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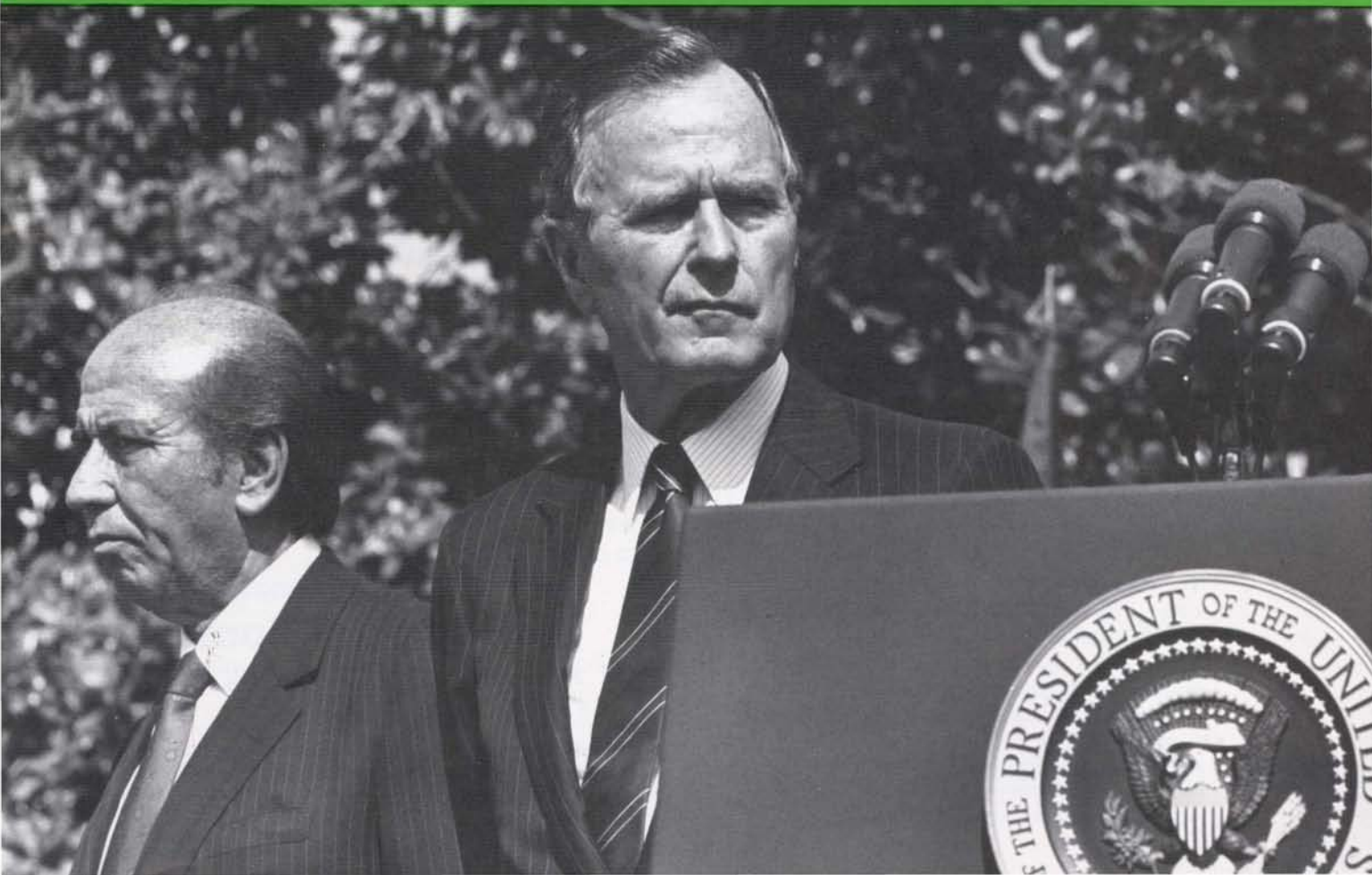
Executive Intelligence Review

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From the Editor

It may not seem to directly affect George Bush and his version of the Roman Empire, the “new world order,” but the uproar that has broken out in Venezuela over a book Lyndon LaRouche first commissioned 13 years ago could spell trouble for every one of the high and mighty of the Anglo-American establishment who have considered themselves politically untouchable.

In Venezuela, a country long ruled as Rockefeller’s largest plantation, the Spanish version of *Dope, Inc.*, the *EIR*-authored book that “names the names” behind international drug trafficking had been banned six years ago at the behest of some very touchy members of the local banking fraternity. As our *Feature* reports, today inside Venezuela there is a so great a hue and cry to get this book unbanned, that the American Dope Lobby (ADL) has rushed into Caracas to run the most preposterous slanders of Lyndon LaRouche and his associates.

Another back-handed tribute to the political effectiveness of Lyndon LaRouche, covered in *International*, is the activity of a Dr. Abel, an attorney and self-proclaimed anti-cult expert in Germany who has been spreading nasty lies about LaRouche. Our investigator discovered that Dr. Abel himself is a perfervid opponent of Christianity whose intellectual roots go back to an explicit Nazi. Lo and behold!

So much for the slanderers of Lyndon LaRouche and his wife Helga Zepp-LaRouche. Happily the LaRouches get to speak for themselves in this issue. In *Economics*, you can read U.S. presidential candidate LaRouche’s verbal message to a recent conference on economic reconstruction in eastern Europe. Additionally, in *National*, we print an excerpt from a 1987 writing of Lyndon LaRouche which helps to fill the gap in the discussion about “natural law” and the U.S. Constitution, which was raised during the Clarence Thomas nomination and was never competently addressed either in the hearings or in most of the media commentary.

In *International*, I draw your attention to Helga Zepp-LaRouche’s appeal for the founding of an “International Committee to Save Croatia,” to which signatures are being solicited internationally. I would be happy to forward to her any endorsers of this urgent humanitarian cause, who wish to send their names to our editorial offices.

Nora Hamerman

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Despite fake statistics, reality of collapse emerges

by William Engdahl

Examination of recent U.S. government economic data invites comparison with the marvelous statistical techniques of the regime of the former East German communist official Günter Mittag. Mittag was infamous for producing ever more impressive "official" statistics showing the rising output of the East German economy, while the reality underneath was rotting beneath his feet.

Today, the Bush administration is resorting to almost laughable devices in order to manipulate data politically to "prove" that the economic policy course of the President indeed has no serious problems and that a "recovery" had already begun in the third quarter of the year. According to this official Washington script, the unprecedented 18 separate reductions of Federal Reserve interest rates in almost as many months has stimulated a rebound from "recession." A closer look reveals an alarming reality.

Half a million unemployed 'disappear'

On Oct. 29, Commerce Secretary Robert Mosbacher issued his department's "preliminary estimate" of Gross National Product for the third quarter. It showed growth of 2.4%, in contrast to two previous quarters of negative statistics. But there are certain problems with these estimates: They are not worth the computer paper they were printed on. One of the prime components making up the GNP is personal income. It is based on an estimate of the number of persons in the active work force drawing a pay check. The pay checks then become the basis for an estimate of income, and then of consumer purchases. Since the disposition of so-called personal disposable income, the amount left over after the Internal Revenue Service takes its bite, accounts for about two-thirds of the net sales transactions supposedly monitored in the calculations of GNP, the government's employment

estimates are key to the whole thing.

But how does Washington estimate "preliminary" income and the number of payroll jobs? By guessing, according to representatives of the Commerce Department's Bureau of Economic Analysis, which compiles the data. Six months after Washington's "preliminary" estimates, based on random surveys of employers in each state, there is a final revised figure based on actual state-by-state reporting of the number of jobs. This is clearly more accurate than random telephone sampling. But, when California and New York, the two largest states in the United States, reported to the Commerce Department at the end of October that their own hard data showed an astonishing 511,000 *fewer* jobs than the Commerce Department had "estimated," the Bureau of Economic Analysis *refused to incorporate the corrected data into the GNP value*. "We didn't use the data on California and New York because the Bureau of Labor Statistics is still reviewing it," the Bureau's associate director, Robert Parker, told *Barron's* financial weekly.

California and New York, like the rest of the country, are in the midst of a savage depression and the collapse of their state revenues attests to the fact that the jobs have "disappeared." Why is Washington ignoring such irrefutable data? First, because it would send shock waves across the world of financial investment and threaten to puncture the speculative bubble in the most inflated stock market since 1929. It would also put the spotlight on the fact that two times in recent months, President Bush has used his veto power to kill a congressional bill which would give recognition to the seriousness of the U.S. economic decline by providing longer unemployment benefits. Bush argues, as did Herbert Hoover some 60 years before, that the economy is "fundamentally sound, recovery is just around the corner."

Bush is determined to be reelected in November 1992, even if he has to veto the unemployment benefit bill a third time, which he has promised to do, and then veto it again.

The shameless fakery of the employment figures assisted Bush administration claims that the economy had grown at a rate of 2.4% during the third quarter. On Oct. 27, Treasury Secretary Nicholas Brady took to the national television to tell the world that "the recession" is over. He solemnly declared, talking about the numbers which were to be released two days hence, "That means the recession is over from a technical point of view." On Oct. 25, Bush himself, asked by a journalist at a press conference whether the economy wasn't stuck in a recession, replied, "I don't want to buy into the predicate about another recession." The President said in his own inimitable way, "I don't feel that way."

'Time to hit the panic button'

But the reality is beginning to emerge from behind the careful facade of doublespeak and outright fraud prevailing in Washington. Actually, the U.S. economy has been in a depression collapse all year, and that collapse has accelerated since September, during the period that the government claims 2.4% growth.

Some of the parameters include:

- The automobile industry: Production for the first nine months of this year is down 10.3% compared with the same period last year. Sales for 1991 so far are down 8.6% compared to last year. The industry's early October sales performance is 16.7% below the same period last year.

- The steel industry's production over the first nine months of this year is down 12.7% compared to the same period a year ago.

- Housing construction is down 27% since 1989, and heading for less than 1 million units produced this year. Sales of new homes saw the largest collapse in September, even while the government's GNP numbers show a 20% increase for the industry. The Homebuilders, like the General Contractors Association, are talking about "time to hit the panic button."

- Durable goods: Newly released figures for the month of September show an official 3.2% rate of decline. This is four times the 0.8% decline the government had expected. The revised figures for August now show a 4.1% decline, instead of 3.9%. The 7.3% decline for the two months ought to be rubbed in the face of an administration which insists that the manufacturing sector has been leading the "recovery" since the second quarter of the year.

On Oct. 30 a private business group, the Conference Board, issued results of its October survey of business "confidence." It showed a sharp drop of 14% to the lows of the early days of the August 1990 Iraqi invasion of Kuwait. Little wonder. Major corporations are cutting jobs at a record pace. AT&T, the nation's largest telecommunications company, has announced plans to dump 14,000 employees to save money. The Big Three Detroit automakers in October re-

vealed losses for the first nine months of 1991 of more than \$5 billion, the greatest loss in the history of the U.S. automotive industry. Housing construction is near to its lowest level since World War II. U.S. airlines report the worst losses in their entire history, with Pan American, Eastern, and other large carriers already formally bankrupt so far this year.

Real estate values, the \$20 trillion prop of the entire banking and credit system, are falling by the day, with rumors abounding that the nation's largest bank, Citicorp, is being pulled down with it. Even Salomon Brothers, the troubled Wall Street firm, announced its estimate that the U.S. commercial property depression "will not disappear for at least five years, and some of the painful vestiges may be with us at the turn of the century."

Worse than 1930

In other postwar "recessions," the economy began to recover shortly after the central bank begins to pump credit into the system and the government runs a deficit to "stimulate" jobs and economic growth. But this is no ordinary "recession," a point which foolish economists trained in the nominalism of monetarism do not even begin to grasp. It is a depression of a scale which will go beyond that of 1930-33 at present trend (see article, page 8). But this time the banking system is far worse off. In 1930, no major bank was threatened, just small rural farm banks. Today, every major U.S. bank is insolvent but for the political backing of the government and financial help from the Federal Reserve. But that government has no more to spend. It is dealing with the largest debt burden in world history, more than \$3 trillion on-budget. Further, despite the political fiction of an October 1990 Congress-White House "budget reduction" deal, the deficit is out of control. Officially, the U.S. government in the 12 months ended Sept. 30 had a record \$268.7 billion deficit. As recently as 1989, it was a mere \$153 billion. Estimates of the deficit for the present fiscal year are conservatively put by the White House at \$348 billion, but private economists reckon closer to \$500 billion. In 1930, the U.S. government was virtually without significant debt.

The GNP method of accounting, in any case, is a hoax. It does not distinguish between the asset side of the nation's accounts and its liabilities. It purports to count the net sum of all sales transactions, treating horse-racing receipts on a par with factory purchases, and usurious looting on a par with wage and salary income. The method wouldn't be any good even if the economists didn't lie about it. The way the system is designed, an economy which is collapsing under the growth of cancerous debt and speculation is made to appear as though it is vigorously growing, quarter after quarter. The very speculative activity which is killing the economy, is counted as "growth."

And that is just what Bush and his bunch of liars are going to keep on doing, just as long as people let them get away with it.

We face recovery or tragedy in 1992

Lyndon LaRouche made the following remarks as a contribution to ongoing discussions on rebuilding the European economy, especially the necessity to provide infrastructure, on Oct. 26.

This is Lyndon LaRouche, a candidate for the U.S. presidential nomination of the U.S. Democratic Party for 1992. I am also a political prisoner of my leading political opponent, President George Bush, at the present time.

The year 1992 will probably go down in the history books with the same kind of significance we have attributed so far to the year 1789, the year of the inauguration of President George Washington in the United States, the establishment of the federal form of constitutional republic, and the French Revolution. Of the French Revolution, Friedrich Schiller said appropriately, "A great moment has found a little people."

Nineteen ninety-two will see the collapse of the communist system of economy supplemented by the collapse, worldwide, of the Anglo-American financial, monetary, and economic system of the past 28 years, specifically the last 20 years most emphatically. If the world is composed of little people, who fail as did Jacobin France, then we will continue to try to perpetuate the kinds of policies which a bankrupt United States present government—and the Thatcher administration formerly in Britain—is currently trying to impose upon eastern Europe and the rest of the world. If that occurs, then the year 1992 will inaugurate the greatest planetary disaster Europe has known in its entire history. A greater disaster perhaps than the fall of Rome, a disaster comparable to that of the mid-14th century, the so-called New Dark Age.

This is what we must face; there is a solution. The solution essentially is to overturn and reject those policies that have dominated and shaped U.S. policy in particular over the past 20 years—that is since the assassination and coverup of the assassination of a U.S. President, John F. Kennedy.

What we must turn to ironically, is something which is called the American System of Political-Economy. The American System of Political-Economy is the legitimate chief opponent of everything which is called U.S. policy today. Under Article I of the U.S. Constitution, the power

to emit currency is a monopoly of the federal government. That is, the power to issue currency lies with the Executive Branch of government, subject to authorization by law by the Congress of the United States—that's Article I, it's never been repealed. The entire U.S. Federal Reserve System is in violation of the Constitution of the United States—it is unlawful as well as being foolish.

The financial monetary system is bankrupt

The only way the United States can possibly recover, financially, is to bankrupt the present financial monetary system, which cannot be saved. We're talking about \$23, \$24 trillion of combined public and private debt on the books and off the books—off-balance-sheet loans and debt, liabilities. That system is going to have to be bankrupted. It could have been saved in 1982 by reorganization, but it's too late now, nine years later—it's going to have to be bankrupted. The British are in a similar condition, except the smaller British, United Kingdom economy can and will attempt to parasitize off Europe, the way a vampire might try to parasitize off its victim.

The United States is a tragedy. So unless the United States goes back to the American System of Political-Economy as laid out by, for example, Treasury Secretary Alexander Hamilton, George Washington's treasury secretary, there is no hope for the recovery of the United States.

The proper use for credit

The same thing is true for the rest of the world. Where is the recovery going to come from? It will come from the prudent use of the credit, the power of governments to establish monopolies on the issue of currency and the issue of that currency as loans, as loan capital to a national banking system for basic economic infrastructure, projects of water management, power generation and distribution, transportation, education, medical care, infrastructure, in promotion of scientific and technological progress, that is, investment in scientific and technological progress in a capital-, power-intensive mode. This will mean using the resources of credit to take the idle capacity of agriculture, mining, industry, and labor force, to mobilize them for national efforts of building. What must also be done is to bring together such efforts on the part of sovereign national states in a coordinated form, so that the various governments of states may cooperate, so that their various efforts will mutually support one another.

That all can be done. It will be hard work, but a recovery is possible; whereas, if we do not take that course of recovery, then we are going to go into one of the worst periods in the history of mankind, a period for all of Europe and most of the world comparable to the Dark Ages in the 14th century.

The question again is: As in the French Revolution of 1789, the great tragic failure of modern European history, will 1992 be a great moment which has, unfortunately, found a little people?

New world dis-order hits economic shoals

by William Jones

A three-day conference on "The United States, Europe, and the Structures of a New World Order" on Oct. 4-6 sponsored by the BMW-financed Herbert Quandt Foundation and Georgetown University in Washington, D.C., betrayed the precarious status of this "world order" which was launched so ingloriously by President George Bush with his bloody incursion against Iraq. Present at the conference were notable academics from the U.S., western Europe, and eastern Europe. In their introductory remarks, State Department official Reginald Bartholomew and the Brookings Institution's Helmut Sonnenfeldt spelled out the basis for the "new relationships" which are to underlie that world order: Wiping out the concept of national sovereignty is number one on the agenda.

Sonnenfeldt, a former protégé of Henry Kissinger at the State Department, was most explicit about this when referring to the U.S.-led attack on Iraq. "The international community will not stand aside simply because problems have occurred within someone's sovereign borders," Sonnenfeldt pontificated. Such a breach of sovereignty would not be restricted to situations of military conflict between two nations, the Kissinger clone went on, but would also be applied in the face of large population or refugee movements, environmental disasters, or even in cases in which "a state structure is no longer viable."

"All these issues," insisted Sonnenfeldt, "a new world order can no longer avoid." In order to beef up the supernational institutions to quickly act as the world policeman, Sonnenfeldt suggested that Article 51 of the U.N. Charter which deals with "defense against threats to security" be "re-conceptualized."

BMW wants you to tighten your belt

The economic content of this "new world order" was described by the luncheon presentation of the chairman of the executive board of Bavarian Motor Works, the German luxury car manufacturer, Eberhard von Kuenheim. Spouting "environmentalist" jargon, von Kuenheim called for major cuts in energy consumption, targeting especially the United States. From the Third World he demanded "a radical perestroika" involving a "painful process" of implementing free market policies. Needless to say, he prescribed the same medicine for the former communist countries in Europe as

their ticket to this "new world order."

Some mild dissent was expressed. Jean François-Poncet, the president of the French Senate, came in for criticism because France has been balking at welcoming the East European nations into the European Community and at lowering the tariffs on farm goods. François-Poncet, a former foreign minister, explained in diplomat-ese that whatever the shape of this "new world order," the Europeans were not simply going to be the stooges of the "superpowers," but were in the process of developing their own economic and political strength in order to be a co-equal "partner" in these new arrangements—with perhaps a differing agenda.

Austerity for Russia

Most unsettling was the direction the "new world order" was taking in the former republics of the Soviet Union. Both representatives for the Russian Republic, Galina Storovojtova, a political adviser to Russian President Boris Yeltsin, and Ednan Agrev, an assistant to the deputy foreign minister for the Russian Republic, Andrei Kolosovsky, bent over backwards in their obeisance to the new state of affairs, including the unqualified acceptance of massive austerity measures in Russia. Storovojtova, remarking on how the collapse of communism was leading to a breakup of the Soviet Union along ethnic and nationalist lines, expressed concern over the fact that some of these republics, besides Russia, possessed nuclear weapons. She emphasized that this included the first nuclear state with a predominantly Muslim population, Kazakhstan. Although envisioning a "Europe from the Atlantic to Vladivostok," Storovojtova's comments made it clear that there was going to be very rough riding before anything like that becomes a reality.

Ednan Agrev, formerly a member of the Foreign Ministry of the U.S.S.R. who went to the Russian Parliament to assist the Yeltsin forces in the midst of the failed coup attempt, was more explicit in delineating the gravity of the situation. Launching into a diatribe of the difficulties of collaborating with the Asian republics of the former Soviet Union, Agrev lamented that the Russian republic must continue to collaborate with these republics since, if isolated, they would "ally themselves with other Islamic countries." "We aren't the only ones with nuclear weapons," Agrev again reminded the audience, reiterating Yeltsin's unheeded call to take possession of the nuclear weapons from the other republics.

"These weapons may not become a threat to Israel," said Agrev, referring to warnings earlier in the day by Israeli representative Shlomo Avineri, "but they could perhaps become a threat to Russia." Although no one at the BMW conference would admit it, the combined effects of International Monetary Fund austerity dictates and "free market" deregulation being imposed on the individual republics, in this tinderbox of smoldering ethnic and national resentments, could spark a conflict with incalculable consequences for the entire world.

Why cutting interest rates won't stop the second Great Depression

by Steve Parsons

When the Federal Reserve cut its discount rate on Friday, Sept. 13, by a half-percent to 5%, both the White House and Wall Street waxed euphoric that the real recovery was just over the horizon. The stock market surged to a new record high, and legions of economists burst forth with renewed predictions that future indicators would point onward and upward. But within days—even hours—of the Fed's move, the financial media and many of these same economists began clamoring for further interest rate cuts. News reports were soon filled with "expectations," if not exhortations, that the Fed would simply have to drop the discount rate to 4% by the end of the year. This has now become a dull roar, as reams of statistics pour out showing a so-called "double dip" in the recession. Everything from home building and auto sales, to bank and industrial balance sheets, is nosediving. Add to this panicky retailers, who are scrambling to mark down merchandise in the face of a looming Christmas sales disaster. For, despite all the verbiage about the consumer's psychological pessimism, the fact is that the average American is simply too broke and too debt-ridden to throw around what money he does have this Christmas.

But just as the euphoria of the Fed's discount rate reduction last September vanished almost overnight, an even bigger cut to 4% won't stem the depression collapse. As one European banker told this news service in September: "The discount rate drop is a sign of Fed panic. It doesn't know what to do other than to keep lowering. It's becoming ominously similar to what occurred in the early 1930s."

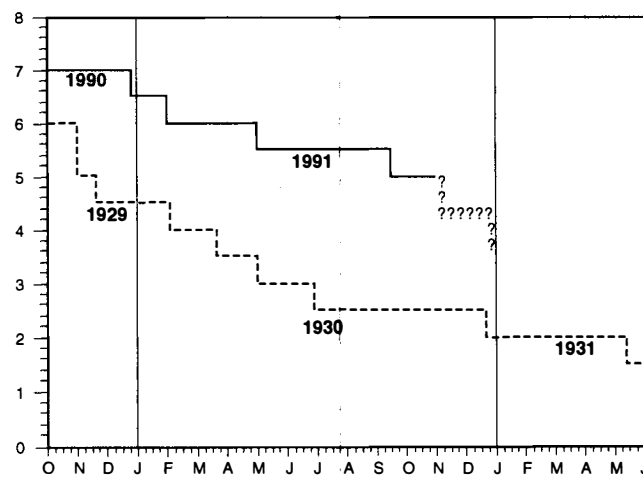
Interest rate cuts in the '30s

After the October 1929 stock market crash, the Federal Reserve began to ratchet down interest rates, which had been boosted over the previous year in order to curb the raging speculation in the American economy. Barely a week after the crash, on Nov. 1, the New York Fed lowered the discount rate a full percent, from 6% to 5%, and then two days later cut it to 4.5%. During 1930, the Fed cut the rate further, all the way to 2.0% by December, and then finally to 1.5% by May 1931 (Figure 1).

At the same time, a popular and confident President Herbert Hoover was assuring people that prosperity was just around the corner, just as an imperious President Bush today

FIGURE 1

Discount rate, Federal Reserve Bank of New York 1929-31 and 1990-91



Source: Federal Reserve Banking and Monetary Statistics

is assuring us that the "recession" is over and the recovery has begun—even though some people aren't yet feeling its beneficence. Hoover responded to falling federal revenues by insisting that the budget be balanced, and implemented widespread budget cuts. Today, Bush tells us that although a tax cut would be nice, the federal budget deficit is too large to afford a cut for average Americans. Together with states and localities throughout the nation, governments at all levels are "saving money" by attriting and laying off employees in droves. These "savings" ironically are catalyzing even sharper revenue drops and accelerating the downward spiral.

George Bush's hero might be that great genius of American prosperity, Calvin Coolidge, who, like Bush, presided over an unparalleled speculative financial frenzy. But Bush is now following in the footsteps of Hoover. No amount of interest rate reductions can stem the tide of collapse, either for the financial sector or for industrial production.

Lower rates are crippling banks

From a financial standpoint, the moves by both Bush and the Federal Reserve are actually hastening a banking and

general financial collapse. For months now, the lower interest rates have driven more and more money into the speculative markets, as funds cascade out of longer-term investments like bank certificates of deposit and pour into purely paper operations like the stock market, mutual funds, futures, options and the plethora of "innovative" financial instruments born of the computer age. This is actually expanding the overblown bubble even more astronomically, making the inevitable crash even worse, while sucking funds not only out of the productive sectors of the economy, but also out of the banking system.

This is even more significant than the absurd levels of speculation. Because these investors have liquidated so much in bank deposits, banks are short of funds to lend! This has contributed to a liquidity crunch for the economy, with banks increasingly unable to lend to businesses and consumers. And this is causing a drop in both business and bank profits, thus further depressing the economy and shrinking available funds even further. A vicious spiral downward has taken hold, which cannot be halted no matter how much further interest rates are cut.

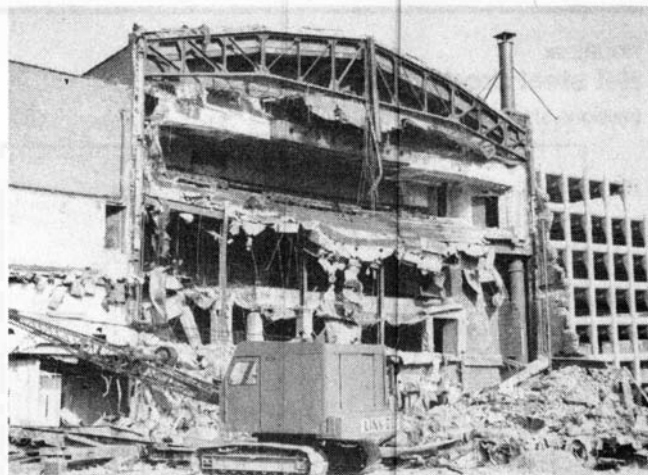
And the recent rate cut won't appreciably help consumers. The extra \$34 a month from lower mortgages, for example, that each household will now have available to spend, translates to just over \$1 billion monthly—a negligible increment in the \$2 trillion worth of annual consumer expenditures.

Furthermore, the escalating federal deficit means that the Treasury has to borrow more and more money in the markets. But the lower interest rates go, the harder it will be to market this debt, despite the relative "security" of Treasury issues. The word from abroad is that international investors, who have been the mainstay of the government debt market, are poised to jump ship for more profitable earnings outside the United States.

Of immediate concern is the upcoming \$38 billion or so needed for the quarterly federal debt refinancing. "The U.S. will need significant foreign investment, if it is to avoid having to raise interest rates in order to sell the \$38 billion or so of Treasury debt," one senior European bond market analyst told *EIR*. "The problem is, there is extremely low foreign interest," he said. "I know directly there will be very little Japanese interest. U.K. interest in U.S. Treasuries has dropped significantly in the past two years, especially since Britain linked sterling with the German mark. And the Germans are preoccupied at home with reunification. It could well lead to higher interest rates and strains in the financial system."

Physical economy worse than 1930s

Underlying this downward spiral in the financial markets is the utter collapse of the nation's real, physical economy. In the last year since the so-called recession was acknowledged to have begun, the downturn in key industries has paralleled that of the 1929-30 period, and portends a plummet like that of 1931. As in 1929-31, no amount of interest rate



Building being torn down in the former steel town of McKeesport, Penna. Lowering interest rates won't save the banks or rebuild collapsed industry.

reductions can overcome the domino-like bankruptcies and enormous debt crippling these industries.

Lest someone point out that the industrial drops over the past year are not so severe as in the Depression, it should be emphasized, that unlike the beginning of the Depression in the 1930s, U.S. physical plant and equipment and capital goods production facilities have been subjected to a far longer period of disinvestment and deterioration. While the policies pushing the economy toward a post-industrial society and rampant speculation actually began in the late 1950s, this tendency did not become dominant policy until the 1973 oil hoax and the vicious recession that followed. As **Figures 2 through 6** exemplify, many industries peaked or were near their peak output at the beginning of the 1970s, and therefore the current decline should be seen from that standpoint.

Nor can one argue that the recessions of 1973-74 and 1981-83 were just as bad, but did not turn into full-fledged financial and economic collapse as in the 1930s. Unlike those periods, there is now no external source of loot sufficiently large enough to prop up the overbloated paper holdings of the financial sector. In the 1970s oil-driven recession, banks and large corporations were able to make a killing by depressing the standard of living in the advanced sector while raking in piles of loot from abroad due to higher oil prices and accelerated debt and interest tribute. The Third World in particular has borne the brunt of this looting, which intensified in the 1980s with the disintegration of Third World development prospects and its leadership.

No source of loot can now mitigate the hemorrhaging of U.S. industry. The two drivers of the U.S. physical economy—automobile manufacturing and home building—are collapsing at a pace unseen since the 1930s. The Big Three

FIGURE 2a
Net steel production
 (millions of tons)

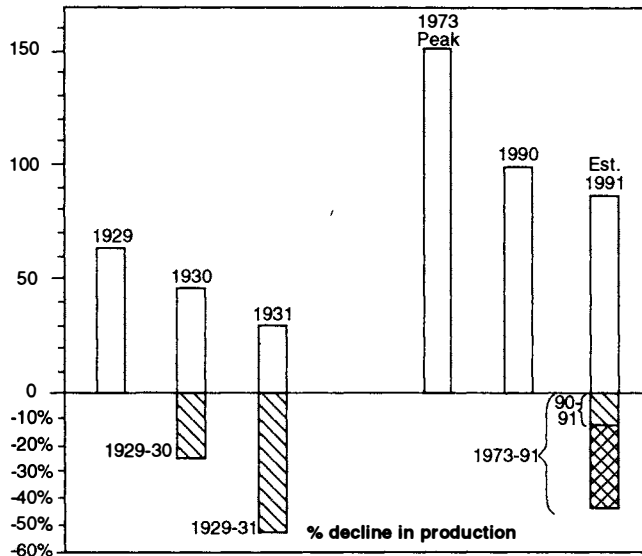


FIGURE 2b
Steel production per capita
 (Pounds per capita)

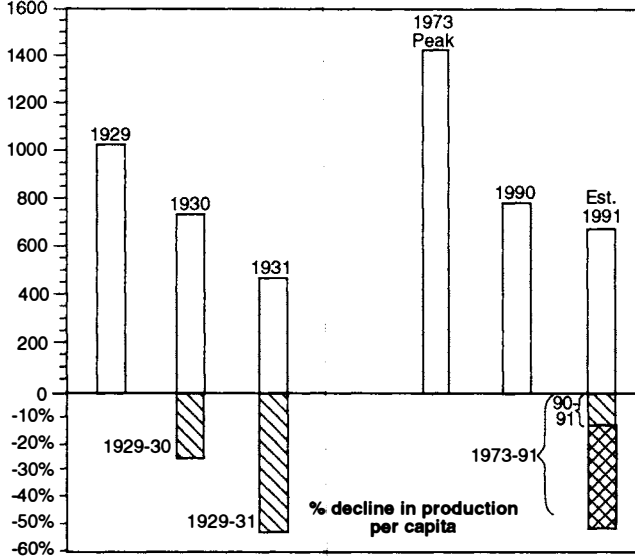


FIGURE 3a
U. S. auto production
 (# of vehicles)

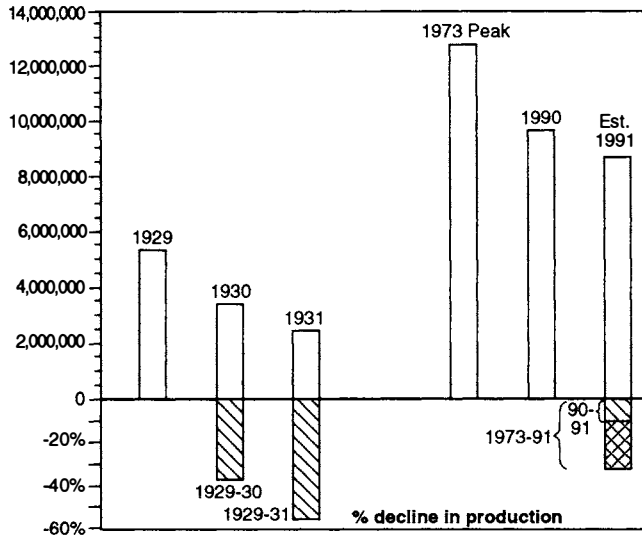
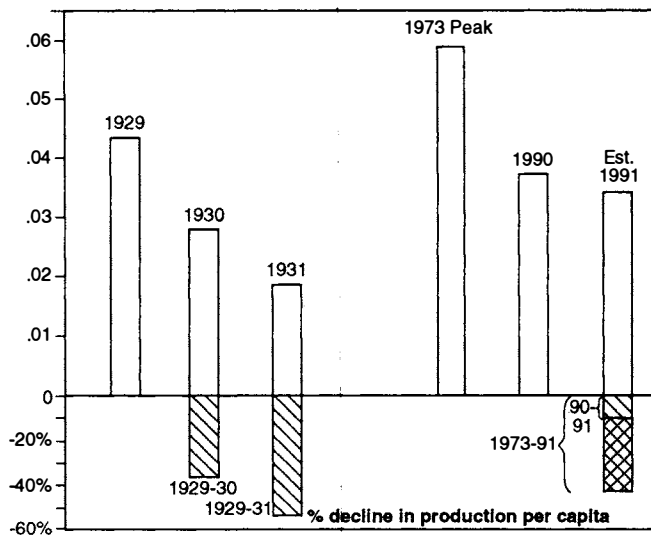


FIGURE 3b
U.S. auto production per capita



U.S. automakers will lose something in the range of \$6 billion this year, by far their worst financial performance in history. Domestic auto production is down 10% in 1991, while home building has dropped nearly 27% since 1989. The steel industry, similarly, is facing a 13% decline.

