which is virtually landlocked, due to the artificial British creation of Kuwait in 1899, has demanded 99-year leases on two small, undeveloped islands at the mouth of the Tigris River, islands which are now formally part of Kuwait.

In case his hints in respect to the Kuwaiti islands were not sufficiently clear, Prince Sultan went on to say, "We in Saudi Arabia have given parts of our land and parts of our territorial waters willingly," referring to previous territorial settlements among Saudi Arabia, Iraq, and the United Arab Emirates. The remarks triggered a decline in the oil price by \$5 per barrel the next day—and a public tantrum by President Bush.

That a negotiated settlement has been possible, was apparent as far back as Aug. 5, three days after the Iraqi invasion of Kuwait, when an inter-Arab summit in Jeddah had been set to negotiate an end to the crisis. Bush ordered the summit canceled, and ordered U.S. troops into Saudi Arabia.

The Aug. 10 Arab summit in Cairo was also sabotaged. An Aug. 12 comprehensive peace initiative offered by Saddam Hussein, which offered an Iraqi pullout from Kuwait, was rejected out of hand by Bush.

Rejection of negotiations

Speaking at a campaign rally in New Hampshire on Oct. 22, Bush took aim at Prince Sultan's remarks. "I am more determined than ever to see that this invading dictator gets out of Kuwait with no compromise of any kind whatsoever," Bush exclaimed. "Appeasement" is the great problem, he added.

"I'm reading a book, and it's a book of history, a great big thick book about World War II," he reported, "and there is a parallel about what Hitler did to Poland and what Saddam Hussein has done to Kuwait."

That Sultan's remarks prompted the Bush formulations was admitted by White House spokesman Marlin Fitzwater that day. "He just wanted to express some pretty strong resolve in light of stories in the last few days out of Saudi Arabia," Fitzwater said. On Oct. 25, the U.S. government leaked that Secretary of State James Baker would be making another trip to the Gulf in the first week of November, "to stiffen resolve."

Meanwhile, Iraqi Foreign Minister Tariq Aziz reported on Oct. 26 how he viewed Bush's response to Sultan's peace feeler. "Whatever our opinion on what the Saudi official said, the U.S. and British governments have proved they are determined to repress any effort to open dialogue between Arab states aimed at settling the region's problems."

Also on Oct. 22, Baker summoned Saudi Ambassador Prince Bandar for "consultations." Bandar emerged to claim that his father, Prince Sultan, had been "misquoted." "My government has not changed its position," he insisted.

Saudi King Fahd himself issued a statement on Oct. 26 further distancing his state from Defense Minister Sultan, who is his brother. "Iraqi troops must withdraw unconditionally," he said, without any "bargaining" whatever. The King added that any statements offering concessions to Iraq (implying those made by Sultan), now or in the future, are and will be "untrue."

Bandar and Fahd have reason to be concerned. In 1975, Saudi King Faisal was assassinated, shortly after he had crossed then-Secretary of State Henry Kissinger—who is now overseeing Bush's Gulf deployment—over the issue of Israeli occupation of Jerusalem.

For such reasons, the Saudis even complied with U.S. demands to work with the Israelis and arm Ayatollah Khomeini's Iran in its war against Iraq. Bandar later reportedly pushed his family into accepting the huge U.S. military presence in the country, with the argument that they would not be able to stop it anyway. The decision has not been unanimously embraced by the royal family, since a war means that Saudi Arabia's oil fields will be incinerated.

Economic conspiracy against Iraq exposed

by Joseph Brewda

The Iraqi government released a top-secret Kuwaiti intelligence memorandum on Oct. 31, which confirms Iraq's charges that the United States government had conspired with the former British colony of Kuwait to wage economic warfare against Iraq. Other evidence has shown that the economic warfare, which dates back to the end of the Iran-Iraq War in August 1988, was designed to prevent Iraq from recovering from the war.

The Kuwaiti document had reportedly been recovered intact from Kuwait's Internal Security Bureau, among many classified files which were abandoned without destruction when the Kuwaiti royal family fled within the first few hours of the Iraqi invasion of Aug. 2. The document was written by Kuwait's former security chief, Brig. Gen. Fahd Ahmed Al-Fahd, to the member of the Kuwaiti royal family responsible for covert operations and internal security, Minister of Interior Salem Sabah Al-Salem Al-Sabah. It reports on a secret meeting between General Al-Fahd and CIA director William Webster at the CIA headquarters in Langley, Virginia on Nov. 14, 1989.

CIA spokesman Mark Mansfield denounced the Iraqi-released memo as a "fabrication." He did admit that the meeting of the spy chiefs took place, but insisted that it was a mere "courtesy call."

The document reports on a U.S.-Kuwaiti plan to "exploit and benefit from the deteriorating economic situation" of Iraq. The Iraqi government has maintained, long before Aug. 2, that Kuwait's oil-dumping policies, in violation of its OPEC agreements, were aimed at destroying Iraq's economy, and were part of a colonialist effort to control the oil fields of the region. As a result of Kuwait's oil-dumping, the price of oil dropped from \$17 a barrel to less than \$10, with the result that war-ravaged Iraq was losing \$7 billion in foreign exchange earnings. Economic reconstruction from the disastrous war, and the renewal of Iraq's ambitious pre-war development program, became impossible.

In a confidential letter to U.N. Secretary General Javier Pérez de Cuéllar on Oct. 24, subsequently made public, Iraqi Foreign Minister Tariq Aziz reported that the document "clearly and unequivocally confirms the connivance between the United States Central Intelligence Agency" and Kuwait, in "plotting against Iraq's national security." Iraq has called

for a U.N. investigation of the conspiracy.

In September, the Iraqi government released a tape of an intercepted July 9, 1990 telephone conversation between the Emir of Qatar and Saudi King Fahd, which provides corroborating evidence. King Fahd cautioned the angry Emir that he only had to wait "two months" more before their mutual problems with Iraq would be ended. It would appear, in context, that the Saudi King was alluding to the already planned Anglo-American Gulf deployment, following the provoked Iraqi invasion of Kuwait on Aug. 2.

A longstanding policy

The policy of destroying Iraq through financial warfare had been clearly stated on the day of the Iran-Iraq War ceasefire, in an editorial in a British intelligence mouthpiece, the London *Economist*. The Aug. 20, 1988 editorial, "Out of the Gulf's rubble," gloated about Iraq's vulnerability due to its massive war debt. "About half of this is owed to Saudi Arabia and Kuwait, which may forget it, perhaps \$10 billion to Russia and Eastern Europe, which will not. Nor will the West's commercial banks, which have lent Iraq \$26 billion." The editorial chuckled that "Iraq's chances of securing new loans to finance postwar reconstruction are slim." Credit would only be forthcoming, if Iraq would turn over its "oil reserves of 100 billion barrels—second only to Saudi Arabia—and rich deposits of other minerals like sulfur, phosphates, and bauxite."

Since that time, the United States and most nations of Western Europe began to systematically cut Iraq off from credit needed for reconstruction. The key architect of this economic warfare policy in the United States has been former Secretary of State Henry Kissinger. Kissinger, who is also the behind-the-scenes overseer of the U.S. Gulf deployment, has repeatedly demanded that Iraq's infrastructure be destroyed—war or no war.

The timing of the CIA-Kuwaiti intelligence meeting is also significant. Two months earlier, on Sept. 20, 1989, William Webster reported that the CIA would be undergoing a major reorganization now that the "Cold War was over." In a speech before the Los Angeles World Affairs Council, Webster said that the CIA would instead concentrate on economic matters. Directly referring to Western Europe and Japan, Webster added that "our political and military allies are also our economic competitors." In an obvious reference to Iraq, Argentina, and Brazil, among other Third World states, Webster also railed against "the proliferation of nuclear, chemical, and biological weapons," an issue typically used as a cover for blocking Third World economic development.

Shortly after this address, and prior to his meeting with Kuwaiti intelligence, Webster created a new CIA directorate, one of only five, to coordinate actions that would counter this supposed threat. The fifth directorate is overseeing the blockade of Iraq.

Documentation

The following memorandum was recovered the Kuwait's Internal Security Bureau by Iraqi forces on Aug. 2. The document was written by Kuwait's former security chief, Brig. Gen. Fahd Ahmed Al-Fahd, to the member of the Kuwaiti royal family responsible for covert operations and internal security, Minister of Interior Salem Sabah Al-Salem Al-Sabah. The document was translated from the original Arabic by the United Nations.

Top secret and private

His Excellency Sheikh Salem Al-Sabah Al-Salem Al-Sabah, Minister of the Interior

In accordance with Your Highness's orders, as given during our meeting on 22 October 1989, I visited the headquarters of the United States Central Intelligence Agency, together with Colonel Ishaq Abd al-Hadi Shaddad, Director of Investigations for the Governorate of Ahmadi, from 12 to 18 November 1989. The United States side emphasized that the visit should be top secret in order not to arouse sensibilities among our brothers in the Gulf Cooperation Council, Iran, and Iraq.

I hereby inform your Highness of the most important elements of what was agreed with Judge William Webster, Director of the United States Central Intelligence Agency, in the course of my private meeting with him on Tuesday, 14 November 1989.

1) The United States is undertaking to train individuals selected by us to protect His Highness the Emir and His Highness Sheikh Saad Al-Abdullah Al-Salem Al-Sabah. The instruction and training is to take place at the headquarters of the United States Central Intelligence Agency itself, and we have set their number at 128, some of whom are to be used for special missions with the royal family, as determined by His Highness the Crown Prince.

In this connection, the United States side informed us of its dissatisfaction with the performance of the Royal Guard forces at the time of the criminal attack on His Highness the Emir.

2) We agreed with the United States side that visits would be exchanged at all levels between the State Security Department and the Central Intelligence Agency, and that information would be exchanged about the armaments and social and political structures of Iran and Iraq.

3) We sought assistance from Agency experts in reviewing the structure of the State Security Department, which, according to the instructions given by His Highness the Emir, was to be accorded major priority at our meeting

with the United States side. This would involve use of their expertise in drawing up a new strategy for action commensurate with the changes in the Gulf region and the country's internal situation, by developing a computer system and automating functions in the State Security Department.

4) The United States side said it was entirely willing to meet our request for an exchange of information concerning the activities of extremist Shia groups in the country and certain States of the Gulf Cooperation Council. Mr. Webster applauded our measures to combat movements backed by Iran and said that the Agency was willing to take joint steps to eliminate points of tension in the Gulf region.

5) We agreed with the American side that it was important to take advantage of the deteriorating economic situation in Iraq in order to put pressure on that country's Government to delineate our common border. The Central Intelligence Agency gave us its view of appropriate means of pressure, saying that broad cooperation should be initiated between us, on condition that such activities are coordinated at a high level.

"We agreed with the American side that it was important to take advantage of the deteriorating economic situation in Iraq."

6) The United States side is of the opinion that our relations with Iran should be conducted in such a way as, on the one hand, to avoid contact with that country and, on the other, to exert all possible economic pressure on it and to concentrate on effectively bolstering its alliance with Syria. The agreement with the United States side provides that Kuwait will avoid negative media statements about Iran and restrict its efforts to influence that country to Arab meetings.

7) We agreed with the United States side that it was important to combat drugs in the country, after Central Intelligence Agency narcotics experts informed us that much Kuwaiti capital is being used to promote drug trafficking in Pakistan and Iran, and that the spread of such trafficking will have negative consequences for the future of Kuwait.

8) The United States side place a special telephone at our disposal to promote the rapid exchange of views and information that do not require written communications. The number of the telephone, which is Mr. Webster's private line, is (202)-659-5246.

I await your Highness's instructions and convey to you my best regards.

(Signed) Brigadier Fahd Ahmed Al-Fahd
Director General of the State Security Department

We are convinced that the war option is eventually inevitable

Dr. Nusseibeh is the former foreign minister of Jordan and Jordanian ambassador to the United Nations. The interview was conducted by telephone with Joseph Brewda on Oct. 28.

EIR: Dr. Nusseibeh, some believe that the Iraqi seizure of Kuwait on Aug. 2 merely served as a convenient pretext for a preexisting Anglo-American plan to move into the region. What in your view is the Bush and Thatcher administrations' objective in deploying their fleet into the Persian Gulf?

Nusseibeh: The Anglo-American plan to deploy massive forces in the Arabian Peninsula and the Gulf has been motivated predominantly by a penchant to achieve physical and direct control over the huge oil resources of the region amounting to, at least, 65% of the world's oil reserves. This is hardly new since it is well known that such a plan had been formulated in the mid-1970s in the aftermath of the first oil crisis, and could have been implemented in total disregard of Saudi wishes, interests or sensitivities, at a far earlier date. There was no alleged Iraqi threat whatsoever to Kuwait or anyone else in the mid-1970s and some pretext would have had to be invented, to justify a takeover.

The prolonged Iraq-Iran War in which the two most populous regional powers savaged themselves ruthlessly for eight years, put the Anglo-American plan of occupation in abeyance, while the "Desert Shield" rapid deployment force was continually readied for eventual action. The pretext came in Iraq's invasion of Kuwait on Aug. 2, in exasperation over Kuwait's deleterious oil-dumping policies, no doubt aided and abetted by Britain and the United States, which reduced the price of a barrel to less than \$10, which spelled disaster to a populous and debt-ridden Iraq. In addition to Kuwait's adamant refusal to make the slightest concessions to Iraq, or to give a helping hand to an Iraq choking under the burden of its huge war debts.

These are the objective and clear facts which any well-informed person knows and recognizes. But there is one equally important, if not more important dimension which has been the trigger and the sustaining underlying force behind the Gulf Anglo-American deployment. There is almost a consensus amongst the vast majority of our people that the new dimension and catalyst has once more been Israel. How?

Our people remember all too well President Saddam Hussein's television statement in April of this year in which he said that if Israel attacked Iraq or any other Arab country, Iraq possessed the capability to burn half of Israel. That was meant to be a deterrent and not a threat to attack, as Israel claims.

Since that statement, all hell broke loose, and Israel, with the formidable participation of its worldwide Zionist influence, was mobilized to bring down Saddam Hussein and to "destroy," to use Kissinger's wording, "the military assets of Iraq." This meant the entire range of Iraq's capabilities and its thrust to modernize Iraq in all walks of life including, of course, scientific research.

We are all convinced that Saddam's aforementioned statement was the true genesis of the Gulf crisis. We truly and firmly believe that it was then, and not the invasion of Kuwait, that the decision was made by Britain, America, and world Zionism to destroy Iraq, at the first opportune moment, and under whatever pretext, Kuwait or no Kuwait. There was no Kuwait factor when Israel destroyed Iraq's Osirak research center in 1981, no doubt with American acquiescence and AWACS reconnaissance participation.

And it is in light of this conviction that our people believe that the war option would eventually prevail, no matter what concessions are made by Iraq over Kuwait, and even if the Arab world were to achieve a consensus over Kuwait.

This is what gives to the Anglo-American deployment the ominous and most dangerous character which it has already acquired. What is at stake is the devastation of the region, and the earthquake which will follow it. The oil interests of America will also be included in the carnage, so long as the Israeli factor—subdued publicly as it is—is the ultimate factor.