Even more telling, however, are current output figures compared with the peak output of these three industries, which all occurred in the 1970s before the oil crisis. This

reveals why the current "recession" is indeed a depression threatening to surpass that of the 1930s. From their peaks in 1973, auto and steel production have plummeted 32% and 43%, respectively. In 1973, the U.S. manufactured nearly 12.7 million cars and 151 million tons of steel. In 1991, these industries are on track to produce only 8.6 million cars and 86 millions tons of steel.

The drop in home building is even more spectacular. In

FIGURE 4a
U.S. auto & truck sales of domestically built vehicles

(# of vehicles)

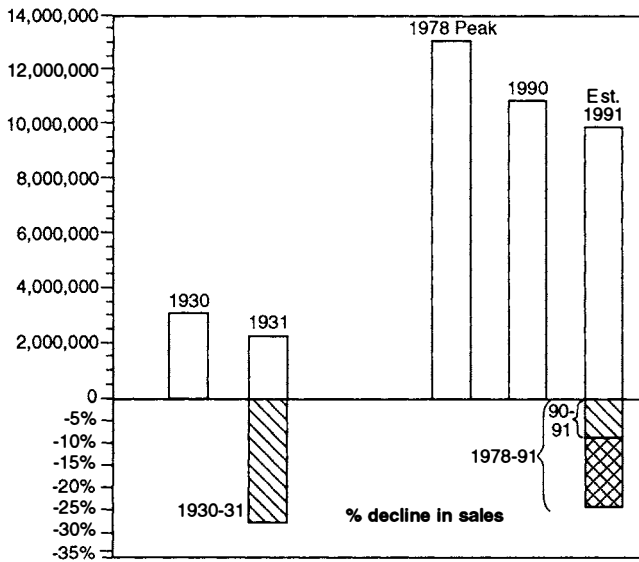


FIGURE 4b
U.S. auto & truck sales per capita of domestically built vehicles

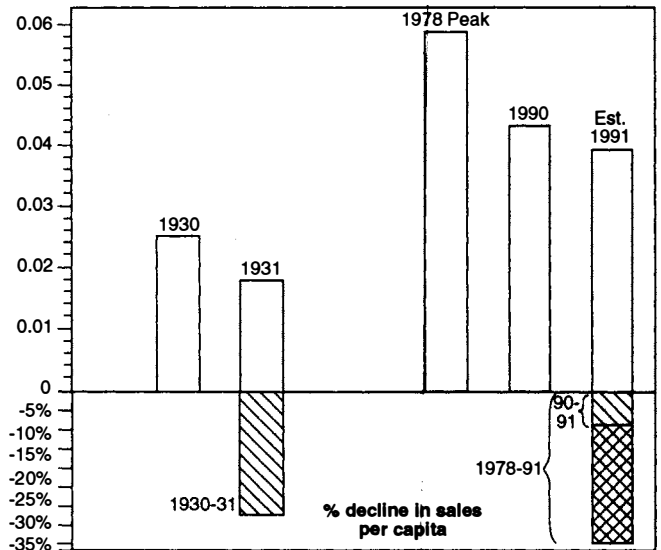


FIGURE 5a
Home building industry: housing starts

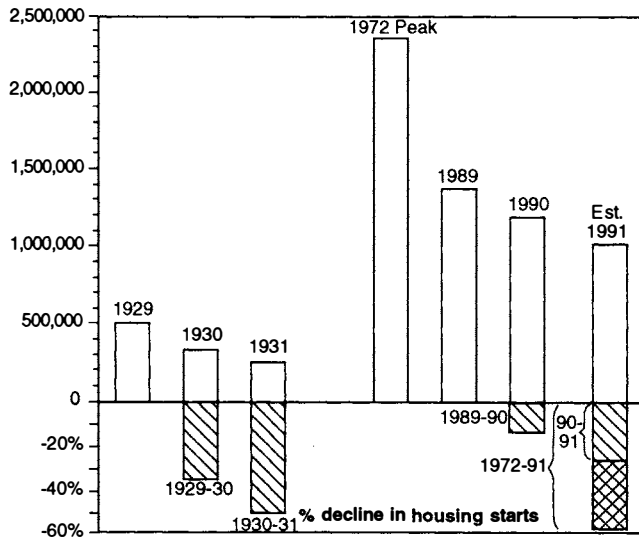
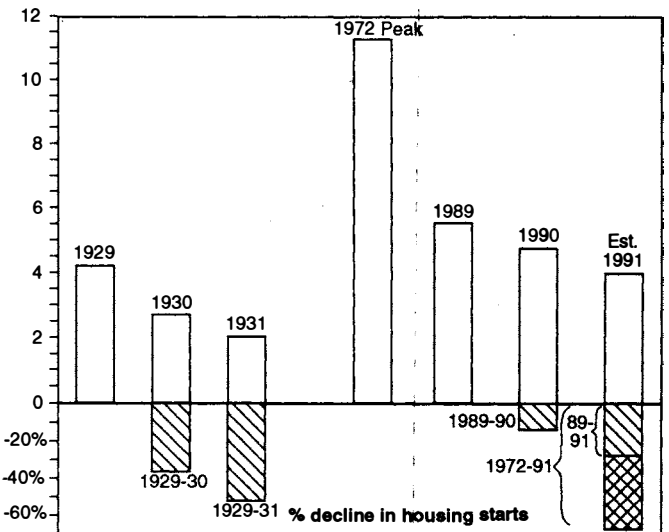


FIGURE 5b
Home building industry: housing starts per capita
 (thousands)



1972, there were 2.4 million housing starts. This year, the housing industry will be lucky to break 1 million—a 57% collapse.

In terms of output per capita, the figures are even worse because the population is greater. Per-capita steel production this year will amount to only about 681 pounds per person—less than even in 1930—as compared to 1,427 pounds per

person in 1973. This is some 52% below the 1973 level—that is, the U.S. will produce less than half the amount of steel per capita than it did 18 years ago. Auto production per capita is estimated to plunge some 43%, and is now below that of 1929. Housing starts per capita are now barely *one-third* those made in 1972, while the amount of lumber per capita being produced is now verging on 1931 levels.

FIGURE 6a

Lumber production
(millions of board feet)

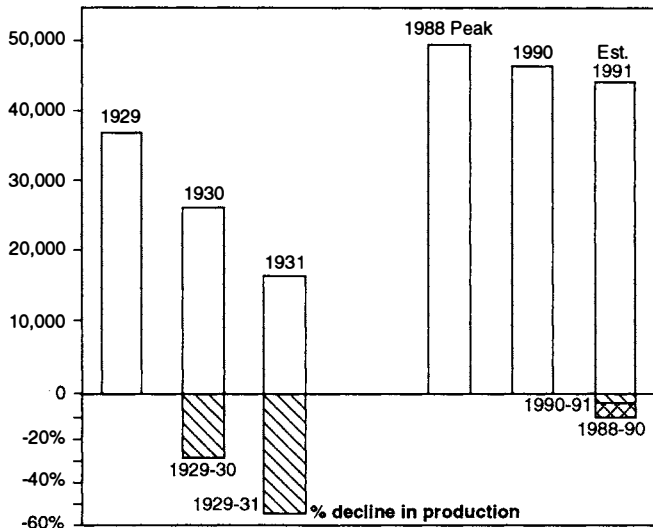
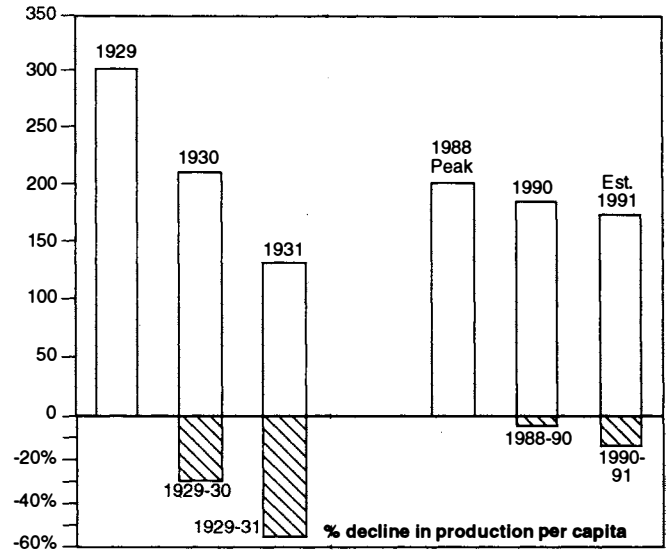


FIGURE 6b

Lumber production per capita
(bd ft/capita)



No more workers

But more telling than all the numbers involving the collapse of production is that the productive base of the economy—the skilled U.S. manufacturing work force—is not only at its lowest level, relative to the total population, in the postwar period; it is below the level of 1931, and closing in fast on the depths of 1932 (see Figure 7).

For most of the 1920s, the number of U.S. manufacturing production-line workers hovered around 8 million. This was about 7% of the total population, which meant that between 14 and 15 people in the general population were “supported” by each manufacturing operative. But when the Depression struck, the number of such operatives plunged to just 5.3 million by 1932. Thus, only 4.3% of the population was engaged in manufacturing production—fewer than 1 in 22 people.

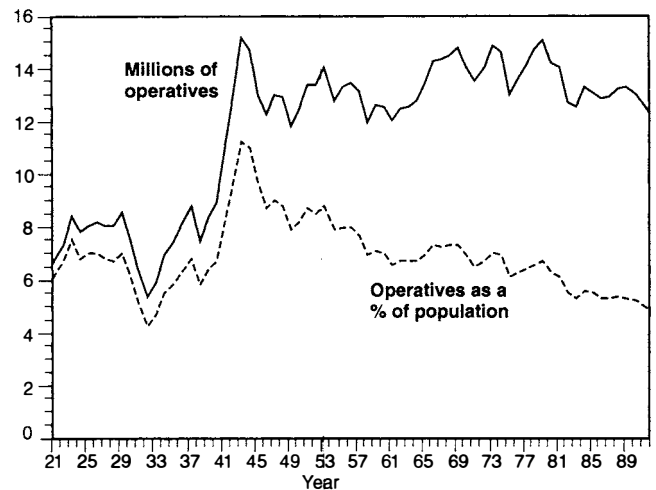
With the war mobilization, the number of manufacturing production workers peaked in 1943 at 15.147 million, or 11.2% of the population. That means that more than one in nine Americans were manufacturing operatives.

This ratio has been falling ever since. In the 1950s and 1960s, the number of such workers ranged between 11 and 15, roughly the same level as in the 1920s. But by the 1970s, the manufacturing surge generated by President Kennedy’s space program and investment tax credit policy was aborted by the shift to the post-industrial society and financial speculation.

By 1975, the proportion of production manufacturing workers began to drop even more sharply. In the 1970s, the ratio of these operatives was 1 for every 14-17 Americans; by the 1980s, this had fallen to 1 in every 18-19. Now, in 1991, the ratio is fewer than 1 in 20 Americans, most of whom contribute nothing to the real physical wealth of the nation.

FIGURE 7

Manufacturing production workers
(in millions of workers)



Source: Employment, Hours, and Earnings, US 1909—present Establishment Survey Data of Bureau of Labor Statistics (Annual average of monthly data; not seasonally adjusted)

This is a level not seen since 1933.

That is the most important measure of this depression, and ultimately the most important reason why no amount of financial manipulation and interest rate shenanigans can forestall a collapse this time around.

Thailand resists 'green' colonialism

by Lydia Cherry

Thailand had a bitter fight with the World Bank at the mid-October World Bank/International Monetary Fund meeting in Bangkok, with Thai Finance Minister Suthi Singsane leading the charge. At issue is the Pak Mun Dam, a \$100 million project in northeast Thailand that would generate 200 megawatts of electricity and irrigate 100,000 acres. The World Bank had announced that it was indefinitely "deferring" a \$54 million loan for the dam, with bank officials claiming the reason was that environmental groups and some of the bank's shareholders had sought new assurances about the ecological impact of the dam and the number of villagers who would have to be resettled. This is a project that has been on the drawing board for 10 years, and the Thai government has already acceded to major changes to accommodate the concerns of Bank officials and the "green" lobby.

Thailand is insisting that with or without the World Bank, the project will move ahead, and that the government will turn to other sources if World Bank funding is not forthcoming. Finance Minister Suthi used the occasion of the Bangkok meeting of the controlling financial institutions to call into question the "tyranny" responsible for the World Bank's decision to put the project on hold. In his speech on Oct. 16, Suthi sounded much like the outspoken Malaysian Prime Minister Mahathir Mohamed, who regularly denounces the machinations of western environmentalists to curtail the industrial development of the Third World. Thailand shares membership with Malaysia in the Association of Southeast Asian nations (ASEAN), the grouping that in October announced joint action against western green groups.

Suthi noted the effort the country had expended in trying to balance "the needs of accelerating the supply of basic resources, such as water for irrigation and power to light rural areas, and creating new employment opportunities and their concomitant impact on the environment. It was because of this balancing act that Thailand had sought World Bank financing for the project to begin with, "to ensure that all adequate measures humanly possible would be taken . . . while simultaneously satisfying the basic development needs of the Thai people."

"There are no legitimate reasons for the inexplicable decision to postpone the issue," he said. "It is a most dangerous precedent that the tyranny of a few in other countries prevails over membership rights, as well as logical and sound devel-

opment objectives." Suthi identified the form of the new colonialism: Developing countries "need and rely" on loans and credits from the financial institutions; but developing countries are subject to stringent environmental standards imposed via these institutions by the developed countries.

A senior World Bank official told the *Bangkok Post* the day before Suthi spoke that the Bank had been scheduled to consider the Pak Mun Dam matter on Oct. 10, but the decision was postponed because certain board members, representing powerful developed nations, expressed concerns over the dam's environmental impact. The official mentioned the United States, Germany, France, Canada, and the United Kingdom as having "questions" about the dam.

A 'Green International'

According to the computerized "Environmental Bulletin Board," non-governmental organizations (NGOs) throughout the world "had their eyes focused on the forthcoming bank decision" prior to the Bangkok meeting. Indeed, United Nations NGOs from Australia, Canada, the United States, and several European countries all descended on Thailand to attempt to influence the World Bank decision. The interlocked, international environmentalist movement funded by the Rockefellers and other families and foundations, has made it a high priority to sabotage the dam. Thai authorities maintain that Thai radicals who regularly demonstrate against the dam have close ties to these environmentalist groups, and that the demonstrators are paid 40 bahts a day by the Greenpeace organization.

The Washington Greenpeace office told a reporter that the environmentalists had succeeded in getting the location changed, lowering the height, and forcing other design changes that reduced the expected power output by one-third, while lowering the number of people to be resettled from 25,000 to 1,500. But the spokesman said that they would continue opposing the project because it may affect fisheries and the environment, and they don't like the Thais' record on resettlement.

'Mahathirism' spreads

With Bangkok the battleground, an interesting message was conveyed from a Thai group to one of the most active environmentalist groupings, the Rainforest Information Center of Sydney, Australia. Faxed into Sydney by a group supporting the Electricity Authority of Thailand (EGAT), the message warned that Australians cannot treat Thais as if they were "Australian aborigines." "Some white people think we do not know how to administer our country; that they must show us how," the message said. "Clearly imperialism is not dead yet. They are jealous of the success the country has achieved." Citing Mahathir's angry response to environmentalist attacks on his country, the message went on, "We represent EGAT people, 35,000 persons who feel like the Malaysian prime minister."

Lessons of the Oakland firestorm: the 'fire of the future'?

by Evelyn Lantz

Do you call a fire that raced unchecked at critical points because one-third of the firefighters had been laid off, while those who remained often had no water, a "natural disaster"?

The mass destruction caused by the Oct. 20-21 firestorm in Oakland, California, was definitely not a "natural" disaster. The catastrophe was created by budget gouging, by failure to invest in infrastructure, and by a false belief among wealthier residents of Oakland that they could let the rest of the city fall apart with impunity.

The Oakland firestorm claimed at least 25 lives, injured 148 people, and destroyed 3,354 homes and apartments. It has been dubbed the "fire of the future." Unless the current depression and budget cuts are reversed, it certainly will be. But not for the reasons usually given; the problem is an expanding economic depression, not an expanding population.

The Oakland Fire Department, which has been unjustly scapegoated, did a creditable job fighting the Sunday Oct. 20 inferno, given the budget cuts it has endured, according to Ray Alberti, director of the fire technology program at Hayward's Chabot College. The department has shrunk from 622 firefighters in 1974 to 424 today, and lost four fire engines, three engine companies, and one truck crew. Its training division was cut from the budget before being restored two years ago.

A retired assistant fire chief in nearby San Francisco commented that it was widely known throughout the fire service that personnel cuts in recent years have blunted Oakland's readiness. The number of firefighters on duty at any one time in Oakland is 136, responsible for 68 square miles. San Francisco, which has suffered its own severe cutbacks, has 297 firefighters on duty to cover 49 square miles, which is more than twice the manpower capacity per square mile of territory.

The Oakland Fire Department has an antiquated radio system, with only five channels. Most departments the size of Oakland's have dozens of frequencies to ease communications in crises like the Oct. 20-21 fire. Oakland also has fire hydrant connections which don't take a standard hose, creating delays when other fire departments respond to mutual aid calls. In the Oct. 20-21 disaster, with the fire racing 60 miles per hour at some points, firemen from other depart-

ments had to wait 15-20 minutes while adapters were located to allow them to fight the fire.

Plenty of fuel but no water

The financially strapped city ignored repeated requests to clear overgrown areas which posed a fire hazard. One resident of the burnt area had often requested that Oakland clean out a three-acre patch of overgrown chaparral known as "the Bermuda Triangle." In one of his letters to the city, he had warned that the area might become a firestorm. It provided fuel to help burn down 75 homes on Oct. 20.

Even after five years of drought, there was plenty of water potentially available to fight the fire. Yet many fire hydrants ran dry, or had very low pressure. In one instance, a fire company waited 20 minutes, watching houses burn down, until water could be brought in by truck. When they finally got some water, they were able to stop the fire from racing into another section of Oakland.

What happened to the water? The responsible government district, the East Bay Municipal Utility District (EBMUD), had ignored warnings from a blue ribbon panel to install emergency backup power for pumps needed to pump the water uphill to the reservoirs serving the fire hydrants. All but one of the 11 key reservoirs serving the fire area ran dry after the blaze knocked out electricity for the pumps.

EBMUD officials said the on-site emergency power systems, which can cost up to \$1 million each, are too expensive. The estimates of losses in the Oct. 20 fire are between \$1.5 and \$2 billion.

A perhaps less obvious, man-made cause of this disaster is the failure to build critical infrastructure. For example, there is no reason why five years of drought should have left California a parched tinderbox. Had the proposed North American Water and Power Alliance (Nawapa) been built any time in the last 30 years, plentiful water from northern Alaska and Canada could have been greening the farms and cities of California—cheaply.

'Economic recovery' is destroying California

Oakland, located across the bay from San Francisco, is California's sixth largest city, with a population of 372,000. Both Oakland and San Francisco developed major industrial and port facilities as part of the area-wide shipbuilding, re-

fining, and steel buildup during World War II. Unlike San Francisco, Oakland remained industrial well into the 1960s, and a major port for much longer. But by the end of that decade, the city's industrial base began to decline, a victim of the "Great Society" policy that reduced so many American manufacturing cities to dying shells.

Oakland's new leading "industry" became the illegal drug trade, and professional sports, the city's only claim to fame. Streets in Oakland are currently scheduled to be repaired once every 100 years!

Since the "Bush-Reagan economic recovery" began a decade ago, Oakland has lost a third of its manufacturing jobs, collapsing the tax base. Similar crises afflict Alameda County, of which Oakland is the largest city. The state of California became famous last spring for its \$14.3 billion budget deficit, triggering major cuts in services.

In the end, austerity didn't even save Oakland money. The city estimated it had spent \$10 million fighting the fire, and that it would lose at least \$5 million in property taxes. At least several million more dollars will be spent to prevent the soil from the fire-ravaged hills from becoming mudslides.

The Oakland fire also proved that one cannot ruin part of a city—or country—and keep a protected wealthier enclave. For years, Oakland has been two cities—the flatlands where mostly black people live, ravaged by budget cuts and drug wars; and the hills, a rich enclave, insulated from the city's decay. Or, so they thought.

Will things change?

Has the lesson that budget cuts kill, been learned? Apparently not. The media are flooded with titillating stories about where the fire might have started, and who was really responsible for starting it. The question of what allowed the fire to *spread* has been all but ignored.

The cutbacks continue. After the fire, the California Department of Forestry announced that it is shutting down 31 fire lookouts—nearly half the state's lookout force, and removing the last fire spotters from Santa Clara, Santa Cruz, and San Mateo counties, areas experts say are vulnerable to the same fate as the Oakland-Eastbay hills.

The lesson that austerity kills should have been learned in the Oct. 17, 1989 San Francisco area earthquake. More than 40 people died when a section of double-decker freeway in Oakland crumpled. The necessary reinforcements, which would have prevented the collapse, had been scheduled for the early 1970s, but never constructed because of lack of funding.

At that time, rather than heeding the warning and reversing the budget cuts, federal government policy left the City of Oakland even poorer after the earthquake. The federal funds due to the city of Oakland from the Federal Emergency Management Agency (FEMA) to repay costs of responding to that emergency, have not *yet* been paid.

Energy output falls in Soviet republics

by William Engdahl

Following the failed Moscow putsch of Aug. 19, the governments of the newly declared republics of the former U.S.S.R. have placed the question of reorganizing their energy output at the center of their deliberations. In light of recent stories of production collapse and disputes over western concessions to vast unexplored oil regions in the former U.S.S.R., it is useful to review the current situation.

In 1990, for the first time since the end of World War II, the production of primary energy (oil, gas, coal, etc.) in the U.S.S.R. declined in comparison to the year before. The amount of the fall (2.4%) was not as dramatic as were its qualitative implications.

The most dramatic decline in energy production in economic terms occurred in the production of petroleum. Together with export of natural gas, petroleum forms by far the major source for hard currency export earnings.

Since the late 1970s, the Soviet Union has been the world's largest single producer of petroleum. By the late 1980s the peak was reached of almost 12.5 million barrels per day (mbd) output. By comparison, the United States in 1988 was producing slightly more than 8 million, while Saudi Arabia produced less than 5 mbd. In 1990 total petroleum output from all U.S.S.R. oil fields, according to the state statistical agency Goskomstat, reached a level of 11.4 mbd, a decline of almost 750,000 barrels per day from 1989. The 1989 level itself was down from the peak production year of 1988. Oil output in 1990 fell to the level it had been back in 1978. In the first six months of 1991, partly because of the long and bitter wave of strikes in the U.S.S.R. coal mines, at times combined with strike actions in the oil regions, total petroleum production fell dramatically to 10.5 mbd, some 9% lower than in 1990, according to Goskomstat.

Why output is declining

The reasons for the secular decline in oil output are several and interconnected. First, Soviet oil comes primarily from large and rather old reservoirs, mostly in the West Siberian Plain—Samotlor in Tyumen being the largest, followed by Romashkino, a huge field lying between Sverdlovsk and Moscow. Samotlor, the largest in the U.S.S.R., has been

under exploitation since 1965, while Romashkino has been in service since 1948. Indeed, of the currently producing oil fields in the U.S.S.R., the vast majority of production, 85-90%, comes from fields in the Russian Federation. Large potential reserves do exist especially in Kazakhstan (Tenghiz) and in Azerbaidzhan (Baku), but these require substantial investment in new infrastructure and further exploration before they will be able to contribute significantly to overall oil production.

During 1986, OPEC oil prices plunged from approximately \$26 a barrel down to less than \$10 a barrel as Saudi Arabia, on request of Washington, flooded the world market with its oil. In a desperate effort to maintain hard currency oil export earnings, Moscow ordered oilfield output to be pushed to the breaking point, to compensate in quantity for the loss of hard currency export earnings. In the near term, the result was all-time high levels of production between 1986 and 1988, especially from the older large West Siberian fields. But soon after, the consequences of this desperation policy manifested themselves in collapsing well pressure, which meant falling oil output per well.

From bad to worse

But rather than utilize advanced western technologies for Enhanced Oil Recovery (EOR), still largely a novelty in the Russian reaches, or employing advanced three-dimensional seismic stratigraphic mapping technologies, now state of the art in all major western oil exploration companies, the Soviet Petroleum Ministry proceeded in a chaotic series of makeshift measures which served to turn a bad situation into disaster.

The central government in Moscow in 1988 deregulated the prices which manufacturers of oil drilling equipment could charge the State Petroleum Ministry. But, under domestic political pressure, Moscow refused to allow the Petroleum Ministry to increase the price it could charge for selling its oil.

The predictable result over the past three years has been a fall in the investment needed in equipment to develop new oil fields and to improve falling pressures in the older fields. Both problems are eminently solvable, and relatively quickly, given proper technology and expertise.

Older fields in worst shape

According to Goskomstat, most of the fall in 1990 oil production came from the older fields of the Tyumen province of western Siberia, from which the U.S.S.R. got more than two-thirds of all its oil. Since their peak output in 1988, the large Tyumen fields have lost more than 10% of their production. The collapse in oil production is also due to insufficient resources for making routine repairs and maintenance, leading to a series of dangerous and costly accidents and shutdowns of wells. By official estimates, 40,000 such pipeline accidents occurred last year.

Necessary development of new alternative oil fields, often far deeper (hence needing different equipment and costing far more than the older fields) and in more severe climate regions, ground to a virtual halt under the domestic economic chaos of the past 15 months. In 1990, under growing budget deficit pressures and runaway inflation, the Moscow government decided to halt investment in vital electricity and oil-refining projects and new geological exploration in Tyumen, making the chances for increased output out of the question for the present. While the Gorbachov government made some emergency modifications at the end of February 1991 to attempt to remedy the situation, indications are that little has improved to date.

Falling exports fuel liquidity crisis

The effect of all this on U.S.S.R. oil exports has been equally dramatic, one of the major background causes for the current liquidity crisis in the former U.S.S.R. According to the authoritative London oil industry trade monitor *Petroleum Argus*, total U.S.S.R. oil exports for the first six months of 1991 were down fully 30% compared with the period January-June of 1990. Sharpest cuts were in export to eastern Europe after the breakdown of the old Comecon trade rules and introduction of hard currency oil payments on Jan. 1, 1991.

In the first half of 1990 the Soviets exported a total of 3.18 mbd. In the same period this year, the figure has fallen to 2.22 mbd. While Argus estimates that export volumes will likely recover significantly during the second half of 1991 because of the resolution of the crippling miners' strikes of the early spring, the overall impact on Soviet earnings of desperately needed deutschemarks and dollars has been dramatic in the near term.

Furthermore, the situation which has affected availability of equipment and resources for increasing output in the petroleum sector, has also prevented increased output in export of natural gas. After reaching an all-time record production peak in 1990 of 815 billion cubic meters of natural gas, total output has for the first time in more than a decade stagnated. Since 1989 it has no longer been possible to compensate for falling oil output through increase of gas production.

Here as well, lack of repair, and hasty and cost-cutting pipeline construction pressures have led to dramatic and costly (in human lives as well) accidents in the natural gas pipeline distribution.

One considerable potential problem for any significant internal betterment of existing oil production in the new republics of the Union of Sovereign States is the fact that the vast bulk of oil field equipment and spare parts—60-70% by best western estimates—has historically been manufactured in the region of Baku in Azerbaidzhan. Unrest in this area and friction with the Russian authorities could lead to barriers to needed flow of equipment and spare parts more than has already affected oil output.

Book Reviews

Documenting how U.S. farms were destroyed

by Gerald Kopp

Night Came to the Farms of the Great Plains

by Raymond D. North

Acres U.S.A., Kansas City, Mo., 1991

286 pages, paperbound, \$17.50

Raymond North must be commended for his diligent work of documenting injustices imposed on the farmers of the U.S. Great Plains. His work is exemplary and long overdue. While farmers experienced the wrath of profit-seeking bankers and two-timing lawyers, very little press attention was given to their side of the story. North's book, however, does much more than tell the story of individual farm families. Lifting from the court records and register of deed files, he enumerates the cases of foreclosed farmers from Texas to North Dakota.

While the established news media expounded on the mismanagement by farmers, North's book brings forth the reality that mismanagement on the part of the financial institutions was as much, or more, to blame for the agricultural crisis as were the farmers. In fact, the Eastern banking establishment caused the crises in conjunction with the grain cartel, as *EIR's* Suzanne Rose detailed in the Aug. 30, 1991 issue.

Robert Clark, Comptroller of the Currency, stated in January 1988 that one of the main reasons for bank failures was mismanagement. So the financial institutions raided the equity in farm land deliberately. But North aptly points out the inept qualities of the loan officers and managers. Calling them *narodniks*, after the 19th-century Russian populist university students who would go "back to the farms" North writes: "The *narodniks* of Russia were really flim-flam men, hustlers who badly abused the farmers they encountered. Their modern counterparts haven't changed. Every *narodnik* that I have met has had one thing in common. All have been mentally narrow. They have had little or no interest in or knowledge of the arts, music, literature, history, economics, current events, governmental sciences, military lore, architecture, or the humanities in general. . . . But the rules of modern banking should be learned and applied by all loan officers. These rules are not hard to learn. Laura Ingalls

Wilder ran a loan office for the federal land bank for over 15 years and never lost a penny. She had a fourth-grade education. The association she worked for was merged into a larger association and now has a college-trained *narodnik* heading it. It is now losing money hand over fist." The amount of money lost through mismanagement to be recouped by the taxpayer and future bank customers is phenomenal. North's work exposes the figures on a case-by-case basis.

North relates how loan officers of the Federal Land Bank, by direct intervention at land auctions, deliberately drove up the price of land by guaranteeing both bidders unlimited loan funds to purchase the land; Thus, they were able to drive up the purchase price and the evaluation on land in the surrounding area, enabling another go round of higher prices and bigger loans. North also exposes how the Farmers Home Administration (FmHA) lent money flagrantly, while anyone with a fourth-grade education would realize the loans would be unpayable with interest rates above 10%—especially when the real rate of return for farmers has averaged somewhere around 3-4%. I remember the line the economists were feeding these loan office trainees at the agriculture colleges. "Borrow all you can, because at the present rate of inflation, you will pay back the loan with cheaper dollars."

My own experience as a farmer verifies what North says about lending policy by agriculture financial institutions. Three years in a row, I was talked into accepting a larger credit line by \$10,000 by Production Credit Association of



A farm in Idaho. Raymond North adequately exposes how agencies such as the Federal Land Bank help drive farmers off the land, but his solutions don't break with the usurious banking practices.

Mandan, North Dakota. But by then, I was asking too many pertinent questions, and they shoved me over to the FmHA.

Setting the record straight

For anyone who still believes that it was farmer mismanagement that caused the agriculture crises in the United States, North's book goes a long way toward setting the record straight. But North's analysis is erroneous on some very fundamental economic issues, one being the surplus production question. Surpluses accumulate when there is a lack of buying power. Lack of buying power is generated by less than parity prices for production. When the production at a parity price exceeds the needs of the producing nation, the excess production generates potential for credits to feed the starving.

Second, North thinks President Kennedy's investment tax credit was a mistake. North, a tax practitioner, has witnessed some of the superficial problems that occur on an individual basis, but he has failed to see how to mobilize a productive economy on a grander scale. Capital startup costs are significantly reduced by investment credits deducted from profits of industry and agriculture. Along with rapid depreciation on capital investment, the engine of an economy is started and propelled forward. Invention of technologies is also encouraged to realize greater efficiencies in production. That's how consumers realize cheaper products. Japan is an excellent model of how this works. Not to mention the production boom realized here in the United States at least partially because of the investment tax credit. But then, North believes farmers are too productive, and surpluses cause lower prices, adding to the plight of the farmer. Does he realize the "invisible hand" controlling prices belongs to the grain cartel?

We need a Hamiltonian national bank

Third, on the question of interest rates: It is my impression that he sides with the Federal Reserve. Raise the interest rates to control inflation, and lower them to stimulate the economy. All we need to do is look around us, to see where that leads us.

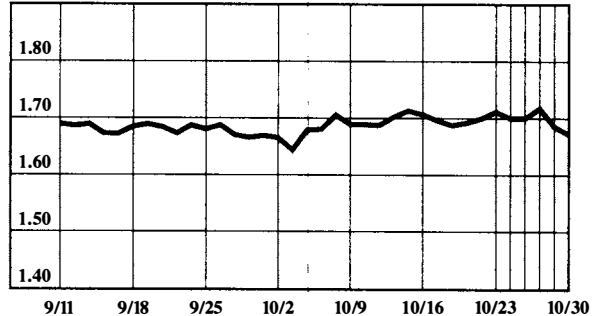
North's failure to define a solution to the banking crisis is also a problem, yet American history shows exactly the kind of program that is required. George Washington's Treasury Secretary Alexander Hamilton's "Report on Banking" explains the needs of a national bank and purposes it serves. While you are at it, Hamilton's 1791 "Report on Manufactures" gives one insight into the workings of a national economy. Both reports are necessary parts of any concerned citizen's library.

In conclusion, while North's *Night Came to the Farms* covers ground that needed to be documented, his expertise in economic analysis is lacking in understanding of natural law. It leaves out morality, the question of economics with dignity for the common man. That lack of understanding flows over into his suggested solutions. It is obvious he does not know or realize there is another way: the way of Lyndon LaRouche.