EIR: Last September, U.S. Secretary of State Baker testified before the Senate, and he called for forming a new permanent security structure in the region, similar to NATO. Defense Secretary Cheney has made similar remarks. What is your view of the charge that the deployment was intended to help establish a new version of CENTO? What would be the possibility of success of such an effort?

Our people remember President Saddam Hussein's television statement in April in which he said that if Israel attacked, Iraq possessed the capability to burn half of Israel. That was meant to be a deterrent. . . . All hell broke loose . . . to "destroy," to use Kissinger's wording, "the military assets of Iraq." That was the true genesis of the Gulf crisis.

Nusseibeh: There is little doubt that what is intended is not a replica of the CENTO of the mid-1950s, under which, at least the Arab and Islamic countries would have been the centerpiece and the main players in the bulwark against communism, alongside the West.

The world has changed drastically since. There is no longer a communist or a Soviet danger. But to our people, there is the nuclear-armed Israeli danger of continual expansion at the expense, not only of the Palestinian cause, but of the entire Arab and Islamic worlds. It would simply try to extend the arm of the Zionist-American strategic alliance into the entire region. That would be touching the most sensitive raw nerve in this vast region and lead to sustained conflicts and revolutions throughout the region for a long time, i.e., decades.

This is the more so since Israel has opened its floodgates to Soviet Jewish immigration, the eventual decapitation of the Palestinian people, and the certain threat posed by Israeli hegemony over the region with American support. This may not have been what Secretary Baker intended. But, this is how it will turn out regardless of American intentions.

EIR: Western Europe and Japan are heavily dependent on Middle East oil. Several Western European nations and Japan have been denounced increasingly by the Bush administration for allegedly unfair trading practices. Last year, CIA director William Webster announced the formation of a new directorate at his agency to combat economic competitors of the U.S., even when those competitors are political allies. What is your view of the charge that the deployment was intended to put Japan and continental Europe, particularly Germany, under Anglo-American economic blackmail?

Nusseibeh: The feeling is widespread in the Arab region that the armed deployment has amongst its other principal components, putting Japan and a united Western Europe, particularly Germany, under Anglo-American economic blackmail. But then, these two most powerful blocs—Japan and united Europe—would not take such a threat lying down. They will find many many allies in the Arab and Islamic worlds because of America's "association-subservience" to the Zionist will. America's dilemma and predicament would vastly multiply rather than diminish, less still be swept away.

EIR: What do you believe are the possibilities of a peaceful resolution to the crisis?

Nusseibeh: We are perfectly convinced, indeed we know that if the Arab mediation effort had been given a working chance, the Gulf crisis would have been solved right from the beginning, in the early few days of the crisis. At the Arab summit conference held on Aug. 10, King Hussein, King al-Hassan of Morocco and Chadli Benjeddid [of Algeria], along with other Arab heads of state were set to go to Baghdad, with the prior arrangement of President Saddam Hussein on the withdrawal from Kuwait, to resolve the crisis to the satisfaction of all parties concerned, and of the world community at large.

Tragically, this effort was openly and deliberately sabotaged and aborted. A prearranged draft resolution, evidently at the prodding of the United States to give legitimacy to Anglo-American intervention, was hastily forced on the summit, and passed by a slight majority (substantial issues at the Arab League require a consensus). The resolution strongly condemned Iraq and rendered a brotherly Arab solution impossible. Further mediation efforts by King Hussein and others became an exercise in futility.

The rock-bottom answer to your question is: Israel is out to destroy Iraq—Kuwait or no Kuwait—in order to maintain its vast military technological capability and thereby hegemony over the region. It would tolerate no equivalence in any shape or form, nor a deterrence capability by any Arab country.

It is sheer nonsense for a superpower like the United States to fear Iraq even with a rudimentary advanced weapon, be it chemical or some other, when the United States has 25,000 nuclear warheads. But Israel does, in spite of its 100 nuclear warheads, because it wants to dominate unchallenged.

So long as Israel has such a predominant voice in American decision-making (albeit subtly), it will involve America in the war option, no matter how devastating. Such being the case, where U.S. policy has been manipulated as a blind tool of Zionist objectives, the masses of our region see no way or hope of escaping the carnage, even if Iraq abandons Kuwait without conditions. No one understands the real motivations of the Zionist as we do, and we are justifiably convinced that the war option is eventually inevitable.

Western media always paint Saddam black

Mahmud El-Sherif is the editor of the Amman, Jordan daily Ad Dustour. The interview as conducted by telephone with Joseph Brewda on Oct. 18.

EIR: Mr. El-Sherif, I wonder if you could give your assessment of the American media's coverage of the Middle East in the current situation.

El-Sherif: One could safely say that the U.S. media is generally biased—even when they report facts—biased toward the Israeli side and against Saddam Hussein. For instance, when Saddam Hussein says something, they carry it, but they temper what they report with the usual stereotypes. They insert certain sentences which maintain the negative stereotypes of Iraq and Saddam Hussein, and tilt the coverage, as much as they can, toward the Israeli point of view.

For instance, when the U.S. media report on the recent events in Jerusalem, they use the word which has been coined by the Israelis: the "Temple Mount." This is a new word which has proliferated in the Western media, to emphasize that this particular place is actually where the temple used to be, although, scientifically speaking, no excavation has revealed that this mount was the site of the temple. When you emphasize "Temple Mount," "Temple Mount," the "Palestinians are demonstrating at the 'Temple Mount,' " . . . you actually stress the "fact" that this is the site where the temple used to be. So that one day when you destroy the Al-Aqsa Mosque, then: this "temple" was on the "Temple Mount." This is the kind of technique which the American media tend to use.

Generally, they tend to be sympathetic towards the Israeli version. You rarely find a story that is absolutely balanced, which tries to be fair, and which gives enough space to the people who have been oppressed for 40 years, hounded out of their country, and dehumanized. When you read the articles on the opinion page, you find people like William Safire [*New York Times*], or James Hoagland [*Washington Post*], or Mr. Abraham Rosenthal [*New York Times*] continuously harping on the theme that Saddam Hussein is the most dan-

gerous man in the world, that he's Hitler. They use the images of 1939, Chamberlain, and the policy of appeasement, continuously, in order to create a feeling in the hearts of Americans that unless Saddam Hussein is completely eliminated there will be no peace in the world: The whole world is now living in peace, and the only menace is Saddam Hussein.

I am not saying that Saddam Hussein is right, but I am trying to emphasize that they are intent on painting a black picture of the man, and his power and country and ambitions: to make the war attractive, and the sacrifices acceptable—through eliminating a "monster," and this word they are using. You rarely find people with cool minds who try to put things into proper perspective, like Mr. Anthony Lewis when he handled the Israeli-Palestinian issue, or Flora Lewis. As for the opinion-shapers in the United States in the national dailies, unfortunately they are strongly pro-Israel. They are trying hectically to use the build-up against Saddam Hussein in order to destroy Iraq for reasons that have nothing to do with Kuwait and nothing to do with peace but everything to do with Israel.

EIR: President George Bush and Secretary of State James Baker insistently claim that all of the Arab masses, that the entire Arab world stands behind the U.S.

El-Sherif: Wherever there is freedom of expression, wherever there is an element of democracy, you find that the instinctive tendency of the masses is expressed in favor of Saddam Hussein and against the United States. Where the masses have no voice, Mr. Bush claims that the people are with him. When Mr. Bush says the Arab world is with him, he means some Arab heads of state are with him.

The people here do not condone whatever Iraq does. Many people do not accept the way he handled the crisis of Kuwait, though they understand the roots of the problem, and many of them might want to see all the boundaries of the Arab world removed and have one united nation. Many of them do not accept the way Saddam Hussein handled the Kuwaiti issue. If it were left to the Arab world, I can assure you that many Arabs would have objected to Saddam's handling of Kuwait, and would have pressed for a solution. But the problem is, when you have American troops installed on the Arab world, on the sacred territory of Saudi Arabia, the issue has not become Saddam versus Kuwait. It has become Saddam versus a new sort of colonialism.

They say people are with Saddam against Kuwait. This is not true. People are with Saddam when Saddam is opposing this buildup on Arabian territory. We tried very hard, for more than 70 years, to win our independence, and we don't want to see Arab territory being occupied by foreign troops. If the issue had been left to Kuwait, it could have been handled, but once the Americans decided to change the confrontation from Iraq versus Kuwait to Saddam Hussein versus the imperial West, then people sided automatically with Saddam.

Helga Zepp-LaRouche addresses freedom celebration in Hungary

Helga Zepp-LaRouche, the founder of the international Schiller Institutes, delivered the following address in Budapest on Oct. 23 as part of Hungary's national holiday celebration.

In the name of all freedom-loving forces associated with the Schiller Institute, I would like to convey warmest greetings and congratulations on the first national holiday which Hungary has been able to celebrate in freedom. I would like to express our admiration and respect for the great Hungarian people's will to attain freedom.

Especially we German patriots will never forget the heroic role which Hungary played in bringing about Germany's reunification; the opening of her borders to refugees from the former German Democratic Republic provided the final impetus for our peaceful revolution. Through the freedom struggles of the people of the East, Europe has been presented with a great historic opportunity, and we now confront the huge challenge of seizing that opportunity to the benefit of human society as a whole.

Our old continent's golden hour, however, has come in the midst of a strategic situation which is marked by great dangers. For, the essential reason why it has been possible to break the Yalta system of domination over Europe, lies in the fact that the economic systems of both superpowers are collapsing. Both Marxist collectivism, and liberal capitalism of the Anglo-American stripe, are bankrupt.

It is therefore of great importance that Hungary, plundered for decades by the communist economic system, does not become likewise plundered by the supranational institutions of the liberal market economy; indeed, Pope John Paul II, in his encyclical *Sollicitudo rei socialis*, spoke of both systems as "structures of sin." Therefore, a third way, on the basis of a Christian economic science, must be found for the development of Hungary as part of a united Europe.

My husband Lyndon LaRouche, an innocent man who is a political prisoner in the United States, has proposed a pioneering program for the economic development of all Europe. It is based on the comprehensive building of an integrated system of infrastructure for all Europe which, extending outward from the "Paris-Berlin-Vienna Productive Triangle," will connect all regions of Europe through the immediate construction of a system of high-speed railways. One arm of this system must proceed along the Danube River,

which is also connected to the Rhine through the Rhine-Main-Danube Canal, via Linz, Vienna, and Budapest through Yugoslavia, Romania, and into the Black Sea. All told, this infrastructure system of integrated railways, waterways, and roads will comprise a market of approximately 500 million people, and will be far and away the most productive region in the world. In view of the dramatic economic collapse in the great majority of world economic spheres, Europe must become the world economy's locomotive, which will help the less developed parts of the world to overcome their lack of development.

The program proposed by Lyndon LaRouche is based on the same economic theory also espoused by Friedrich List, and expressed, for instance, in List's 1845 memorandum "On the Improvement of Transport in Hungary." At the heart of this Christian economic theory is the conception that the sole source of all social wealth is technological progress and the resulting rise in the productivity of labor. The refinement of the creative faculties of the human being, who, as *imago viva Dei*, as the living image of God, is called upon to imitate the most excellent quality of the Creator, must therefore be central to this theory.

The development of the individual's creativity, abused for so long by communism, is therefore the key to the development of the national economy, but even more so is the emphasis on the Christian image of man. In his famous radio speech, the great Cardinal Mindszenty spoke the prophetic words: "Our age is characterized by a direction of development shared by all peoples. Antiquated nationalism must be revamped everywhere. National sentiment must no longer be permitted to lead to conflicts between nations, but rather must lead to the path to peaceful coexistence on the basis of justice. Around the world, national sentiment should blossom in the realm of cultural values, which comprise a common treasury for all peoples. In this way, one country's progress will also benefit all the others."

It is my firm conviction—and this is also the philosophical basis upon which the Schiller Institute was formed—that humanity has reached a point where the humanity's survival can only be assured through the establishment of a new, just world economic order on the basis of the encyclical *Populorum progressio*. It is my belief that Hungary, which, as Cardinal Mindszenty said, has had to suffer more than any other nation in the course of its thousand-year history,

Schiller Institute at Hungarian commemoration

The account here was written by Karl-Michael Vitt for the German newspaper, Neue Solidarität:

As a participant in a delegation of the Schiller Institute headed up by Helga Zepp-LaRouche, wife of American political leader Lyndon LaRouche, I had the honor of being present at the festivities on Oct. 23 of the first Hungarian national holiday. For the first time, a freely elected government had officially reserved this day to pay respects to the victims of the 1956 uprising against communist misrule, which began on Oct. 23. The ceremony occurred as Hungarians gathered from all over the world. Many citizens who had to go into exile after 1956 had returned to their homeland for the first time in 34 years, since the Hungarian freedom fighters were crushed by Soviet troops and tanks.

The main activities of the day had been organized by the Hungarian Association of Former Political Prisoners. The president of this 50,000-strong organization is Jenoe Fonay, who was twice condemned to death in the wake of the 1956 uprising. On one of those occasions, he was already standing at the gallows with a rope around his neck at the point he received a pardon.

In the morning, at a ceremonial session in the Parliament, medals were awarded to soldiers who had shown extraordinary valor during the uprising. Afterward, the participants traveled to various spots in Budapest to lay down memorial wreaths at the scenes of the fiercest battles during the uprising, which cost the lives of 30,000 people. Countless more were thrown into prison.

At noon there was a memorial service at the Budapest Cemetery's Parcel 301, attended by President Goensz, Prime Minister Jozsef Antall, the diplomatic corps, and guests. The entire Hungarian population avidly followed this event. The participants included the daughter of Imre Nagy, who had been prime minister up to 1956 and who was executed by the Soviet-installed Janos Kadar regime in 1958. He was buried here at Parcel 301 without a tombstone, along with many other martyrs of the uprising.

Only since last year has it been possible to pay last respects to these dead without fear of reprisals.

In the afternoon, approximately 5,000 people gathered at the Budapest Sport Hall at the invitation of the Association of Former Political Prisoners. Following remarks by Imre Nagy's daughter, Prime Minister Antall spoke. He criticized the West for its lack of support for Hungary. He pointed out that developments in Central Europe had always been closely connected to developments in the Middle East. Just as the Mideast crisis overshadows everything else today, so in 1956 the Suez crisis was more important to the free West than the Hungarian people's striving for freedom.

Antall was followed by Lithuania's President Vytautas Landsbergis and Helga Zepp-LaRouche, speaking as founder of the Schiller Institute and its president in Germany. Zepp-LaRouche's address was greeted with much thankful applause. As a German patriot, she thanked the freedom-loving Hungarian people for their assistance and contribution to German unity. Following her remarks, surviving heroes of the 1956 uprising spoke, bringing up memories which brought tears to all eyes. The day ended with a torchlight parade to the Parliament and a speech by Jenoe Fonay.

But for all its festiveness, this national holiday was overshadowed by Hungary's dire economic emergency. The citizens are especially exasperated that the government has still not fulfilled various solemn promises. Thus, even today, those people who stood up to oppose the communist regime, risking their lives, continue to be pushed to the margins of society. The old potentates have shed their skins like snakes, and are now entering the free market economy as entrepreneurs. Among these turncoats and former party bosses one can also find the murderers of 1956 and Kadar's repressive regime. So the victims of communism continue to fight for compensation and for rehabilitation, even though no one can give them back all the time they have lost in prison.