Currency Rates

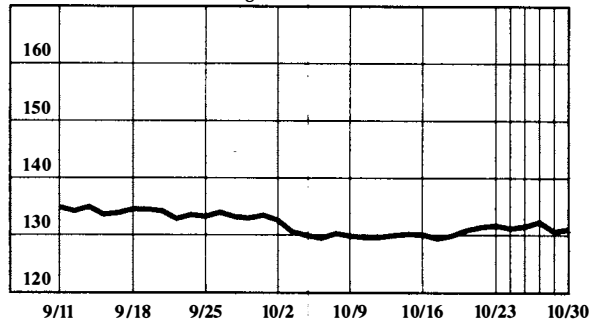
The dollar in deutschemarks

New York late afternoon fixing



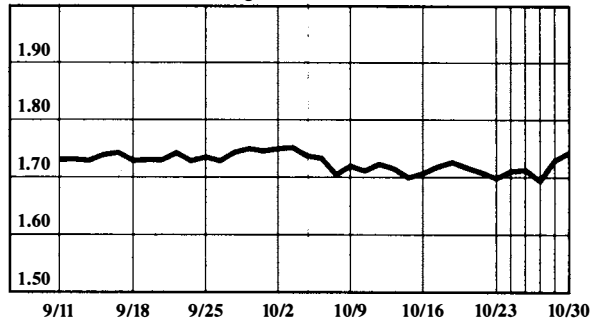
The dollar in yen

New York late afternoon fixing



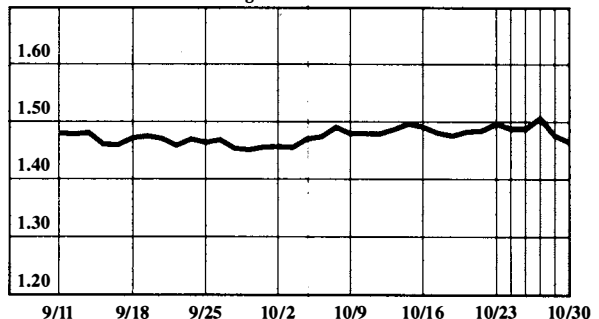
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Milk crisis deepens

Farm state legislators have made yet another attempt to raise dairy support prices on an emergency basis.

The Senate Agriculture Committee recently authorized a new bill, "The Dairy and Disaster Assistance Act of 1991," which calls for a \$1 per hundredweight increase in the support price paid to farmers, and a voluntary milk diversion program, which means that farmers would be paid to reduce their production. The bill has met with stiff resistance from the Bush administration.

The bill, which relies on the false supply-management theory that the milk supply needs to be reduced to make the price go up, has been attacked by the administration because it calls for an increase in the support price. Since last spring, when prices to dairy farmers had sunk to historic lows, there have been two other attempts to raise the support price. Both have been defeated by threats of a presidential veto.

It is estimated by one cooperative that 1.5% of the dairy farmers in the Southeast have gone out of business in the last three months. It is also estimated that a million or more dairy cows have been slaughtered by farmers desperate to cut their costs because of the plunging prices—which remained at the support price level of \$10 per hundredweight for close to a year.

Why has there been no government action to support a milk price increase, when dairy farmers are going bankrupt in record numbers? Wisconsin, the leading dairy state, estimated that it could lose up to 20% of dairy producers.

The answer is that under the administration's policy at the General Agreement on Tariffs and Trade

(GATT), the free trade negotiations ongoing in Geneva, no producer price increases will be tolerated. The U.S. is demanding the lowering of price supports to farmers by 75%. As the past 20 years of U.S. farm policy demonstrate, when producer prices are lowered, the elimination of independent producers results. They are replaced by vertically organized production systems, known as factory farms, which are owned by the giant food monopolies and cartels or controlled by them, because they own processing, distributing, and marketing functions.

The National Joint Council on Food and Agricultural Sciences, charged by the Congress to plan food and agricultural policy, appointed a steering committee in 1982 representing government, industry, and academia, to plan the restructuring of agriculture in the northeastern United States. They called the project "Toward 2005." Dairy farming, the leading source of income in several of the states included in the project, was a major subject of the study, as the Northeast produces 20% of the nation's milk output.

The report released on dairy, "Toward 2005: The Northeast Food System, a Focus on Dairy," recommends increasing efficiency through "hefty reduction in the number of producers, to decrease 45%" by the year 2005. The study calls for consolidating northeastern cooperatives and proprietary milk handlers to achieve "economies of scale," and get rid of "marginal farms." The desirable number of dairy farms, according to the report,

by the year 2005, is 21,650, or a reduction of almost 50%. The number of independent processors should be reduced 75%! The United States Department of Agriculture is a participant in the project, as well as the Farm Credit System and the Farmer's Home Administration.

Under "trends" the report lists, "Development of LaBatts Dairy Group." John LaBatts, Ltd. is a cartel which today dominates the milk market in the Northeast, through ownership of such dairies as Johanna Farms and Lehigh Valley. It is a subsidiary of the Seagram's whiskey empire owned by the Canadian-based Bronfman family, exposed for their organized crime connections in the book *Dope, Inc.* At a recent hearing of the Pennsylvania Milk Marketing Board to determine whether the state should continue supplementing the national support price for dairy farmers, the LaBatts representative cited the Project 2005 report to oppose the price increase. "It's futile to interfere with the inevitable workings of the marketplace which have already determined that 45% of dairy farmers will be eliminated in the Northeast," the spokesman said.

In this case, the "invisible hand" of the marketplace is attached to the arm of the U.S. government, which is keeping the support price low on behalf of monopoly interests like LaBatts.

In today's world, no argument can be made for "excess" producer capacity. According to the USDA's standard of consumption requirements published in 1950, the annual per capita requirement of milk equivalent is 602.5 pounds. Based on this figure, there is a deficit in North America of 662 million pounds of milk, and the worldwide deficit is a staggering 2 trillion pounds. In 1991, the United States produced 148 billion pounds of milk.

Business Briefs

Economic Policy

Swiss coalition attacks IMF, World Bank

"The IMF and World Bank policy starves, impoverishes, increases injustice in international trade, is anti-woman and anti-democratic," states a campaign launched by Third World activists, ecologists, feminists, and human rights organizations in Switzerland, who are preparing a referendum against that country's joining these institutions. The referendum against the International Monetary Fund is officially sponsored by an umbrella organization called the "Berne Declaration."

The referendum seeks to abrogate two pieces of legislation recently voted up by the Swiss Parliament, which approve and regulate Swiss entry into the IMF and World Bank. The Swiss Parliament acknowledged anti-IMF pressures by including in the legislation some suggestions to the IMF to "soften" its "conditionalities" policies toward the Third World, but such actions are considered inadequate by promoters of the referendum.

Reportedly, IMF officials are upset by the referendum, which could be held as early as next May. Until then, according to the Swiss Constitution, the pro-IMF legislation cannot be enacted. Christian political forces disassociated themselves from the referendum initiative, arguing that it is a "rearguard initiative" and that the policy of the IMF and the World Bank must be changed from the inside.

In another attack on the current world monetary system, Seychelles President Albert Rene accused industrialized nations of forcing unsuitable political and economic concepts on the Third World. "Third World nations must be very careful in handling foreign concepts including political pluralism, because they may end up plunging into serious economic and political problems," he said during a brief visit to the Indian Ocean island of Zanzibar, on his way home from the British Commonwealth summit in Harare, Zimbabwe.

He accused developed countries of hypocrisy and cited as an example what he called the unfair balance of trade between rich and poor countries.

Epidemics

A half-million French infected by transfusion

More than 460,000 French citizens received transfusions of blood infected with the AIDS virus (HIV) or hepatitis B and C viruses up through 1989, according to sensational French press reports. Judge Foulon of Paris has accused three former high officials of the French health system of being responsible.

In early October, it became public that former French minister Laurent Fabius had vetoed the systematic testing of blood supplies for HIV and hepatitis viruses, out of budget considerations. As a result, according to French officials, half of French transfusion recipients are now infected with HIV.

The daily *Le Monde* reported that up through 1989, about 460,000 people were infected with the hepatitis viruses B and C, and another 3,600 people with HIV. Most do not yet know of their infection.

French Social Minister Bianco has accused the press of sensationalism for reporting that state-owned laboratories and certain officials are guilty of playing with lives. Bianco said that the number of cases is probably much lower than the reported figure.

But if officials are proven culpable, the benefit claims of the victims could cost the French government millions of dollars, not to mention the political fallout.

Disease

TB is world's leading killer, says study

A special study by the World Health Organization in 1989-90 showed that tuberculosis, which has infected or currently infects one-third of the world's population, is the world's leading killer. Its findings included:

- About 1.7 billion people, or one-third of the world's population are, or have been, infected with mycobacterium tuberculosis.

The overall proportion of infected people is similar in the industrialized and developing nations. However, 80% of infected individuals in industrialized countries are over 50 years old, while 75% of those in developing countries are under 50 years old.

- It is estimated that in 1990 there were 8 million new cases of tuberculosis in developing and industrialized countries: 7.6 million in the former and 400,000 in the latter. The largest numbers were in the WHO's western Pacific region (2.6 million), the Southeast Asian region (2.5 million) and the African region (1.4 million). The highest incidence was in the African region (272 cases per 100,000).

- It is estimated that tuberculosis caused 2.9 million deaths in 1990, making this disease the largest cause of death from a single pathogen in the world. While the largest number of deaths occurred in the Southeast Asian region (940,000), the Western Pacific region (890,000), and the African region (660,000), it is estimated that more than 40,000 deaths still occur annually in the industrialized nations.

WHO showed that in many industrialized countries, the declining trend of the recent past has slowed down and, in some countries (U.S.A. and Japan) it has reversed. In the majority of low-income developing countries, there has been almost no observable decline and the absolute number of cases is probably increasing.

Britain

Major government forgives African debts

The government of John Major unilaterally decided to forgive two-thirds of the government-to-government debts of the sub-Saharan countries, in a move directly opposed by the Bush administration. Knowledgeable City of London observers say the move is part of a broader strategic policy shift, under way since the resignation of Prime Minister Margaret Thatcher this past spring.

"The Foreign Office establishment has determined to be less reliant on a bilateral relation

with the United States because of the staggering internal problems America is mired in; rather they calculate that Britain is well-positioned if it can reconsolidate the dormant political and economic ties with the old Commonwealth countries, together with its full entry into the European Monetary System and the role within Europe. John Major is a mere facade for the real policymakers of the permanent Civil Service who are behind this. It is often their view which is reflected in places such as the *Economist*.

"In this regard, Britain is making moves to draw Canada closer to it in cooperation, something which Washington is none too happy about, as they fear Canadian banks are far stronger than American banks at present and could try major moves into the U.S. market in the future," said this observer.

Ibero-America

New cholera strain kills in two hours

A new strain of cholera found in Lima, Peru kills in two hours, according to officials at the Children's Hospital in Lima. They were the first to detect the new, more deadly strain, which appears to be the result of mutations that took place during the Peruvian winter. With summer now coming on, the country's cholera epidemic is beginning to break out anew, and if the new strain becomes common, this time it could be far more deadly.

Total cases are now reported to be at 231,113.

Meanwhile, in Mexico, Dr. Alberto Vargas, an employee of the health ministry of Chiapas state, said in an interview, "People are dying, but results of the autopsies are being kept quiet. Information is being hidden by the state government and its health officials . . . apparently on orders from the President."

He and other doctors said the state government fears it would hurt the lucrative tourist industry to permit these things to be reported. Dr. Vargas was just demoted, presumably for

speaking out. Government health officials claim only 54 cases of cholera and one death in Chiapas, but independent calculations put the true number of cases at around 500 and at least 10 deaths. If the same 10:1 ratio holds nationwide, then Mexico's 1,747 admitted cases would actually be 17,470.

Another doctor in Chiapas reported that the government clinic in her town is "filled with sick people, but they're denying it is cholera and are calling it gastroenteritis instead."

A rural doctor was quoted saying about NAFTA, "They don't want the Americans and Canadians to think they're forming a partnership with people who can't even control a simple thing like cholera."

Eastern Europe

IMF can't help the East, says German

If the West really wants to help the former Soviet bloc nations, it must drop the approach of the International Monetary Fund, declared Dieter Machowski, an expert on eastern economies at Berlin's DIW Institute. He spoke on a panel in Frankfurt-on-Oder Oct. 25.

The western approach of "lending help for self-help" was insufficient, Machowski said, especially since there is chaos in the East, and the former governments there had no clearly defined programs yet. Machowski said the West should have a policy of active co-responsibility for the development of the eastern economies.

Machowski recommended that the German government's Hermes export credit insurance be extended to a period of five years for the republics of the former U.S.S.R., and said it was a "scandal" that a similar program doesn't yet exist for eastern European nations.

He also asserted flatly that the economic systems in the East would not be pure market economies for a long time. Rather, they would feature a "much larger role of the state" and represent a "peculiar mix of various approaches."

● **AMERICAN WOMEN** suffer one of the widest gaps between their earnings and those of men of equivalent age and experience in the developed world, London's *Financial Times* reported Oct. 26. This was attributed to the U.S. being the only "advanced" country in the world with no statutory maternity benefits.

● **THE DUTCH** Patient Association is distributing *real* "living wills" among the Dutch population. They call upon doctors to do everything possible to save the life of a patient, and state that the patient is strictly opposed to euthanasia—precisely what the typical living will mandates. The group is placing warnings in newspapers that no one should enter a hospital without this document.

● **NEW YORK** hospitals are the place you go if you want to die, according to a series of articles in Germany's *Süddeutsche Zeitung*. "He Who Gets Sick in New York, Can Make Out His Will," one headline reads. It cites an American Heart Association study showing that a New York citizen who gets a heart attack has a 1% chance of survival, while in Germany the figure is 50%.

● **THE SOVIET** grain harvest after the threshing stage was 164 million tons, reported *Pravda*. But a senior analyst at the International Wheat Council has urged western governments to treat the Soviet calculations cautiously, since the Soviets "have changed their usual method of calculating."

● **BRITISH INDUSTRY** is now demanding an end to the "Thatcherite" *laissez faire* industrial policy of the government. In a scathing attack, Confederation of British Industry head John Banham called for reorganizing the Ministry of Trade and Industry, and adopting an active government role in helping reshape British industry. He also attacked the Bank of England for "insufficient depth of understanding" of industrial issues and problems.

ADL rushes in to protect Dope, Inc. in Venezuela

by Carlos Wesley

The Anti-Defamation League of B'nai B'rith (ADL) has rushed in to keep an ongoing drug coverup in place in Venezuela. On Oct. 27, readers of the Caracas daily *El Nacional* had to swallow some execrable Spanish together with their Sunday coffee: a paid insert from the ADL attacking U.S. presidential candidate Lyndon LaRouche for his role in the publication of the best-selling exposé on the drug trade, *Narcotráfico, SA*.

Narcotráfico, SA is the Spanish-language version of *Dope, Inc.*, the book-length study by an *EIR* investigative team commissioned by LaRouche, which names the names of the ADL, otherwise known as the American Drug Lobby, and the command structure of the drug trade. The book identifies the drug ties of, among others, such ADL luminaries as booze king Edgar Bronfman, of Seagram's liquors, Max Fisher from Detroit, and gangster Morris Dalitz, partner of the late mobster Meyer Lansky.

The attack inserted in *El Nacional* was purportedly a joint publication of the ADL's Jerkow Institute for Latin America and the so-called Anti-Drug League of Venezuelan Gaston Guisandes. It was authored by Morton Rosenthal and by an admitted former CIA employee, Mira Lansky Boland. Rosenthal was a mentor of Elliott Abrams, the former Assistant Secretary of State for Inter-American Affairs, who recently pleaded guilty on misdemeanor charges stemming from his role in the drugs-for-arms Iran-Contra scandal.

The expensive, four-color ADL pamphlet boasted in bold letters that LaRouche is in jail. But it is indicative of the power of LaRouche's ideas that, even though his enemies have kept him behind bars for more than a thousand days as a political prisoner, they are still sufficiently afraid of him to spend millions of dollars to slander him. As the pamphlet itself stated, in typical ADL racist fashion, "in Latin America there are naive democracies" and, "unfortunately, an insufficiently developed public conscience about the sordid and grotesque components of the LaRouche political apparatus." As a result, "the LaRouche network is flour-



From left to right:
George Landau, U.S.
Ambassador to
Venezuela, Manuel
Azpurua, Venezuela's
Finance Minister, and
Gustavo Cisneros, in
1985.

ishing.”

Otherwise, the pamphlet spewed the usual garden variety ADL slanders that LaRouche is “an anti-Semite who says that the Queen of England pushes drugs.”

An urgent matter

While a lot of money was spent on the slick production, the ADL scrimped on the translation of the scandal-sheet, a total mishmash of English construction and illiterate Spanish. Since this was not the first time that the ADL had deployed to protect the dope lobby from exposure (see page 27), the slapdash translation, besides giving away the fact that the slander was concocted at ADL headquarters in Washington, indicated a desperate effort to put the lid on the erupting volcano of *Narcotráfico, SA*.

Why the urgency?

Narotráfico, SA was banned in Venezuela in 1985, ostensibly because it made reference to certain prominent Venezuelan businessmen and financiers, among them the current head of Venezuela's Central Bank, Pedro Tinoco, who also represents the interests of Chase Manhattan Bank in Venezuela. Tinoco is Venezuela's lead negotiator with the country's creditors on the nation's foreign debt.

The other prominent Venezuelan mentioned in *Narcotráfico, SA* is multimillionaire Gustavo Cisneros, who used to be on the board of the once-huge, food-packaging multinational, Beatrice Foods corporation (“We are Beatrice!”), and who, among other businesses, owns the Venezuelan subsid-

ary of Pepsi-Cola and a television network. Cisneros is one of David Rockefeller's and Henry Kissinger's best friends in Venezuela. In fact, last year, Cisneros accompanied Venezuelan President Carlos Andrés Pérez—the favorite Ibero-American leader of George Bush and the Anglo-American establishment—on a state visit to Washington when Kissinger was named Venezuela's official adviser on foreign investments.

It was an associate of the Cisneros family's holding company who arranged for Venezuelan authorities to ban *Narcotráfico, SA* in 1985. Agents of Venezuela's political police, DISIP, raided the offices of the Venezuelan Labor Party (PLV) in Caracas, to confiscate a handful of copies of the book. During that raid, Alejandro Peña, secretary general of the PLV, was arrested together with other leaders of the party.

Journalists Carlos Méndez and Lucia López Méndez, who were *EIR*'s correspondents in Venezuela, were detained and expelled from the country, as were two other *EIR* correspondents who were visiting Venezuela at the time, Stefania Sacchi, an Italian, and Lorenzo Carrasco, a Mexican.

International outcry

But the recent resurfacing of Cisneros's name in connection with an on-going Venezuelan congressional investigation of drugs and corruption, has renewed media attention in *Narcotráfico, SA*. It has also sparked an international campaign to end what a group of Venezuelan congressmen de-

nounced as an “irregular and unconstitutional” ban.

On Oct. 21, Venezuela’s Congressional Committee on Media, which had previously ordered the free circulation of Salman Rushdie’s *Satanic Verses* which, as one of the members of the committee noted, “offended millions of Muslims,” side-stepped a decision on *Narcotráfico, SA* even though “only two Venezuelan citizens—Cisneros and Tinoco—could possibly be offended by it.” The committee noted that it had received a request from Alejandro Peña of the PLV, to lift the judicial ban on the book. “While in principle . . . we reject any prohibition or censorship,” said the committee, “any decision we make, one way or the other, could violate the principle of separation of powers.”

Committee cowardice

Peña attacked the committee for its cowardly behavior. “It is sad that the institutions of the Republic are at the mercy of monopolies and oligopolies with the power to decide even what the average citizen can read,” he said. He added that when “those oligopolies and monopolies, besides owning the communications media, can also forbid the circulation of books, we could be on the verge of a Nazi-fascist dictatorship, something we should reflect upon now that the communist dictatorships have fallen.”

Soon after, on Oct. 23, a dozen senators from the Dominican Republic urged their Venezuelan counterparts to lift the ban on *Narcotráfico, SA* because the prohibition “hurts Venezuela’s image around the world.” The senators, all of whom are members of the left-of-center Dominican Liberation Party (PLD) of former President Juan Bosch, the second-largest political grouping in the country, stated:

“The right to the free expression of thought, whether through speech or the written word, and the right to disseminate the same through any media, must be respected without prior censorship, which is why we are making public our rejection to the censoring or banning of any book or publication.”

A similar call was issued on Oct. 19 in Lima, Peru by Sen. Abasalón Alarcón Bravo de Rueda and by Peruvian congressmen Lino Cerna Manrique and Carlos Riva Davila, a former minister of Economics and Finance, all members of the APRA party of former President Alan García.

Blocking the drug lobby

This international outcry, more than six years after the book was believed dead and buried, couldn’t have come at a worse time for the dope lobby. It fears that circulation of the book could jeopardize plans to ram through a so-called financial reform designed to turn Venezuela into a drug- and money-laundering paradise. There is also widespread hysteria that the book will hamper plans to privatize the state-owned telecommunications monopoly, CANTV, which, if it goes through, would give elements tied to the drug lobby a stranglehold over Venezuela’s economy.

Guisandes, a congressman in the Cisneros camp, published full-page ads in three Caracas dailies on Oct. 23 to warn “public opinion” against LaRouche.

Unfortunately for the credibility of Guisandes’s campaign, in a series of ads published the same week, PLV leader Peña quoted verbatim a newspaper column Guisandes penned in 1988, in which Guisandes lavishly praised LaRouche and *Narcotráfico, SA*. The book contains “the best and most complete information on the impressive world of drugs,” Guisandes wrote then.

Paid to shift?

A televised editorial by Radio Caracas TV (RCTV) network asked Guisandes how much money he got to shift his views on LaRouche so radically. This forced Guisandes to take out yet another series of ads which appeared in most of Caracas’s daily newspapers on Oct. 26, to respond to RCTV and its owner, Marcel Granier. In the ads, Guisandes said that in 1988 he wrote favorably about LaRouche because “Lyndon LaRouche was a prestigious American politician [who was] twice candidate for the presidency of the U.S., where he was considered one of the nation’s most important leaders. Even President Ronald Reagan supported his concepts regarding a Strategic Defense Plan, later known internationally as ‘Star Wars,’ which became the centerpiece of the U.S. defense program under the Reagan administration.” According to Guisandes, because LaRouche “was a very unusual man in the world’s most important nation” when *Narcotráfico, SA* was published, it “gained credibility in society because readers linked the book with the image of its promoter, even though it was forbidden in Venezuela.”

But “when LaRouche was jailed,” wrote Guisandes, “I turned against Lyndon LaRouche.”

Turning against Carlos Andrés Pérez

The same day the ads were published, the ADL collaborator Guisandes turned against another prominent politician he had previously embraced, Venezuelan President Carlos Andrés Pérez. In his weekly column in the Oct. 26 daily *El Mundo*, Guisandes wrote that President Pérez should be impeached if he agrees to a request to base a U.S. radar in Venezuela to fight drug trafficking. “The Americans have the right to ask for whatever they want,” wrote the head of the so-called Anti-Drug League of Venezuela. “But the sovereignty that’s in danger is ours, and not theirs.”

If President Pérez were to agree to the radar request, wrote Guisandes, then “superior reasons of state allow the removal from command of someone who commits the crime of treason.” Since Guisandes works with Cisneros, observers in Venezuela are wondering if his charge of treason against the Venezuelan President means there has been a fallout among thieves, so to speak, between the Rockefeller- and Kissinger-allied millionaire Cisneros, and Bush’s favorite Ibero-American leader Carlos Andrés Pérez.

Defenders of the drug trade 'want to wipe us off the map'

*The following are excerpts of an October 1991 interview conducted by Washington, D.C. journalist Carlos Wesley with Dennis Small, EIR's editor for Ibero-America and co-author of the bestseller *Dope, Inc.*, and with José Carlos Méndez, associate director of EIR's Spanish-language publication, *Resumen Ejecutivo*. Méndez, along with three other EIR journalists, was arrested and expelled from Venezuela in February 1985, when the police raided the Caracas offices of the EIR and the Venezuelan Labor Party and confiscated copies of the book *Narcotráfico, SA* (the Spanish-language edition of *Dope, Inc.*), prior to its unconstitutional banning by court order.*

A full videotape of the interviews was presented at an Oct. 17 press conference in Caracas, Venezuela by Alejandro Peña Esclusa, secretary general of the Venezuelan Labor Party (PLV), and was later broadcast in Venezuela on RCTV television.

Q: Mr. Méndez, what were the circumstances of your departure from Venezuela in February of 1985?

Méndez: Well, they were rather unexpected circumstances in that agents identifying themselves as DISIP [Dirección de los Servicios de Inteligencia y Previsión] came to my house, where I lived with my wife, in the early morning hours of Feb. 4.

Q: Venezuela's judicial police?

Méndez: No. A kind of political police. And they brought us both, together with Lorenzo Carrasco, another *EIR* correspondent who was visiting the country, to the DISIP offices, and there they immediately interrogated us about the existence of copies of *Narcotráfico, SA*. Evidently they searched the house and carried off copies that we had there.

Q: Then, you were attacked by the Venezuelan authorities?

Méndez: Well, I wouldn't say I was attacked. I don't consider it an aggression. I think that with the banning of *Narcotráfico, SA*, and the confiscation of its copies, the first party attacked is the Venezuelan Constitution, the Venezuelan in-

stitutions, and in general, the Venezuelan people, because they were denied information that I believe would have contributed a lot to preventing the growth of the drug trade, the consumption of drugs, and the laundering of drug money that we have had in Venezuela in the past five years.

Q: Your departure then was due to the book *Narcotráfico, SA*?

Méndez: Well, yes. At least some agents mentioned extra-officially, let us say, that our book had bothered some prominent Venezuelans, without giving further explanation. Later, it was published several times in various newspapers that Mr. Gustavo Cisneros had sponsored the action against the book. More specifically, as I learned later from the Venezuelan press, it appears that on Feb. 15 [1985], the Fourth Civil Court was the one that ordered the ban on the book at the behest of Mr. Gustavo Cisneros and Mr. José Rafael Revenga, who works with them. . . .

Q: Mr. Small, you are one of the co-authors of *Narcotráfico, SA*. Tell us, what can this book contain that would provoke such an aggressive reaction?

Small: I have asked myself the same question for the last six years. Frankly, it is a little surprising, because this book was distributed, edited, and published in many Latin American countries, not only in Venezuela, and in every country it freely circulates.

Were it slanderous to certain Venezuelan individuals or institutions, as some say, the correct way to proceed . . . is with a slander trial, and not with an injunction to prohibit the circulation of the book.

Thus, as a journalist, one is necessarily obliged to conclude that the intention here was to halt the circulation of the book, because it addresses the question of the international drug trade as a vast multinational business which, at the time, produced \$300-400 billion a year. From the time of the book banning, in 1985, through today, the drug trade has grown at a rate of 25% a year.

What the book explains is how and why this is occurring;

who is behind this; what are the international financial interests that launder the drug money. Because in the final analysis, the great beneficiaries of the drug trade are really neither the consumers nor the producers, but rather the financial and banking interests that launder the dirty money. Today, we are talking about \$558 billion a year! Thus, there is a great deal of interest.

Q: Can you elaborate a little more on this matter of the banks?

Small: Essentially, we are talking about more than \$500 billion a year in profit from the drug trade. That money has to be laundered somehow, to make it legal. This annual income of more than \$500 billion has been one of two fundamental supports for the international financial system during the decade of the '80s. To put it another way, without the money from the drug trade, the great banks of Wall Street, the City of London, and the other financial centers would not have been able to survive. They need drug money; they are the ones who benefit from that money and they are the ones who are behind the international drug trade. The book *Narcotráfico, SA* mentions the names of the banks and talks about them: Chemical Bank, Chase Manhattan Bank, Bank of America, and other banks, including the famous BCCI—something we had already said six years ago.

Q: Apart from being editor for Ibero-America of *Executive Intelligence Review*, you are associated with Lyndon LaRouche, U.S. politician and economist, whose name also appears in the book *Narcotráfico, SA* as the inspiration behind it. In fact, Mr. Small, you have just left jail. You were tried and jailed together with Mr. LaRouche, who is accused by some of being an expert in disinformation. The United States government says that Mr. LaRouche is in jail for tax fraud. You say that he is in jail, and was sent to jail for political reasons. What can you tell us about this, and what did LaRouche have to do with the publication of *Narcotráfico, SA*?

Small: In a certain sense, I have had the honor of a being a political prisoner in the United States. People think that there are no political prisoners in the United States. They're wrong: There are political prisoners. Mr. LaRouche remains in jail. I just left jail a few months ago. I was a prisoner for two years. We were accused of many things; the charges were absolutely political.

The main reason that LaRouche and I were put in jail was political. Since 1982, we have had evidence that the defenders of the international banks, that the defenders of the international drug trade, have had their eye on us, to wipe us off the map.

Concretely, I would like Venezuelan television viewers to know of a letter from Dr. Henry Kissinger himself, written in August 1982 and sent to William Webster, who was the director of the FBI at the time.

Q: The same Kissinger who today works as an adviser to the Venezuelan government?

Small: That's right. The same.

Q: On the foreign debt?

Small: That's right, and he collects a salary for the expert advice he offers in this regard.

Q: If I understand you correctly, Mr. Small, you are saying that Mr. LaRouche was silenced because he opposed the drug trade and opposed the new order of the bankers, of international banking. Is that true?

Small: Essentially, yes. LaRouche has been the leading opponent inside the United States to Bush's policies, which are keeping the international banks going at all cost, violating the sovereignty of any nation that gets in their way, be it Panama or Iraq, and now we have a great danger of an intervention that would violate the sovereignty of Haiti. And what is behind Bush's new order and the banks is the urgent necessity of guaranteeing their own financial situation, as we said earlier.

To accomplish this, two things are required. First, enormously increasing the drug trade. This is unfortunately what we see happening today in Latin America. And, secondly, increasing the rate of looting through payment of the foreign debt. To achieve this, innumerable new mechanisms have been invented.

One of the mechanisms popular today on Wall Street is the *privatization* of state companies. The idea of paying the foreign debt of a country with its national patrimony. In Mexico's case, for example, selling off airlines, Mexican banks, steel plants and perhaps also, as the banks are proposing, the de-nationalization of *Petróleos Mexicanos* (Pemex).

In the case of Venezuela also. And in the case of Argentina, Brazil, and so forth, there has been a lot of talk about privatization, which is nothing but the surrender of one's national patrimony to creditors through payment of the foreign debt.

If that isn't sufficient, what comes next—in our evaluation—is paying the foreign debt with national territory. And lo and behold, we now hear talk of swapping debt for nature. In that case, Mexico could pay its debt by handing over, perhaps, Baja California. And Brazil the Amazon, as is already under discussion. Perhaps they would want Venezuela to pay its foreign debt by handing over Lake Maracaibo.

Q: Isn't it a fact that even before *Narcotráfico, SA* was published, the movement associated with LaRouche had been involved in fighting drugs? You put out a publication known as *Guerra a las Drogas* (*War on Drugs*)?

Small: Yes, that is right.

Q: Some have said that this is a waste of time, that the war on drugs doesn't work, that it leads to violence, that it costs

too much, that the way to resolve the problem is by legalizing drugs, carrying out a dialogue with the drug trade, as is happening in Colombia, and that this will at least bring peace and resolve the problem of the violence linked to drugs. What do you think of this?

Méndez: Well, the proof that this will not lead to peace is what is happening today.

But I would like to approach this question from a different angle: All the arguments that the war on drugs cannot be won always leave out the key point of that war, as Mr. LaRouche declared several years ago—the question of money laundering. As long as this question is not addressed and the banks not prevented from laundering the money, the war is going to be lost. That is the central issue. And that, as Mr. Small explained, is the objective of the drug trade: the profits that remain in the banks. . . .

Small: I would like to add something. The matter of the laundering is fundamental.

Today, they are proposing in several Latin American countries the idea of a banking reform, of a tax reform whose purpose is to truly facilitate the laundering of drug money through the national financial systems of Latin America. Mexico is in the process of doing this; in Argentina, something similar is occurring. They are trying to free up the stock exchanges of several countries a little bit. They are talking about the same thing in Venezuela. And one must be very careful with this, because it can truly threaten institutions, since with this kind of opening up of the national banks to the international financial institutions, what will enter more than anything else is drug money.

Regarding legalization, well, one can always avoid crime by declaring the criminal act legal. In the case of the drug trade, something like that may be done.

No. We think it is better, no, necessary, to fight. If this means that sometimes one must spend a few years in jail, that's life. But one cannot surrender to the drug trade with pragmatic arguments. One cannot accept the destruction of one's nation.

I, as a citizen of the United States, have seen what has happened to American youth as the result of drugs. This is something intolerable, unacceptable for anyone who believes that the human being should be a creative person capable of contributing to the development of society. Man has been made in the image and likeness of God. We cannot tolerate in any sense—moral, economic, or political—the legalization of the drug trade, because this is a violation in the most fundamental sense of God's law, of the concept of man made in the image and likeness of God.

That is why we think that the humble contributions we have made through the knowledge we have of the international drug trade, are of some importance for the patriots of every country, and what we would like to see is Venezuela playing this kind of aggressive role in the international fight against drugs.

The ADL: a profile of the dope lobby

by Jeffrey Steinberg

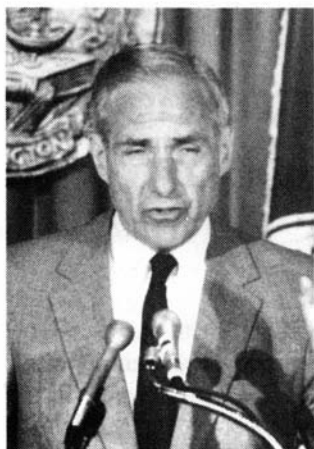
The Anti-Defamation League of B'nai B'rith (ADL), which parades itself as a U.S.-based Jewish civil rights group "combating anti-Semitism," is in reality a sophisticated public relations arm of the international dope cartel. From its founding over 70 years ago to the present day, the ADL has been owned and operated by a collection of Jewish-surnamed gangsters and corrupted intelligence operatives linked to the late national crime syndicate boss Meyer Lansky, the CIA, Israel's Mossad, and to the same British banks that sponsored the international opium trade of the nineteenth century.

● Throughout most of the 1960s, the ADL's national chairman was Hollywood producer Dory Schary, a lifetime friend and protégé of Abner "Longy" Zwillman, the underworld boss of Newark, New Jersey from the time of Prohibition when he was part of the infamous bootlegging Reinfeld syndicate. Zwillman was one of Meyer Lansky's closest associates, as was Cleveland syndicate head Morris Dalitz. In 1985, the ADL proudly presented Dalitz with its annual Torch of Liberty award for his generous financial support.

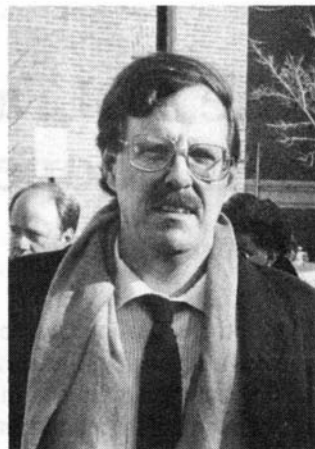
● Another big ADL financial backer is Lebanese-born banker Edmond Safra. In 1989 alone, Safra donated \$1 million to the ADL. Yet, on Jan. 3, 1989, U.S. Drug Enforcement Administration (DEA) officials in Berne, Switzerland identified Safra and his New York Republic National Bank as a major element in the "Lebanese-Bulgarian connection" which floods Europe with heroin and hashish. Dope proceeds from the Middle East trade were traced by the DEA to a numbered account at Republic National Bank registered in the name Shakarchi Trading Company, a Swiss firm owned by long-time business associates of Safra. Simultaneously, other DEA agents working on "Operation Polar Cap" traced millions of dollars in Medellín Cartel cocaine profits to the same bank account.

● Another ADL national chairman during the 1980s was New York City attorney Kenneth Bialkin. In January 1980, a federal jury in the Southern District of New York found Bialkin and his law firm, Willkie Farr and Gallagher, guilty of having masterminded the theft of over \$260 million from Investors Overseas Service (IOS), an international mutual fund that was also used by the Lansky syndicate and the Israeli Mossad as a money-laundering service. Willkie Farr was ordered to pay \$35 million to victims of the IOS theft.

Bialkin's client in the IOS ripoff was Robert Vesco, who is a fugitive from a string of federal narcotics indictments in



Leo Scanlon



Stuart Lewis



Susan Johnson

From left to right, Kenneth Bialkin, Dennis King, and Mira Lansky Boland

the United States. Vesco was one of the earliest “American connections” for the Medellín Cartel, having established drug-smuggling routes through the Caribbean into Florida in the 1970s in partnership with Carlos Lehder Rivas. On April 17, 1989, Vesco was indicted by a federal grand jury in Jacksonville, Florida along with the entire leadership of the Medellín Cartel and charged with smuggling massive volumes of cocaine into the United States since 1974.

At the same time that ADL National Chairman Bialkin was masterminding Vesco’s looting of IOS, other major ADL figures were playing equally prominent roles in the scheme. Another former ADL chairman, Minneapolis grain merchant Burton Joseph, provided the initial cash for Vesco’s buyout of IOS founder Bernie Cornfeld. Cornfeld had been put in business by Britain’s Rothschild family.

- ADL links to the international dope cartel extend all the way into the gutter, as evidenced by the ADL’s deployments against Lyndon LaRouche following the initial publication of the book *Dope, Inc.* in 1978. Not only did the ADL begin a worldwide campaign to slander LaRouche as “anti-Semitic” for his exposé of the Lansky syndicate and the major British banks as the directors of world dope trade, but the ADL commissioned a series of articles, which appeared in the pages of *High Times* magazine, by poison pens Dennis King and Chip Berlet. *High Times* is the semi-official magazine of the dope legalization lobby in the United States. As if to flaunt the dope lobby ties, one of the attacks penned by Berlet was headlined: “This Man Wants To Take Your Drugs Away!”

- In December 1982, the ADL hired former CIA employee Mira Lansky Boland to head up their Washington, D.C. dirty tricks unit, euphemistically called the Fact Finding Division. Boland was put in charge of the “Get LaRouche” operations in the nation’s capital. She had worked for the CIA for two years (1978-80) after graduating from the Fletcher School of Diplomacy at Tufts University, where she was sponsored by a Mossad agent, Uri Ra’anana. Ra’anana was involved in the recruitment of Boland’s class-

mate and friend Jonathan Jay Pollard to spy against the United States. In the 1960s, Ra’anana had been implicated in an illegal Mossad spying operation housed in the headquarters of B’nai B’rith. At the time, he was an official of the Israeli Consulate at the United Nations. Ra’anana was initially trained by British intelligence Middle East specialists at Oxford University before being sent to Israel.

- The ADL itself was directly implicated in the Pollard spy ring. Ruth Sella, the wife of Pollard’s Israeli intelligence case officer, Col. Aviem Sella, was reportedly an employee of the ADL’s legal department at its New York City headquarters. ADL National Chairman Bialkin personally arranged a high-powered attorney for Colonel Sella once Pollard was caught.

But the Pollard ring was not just spying for Israel. According to the recently published book *The Samson Option* (Random House, N.Y.) by Seymour Hersh, top-secret Pentagon documents stolen by Pollard were directly passed on to the Soviet KGB. As a result, some of the most sensitive secrets about American nuclear war plans were blown. According to Hersh’s account, some of the Pollard material was personally passed on to Soviet official Yevgeni Primakov by current Israeli Prime Minister Yitzhak Shamir.

- In addition to its important role in the Pollard Soviet-Israeli spy ring, the ADL has its own deep ties to the former communist bosses in Moscow and East Berlin. ADL Honorary Vice Chairman Edgar Bronfman, who also heads up the ADL’s New York fundraising drive, was an intimate collaborator of East Germany’s communist dictator Erich Honecker, who awarded him the highest civilian G.D.R. medal in 1989 just before the Berlin Wall came down. Bronfman has been an intimate friend and backer of Mikhail Gorbachev since 1985. The fabulously wealthy Bronfman family made their money during Prohibition as the chief supplier of bootlegged whiskey to the Lansky syndicate. *Dope, Inc.* exposed the fact that Bronfman’s ties to organized crime were never severed. Bronfman never challenged the accuracy of the *Dope, Inc.* charges.

Peru's Ulloa tried to ban *Narcotráfico, SA*

by Lucia Méndez and Cynthia Rush

Seven months after intimate friends of the Rockefellers succeeded in banning *Narcotráfico, SA* in Venezuela, oligarchs of a similar pedigree tried to do the same thing in Peru. Claiming that he had been slandered, Peruvian social democrat Manuel Ulloa, who had been the grey eminence in the government of President Fernando Belaúnde Terry in the early 1980s, tried to halt the circulation of both *Narcotráfico, SA* and the magazine of the Peruvian Anti-Drug Coalition (ADC), *Guerra a las Drogas*. Fortunately, Peruvian authorities showed greater respect for their Constitution than did their Venezuelan counterparts, and didn't cave in to political pressures. The best-selling book continued to circulate freely.

On Aug. 31, 1985, former finance minister and premier Manuel Ulloa filed suit for slander against ADC President Luis Vásquez Medina, requesting that the court fine Vásquez no less than 1 billion soles (approximately \$700,000) to be paid to the orphans of Ayacucho, if found guilty. According to Ulloa, the slander appeared in an article authored by Vásquez, published in the January-March 1985 edition of *Guerra a las Drogas*, which charged that Ulloa and his economic team were responsible for the policy which transformed Peru into the world's largest cocaine producer. *Narcotráfico, SA* made a similar charge.

What most concerned Ulloa was that the Peruvian press were beginning to print excerpts from *Narcotráfico, SA*, and that the government of Alan García (1985-89) began an all-out war against the drug trade. During the first few months of the García government, authorities destroyed more drugs than during the entirety of the four-year administration of Belaúnde Terry.

On Sept. 6, 1985, Luis Vásquez gave sworn testimony in which he defended the Anti-Drug Coalition as a vehicle through which citizens could exercise their responsibility for fighting drugs. He further emphasized that the ADC, and *Executive Intelligence Review*—editor of *Narcotráfico, SA*—had identified Ulloa as responsible for the economic policies which led to the expansion of the drug trade, during his tenure as finance minister and prime minister in the Belaúnde government. The ADC, Vásquez said, would continue to denounce any pro-drug policy.

In the documentation presented to the court, Vásquez included evidence that during Ulloa's term in office, productive agriculture and manufacturing collapsed, while coca pro-

duction increased. He showed that Ulloa had openly stated his support for International Monetary Fund (IMF) policies, which had caused the collapse of the productive economy and an increase in drug-trafficking in other countries around the world.

The court rules

On Oct. 14, 1985, Judge Sergio Armas Castro of Criminal Court No. 31 in Lima, ruled that the book *Narcotráfico, SA* was indeed authored by *Executive Intelligence Review* and published in Peru by the National Anti-Drug Coalition, and confirmed that both it and the magazine *Guerra a las Drogas* mention Manuel Ulloa. The judge also confirmed Vásquez's role in authoring the mentioned article, and did so "consciously and voluntarily, since as an association and a citizen he has the obligation to fight against the terrible [drug] scourge which attacks society." The judge indicated that, after objectively analyzing the many publications which led to legal action, he could find no clear defamatory statements, nor could he identify any intention on the part of the accused to defame, since the publications in question aimed in a generic fashion to adduce the effects of the economic policy set by Manuel Ulloa during his time in public office. The judge acquitted the defendant.

On March 10, 1986 Ulloa's lawyer Alfonso Rubio Arena argued before the Sixth Correctional Court to appeal the decision of the 31st Court. He argued that rather than judging Ulloa's economic policies, the court should find Vásquez guilty of slander. Rubio charged that Vásquez had intended to damage Ulloa's public "image" when the ADC circulated an *EIR* article alleging that Ulloa had "broad connections with international financial networks involved in drug-money laundering." This accusation took on greater significance, Rubio continued, because it was made in August 1985, when the public was already shocked by the notorious Villa Coca drug case, which revealed that some \$800 million to \$1 billion in drug monies were being laundered in Peru. Vásquez, Rubio insisted, must be found guilty.

In response, Vásquez presented copies of Law No. 23556, passed while Ulloa was finance minister, which prohibited any investigation or prosecution for laundering drug monies through the country's financial system.

On March 21, 1986, three judges of the Sixth Correctional Court ruled that the spirit of the publications in question was coherent and convincing and constituted criticisms of Ulloa's economic policy during his term in public office. The magistrates concluded that since freedom of speech, without prior censorship or restraint, as well as the "right to criticize" all public officials existed in Peru, that the cited publications had not violated the norms of morality and the law. The court upheld the decision of the lower court, and absolved Vásquez of charges of slander. On Feb. 24, 1987 the First Criminal Court of the Supreme Court also upheld the appellate court's decision.

Yeltsin to rule Russia by emergency decree

by Konstantin George

A tough regime of emergency rule in Russia, imposed by decree through Russian President Boris Yeltsin, will definitely be the response to the winter food crisis which is fast approaching. Any doubts to this effect were removed in Yeltsin's opening speech on Oct. 28 to the Russian Congress of People's Deputies, where he made it clear that it is only a matter of time before he proclaims a full-scale state of emergency in response to Russia's most serious supply crisis since World War II.

In the economic realm, Yeltsin, obsessed with Russia surviving the next six to nine months, committed a blunder by launching a policy of what could be termed "partial shock therapy" as the bitter pill to acquire desperately needed western aid. However, entering shock therapy "partially" is like entering quicksand. Once the feet are in, shock therapy establishes itself as the overriding dynamic governing the course of the economy.

Given the deliberate sabotage of the Bush administration and the U.S.-dominated international institutions such as the International Monetary Fund and the Group of Seven (G-7) leading industrial nations, which have placed Russia and the other independent nations of the former Soviet Union under a de facto credit and aid embargo, nothing short of draconian measures can cope with the food shortages.

This policy of sabotage was restated by President Bush in his Oct. 29 meeting in Madrid, Spain with his condominium counterpart, Mikhail Gorbachov. Bush refused to act on Russia's urgent request for \$3.5-4 billion in U.S. credits for export of food and feed grains, declaring that this would require "further talks and consultations." Beyond that, Bush demanded agreements on political and economic cooperation "between the Center and the republics" as a condition for aid, despite the obvious that the "Center" is not functioning.

Adequate food is needed to prevent a tragedy for millions of people in Russia, and is the key to whether Russia can begin to extricate itself from the devastating crisis of decades-long disinvestment in infrastructure and the industrial-agricultural civilian economy that Bolshevism has bequeathed it. This disinvestment-caused crisis brings us to the key question: Can Russia begin to enact—starting now, before the effects of the winter crisis demoralize the population—a program for investment and construction in the most vital infrastructure projects, centered in modern transport, storage, and other food and supply-relevant facilities, to ensure that this winter crisis be the last such nightmare in Russian history?

Bush targets Russia and Ukraine

Food, as Washington knows—and thus its policy of food-blackmail—is the decisive issue governing future relations between the two most important nations of the former Soviet Union—Russia and Ukraine. Establish the parameters to ensure a conflict between these two nations, and the consequences will destabilize all of Eurasia. Contrary to the lies and mythology spread in the international media, assisted by black propaganda from news organs of the old Moscow Center, there are no real or serious conflicts between Russia and Ukraine concerning Ukrainian independence, "inter-ethnic relations" in Ukraine between Ukrainians and Russians, and, least of all, concerning "control of nuclear weapons."

The dynamic of avoiding or defusing conflicts and differences continued with the signing in Kiev Oct. 30 of a Russian-Ukrainian protocol by, on the Russian side, Foreign Minister Andrei Kozyrev and Defense Minister Gen. Konstantin Kobets, and, on the Ukrainian side, Foreign Minister Slenko and Gen. Konstantin Morozov. The protocol announces Russia's intention to respect the independence and

territorial integrity of Ukraine in exchange for Ukraine ensuring protection of the rights of the 11 million Russian minority within its territory. The protocol also asserted Russia's agreement with Ukraine's creation of its own Armed Forces, and a framework for dividing up the Soviet Union's foreign assets, including embassies and Foreign Ministry personnel.

There is one danger for conflict, which has its cause not in Moscow or Kiev, but can be labeled "made in the U.S.A." Ukraine has a food surplus, while Russia has a massive food deficit. The Bush-led sabotage of comprehensive international food aid to Russia brings out the worst side of the Russian leadership, in that they begin to escalate pressure on Ukraine to increase food deliveries. This dynamic is already occurring behind the scenes. Ukraine, knowing all too well the danger that a desperate, hungry Russia can pose, is going out of its way to supply all it can. But on its own, Ukraine can only meet a fraction of the Russian food deficit. Unless some western governments wake up to what is happening, this crisis will reach a critical stage sometime this winter.

The policy instruments to realize the true national interests of Russia, as a nation and not an empire, have been provided by U.S. presidential candidate Lyndon LaRouche. A "Food For Peace" policy, which LaRouche presented in Berlin in 1988, outlines a coordinated western aid policy to provide enough food to eliminate any danger of hunger or famine in Russia and other republics and to get these republics over the short-term crisis. At the same time, the massive western-assisted infrastructure and other modernization projects related to the LaRouche program to develop the heavily industrialized "Productive Triangle" area (Paris-Berlin-Vienna), must act as the motor to eliminate the root causes of the economic crisis in Russia and the other newly free and independent nations. The key to solving the crisis is that the Russian leadership insist that western nations break with Bush and adopt policies in the direction urged by LaRouche, to stabilize and develop the new nations of Europe.

The problem with Yeltsin and the Russian leadership is that because they are so obsessed with "getting through" the next nine months, that they are willing to make horrible concessions to the Washington-led IMF mafia, in exchange for as-yet only hoped for credits and aid. The very concessions being demanded, in the form of shock therapy, will only ensure that Russia will become locked in to an unending cycle of short-term crises.

Russian presidential dictatorship

In his speech, Yeltsin asked the deputies to grant him extraordinary powers to make any and all changes in personnel and power structures necessary to remove obstacles to overcoming the crisis. The deputies are expected to comply. Yeltsin will have the power to fill any post and remove any office-holder at all levels in the Russian Federation, the Russian Center, and at the regional, district, city, and town level. Yeltsin announced that for the duration of the crisis—up to



Boris Yeltsin, at the U.S. State Department following a meeting with Secretary of State James Baker in 1989. If Yeltsin wants to save Russia, he'd better demand a change in U.S. policy.

one year—all appointments will be made by him. Elections, beginning with the planned Dec. 1 Russian Federation local elections, will be dispensed with. In his words, Russia cannot afford "the luxury of elections" in this situation.

Yeltsin will move fairly soon to expand these powers to include draconian measures to ensure food supplies to the large cities and industrial centers. In his speech, he emphasized that the greatest priority will be attached to what he called "the main problem" of the coming winter: "supplying the population of the big cities and large industrial centers."

The most dangerous part of the program announced, the price liberalization, would inaugurate "partial shock therapy." This is not, at least not yet, the surrender to the free market dogma of no price controls, where everything sky-rockets upward in price. Yeltsin stipulated that the price liberalization would not occur immediately, but "before the end of the year." It would be "an organized, controlled liberalization" of prices, and there would be "compensation" for the poorer classes and income categories. Beyond that, there is no way of telling from the Russian text of the speech how broad the price liberalization will be. Yeltsin spoke of a "freeing of prices," leaving it completely ambiguous whether he meant prices across the board, or some prices.

However, a shock for the population is definitely coming, and Yeltsin wasn't kidding when he called his new course the "toughest decision of my life" and one that would decide his political future. Should he plunge ahead to execute the wrong turn he has taken, Yeltsin will be a purely transitional figure. And indeed, only two months after the August events, most Russians have already come to this conclusion.

Poland votes against IMF austerity regime

by Frank Hahn

Whoever would wish to interpret the Polish election results of Oct. 27 as a sign of the failure of democracy is on the wrong track. It is not because of the election results that democracy is in danger, or that the country has fallen into "ungovernability"; what is to blame is the shock therapy ordered by the International Monetary Fund (IMF) and the World Bank, which their "model student," Finance Minister Leszek Balcerowicz, has carried out to the bitter end. Under his "reforms," Poland now has 2.1 million unemployed, a standard of living that has been cut by 50%, a rapid and continuous decline in industrial production, and a completely unhinged budget.

No one should be surprised, therefore, that the voters expressed their outrage against the government. Likewise, no one should be surprised by the good showing of the communists, who have become, with 11.7%, the second strongest party in the country. Did not the dictates of the IMF and Harvard University's Jeffrey Sachs seemingly prove what the communists have always said about capitalism? We find here a full-dress example of what Fidel Castro's dictum, that the IMF's policies are useful, since they drive the hungry and the dislocated into the arms of the communists.

Let us look at the Polish election results in detail. With the data that we now have, the Democratic Union of former Prime Minister Tadeusz Mazowiecki stands in first place with 12.1%, closely followed by the communists, who call themselves the Unified Democratic Left. In third place, surprisingly, was the Catholic Voters Action (WAK), with 9%. In fourth place we find the party closest to President Lech Walesa, the Center Alliance (8.5%), followed by the nationalistic Union for an Independent Poland (7.3%), then the Liberal Democratic Congress (7.1%) of former Prime Minister Jan Bielecki.

Also to be mentioned are the Farmers' Party (6.5%), and the two groupings that came out of Solidarnosc, Workers' Solidarity (5.5%) and National Solidarity (3.4%). Particularly these last two groupings, next to the Catholic Voters Action and the communists, are the strongest opponents of Balcerowicz's austerity program, although there is not the least programmatic basis shared by them.

What will Walesa do now?

As far as it goes, the commentary of a leading German newspaper was not wrong when it said that this was a plebi-

scite against the shock therapy of Balcerowicz. Beyond that, we can conclude the following: 1) It is arithmetically impossible to form a government from less than four or five parties, which should be quite impossible, given the differences among the parties; 2) one party theoretically could govern with an absolute majority: the "party" of that 60% of the electorate which did not vote at all; 3) the destabilized Walesa wishes to base himself on this "majority," when he opines that he can ignore the election, and form an emergency government of technicians, which he would then lead in the double role of head of state and prime minister.

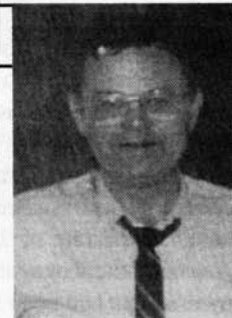
Perhaps he already sees himself as a new Jozef Pilsudski, who in the 1920s governed Poland with an iron fist. Poles should be very careful before giving him another inch of power, for his shameless attack on the parliament shows that either he is a dumb lout, or that he wants to become an autocrat. To the press, the President let slip the following cynical remark: "The new parliament should now only do one thing: allow the government and the President to rule. They can wrangle and hold eternal conferences about everything else—all the better, then at least they won't be a bother." An autocratic emergency government, which no longer bases itself on the people, rather upon foreign financial interests, would lead, in the face of the worldwide economic crisis, and the difficult situation in the republics of the former Soviet Union, to political and social explosions in Poland.

Poland not lost yet

Still, Poland is not yet lost. Voices are definitely multiplying of those who demand a rejection of shock therapy. Take the statement by Witold Trzeciakowski, the former chairman of the Economic Council of the Council of Ministers, to the German daily *Frankfurter Allgemeine Zeitung*: "Poland needs a strong government in order to overcome the results of the communist period, and the mistaken belief in the panacea of shock therapy."

In this connection, the third strongest party, the WAK, could play a leading role, for no government could govern by ignoring them. Their program contains, besides the protection of the family, opposition to abortion, and a clear demand that economic policy be brought into agreement with Christian morality. Upon the basis of Christian social doctrine, the WAK, with Justice Minister Chrzanowski of the Christian National Union as their leading spokesman, declares war on Balcerowicz and the free market crowd tied to him.

This party, if it will form an international alliance against the IMF, for a European-wide development program, and for a cultural renaissance, might become the party of hope for Poland. All political steps which fall below this level, which do not bring the future of Poland into line with the battle for a just world economic order, must of necessity lead to Poland's tumbling between anarchy and dictatorship, toward the abyss.



Poland being looted as a U.S.-Soviet joint venture

Mathis Bortner is a leader of the French wing of the Solidarnosc movement. After returning from his latest trip to Poland, he gave the following interview to Jacques Cheminade in late July. EIR has published two other interviews with Mr. Bortner in its April 13, 1990 and Aug. 3, 1990 issues. This latest interview, given to the president of France's Schiller Institute, Jacques Cheminade, appeared in the Oct. 11 issue of the French weekly Nouvelle Solidarité.

One startling feature of the evidence that Mr. Bortner and Polish Deputy Edmund Krasowski made available is the light it throws on the Art-B scandal, which broke on Aug. 7. As EIR's Aug. 30 issue exposed, Art-B was a private holding company which exploited the two-week "float" clearing inter-bank transfers in Poland to draw up to 60% interest twice on foreign exchange deposits of the same money in two different banks. When the financial interests behind Art-B, located in London, Tel Aviv, and Warsaw, moved in to loot the desperate Ursus tractor factory in late July, the Walesa government broke up the game, arresting seven leading bankers, including the vice presidents of the National Bank and the State Bank. But the three frontmen for the operation were tipped off by intelligence services which had their hands in the game, and were able to flee to Israel.

EIR: You have just returned from Poland. How did you find the situation?

Bortner: A year and a half after the accession of the new government that came from Solidarnosc, the situation is unfortunately exactly as we had foreseen, given the economic policies that were in force. It is a very difficult situation, a situation where practically 1.7 million workers are already unemployed, which represents about 8% of the economically active Polish population. Municipalities are confronted with absolutely insurmountable difficulties, the situation in the workplaces is explosive, and especially so in working class towns like Wroclaw, Lodz, Radom or Ursus—this birthplace of Solidarnosc that was deeply affected by the failure of the tractor plant.

EIR: It sounds like Victorian England. . . .

Bortner: Exactly. Today, people are thrown out into the streets without a second thought; it is a savage social policy without any rules, and whose first targets are the former leadership of Solidarnosc, and even the directors who have been able to remain at their jobs and who have been accused of embezzlement. Inflation is rising, and they are expecting a 90% increase between now and the end of the year. This figure was cited by Mr. Eysymont, who is the president of the Central Statistics Office. So, that's the opinion of an authoritative person.

EIR: It is said that the Polish model was: lower production, lower the standard of living, but control inflation, and "prepare for the marketplace." Now, this is not what we have. . . .

Bortner: Absolutely. Production has fallen 16.1% in June compared to the same period last year. Over two years, between June 1989 and June 1991, the collapse of industrial production reached 43%! Wages have undergone a real drop, with respect to last year, of 6-8%, according to the same source. The state budget deficit is only 10%—supposedly—but I really think it is quite certainly a great deal more than that.

EIR: What do people think about the Balcerowicz Plan of Finance Minister Leszek Balcerowicz?

Bortner: There is a great malaise in the country, but the propaganda is such that Balcerowicz is always the untouchable god, and people don't think it possible to live without him. I was shocked to hear even workers, people who have been wronged and who are having financial difficulties, highly praise Balcerowicz, while saying "there is no other solution."

EIR: European aid, a new Marshall Plan—is all this an illusion then?

Bortner: No, because in those circles where there is a political culture, in the circles close to the center of power, there are voices being raised, which speak about this spirit of partnership that was characteristic of the Marshall Plan. Today,

everything is going wrong because everything has been gerrymandered. I would like to explain why. First, I saw Col. Marian Rajski again, today, counsel the Polish Diet, which confirmed to me that everything was done in order to disorganize Poland. For example, the KGB sent out, under various auspices, of false invoices in order to destabilize the country. These invoices cover nothing, and are paid by Polish banks at the rate of 2,100 zlotys to the ruble, whereas the "normal" exchange rate is 320-340, and the preferential commercial rate had been set at 1,000 zlotys in September of last year. And this is not all. The zlotys obtained by these false suppliers were then transformed into rubles at the 320-340 rate, which were repatriated to the U.S.S.R. with the complicity of customs officers who were owned by the old nomenklatura. What's the profit in this operation? On the one hand, for a ruble, one got 2,100 zlotys, but on the other, for 2,100 zlotys, one got about 6 rubles—that is, one ruble gets you six! The NIK, that is, the High Chamber of Control, is holding the proof and will not hesitate to publish it.

EIR: Is the Russian mafia still there in Poland?

Bortner: I wouldn't have dared say it, but that's exactly it. There are two aspects to this policy. First, since the meeting between Bush and Gorbachov at Malta [Dec. 2-3, 1989], Bush had refused \$20 billion in aid to the U.S.S.R., since Congress had prevented it. Evidently a country that devotes 35.7% of its budget to military expenses is unworthy of such manna. But why make any effort, anyway, since Germany has already offered \$8 billion for the price of having Soviet troops withdrawn from the former East Germany, and when Poland is picking up the rest? And I am going to tell you how.

Poland is continuing to be looted. The year 1990 saw an illegal Russo-Polish trade surplus—which was not accounted for in the statistics—of \$14 billion, which can be taken as a pure loss, because it was regulated in transfer rubles and presently there is nothing that can be bought from the Soviet Union with this currency. . . . It would have been possible to negotiate an compensatory exchange system, or by barter, but nothing was done. Thus, Poland exports plenty of products, which translates into a functioning economy, but it is doing it "for nothing," as if it were a gift on behalf of the U.S.S.R. And, of course, all this takes place without statistics, leaving the official figures without any credibility.

This type of statement is completely taboo in Poland, and when Deputy Edmund Krasowski wanted to talk about it in Parliament, before the commission on cooperation with foreign countries, presided over by the current Prime Minister [Jan] Bielecki, the hearing was adjourned and everyone left for lunch, without any parliamentary procedures. . . . Krasowski had also demonstrated that the natural gas and petroleum bought from the U.S.S.R. was coming out to be twice as expensive, causing the myth that "Soviet energy is seven times cheaper" to explode.

EIR: They say that mismanagement is also continuing?

Bortner: Yes. Col. Marian Rajski confirms that most high functionaries, members of Solidarnosc, had been stipended by the American fund for the development of democracy [a fund of the American AFL-CIO, as part of "Project Democracy"—JC]. He himself had been solicited, but had not accepted. Today, all these men occupy posts of great responsibility in the government, in the administrative functions, and in the media.

EIR: In other words, they themselves are on the take from the Americans?

Bortner: If you like, and the most officially in the world. These people, with the help of the state of emergency under General Jaruzelski, under the form of no-interest loans, today ought to reimburse this aid, for which most of them signed receipts. At which point, those who had not signed but got money anyway, since it was also a social fund, today are being asked by the director of the Polish TVX, Mr. Terlecki, to please bring their situation into compliance by signing. It is surprising that all these people, today, can find no reason whatever to oppose trade with the Soviet Union, since this "commerce" is in fact aid provided to the U.S.S.R. to the detriment of Poland, and desired by their American corrupters! This is quite a Soviet-American "set-up"!

Since November 1989, the courageous deputy from Elblag, Edmund Krasowski, continued to show arithmetically how trade with the Soviet Union was nothing more than legalized theft, allowing for the diversion of \$10-12 billion per year, with an all-time record of \$14 billion for 1990. On May 11, 1991, I myself tried to raise the question of the profitability of trade with the Soviet Union at the founding congress of a new Polish party, the Democratic Union for Poland. [Former Prime Minister Tadeusz] Mazowiecki almost became angry: This is a taboo subject which must not be approached.

EIR: Hence, the United States really wants to help the Soviet Union, but only if Poland is paying for it, i.e., to the detriment of Poland?

Bortner: Exactly!

EIR: Is it Solidarnosc people who are doing this dirty work?

Bortner: I am sorry to think that it is, but at the same time it's necessary to recognize that there has been an internal explosion within Solidarnosc, which even so has several factions and sub-factions. There remain Solidarnosc members who are clean, who have not gotten mixed up with these trouble-makers, but unfortunately there are many people who adhered at one point in their lives to Solidarnosc, who are advocating a radical policy at the antipodes of Polish national interests.

EIR: What are people in Poland thinking now about the trip

of Mr. Walesa to the United States, and, it has to be said, his kow-towing to Mr. Bush?

Bortner: Personally, this has greatly upset me, but I think he is also a prisoner of a difficult situation. On one side, I feel quite certain that he would have preferred to leave this track; I believe that he felt enthusiastic about the Schiller Institute's alternative to the Balcerowicz Plan, their Paris-Berlin-Vienna Triangle. I have not understood why he adopted the position of the Mazowiecki government, since he had been so pleased with our conceptions that he marveled at them.

EIR: What happened to the "old guard"? It's said that they kept their positions and money and have constituted a new mafia, and are positioning themselves to become the principal beneficiaries of the stock market and the privatizations. Is this true?

Bortner: It's absolutely true. A former Polish spy with the [Soviet military intelligence] GRU, Marian Zacharski, sentenced to 20 years in prison in the U.S. and exchanged in 1985, is, today, at the head of the Pewex store chain, the largest Polish foreign trade company, with outlets in practically every town. Is this to thank him for his services rendered in the past? And today, large fortunes are being assembled and being made between ex-comrades at the top of the scale. Ireneusz Sekula, former communist deputy prime minister, boasts that he earns 80 million zlotys a month—average wages are in the neighborhood of 1 million zlotys! During a televised interview, with the greatest seriousness in the world, he claimed he was able to finance his affairs and purchase his first plane with the proceeds of the sale of his automobile, a "Polonez". . . . This man has since been able to obtain credit at a straight 2%, whereas the good people can only obtain credit at 90%, indexed to inflation (1,100% in 1990)! There is no lack of examples of this type. . . .

I regret that I have to turn over to you a list of 47 offenses committed by corporations, the majority of which are led by this "old guard." These corporations have stolen from Poland, between Dec. 10, 1990 and mid-January 1991, in the proportion of over 10 million transfer rubles. This list had been proffered by Deputy Krasowski with various members of Solidarnosc in various towns in Poland, for investigation. It has to do with corporations which have illegally traded in significant amounts with Polish government guarantees, that is, from the Finance Ministry, allowing them to receive 2,100 zlotys for each ruble, which in any case cannot be used for purchases and can only be resold on the basis of a loss of roughly 1,700 zlotys per ruble. The winners are the middlemen and all members of this "Russian" network which I told you about. . . .

EIR: It's said that the French companies which were in Poland are getting back into the game.

Bortner: Oh, yes. I am not going to give names, but there

is the example of this "first offense" by a French company working with the Polish television company, and which, given the evidence, knew before everyone else what measures had been negotiated by the high-level directors on the importation of television sets. I was informed that, on the eve of that, a law was going into effect that would have massively raised the tariffs on television sets. Seventy trucks from Thomson and other brands came across the border. . . .

EIR: The trucks arrived on the eve of the imposition of a much higher import tariff?

Bortner: Exactly.

EIR: So then, this was a first offense.

Bortner: Offenses like this can be found in every domain today, even in trade. I ask myself how honest people are going to be able to live. Goods are relatively plentiful, but the Polish people are broke; where has it been possible to find the money to buy these stocks, if not at the state bank?

EIR: In summary, what do you want to tell Poles?

Bortner: Be vigilant, but I must explain. In 1989, it was in full awareness of the risk he was running that Walesa agreed to the historic compromise of governmental cohabitation with the communists. But today . . . this strategy of compromise has become its opposite. It has allowed the maximum communist infiltration throughout the machinery of the political and economic life of the country. The old actors of a system theoretically abolished continue to drain Poland, both in Parliament and in the ministries—and this includes in the heart of the Secret Service and the Army. With the sacrosanct principle of being the President of all Poles, Lech Walesa tolerates having in his entourage "Poles" made in Moscow, among them certain leading members of the repression and political and military espionage who were serving in the KGB until just recently.

EIR: Will Walesa ever succeed in short-circuiting these mafia forces, whose power he acknowledges having underestimated?

Bortner: I remain partisan toward Walesa, because I know him as a man of integrity and near to the people, but he is paralyzed. He is a fly caught in a communist web, from which he hasn't extracted himself.

EIR: And not only a communist one.

Bortner: Yes, because there are still all these former allies from the Mazowiecki wing. I went to the founding congress for a new party, the Democratic Union for Poland: I paid close attention, I wanted to see what program they had for this country. Okay, this program comes down to one word—Mazowiecki. Nothing more. Not the shadow of a social or economic plan. And yet, it's Walesa who is one accused of "populism"!

Peace flotilla challenges Serbian naval blockade around Dubrovnik

by Umberto Pascali

A peaceful flotilla of 50 fishing boats, led by the coastal ferry *Slavija*, has challenged the naval blockade of the Serbian Federal Navy, which is slowly killing the Croatian city of Dubrovnik. Dubrovnik, "the pearl of the Adriatic," is one of the best preserved examples of medieval and Renaissance architecture in the world, and has been declared a "world treasure" by the U.N. Economic, Social and Cultural Organization (Unesco).