Meanwhile, the International Monetary Fund is moving in to collect the debts incurred by the communists, and is hindering Hungary's development. The speculators and other creatures of economic liberalism are sucking at Hungary like leeches. Germany owes its unity to those men and women who risked or gave their lives for freedom. The German government should make sure its words are followed by deeds.

precisely because of the greatness it has shown in reacting to the onslaughts against it, will make a great contribution to humanity's development in the family of peoples in a more just world order.

Today is a day of joy; and what is more fitting than for us to recall Schiller's "Ode to Joy." Along with Friedrich Schiller, I greet you: "*Alle Menschen werden Brüder*" ["All men become brothers"]!

Operation Gladio and the European revolt

by Umberto Pascali

There is a supersecret paramilitary structure operating under the cover of NATO that includes, in Italy, 1,000 agents and an unspecified number of sub-agents. The “parallel” structure codenamed “Operation Gladio,” in the immediate postwar period, was supposed to prepare for guerrilla warfare in case of Soviet invasion. But according to allegations made by several Italian parliamentarians, it turned into the center for destabilizing operations against the host countries. While the “soldiers” of the structure were trained by the United States, often on U.S. territory, the “elite” was trained by *British* intelligence, reportedly by special Royal Air Forces units.

The “parallel” structure—reportedly operating in several European NATO countries—is still protected by state secret (like the “national security” cover in the U.S.). It was unknown not only to the public, but also to the Italian government except the prime minister, the President, and a few high-level officials. Since Oct. 18, the secret has been broken, dramatically, by a 12-page dossier delivered by Prime Minister Giulio Andreotti to the parliamentary committee investigating the many unsolved terrorist massacres that have taken place in Italy since 1970. The panel (commonly known as Comitato Stragi—Massacres Committee) was set up because attorneys and magistrates working on the bloodiest cases were forced, as matter of routine, to abandon their researches following the regular imposition of the “state secret.”

The fear of the Anglo-American Gulf war

“Why these revelations now?” asked a U.S. source familiar with the story. “Well, one could certainly say that this was and is a *segreto di stato* and its exposure could be disruptive, but I think that many Europeans are genuinely terrified of what Washington and London want to do in the Gulf, and then you get some reactions.” Observers in Rome have stated that the present U.S. and British leadership is ready to do everything to keep continental European countries from launching an organized resistance to the war. Thus, one can expect an effort to shake whatever power center exists in these countries, with the potential to act independently from the Anglo-Americans.

Indeed, the weeks before the publication of the dossier were among the most dramatic in Italy’s always drama-packed political life. On Oct. 9 in Milan, a construction worker chanced upon a secret room in an apartment in Milan,

containing photocopies of statements made by Aldo Moro during his captivity at the hands of the terrorist Red Brigades. Moro, then chairman of the ruling Christian Democratic party and Italy’s top political leader, was kidnaped and killed in 1978 after having been warned by Henry Kissinger personally, not to try to form a more solid ruling coalition.

The photocopies add nothing new to Moro’s still-unsolved torture and death, but the media were filled with rumors of Moro’s harsh personal remarks against the political leadership now in power, from Premier Andreotti to President Francesco Cossiga. Whatever his role in the past, Cossiga has become a target for the Anglo-Americans since July, when he officially asked the government to probe allegations made by former CIA agent Richard Brenneke, that the CIA had financed secretive arms trafficking and political destabilizations for years. With the new revelations about the “parallel” NATO, the role of the illegal P-2 Freemasonic lodge will be further clarified as an integral part of that structure. In particular, Cossiga asked that the allegations involving former CIA director George Bush be taken seriously.

Following the publications of the “Moro’s letters,” many newspapers expected the Andreotti government to fall.

Qaddafi financed Bush?

Meanwhile the government was being pressed by the American embassy to fire the director of military intelligence (SISMI), Adm. Fulvio Martini. The diktat was even reported as fact in the Italian press. The weekly *Panorama* wrote that Martini had no chance because he had displeased Bush personally. Martini’s latest “crime” was a statement he gave to the Massacres Committee June 28 on one of the unsolved massacres, the blowup of the Itavia DC-9 over the Tyrrhenian Sea exactly 10 years before, on June 27, 1980. During that deposition, still officially unpublished, Martini said in passing that Muammar Qaddafi “financed the electoral campaign of George Bush through the royalties that he continued to pay even in the moment of utmost tension to Texas oil companies.”

After that cryptic warning on an unthinkable Bush-Qaddafi connection, the U.S. administration decided that Martini was out, to be replaced by Gen. Giuseppe Alessandro D’Ambrosio, according to printed rumors in Rome. On Oct. 24, Andreotti announced to Parliament that Martini would be “flanked” immediately by General D’Ambrosio. It is not clear whether D’Ambrosio was Andreotti’s man or just a choice he couldn’t reject. But right after the announcement, his governmental partners, the Socialist Party, reacted in rage, accusing Andreotti of having made the nomination illegally.

The former chief of counterintelligence of SISMI, Ambrogio Viviani, now a Radical Party parliamentarian, revealed that D’Ambrosio had been in 1980-81 the right hand of General Santovito, the former director of SISMI, and totally controlled by the P-2 gang, above all through the

Irangate figure Michael Ledeen. D'Ambrosio had been military attaché at the Italian embassy in Washington, and his brother is a general in the U.S. Air Force. Finally it was leaked to the press that he had been involved in the failed coup d'état led by Junio Valerio Borghese in the 1970s, a plot which involved not only P-2 but that "parallel" NATO that has become the focus of political attention. "Maybe the idea is to create such an uproar around this nomination that it will become impractical," said a knowledgeable source in Rome.

Two 'original' documents

The dossier was delivered by Andreotti to the parliamentary committee on Oct. 18, but the members of that committee were not able to see it. The chairman, Sen. Libero Gualtieri of the Liberal Party, felt suddenly ill when he saw it and took it home for the weekend! After an uproar, five days later, Andreotti let it be known that he had called it back but would send it again to the committee. What came back was a slightly different dossier—starting with the title. The first was titled, "The So-called Parallel SID—Operation Gladio," the second, only "Gladio." "Parallel SID" is a journalistic expression used also by investigative magistrates to indicate the involvement of the P-2-controlled secret services, called SID from 1966 to 1977, in a series of terrorist acts and coup attempts.

The first dossier explained that Operation Gladio was organized by the CIA; in version 2, the CIA vanished. The first version explained the crucial role of British intelligence in training the officers of the paramilitary group. Finally, the first document described facts as taking place in the present; the second gave the impression of talking about history. Yet on Oct. 24, Andreotti told Parliament, "The structure did exist and does exist."

An American expert commented: "From a strategic standpoint a guerrilla structure like the 'Stay Behind' is totally useless, at least after the first postwar years. But from a political standpoint imagine the kind of power of control, subversion, blackmail, and manipulation it can give to its controllers, the whole thing protected by secrecy and employing people who, because of their psychological profile, are ready to obey any order."

Documentation

Excerpts from the "Operation Gladio" dossier delivered by Giulio Andreotti to the parliamentary committee investigating major terrorist acts. It is dated Oct. 17, but is the second version:

1) The secret networks inside NATO

Immediately after World War II, the fear of Soviet expansionism and the inferiority of the NATO forces vis-à-vis those of the Cominform induced the Western nations to hypothesize new and non-conventional forms of defense, by creating in their territory a "secret network of resistance aimed at acting, in case of enemy occupation, through the collection of information, sabotage, propaganda, and guerrilla warfare. Resistance networks were organized in France, Belgium, Holland, and extended, then, to Denmark and Norway. Also in the German and Austrian territories under Allied control similar structures were created. Our country, like the other NATO countries, began to study in 1951 the implementation of a "clandestine" resistance organization.

...

2) The "Stay Behind" agreement and Italian participation

While the resistance structure in Italy was being completed, on Nov. 26 1956, the [Italian intelligence service] SIFAR and the corresponding U.S. service [CIA] concluded an agreement concerning the organization and the activities of the "post-occupation secret network," . . . called "Stay Behind." In this way the basis were laid for the operation code-named "Gladio" . . .

3) Operation Gladio

In order to implement the agreement concluded within NATO, SIFAR began building up the secret organization through the setting up of a structure which would be: made up of agents operating in the territory that, by age, sex, and job had a good chance of escaping possible deportations and arrest; easy to manage by a command structure outside the occupied territory; covered by utmost secrecy and divided "into cells."

The clandestine network was to be articulated, in case of occupation, in the following branches: information, sabotage, propaganda and general resistance, radiocommunication, codes, receiving and redeploying persons and matériel.

Each of these structures was to operate autonomously.

...

4) Weapons depot

During the year 1959, the Center for Demolition Training received the operational matériel in order to create the deposits for the nucleus to be deployed [i.e., weapons and explosives]. . . . The matériel included: portable weapons, ammunition, explosives, hand grenades, knives, 66 mm cannon, etc.

5) The new orders

Beginning in the 1980s there were new lines of operation. The implementation of the NATO guidelines led to the training within SISMI of particularly skilled cadres able to train personnel for military clandestine operations such as: a) information and propaganda b) evasion and exfiltration c) guerrilla warfare d) sabotage and countersabotage. . . .

India's V.P. Singh government about to collapse over religious warfare

by Ramtanu Maitra and Susan Maitra

The minority Janata Dal government of Prime Minister V.P. Singh, drawing support from the communists and Hindu chauvinists, is about to fall. President R. Venkataraman has advised the prime minister to prove his government's majority in the Lok Sabha—India's upper house of Parliament—Nov. 7. By the time this article appears in print, the 11-month old rule of the Janata Dal, wrought with civil dissension, caste and communal hostilities, and intra-party quibblings, will have come to a deserving end.

The end, however, is coming with a bang. Those who were doubtful about the outcome of the test of strength at the Lok Sabha are convinced that the breakout of widespread riots throughout north India following the government's British-style approach toward the temple-building volunteers at Ayodhya will finish off any chances Singh had. On Oct. 30, at least 40,000 Hindu chauvinist volunteers, who had come to inaugurate the building of Sri Ram's temple at Ayodhya, in the state of Uttar Pradesh, faced a sea of security forces with guns. The Hindu fanatics claim that the Ayodhya site, where a mosque already exists, is the birthplace of their god Ram, and hence claim their right to build a temple there in his name. The entire town of Ayodhya was cordoned off and curfew was imposed. The disputed mosque and the entire complex were surrounded with steel barricades topped off with barbed wire.

Bereft of leaders who, alongside at least 100,000 volunteers were arrested earlier, the surging mass swarmed around the town trying to break through the security cordon. When paramilitary forces opened fire and police made baton-charge, 11 were killed and scores injured. But thousands of men and women suddenly appeared from the side-streets of Ayodhya carrying the saffron flags and a spirit of defiance. This was a surprise, since the government has repeatedly said that the local people were against the building of the temple. One analyst pointed out that the Uttar Pradesh government's provocative steps had infuriated the local people.

Despite the resistance offered by the security people, some stick-wielding youths managed to break through the cordon—according to some reports, the paramilitary forces,

in fact, helped the youths—and climbed to the top of the disputed mosque with the obvious intent of damaging it. While the Hindu chauvinist Bharatiya Janata Party (BJP) and all local newspapers gave detailed accounts of the takeover of the shrine, Uttar Pradesh Chief Minister Mulayan Singh Yadav has claimed that the attempt to start building the temple has been thwarted.

After manipulating both the Hindu chauvinist BJP and the Indian variety of communists throughout this period, Prime Minister Singh finally met his Waterloo on Oct. 23 when the Bharatiya Janata and its 86-member legislative party withdrew its support from the government. The crisis, building up for months, burst into the open when BJP President L.K. Advani was arrested by the Bihar state government, which is also under Janata Dal leadership. Advani was leading a "Rath Yatra," a chariot procession with thousands of Hindu chauvinists following a route over 10,000 kilometers long to Ayodhya, where the BJP had been planning to inaugurate the building of a temple to honor the birthplace of Sri Ram, the incarnation of the Hindu god Vishnu.

It is an old but volatile dispute. According to many, and based on Hindu belief rather than on historical documents, Sri Ram was born at Ayodhya more than 2,000 years ago, at the site where, in the 16th century, the Moghul rulers erected a mosque. The dispute arose during the British colonial era, when the British rulers put the issue under the jurisdiction of the Allahabad High Court and locked up the whole issue. The mosque, which was allegedly built after demolishing a Hindu temple—an incident not uncommon during the Moghul rule of India—and was last used for saying prayers in 1939. The issue was reopened once in 1949, following independence, but the court put the entire complex under locks. That same year, some Hindus placed Sri Ram's idols inside the mosque.

The issue was reopened again in 1986 during the Congress party rule of Rajiv Gandhi, and the Hindu chauvinists surged ahead to reestablish their demands, the most disturbing one being to destroy the mosque and build Sri Ram's temple at the same location. The Congress Party government

allowed the BJP to lay the foundation for the temple in an adjacent area, and declared that the dispute about the mosque will remain with the Allahabad High Court. The BJP considered the laying of cornerstone a great victory, to the extreme consternation of the Muslim communal leaders. According to poll analysts, the issue aggravated the Muslims so much that the Congress party, which usually benefits from Muslim votes, came out poorly in the 1989 elections.

The interim game

Having assumed power with the help of the Bharatiya Janata Party, whose 86 parliamentary seats provide the government the necessary majority, and being aware of the BJP's single-mindedness on the temple issue, Prime Minister V.P. Singh, a master tactician, began to manipulate both warring factions with the ostensible purpose of coming to a peaceful solution. However, the BJP continued to demand that either the mosque be demolished or that it be relocated brick by brick. The Muslim community, represented by hardline communal elements, saw an opportunity to play the role of a power broker. In other words, practically nothing was done, while the embers began to give off smoke and even spit fire occasionally.

Prime Minister Singh asked for six months' time to work out an amicable solution, but the issue was suppressed, until it blew up full force into the nation's face. The BJP, while agreeing to Singh's request, made it plain that the inauguration of the temple construction would begin on Oct. 30, an auspicious day according to the Hindu religious calendar. Prime Minister Singh, meanwhile, discussed matters with the hardline fundamentalists from both sides. Reports have recently surfaced of highly conciliatory conversations between Singh and the fundamentalist Hindu groups. According to the editor of the *Indian Express*, at one such meeting Singh he privately connived on means to remove the mosque, while at the same time he was making strident commitments in public to protect the mosque. The contents of the article, which was suppressed by the daily's owner before it came out, became available after the editor was fired.

Whatever happened, the fact remains that V.P. Singh has failed miserably in utilizing the time he requested to find any solution to the vexing issue. He paid lip-service to the minority Muslims on one hand, while he manipulated the BJP on the other. He did nothing to stop the "Rath Yatra" procession, which began in Gujarat at the Somnath temple, another temple which had been looted and destroyed on Sept. 25 by invaders from Afghanistan. The procession was heading toward Ayodhya and gathered large crowds along the way. Meanwhile, communal tensions were created all over India.