Ironically the same United Nations is not lifting a finger while the Greater Serbian artillery, surrounding the city, is bombarding this "treasure" and starving its besieged inhabitants (see *EIR*, Nov. 1, 1991). Together with Dubrovnik, the other focus of the fury of the Federal Army is Vukovar, in Croatia's eastern region of Slavonia. The two cities are considered the key strategic points to be broken for a total conquest of Croatia. Up to now the Greater Serbians' Federal Army has occupied about one-third of the nation of Croatia.

As of Oct. 31, while the world press is drawing attention to Dubrovnik, the Army has launched the worst bombing to date against Vukovar, with cannons hammering the town, while the Air Force is massively bombing the trapped population. But still the 15,000 inhabitants are putting up a resistance "beyond belief" to more than 70 days of siege and continuing bombing (see Documentation.)

In the meantime, an epidemic of hepatitis seems to be spreading in Dubrovnik, which has been without water supply and electricity for more than four weeks. The director of the city hospital, Zoran Cikatic, warned, "This situation is critical for refugees . . . [to be] without water." A Dubrovnik citizen told the press, "There is no fruit, no milk—not even for pregnant women and babies—no medicine and the worst thing is there is no water, everyone is thirsty and everyone smells bad."

'Let the citizens of Dubrovnik return'

The aim of the Greater Serbians is to drive the Croatians out of their own country. Around 400,000 people have left their homes and cities (out of a total of 4.6 million inhabitants) terrorized by the invading army. But suddenly a movement emerged from all over Croatia, when Dubrovnik was bombed. Hundreds of people decided that they would peacefully challenge the Army. A "Committee for the Return of the Dubrovnik Citizens" organized a caravan on the spot. On

Oct. 29, the committee issued a statement calling on people to conquer their fear of the Army and to join the flotilla that left the port of Split the same day.

"The Federal Army and Serbian terrorists are forcing the citizens of Dubrovnik to leave the city and to remove the Croatian flag," The statement read. "It is time to return our debt to Dubrovnik. Not a single citizen of Dubrovnik should leave the city. Let all citizens of Dubrovnik return to the city. All Croats and good people are from now on citizens of Dubrovnik. We all leave for Dubrovnik."

No less a figure than the Federal President Stipe Mesic, was on the ferry *Slavija*, trying to force a lifting of the siege. Mesic is the Croatian representative in the eight-member collective state presidency of the former Yugoslavia, now taken over by the Greater Serbians. Also on board were Croatian Prime Minister Franjo Greguric and the Deputy Prime Minister Milan Ramlje, as well as the president of the Croatian Writers Association, Nedjeljko Fabio. Fabio issued an appeal via Croatian television addressed to "the members of the Croatian Academy of Arts and Science, leaders of the cultural society Matica Hrvatska, all scientific and cultural societies, religious leaders—especially Christian, Muslim, and Jewish—university professors and contributors in the highest scientific institutions, leading doctors, lawyers, historians, leading Croatian actors, eminent Croatian writers, leading opera singers, composers, and philosophers—friends of Dubrovnik":

"I appeal to you in the name of the committee to answer our call in this crucial and tragic moment of Dubrovnik and Croatian history and to join in the sea convoy which is going to Dubrovnik. Serbia has wished to possess Dubrovnik for 800 years. It lost all imperial and villainous wars that it fought to conquer Dubrovnik. It is now 2 kilometers from Dubrovnik and has issued an ultimatum to have the Croatian state flag removed, which ironically it called a party flag.

"Eminent people of Croatian culture, art and science! The future of Dubrovnik depends now only on our courage and determination to return."

In the meantime, diplomatic representatives from Italy, Greece, Germany, and the Netherlands, among others, using the pressure of the growing outrage, left the Serbian capital of Belgrade and were able to visit the besieged city. Not so the hundreds of unarmed Croatians. The Federal Navy has

tried to stop the boats in the island of Mljet, 50 miles north of Dubrovnik, and to order them to turn back. President Mesic twice had to call the naval commander Adm. Stane Brovet in Belgrade, demanding that all ships be let through, affirming they were on a peace mission and unarmed. The test of wills continued in a dramatic confrontation. "I don't know what the Army is thinking," said Mesic. "It is up to them. The trip is like an experiment in which we will see whether the Army still has a tiny bit of common sense." Croatia's Prime Minister Greguric stressed that this was the first operation in a planned drive to return home tens of thousands of Croats.

Documentation

Serbia conducts its war of annihilation

EIR has received the following testimonies of Serbia's attacks on Croatia's unarmed civilians. Many of Croatia's embattled citizens have described the horrors they are victims of in letters that are getting out of the country through various networks. All emphasis is in the original.

Professors at the University of Split

Split, Croatia, Oct. 23, 1991

Dear Colleagues and Friends,

As you know, a pitiless war of aggression is being waged against Croatia. Our country has been attacked by Serbia and the now totally Serb-dominated Federal Army. Their intention is to subjugate Croatia, to overthrow its democratically elected government and to force the people to remain in an oppressive, communist-inspired Yugoslavia in which Serbian hegemony would be unchallenged. To this end the borders between the republics are being redrawn by force, many cities, towns, and villages in Croatia destroyed, the economy crippled, the ports on the Adriatic blockaded by warships; the number of dead and wounded civilians increases daily, and the number of those expelled from their homes by the aggressors now approaches 300,000 and is expected by the end of this year to reach 400,000. Many of these refugees cannot return to their homes later, because their empty houses have been burned and razed to the ground (Chelije, Ravno, Vukovar, a dozen villages in Bania, etc.). Many monuments and historical edifices under the protection of Unesco as a world cultural heritage have been ravaged; over a hundred churches devastated, many of them smashed in occupied towns and villages by artillery fire; museums and

libraries have been systematically sacked and gutted. If you want to uproot a people and annex its territory, you begin by destroying its historical and cultural memory, thereby annihilating its identity. The genocide which is now carried out against the Croatian people is accompanied by a "culturocide." And now, the pearl of the Adriatic coast, the Croatian Venice, *Dubrovnik* and its surrounding region, are being attacked from the air, sea and land. The Serbo-communist invaders are destroying—with rockets, bombs, and artillery shells—hotels, ancient buildings, living quarters, marinas with pleasure boats and yachts, forests and national parks. What the Ottomans, Huns, and medieval pirates had spared is now being threatened with pillage and destruction by the Yugoslav People's Army. The people of Dubrovnik and its international cultural groups and communities have been living now for over 20 days without electricity, water, telephone communications to the outside world, with a shortage of food and medicine, and for the most part, in underground shelters day and night. The port is blockaded by Yugoslav warships which control and search, sometimes humiliatingly, each vessel which would bring succour to the old, young, sick or wounded. We kindly ask you to do your best to bring to the knowledge of the world community this bleeding of a nation, this intentional and systematic destruction of the cultural heritage of a European people, whose thousand years of cultural and religious links with Europe are now being reduced to ashes by the battalions of the last communist army in eastern Europe. Dear friends and colleagues, your urgent intervention is required because every day brings irretrievable losses in our land in which the freedom and democracy of the whole of Europe is now being defended.

The University of Split with its professors from:
Faculty of Economic Sciences
Faculty of Law
Faculty of Civil Engineering
Faculty of Mechanical, Electrical Engineering, and
Naval Architecture
Faculty of Seafaring
Faculty of Philosophy
Chemical-Technological Faculty
Rector Dr. Josip Lovric

Letter from a Vukovar girl

Date: Oct. 28, 1991

From: Croatian Girl

To: Nenad Antonic

Subject: Vukovar

Eyewitness account of the terrors of war in Croatia!

At this moment (Oct. 26) there is an artillery attack on the center of our city. What it is like on the outskirts of the city, I dare not imagine. Fighting is heavy and the dead bodies lay in the streets for days. The infrastructure of the city has been completely destroyed and the municipal workers are



A rally in Washington, D.C. last July calls for the "Yugoslav" Army to desist from aggression against Croatia, and condemns the Chetniks, the Serbian irregular troops, for atrocities.

not able to bury the dead. After a rainfall, shoes of the corpses can be seen sticking out of the shallow pits, and I have heard that during pauses in artillery fire, some corpses are simply buried in the holes created by the falling mortar shells. There are no more burial coffins after 65 days of complete blockade of Vukovar. Instead, pressed board is quickly transformed into coffins, and then they are numbered and placed in mass graves. For weeks we have been without water.

Our opinion is that *they* will not allow anybody to enter and see the truth of the destruction. People (15,000) are treated like animals and have become the dead meat of cannons. People are tortured by the fear that they will be butchered, if something is not done soon.

The population of Ilok was evacuated without resistance, and you can imagine what *they* will do with Vukovar if they succeed. The city is completely destroyed, and the civilians will not be allowed to leave and tell the true account of the events. If the conditions of life do not normalize, the people will soon be dying of infectious disease.

Hordes that surround the city are out of army control and they will cause a massacre if something is not done.

Nothing is exaggerated, not even the smallest part of this account, moreover there are no words to exactly express the situation and the living conditions in our city.

How do we appeal for help from those we do not know? Whom do we ask for help in the name of thousands of people, when all our appeals and prayers for terminating this insane bloodshed have been in vain. Death has become the most important part of our lives in this demolished town. It follows us in every step and penetrates all our thoughts and conversations.

Can anybody who has not felt at least a small part of this reality of Vukovar understand the feeling of bitterness that is developing within us? In the reality that surrounds us there is no place for lies. There is only one truth about life. The life in Vukovar is a struggle for one's doorstep.

What would be the public reaction of the developed countries if someone was to collect 2,000 children within the age groups of one month to 16 years and imprison them underground for two months with the constant threat of death if they try to go out into the light of day? Can anyone imagine this in Vienna, Paris, Berlin, London, and Washington? Maybe we are thousands of kilometers apart, but why are our hearts so distant?

Let us bring the negotiators together in Vukovar. Let them be surrounded by 2,000 exhausted children, and let them find even a single argument for the continuation of the war.

Vukovar is not only a congregation of buildings. It is a living organism that breathes. Vukovar has its life's blood, its own life which is being taken away. They are tearing its flesh and breaking its bones. While Vukovar in convulsion defends its intestines, *they*, for whom it is only a dot on the map, attack it sadistically. Give Vukovar a chance! Stop the war in Croatia!

Open letter to Bush, EC countries from a woman of Dubrovnik

Oct. 15

Open letter from Mrs. Katarina Leban of Dubrovnik to Mr. Bush, Mr. Baker, and all the heads of European Community countries:

Gentlemen, I address to you in desperation and pain, as the ruin of a woman and mother, which I'm not any more. Still yesterday I was a mother; today I am the mother of two dead sons.

Despite what my religion is teaching me about the acceptance of destiny, I cannot find the *sense* in this tragedy which strikes me and many other families in this sad country of Croatia.

I will tell you how everything happened: A group of youngsters 16 and 25 years of age came out for a few moments from our shelter, where hundreds of us have dwelled

Found an International Committee to Save Croatia!

The following appeal by Helga Zepp-LaRouche, president of the Schiller Institute in Germany, is being circulated for signatures internationally:

It is heart-rending to have to watch the boundless grief imposed on the almost defenseless nation of Croatia by the Serbian aggressors. At least 5,000, but probably many more people, among them many old and sick people and children, have already died; 350,000 people have lost everything and are in flight, as they face a bitter winter; 150,000 people have been blockaded for weeks, without food and medicine, exposed to merciless bombardment. Many priests and nuns have been tortured and killed.

But it is no less heart-rending, to have to witness how corrupt or indifferent western politicians are, and how emotionally dead and uninterested the majority of the people is. If genocide of such proportions can occur in the middle of Europe, without people reacting, then we are morally bankrupt.

Imagine if the German revolution had proceeded a little differently and the peaceful revolution had not led to the opening of the borders, but only to the declaration of independence of Thuringen and Sachsen-Anhalt. Imagine, that the East German Peoples Army had then taken up the most modern weapons in order to reconquer Thuringen militarily! Eisenach and Erfurt were after week-long bombing almost leveled to the ground, classical Weimar was besieged and threatened with immediate destruction, and Mainz continued under air raid. If it were your own parents whose ancestral home was bombed, would you still be so indifferent?

Or imagine, that a fascist movement had seized power

in France and proceeded in a similar manner against the resistance. Or that this happened in the country and the city which is your home. If something is criminal and genocidal here, why is it then suddenly acceptable there? This double standard is the surest measure of moral bankruptcy!

Bush and Gorbachov, without whose quiet support Belgrade should never have dared wage this aggressive war, bear responsibility for the genocide, but also Lord Carrington, who has run the negotiations at the so-called European Community peace conference in supposed British interests, so that the maximum advantage for the Serbs arose out of it. The U.S. Deputy Secretary of State, Lawrence Eagleburger, whose motivation is shaped by strong economic interests in Serbia, is also to blame. The error of those who have not participated themselves in the murderous plot, is to have trusted the policy of the Anglo-Americans for one second.

Since the official policy of the West has failed so thoroughly, we the undersigned are constituting an international coalition to save Croatia. We stand for the immediate recognition of the independence of Croatia and Slovenia in conformity with the right to self-determination stipulated in the Helsinki Accords.

We stand for Croatia being due the same rights as are due any other sovereign state, including the right to defend the life of its citizens and its territory.

We appeal to the international community of peoples, to make reparations for the injustice inflicted on Croatia, and to help it through a comprehensive reconstruction program.

We support the immediate implementation of the all-European infrastructure program of the "Productive Triangle" proposed by the American economist Lyndon LaRouche as the only possibility for restoring peace to the Balkans.

The Croatian people have a right to peace as all other people do.

for five days already. Somebody from our group, a traitor, gave the signal to the soldiers of the so-called Yugoslav Army, who were like vultures placed over us, holding us in a cage without food, water, and medicine. Immediately they started throwing bombs. Nine young persons were killed instantly, and many more were wounded. Because of the cannonade of bombs and artillery, we couldn't remove the dead bodies, nor help the wounded. Rivers of blood flowed, and all I'll ever see in the future will be blood, screaming, wailing, and crying.

Gentlemen, I, an ordinary woman, who spent all my life in hard work, raising two beautiful sons, who could be the

pride of the free world, ask you: Why haven't you stopped these horrible actions?! For sure, you were very well informed about the situation in this country, because you have your diplomatic personnel here who know the facts.

Is it really the truth that the material things are more important for you than human beings? Why, for God's sake, do you take such a responsibility for mankind, if you care so little about it? Are you really so heartless? Could you ever stand before your children and grandchildren, look them in the eyes, and tell them that you were unable to do anything?

Katarina Leban,
Dubrovnik, Croatia

What is Middle East 'peace' for, if thousands of Iraqi children die?

by Katharine Kanter

During the European Parliament's debate on the Middle East the week of Oct. 21, the National Front (France, Le Pen group) Deputy Martinez intervened as follows:

"The Madrid Middle East Peace Conference is opening. Fine. But what is that peace for?

"Thousands upon thousands of Iraqi children have died of hunger already. Tens of thousands of others will die, without bread, without milk, without sugar, without food of any kind. In the maternity wards and hospitals, there is nothing left to treat people, not even drinking water. This is the result of 14 months' embargo which you have imposed on the people, on the children. The mortality rate is now 104 per 1,000. Whose fault is this? Not theirs. You are all responsible, all of you, for having backed up blind bombing raids and the blockade, which have meant hunger, thirst, suffering. You are responsible for what is turning into genocide, a crime against mankind, which Maurice Allais, the Nobel Prize winner, has also denounced.

"Many other children, of course, are also dying of hunger in the world. But the starving children of Iraq have one point of difference: It is the U.S.A., and their allies, the Western democracies, champions of human rights, who are causing their death. This misery is organized by the richest, most powerful nations on earth.

"Dr. Malhuret, Mr. Ford, Mr. Cot, Mrs. Veil, ye great spokesmen of anti-racialism, can you not hear the silent scream of the Arab children. . . . Or are they subhuman in your eyes?

"Mr. Dankert, what are you waiting for to lift the embargo, to save 7 million children? Why are convoys of food and medicine not leaving for Baghdad?

Censorship

All of the following was excised from the European Parliament's official published record of the debate:

Reply by Mr. Dankert (President-in-Office, European Political Cooperation): I refuse to reply to Mr. Martinez's question.

Martinez: Why, Mr. Minister?

Dankert: Because we are talking about the Middle East

today.

Martinez: Is Iraq not part of the Middle East?

Dankert: Interpret this any way you like. I will not reply.

But, censorship being what it is, errors creep in. The censor forgot to cut the interjection by Peter Crampton (Labour, England) supporting Martinez:

Crampton: Mr. President, I am a little confused about what it says in the agenda, and what the President-in-Office has said. He would not answer a question on the situation of children in Iraq because he considered that nothing to do with the Middle East Peace Conference. I think there must have been some mistake in the translation of the agenda, because the English version says there would be a statement by the President-in-Office on the "situation in the Middle East." Very clearly, the position of children in Iraq is part of the situation in the Middle East, even though it might have very little to do with the Middle East Peace Conference. Could you tell me whether there is an error in the agenda or not?

President of the Session: Mr. Crampton, I think the agenda is very clear. It was up to the President-in-Office to interpret the scope of the debate, and if he felt it related more to the Peace Conference, than to the other issues, that is a matter for him.

British MPs question Iraq policy

In the course of the defense debate in Britain on Oct. 15 Labour Member of Parliament Jeremy Corbyn (North London), outspoken opponent of the war and the blockade against Iraq, said the following with respect to the continuing air raids into Iraqi territory: "[In August] I visited the village of Xerezok a week after it was bombed by the Turkish Air Force. It was claimed that the village was a Kurdish PKK [terrorist] base. It was not. . . . American-built jet fighters screamed over the hill and bombed the village with phosphorus bombs which are still there and are still live. The children, however, are dead. . . . I am led to believe that the coalition forces are operating air security. I cannot believe that Kurdish Air Force planes are taking off without the knowledge, and if it is with the knowledge, it must be with the agreement, of the United States and British military personnel in the region.

Health care delivery crisis in Iraq

An International Study Team visited Iraq and released its report in October, assessing various aspects of the economic and health crisis there as a result of the war and embargo. The team included three medical doctors and two public health specialists, who visited 29 hospitals and 17 community centers throughout the country. They conducted studies of patients, interviewed medical personnel, and analyzed medical records of malnutrition and disease. The following is the synopsis of their published report.

The health of the Iraqi civilian population is compromised by a health delivery system that remains under siege due to precariously low levels of drugs and medical supplies.

Variations in climate and population displacement have created qualitative regional differences both in the disease burden and in the level of health care offered to the population. In the Kurdish north, persons displaced during the civil uprisings will require decent shelter, adequate nutrition, and clean water to survive harsh winter conditions. In the southern areas, including Basrah, the extreme summer heat and badly polluted water systems enhanced the rapid transmission of water-borne communicable diseases to the pediatric population. The vastness of

the south, as well as lagging international attention, may place the southern populations at a higher risk than those living in other areas of the country.

Throughout the country, strained health facilities offer services equivalent to a fraction of their pre-war levels. Most lack even the most basic resources—medicines, anesthetics, syringes, and surgical supplies are all in short supply. X-ray units, laboratories, neonatal units, and operating theaters are either not functioning or are providing only limited services. Generally, antenatal care, supplementary feeding programs, and outreach programs (including immunization) throughout the country remain insufficient at best, suspended at worst.

The health delivery system is also hampered by a lack of potable water and inadequate food supplies for the civilian population, despite minor improvements in the health infrastructure, including water supply, electricity, and transportation, which have occurred over the past six months.

Water-borne diseases including typhoid, cholera, hepatitis, and other non-specific forms of gastroenteritis continue to thrive. Lack of immunization and poor sanitary conditions have resulted in outbreaks of previously uncommon, and completely preventable, childhood diseases such as poliomyelitis, measles, and tetanus.

Finally, poor access to, and limited availability of, essential foodstuffs has resulted in detectable increases in the rates of malnutrition among children and anemia among pregnant women.

... If they are taking off with the agreement of the British and Americans, that is a disgusting spectacle. People who have suffered enough over the past 70 years should not be expected to suffer any more."

In the same Defense Debate, Tam Dalyell (Labour, Linlithgow, Scotland) said the following:

"The Honorable Members seem to assume that the Gulf war was a success, but 4.5 million children are suffering in Iraq, and are dying at the rate of 500 a day. Those are the figures produced by the University of Illinois. . . . I should like to ask the minister the following questions about sanctions:

"What is the legal position in the committing of the international crime of genocide in violation of the international convention on the prevention and punishment of the crime of genocide of 1948?

"What is the position in relation to the Universal Declaration of Human Rights of 1948, which this country has signed?

"What is the position in relation to the 1989 Convention on the Rights of the Child, which this country has signed?

"What is the legal position about the systematic violation of the special protection of international humanitarian law that was guaranteed to children by the Fourth Geneva Con-

vention and the additional [Helsinki] Protocol of 1977? It is reported that the conditions for children are inhuman, degrading, cruel, and genocidal. We must distinguish between the humanitarian problems and any others that may exist, which I do not have time to go into relating to chemical, biological, and indeed, nuclear weapons. The bombing of Tuweitha should at least be monitored for radioactivity.

"What is the government's position on the termination of the international economic embargo and all forms of bilateral economic sanctions? Massive humanitarian relief is needed. That is not only the opinion of my honorable friend Mr. Corbyn and several others on the Labour Back Benches, but the considered judgment of the most senior officials of the U.N. who in name were responsible for organizing the force that went to the Gulf.

"Precisely what is the government's attitude to the problems that have been clearly identified and the need to raise some of the sanctions on Iraqi oil sales, identified in particular by Prince Sadruddin Aga Khan? We as members of the U.N. are going against precisely some of the assessments that the U.N. has made. Do the government accept those U.N. reports, or do they not?"

'Iraq is only the first victim of Bush's so-called new world order'

Iraq's Foreign Minister Ahmed Hussein addressed a letter to his counterparts in all countries on Oct. 24, on the occasion of the 46th anniversary of the founding of the United Nations.

Today marks the 46th anniversary of the foundation of the United Nations. It was on this day, the 24th of October 1945, that the U.N. Charter came into effect, and Iraq was amongst the founding member-states which had attended the San Francisco Conference and signed the Charter on June 26, 1945.

Recalling the principles of the United Nations, Iraq reiterates the necessity of the fair and unbiased implementation of the provisions of the Charter and the resolutions of the United Nations, so that the U.N. would not end up in a situation in which a single member-state or a group of member-states dominate the organization, control its affairs and determine its policies from a position of power and through the exertion of all sorts of pressure to influence its decisions.

The special discriminatory status given by the Charter to the big powers, the victors of the Second World War, granting them permanent membership with the right of veto in the Security Council, has been abused and has failed to achieve its goal of ensuring the responsibility of preserving international peace and security. During the Cold War, for instance, the United States of America used its right to veto dozens of times, to prevent the Security Council from adopting such resolutions as would have ensured the right of self-determination to the Palestinian people. The Security Council has adopted more than 170 resolutions on this issue of Palestine, the Middle East, and the occupations of land by force, while the General Assembly has passed more than 400 such resolutions, recognizing in some of them the right of the Palestinian people to self-determination. The United States objected to, and treated with disrespect, all these resolutions, thus emphasizing the double-standard criteria it adopts in dealing with the resolutions of the Security Council and the General Assembly, in a manner compatible only with U.S. interests and

political objectives.

In view of the rapid developments currently witnessed in the world, the Security Council has become an easy tool in the hands of the big powers, the permanent members of the Security Council, especially the United States of America, to issue resolutions serving the interests and political objectives of these countries which have used the United Nations as a cover of international legitimacy for those resolutions.

If the developing countries were victims of the conflict witnessed by the international community under the Cold War, they are today victims of the so-called new world order. Directions have emerged in the attitudes of the member states of the Non-Aligned Movement and the developing countries emphasized these facts in the speeches delivered by the heads of their delegations to the General Assembly of the United Nations during the current session. The Tenth Ministerial Meeting of the Non-Aligned Movement which was convened in Accra during the first week of September, stressed these facts in its final report which will be put before the Tenth Summit Conference of the Non-Aligned Movement to be held in Jakarta in 1992. The Non-Aligned Movement has underscored the fact that a world of unipolarity is emerging with new elements which may lead to situations in which no adequate importance is given to the needs and interests of the non-aligned countries and indeed of the developing world in general. The Movement stressed the necessity of expediting the unbiased implementation of all U.N. resolutions and especially the resolutions of the Security Council. The Movement also stressed the necessity of reforming the United Nations in a manner that would allow democracy and transparency to prevail over the adoptions of resolutions in the United Nations and in the Security Council in particular. The existing number of the members of the Security Council should also be reviewed to accommodate the increase in the membership of the United Nations and thus ensure a fairer and more balanced representation of the U.N. membership.

Furthermore, the annual report presented by the Secretary General of the United Nations during the current session of

the General Assembly points out that the measures taken to use force were not carried out strictly in accordance with Chapter VII of the U.N. Charter, for the Security Council authorized the use of force on a national and coalition basis rather than by the United Nations itself. The Secretary General also stressed in his report the necessity that the rule of proportionality in the employment of the armed forces be observed, and that the rules of humanitarian law applicable to armed conflicts be complied with. The Secretary General stressed the importance that the human effect of economic sanctions on the population of the state subject to such sanctions needs to be carefully borne in mind.

Iraq wishes to reiterate the warnings it has voiced on past occasions that the features so far observed in the so-called new world order highlight nothing other than flagrant practices of interference in the internal affairs of other countries, a gross disregard of the rights of the developing countries, as well as the perpetration of selective policies allowing certain states to acquire all sorts of weapons, including nuclear and other weapons of mass destruction, while imposing a total embargo on other states. International indifference to these practices and policies will render the principles and provisions of the U.N. Charter pointless.

The United Nations is currently facing a major test in the maintenance of the basic principles upon which it was founded, particularly the principles of preserving international peace and security, respecting the equal sovereignty of all states, non-interference in the internal affairs of others, and guaranteeing a life of freedom and dignity for all peoples.

Iraq has been subjected, in the name of international legitimacy, to full-scale destruction, targeting all facilities of life, including its economic infrastructure and its civilian residential centers. The United States of America led a non-stop air aggression for 43 days, sparing none of its cities and villages. The aggression destroyed Iraq's electric power generation and transmission plants, oil refineries, bridges and irrigation facilities, water purification centers, sewage treatment plants, civilian factories, hospitals, schools, mosques and churches, baby-milk factories, grain silos, and even civilian shelters. The Amiriya civilian shelter witnessed a most heinous crime in which 319 civilians, mostly women, children, and elderly, were killed. War planes dropped nearly a hundred thousand tons of explosives onto the cities and villages of Iraq.

Was it amongst the objectives of the United Nations that a country be entirely destroyed under the pretext of implementing international legitimacy? Is it amongst the principles of international legitimacy that thousands of Iraqi soldiers be buried alive in their trenches? Is it compatible with the principles of human rights that an inhuman blockade be continuously imposed against the people of Iraq despite Iraq's compliance with its obligations in accordance with the resolutions of the Security Council?

The aggression, injustice, and bullyism to which Iraq has

been subjected and the inhuman blockade imposed upon its people are totally alien to the principles and objectives of the U.N. Charter. Despite the fact that the U.N. and other non-governmental international missions to Iraq have all conducted field studies of the situation and prepared reports, some submitted to the Security Council, emphasizing the enormity of the human calamity suffered by the people of Iraq, especially the women and children, the United States and its allies who continue to raise the slogans of liberty, democracy and human rights, insist on the continuation of the blockade and the prevention of food, medicine and other basic civilian needs from being reached to the Iraqi people, in order to achieve suspect political objectives totally contrary to the provisions of the U.N. Charter, the rules of international law and the aspirations of the peoples of the world to independence, freedom and a life in dignity.

Contrary to the proposals made by these missions to meet the humanitarian needs of the Iraqi people and alleviate their suffering, the United States of America saw to it that two more oppressive and aberrant resolutions are adopted by the Security Council, namely resolutions 706 and 712, to impose such unjust economic restraints upon Iraq, as have neither been preceded in the history of international relations nor have any basis of support in the provisions of the U.N. Charter.

It is no longer a secret that the goal of these American policies, contrary as they are to the rules of international law and international norms which stipulate respect for the sovereignty of states and non-intervention in their internal affairs, is to achieve political purposes by changing the system of government in Iraq and subjecting the people of Iraq to the will of the American administration. The President of the United States himself has made this objective clear in a press conference on Oct. 4, 1991. In my letter of Oct. 8, 1991 to the President of the Security Council, I underscored both the dangers involved in such statements and their flagrant breach of the provisions of the U.N. Charter, particularly Paragraph (2) of Article (1) and Paragraph (7) of Article (2). I also pointed out that it was regrettable to see silence prevail towards such grave statements made by the President of a superpower and a permanent member of the Security Council, and that silence over such policies which are contradictory to the principles of the U.N. Charter and international law, shall bring grave consequences to world peace and security and to the United Nations Organization itself.

If the objective is to make Iraq the first victim of the so-called new world order, Iraq will not be the only such victim. The countries of the Third World and smaller states in general will fall victim to the American imperialist policy of hegemony through which the United States seeks to impose this new world order. Unless the international community realizes the dangers posed by this policy and puts an end to it, then the long struggle fought by the peoples of the world for independence, sovereignty, and a life of freedom and dignity will have been in vain.

Pope returns to Brazil: 'Foreign debt cannot be paid with hunger'

by Silvia Palacios

Eleven years after his first visit, Pope John Paul II has returned to Brazil on a pastoral and state visit, during a critical moment in this nation's life. On the one hand, it is facing the worst economic crisis in its history, the result of a decade's worth of looting by the international financial system, which has placed Brazil on the verge of economic and social disintegration. At the same time, the moral deterioration of public life and libertinism in private life grow worse daily, fed by a New Age culture which rewards hedonism and denies the existence of individual dignity.

For 10 days, John Paul II criss-crossed the nation, nominally the largest Catholic nation in the world (yet with all the obstacles posed by an ecclesiastical hierarchy splintered by the Marxist theology of liberation). The Pope appealed to the multitudes, urging a return to the most fundamental values of western Christian civilization as the means to rescue Brazil from its crisis. He repeatedly defined those fundamental values as the repudiation of usury, respect for human dignity, the indissoluble links between family and fatherland and, above, all, the incorporation of essential moral values in government decision-making.

It has been a long time since the Brazilian people have heard a voice with such moral authority, interceding in defense of their most legitimate rights and demanding that President Fernando Collor de Mello's government provide an immediate solution to what the Pope called "painful contrasts between the most pressing spiritual and material wants." In the city of Vitoria, in the impoverished slum of San Pedro, the Pope's Oct. 20 homily jolted everyone: "It is only a strong awakening of the moral conscience of every Brazilian that will make you aware of the demands for justice and thereby able to deal effectively with them."

In contrast to the colonial designs of the "new world order" so bloodily inaugurated by George Bush in Iraq, the Pope endorsed Brazil's legitimate aspirations to occupy a position of respect in the community of nations. "The Brazilian nation is preparing itself to play a role of great importance among the peoples of the world. This stems not merely from its territorial dimensions and the immense wealth of its soil. More important still is the human wealth of a people who, for nearly five centuries of history, continue to grow under the inspiration of genuine human and spiritual values, and

which is preparing to confront the challenges of the Christian Third Millennium," declared John Paul II, upon his arrival on Brazilian soil in the city of Natal Oct. 12.

The Pope further asked that "justice and equality through the right to life shine in Brazil forever and at all times, as a right inscribed in human nature itself through the promotion of the human individual as the basis of progress." Defense of the right to life was repeatedly echoed during the Pope's visit, just as the widespread use of abortion and sterilization in Brazil was furiously denounced. This issue is especially heated in Brazil in light of recent revelations that then-U.S. Secretary of State Henry Kissinger had authored a secret national security policy document on population in 1974 (NSSM-200) which advocated the use of precisely such methods to accomplish population reduction in the Third World.

In addressing President Fernando Collor del Mello at an Oct. 14 meeting in Brasilia, the Pope defined certain concepts that determine good government:

"The objectives of the Church in its exclusively religious and spiritual mission, and of the state in pursuing the common good of each man, are certainly distinct. Nonetheless, they converge at one point: man and the good of the Fatherland." John Paul II then asked of the President "that all matters demanded by society also be examined in light of the criteria of justice and Christian morality, before any particular interest. May your perseverance, at the service of every initiative which pursues social, economic, and scientific progress to the benefit of the Brazilian family, be ever more genuine and unselfish."

Against the evil of usury

The Pope's intervention served as the sharpest criticisms yet received by the Collor de Mello government, which has been intent on submitting Brazil unconditionally to Bush's new world order. Indeed, the tension between the Pope and the Brazilian head of state was palpable. For example, Vatican diplomats intervened at one point to prevent the Pope from inaugurating a special education center in Brasilia, which is part of the government's program, because President Collor clearly intended to use the affair as a "propaganda coup."

It was in the impoverished Northeast, the region of the

country which suffers poverty levels comparable to any African country, that Pope John Paul II held a private Oct. 13 meeting with more than 200 Brazilian bishops. At that meeting, the Pope criticized the *Pax Americana* set up by the Anglo-Americans after the Gulf war. "The Pope returns to Brazil in times that have changed," he said. "East-West tensions are practically over, and many would like to see in this a victory of the liberal capitalist option, under which the world could enter into a new era of peace and prosperity. It is not up to me to make predictions. But I should tell you my concern. In recent developments known to all, in the Middle East, in the Balkans, and elsewhere, we are painfully discovering how distant peace really is. The chasm between the more developed countries and those which are either developing, like Brazil, or are in a more precarious state, remains and appears to grow wider."

John Paul II attacked the usury of the banks for submerging Ibero-America in a sea of hunger, unemployment, and disease. Brazil alone, in the past five years, has paid \$85 billion *in interest* on its foreign debt. "The logic of economic domination, of imposing models without regard to the legitimate self-determination of every nation . . . created perverse mechanisms that are blocking countries like Brazil from access to the level of the most developed countries. . . . Underdevelopment, as we all know, is more than anything a cultural problem in the broadest sense. But it is necessary to say vehemently, so that it be heard worldwide, that the foreign debt of a nation can never be paid at the cost of the hunger and misery of its people."

Perhaps the cruelest aspect of this perverse financial order and of the moral decadence accompanying it, can be seen in the brutality with which Brazilian youth are being treated. According to the Health Ministry, there are at least 1 million abandoned children in Brazil's largest cities. Without any protection, they are the objects of physical and mental torture, and of murder.

The Pope dedicated a major portion of his interventions to denouncing such abuses. In Salvador, he had an emotional encounter with 2,000 of the so-called *meninos de rua* (street urchins), and he told them: "There cannot and must not be children without a home. There cannot and must not be children used by adults for immoral purposes, for drug trafficking, for practices of vice. There cannot, and must not, be children piled up in orphanages. There cannot, and must not, be murdered children, eliminated under the pretext of crime prevention."

Free trade has not triumphed

Throughout his trip, the Pope discounted the supposed benefits to the population under free-trade regimes, an allusion to the current policy reigning in Ibero-America, under which Brazil, Argentina, and Mexico have attached themselves to the dictates of George Bush's Enterprise for the Americas initiative.

During his Oct. 20 address to the residents of San Pedro, John Paul II asserted: "Catholic social doctrine always rejects a society organized on the basis of a specific liberal capitalist model, justly dubbed 'savage capitalism,' which has as its dominant features the unbridled search for wealth joined with a lack of respect for the fundamental value of work and for the dignity of the worker."

And, going back to his encyclical *Centesimus Annus*, he reiterated: "This search is accompanied by the corruption of the public powers and by the propagation of improper sources of enrichment. . . . The Church equally rejects the perverse solutions of Marxist collectivism, which asphyxiate freedom . . . and end up with the same impoverishment it proposes to overcome. The recent experience of eastern Europe is sufficiently eloquent in this regard."

Country and family

One of the most memorable moments of the papal visit was his Oct. 18 address on the family in Campo Grande. Apart from being the capital of Mato Grosso do Sul, Campo Grande is also the divorce capital of Brazil. It is estimated that at least four out of every ten couples are separated in that city. To get an idea of the fragility of the institution of the family, one need but recall the characterization made a while back by Cardinal Lucas Moreira Neves, primate of Brazil and archbishop of Salvador. He declared that family disintegration in the country was so dramatic as to surpass that of the United States.

The Pope stressed the urgency of reestablishing the indissoluble unity of fatherland and family, without which society is condemned to perish. Reminding his audience of Brazilian patriot Rui Barbosa, a notorious enemy of the free-trade philosophy, the Pope said: "Celebrated Brazilian writer Rui Barbosa left us with a very significant comment: 'The fatherland is the family, enlarged.' Multiply the family and you have the fatherland. I want to make a vehement appeal to the Brazilian Church to make the family your pastoral priority. Without a respected and stable family, there can be no healthy social body, nor true Church community."

And, during his Campo Grande address, the Pope denounced the genocidal sterilization programs which have been promoted inside Brazil by private agencies, in compliance with the secret U.S. population doctrine elaborated by Kissinger (see above).

Said John Paul II, "It is painful to see the extreme fragility of many marriages in this beloved country. It is equally sorrowful to see how a lack of respect for divine law is spread through the use of seriously illicit contraceptive practices, to see the alarming incidence of sterilizations among women and men, sometimes voluntary but at times induced by those responsible figures of political society or by professionals who should guard the dignity and integrity of the human individual; also, to see the alarming increase in the practice of abortion."

Cult belief structure underlies Dr. Abel's campaign against LaRouche

by Anno Hellenbroich

In a recent series of slanders aired in Germany against Lyndon LaRouche and his wife, Helga Zepp-LaRouche, a certain Dr. Ralf B. Abel has risen to public prominence. Calling himself a "cult expert," Abel is an attorney by profession, with a practice in Schleswig. It so happens that among his clients are several former political associates of LaRouche, who not long ago decided to betray their former friends and their own life's work, and attach themselves to the *derrières* of those who are trying to silence the LaRouche movement. Abel serves as their coordinator, adviser, and legal protector. He works closely with such U.S.-based groups as the Anti-Defamation League—including the ADL's chief anti-LaRouche operative, Mira Lansky Boland—and the Cult Awareness Network (CAN).

After the revolutions in eastern Europe in 1989, CAN launched a drive to infiltrate east Germany and the other former communist states. It was then that the attacks against the LaRouche movement in Germany were stepped up, by the self-proclaimed "anti-cult" Inquisition. The media barrage peaked with a national television broadcast on July 1, 1991, libelously attacking the LaRouche movement.

A closer look at the strange Dr. Abel reveals a portrait of a cultist whose views were shaped by the Unitarian Church and leading figures of the Nazi Party; and a crusade—against Christianity and for the Nazi doctrine of euthanasia.

Besides his rather sparse published work on the theme of "youth cults" (Abel's expanded doctoral thesis, which was published by the Hanns Seidel Foundation, linked to Bavaria's Christian Social Union), Dr. Abel often finds an audience at conferences which are then reported on by the local newspapers. Not long ago he spoke at a congress of the Christian Democratic Union-linked Konrad Adenauer Foundation in Leipzig. In the fall of 1990, a newspaper in the town of Celle published an article about cults in the former East Germany, reporting on a conference addressed by Dr. Abel, among others, who claimed that the European Labor Party (EAP), headed by Helga Zepp-LaRouche, was one of the "cults" that were organizing in the east. Evidently the EAP's program, which circulated widely in eastern Europe and which calls for the productive reconstruction of the east German economy,

rejecting radical free-market nostrums, was not to the liking of some—either the former communist rulers, or the monetarists of the West.

What would drive a "cult specialist" with legal training to engage in political action of this kind?

Unitarians, Nazis, and the New Age

In a recruitment brochure for Unitarian Day 1985 in Hamburg, there were invitations for a "youth leadership hour," to be addressed by Abel. Well and good, you might think to yourself; even the religious community of German Unitarians, a cult grown out of populist-racist roots, has the right to proselytize, doesn't it? Except for a little fly in the ointment.

In the newspaper put out by these cultists, *Unitarian Newsletter for Universal Religion and Culture*, one finds the following appeal: "Dear members, because of numerous requests, today we would like to offer you our help in drafting your last will and testament. Our chairman, Dr. Ralf Abel, is an attorney by profession and would be glad to come to your aid in drawing up your will." We will have more to say momentarily about the propaganda for euthanasia by the Unitarians, who think of themselves as actively *anti-Christian*.

If you leaf through their publications, you find that Abel is a long-term, leading member of the cult-like group. At the end of the 1970s, Abel became editor of the Unitarian newspaper *Glaube und Tat (Faith and Deed)*. While he was editor-in-chief, they chose a new name for the paper, *Unitarian Newsletter*, because some thought the old title sounded too much like "a hallmark of a worldly sect."

Abel, as editor of the Unitarian newspaper, comes from an interesting tradition: One of his predecessors was Eberhard Achterberg, for five years an editor of *Glaube und Tat*, but before 1945, the editor-in-chief of none other than the *Nationalsozialistische Monatshefte (National Socialist Monthly)*, the Nazi Party journal for intellectuals, published by Alfred Rosenberg.

According to an editorial, "Our Own Business," signed by Abel, among others, Unitarianism should be presented as the adversary to "dualistic" Christianity, especially to Catholicism.

That is why the Unitarians swoon after pagan practices and Charles Darwin, and why Abel praised the kookish, anti-Semitic, and anti-Christian Mathilde Ludendorff (wife of Gen. Erich Ludendorff), as well as Anthroposophy founder Rudolf Steiner: "They both had as teachers the most significant heralds of the Darwinian theory of development: Steiner had Ernst Haeckel; and Mathilde Ludendorff, besides Haeckel, the then world-famous zoologist August Weismann," writes Abel. In book reviews he praises the race-theory scribblings of Hans-Jürgen Eysenck and Arthur Jensen.

The writings of the Unitarians are quite clear about the spiritual sources of their movement, which in recent decades has broadened to become the International Association for Religious Freedom (IARF), with a strong group in Boston. In the 1970s in Germany, the printed works of the Unitarians focused primarily on the beliefs of Gerhard Szczeny (*The Future of Unbelief*) and Carl ("Small Is Beautiful") Amery.

Another important "herald" for the Unitarians in the 1930s was Jakob Wilhelm Hauer of the Germanic Belief Movement. During the Nazi period he was a professor at Tübingen University, and published books such as *An Indo-Aryan Metaphysic of War and Deed* and *A History of the Beliefs of the Indo-Germans*. Hauer's thesis in 1933, *Our Struggle for a Free Germanic Belief* [*Unser Kampf*, echoing Hitler's *Mein Kampf*—ed.], reads as follows: "Throughout the entire 19th century, there has been a continuous and lively striving to return to the heritage of our characteristic religious essence. But it was only the current fundamental destruction of our blood that gave to the longing for our neglected well-springs, its own own popular-spirited [*Volksgeistes*—typical Nazi rhetoric—ed.] force, and made it into a growing and broad movement."

Naturally enough, in 1977, you can no longer write this way. But in a contribution to *Glaube und Tat*, Abel writes the following: "My teacher Dr. Augustin reminded me . . . of his student discussion circle, Freies Forum, in Wuppertal. . . . We spoke about a multitude of themes, which ranged from astronomy through eugenics, *Panic, Pills, and Preachers, The Future of Unbelief*, modern art, through to Nietzsche's *Zarathustra*. What came out of all this, was that behind the barely maintained facade of the 'Christian West,' there was spiritual, mental, and cultural emptiness."

And later Abel writes, "With all that, it became clear to me that victory over the profound cultural crisis . . . on the basis of Christianity, is not possible."

It is somewhat astonishing, given these beliefs, that some local parish priests recommend Dr. Abel as an "expert on cults." But it is not really a surprise that the internal publications of the German Evangelical Church (EKD) printed a so-called documentary (the name "fantasy" would fit better) by the former editor-in-chief of the magazine *Krieg dem Rauschgift* (*War on Drugs*), Hella Ralfs-Horeis, attacking Lyndon LaRouche and the Schiller Institute. The same EKD publications years ago printed a piece praising the Unitarians.

Abel's law firm is currently acting as counsel to the husband of the same Mrs. Horeis, in a civil suit against a firm which, according to Abel, "belongs to the LaRouche empire." The judges involved in the case did not accept this characterization; but it did earn Dr. Abel some money.

Abel's model: Haeckel's racist euthanasia policy

Dr. Abel invokes, as one of his intellectual models, Ernst Haeckel (1834-1919), an influential Darwinian and author of The Wonder of Life: Elementary Studies on Biological Philosophy. The following selections from Haeckel's racist treatise are taken from the Kroener Verlag edition of 1904.

The ancient Spartans could attribute a good deal of their outstanding ability, both their physical strength and beauty, as well as their spiritual energy and capacity for work, to the old custom of killing newborn children if they were weak or crippled. This same custom is still to be found today among primitive peoples and barbarians. When in 1868 . . . I pointed to the advantages of this Spartan selection and its usefulness for the improvement of the race, pious publications raised an enormous storm of concern, just as happens every time that "pure reason" dares to go against ruling prejudice and public opinion. I, on the other hand, ask: What use does humanity gain from artificially keeping alive and raising the thousands born crippled, deaf and dumb, retarded, or afflicted with hereditary diseases? And what use do these pitiful creatures themselves gain from their life? Is it not more reasonable and better, right from the beginning, to bar the way to the inevitable misery which their pitiful life must bring upon themselves and their families? . . . [p. 132]

If we assume the total population of Europe to be between 390-400 million, then among them there will be at least 2 million mentally ill, and of those, more than 200,000 incurable. What an extraordinary amount of pain and suffering . . . might be spared, if one would finally decide to free the completely incurable by giving them some morphine! . . . Similarly, we have the right, or if you will, the duty, to provide an end to the grievous suffering of our fellow human beings, if serious disease without hope of improvement, make their existence unbearable, and when they themselves beseech us to 'deliver them from evil' . . . [p. 135]

A critical view of the reunification of Germany

Karl-Heinz Rudolf, an industrial management expert from Leipzig who twice spent some years in prison for political reasons under the Socialist Unity Party regime, reviews the East German revolution between the time of the large demonstrations in October 1989 and the unification treaty in October 1990. His judgment may strike many western readers as unjust. And yet, we westerners should ask ourselves: What has caused so many easterners to curse, not the unification of Germany, but rather the circumstances that accompanied it? This is the second part in a series on developments in eastern Germany. Part one appeared in EIR on Oct. 25.

Beginning with the election fraud at the beginning of 1989 at the latest, the patience of the people of East Germany was at an end. But the fear that what had happened on June 17, 1953, when Russian tanks crushed the people's uprising that was labeled as a "counterrevolution," was still present.

What did these people want? They wanted a free press. They wanted to freely express their opinion. They wanted to be able to freely choose their jobs and where they lived, and even to be able to move freely over national borders. They wanted their certificates of discharge from slavery to an ever-present party. They wanted to work in order to better shape their own lives and not for the glory of an ideology.

The governmental power attempted to stifle every impulse toward reform from below and label it as counterrevolutionary and as guided by the West.

Revolutionary upsurge begins

With the end of the Leipzig autumn fair, a wave of outrage began that grew unstoppable after the degrading spectacle of the 40th anniversary and the brutality exercised against peaceful demonstrators. And then came Oct. 9. That day caused great fear, since no help was to be expected from the West. Would the occupying power again dare to smother the demands of the people? How the East German Army would respond to that was unclear, but people thought the security troops, including the combat troops of the Socialist Unity Party (SED), would be easily capable of violence.

In fact, early on Oct. 9, the order was given that members

of the combat troops should receive weapons in order to, if necessary, restore law and order together with the Army that evening. And yet, the party experienced its first fiasco in those early morning hours: Some 95% of the "warriors of the party" refused to obey this order. Also, the Army leadership was not in agreement on what they should do if soldiers fired, not at demonstrators, but at others in uniform. Additionally, all the major allies of the regime refused to give any active help.

Thus the peaceful revolution could run its course, but not without fear that shots would still be fired, which could have had devastating consequences. That didn't happen, and so the danger of a violent escalation was warded off.

The state's forces of law and order were deprived of their power, and ruled only as shadowy figures. Erich Honecker left, [Egon] Krenz left. Hans Modrow's multi-party transitional government was also not able to win back the trust of the people. The government declared the elections invalid and promised free elections in 1990. Their promises were not believed—people had been swindled too often and for too long.

Realistic people squeezed out

Most Germans were astonished by these events. Overnight, East Germans had become fearless heroes. The western parties at first remained aloof, they absolutely did not know what to make of this totally abnormal development. They kept their distance from their namesakes in the East, the coalitions. It was said they didn't want to interfere in this development, and there was talk of a four- to six-year period of transition until reunification was possible.

Then, however, other interests, primarily economic, came into play. For one thing, there was the danger that the peaceful revolution might spread to the western part of Germany if the demonstrations should go on forever. Another thing was that the western economy could not make good use of such a period of transition. The market in the East was still not under control and, in the course of such a transitional phase, a new form of economy could come into existence in the former Comecon area that would also work as a market

economy, but differently from that in the West. Therefore, the policy had to be turned as quickly as possible in a different direction.

Twenty-four carat economic leaders visited the eastern section, and sounded out the situation with egotistical SED functionaries, who swung unreservedly in the western leaders' direction. Now, the contacts to sister parties in the East were also reinforced. Politicians fetched ambitious sympathizers from the eastern Christian Democratic Union (CDU), the liberal Agricultural Production Societies (LPDP), the farmers party (DBD), and the National Democratic Party of Germany. People who were thinking in realistic terms were forced to the fringe, whereas hardly a hair was touched on the heads of those who enriched themselves at the expense of the people.

Elections and currency union

Shortly before the first election in the East, the political change of course was announced: an exchange of money favorable to the East, on July 1, 1990, and the beginning of discussions after the election in order to effect German unity as quickly and smoothly as possible.

The old parties got new chairmen, but little support from the west. New parties and groupings came into existence in various places, and now had to seek to acquire status with the population within two and one-half months. Thus, it happened that the election campaign was taken care of in an unparalleled way by western leaders. There were generally no substantive issues discussed. Only those who had played a decisive role in the successful political overthrow were calm.

The election produced the desired result. It set the direction for the fastest possible unification according to the western model, and determined a composition of a negotiating commission acceptable to Bonn.

From then on, there was less and less talk of unification on an equal basis; more and more the idea won out that the quickest possible entry was the only real way to German unity. For western politicians, it was now a matter of exploiting the moment politically. And the western economy hoped for a considerable upswing from unity, which necessarily would be at the expense of the East.

With punctuality, after the small vote in the East, the exchange law was announced. The population in the East was happy; those in the West, pacified that they would not be burdened by it. The western economy prepared for action since it was known that the economy in the East would not be at all able to bear this great explosion. Citizens did not think of the consequences but rather only of money, and believed that the Bonn government, which had up to that point kept its electoral promises, would continue to do so.

In the East German companies, plans for restructuring were now worked out that were oriented to their own productivity with an admixture of western products. In the eyes of western

politicians and the western economy, these plans were rubbish. Of course, the economy of East Germany was sick, in part very sick, but it would have been curable if that committee of professors and bank managers from the West had not given it a death blow with the currency union of July 1, 1990.

On July 1, 1990, approximately 100 billion deutsche-marks flowed toward East Germany, of which approximately DM 50 billion was immediately available. People were gripped by a binge of consumption, and ignored the consequences. The western economy knew that, and flooded the market with products at prices that were inflated by 10-15%. Ninety-five percent of the money that had flowed to the East on July 1 was, by the middle of July, back in the cash registers of western businesses, and, of that, at least DM 14 billion [\$8.2 billion] as the result of inflated prices. There was nothing left for the companies of the East. That was and is the free market.

The unification treaty

Nothing more was to be heard of a unification of the two Germanys on equal terms after the March 18, 1990 elections; everything was moving in the direction of the entry of East Germany into West Germany. This entry, however, could not be completed with a mere stroke of the pen. Even if, during the 40 years of separation, their language had remained the same, the two parts of Germany had developed very differently. Therefore, there had to be negotiations on important points.

The elected representatives of the people in the East and the new government could not accomplish the necessary work; they were guided by remote control from Bonn, past the interests of the people. In Bonn, the ideas were formed, and Berlin said "yes" and "amen" since there was no time for discussion. In Berlin, they conjured out of the hat an all-around man who could do anything, knew everything, even how things would go in the future, and sat in Berlin facing a staff of experts, negotiating the unification treaty.

In the East German parliament, the 1,200-page treaty was handled with intergalactic velocity, and approved, of course, by a binding majority. The people were not asked.

Thanks to this treaty, 16 million people were degraded into second-class citizens, and yet, until the declaration of entry, they were left in the dark about that. They were allowed and encouraged to busy themselves with uninteresting, incidental matters, which were consciously made into matters to consume their time and energy.

And even that was not enough. In the East, a new category of human being was created that was supposedly useful for nothing: everyone over 50 years of age. They were no longer suitable for work, and had no more prospects in a unified Germany; they were written off. Witchhunts and character assassination bloomed again. The knowledge and experience of these people was no longer consulted. As remnants of the past, they were, at best, granted charity.

Noose tightens around Haiti

by Cynthia Rush

When Ibero-America's heads of state met in Guadalajara, Mexico last spring, they deliberately excluded Haiti from their invitation list, claiming that the island nation really wasn't part of the Ibero-American family. Today, however, these same heads of state are fully backing the Bush administration's war against 7 million predominantly black Haitians, in the name of defending "Ibero-American democracy," and reinstating the Pol Pot-like dictator Jean Bertrand Aristide.

They have even brought Cuban dictator Fidel Castro in on the negotiations to put Aristide back in power, with U.S. blessings. Contrary to Anglo-American propaganda, which shows Bush being "tough" on Cuba, Washington is dealing with Castro the same way it does with El Salvador and Nicaragua: negotiating with the communists to ensure that Anglo-American policy is implemented under a dual-power arrangement. In this case, it means bringing Aristide back as Haiti's "legitimate ruler" and proceeding with the International Monetary Fund's (IMF) malthusian dictates. On Oct. 23, the "Group of Three" Ibero-American Presidents—Mexico's Carlos Salinas de Gortari, Colombia's César Gaviria, and Venezuela's Carlos Andrés Pérez—invited Castro to a mini-summit in Cozumel, Mexico specifically to discuss the Haiti question.

The summit's final communiqué suggested the nature of the deal: It condemned the coup in Haiti and fully backed the sanctions of the Organization of American States (OAS) against the impoverished nation, while urging that Cuba be quickly accepted "back into the Latin American community." An Oct. 25 Reuters wire noted that the meeting could not have occurred without Washington's okay. One Mexican government source was quoted, "If there is no immediate reaction in the United States, you can imagine Washington knows what's going on."

The thuggish Aristide, whose dictatorial methods and incitement of mob violence against his opponents led to his ouster by the military on Sept. 30, is now galavanting around Europe, where heads of state are fawning over him as Haiti's salvation. With this kind of support, Aristide is demanding that the full weight of the Anglo-American establishment's economic and political power be used to reinstate him, even if the Haitian people have to be exterminated in the process. Asked if he were worried about whether the OAS economic sanctions would hurt the population, Aristide responded, "Don't worry . . . the Haitian people have been suffering for

centuries."

Few bother to hide the fact that Aristide is a crazed dictator who has used Haiti's backward, voodoo-based culture to mobilize lynch mobs on his behalf. Reuters reported on Oct. 23 that shortly after the Sept. 30 coup, his supporters lynched, mutilated, and ate the cadaver of one of his chief political rivals, Christian Democrat Sylvio Claude. Treading carefully, the *New York Times* admitted on Oct. 25 that Aristide tolerated "lynch mobs" and other "abuses." But, the liberal mouthpiece baldly implied, if Anglo-American policy is to be implemented, Aristide must be returned to power anyway.

A racist policy

While the OAS has nominally been directing the action against Haiti, the Bush administration is actually calling the shots. On Oct. 29, Bush signed an Executive Order banning most trade between the U.S. and Haiti, a move which Assistant Secretary of State for Inter-American Affairs Bernard Aronson admitted would "devastate" Haiti. Scheduled to go into effect on Nov. 5, the measure allegedly excludes exports of basic food staples, and donations "intended to relieve human suffering." If treatment of Iraq is any indication, Haitians can assume that these items will not be forthcoming. Haiti receives 65% of all its imports from the United States and exports 85% of all its goods to the U.S. market.

Fuel supplies on the island are about to be exhausted due to the oil cutoff from Venezuela and Mexico, and the government reportedly has almost no hard currency. Although the OAS sanctions were supposed to exclude "humanitarian assistance," agencies such as the World Health Organization and the U.S. Agency for International Development have announced that they are withdrawing from Haiti, and other U.N. agencies were expected to follow suit. The programs most affected, specialists say, are those which provide potable water, education in disease prevention, especially AIDS, and reforestation. This is being done to a nation in which 90% of the population is illiterate, where average per capita yearly income is \$50, and where only one-third of the land is arable.

A fact-finding mission sent by the French-based medical charity Doctors of the World reported Oct. 29 that "the embargo by European countries and the United States has worsened an already very troubling food and hygiene situation."

The threats and harsh measures taken thus far have pressured Aristide's opponents into agreeing to accept the presence of an OAS delegation to discuss the situation, although they are hedging on the ousted ruler's unconditional return. The OAS wants to send a 500-person civilian delegation to Port au Prince, plus a "security force" to protect it, while negotiations are occurring. Opposition to Aristide's return is especially strong among the Armed Forces, and the capital is said to be rife with rumors of a hard-line coup.

Peace through economic development

A senior politician thinks bread and hospitals are more effective than guns as the basis for security policy.

Proposals for the creation of a German Peace Corps, or a non-military service recruited from Army personnel, have been launched repeatedly in the context of debates about what role united Germany should play as a new power entering world politics. There are overlaps with arguments for U.N. "blue helmet" peace-keeping missions, but this debate goes more in the direction of "blue overalls." The first prominent proposal for a non-military task force for relief and development missions in the Third World was made by Jürgen Warnke, former minister for Third World affairs, in October 1990. He recommended that united Germany should become a "great power for peace," and play a leading role in Third World development. At the time, referring to the broad protest of German youths against the Gulf War, Warnke put forward the alternative of a Peace Corps—even that term—which would draw on the fundamental commitment of the nation's youth to help and to build up, rather than to destroy.

Warnke's alternative received little attention from official politics in Germany, at that time, but the idea hasn't died in the meantime.

Almost exactly one year later, a similar proposal was launched from a rather unexpected corner of German government politics: In an interview with the illustrated magazine *Quick* which sells more than 2 million copies every week, Deputy Defense Minister Willy Wimmer, coined the slogan, "Bread instead of Battle Tanks!"

Responding to a question, wheth-

er Germany still needed an army since the dissolution of the Warsaw Pact, Wimmer said: "We have to develop a new interpretation of security policy. Security will no longer be defined in military terms. It includes all areas of inter-state relations: economic policy, culture, technology and many other things. The most urgent task for us at this moment is to reduce the discrepancy of wealth toward the East and the South, in order to contain migration movements. We have to do that to make people stay in their home regions. This is an acute security problem for the decades ahead."

It is most interesting to see that Wimmer, who had criticized the protesting German youths during the Gulf war buildup, has apparently changed his views, at least to a certain extent.

He went on to tell *Quick*: "We have to ask ourselves what we are spending our money on. The funds of the state can only be spent once. Now, will I spend it on tank divisions which will be challenged less and less by an enemy? Or do I spend it on the economic stabilization of neighboring states that are in deep trouble? Once I do that, I contribute to the stabilization of the democracy there. That is active security policy, too. If I don't do that, the people will come here for the deutschemark, as they came for the deutschemark from the former G.D.R. [East Germany] two years ago.

"I am not a lobbyist for battle tanks or Tornado jets. I am looking for the best way to guarantee the security of our own country," Wimmer continued, "and the military component is

only a part of that. But it will gain an even greater role in a specific area."

This area is non-military emergencies, where, Wimmer explained, "only a military organization is qualified for providing international technical aid. The anti-famine mission in Ethiopia, the building of a hospital in northern Iran, the flood relief mission in the Bavarian Forest during the heavy rains this summer—these are all things that can be done best by the Armed Forces."

The example of that "hospital in northern Iran" is apropos, because it demonstrates what a team, organized as a military-style force, can achieve, once given a constructive purpose. When a severe earthquake devastated the mountainous Elbrus area of northern Iran, in August 1990, Germany deployed, in close coordination with the government in Teheran, a team of Army pioneers to build a field hospital in Rudbar, right in the middle of the Elbrus Mountains.

The small relief team, consisting of eight German Army pioneers and 30 Iranian workers, built a modern field hospital with prefabricated components from idle Army stocks. Some 2,100 square meters of medical facilities were built this way in no more than 14 weeks. Without certain administrative delays that occurred for the most part on the Iranian side, the project could have been completed even earlier.

The perspective of the Rudbar model being used on a broader scale, is exciting: A relief organization like that, recruited from committed Army personnel but manned with capable civil engineers, physicians, and others, as well, could carry out major emergency projects like the restoration of vital rail transport routes and water supply systems in eastern Africa, in the Middle East, or in eastern Europe.

A last call to arms?

Anti-drug warrior Enrique Parejo González is demanding a criminal investigation of Colombia's head of state.

In a dramatic public presentation Oct. 24, former Justice Minister Enrique Parejo González accused Colombian President César Gaviria Trujillo of criminally defrauding the nation, with the result that Colombia continues to be in the grip of the narco-terrorists and of an illegal Constitution.

Parejo González, one of the few surviving heroes of Colombia's one-time war on drugs, recently returned to Colombia after resigning his protected post as ambassador to Switzerland earlier this year to protest Gaviria's deal with the chiefs of the Medellín cocaine cartel. Parejo, who barely survived a mafia assassination attempt in 1987, is currently without any official protection. His decision to return and maintain public opposition to the government's appeasement policy stands as a monument to morality in what is otherwise a vast wasteland of capitulation.

In his presentation at Rosario University in Santafé de Bogotá, Parejo charged that through his pact with the narco chiefs, Gaviria had established the "dangerous precedent" of submitting the nation to narco-terrorist blackmail by abolishing extradition, allowing the cartel chieftains to choose their own jails and guards, and retiring police chiefs on mafia demand. Parejo said that Gaviria had gone even further, by deliberately keeping silent for months about a video in his possession which proved that more than half of the Constituent Assembly, which drafted Colombia's new national Constitution, had been bribed by the drug cartels. "He did not

fulfill his constitutional duty to demand an immediate investigation. On the contrary, he stayed silent. This fact is of enormous gravity. Proof of a crime was hidden for months. The President's responsibility . . . is significant."

As to why the mafia has not continued to assassinate political prominents, Parejo declared: "If now they aren't murdering people with the courage of a Luis Carlos Galán, it is because they can't be killed twice. It would be illogical to attack members of a government which has been so receptive to them." (Galán was the favored presidential candidate who was murdered by narcos in 1989. Gaviria ran in his stead.)

Parejo also questioned the legitimacy of congressional and gubernatorial elections held Oct. 27, which were convoked by the same suborned Assembly that had illegally shut down the previous Congress by assuming self-defined "omnipotent" powers. Not accidentally, the new Congress and governors were elected by the same 25% of the electorate which voted last year to create the Constituent Assembly. A full 70% of Colombia's 15 million voters stayed home, disgusted at the carnival array of 3,000 candidates, who included "amnestied" terrorists, witches, evangelicals, Indian tribesmen, and narco-politicians. Another 5% cast blank ballots in protest.

In a statement from Brazil Oct. 22, Luis Gabriel Cano, co-owner of the anti-drug daily *El Espectador*, declared that the cocaine mafias were poised to take political power in Co-

lombia. He warned, "There exist people closely linked to the mafia" who might be elected as governors of Antioquia, Valle de Cauca, and Sucre departments. This would pose "a grave danger," said Cano, for under such circumstances, the mafia would unite "political power to force and to the economic power they already possess." And one day before the elections, Cano's *El Espectador* editorialized that the population held many "doubts and fears over the legitimacy of the fortunes of some candidates."

An early glance at the election results show that those fears were well-grounded. The governorships of the key departments of Valle and Antioquia were captured by open allies of the cocaine cartels, while the mayorality of Santafé de Bogotá is also expected to be taken. The narco-terrorist M-19, now an amnestied political party, will be seating 9 senators and 15 congressmen, *despite a hefty 10% drop at the polls*, and is expected to receive cabinet posts on top of the Health Ministry that President Gaviria has already granted it.

Parejo devoted an Oct. 25 column in *El Espectador* to denouncing the Gaviria government's granting of concessions to common criminals in pursuit of an illusory peace. The government is paying a high price, he said, "represented by a loss of dignity and a weakening of the institutions and citizen morality, without having obtained the announced results." Just two days earlier, Gaviria had reopened "peace talks" with the M-19's brothers, the ELN and FARC narco-guerrillas, despite the fact that on that same day no fewer than six terrorist actions were carried out by them. Wrote *El Espectador* columnist Ramiro de la Espriella, Gaviria's decision to return to the negotiating table is comparable to Neville Chamberlain's "surrender at Munich."

Military crisis in Brazil

The McNamara Plan has gone into high gear as government-military clashes start to escalate.

Using as a pretext a case of supposed corruption in the Army's purchase of military uniforms, Brazilian President Fernando Collor de Mello has unleashed a confrontation with his Armed Forces which has already turned into the worst military crisis since the Armed Forces left the government in 1985. In fact, the accusations which triggered the crisis came from the Oct. 20 edition of the daily *O Globo*, whose owner, Roberto Marinho, has been a militant of U.S. State Department causes ever since it helped him to establish his mass media empire. The *O Globo* charges, in turn, followed a systematic campaign of attacks on the Armed Forces by the weekly magazine *Veja*.

O Globo's charges were aired less than one month after the Army's official mouthpiece, *Noticiario do Exército*, publicly denounced *Veja* for "nefarious behavior" which gave substance to "the position of certain sectors who raise suspicions of clandestine relations between segments of our mass media and powerful foreign groups." For *O Globo*, it seems, "the shoe fits."

Veja, like the *O Globo* empire, is a long-standing propaganda vehicle of the U.S. State Department. Its owner, Victor Civita, belongs to the Inter-American Dialogue, which sent out the first signals of Anglo-American plans to dismantle Ibero-America's armed forces.

It was the Inter-American Dialogue which hatched former U.S. Defense Secretary Robert McNamara's "doctrine," recently endorsed by International Monetary Fund Managing

Director Michel Camdessus at September's IMF meeting in Bangkok. According to the McNamara Doctrine, IMF credits must be conditioned upon a reduction in Third World military budgets.

This proposal is now also being promoted by the World Resources Institute of Washington, D.C., an "environmentalist" institution in which, in addition to McNamara, Brazilian social democratic Sen. Fernando Henrique Cardoso (also of the Inter-American Dialogue) and green lobby Congressman Fabio Feldmann also participate.

In order to get a better grasp of the origins of the military crisis emerging in Brazil, one must consider the early October statements of Venezuelan President and Socialist International Vice President Carlos Andrés Pérez. By warning of the danger of a military coup in countries like Peru, Guatemala, and Brazil, Pérez implied that doing away with the Armed Forces was a top priority. These statements, it would appear, prompted fellow Socialist and Rio de Janeiro Gov. Leonel Brizola to give an Oct. 17 interview to the daily *Folha de São Paulo*, in which he compared the present moment in Brazil to the conditions that led to the 1964 military coup.

The Venezuelan President was forced to make a retraction in an official statement released Oct. 17, which said, "The national government categorically denies the information . . . according to which the President of the Republic had told representatives of Venezuelan political parties that 'a failure to intervene in Haiti would en-

courage coup attempts in Latin American democracies in a pre-coup state, such as Guatemala, Peru, and Brazil.' "

In response to the *O Globo* accusations, an official Army communiqué described them as "one more episode in the systematic campaign to try to discredit the Armed Forces in the public eye . . . this time centered in the newspaper *O Globo*. . . . The Army regrets that such a prestigious newspaper . . . has so precipitously published news containing unconfirmed information and aimless conclusions. In whose interest is such an irresponsible procedure?"

Similarly, the chief of the presidential military cabinet, Gen. Agenor Homem de Carvalho, stated that the accusations "are part of a campaign to demoralize the Armed Forces." Even Army Minister Gen. Carlos Tinoco urged Congress to investigate the campaign "launched for the purpose of compromising the Army."

More insightful was the president of the Military Club, Gen. Nilton Cerqueira (ret.), who named Robert McNamara as the inspirer of a "conspiracy against the Brazilian Armed Forces." According to Cerqueira, reported *Folha de São Paulo* Oct. 27, "the unfavorable analyses of Brazil's military published in the press in recent months constitute the 'dissemination' of the McNamara theory."