At the same time, Prime Minister Singh's man in Uttar Pradesh, where Ayodhya is located, Chief Minister Mulayam Singh Yadav, began his statewide condemnation of the Hindu fanatics and threatened to arrest anyone who dared to

come to Ayodhya on Oct. 30 for the foundation laying. As the die was cast, Prime Minister V.P. Singh wavered, a characteristic which inspired his former Deputy Prime Minister to call him "spineless." On Oct. 25, the prime minister, after much deliberation, issued an ordinance announcing that the government will acquire the land where the mosque is situated and also the adjacent land where the temple's foundations have already been laid. The ordinance promised that the dispute over the mosque will now be referred to the Supreme Court, the highest court. Within 48 hours, the ordinance was lifted, following objections from the Muslim hardliners, who pointed out that the government cannot acquire the land on which the Mosque is located because it belongs to the Muslim community property, or *wakf*.

The cool calculator

Already more than 100 have died in the riots around the issue. In the coming days, it is expected to get gorier. Since neither side is willing to give an inch on its respective demands, the hardline communal elements belonging to both faiths will exploit the situation to the full. A nonexistent government will only help the situation to deteriorate further.

But, behind this religious façade, a dirty political game is in progress. For the BJP, the support to the Janata Dal government was based upon twisting the government's arms to get what it wants and enhance its popular base. In its scheme of things, the building of the Sri Ram temple is a crucial one.

On the other side, Prime Minister V.P. Singh is intent on "using" the BJP support to stay in power and build his political base. His target is to erode the Congress voter base, which comprises the backward caste members, the poor, and the Muslims, through polarization and division within the society and between religions. In order to win over the backward castes, he has partly implemented the reservation policy as recommended by a 1979 report (See *EIR*, No. 39, page 49). With the hope that the Hindu society will be divided, and the large majority of backward caste members will line up behind him, Prime Minister V.P. Singh, then, went casting for the Muslim votes while playing the role of a self-proclaimed social reformer.

With the downfall of the V.P. Singh government on or before Nov. 7, the country will face a mid-term election and large-scale violence. V.P. Singh is counting his chickens already, with the hope that his game of political polarization will ride him back to power with the helping hands of the communists, without the BJP. Singh knows the political calculations, and so he cannot be written off. But it is certain that he would not worry much about the caste and communal riots that have been unleashed and are expected to get uglier during the coming election time. There is no telling how far a politician can go for votes, but V.P. Singh could be a good yardstick.

Rockefeller interests in drug-money scandal

by Jacobo Frontini

A scandal of international proportions exploded in Venezuela Oct. 22, when the widely read *El Diario de Caracas* revealed that the Banco Latino—owned by Venezuelan Central Bank President Pedro Tinoco—had conspired with David Rockefeller's Chase Manhattan Bank and officials of the Venezuelan Central Bank (BCV) in defrauding the nation through granting "export bonds" to shell companies as a mechanism for laundering drug profits.

Tinoco is known as "Chase Manhattan's man" in Caracas, and is also closely linked to the Cisneros family, which *EIR* has exposed as having extensive links to international financial interests tied to drug-money laundering. The Cisneros name recently surfaced again in the news, concerning possible links to a Spanish-Colombian money-laundering network operating through Panama. As chief executive of the Banco Latino, Tinoco has figured prominently in the informal Grupo Occidente, a dominant business power on the drug-infested Venezuelan-Colombian border.

On Oct. 24, *El Diario de Caracas* reported on its front page that "in each operation carried out by the company Pique Importaciones . . . some \$340 million were obtained. . . . Behind these maneuvers there is a gigantic operation to launder money stemming from the drug trade." The article continued, "The legal representatives of Pique, Humberto Torres Pedrique and Pedro Torres Pedrique, appear to be, according to sources linked to the investigations, front-men for a powerful financial group which stands behind these international activities, using the financial structure of the Curaçao and Miami branches of Banco Latino, making a bridge transfer through Chase Manhattan branch offices. At the same time, it has been established that the orchestrators of the fraud had links to the Venezuelan Central Bank, where payments in Pique's favor were decided."

The "export bonds," known as *Incentivo Fiscal de Exportación*, or IFEs, are granted by the BCV and return a bonus equivalent to 30% of the value exported.

An open secret

Despite the fact that everyone knows that Venezuela has served as a vast drug-money laundry for years, few have dared publicly to address that fact. Today, as Venezuela runs the risk of its financial system being captured lock, stock, and

barrel by the international drug trade, voices are beginning to be raised.

For example, President Carlos Andrés Pérez's Financial Reform proposal, formulated under the direct supervision of the World Bank, has been denounced for favoring money-laundering operations. In February 1990, one month after Decree 727, which eliminated ceilings on foreign investment, was issued, then-Superintendent of Foreign Investments Edison Perozo warned that the decree would allow "the imposition of a narco-economy" with all "the famous mechanisms for laundering dollars, even more so in Venezuela which is the only nation in the Andean Pact with free circulation of capital."

And on Oct. 14, the president of the National Commission against Drug Abuse in the Chamber of Deputies, Luis Guillermo Hernández Morales, said, "It is no secret that the drug trade has expanded its influence in the country's financial and banking sector. . . . It is undeniable that money-laundering operations are being carried out in the banking institutions."

Former Venezuelan President Rafael Caldera has also joined the chorus, observing Oct. 23 that Venezuela ran the risk of becoming a financial operating center for laundering of drug dollars, "because our regulations are liberal and because, unfortunately, the fight against the drug trade in Venezuela has scarcely begun."

The modus operandi

The fraud involving Pique Importaciones was quite simple. According to *El Diario de Caracas*, the company collected a portion of the 400 million bolivars that were to correspond to the "export bonds" for a supposed shipment of razor blades to Spain. The export operation was never carried out, but was nonetheless "paid in dollars through transfers from the Banco Latino branch in Miami to Banco Latino inside Venezuela, to the Caracas account of Pique Importaciones. Once the foreign currency entered the bank, it was registered, exchanged for national currency, and, finally, this money was transferred to the Banco Latino branch office in Curaçao. Then, according to investigators, from Curaçao the money was *again* transferred to the branch of the same bank in Miami, through a bridging operation carried out through Chase Manhattan Bank" of Miami.

The case of Pique Importaciones is not the only instance of money laundering through "export bonds" that has been discovered to date. In statements to *El Diario de Caracas* of Oct. 13, Venezuelan Finance Minister Roberto Pocaterra confirmed that the companies Urraca Trading and Fundición Venezolana de Metales Pesados, SA (Fuvemepe), owned by Milton Pirela, are under investigation for export bond fraud. Further, two individuals linked to those companies are under suspicion of involvement in the drug trade. Both companies allegedly exported to the United States, and yet payment on the invoices was always sent from Peru and Colombia.

Latvian opposition gathers in Riga

by Malte Vasaukas

Not far from the Latvian freedom monument in Riga, the capital of Latvia, stands a segment of the Berlin Wall. Every day groups of people gather nearby, to discuss the fate of their country and the freedom movement. These citizens proudly point out that it was from this freedom monument—built when Latvia was a sovereign state—that in 1987 the peaceful revolution against Moscow's oppression took its first step. Joy over German reunification is very great among Latvians, yet there is also widespread fear, that the struggle of the Baltic states for their sovereignty may be forgotten in Germany and that financial help to Moscow, unconditionally granted, could lead to the restoration of the Soviet empire's central power, rather than to supporting the freedom of the peoples in the Soviet republics.

The Latvian Popular Front, which was founded in 1988, therefore released a statement *à propos* of German reunification, in which alongside their good wishes toward all Germans they tendered an invitation to France, Great Britain, the U.S.A., and the U.S.S.R. They asked that along the lines of the "two plus four" talks that arranged the treaty conditions for German unity with foreign powers, there might now begin a "four plus three" conference, to negotiate full sovereignty of the three Baltic states.

Congress of the Latvian Popular Front

This statement was also circulated at the Third Congress of the Latvian Popular Front, which took place in Riga on Oct. 6-7. At this annual convention a very ambitious program was passed, proclaiming the struggle toward complete independence and the construction of a democratic state, in which the dignity of man is untouchable. The Latvians want to finally return to the community of nations as a sovereign state.

For the Latvian Popular Front, political independence is directly linked to economic independence. Private property should be again thoroughly attainable for everyone. The transportation and communications infrastructure has to be modernized, in order to make trade relations with other countries possible. Right now, Latvia has only 12 foreign telephone lines, of which 10 connect to Moscow.

Businesses must return to private hands and be technical-

ly modernized. In order to crank up the economy, the Front also demands sovereignty over financial and credit policies. The bureaucracy and centralism must be dismantled and replaced by local self-government. Also, in cultural and education policy, the desire is expressed that the development of the individual be fostered again, rather than put under the guardianship of the state. Latvia must become a hub of world trade.

The 'Productive Triangle'

In discussions with congress participants as well as spokesmen of other popular fronts from the U.S.S.R., who attended as guests, it became very clear that after decades of isolation a close affinity to the Western European economy is desired. There were intense discussions about Lyndon LaRouche's proposal for a "Productive Triangle" joining Vienna, Berlin, and Paris with high-speed rail connections, to build up the industrial heartland with spiral arms radiating into the rest of Europe. In that proposal, the question of how to complete the infrastructural links between the Baltic and Western Europe is clearly answered. The discussion raised questions about whether Siberia is considered in this plan, and whether West European governments are actively interested in such ambitious projects.

Many Latvian problems are identical to the problems that unified Germany has to solve in its six new states. But the Baltic has no "West Baltic," which can provide vigorous economic and financial assistance for the overhaul. Western Europe therefore must take up the sponsorship for all the Eastern European countries that aspire to sovereignty.

For the representatives of the democratic movements in the Soviet republics, Western Europe's backing is a question of life or death, since economic and social catastrophe stalks all of their efforts for freedom and democracy, and could annihilate them. In great chunks of the U.S.S.R., anxiety is endemic over the coming winter of famine, and even if the Baltic is seen as better off than other republics in the Soviet Union, it is threatened by a further worsening in the supply situation, which would lead to sharper social conflict. Already most goods in the Baltic can only be gotten with ration cards and after standing in long queues.

Despite all this, citizens are showing an astonishing degree of optimism. Memories of better times are still vivid. In the days of independence in the 1920s and 1930s, Latvia lagged behind few European states in per capita Gross National Product. The cathedral with its magnificent pipe organ, the theater, the opera house, and the old guild houses in Latvia's cities, recall the earlier golden era of the Baltic. The Russian *Nomenklatura*, as things are seen here, is waging its last fight.

The Western European and German strategy should be to forge the infrastructural links to the Baltic through the "Productive Triangle," and to support the freedom struggle of the Baltic people with economic development.

World synod meets in Rome

For the first time since the changes in Eastern Europe, the bishops from the "captive nations" could participate.

The eighth General Ordinary Assembly of the Synod of Bishops is meeting on the theme, "The Formation of Priests in Today's Circumstances." Cardinal Lucas Moreira Neves of Brazil, the Relator of the Synod, presented the summary report on the 217 speeches, to be discussed by 13 language groups. Of his 35-page report only a brief resumé was given to the press.

Yet criticisms have already begun. Journalists complain of secrecy and even speak of "blackout," viewing the Vatican's usual reserve as an insult—as if the search for truth had suddenly become the mass media's big concern. But the surfeit of media attention on the Synod has served only to project the image of a priest as a man in crisis for having chosen celibacy—unsure, unready, and vulnerable to our society's violent contradictions.

Perhaps it's the usual slipshod journalism seeking "hot" news. But behind so much banality poured out on the Synod is the fact that holiness upsets people. The basis of a priest's identity is Christ himself, and Jesus created scandal. The priest, whatever his limits and flaws, witnesses the living Christ in the world. To give one's own life so much meaning upsets many, and in the effort to destroy this, all the frailties and weaknesses are exposed.

In our pleasure-seeking society, it is harder and harder to find God's place in earthly life; and it will be even more so if the Church cannot rid itself of worldly desires and self-pity, to offer a living witness of the Gospel. This was underlined by Cardinal Joseph

Ratzinger, Prefect of the Congregation for the Doctrine of the Faith.

Cardinal Ratzinger reiterated the basis of the priesthood: "If the Church calls the ordination to the presbyterial ministry 'sacrament,' this means: This man does not fulfill actions for which he is fit by his own capacity, or because he likes them or they bring him advantage. Rather, by receiving the sacrament, he is sent to give that which he cannot give by his own forces, to act 'in person' of Another and be His living instrument." Ratzinger stressed the post-Vatican II problems of Catholic theology: "In the new cultural situation which has been created, the old arguments of the 16th-century Reformation have come into evidence, together with new ones found by modern Biblical exegesis—which itself came out of the Reformation's assumptions—to which Catholic theology has been unable to give adequate replies."

In the typical arguments of Protestant theology, the early Church's "ministers" were not explicitly tied to the eucharist, and hence had no sacramental dimension, but only a social function, he said.

The newest element in the Synod is the participation of bishops from Eastern Europe, for the first time since the recent changes there. They spoke in the name of a Church which was brutally persecuted by Communist regimes, and which today, because of those sufferings, is enjoying a great flowering of priestly vocations.

Cardinal Myroslav Lubachivsky, Archbishop of Lvov in Ukraine, gave a few figures: Leopoli Seminary has more than 300 seminarians, at Ivano-

Frankivsk there are 320, and in Mukachevo 74. But he deplored the lack of buildings, books, and even pen and paper to take notes. Msgr. Sophon Dmyterko, eparch of Ivano-Frankivsk, representing the Ukrainian Catholic Church of Byzantine rite for the first time at a Synod, told of the Ukrainian Catholics' sufferings: "After 1946 not just bishops, about 2,000 priests, monks, and nuns, but also thousands of laymen who refused to go over to the Russian Orthodox Church, were arrested and deported. But the Church survived and developed in the catacombs. Today it emerges victorious with 10 bishops, more than 1,000 priests, many monks and nuns, and some 5 million believers."

There was great emotion at the report of Romanian Msgr. Alexandru Todea, the Metropolitan of Fagaras and Alba Julia: "I speak in the name of a martyr church which has lived for 16 years in prison. In this period, of the 12 bishops it had, five died in prison, two were held in Orthodox monasteries like prisoners, and two of those liberated have had their health ruined.

"I speak in the name of a Church which has lost all its churches, but which transformed jail cells into so many chapels and opened seminaries in the Romanian catacombs of the 20th century." The prelate was overcome by emotion and could not go on, but he was applauded at length by the Synodal fathers. Another Romanian, Msgr. Petru Gherghel, Bishop of Jass, reported, "With freedom obtained, the Catholic Church today knows troubles of an economic order, so many youths are not admitted into seminaries for lack of space." He added that the Greco-Catholic Church in Romania, though declared free, "has not yet gotten back the churches and seminaries that belonged to it in 1948. There is no place to hold mass or train future priests."

'Sword and Cross' under fire

Peru's narco-terrorists are targeting the Armed Forces and the Catholic Church in their new terror rampage.

With the Oct. 19 shooting attack perpetrated by the narco-terrorist MRTA against Peruvian Army Gen. Mario Britto Moreno, a new selective escalation of violence has begun against, particularly, the Army and Catholic Church, the two institutions which retain the capacity to resist their onslaught.