The uneasiness of Brazil's military ministers was clear in their refusal to appear at a ministerial meeting, called Oct. 26 at the home of Amb. Marcos Coimbra, Collor's brother-in-law and head of the civilian cabinet. President Collor responded with a public censure of the head of the General Department of Army Services, Gen. Iris Lustosa de Oliveira, who the day before had denied any corruption in the acquisition of the military uniforms.

International Intelligence

Peruvian legislators seek justice for LaRouche

The Inter-American Commission on Human Rights of the Organization of American States (OAS) was given a letter in Lima, Peru on Oct. 30 by Peruvian legislators demanding that the U.S. government be investigated for violating the human rights of American political prisoner and presidential candidate Lyndon H. LaRouche. LaRouche is serving a 15-year prison sentence on trumped-up charges.

A lawyer on the staff of the General Secretariat of the OAS commission, Luis Jimenez, was handed the letter by Peruvian Congressman Carlos Calderón Carvajal, a member of the APRA party. It was signed by eight other senators and congressmen.

Congressman Calderon told Jimenez, that the signers did not necessarily agree with everything LaRouche stands for, but they were "firmly convinced that LaRouche is the victim of political persecution."

The legislators "charge the government of the United States of America, a member of the OAS, of violating the human rights of American politician Lyndon H. LaRouche and of several of his collaborators."

They add, "the purpose of this political persecution by the American government is to silence the only voice within the United States to speak out against the genocidal economic policies that the International Monetary Fund is imposing on our continent, and the openly malthusian policies that the current administration of George Bush is applying on all the countries of the Third World."

Explosive new leads on Letelier assassination

The former head of the Chilean intelligence service (DINA), Gen. Manuel Contreras has been arrested and charged with the 1976 assassination of Orlando Letelier, foreign minister in the government of Marxist President Salvador Allende. Contreras says that

the murder was a CIA plot to destabilize the government of Gen. Augusto Pinochet.

Contreras charged that then-CIA director George Bush and his deputy, Gen. Vernon Walters, hatched the plot with the participation of Orlando García, the anti-Castro Bay of Pigs veteran who headed presidential security for Venezuelan President Carlos Andres Pérez.

According to General Contreras's lawyers, President Pérez—who is now Venezuela's President again—knew of the murder plot three months before Letelier and his assistant, Ronnie Moffit, were assassinated by car bomb in Washington on Sept. 21, 1976. The lawyers requested that Bush, Walters, and Pérez be interrogated, but Adolfo Banados, the Chilean magistrate presiding in the case, said that he will not ask Bush to testify at this time, only Walters and Pérez.

Pérez has said that he will not cooperate. "I have never testified, nor is there any reason why I should testify," he told a journalist. "Venezuela collaborated with Chilean justice when it had to, and we played an important role in uncovering that shameful crime of the Pinochet dictatorship." Venezuela's ambassador to Chile, Ignacio Arcaya, said on Oct. 22 that the accusation that Pérez knew about the planned assassination of Letelier in advance, and the request that he testify, "are desperate smokescreens" put up by Contreras.

Scottish clerics back aid to Iraqi children

On Sunday, Oct. 20, at St. Giles Cathedral, Edinburgh, the chief place of worship of the Church of Scotland, and thanks to the efforts of Bishop Michael Hare-Duke (St. Andrews), Elders of the Church of Scotland handed out to worshipers a leaflet by the Committee to Save the Children in Iraq, which calls upon the celebrants for support. The leaflet concludes with a note by Bishop Hare-Duke, asking those present to contact him if they wish to help the committee, or else to write to the

Schiller Institute in Germany.

Some days before, a release announcing the event had been distributed by the Diocese of St. Andrews, drawing attention to the report of U.N. envoy Prince Sadruddin Aga Khan on Iraq, and to the "specialized activities of the Committee for the Children in Iraq."

The cathedral was filled to the rafters—between 1,000 and 1,500 persons—for an ecumenical event unprecedented in a country notorious for religious warfare: the Gulf War Reconciliation Service. Though it is the headquarters of the Presbyterian Church of Scotland, they had invited Archbishop Thomas Winning of Glasgow (Catholic) and Bishop Hare-Duke (Episcopalian), both of whom had strongly opposed the war, to deliver the homily. Muslim leaders were also present and read prayers.

British journalist rejects euthanasia

"There's No Mercy in Euthanasia." This is the headline of a commentary in the British *Sunday Telegraph*, published Oct. 23, by journalist Lynette Burrows. She attacks the Hemlock Society of Derek Humphry, and rejects any attempts to legalize euthanasia in Britain.

"Euthanasia accounts for nearly 2% of deaths each year in Holland, and it is used in many cases on AIDS patients," she writes. "It is all too obvious why. Forget the reasonable arguments about freedom and dignity—there is nothing dignified about being encouraged to die because you have become ill—and think of the money (and unpleasant work) it has saved the state. . . . In America, last week, Mr. Humphry's former wife . . . killed herself, apparently in accordance with the advice given in *Final Exit*. Her suicide reveals the outline of a tragic and ghastly paradigm that is slowly developing in our attitude towards the old and the sick. . . ."

"Our attitude towards the end of life is gradually being coaxed and persuaded into being a mirror image of our present attitude

to the beginning of life. 'Choice' is everything, and the new morality now being urged upon us will enable us to speak of old people as 'unwanted' when their immediate relatives do not want them—just as we do of the unborn babies now. It will be argued that no one should have to give up his own career or time because of them. . . .

"We should . . . resist the temptation to make life easier for ourselves by getting rid of some of its problems. We should also dismiss the claptrap about choice and indignity, because we know that, in the end, it all too often comes down to meaning a lonely, miserable woman with breast cancer, riding out to die in the wilderness, like Mrs. Humphry, because she believes those around her would have wished it. If we do not wish it, we must say so now."

European Community puts squeeze on Zaire

Ambassadors from the European Community countries warned Zairean President Mobutu Sese Seko on 26 that Zaire faces "serious consequences" unless a representative government is installed. The ambassadors and an EC representative met Mobutu in the Zairean capital of Kinshasa. They delivered the message that "serious diplomatic, political and economic consequences . . . on a bilateral and a Community level" could follow unless a government of consensus is installed.

President Mobutu in turn accused the West of "wanting my head at any price," and vowed to remain in office. He charged western governments with "flagrant interference" into his country's affairs. "I cannot accept this sort of ultimatum," he said. "Nobody can dictate policy to me. . . . Now we understand that western aid is mixed with all sorts of threats and blackmail."

The crisis escalated on Oct. 28 when Belgium called for Organization of African Unity troops to be sent to Zaire and asked its EC partners to support such a move. The OAU has never before taken such an action

unless the country itself requested the intervention of a multinational force. Belgium Foreign Minister Mark Eyskens called on Mobutu to surrender control of the army and other crucial posts of power and to heed international pressure for "reform." Eyskens told BBC that as long as Mobutu clings to power, there is no hope of saving Belgium's former colony from chaos.

A Belgian Foreign Ministry official said that France and the United States had already been consulted on the proposal to send troops in.

Meanwhile, France's minister for cooperation with Third World states, Edwige Avice, said she believed her government would not invite Mobutu to a summit of French-speaking government heads in Paris Nov. 19-21. "Under the current circumstances, why should he be invited?" she asked.

Cambodia treaty sets precedent for U.N. rule

Cambodia's 19-year civil war was officially ended on Oct. 23, when 19 countries signed a peace treaty in Paris. But the troubles of this long-suffering country are not over, as the United Nations now moves in to strip it of any remnants of national sovereignty.

Whereas U.N. trusteeship was U.S. President Franklin Roosevelt's 1944 proposal for bringing the countries of Indochina out of imperialist control to independence, the concept is now being revived to make the transition back to imperialist rule, under the auspices of George Bush's "new world order." Cambodia is the first test case.

Until elections in 1993, Cambodia's government administration will be run by the United Nations, with a team of 268 U.N. "experts" on their way to Phnom Penh now. The U.N. Transitional Authority will disarm the rebel factions and the Phnom Penh army, and will oversee elections. U.N. peacekeeping forces are expected to deploy to the country, and will create a new Cambodian army, run by the U.N.

● **CHINA'S** Communist Party has leaked a confidential analysis of the failed Soviet coup which blames "frenzied interference" from the West and the "irresolution" of the coup leaders for its failure. Popular resistance played a minor role, the report claims, and only took shape when Boris Yeltsin whipped people up.

● **RUSSIAN** Foreign Minister Andrei Kosyrev has called for the abolition of the all-Soviet foreign ministry, which he termed superfluous, as the sovereign republics of the abolished Soviet Union were developing their own foreign policies now. The former Soviet foreign ministry should be transformed into a new agency for coordination of foreign policy, Kosv said.

● **VIETNAM** signed an agreement with Great Britain on Oct. 21, to take back some of the 60,000 refugees who fled from Vietnam and are now living in detention camps in Hong Kong. In the first phase, some 250 "boat people" will be forcibly repatriated. Many of the refugees have threatened violence or suicide if they are forced to return to Vietnam.

● **BORIS YELTSIN** will be visiting Germany Nov. 21-23, German Foreign Minister Genscher announced, after a meeting with the Russian President in Moscow on Oct. 25. Soviet Defense Minister Yevgeni Shaposhnikov will visit Germany Nov. 11-13. He and other senior Soviet military experts met with German parliamentarians from the foreign affairs and defense commissions in Bonn.

● **CANADA'S** New Democratic Party won provincial elections in Saskatchewan in October, ousting the Conservative Party premier and ending the nine-year Tory rule of the province. The NDP now has absolute majorities in three provinces, and thus rules over half the population of Canada.

George Bush fiddles while the economy burns

by H. Graham Lowry

In the face of a national crisis, President George Herbert "Hoover" Bush continues to fiddle while the economy burns. His official oracles studied the entrails of the Third Quarter and again declared that the "recession" is over, but neither reality nor the perceptions of the American people concur. New unemployment claims shot up nearly 7% in the week ending Oct. 12, to a staggering 452,000. In the latest national polls, 66% rated the economy "very bad" or "fairly bad," and only 47% said they would vote for Bush for President next year.

On Capitol Hill, Democrats had a field day when Senate Republicans upheld Bush's self-Hooverizing veto of extended unemployment relief. The bill to provide benefits for up to 20 additional weeks was to have been funded off-budget as an economic emergency measure, but Bush denies that any emergency exists. When House Democrats on Oct. 22 put forth an alternative for just 13 weeks to be funded by new revenues, the White House announced the next day that Bush would veto that bill as well. The bill would "deter growth" and "have a negative effect on financial markets," the President's spokesman declared! There was no comment on the effect on the more than 3 million unemployed whose benefits will have run out by the end of this year.

Even the Bushmen, however, could figure out that congressional criticism and plummeting poll ratings required some gesture of concern. By the end of October, negotiations were under way between the White House and Capitol Hill on a compromise package providing as much as 13 weeks of extended benefits for some of the states worst hit by unemployment. On the crucial issue of presenting an emergency program for actual emergency economic reconstruction, however, the ghost of Herbert Hoover looks more and more like the current occupant of the White House.

Bush: 'Maybe I'll think of something'

Earlier rumblings that Bush would present a "growth package" have died to a whisper. His spokesman announced on Oct. 22: "There is no timetable. We're still reviewing the whole issue. . . . How soon we'll have decisions is not clear yet." In a national press conference on Oct. 25, Bush acknowledged only that "the economy has been sluggish." Whatever is done, "let's do it without busting the budget agreement," Bush said. "I'll look at the processes. I will keep in mind whether they bust the budget agreement or not, and then I'll make some determination and might well come out with something—a new combination of what I think best. Maybe I should do that."

Do you want this man at the helm of a sinking ship?

Despite budget cuts and budget caps, coming out of last year's "deficit reduction" orgy, the Bush administration on Oct. 29 announced the biggest federal budget deficit in history—\$268.7 billion for the 1991 fiscal year that ended Sept. 30. Less than two years ago, the Bush projection for this year's deficit was only \$25.1 billion. This year's income tax revenues came in \$14.1 billion less than had been projected this July, when the figure was drastically revised downwards from earlier estimates. The Congressional Budget Office already projects the deficit for fiscal 1992 at \$362 billion!

Worsening crisis for the states

The deepening depression continues to wipe out revenues for the states as well, compounding their deficits no matter how much brutal austerity is imposed. The National Governors' Association (NGA) released a report on Oct. 29 showing that tax receipts for the current fiscal year are plunging at a rate which will make next year's budgetary bloodletting

even worse than this year's record carnage.

Overall, the states raised taxes by \$15 billion for fiscal 1992, on top of a \$10 billion increase in 1991. Another \$10.2 billion in outright budget cuts was imposed, bringing the total austerity crunch to more than \$25 billion in a single year. Despite the record tax hikes, the revenue shortfall for the current year is already \$18 billion below projections, just four months after most states began their fiscal year July 1. "It's a grim picture," said Raymond Scheppach, the NGA's executive director.

State budget deficits are also being driven out of control by federally mandated spending for Medicaid and prison construction—costs which were dumped from the federal budget during the Reagan and Bush administrations. Under conditions of rampant poverty and unemployment, Medicaid and general welfare costs continue to increase; while revenues drop further with the collapsing tax base. This vicious circle will only worsen under current policies. Medicaid and prison costs already exceed the states' total spending for Aid to Families with Dependent Children—the major welfare program. Meanwhile, the share of current state spending for elementary and secondary education is at a five-year low (see article, page 58).

More bloodletting for New York

In New York State, the crisis is already so severe that Gov. Mario Cuomo announced on Oct. 30 that he will convene a special session of the legislature to deal with a new \$689 million deficit in the current budget. Cuomo ordered state agencies to cut their budgets by another 4%, and will seek \$450 million in additional cuts and tax increases from the legislature. When the budget was passed in April, Cuomo extorted \$4.5 billion in cuts and \$1.5 billion in tax increases to cover the entire projected deficit. Cuomo promised at the time that there would be no mid-year revisions of the budget like the \$900 million gap that had to be plugged late last year.

The new shortfall is attributed largely to declining tax revenues and rising Medicaid costs. New York's anticipated tax receipts have already dropped \$311 million, while Medicaid payments have exceeded projections by \$232 million. During the period from April through September, the number of Medicaid recipients rose almost 9% over the same period last year; and the number of welfare recipients increased by nearly 10%.

New York City, already an economic rubblefield dotted with shantytowns—makeshift shelters for the homeless—also announced Oct. 30 that it has reached an additional deficit of \$250 million. The city lost 225,000 jobs from September 1989 to September 1991, and projects that another 150,000 will disappear by the end of December. Its welfare caseload has increased by 17% over the last two years, to its highest level since 1977—when the city was put through the wringer by investment banker Felix Rohatyn's "pain and agony" program under Big MAC.

Rohatyn still chairs Big MAC, and greeted the new deficit report with demands that the city eliminate another 30,000 to 35,000 jobs—and impose a two-year wage freeze on workers who refuse to accept speed-up and new "efficiency" rules. The financier from Lazard Freres also wants at minimum a two-year *tax freeze*, to maintain "New York City as the financial capital of the world, with all the support services this entails." This Bush-like outburst of Roman imperial delusion, delivered to the Citizens Budget Commission Oct. 30, included the threat that if not enough blood sacrifices were made at the altar, the State Financial Control Board would impose "more stringent monitoring and control capabilities."

California sinking fast

The rapid disintegration of the California economy has also forced a new budget crisis, just four months after the state enacted record tax increases, along with massive budget cuts, to cover a deficit then projected at \$15 billion for the current fiscal year. Gov. Pete Wilson reported on Oct. 24 that the state already faces a further deficit of \$3 billion, and warned that the legislature will "have to make some very unpleasant choices." He is threatening further layoffs of state workers comparable cuts are not made. Like his main supporter, President Bush, Wilson's standing in the polls is plunging, and recently ranked lower at this point in his term than any governor of the past quarter-century.

New figures released by the California Commission on Finance put the number of jobs already lost this year at 380,000, in a state which boasts about one-eighth of the nation's jobs. Last month's official unemployment rate was 7.7%. Tax revenues declined \$344 million during July, August, and September, and are now projected at \$2.3 billion less than anticipated for the remainder of the fiscal year. Again, the worsening depression has driven costs for health and welfare programs for the poor beyond projections by \$800 million.

Depression in New England

The terrible misery which Bush so blandly belittles has spread to all parts of the nation. In New England, where the destruction of industry made it one of the first regions to slip into depression conditions, poverty is increasing at an alarming rate. Welfare caseloads have shot up more than 35% since 1989, and by a staggering 111% in New Hampshire. Even the number of two-parent families on welfare has soared. In Massachusetts, the number of such families increased by 182%; in Connecticut, which lost 93,000 jobs over that period, the number quadrupled.

And all this time, now over 1,000 days, Lyndon LaRouche, the one presidential candidate who was right about what was happening to the U.S. economy, and the one man who knows what to do about it, has been confined in prison by George Bush—the only competitor whom Bush feared enough to put there.

The 'New Paradigm' for wrecking what's left of U.S. education

by Joyce Fredman and Sue Atkinson

On Oct. 27 and 28 at the Des Moines, Iowa convention center, the "Bushmen" got together at a high-priced forum (\$75 a pop for everyone, including press), sponsored by the National Educational Goals Panel, the U.S. Department of Education, and the Business Roundtable. Along with Secretary of Education Lamar Alexander, governors from more than 12 states, education delegates from all 50 states, plus corporate representatives, got together to exhort Americans about the importance of our national education, or lack thereof—one of the President's favorite topics.

The National Education Forum, also sponsored by the Iowa Department of Education, Iowa Department of Economic Development, and the Governor's Office, certainly had the right topic to catch headlines, since there is no subject more worthy of attention right now. As H.G. Wells said, "The future is a race between education and catastrophe." However, if the forum is any indication, the United States is headed straight for catastrophe.

Survival of the 'fittest'

The forum addressed neither the reality of the crisis nor its underlying causes. Rather, Alexander and his fellow free enterprise ideologues took the opportunity to reiterate Bush's agenda of "free choice" for parents—a euphemism for survival of the fittest. No one discussed curriculum, or the quality of teachers. The ugly truth of many students' poverty-stricken home lives was never mentioned. Instead, it was a "we can do it" rally of delusion-filled Horatio Algiers.

Noble aims and high-minded phrases were everywhere. The press release by Iowa Gov. Terry Branstead set the tone. "We know what we need to do to improve America's classrooms. Now it's time to begin implementing that knowledge. Time is of the essence as the global race to turn out the best-educated, highly trained work force intensifies. America's future is at stake." *America 2000: An Education Strategy*, a report commissioned by President Bush and compiled by the New American Schools Project, was the main theme, especially the six goals which this white paper lays out:

"All children will start school ready to learn, an increase in high school graduation to 90%, U.S. students becoming first in mathematics and science, a demonstration of compe-

tency in a broad range of subjects, as well as preparation for responsible citizenry, literacy for all adult Americans, and every school in the country free of drugs and violence."

Were they sincere, such aims would be indisputable. But the program presented by the administration provides no basis whatsoever for such goals to be attained.

The guts of the President's plan is that America's main problem is "attitude," not curriculum or budget. Alexander told the forum, "We have great big attitudinal changes after we chew over an issue." Earlier, Alexander had told reporters that having a national system for assessing progress toward the goals was essential to making the goals meaningful. But deciding exactly what students should know, and finding the right way to test that knowledge, is a tough trick, he confessed.

In Iowa and elsewhere, Alexander said, goals will be realized only if communities insist on it. He called on schools to resist turning teachers into social workers; he said it was more efficient to bring professionals into the schools. He pointed out that students' needs have changed as society has changed.

According to *America 2000: An Education Strategy*, major change is anticipated in our 110,000 public and private schools: change in every American community; change in every American home, change in our attitude about learning.

"The strategy will spur far-reaching changes in weary practices, outmoded assumptions, and long-assumed constraints on education. It will require us to make some lifestyle changes, too. It honors local control, relies on local initiative, affirms states and localities as the senior partners in paying for education, and recognizes the private sector as a vital partner, too.

"It recognizes that real education reform happens community by community, school by school, and only when people come to understand what they must do for themselves and their children and set about to do it. Our vision is of four big trains, moving simultaneously down four parallel tracks: better and more accountable schools; a new generation of American schools; a nation of students continuing to learn throughout our lives; and communities where learning can happen."

The watchword is decentralization

The Deputy Assistant to the President for Policy Planning, James P. Pinkerton, has been one of Bush's most popular proponents of "The New Paradigm." In a 1990 speech in Los Angeles, he told businessmen, "The New Paradigm is characterized by increasing individual choice. The President's education program offers a concrete example. During the 1980s, real spending per student shot up nearly 30%. Spending in this country is now about \$5,200 for each public school student. . . . Meanwhile, SAT scores sink and we typically rank in the second decile internationally. In big cities, where students routinely graduate from high school without being able to read their diplomas, spending is often much greater. Instead of pouring money into this existing leaky structure, the President seeks to change that structure by letting parents choose the public school their children will attend. . . . The New Paradigm is characterized by decentralization."

Here is the crux of what the administration is pushing. All of the chaos and incompetence that the United States saw with the decentralization of the airlines, savings and loans, trucking, and phone system are now being visited upon our classrooms. With a crumbling economy as the backdrop, the demise of our schools is unfolding like a horror show.

A national disgrace

Close to 100,000 students in Pennsylvania have already been affected by strikes this year. A district in the northeast Bronx lost 14 of its 31 principals this year. In Holyoke, Massachusetts, the school budget was cut 25%, laying off one-third of its teaching staff.

Iowa is entertaining a proposal to eliminate 6,000 of its 33,000 public school teaching positions. This would nearly double the size of the classroom, across the state, to 30 students.

In the Homewood section of Pittsburgh, 13% of the children were born underweight—a surefire obstacle to proper school performance, and indication of the conditions of poverty that Bush wants to ignore. Homewood helped the United States get its ranking of 26th in the world, behind countries as poor as Bulgaria, for percentage of low birth weight babies.

Twelve percent of this country's children are already suffering from some *preventable* ailment that hinders learning, by the time they start school. These include malnutrition, lead poisoning, prenatal exposure to drugs, and low birth weight, according to Brown University professor of public health Lucile Newman. She co-authored a study of links between preventable health conditions and learning problems, an overwhelming problem in inner cities.

Jonathan Kozol, in his book *Savage Inequalities*, has dramatically described the nightmare in American city schools. In East St. Louis High School, there are recurring sewage overflows in its kitchen, and, according to Kozol, close to 20,000 students in the Chicago public school system

are in classes with no teacher two days a week in the springtime.

Music, arts, and physical education are being eliminated in schools around the country, and, in Lawrence, Massachusetts, some students end up sweeping classrooms because there are not enough janitors. All after-school activities here have been closed down because of the lack of custodial staff. Buildings must shut down at 3 pm.

Violence in the schools is another well-publicized problem. The number of Washington, D.C. students suspended for carrying guns, knives, or other weapons at school increased from 142 in 1989 to 245 in 1990. This year already, at least four city schools have reported incidents where gunshots have been fired. Three-fourths of New York City's wolf pack or "wilding" episodes are committed by kids between the ages of 11 and 18. Drug and alcohol use among teenagers continues to rise, and surveys put the numbers at 15 to 30% nationally, of teenagers using illicit substances.

The best teachers are leaving

In this environment, even the best of teachers leave in disgust. New York State school officials named John Taylor Gatto, a teacher of public schools (for 26 years), as teacher of the year. Gatto has since left the public school system, because he no longer wanted to "hurt" the kids. He listed seven "harmful" lessons taught in America's schools, including confusion, indifference, emotional dependency, and intellectual dependency. Gatto says, "Government schooling . . . kills the family by monopolizing the best times of childhood and by teaching disrespect for home and parents. . . . The major form of local political patronage in the United States is the schools. My own district spends \$46 million a year and competitive bidding doesn't exist. Contracts go to politically correct people."

Bush and Alexander tell us the problem is not enough local control, that federal interference is responsible for this mayhem. But 93% of funds for public education comes from state and local sources, whereas only 7% comes from the federal government. As state budgets unravel further, what else can be expected but worse situations in the classroom, regardless of the speechmakers in Washington.

Corporate America says "bad attitude" is preventing us from being number one in math and science internationally. Yet, according to the American Association for the Advancement of Science (AAAS), in a publication called *Science for All Americans*, 30% of high schools offer no courses in physics, 17% none in chemistry, 70% none in earth or space science; 38% of elementary school teachers have no science materials or facilities available in their schools; and 50% of secondary science teachers have no access to a general purpose science laboratory. As to the future? Currently, 13 math and science teachers leave for each one entering the profession. Even a junior high school student can figure out those odds.

Kevorkian 'treatment' takes two more lives

by Linda Everett

Jack Kevorkian, the out-of-work Michigan pathologist responsible for killing an Oregon woman with a homemade murder device last year, has been involved in the deaths of yet two more women. On the evening of Oct. 23, Kevorkian alerted the Oakland County sheriff's department that two "doctor-assisted suicides" could be found in a secluded cabin in an Oakland Township state park outside Detroit. When the authorities arrived, they found Kevorkian, his sister Margo Janus, and, later, one of his attorneys, Michael Schwartz, ready to launch the next assault on the precept of Western civilization that forbids one individual to take the life of another.

While witnesses to the killing refused to talk to authorities, pleading the Fifth Amendment, Kevorkian's attorney Geoffrey Fieger told reporters that the latest deaths could not have occurred without his client's expertise.

As soon as the latest victims, Majorie Wantz, 58, and Sherry Miller, 43, were found, Michigan was hit with a blizzard of pro-suicide brainwashing that rivals the push for the Hemlock Society's assisted-suicide ballot initiative in Washington State. We are told that Kevorkian hooked Majorie Wantz intravenously to a device similar to the one which he had used in the death of Janet Adkins in June 1990. With her husband nearby, Wantz allegedly tugged on a string and released lethal drugs into her system. Once satisfied that Wantz was dead, Kevorkian turned to Sherry Miller who was lying on another cot next to Wantz. Miller, her face covered with a mask connected to a tank of deadly carbon monoxide gas, allegedly used a screwdriver fashioned into a make-shift lever to release the gas, and died. Her parents and a friend were present.

Neither woman was "terminal," but Kevorkian said they needed his "help." Wantz had painful complications of pelvic laser surgery in 1988. Last August, when Wantz told a Detroit television talk show audience that she wanted to die, her depression was so apparent that Berrien County Prosecutor Gregory Cleveland referred her for psychiatric evaluation. Sherry Miller, who was diagnosed with multiple sclerosis a decade ago, testified on behalf of Kevorkian and his "services" last January. Miller said she was "disgusted with life," and despondent because she was virtually helpless and dependent on her parents since her divorce several years ago.

Did he manipulate a suicide fixation?

Last February, Oakland County Circuit Court Judge Alice Gilbert permanently enjoined Kevorkian from using his "suicide machine." Judge Gilbert wrote that Kevorkian is unqualified to practice in internal medicine or psychiatry, and has no training or clinical experience in the care of patients. Yet Kevorkian's attorney Geoffrey Fieger told reporters that both women had been under Kevorkian's treatment for nearly two years! Psychiatrists trained in suicide prevention speculate that the women may have gone to Kevorkian to have their death wish reinforced or affirmed. No one knows whether Kevorkian manipulated these women for his own goals. What is known is that under Kevorkian's "treatment," the victims were fixated on suicide as the only solution for their problems, excluding all available treatment options.

Court records indicate that physicians from several hospitals that Majorie Wantz consulted for pain relief, said that she consistently refused to complete a course of proven non-narcotic medication therapy that could have relieved her pain. She also refused hospitalization for treatment for her depression which exacerbated the pain. Wantz was "treatable," one Sinai Hospital doctor wrote in his petition to have her committed for psychiatric observation, but she rejected "the notion that medical science can help her condition." There is no evidence that Miller ever sought help from groups that specialize in assisting those with multiple sclerosis to live nearly normal lives, take up jobs, or acquire technical aids that allow more independent living arrangements.

More importantly, Kevorkian did not seek such assistance. He does have "strict qualifications" for patients before he kills them. They must allow him to refer them to specialists to ensure their condition is terminal or incurable, debilitating, and painful; and the patient's family must unanimously support the decision to die by lethal injection. Neither woman was terminal, and relatives did oppose the murder arrangement. Somehow, by October, all this changed; the women met Kevorkian's criteria, and he gave them the only treatment he offers—death.

After murder charges against Kevorkian were dropped in the Adkins killing (the court said she wanted to die, so it was not murder), Assistant Prosecutor Michael Modelski warned, "If in fact [Kevorkian] is allowed to go on with what he is doing, we're talking about potentially 50 dead people in a short time." Kevorkian wanted to open a suicide center. Then, contradicting his promise to abide by the permanent injunction, he boasted that he would kill again, "if I have to. I'm a doctor. It's my duty!" Authorities have not determined if Kevorkian violated the injunction, which his attorneys have appealed.

Sen. Fred Dillington, (R-Fowlerville) sponsored a bill that would make assisted suicide a felony in Michigan. Yet, after three deaths, Rep. Perry Bullard (D-Ann Arbor), who let a similar bill die in his committee last year, won't allow the bill through without a committee to "study" the issue.

What Washington doesn't know about the U.S. Constitution

In the 10-day "Roman circus" conducted in the U.S. Senate last month concerning the nomination of Clarence Thomas to the U.S. Supreme Court, the crucial issues of natural law and constitutional government were submerged in the diatribes about "sexual harassment." Lyndon LaRouche, in an article published in EIR on July 17, 1987 and excerpted below, contributed a discussion of natural law which remains very useful in understanding the fundamental issues which should be addressed today. The issues that LaRouche raises here about the Reagan administration are even more acutely true of the Bush administration. Entitled "The Revocation of Executive Orders 12333 and 12334," the article discusses the Executive Orders foolishly signed by President Reagan, which allowed the growth of the enormous covert operations apparatus behind Lt. Col. Oliver North. Mr. LaRouche himself was targeted, prosecuted, and jailed in a political dirty tricks operation conducted under the unconstitutional authority of EO 12333 and 12334.

The repugnant lawlessness which appears to be characteristic of numerous of the activities conducted under 12333 and 12334, is in no sense accidental. Such lawlessness is intrinsic to the architecture of Executive Order 12333. . . .

The tendency to substitute the principle of apparent expediency, and even capricious whims, for constitutional principles of law, has been a perceptible trend among all three branches of the federal government, especially during the recent 20 years or so.

The tendency, which the Reagan administration's policy of practice shares, has been that those holding political power assume that they have the right to impose their arbitrary will upon our domestic and foreign affairs, merely because they are incumbent authority. This has been the tendency not only in the Executive Branch, but also the policy of practice too often tending to dominate the opinion of majorities within the Legislative Branch.

This same tendency is also evident in a significant number of instances in judicial proceedings.

Our government has been established as a system of constitutional representative government, implicitly subject to the kind of natural law addressed by our Declaration of Independence. The leading explicitly contrary current in law, is that elaborated as the dogma of "historicity" by Berlin's Karl

Friedrich Savigny. The tendency to employ Savigny's irrationalist dogma of law, the so-called *Volksgeist*, is evident in "environmentalist" and other patterns of judicial lawmaking during the recent dozen years or more.

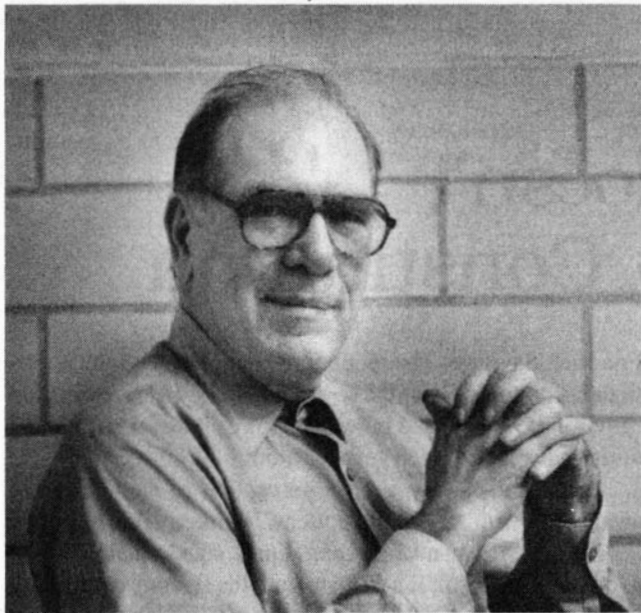
When judges rely upon a perception of some selected agency of assumed "public opinion" in interpretation of law and fact, rather than using the rational standards traditional to our law, the result is a trend toward the tyranny of arbitrary irrationalism. The authority of being incumbent authority in the judicial system, is then construed in the form of arbitrary authority; in such instances, law, as understood by the founders of our republic, virtually ceases to exist. . . .

The fact that the principle of law integral to the composition of our Constitution is so little recognized in policies of practice of our government during recent times, obliges us to summarize here exactly that which President Reagan overlooked, both in signing 12333, and in enjoying certain of the illicit fruits of capricious desire obtained by aid of the subterfuges implicit in 12333.

The analogy of Goethe's *Faust* is not to be overlooked. The elected official's particular desires serve as the bait. Mephistopheles offers a subterfuge of expediency as the means for gaining the particular object the official desires. Or, the analogy of the Malaysian monkey-trap might be used. The Mephistopheles who first appeared as merely a useful means, as disguised as a mere servant, employed to secure the administration's particular desires, turns to his master, and says, like Dickens' Uriah Heep, "Now, I own you."

The drafting of our federal Constitution, then shaped by reflection upon constitutional principles since Solon of Athens, produced the briefest and most excellent of all modern constitutions. If a President of the United States, when taking his oath of office, were to understand the beauty and genius of that Constitution, this would have sufficed to prevent him from tolerating a drafted Executive Order such as 12333, and to refuse to tolerate the kinds of obnoxious practices typified by the interaction of 12333 with the Office of Special Investigations. It is our belief that President Reagan, for one, lacks such comprehension of our Constitution.

It is urgent that Executive Orders 12333 and 12334 be revoked. These revoked orders must be superseded by an Executive Order whose design is consistent with the implicit



Nancy Spannaus

1992 presidential candidate Lyndon LaRouche, a political prisoner of George Bush.

purposes as well as explicit provisions of our federal Constitution.