The intent of this new killing rampage is twofold: to drive the government of President Alberto Fujimori into a dictatorial mode guaranteed to trigger warfare that would grind up the Peruvian nation, and to maneuver the government into total dependency on what many Peruvians dub "cocanomics"—that is, legalization of the vast underground cocaine economy.

Fujimori is already leaning dangerously in that direction. In an address Oct. 26 to the foreign diplomatic corps in Lima, he announced he would not attempt to repress the drug trade, using the phony argument that this would strengthen the terrorists. "Here in Peru, we are not going to run the risk of being defeated because we put the peasants, their innumerable relatives, friends, and countrymen on the side of the drug traffickers and terrorists," he stated. Instead, Fujimori outlined his strategy of fighting drug trafficking through the creation of a "free market environment," to lure coca growers out of the hands of the cartels. He endorsed the proposal of "informal economy" expert Hernando de Soto to grant land titles to coca growers, on the false assumption that legalizing the growers' activities instead of shutting them down will end their reliance on the terrorists, stop the

violence, and ultimately turn them to legal crops.

General Britto, who was seriously wounded in the MRTA ambush, offered a very different alternative. The political-military commander of the drug- and terrorist-infested Upper Huallaga Valley jungle region, Britto had just left a meeting with the Chamber of Commerce of Tarapoto, where agreement had been reached to deploy joint civic-military brigades for the rapid completion of the Tarapoto-Yurimaguas highway. Britto's operational strategy, according to the magazine *Sí*, has been to focus on the construction of transport and other infrastructure as a means of ending the isolation of the poverty-stricken region, and to remove it thereby from the stranglehold of narco-terrorism.

Britto, reported *Sí*, strongly opposed the approach of his predecessor, Gen. Alberto Arciniegas, which was in effect to ally with the coca-growing peasantry and their "Dope, Inc." masters ostensibly in the name of "fighting terrorism." Britto chose instead to find ways of economically assimilating the region into the rest of the nation, as the alternative to cocaine.

Two days after the attack on Britto, 13 soldiers and 7 civilians died in a dynamite attack in the Upper Huallaga Valley, which was reportedly carried out by the Shining Path terrorists. On Oct. 23, Shining Path assassinated a non-commissioned officer from the Army Intelligence Service in the city of Huancayo, and the next day murdered Lt. Col. Augusto Caballero Castillo, an intelligence officer linked

to the Joint Armed Forces Command, in Lima.

All the military victims of this terror wave had the common denominator of having served in the so-called emergency zones ravaged by narco-terrorism.

The Catholic Church has increasingly caught the bloody attentions of the terrorists. On Sept. 27, children as young as 12 years of age, belonging to the ranks of Shining Path, assassinated Agustina Rivas, a nun from the town of La Florida, in the province of Junín. In early October, they dynamited the archdiocese and home of Msgr. Luis Bambaren, the bishop of Chimbote. On Oct. 6, another nun was murdered in the central jungle region of the country, and one week later a priest and seven parishioners were killed inside their church in northern Huamachuco province.

In answer to this terrorist orgy, a group of ruling party congressmen linked to the country's fundamentalist Protestant sects has begun to clamor for dialogue between the Fujimori government and the terrorists—an appeasement strategy which would only lead to more terrorism. Their campaign has been seconded by the visit of a mission from the pseudo-Christian World Council of Churches, which is in Peru seeking to document its charges that the Armed Forces—not the narco-terrorists—are to blame for violation of human rights in the emergency zones.

The international side of this campaign in favor of legalizing narco-terrorism is headed by the Woodrow Wilson Institute in Washington, D.C. and by the German publishing house Meno, headed by the Venetian Giuseppe Zambon, which has just published a book in German, *The Andes Tremble*, filled with interviews and proclamations by Shining Path leaders.

Under new management

The "CIA's man" was replaced by a nationalist at the helm of the war on drugs, and a shakeup is expected.

On Oct. 15, Mexico's "war on drugs czar," Deputy Attorney General Javier Coello Trejo, was fired by presidential decree. The decree also eliminated his department, Investigation and Combat of Drug Trafficking, which had been the coordination center for all the police and military forces in the anti-drug effort.

Coello Trejo was known as "the CIA's man in Mexico." Backed by an immense and corrupt police apparatus, Coello had operated on the general premise that the bigger the violation of human rights, the greater the success in the war on drugs. On this basis, his "boys," as he called his policemen, committed all kinds of moral, political, and constitutional violations.

Coello Trejo's removal may be attributed to reactions from diverse forces within Mexico's political system and its police and military sectors. They reacted to the fact that under the pretext of "fighting narcotics traffic," Coello had permitted U.S. security and intelligence services to meddle at all levels of the Mexican government.

His successor is the former chief of Investigations and National Security, Col. Jorge Carrillo Olea, whose actions during his long career with the national security forces led him to be catalogued as an "anti-CIA" nationalist. He is associated with the 1970-76 presidency of Luis Echeverría. In discussions with the Foreign Press Club and with the editors of *El Nacional*, the official daily, he outlined how the war on drugs will now be fought.

The starting point for Colonel Car-

rillo's concept of national security is that "Mexico does not have foreign military enemies"; the country's main problems are "the people's unsatisfied demands." However, he recognizes that many problems "originate outside" the country.

Carrillo *does* want to cooperate closely with the United States and other countries to nail drug smugglers. He called for "setting up an international intelligence network so we would know where they take off, how many there are, where they are going. They should be followed by radar in the Caribbean; we should be told where they are going to enter our national territory so we can intercept. This downed a plane carrying a ton and a half of cocaine base."

He seeks an agency "with an executive body which would meet every three or four months and a permanent staff which would receive the intelligence. . . . It would have to have its operations center on some small island. . . . A more specific, selective, war must be waged."

He referred to internal support for the drug mafia: "The problem would be—or already is—not to have to fight on two fronts. . . . If we can keep our backs protected, then, gentlemen, we can throw ourselves into combat. . . . But I can't figure out how to fight this battle without knowing which way is the front and which way is the rear."

Questioned as to whether the new strategy was an alternative to the way U.S. Army troops were being used in Bolivia, he responded, "They are well equipped, but quite inefficient."

Carrillo added, "The United States has two postures. The line it projects abroad is morality, integrity, exigencies, and meddling. And domestically: passivity. For the past two months, more or less, we have been seeing that the U.S. government has not taken a single step in terms of narcotics trafficking, because they are coming to elections. And if we add it up, who knows how many voters are linked in some way to addictions?"

"Thus, for the moment, *silence*. Then, suddenly in some international forum, they accuse Mexicans of being 'corrupt.'"

For the first time, a Mexican official explained to the public how the narcotics business actually works. Carrillo said that although they are illiterate, the majority of the drug traffickers "are big financiers, operators, organizers." He described one of the films he has of a drug bust: "Several planes land. Waiting for them are ten pickup trucks, ten men, two fuel trucks to pump them up. The planes land, protected. They are loaded, splitting up the cargo. The fuel trucks arrive, refuel the planes, and they take off."

"Where do you get the fuel trucks? Where do you get the fuel for them? The trucks? The protection? The air control to know where they come from, when they are going to land? This is an efficient deployment. . . . Where is the brain for all this? But then you figure out that it can't be one brain; it has to be many. . . . Obvious! It is a company."

Questioned whether he felt his new post was a job change, Carrillo responded, "No. I'm just going into the operational part. I could tell you that I spent so many months, since April, trying to pull together a plan for integral combat against narcotics trafficking."

International Intelligence

Kohl hits 'pessimism' over Germany's future

German Chancellor Helmut Kohl said that he is fed up with all the pessimism and defeatism over the perspectives for a reunified Germany in a TV interview on Oct. 23. In full awareness of all the problems, he said, he is firmly convinced that within three to five years, the economy of eastern Germany will be whipped into shape and will be highly productive.

Kohl mentioned the urgent need to build up the infrastructure of eastern Germany, adding that "here, the railways are very important."

In remarks before the Christian Democratic parliamentary group the same day, Kohl called on his party to campaign for an absolute majority in the Dec. 2 national parliamentary elections, so as not to be hamstrung by coalitions and alliances. The party should get "a strategic majority that makes it impossible for any other party combination to form the government without the Christian Democrats," he said.

Kohl based his call on the evaluation that after eight years of coalition government, political differences have grown between the Christian Democrats and their small partner, the liberal *Frøe* Democrats—on the issues of abortion and defense policy issues, for example. He is not optimistic that another such coalition would hold for the full next term. Kohl evidently takes quite seriously the rumors circulating in Bonn that instead of placing their hopes on a difficult election victory now, the opposition Social Democrats are opting for a mid-term split of the ruling coalition.

Noriega says U.S. is behind Endara lawsuit

Attorneys for Gen. Manuel Noriega say the U.S. government instigated a \$6.5 billion law suit brought against the former Panamanian leader by the drug-tainted Endara government of Panama, installed there by George Bush's invasion. The suit, alleging

that General Noriega turned the Panamanian Defense Forces into a racketeering enterprise, has frozen Noriega's personal bank accounts, stymying his legal defense against the criminal charges for which he is now awaiting trial.

The lack of funds could force a postponement of the trial and could even lead to Noriega having to defend himself against the charges without a lawyer of his choice, but having to rely solely on a court-appointed legal defender.

The administration also instigated a media scandal, claiming that Noriega's prison facilities were a virtual country club, complete with an exercise bike, a paper shredder, and a computer. Noriega's lawyers countered that the facilities were imposed on their client by the government's own security requirements.

The information was leaked to coincide with revelations published in the *Baltimore Sun* on Oct. 23 and the London *Independent* on Oct. 24, that the Bush administration knew that a bank co-owned by Guillermo Endara, installed to replace Noriega as head of Panama's government, had "ties to the Colombian cartels since 1984, but chose to ignore them in its efforts to oust General Noriega. Instead, the U.S. helped finance Mr. Endara's 1989 presidential campaign," reported the *Sun*.

Israeli policy toward Palestinians criticized

The vicious crackdown of the Israeli government against Palestinians is drawing sharp criticism from some unexpected quarters within Israel.

On Oct. 25, Yossef Harmelin, the former head of Israel's Shin Beth security service, told the French daily *Libération* that the crisis with the Palestinians and the Occupied Territories did not begin in recent weeks, but 23 years ago, following the 1967 war. Israel is trying to control 1.5 million Palestinians in the territories, who are all against the occupation.

The latest decision, to close the border between Israel and the territories, can only

make things worse, since it will create "intolerable unemployment, bitterness, and frustration," he said. A "political solution" is required, and the "eye for an eye, tooth for a tooth" mentality must be rejected.

Libération also reports that the biggest opposition to the government's policy is now coming from senior officers in the Israeli military who have drawn the lesson from the *Intifada* (the Palestinian uprising) that Israel cannot indefinitely afford to keep its hold on the Occupied Territories. Correspondent Shalom Cohen reports that high-ranking officers have the most "dovish" views on the Palestinian question, and are most in favor of a political, negotiated settlement with the Palestinians.

Schiller Institute maps African development drive

The international Schiller Institute held a conference in Paris on Oct. 26, on the problems of African development and how to overcome them with a perspective for economic reconstruction.

Held at the Dauphine University, the meeting was attended by 150 people, including representatives of the embassies of several African countries, of French engineering companies operating in Africa, as well as African economics professors, radiologists, biologists, engineers, and architects.

Among the many speakers, Helga Zepp-LaRouche, the founder of the Schiller Institute, outlined the dangers of the world strategic situation, and the urgency for action to stop genocide in Africa. Jacques Cheminade, president of the French branch of the institute, shocked the audience by showing a political map of the world published by the *Financial Times* recently, in which the entire African continent had been eliminated! Other panels focused on the health crisis in Africa, and a reconstruction program for the continent.

Reverend James Bevel, a guest speaker and civil rights leader from the United States, stressed in his talk that Africans, French, Americans, and others should not

Briefly

● **HUNGARY'S** Constitutional Court voted on Oct. 24 to abolish the death penalty, on the grounds that it violated human rights. Officials made the point that Hungary knows well what the death penalty is, as hundreds of political prisoners and common criminals were executed under communist tyranny, since the end of World War II.

● **AN ITALIAN** parliamentary group has requested intervention on behalf of Lebanon. The group, led by Christian Democratic parliamentarian Lino Armellini, issued a formal request to Prime Minister Giulio Andreotti and to Foreign Minister Gianni De Michelis for Italy to intervene "in order to break the silence on the massacre that is being perpetuated in Lebanon in the Christian districts."

● **YASUHIRO NAKASONE**, the former Japanese prime minister, went to Iraq Nov. 1 to meet with Saddam Hussein. "Judging from the recent development of the Gulf situation, I don't think Japan should be watching from the sidelines any longer," Nakasone declared before his departure. He was accompanied by a delegation of lawmakers from Japan's ruling LDP party. Prime Minister Toshiki Kaifu welcomed Nakasone's initiative.

● **KGB HEAD** Vladimir Kryuchkov and other Soviet officials gave a press conference on Oct. 22, warning that the U.S.S.R. was faced with a dangerous increase in organized crime, and that they were no longer able to cope with it. Kryuchkov said that "well-established gangs" were taking over important sectors of the economy, and that these maintained contacts with criminal gangs abroad. He stressed that they could "gain political power" in the future.

● **THE SOVIET ARMY** will be restructured so that each republic will soon have its own units, for internal security purposes. This was announced by Interior Minister Vadim Bakatin on Oct. 22.

limit themselves to concern for their own nations, which limits the scope of their action, but become universal citizens, sitting on top of the world and looking at problems "from above." Calling on members of the audience to join the mobilization, he asked, "Are there any scholars here? Are there any workers here? Are there any revolutionaries here?"

Armenian leaders on hunger strike

The Armenian enclave of Nagorno-Karabakh, in the Soviet Union's Azerbaijan republic, is now in the third year of a total economic and communications blockade. Two members of the Soviet Supreme Council of Armenia went on hunger strikes, in protest against Moscow's failure to act to remedy the situation.

According to a letter from V. Gurzadyan of the Yerevan Physics Institute to the editor of the British journal *Nature* published Oct. 8, one of the hunger strikers is the 82-year-old world-renowned astronomer Victor Ambartsumian, former president of the International Astronomical Union and currently president of the Academy of Sciences of Armenia. Ambartsumian, in Moscow, joined the writer Zori Balayan, who began his hunger strike on Sept. 10.

"The time has come for the international scientific community to protest strongly at these terrible circumstances," Gurzadyan writes.

Peru's terrorists speak French

Paris-trained anthropologist Alfredo Torero was arrested on Oct. 4 by Peru's Directorate Against Terrorism (Dircote), along with 15 others constituting the central propaganda apparatus of the Shining Path terrorists. Torero was the former vice-rector of San Marcos University, a stronghold of the terrorist group. Trained in ethnology and linguistics, he is a specialist in Quechua, the Incan lan-

guage spoken by many Peruvian Indians.

The police asserted that Torero had Shining Path propaganda in his possession, and that "among those captured are those responsible for leading the ideological struggle and nationwide subversive psychological penetration." A week later, a Lima judge dropped the charges.

Torero's "professional" interests would provide him with an ideal cover for terrorist coordination. His specialty in Incan gods and cults would give him the material with which to compose synthetic ideologies for the anti-Western crusaders.

Another French-trained anthropologist, Abdon Yaranga, arrived from Paris in 1964 to teach at the Andean highlands university where Shining Path was born. He taught the future terrorists that Western medicine was inferior to the home remedies of the Indians.

Who killed Egypt's Speaker of Parliament?

The assassination of Egyptian Speaker of the Parliament Rifaat al-Mahjoub on Oct. 12 has sparked widespread speculation about "who benefits."

One prominent hypothesis is that the Israeli Mossad was behind the murder, in an effort to blame Iraqi President Saddam Hussein and provide the pretext for setting off war against Iraq. Jordanian television news on Oct. 15 carried a story from Cairo that four men were arrested attempting to flee the country after participating in the assassination, and have been identified as agents of the Mossad. The four were reportedly attempting to leave on phony Australian, British, Syrian, and Canadian passports.

Al-Mahjoub, a close associate of Egyptian President Hosni Mubarak since 1982, was murdered as he was about to meet with his Syrian counterpart at the Hilton Hotel. The professional assassination was perpetrated by four gunmen, who also killed Mahjoub's bodyguards and another driver, escaping before the police (in that heavily guarded area close to the U.S. embassy) had time to intervene.

Budget package provokes mass protest reaction

by William Jones

After record-long wrangling among congressional budget negotiators, the House voted at 6:58 a.m. on Oct. 27, after a 21-hour debate, to approve a package of tax increases and spending cuts totaling \$492 billion over the next five years, including \$41.4 billion in savings in the fiscal year that began almost a month before. The Senate approved the bill a few hours later. This completed a tortuous cycle that began Jan. 29, when the President first submitted his spending plan to Congress.

Congressional candidate Lyndon LaRouche commented on the agreement: "The farce which is the Bush congressional budget negotiations has temporarily come not to an end, but merely to a recess."

Who pays?

The budget package penalizes virtually every sector of the population, but particularly the working and middle classes, as well as the poor and the elderly. Sen. Steve Symms (R-Id.), who voted against the package, said that it would push the economy "deeper into the depression."

The worst-hit program was Medicare, which will be slashed \$42.4 billion from anticipated levels over five years. About \$32 billion in savings will come from reduced reimbursements to physicians and hospitals. The out-of-pocket costs that beneficiaries must pay before receiving benefits for the voluntary coverage of physicians and outpatient hospital services will increase from \$75 to \$100. Medicaid spending will be cut \$607 million over five years by requiring drug companies to offer price discounts to those in the program. People who earn between \$51,300 and \$125,000 will pay \$26.9 billion more in payroll taxes over five years for Medicare.

Farm programs, long relatively resistant to the budget-

cutters' scalpel, will be hit hard. The government will pay lower crop subsidies to growers of wheat, feed grains, cotton, and rice, and will charge a "service fee" to dairy farmers for the dairy price-support program. The government will also charge small fees when making payments to support the price of such commodities as sugar, peanuts, tobacco, and honey. Two federal lending agencies, the Farmers Home Administration and the Rural Electrification Administration, will reduce their direct loans and increase the use of loan guarantees.

Veterans' programs are also on the chopping block. The bill eliminates the presumption that veterans who served in wartime are totally disabled, and therefore eligible for veterans' pensions, at the age of 65. The government will increase fees for home mortgages made or insured by the Department of Veterans Affairs, will charge a \$2 fee on prescription drugs for certain outpatients at veterans hospitals, and will try to collect payment from private insurers for the cost of health care unrelated to military service.

The government will also charge higher premiums for mortgage insurance offered by the Federal Housing Administration, and will no longer guarantee loans to students attending colleges or trade schools with high default rates—in excess of 35% in 1991 or 1992 and 30% in later years. The restriction could affect 1,000 of the 7,000 schools where students receive guaranteed loans.

In addition, President Bush, reneging on his solemn campaign pledge of "no new taxes," agreed to raise taxes on gasoline, cars, cigarettes, alcohol, telephone fees, and aviation fees. The budget package increases taxes on a gallon of 100-proof liquor by \$1, doubles the tax on a six-pack of beer from 16¢ to 32¢, and increases the tax on a bottle of table wine by 18¢ to 21¢. Taxes on cigarettes will be increased by

8¢, to 24¢ a pack, by 1993. The tax on gasoline will be increased by 5¢ a gallon at the pump to 14¢ on Dec. 1, 1990.

Budget process now automatic

With the failure of the Gramm-Rudman-Hollings legislation to limit automatic spending, a wholesale revision of the congressional budget process was introduced by the budget summiters, largely without the knowledge of the Congress as a whole. The new procedure introduces a "triple, rolling sequester" in place of the Gramm-Rudman across-the-board cuts. The congressional leadership and the White House are quietly giving up on the idea that deficit targets will force action by Congress. Now, spending and revenue targets will be "etched in stone" for the next five years, defended by super majority voting rules.

This "son of Gramm-Rudman-Hollings" would divide the entire budget into discretionary and entitlement programs, with spending caps for domestic, defense, international, and entitlements. If Congress, in any one of these areas, appropriates more than permitted and the President signs that appropriation, then within five days of enactment, the Office of Management and the Budget (OMB) must determine how much money has to be sequestered to get the spending targets back to the 1990 reconciliation agreement—and that amount is sequestered from all the appropriations within one of three categories that have been breached by the cap-busting bill: defense, international, and domestic. Each bill that busts the cap triggers a new sequester to compensate for the new spending. If aid to Poland is increased, for instance, then there may be less aid for Egypt and Israel. If Congress adds money for AIDS, then cuts have to be made from other domestic appropriations.

Voters are furious

Support for the package was not widespread in either house as congressmen recessed to head back to their districts for the election campaign. In the House, only 47 Republicans joined 181 Democrats to approve the bill, while 74 Democrats voted against it. In the Senate, 19 Republicans joined 35 Democrats to support the measure. The budget could very well prove to be a millstone around the necks of those who voted for it. The Republicans, in particular, will be blamed for allowing their President to break his campaign pledge. As Rep. Dana Rohrabacher (R-Calif.), an opponent of the bill, commented: "If you are voting for this just to get out of here, you're going to have trouble getting back here."

The Democrats are blaming the Republicans and the administration for not supporting a Democratic attempt to impose greater taxes on the wealthy. Hardest hit, however, has been the President himself, whose popularity rating plummeted to an all-time low during the course of the budget negotiations, with a Newsweek-Gallup poll showing his approval ratings dipping to 48%. Even before the package was

voted on, the President had skipped town to hit the campaign trail to try to convince voters that the budget compromise was something he had to "gag and digest," as he expressed it on a campaign trip to Hawaii. Senate Majority Leader George Mitchell (D-Me.) retorted by asking, "Is the President so weak that he does what we tell him to do?"

The President accused the Democrats in Congress of partisan delays on the budget that "choked the economy" and put the country on the brink of depression. "This Congress was content to stall an agreement and stall the economy. We are not going to let them get away with it," said Bush. He also charged the Congress with being controlled by perpetual legislators interested more in pork-barrel perks and their own reelection, than the good of the country. "America doesn't need a liberal House of Lords," said Bush. "America needs a Republican Congress."

Voter anger is making itself felt throughout the country, on the eve of the elections. Demonstrations were held in cities from Georgia to North Dakota on Oct. 27, in which voters voiced their disgust with the budget package. Outside Chicago's Federal Plaza, more than 100 demonstrators waved brooms and carried signs reading "Time for a clean sweep" of lawmakers endorsing higher taxes. Although this anger is aimed at the Washington Establishment generally, it especially targets Republicans and the President himself, who has left behind him a trail of broken promises and an economy in shambles. About 70 demonstrators rallied outside the White House in Lafayette Square, while the President was in Hawaii. As he left a rally in Irvine, Calif. on Oct. 26, Bush was met by tax protesters holding signs that read "King George is a fink" and "George Dukakis, go home."

Appearing on Oct. 28 on ABC-News's "This Week with David Brinkley," White House Chief of Staff John Sununu said that Bush would bounce back from his sagging approval rating "in a relatively short period of time." Rumors in Washington have it that Sununu and OMB Director Richard Darman, the White House negotiators for the budget package, will be scapegoated in an effort to restore the image of the President. Opinion in the White House is divided as to how to deal with the political crisis. Vice President Dan Quayle blames bad political advice from Sununu and Darman who "caved in" on taxes. Quayle wants to brawl it out with the Democrats, while Sununu is urging moderation. Sununu denied that he would be replaced after the elections.

Bush himself seems to be fueling these rumors, however, privately conceding to friends, according to reports in the *New York Times*, that Sununu and Darman have not turned in the most polished performances recently and that he felt he had been led down a path without a clear understanding of the political dangers. But it is unlikely that voters will go for this ploy, and most Republicans who hope to win reelection this year are keeping their distance from the President—and his budget package—as if he were the plague itself.

LaRouche supporters canvass 10th Congressional District in Virginia

In northern Virginia's 10th Congressional District, incumbent Republican Congressman Frank Wolf is being challenged by Independent Democrat Lyndon LaRouche in the Nov. 6 mid-term elections. The race is an unusual one.

Wolf is a multi-term incumbent in his post, who in recent electoral contests has faced no serious opposition. LaRouche is the internationally known economist and former presidential candidate, who was imprisoned in January 1989 after a shocking trial had railroaded him and six associates deemed dangerous to the U.S. Establishment to prison, on the basis of false "conspiracy" charges.

He has campaigned for office from prison, and now his campaign workers are informing voters about recent court rulings that show the government acted fraudulently in a 1987 bankruptcy action against three firms run by associates of LaRouche. This could reopen the whole case and soon lead to his release—perhaps even in time to take office with the 102nd Congress.

Events of recent weeks have fully vindicated the predictions of economic and strategic crisis, made over the past years, that made LaRouche such a target for his powerful political enemies. On Oct. 29, LaRouche sent a radio message to the voters, taped from his federal prison cell in Rochester, Minnesota: "If you want to send a signal to Washington, and if you really want to turn the country upside down, which is what is desperately needed at this time, then vote for me and my friends. We'll rebuild the Democratic Party, and we'll rebuild the nation."

The campaign has attracted nationwide support, both in terms of financial contributions by many individuals, and in terms of endorsements. On Oct. 24, three close associates of the late Dr. Martin Luther King released a statement signed by 100 ministers and civil rights leaders endorsing the congressional candidacy of Lyndon LaRouche. They cited LaRouche's policies to end the problems of hunger, homelessness, unemployment, AIDS, and drug addiction as the reason for their choice.

Between July 5 and Oct. 15, LaRouche campaign workers distributed 1.4 million pieces of literature in the 10th C.D., approximately five pieces of information for every registered voter. New road signs went up during the last week

of the campaign at strategic intersections.

Three prime-time half-hour television broadcasts on the economy and German reunification were being beamed to the district in the week before the election. Door-to-door campaign organizers have now walked 80 of the 160 precincts in the district, and have recruited hundreds of voters to distribute campaign literature to their friends and co-workers.

European visitor's report

Christine Bierre, from *EIR*'s bureau in Paris, France, spent some days with the campaign in October and filed the following report on Oct. 19:

"Some 40 LaRouche supporters from the entire country have taken Virginia's 10th Congressional District by storm, organizing for Lyndon LaRouche's candidacy for Congress. Campaign volunteers ranging in age from 20 to 70 have come from the West Coast, from the Midwest, the South, and even the Canadian border to participate in this campaign, with the aim of getting LaRouche elected and creating the conditions for the reopening of his case.

"LaRouche campaign organizers are beginning to intersect an intense rage building around the country against the incompetence of Bush's economic policies in particular. 'Why don't you help us furlough Bush?' is one of the favorite slogans of campaign organizers eliciting, laughing responses from large sections of the population. 'Furloughing' is the term used by the administration for a 'forced' unpaid vacation of 22 days which federal government employees have been threatened with by the government, if the government and Congress don't come up with a solution to the present budget crisis. From everywhere in the country there is reported not only a growing rage against George Bush but a wave of anti-established politicians sentiment which will be favouring independent candidates 'who don't mince their words and who tell things straight' like LaRouche himself as well as his associates.

"The situation is all but easy for the LaRouche campaign in this particular 10th district. The state of Virginia, where the offices of the LaRouche movement are located, has been particularly targeted for years by the black propaganda of the government and the CIA against LaRouche. Tons of slanderous articles have appeared in local press against the

movement, heavily conditioning the outlook of the citizens. Adding to that difficulty, we ought to mention as well the fact that a large section of the population voting in the district is made up of federal government employees, who would be inclined to fear for their jobs if they were caught supporting LaRouche. Also absent from this district are some of the more natural constituents of the LaRouche movement, labor and farmers.

"In spite of all these drawbacks, it is remarkable to see many citizens interested in LaRouche's ideas come around discreetly to booktables to pick up literature and get a briefing update. 'Is he still in jail?' 'Do you think he's got a chance?' 'I'm for LaRouche no matter what anybody says,' are some of the questions and remarks one might get at walking tours, or in downtown deployments. Often reactions look like this: **LaRouche campaign worker:** 'Mr. LaRouche is the only politician campaigning against a Gulf war, what do you think about that?' 'Oh, I agree with that, but that's like apple pie, who doesn't?' **Campaign worker:** 'What about his anti-drug policies?' 'I agree with that too.' **Campaign worker:** What about his proposals for a public health policy on AIDS?' 'I agree with that too. . . . but he's still a lunatic!'

"There is marked interest in LaRouche on the campuses, too, with students coming around picking up his books on economics, on [German "Poet of Freedom" Friedrich] Schiller, on education, or on the Moon-Mars colonization project. And as the popular rage grows against established politicians and against George Bush in particular, more and more people will remember some of the large billboards taken out by the LaRouche campaign, which one can see around the 10th district. They have slogans on them which make some young girls blush, like 'Eat It, George,' showing a sprig of broccoli which Bush has declared he hates, or 'President Bush, Read My Finger,' a reference to the famous campaign promise of Bush, 'Read my lips—no new taxes,' a promise which of course Bush has broken. They will become more and more popular as the full economic and strategic catastrophe of the Bush presidency is unveiled."

The report went on: "Beyond organizing this section of the Virginia electorate, the campaign has also been an example of republican education for the citizenry. Every evening campaign workers as well as contacts and LaRouche sympathizers have been involved in an intense process of education, dealing with the most advanced conceptions developed in the history of mankind. This process includes classes on LaRouche's economics, geometry, strategy, as well as musical and choral training once a week. It was particularly moving to see some 50 persons of all ages and strata of society discussing the properties of the cycloid curve within the context of a broader presentation concerning the coherence of the human creative mind and the governing laws of the universe, in a country undergoing a process of decay similar to that of the Roman Empire and becoming more and more of a juridical fascist state. There was much brain twisting and

work to comprehend how a point traveling on a cycloid can travel faster or slower according to the place where the point is located on the wheel, with the wheel maintaining the same speed.

"One high point of the campaign will be the tour of the Lebanese Professor Bassam El Hachem, who has come to the United States to denounce U.S. support for Syrian dictator Hafez al-Assad in the elimination of the peaceful nation of Lebanon and to campaign for the only U.S. politician who has systematically opposed these policies: Lyndon LaRouche. Speaking to a large crowd just days after the U.S. backed Syrian bombardments against Beirut which forced Lebanese Prime Minister General Aoun to seek refuge in the French embassy, Bassam El Hachem made a dramatic call upon those present to rid the United States of the colonial policies of George Bush and Henry Kissinger, and to take it upon themselves to reestablish the greatness of the American nation."

The Spannaus campaign

Nancy Spannaus, an Independent Democratic associate of LaRouche, is the *only* challenger to incumbent Republican Sen. John Warner in Virginia. She has traveled over 1,000 miles each week to inform voters that economic development offers the road to peace. Her support is quite strong among black voters. Also, in the closing weeks of the campaign, she received warm receptions from groups that six months ago complained she was a non-mainstream candidate.

One factor in the shift is certainly the fear of a new Vietnam War in the Middle East. Senator Warner is backing President's Mideast actions and his unpopular tax policies. Growing apprehension about Bush's actions is reflected even in the size of the anti-war sentiment in Congress. On Oct. 9, only 33 Democrats signed a letter to Bush expressing fear that the President might go to war with congressional approval. By Oct. 28, there were 81 Democratic congressman who signed a statement declaring themselves "emphatically opposed to any military action."

The all-news radio station in Washington, D.C., WTOP, has run many LaRouche ads throughout the months of the campaign—with so much impact that the station management began running a disclaimer distancing themselves from LaRouche's hard-hitting comments. The week before the vote, WTOP broadcast a feature story on the anti-incumbent sentiment sweeping the United States. On Oct. 29 they interviewed political analyst Larry Sabato from the University of Virginia. He said yes, there is anti-incumbent sentiment, but this means people won't come out to vote. He said he hoped that this is how it will manifest itself, because it could be dangerous if people voted in Virginia. In the Virginia Senate race, Sen. John Warner, the incumbent Republican, voted against the civil rights bill. If people wanted to express anti-incumbent sentiment, it would be to vote for LaRouche and for Nancy Spannaus, fretted Sabato.

Commission finds Nebraska bigwigs covering up child abuse and satanism

by An EIR Investigative Team

On Oct. 11, a Citizens' Fact Finding Commission traveled to Nebraska in response to a call by the Schiller Institute, which had received urgent requests from citizens of Nebraska whose lives had been threatened. The commission's mission was to investigate reports of a ring involving child abuse and satanism in which financial and civic leaders as well as law enforcement officials were participants. Its preliminary findings were reported at a press conference at the Omaha Press Club on Oct. 17. The group concluded that a high-level coverup of child abuse surrounding the Franklin Credit Union scandal was under way; that lives—those of victim-witnesses as well as others—were in danger, particularly abuse victim Paul Bonacci; and that people who have been highly visible, either as advocates for the abused children, or fighting to keep the investigation going, are being terrorized.

As evidence of a coverup, they cited the fact that the Douglas County, Nebraska grand jury which indicted two victim-witnesses Alisha Owen and Paul Bonacci for perjury, and which called the entire investigation a "carefully crafted hoax," never even called the central figure in the suspected child abuse ring, Larry King, to the stand. King, the manager and treasurer of the Franklin Credit Union, was also a leading figure in the national Republican Party. Allegations of child abuse emerged around the collapse of his credit union in late 1988.

The commission also cited the role of child abuse victim-witness Troy Boner, who initially gave testimony confirming abuse to Gary Caradori, the investigator for the state legislative committee probing the Franklin collapse. Boner later recanted his testimony before the grand jury. It was Boner's recanted testimony upon which the grand jury evidently relied in discrediting Owen's and Bonacci's testimony, and dismissing the voluminous evidence of abuse amassed by Caradori as a "carefully crafted hoax."

Yet as the commission noted, "if there is one person in the whole Franklin affair who has definitively been proven to be a liar, it is Troy Boner. Even the FBI, which seems to have relied upon his veracity against Miss Owen, has called him a liar."

The six-hour videotaped testimony of 21-year-old Alisha Owen was viewed at length by the commission, whose members deemed it highly credible. It implicated Larry King,

former Omaha police chief Robert Wadman, former *World-Herald* chief executive Harold Andersen, who is also an adviser to the State Department, and others, in a child abuse and child pornography ring.

The Douglas County grand jury and a Federally convened grand jury indicted Owen for her testimony against Wadman and Andersen and exonerated the two men. Owen had charged in sworn statements to Caradori that Wadman, now the police chief in Aurora, Illinois, had molested her from the time she was 14 years old. She also charged that Wadman is the father of her 5-year-old child.

Grand jury suspect

The commission reported that the Douglas County grand jury, which had the responsibility to the community of reviewing the evidence and determining whether to file charges against the accused pedophiles, had the appearance of the fox investigating the chicken coop. The report says, "We have further received extremely disturbing allegations regarding the grand jury's foreman Michael Flanagan. It is outrageous that the jury's foreman, an official of Union Pacific Railroad, was not disqualified, since another Union Pacific official was a board member of the Franklin Credit Union. But, still more serious, are the allegations we have received that Mr. Flanagan, some two and a half years ago, made aggressive homosexual advances toward a Union Pacific trainee, one John Dillard. Flanagan reportedly made some settlement with Dillard, who is no longer with Union Pacific. It is crucial that these allegations be further investigated."

Not part of the commission's findings, but reported to *EIR* by reliable sources, was the fact that Flanagan, who is in charge of legal records at Union Pacific, reviewed the grand jury testimony every day with the legal department at Union Pacific. Henry Kissinger, widely rumored to be a pedophile, is also on the board of Union Pacific.

Also with respect to the coverup, the commission noted a startling fact which contradicted the Douglas County grand jury's report. The grand jury reported that Bonacci's psychiatrist said he was incapable of telling the truth. But, to the contrary, Bonacci's psychiatrist, Dr. Beverly Mead of Creighton University, stated to the commission on the record that, despite Bonacci's multiple personality disorder as a

result of years of abuse, he is capable of telling the truth, and in fact Mead believes he is telling the truth.

The commission questioned the one-sided coverage of the investigation in the Omaha *World-Herald*, its editorial policy of attacking the credibility of the witnesses and investigators, and of protecting the individuals accused. Most of these, the commission found, were the articles in the *World-Herald* questioning the integrity of the slain Franklin Committee investigator Gary Caradori, whose detailed, videotaped interviews with the abuse victims taken under oath are at the heart of the abuse allegations.

The Commission's members interviewed 16 people in total, ranging from officials who had participated in the Franklin investigation, to ordinary citizens with information. They reviewed extensive documentation of child abuse and satanic activity, including many hours of videotaped testimony. They met with the FBI and questioned in their report the disparaging remarks made at the meeting regarding the credibility of investigator Caradori. They also contacted the *World-Herald*. The editor, Mr. Pearman, refused to meet with the commission to answer their questions without a written request which included their credentials and all of the questions. When contacted for followup, he said he had not had time to review the request.

No remedy in Nebraska

The report was presented to the citizens of Nebraska at a well-attended press conference on Oct. 17. It was then circulated to the Nebraska press corps and internationally through commission members. They concluded that "the victims and child advocates in this case all feel they have little or no remedy at law within the State of Nebraska at present. Therefore, we are committed to reporting back to our own organizations, and to many others beyond us, in the U.S. and around the world, the scandal of the Nebraska child abuse coverup." They reported that an international spotlight was required on the situation.

Since the preliminary report was released, numbers of people sent telegrams to Nebraska Governor Kay Orr to demand protection for Paul Bonacci, who, along with Owen, has steadfastly refused to recant his testimony. Bonacci and Owen are both serving jail sentences on unrelated charges and have reportedly refused any deal involving recantation of their accusations.

The commission found that there was "torture and a murder in progress" under way against Bonacci, due to his extraordinarily bad treatment in the Omaha Correctional Center, which caused, among other things, a severe drop in his body weight. Prison director Joseph Vitek claimed in an interview to the *World-Herald* immediately after the commission released its findings, that Bonacci's weight had only fallen from 137 to 134 pounds. Bonacci's family has said he weighed 150 when he went in. Whatever his initial weight, when he was weighed at a state prison in Lincoln several

days after Vitek's claim to the *World-Herald*, he weighed only 121 pounds. Within one and one half hours after the commission's press conference, Bonacci's treatment improved markedly, and he was shortly thereafter moved back to the state prison in Lincoln, where he had been held before the grand jury and where his treatment had been better than in Omaha. The Department of Corrections responded to citizens who had contacted them with an official note of concern.

The *World-Herald*, for its part, has been ablaze with articles attempting to discredit the work of the commission since the press conference. At the press conference, *World-Herald* reporter Bob Dorr was roundly attacked by concerned citizens for his paper's distorted coverage. On Oct. 20, the *World-Herald* covered the commission's findings by citing "three factual errors," and ignoring the body of the report.

On Sunday Oct. 28, the *World-Herald* penned a highly inflammatory article entitled "Extremist group attacks Wadman: LaRouche article contains falsehood." The "falsehood" refers to *EIR*'s Aug. 31 coverage of the Nebraska scandal which reported that babies had been sacrificed in satanic rituals at which members of the Franklin ring were present. The *World-Herald* called this an "outrageous charge" and quoted two experts to denounce associates of Lyndon LaRouche. One, not unexpectedly, was Mira Lansky Boland from the organized crime-linked Anti-Defamation League's (ADL) Washington office. Boland, who was employed by the CIA before moving to the ADL and who has made a career out of trying to put associates of Lyndon LaRouche in jail, tried to disparage *EIR*'s charges of satanic activity.

Commission members investigating abuse

The Citizens' Fact-Finding Commission to Investigate Human Rights Violations of Children in Nebraska, includes: Suzanne Rose, Schiller Institute, Washington, D.C.; David Hall, president, Texas Life Advocates, Fort Worth, Texas; Mimi Bull, lawyer, San Francisco; William Nezowy, president, American Ukrainian Political Action Council of the United States, Pennsylvania; Reverend James Bevel, civil rights activist, Washington, D.C.; Danielle Alexander, treasurer, Students for Education and Economic Development, Washington, D.C.; Dr. Wayne Poley, registered clinical psychologist, Vancouver, British Columbia; Martin Humer, European Citizens' Initiative to Protect Life and Human Dignity, Austria; Elke Fimmen, Club of Life, Munich, Germany.

Clean Air Act revision passes House

The House passed by an overwhelming 401-25 vote on Oct. 26 a major expansion of the earlier Clean Air Act of 1970. The Senate approved the bill on Oct. 27 in an 89-10 vote.

The 748-page bill incorporates measures that will have a major impact on U.S. industry and could cost \$25 billion a year to implement, according to lowest estimates, resulting in higher prices for new cars, gasoline, electricity, dry cleaning, and a host of products containing newly regulated chemicals.

The bill imposes tighter standards for automobile emissions to curb smog, to be tightened by 1996 to 0.25 grams per mile (gpm) for hydrocarbons and 0.4 gpm for nitrogen oxides. These norms will be tightened after that by 50% if the Environmental Protection Agency deems it necessary.

Industrial emitters of 189 "airborne toxics" will be required to install "maximum achievable control technology" by the year 2003. An overall cap will be imposed on utility emissions of sulfur dioxide of 8.9 million tons a year by the year 2000. It also requires the 111 utility plants in the economically hard-hit Midwest and Appalachia to account for the biggest cuts in the first five years. The bill will also halt the production of Chlorofluorocarbons (CFCs) and halons, a chemical used in fire extinguishers, by the year 2000.

One opponent, Sen. Steve Symms (R-Id.), said the bill would only "deepen the depression."

Immigration bill aims to limit unskilled

Congress passed on Oct. 27 a major revision of legal immigration laws, expanding the number of persons to

enter the United States by nearly 40% and changing the mix of their skills and ethnic backgrounds.

The bill leaves the issue of the immigration of HIV-infected to the discretion of the administration.

Hispanic lawmakers in the House succeeded in killing a provision which would have created a national identity card, which they said would lead to regular on-the-spot police checks of Hispanic immigrants.

The number of immigrant visas issued, now about 500,000 annually, will be raised to 700,000 through 1994 and then drop to 675,000. The law will also more than double—from 54,000 to 140,000 annually—the number of visas granted to persons on the basis of occupational skills.

The number of visas for persons from "traditional source" countries such as Italy, Poland, and Ireland will increase to 40,000 annually. Recently, the majority of immigrants to the U.S. have been from Ibero-American and Asian countries.

The legislation does reduce the waiting period for the relatives of permanent residents from Mexico and other countries with a "high demand" for U.S. visas.

Curbs kept on offshore oil exploration

On Oct. 28, negotiators agreed to keep vast tracts of coastal waters off limits to oil and gas drilling, in spite of the danger of a reduced flow of oil from the Mideast.

In June, President Bush had restricted exploration in areas of the West Coast, the Florida Keys, and New England's Georgia Banks. Earlier this year, Congress had put restrictions on drilling off the coast of North Carolina. The new restrictions are more extensive, affecting 135 million

acres of the continental shelf and significantly expanding the areas restricted earlier by the White House.

Members oppose war action in Persian Gulf

A statement signed by 81 congressmen, issued as the Congress was adjourning and at the highest point of U.S. war preparations, expressed the signators' "grave concern about the possibility of war in the Middle East." The statement warns that "the United States has shifted from a defensive to an offensive posture and that war may be imminent."

"We believe that the consequences would be catastrophic," the signers said, "resulting in the massive loss of lives, including 10,000 to 50,000 Americans. This would not be a 'low intensity conflict.' This could only be described as war."

The congressmen say that they are opposed to any military action and that the embargo should be given every opportunity to work. If the President concludes that all peaceful means of resolving the conflict are exhausted and that military action is warranted, he must seek a declaration of war from Congress.

The signators emphasize that there has been a mechanism set up for a few Members to monitor the situation during the adjournment, but that this body cannot act for the entire Congress. "We demand that the administration not undertake any offensive military action without the full deliberation and declaration required by the Constitution."

GOP seats threatened in upcoming elections

The policy debacles of the Bush ad-

ministration have caused serious problems for Republican candidates in the upcoming elections.

Senator Jesse Helms (R-N.C.) is hitting the campaign trail in a last-ditch attempt to regain control of a race that has become dominated by his black political opponent, Harvey Gantt. The *Washington Post* reported on Oct. 30 that, at a recent campaign rally, Helms was accosted by a protester who wanted to know why he had voted for the savings and loan cleanup legislation. The normally staid Helms ended up pushing the questioner away from the microphone.

The budget issue has also caused serious problems for GOP candidates. "Until two weeks ago," commented Democratic pollster Geoffrey Garin, "there wasn't a partisan cut to this election. That changed once Bush let the Democrats turn the budget issue into a fairness question." At that point, Garin said, "Bush confirmed everybody's fear about the GOP being the party of the rich."

Ed Rollins, whose resignation had been demanded by Bush when he advised Republican candidates to distance themselves from the administration's budget compromise, expressed himself in the following terms: "It took us 12 years to dispel that country club image, only to have it wrapped around our necks in the most crucial election—because of reapportionment—of the decade."

"The environment has turned decidedly against us," said Republican pollster Linda DiVall, "and I'm starting to get the feeling that we might be looking at 1982 all over again," referring to the last mid-term election where the Republicans suffered heavy losses.

Rep. Tom DeLay (R-Tex.) said that "the budget debate has reinforced a voter apathy and anger." The anger is focused at anything that represents what is considered the Washington es-

tablishment, and would play to the benefit of anyone seen as being an "outsider."

Nuclear utilities hit by tax hikes

The Senate Energy Committee voted to impose a tax of one-fiftieth of a cent per kilowatt hour on all electric utilities that have operating nuclear energy plants. The money is to go into a fund for decontamination and decommissioning at federal uranium enrichment facilities.

The provision is part of the latest version of the Uranium Enrichment Enterprise restructuring bill. The bill has been passed by the Senate twice, but has been sitting in the House for five years. The Senate committee is now trying to make the bill acceptable to the House. In the new budget proposals, both the House and Senate plan to increase Nuclear Regulatory Commission user fees to cover 100% of the NRC budget in fiscal year 1991, according to *Nuclear Energy Overview* of Oct. 22.

NEA quietly drops non-obscenity pledge

The National Endowment for the Arts has quietly dropped a requirement that grant recipients sign a non-obscenity pledge, now that Congress has voted to scrap content restrictions on federally funded art.

Although the Endowment made no formal announcement of the action, agency officials confirm that the pledge had been withdrawn and would not be required as a condition of receiving grants for the 1991 fiscal year. Shortly before it adjourned, Congress junked the obscenity ban it imposed on the arts endowment a year ago and

voted instead to leave judgments of obscenity to the courts.

The bill omits any explicit obscenity restrictions, saying only that obscenity lacks artistic merit, is not protected speech under the Constitution, and "shall not be funded" by the endowment.

House-Senate conferees trim crime bill

The House-Senate conference committee which is working on the omnibus crime bill has apparently dumped the most draconian provisions demanded by the administration from the bill.

The limits on filing *habeas corpus* provisions have been dropped, the expanded list of crimes carrying capital punishment has been trimmed, and the administration's demands for an expansion of the right to use illegally seized evidence in trials has also been denied.

Probe of CIA's role in savings institutions

The House Intelligence Committee held closed hearings on Oct. 25, to take testimony from CIA director William Webster on allegations that the CIA, in league with various mobsters, siphoned money from a number of savings and loan institutions to fund covert operations, ultimately driving the thrifts into bankruptcy.

Whether the hearing will produce anything of substance is questionable, since the committee staffer heading the investigation just left his job at the CIA in January. But the charges are certainly drawing media attention. CNN'S "Larry King Show," for example, interviewed a former Maryland S&L official who had blown the whistle on CIA operations at his bank.

National News

Bush knew of drug ties before backing Endara

President Bush knew that Guillermo Endara and his Banco Interoceánico was tied to Colombia's drug cartels, but installed him as leader of Panama anyway, according to the Oct. 23 *Baltimore Sun* and the Oct. 24 London *The Independent*.

"The Interbanco case also raises questions about the Bush administration's support for the presidential campaign of Mr. Endara last year. Documents show the U.S. knew of Colombian cartel ties to Mr. Endara's bank in 1984, but chose to ignore them in its efforts to oust General Manuel Noriega," *The Independent* reported.

Most of the information was first published in the Oct. 19 *EIR*.

LaRouche calls Clean Air bill an abomination

On Oct. 28, congressional candidate for Virginia's 10th C.D. Lyndon LaRouche, said the Clean Air bill "must be overturned. And one of the first things I will do when I get into Congress, is *clean out* this kind of fraud.

"The bill as I read it, is an abomination, which will drive up the price of food enormously as a result of so-called ecological, or environmental protection measures; and will do a great deal of other damage to the economy, coming out of your hide and your pocket book, if there's anything left in it, by the time that gets there," LaRouche said.

"For example, the idea that there is a global warming, is an unscientific hoax—a *fraud*—and most of those in the Congress who bothered to study the matter, should know it's a fraud. There is no ozone hole problem. That, too, is an unscientific fraud. But both of these and similar kinds of unscientific frauds are deeply imbedded in the whole package.

"The problem is the Congress is frightened and is allowing itself to be pushed around by a bunch of people who think ex-

actly like the same, ancient, pagan Roman Emperor Diocletian, who killed so many Christians—just as Hafez al-Assad of Syria, the terrorist drug-runner, is doing now."

Judge overturns jury in sentencing Barry

U.S. District Court Judge Thomas Penfield Jackson Oct. 26 sentenced Washington, D.C. Mayor Marion Barry to six months in jail on one misdemeanor count of cocaine possession, in contradiction of the jury in the case.

The sentence accused Barry of "obstruction of justice" and other crimes of which he was not convicted, and targeted Barry's defense strategy of putting the government on trial.

Barry's attorney R. Kenneth Mundy said that the sentence is far in excess of that given for people convicted of more serious crimes, especially the many members of the Reagan administration (such as Michael Deaver) who did no jail time despite felony, not misdemeanor, convictions. Mundy pointed to the vengeful nature of the sentence, telling the judge that "If a lifetime of good deeds does not stand a man in good stead in times of crisis, then a lifetime of good deeds means nothing."

Mundy accused the judge of scapegoating Barry for the government's failure to control illegal drugs in the nation. The judge and the prosecution both argued that there is a "double standard" of justice which requires that Barry, as a public figure who "is only sorry that he got caught," must be harshly punished.

Barry is free pending appeal, and is campaigning for a city council seat.

Next death row victim may be exemplary inmate

The next death sentence carried out in Virginia's electric chair may be another exemplary inmate, Joseph Giarratano. His case has been taken up by Amnesty International and the European Parliament, which passed

a resolution on his behalf in June 1989.

On Oct. 1, the U.S. Supreme Court refused to hear Giarratano's appeal, setting the stage for his execution any time after a 30-day waiting period. While it is possible for his lawyers to file another *habeas corpus* petition in state court, his only real chance of avoiding execution is Gov. Doug Wilder.

Giarratano, convicted of two murders and a rape, has become an exemplary and productive inmate, and a jailhouse lawyer, as a recent *Washington Post* editorial noted. Giarratano had been a drug addict since age 11. His mother is in the Carlos Lehder drug ring. At the time of his arrest his IQ was measured as 90; now he ranges at 120-130. His five confessions were confused, inconsistent, and incompetent, according to his lawyers.

Since imprisonment, he has prepared the papers in a number of successful suits and at least one landmark case involving right to counsel. He has become a spokesman for death-row inmates, has published essays and newspaper articles, collaborated with law professors and been interviewed on national television and by the foreign press.

"His reform and his accomplishments—not his celebrity—merit the governor's review at least as to whether they justify a more merciful sentence," the *Post* concluded.

Government lied in 'wetlands' prosecution

Evidence is now emerging that the government lied in court to obtain conviction of Hungarian immigrant John Pozsgai in federal court of wetlands violations.

Stephen Green, managing editor of Copley's News Service Washington Bureau, wrote in an Oct. 26 commentary that "It is shocking that in their zeal to convict Mr. Pozsgai, prosecutors misrepresented evidence to improperly claim that his property falls under federal environmental regulations. The government based its case on the spurious claim that it has jurisdiction over a stream adjacent to Mr. Pozsgai's." In court documents the government later ad-

mitted it had lied.

Pozsgai's conviction and sentence of three years in jail and a \$200,000 fine stands, and the Supreme Court has rejected his appeal. "The fine amounts to more than 1,000% of Mr. Pozsgai's gross annual income. As for the jail term, it is the largest ever given for any environmental offense, including the dumping of toxic wastes in water. No living creature was harmed or threatened by Mr. Pozsgai. But his punishment is harsher than those imposed under federal guidelines for certain arsonists and drug dealers," wrote Green.

Pozsgai's "crime" was to clean up his property and place topsoil on 5 of 14 acres. Federal ecological agents accused him of having damaged "wetlands" and "polluted" the property by putting the topsoil down, despite the fact that the property bears no resemblance to a bog, swamp, or marsh.

At present, only a pardon from George Bush can prevent Pozsgai from going to jail.

Walsh asks for probe of handling of Fernandez

Irangate Independent Counsel Lawrence Walsh has asked for a congressional inquiry into Attorney General Richard Thornburgh's handling of the case of CIA operative Fernandez. Fernandez was indicted in the Iran-Contra scheme, but the criminal case against him was dismissed when Thornburgh, citing "national security" considerations, refused to allow the release of classified CIA information which the courts had ruled was necessary for Fernandez's defense.

Fernandez had planned to use the information to prove that the CIA's top officials were deeply involved in the Contra supply operation, in defiance of congressional restrictions.

In a report to the House and Senate intelligence committees on Oct. 24, Walsh requested the probe saying they "underscore the need for objective standards to govern the release of classified information in criminal prosecutions." Walsh said "this is particularly true when there is an appearance

of conflict of interest because the agency refusing disclosure [CIA] is itself a subject of investigation." Walsh said that in his final report, he would discuss in detail what he described as "the power of intelligence agencies to frustrate investigations of their own misconduct by professing exaggerated concerns for the preservation of national security."

Cult awareness head exposed as sex pervert

Michael Rokos, the head of the Cult Awareness Network and chaplain for the Maryland State Police, has been exposed as a sex pervert in the Baltimore media. Following the exposure of his 1982 arrest for soliciting a male prostitute, Rokos resigned his position with CAN and with the Maryland State Police.

Rokos has worked with the Anti-Defamation League in operations against Lyndon LaRouche and his associates, been on radio talk shows and given seminars to police organizations and public forums denouncing LaRouche, and attacked him in the CAN newsletter.

The revelations were made by Rev. George Robertson, a Baptist minister associated with a religious advocacy group called "Friends of Freedom," at a press conference on Oct. 24, some of which was reported in the Oct. 25 *Baltimore Evening Sun*.

The documentation includes an affidavit from the arresting officer, a mug shot of Rokos from the Baltimore police files, and the sentencing report from Judge Hillary Caplan, who sentenced Rokos to six months probation and fined him \$100. Rokos claims that he took probation before sentencing, and thus has technically not been convicted.

Arresting officer Joseph G. Wyatt said Rokos resisted arrest, misspelled his name to the booking sergeant, identifying himself as "Rokas," and gave a false address.

"I was very surprised to learn that any police agency would use Rokos as an expert because of his previous vice arrest and conviction," said Wyatt, but said he didn't notice the name misspelling.

Briefly

● **ELIZABETH DOLE**, Bush's Secretary of Labor, quit the Bush administration on Oct. 24. *U.S. News & World Report* had earlier reported that Dole was exempted from speaking on behalf of Bush's budget because she had disagreements on cutbacks in social services. She will take a job as head of the Red Cross.

● **ENVIRONMENTALISTS** may have killed more animals than they rescued during the Alaska *Exxon Valdez* oil spill "cleanup." In one case alone, at least 250 birds were dipped in oil, had radio transmitters attached to their collars, and were tossed back into the water in a test.

● **DOUGLAS WILDER**, the governor of Virginia, said at Harvard University on Oct. 19, "I think it's fitting that we have gathered here today on this, the anniversary of the stock market crash of 1987, to discuss how the right Democratic candidate—running on a 'New Mainstream' agenda and on a proven record—can win the White House in 1992."

● **ABDUR RAHMAN** Vus'muzi KaZwane, the Amir of the Muslims of South Africa, told the Black Employees Association in Los Angeles on Oct. 20, "We must work to free political prisoners. . . . And there are political prisoners in the United States who must be freed. One man . . . Lyndon LaRouche, is a political prisoner."

● **SOME 300 STUDENTS** from across Massachusetts rallied on Boston Common Oct. 24 to oppose Question 3, the tax rollback measure, which they said would jeopardize their future by decreasing educational opportunities and outreach programs, the *Boston Globe* reported.

● **ENERGY SECRETARY** Adm. James Watkins told the U.S. Chamber of Commerce Oct. 23 that "Now is the time to move to develop fusion" energy, but said the government has no money for added research.

Not another Munich

It is without doubt the case that the current drive toward war is not only being spearheaded by the British, Americans, and the Israelis, but that it is occurring against the expressed wishes of countries such as the France, Germany, Italy, and Japan—as well as of the Soviet Union, for reasons of its own. The problem is that the diplomatic efforts of these countries are reminiscent of those of Neville Chamberlain at Munich.

Hitler could have easily been stopped at the time he overran Czechoslovakia. The French and Soviets suffered brutally, from their willingness to follow the British policy of appeasing Adolf Hitler. They do not appear to have learned from that bitter lesson.

Let's not be misled by Anglo-American rhetoric about Saddam Hussein being the new Hitler. It is an open secret that the Gulf crisis was instigated by the British with U.S. backing. If there are new Hitlers today, candidates will be found in Britain, the United States, and Israel—not Iraq.

It is important, particularly at this time, that we be absolutely clear, ruthlessly and rigorously so, as to what the reality is. Following on his brutal invasion of Panama, which was in violation of international law, George Bush is now steering the United Nations toward support of a new atrocity, this time against the nation of Iraq. First of all, we should tolerate no blame attached to Iraq, for anything known to us that it has done so far.

The French and Soviets have been most up front in opposing a military solution in the Gulf, yet they consistently support the Anglo-Americans in the big lie that it is Saddam Hussein who is the responsible party. Thus, they say, for a solution to occur, Saddam Hussein must be broken.

The Franco-Soviet summit on Oct. 29 was an occasion for the kind of joint statement which could have, at the least, assigned *war guilt* to both sides; What occurred was the opposite. Both nations gave full support to the United States, including support for a United Nations resolution which opened the door to seizure of Iraqi assets in compensation for any losses suffered so far because of their occupation of Kuwait, and branded

the Iraqi leadership as war criminals. The resolution brought the world one step closer to war, and made the possibility of a negotiated settlement with the Iraqis that much more remote.

President Gorbachov has issued a number of warnings of the danger that the U. S. would take unilateral military action. At a joint press conference held in Paris, at the close of the summit, he said, "Any military option is unacceptable." He also said that "the time is ripe for an inter-Arab conference," which could succeed in finding a new "political solution" to the crisis, given the "new political thinking in Baghdad."

Despite continued diplomatic initiatives by the Soviets, the French, and also Willy Brandt (who is representing U.N. Secretary General Javier Pérez de Cuéllar), there is every indication that President Bush is preparing to go to war in mid-November. Certainly, Bush's rhetoric is becoming increasingly hysterical.

In June, we published Lyndon LaRouche's warning about an impending war in the Middle East. The time frame in which he projected that it would occur was after the U.S. congressional elections in November, although it might have occurred earlier. He based his forecast upon two things.

First of all, that the Bush administration had broken off discussions with the Palestine Liberation Organization, and secondly, developments in the British intelligence-controlled zombie state of Israel, which were giving an increasingly hegemonic role to Ariel Sharon.

The background to the Bush administration policy shift in the region, was to be found in the Anglo-American commitment to the destabilization of a Germany-centered continental Europe, and of Japan. Whether or not it comes to war with Iraq, unless the French and Germans are willing to openly confront the Anglo-Americans now, the situation can only become worse, as exemplified by the Syrian takeover of Lebanon. Furthermore, an open statement by the French, Germans, and Soviets which attacks the war aims of the British and Americans, will be a rallying point for a growing opposition to the war within the United States.

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