The Constitution implicitly defines the domestic, foreign, and defense policies in the following terms of reference.

The kernel of the Constitution is composed of three principal parts:

a) The most important portion is the Preamble, specifying the intentions which must govern the Executive, Legislative, and Judicial branches of our federal government in all important matters of shaping and conduct of policy and practice.

b) The second, is the seven Articles of that Constitution, which order the composition of representative forms of self-government.

c) The third, affixed later, is the Bill of Rights, which specifies prohibition of the unlawful practices we had suffered under British rule, and which aided in striking down the tendencies toward tyrannical practices of government under the administration of our second President, John Adams.

There is a fourth aspect. In the body of amendments to that Constitution, there is included the extermination of the institutions associated with chattel slavery, and the later extension of the suffrage. These are in the spirit of the Bill of Rights, and should be understood as integral to the Bill of Rights in character and principle.

Other amendments have more the character of ordinary legislative law enacted as constitutional amendments, than constitutional law as such. Although they have the force of positive law, they have otherwise no immediate bearing upon the essential intent of our Constitution as a whole.

The Constitution as a whole must be read in the light of the 1776 Declaration of Independence. Our republic was established by authority of a body of law higher than that of the law of any nation. The Declaration appeals to the authority of that higher body of law, and avows our nation's rightful independence under the authority of that higher body of law.

Thus, the existence of our nation, the premise upon which the composition and intent of our Constitution also depends, depends upon the authority of the natural law addressed by the Declaration of Independence. In that respect and that degree, the Declaration of Independence is the most fundamental definition of intent of our Constitution and constitutional law as a whole.

That higher body of law is what is broadly known as Christian natural law, as this term applies to the influence of St. Augustine's writings on matters of statecraft, and the reaffirmation of such natural law in proceedings centered upon the 1439 Council of Florence. Christian natural law, as this bears on matters of statecraft, is rightly identified otherwise as western European Judeo-Christian natural law in the spirit of the collaboration between St. Peter and Philo of Alexandria.

Our founders' perception of such Christian natural law, was most strongly and directly influenced by the form which the heritage of Augustinian natural law assumed in England's 17th-century struggles for the cause of civil and religious liberty. This Protestant notion of Christian natural law was also influenced from Germany, by the writings of the famous Puffendorf, and the more rigorous restatement of natural law presented by Leibniz. . . .

This heritage is beautifully, succinctly, and efficiently expressed in the Preamble to our Constitution:

"We the people of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the General Welfare, and secure the blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States."

That is the Constitution's essential statement of intent. This declaration of intent expresses and depends upon the commitment to Christian natural law adopted by our Declaration of Independence. In its proper, historical and rational reading, every other feature of our Constitution is subordinated to the fulfillment of this intent by aid of the composition of our institutions of representative forms of self-government.

Any law, any executive order, any policy, or policy of practice, which violates the implications of that intent, is an abomination by government. Such . . . is the abominable character of Executive Orders 12333 and 12334.

The constitution of Solon of Athens

It is useful to look back to the case of that ancient constitution, given to Athens, by the famous Solon.

In a moment of crisis, a crisis so severe that the continued

existence of the city was threatened, the people of Athens arose, behind the leadership of Solon, to effect sweeping repudiation of the practice of usury, and to effect other reforms prefiguring our own founders' notion of principled forms of civil liberty and self-government.

As an afterthought, the great Solon composed a constitution. The argument made, showing the need for such a document, is key to understanding the purpose and authority in law of all kindred constitutions, such as our own, since.

There are rare moments, in the history of a great people, in which the majority of that people is awakened, in the happy words of Shelley, to enjoy a power for imparting and receiving profound and impassioned conceptions respecting man and nature, in far greater degree than under ordinary circumstances. The conjunction of these ennobled moments with the experience of crises which threaten the very existence of the nation, is the rare moment in which that people will compose and adopt a great constitution.

Such were the circumstances in which our Declaration of Independence and Constitution were composed and adopted.

Later, as Solon foresaw, the same great people which had aroused itself to magnificent undertakings, would fall into a lower moral condition of occupation with petty matters of hedonistic selfishness and faction. Under these circumstances, it were likely that popular opinion would be dominated by successive, episodic majorities for this or that view, and this all in a way which eroded those precious reforms which had rescued the nation from peril at the earlier time.

Thus, a wise people, finding itself in the kind of ennobled momentary state associated with great undertakings, will bind itself and its posterity to principles of law and self-government which must thereafter be efficient means to defeat the capricious whims of public opinion. This is the essence of the nature and authority of a good constitution. So says the Preamble of our Constitution, and the Declaration of Independence before it.

The essence of natural law

In the ennobled moment of composition of a great constitution, such as our own, a great people perceives more or less clearly, that the Creator has embedded in the composition of Creation certain principles of physical law, and has endowed mankind with means by which it may act successfully in accord with that physical law, to the effect that the human species is perpetuated, and its political and physical condition of existence improved. If men act in a manner contrary to such law, that law will act to the effect of injuring or even destroying the nation which allows such error. Thus, a good constitution is one which echoes such a perception of natural law.

The guiding notions of natural law which must govern the deliberations of all branches of the federal government, include the following most notably.

It is the essence of natural law, that our Creator holds

mankind accountable for the condition of mankind. Such is the duty of each and every person: to develop his or her talent, and to employ that talent in such a way as to contribute to the well-being of mankind within the limits of his or her power to do so. This obligation bears down with extraordinary force on the President, federal legislatures, and federal courts of our republic.

The mortal individual within society lives, at most, a fragile and historically brief existence. It is society upon which that person depends for nurture of his or her talent, and for opportunities to employ that talent for the good. The person lacks the means to ensure that such good as he or she contributes will prosper to the advantage of both present and posterity. The person depends upon a more powerful, less mortal agency for these important things which are beyond the means of the individual. That agency is society.

The best form of organization of society is a constitutional form of perfectly sovereign nation-state republic. It is perfectly sovereign in the specific sense, that no foreign or supranational authority may dictate the laws or the practice of government of that republic. The only higher authority which the republic allows, is the universal authority of the natural law.

This form of republic must be efficiently dedicated to the improvement of the condition of mankind as a whole, to such effect that the individual citizen, by contributing to the progress of the republic, is contributing efficiently to the well-being of mankind as a whole.

The President and the Executive Branch of the United States must embody that view of the individual, the nation, and mankind in their consciences. The Preamble to our Constitution expresses this obligation insofar as the internal affairs of our republic are concerned, and also in respect to the defense of this republic. The application of this same principle to foreign policy is left implicit, rather than stated, but the implication should be sufficiently clear from reading of our national history.

In the papers of Secretary of State John Quincy Adams bearing upon the circumstances and intent of the 1823 Monroe Doctrine, that implicit intent of our Constitution, respecting foreign policy, is made explicit. If those papers are read properly, in the circumstances in which they were written, the proper design of today's foreign policy of the United States is readily derived. That improved view of our proper foreign policy is the proper guide to formulating the functioning of our intelligence community.

That improved view of our foreign policy, illuminates directly the irrationality, and the fostering of lawlessness embedded in the architecture of Executive Orders 12333 and 12334. It should be readily recognized, that irrationality and lawlessness in the direction of our intelligence community's foreign activities must foster a similar irrationality and tendency for lawlessness in the domestic practice of agencies engaged otherwise in foreign intelligence. . . .

Circa 1492 exhibit: 'Genius stands with Nature in everlasting union'

Part I, by Nora Hamerman

"Circa 1492: Art in the Age of Discovery" is an exposition of the world's art in the 50 years around the year 1492, when Christopher Columbus sailed westward to reach fabled Cathay and instead encountered a new continent. It opened Oct. 12 at Washington's National Gallery of Art and will be on view until Jan. 12, 1992. Pivoted around the two great figures of the "artist/scientists" who flourished around 1492, Leonardo da Vinci (1452-1519) and Albrecht Dürer (1471-1528), the show makes an eloquent case for what the poet Schiller asserted in his epigram, "Columbus," when he wrote: "Genius stands with Nature in everlasting union: What doth promise the one, surely the other fulfills."

The exhibition, as National Gallery director Carter Brown emphasized to the press, is an art show, not a history show, and it therefore deals little with Columbus himself or even with the voyages of discovery. But in the domain of art, it excels. Not only does it celebrate the European art of the Age of Exploration, but it juxtaposes the most esthetically important artifacts of three cultural areas, taking a horizontal band of the whole world (with some notable omissions) around 1492.

The first is Europe and the Mediterranean, including the parts of West Africa touched by Portuguese navigators in the 15th century, and the Islamic empires of the eastern and southern Mediterranean shores. The second, called "Toward Cathay," encompasses the lands Columbus would have reached, had he attained his goal of arriving at the Indies by sailing west around the globe—in the order he would have reached them—Japan, Korea, China, and India. The third section gathers objects from the societies that existed in Mesoamerica (Mexico-Central America), parts of North America, the Caribbean, and the Andes in the period around 1492.

The objects displayed in "Circa 1492" indicate that the essential principles of what is called "western Christian" civilization, premised on the idea of the necessity of progress, are the only principles which can sustain and develop the impulse toward creativity in art and science which is otherwise universal to the human race. What the Spanish found in this hemisphere when they arrived was a culture of genocide and mendicite. Human sacrifice was rampant. The religions were based on "revelations" delivered by means of psychotropic drugs. Because that was the framework, even that

pre-Columbian art which shows a high degree of skill by the maker, is anti-human in its subject matter; these are artifacts of a society which has lost the moral fitness to survive.

As for China, Korea, and Japan, it is evident that well before 1492, at least in China, the ruling powers had deliberately turned their back on the very capabilities which had given them past prosperity and technological superiority, and that an entrenched oligarchy drove the most gifted minds to the margins of society to operate as politically and economically impotent "scholar-recluses." Not accidentally, although the art shows great subtlety and even beauty at times, it is lacking in the mastery of spatial representation, the proportions of the human form, and the expression of individual personality which are the very essence of art in a society which believes in the necessity of progress.

I shall develop these arguments, as well as discuss the parts of the exhibit which deal explicitly with Spain and Portugal in the era when those two countries were sponsoring the great voyages of discovery, in subsequent articles of this series.

Art unified with science

The crux of the civilization that produced Columbus and the evangelization of the Americas is given powerful visual expression in the last five galleries of the first section, including the large room where approximately 20 each of the finest works of Leonardo da Vinci and Albrecht Dürer are hung facing each other.

For example, one gallery of these five is dedicated to the history of perspective, the discovery in early 15th-century Florence of how projective geometry could be applied to the practical problem of representing three-dimensional reality on a two-dimensional surface of a painting, low-relief sculpture, wood inlay, or other such objects. This opened up unprecedented horizons in the expression of the idea of progress in history. Thanks to perspective, it was possible to show an ordered, rationally accessible path from the eye of the individual to knowledge of the universe of creation, indeed, to chart a course from the microcosm to the macrocosm. Man stands as the mean and measure between God and nature. This technical advance in pictorial representation paralleled the progress of scientific map-making so important to the Age of Exploration, and heralded the potential of expanded

mastery of the universe in future centuries, where the judging human mind stands between the telescope and the microscope that human minds have created.

Hanging high on one wall of this gallery in a position like that for which it was originally intended, is a famous fresco, now detached from its original wall, *The Vision of St. Augustine*, from the Church of Ognissanti in Florence, painted by Sandro Botticelli around 1480. Not only is this perhaps the most moving of all portraits of the great 5th-century Father of the Church, who laid the conceptual basis for what we call western Christianity by interpreting the philosophy of Plato through the Gospel; but it has far more to do with the Age of Exploration than most people might suspect.

St. Augustine is the true father of modern scientific thought, and Botticelli clearly saw him in that way. Although this is not mentioned in the catalogue, some scholars conjecture that the picture might even be a psychological, if not literally physical, portrait of a venerable old man of the era, Paolo dal Pozzo Toscanelli, who was closely tied with Ognissanti church and with the family which paid for the painting, the Vespucci. A younger, contemporary member of this family, Florentine explorer Amerigo Vespucci, was the first to realize that the lands touched by Columbus were a new continent; therefore it is perhaps not totally unjust, that the German mapmaker Waldseemueller, whose historic map of 1507 is also in the show, called the new world "America" believing that Vespucci had been the first to find it.

Toscanelli is the link between the greatest artistic and scientific minds of the time and the drive to find new routes to the east, which eventually led to Columbus's trip. His family, the Dal Pozzo, had been involved in the spice trade for many generations, and, like many Florentine merchants, were eager to discover a route to China and India that could evade the control over the ancient trade routes exerted by the Islamic empires and their partners, the unscrupulous Venetian merchant-oligarchs. Toscanelli himself was a physician and mathematician, an astronomer and geographer. He was a university student with the German Cardinal Nicolaus of Cusa, the seminal scientific genius of the century, during the 1420s in Padua, and remained a lifelong friend, becoming one of the executors of Cusa's will in 1464. Early sources assert that he instructed Brunelleschi, the inventor of perspective and architect of the world-famous dome of Florence Cathedral, in formal mathematics.

Toscanelli was close to Leon Battista Alberti, who wrote the first treatise on perspective in painting in 1435. Finally, he made, according to early witnesses, the world map which Columbus used in planning his voyage across the Atlantic.

It is important to keep in mind, that Toscanelli in 1480 would have been one of the few surviving individuals who had been active at the Council of Florence in 1439, the ecumenical council of eastern and western Christian churches. There, leading scholars compared geographical knowledge and laid the basis for the discoveries that occurred later in the

century; the strategic urgency to outflank the encroaching Ottoman Turkish empire was the major practical motivation for the council. The Florentines and their allies at that council successfully fought to win agreement on the much-debated theological principle of the *Filioque*, a clarification on the nature of the Trinity which was recited in the western Creed, which had always been interpreted as demonstrating the necessity of progress.

Even if Botticelli did not literally have in mind a portrayal of Toscanelli, there can be no doubt that he was painting St. Augustine in the image of the scholar-scientists who had shaped the Council of Florence and its cultural aftermath. The portrayal of a saint in a humanistic scholar's studio, with a book of geometric proofs and a modern clock on the shelf behind him, and a carved lectern in front of him, is based on a now-lost picture of St. Jerome painted by the Flemish master Jan Van Eyck for the ruling Medici family of Florence around the time of the council. Using this general model, Botticelli depicted the popular legend according to which Augustine was writing a letter to Jerome asking him about how to describe the bliss of souls in the afterlife, when a sudden vision came to him from the soul of Jerome, who had just died. The heavenly vision which illuminates his face passes through an armillary sphere, an instrument of the day for charting the heavens, shown according to the prevalent astronomy of that time with the earth in the center. Everything in the painting conspires to express the unity of faith and reason, in man's quest to collaborate with God to perfect the universe.

In the same gallery there hangs a second remarkable picture, the only painted portrait of Luca Pacioli, the Franciscan friar whose work connected the generation of the Council of Florence to the generation alive in 1492. He had learned mathematics from Piero della Francesca, a gifted mathematical theorist and superlative painter who had been in Florence for the council in 1439. Piero, a manuscript of whose famous treatise on *Painter's Perspective*, dating ca. 1480, is displayed in this exhibit, had insisted that without the science of perspective, painting is a mere craft. He also wrote a book on the five regular "Platonic" solids, later incorporated into the book *Divine Proportion* by his pupil Pacioli. Pacioli, in turn, taught mathematics to Leonardo da Vinci, and possibly later to Albrecht Dürer. It was Pacioli who first emphasized the importance of the unique ratio essential to the construction of the Platonic solids, the Golden Section, which he called the Divine Proportion. Pacioli and Leonardo had grasped that this self-similar ratio was the basis of all living processes.

In the portrait, Pacioli demonstrates to a young man the construction of an equilateral triangle. A model of the most important Platonic solid, the dodecahedron, sits on the table. The friar looks toward a glass model of a semi-regular solid, the 26-sided rhombicuboctahedron, suspended from the ceiling. The model of this solid (favored by architects) reflects

three different views in its facets, of the Ducal Palace of Urbino.

To appreciate the exceptional experience of standing in a room which contains both the Pacioli portrait and the Botticelli *St. Augustine*, just imagine that to see the former you would have to travel to Naples Capodimonte museum—not exactly your most common tourist stop; while to see the latter, you would have to not only go to Florence, but take the time to find the church of Ognissanti. Even if you are one of the few people with a travel budget, time, and determination to do that, only in this room will you still be able to stand in the midst of Piero della Francesca, Toscanelli, the Vespucci family, Pacioli, Leonardo da Vinci, and Albrecht Dürer as they master the physical universe and turn that mastery into political practice.

Astronomy, geometry, anatomy

The gallery just described lies between two other exhibits devoted to the frontiers of science as they were expressed through objects of surpassing beauty.

First comes a collection of important maps, either printed or manuscript, or incorporated into paintings. Cartography revived the “Ptolemaic” projections of antiquity, but changed them to reflect constantly growing new knowledge. This is followed by gilded astrolabes and other instruments for applying geometry to astronomy and navigation, various maps of the heavens, ranging from Islamic to European sources to the highly artful woodcut *Zodiac* of Albrecht Dürer, and two remarkable tapestries of *Astronomy* and an imaginary view of God making the heavens turn. A detached fresco (mural painting) by Donato Bramante, the architect of St. Peter’s and close friend of both Leonardo and Raphael, shows a globe between two Greek philosophers, reflecting the world as it was conceived before the voyages of Columbus and Vasco da Gama.

After the room on perspective, comes the complementary area of scientific advance of the Florentine artist: the study of the human figure. It was not until the era of Michelangelo (b. 1475) and Leonardo, that artists were actually able to participate in dissections of corpses, but interest in the underlying skeletal and muscular structure, based on the theory that painting should show the “motions of the soul through the motions of the body,” manifested itself in Florence as early as the 1420s and intensified throughout the century. Among the most remarkable witnesses to this process are the small, but justly famous, panel of *Hercules Slaying the Hydra*, by Pollaiuolo, and, of course, the two Michelangelos in the exhibit, the *Madonna of the Stairs*, dating from not long after 1492, while Michelangelo was still a young prodigy; and his nude study of a soldier for the lost *Battle of Cascina* fresco. While artists like Pollaiuolo, preoccupied with showing every bone and muscle, had displayed what Leonardo disparaged as a “sack of nuts,” Michelangelo conveyed his mastery of structure in light and shade, even in his



Leonardo da Vinci's "Cecilia Gallerani": Cracow, Czartoryski Museum.

Courtesy National Gallery of Art

favorite medium of marble, making the hard stone appear to be soft and malleable. Finally, Albrecht Dürer's engraved "Adam and Eve," the first of the series of his original prints on view, shows his application of the principles of harmonic proportion in the human body, learned in Italy.

The gallery of Leonardo and Dürer is the grand finale of these explorations, where astronomy, perspective, and anatomy are joined to the subject that makes them possible: the probing of the unique personality of the human individual.

Leonardo and Dürer

Approximately 30 years passed from Christopher Columbus's first journey to the so-called West Indies to the Conquest of Mexico by Hernan Cortés in 1521. During those three decades, the two great artists featured in this show were making their breathtaking conquests of the natural world and the human mind. While Dürer was a talented youth of 21, just beginning his career in Nuremberg, the Florence of the north, Leonardo at the age of 40 was at the height of his career, having already essayed most of the areas in which he would still produce his highest achievements.

All along the left wall of the large, keyhole-shaped gallery, the viewer follows the stupendous mind of Leonardo from around 1490 onward, as it investigates the world through the constant formation and testing of hypotheses. His drawings explore the hydrodynamic properties of turbulence in water and wind, to form higher orders of self-organization; the marvels of the human body, from the famous study of a human fetus, to the female anatomy, to the investigations of the eye and the proportions of the body in various positions and actions; the "hydrodynamic"-like patterns seen in the growth of a Star of Bethlehem plant and the braided hair of a woman model for *Leda*; the incomparable study of the *Vitruvian Man*, a mature man standing yet walking in a square overlapping a circle. These 21 drawings, each world-famous, lead us to a portrait of *Cecilia Gallerani* from the Czartoryski Museum in Krakow, which is one of only three authentic portraits by the master in existence accepted by all



Courtesy National Gallery of Art

Albrecht Dürer's "Portrait of a Man": Vienna, Albertina.

scholars—the others being the *Mona Lisa* in the Louvre, and the *Ginevra de' Benci* here in Washington's National Gallery. (The *Cecilia* will benefit from technical examination in Washington's superb conservation laboratory while here, but it is not likely to leave Poland again.)

Cecilia Gallerani was a lady and, for a while, the duke's mistress, in the court of Milan, where Leonardo went in 1482 to work in the service of Duke Ludovico Sforza. She holds an ermine or *gallee* in Greek, a typical humanistic pun on her name, not unlike the juniper (*ginepro*) tree behind the head of *Ginevra de' Benci*; but unlike the earlier portrait, dating from the 1470s, this time, the lady turns in an engaging three-quarter pose toward an unseen interlocutor off the right side. Such an "informal" pose was a total innovation in the history of portraiture. It draws our attention to the quality of mind of the sitter, who, after all, is a mere woman, and not even of the highest social rank.

Following her gaze, we encounter a series of interlocutors drawn by the great Dürer only a decade or so after *Cecilia* would have been painted around 1491. First come three chalk studies by Dürer of heads. Two are Africans who are portrayed with great sensitivity as to their personalities and not as "exotic types." The black woman was a servant, at the bottom of the social ladder, yet Dürer immortalizes her as a unique human being who will live in memory beyond many monarchs of the day. This series of drawings continues with figure studies of Irish peasants and Ottoman Turks, and ends with a painting of a young Venetian lady, placed in such a way that she seems to answer Cecilia Gallerani.

As with Leonardo, the Dürer section ranks as a major exhibit in its own right. Included are his accurate renderings of exotic animals; watercolors of landscapes, plants, and birds which display an atmospheric technique usually thought to have been invented in the 18th century; and his major engravings. Both artists are represented by books, Dürer by one of his printed volumes on human proportion, and Leonardo da Vinci by one of the notebooks on optics, which is in the Institut de France.

Bosch: faith and reason against demons

The altarpiece which opens the whole show might seem, at first blush, to come from an opposite end of the universe. Yet Hieronymus Bosch was an exact contemporary of Leonardo da Vinci (ca. 1450-1516) and surely knew some of Leonardo's drawings. Moreover, as the catalogue entry by Jean Michel Massing makes clear, contrary to slanders of the 20th century, Bosch is a great cultural hero of the battle against irrationality and for the same values that Dürer and Leonardo exalted.

Now in Lisbon, the triptych of the *Temptation of St. Anthony* dates from ca. 1500-1505. It is one of the great Bosch pictures, surpassing anything that exists in our hemisphere's museums. Bosch shows the apocalyptic side of the era around 1492 in Europe, on the eve of great upheavals like the foreign conquest of Italy, the Protestant Reformation, and under the direct military threat of the Turkish armies, when many—among them Christopher Columbus and his patrons, Ferdinand and Isabella—believed that the Millennium was at hand and the task of evangelizing the heathen took on especial urgency.

As interpreted by a Spanish writer of the early 17th century, Bosch's *Temptation* paintings show this "Saint, the prince of hermits, with his serene, devout, contemplative face, his soul calm and full of peace; elsewhere he is surrounded by the endless fantasies and monsters that the archfiend [Satan] creates in order to confuse, worry, and disturb that pious soul and his steadfast love." Yet by contemplating a vision of Christ pointing to a crucifix, St. Anthony is able to keep his soul in grace; on the triptych's outer wings are two scenes from the passion of Christ, masterfully painted by Bosch in the monochrome technique called "grisaille."

The visions on the front of the altarpiece include Satan in the form of an alluring nude woman, human-animal transformations, devils who dress in clerical garb to mock the rituals of the Church, and even a group of rat-devils under a bridge, drawing up a list of sins: faked evidence for accusations they will make against St. Anthony in an aerial scene. The fire in the background, and possibly some of the visions themselves, allude to the torment of St. Anthony's Fire, or ergotism, a disease which comes from ingesting a toxic substance whose cause was not understood in Bosch's day, but which produced hallucinations similar to those caused by LSD; the ergot fungus that provoked St. Anthony's Fire is chemically similar to LSD.

Bosch was no "psychedelic" painter. The Antonite order, founded by St. Anthony, was occupied in his day with caring for sick people who suffered from this terrifying affliction; hence the idea of being able to keep one's faith and sanity despite a disease that even attacked the brain as well as the body, becomes the subject of Bosch's extraordinary paintings. This contrasts to the art of the Americas in the same period, where such drug-induced insanity is celebrated.

To be continued.

Bush backs down on civil rights bill

The Bush administration has agreed to accept civil rights legislation which it had previously attacked as a "quota bill."

The text of the bill was worked out between congressional leaders and White House officials on Oct. 24. The administration was opposed to the legislation, which awarded damages to members of minorities who could prove that they were being intentionally discriminated against with regard to job hiring and promotion. One compromise worked out by Sen. John Danforth (R-Mo.) and a half-dozen other moderate Republicans, included some protection for employers against litigation.

The administration initially indicated that it would also reject the Danforth compromise but, faced with a teetering economy which is hitting blacks and minorities especially hard, the administration decided it would win more by not pursuing the quota debate. Publicly, the White House is claiming that the compromise eliminates quotas.

Conservative Republicans opposed to the legislation, however, charge that the changes were a fig leaf to cover an administration capitulation.

The purpose of the legislation is ostensibly to roll back a series of Supreme Court decisions which effectively reversed many of the gains made by the Civil Rights Act of 1964. In the compromise, limits were set on punitive damages for those litigating cases of sexual discrimination, while no limits have been placed on cases of racial discrimination.

The publicity given "sexual harassment" in the Clarence Thomas nomination has, however, put pressure on legislators to lift caps on dam-

ages sought in cases of sexual discrimination.

Democrats trying to assuage the opposition indicate that caps will be removed in separate legislation next year in order to pass the civil rights bill.

There will be no peace dividend, says Rep. Brown

In a discussion with science writers in mid-October, Rep. George Brown (D-Calif.), chairman of the House Science, Space, and Technology Committee, said that there will not be a "peace dividend" from the end of the Cold War which could be used to fund science programs.

Brown said that, at most, defense cuts will produce \$20 billion per year, while the budget deficit will be more than \$300 billion, and the administration believes the defense reductions should go to reduce the deficit. "It is unrealistic to have great hope things will open up from defense cuts," he stated.

Brown also noted that no one yet knew how much the savings and loan institutions bailout would cost, nor the cost of bailing out the commercial banks.

In order to increase funding for science, Brown said, either the U.S. would have to have major cuts in entitlement programs, such as Medicare and Social Security, or real economic growth of 5% per year, a situation which he said was in "never never land with present policies."

Brown supported the proposal—violently opposed by the White House—to expand use of the Defense Advanced Research Projects Agency for dual-use technology development. Brown warned that the "buy Ameri-

can" proposals are counterproductive, because science is a global operation and would only benefit from having no restrictions.

House passes surface transportation act

The House passed on Oct. 23 by a vote of 343-83 the Intermodal Surface Transportation Act, which authorizes \$150 billion-plus over several years for highway and mass transit programs. The Senate version of the bill, passed on June 19, includes \$750 million for a five-year mag-lev R&D effort, which is not included in the House bill, and \$21 billion for mass transit. The Senate version authorizes \$4.7 billion more than the administration requested, but less than the \$32 billion authorized by the House.

The funding level is a joke compared to the nation's estimated \$4 trillion infrastructure needs, but the debate focused attention on the importance of infrastructure investment to the economy.

In remarks on the floor, Public Works Committee Chairman Rep. Robert Roe (D-N.J.) stressed that "infrastructure investment is the means, and yes, the only means, to create the new wealth of the nation that is essential to pay for our people's needs, such as education, health care, housing and the other necessities of life."

Rep. Bill Emerson (R-Mo.) reminded his free-market colleagues about the "proud heritage" the Republicans had in their Whig antecedents, mentioning in particular Whig leader Henry Clay (whom Emerson notes was nicknamed "Old Capital Improvements Harry").

For these people, infrastructural development was viewed as the motor

of capitalist development.

Neither body went along with the Bush proposal to foist onto the states more of the spending for highways and surface transport. Bush had threatened to veto any bill with gas tax increases, and that proposal was subsequently dropped from the original House version.

Resolution seeks recognition of Croatia

Rep. Elton Gallegly (R-Calif.) has introduced House Concurrent Resolution 224 which calls for the recognition of the republics of Croatia and Slovenia. The resolution, which has 11 co-sponsors (10 Republicans and 1 Democrat), will face an uphill fight in Congress.

In the House Foreign Affairs Committee, leading Democrats, including committee chairman Rep. Dante Fascell (D-Fla.) and Rep. Lee Hamilton (D-Ind.), oppose recognition. The bill also faces opposition from the State Department which has, through its consistent attempt to maintain the fiction of Yugoslavia, given the green light to Serbian aggression. Recognizing Croatia would give this beleaguered country a basis to request outside aid in meeting the military aggression of the Serb-dominated federal Army.

A similar resolution will soon be introduced in the Senate by Sen. Albert Gore (D-Tenn.), who has also proposed supplying the Croatians with anti-aircraft and anti-tank equipment if cease-fire agreements are not honored by the Serbs. Sen. Alfonse D'Amato (R-N.Y.) has already introduced a resolution to impose a trade embargo on Serbia until it ceases its aggression.

Helms calls for renegotiating START

Sen. Jesse Helms (D-N.C.), ranking Republican on the Senate Foreign Relations Committee, in floor comments Oct. 25, urged President Bush not to send the strategic arms limitation (START) treaty to the Senate. Helms called for its complete renegotiation "if and when there is a competent authority with whom to negotiate" in the former Soviet Union.

Noting that some of the republics, such as Ukraine, which has begun forming its own army, have refused to agree to the provisions of START, Helms said that any treaty regarding the entire former U.S.S.R. will be difficult to verify.

Helms complained about the highly unorthodox manner in which Bush and Gorbachov signed a treaty, the text of which was not even worked out. Under normal circumstances, Helms said, the text of a treaty is made available to the public immediately. "But almost three months have gone by, and Congress still does not know what was agreed to in all specifics."

Helms claimed that the data submitted by the Soviets as the basis of the treaty contained "a serious flaw."

Banking reform advances as White House protests

The two key committees responsible for reforming the nation's banking system agreed Oct. 24 to a version of a bill which would repeal the 1930s Glass-Steagall Act, and thus allow banks into the securities business. The reform bill would, however, supposedly maintain "firewalls" between the two activities.

The agreement was reached between House Banking Committee

Chairman Henry B. Gonzalez (D-Tex.) and Energy and Commerce Chairman John Dingell (D-Mich.). The administration's banking reform bill would have allowed industrial enterprises, like General Motors, to own banks, a measure which would be forbidden according to the formula worked out by the two committees.

The compromise also imposes tighter restrictions on the ability of banks to enter the insurance business than those sought by the administration. Representatives of many of the nation's big banks, along with officials of the largest bank lobbying groups, met with the House leadership the same day the compromise was reached to complain about the legislation. The Treasury is now moving to scrap the legislation entirely.

Two Reps. sign on to lifting Iraq sanctions

The chairman of the Congressional Black Caucus, Rep. Edolphus Towns (D-N.Y.), and Rep. Mervyn Dymally (D-Calif.), a member of the Black Caucus and the House Foreign Affairs Committee, have co-sponsored House Res. 180, introduced by Rep. Henry Gonzalez (D-Tex.) in June, which calls for lifting economic sanctions against Iraq.

Iraq's refusal to yield its sovereignty and agree to have the U.N. administer the sale of its oil appears to make H.R. 168, sponsored by Rep. Tim Penny (D-Minn.), irrelevant. It calls for Unicef to administer a portion of Iraq's frozen assets for humanitarian relief.

A second Harvard Study Team recently returned from Iraq, and reconfirmed the horrible plight of Iraqi children.

National News

Bush knew all about Iran-Contra, says paper

The Oct. 24 *New York Post* headline blared that "Bush Had To Know" about the Iran-Contra operations, based on comments by Oliver North at a press briefing Oct. 22 on the release of his new book *Under Fire* (Harper Collins).

"I bet I prepared a couple of hundred thousand pages of memoranda that went up the chain of command and laterally to the vice president's office," North said. "I don't believe anybody has said he wasn't aware of at least a good measure of what was going on regarding the Contras."

North also fingered Robert Gates, who has been nominated to become the new head of the CIA, and Donald Gregg, a former key adviser to Bush and now ambassador to South Korea, as being well informed of his operations as well. "For someone [Gates] not to have known that I was involved deeply in providing all manner of things to the Nicaraguan resistance had to be almost a conscious act of 'I don't want to know,'" North said.

North complained that he and former CIA station chief Joseph Fernandez were "treated very shabbily . . . very badly by the Reagan administration, while others such as Robert Gates were promoted."

North seemed to gloat that Congress and the Walsh investigations both fell for the "diversion" of investigating North's financial shenanigans, avoiding an examination of the policies behind the gambit.

Georgetown students react to pro-abortion group

A group of Georgetown University supporters has petitioned Cardinal James A. Hickey, archbishop of Washington, D.C., to withdraw the religious status of the oldest Catholic college in the United States. The petition was circulated by students and alumni who are annoyed by the university's February decision to grant GU Choice, a student group that supports "abortion

rights," the same status as other student organizations.

The group delivered a petition with more than 1,000 signatures and supporting statements by theologians asking Cardinal Hickey to, on behalf of the Church, remove Georgetown's Catholic designation. If Cardinal Hickey rules against the petition and the university refuses to withdraw GU Choice's status, petitioners say they will appeal to the Vatican Congregation for Catholic Education or directly to Pope John Paul II.

A national day of student protest, meanwhile, sponsored by the American Collegians for Life to protest legalized abortion, was planned for Nov. 2 across the United States and parts of Canada.

Governor calls hearing on food irradiation plant

Florida Gov. Lawton Chiles has called a special hearing on plant safety for the Vindicator of Florida food irradiation plant Nov. 4. Since the plant has been inspected by state officials and meets the regulatory standards, it is expected to be judged "safe" with no further obstacles to obtaining a license to operate.

State officials had been stalling on the licensing under pressure from the noisy anti-nuclear group Food & Water and the gowling crowd in the Bush administration. Ironically, the Food & Water group is opposing the public hearings on plant safety, while Sam Whitney, chairman of the Vindicator plant, is for them. Food & Water says that it needs more time to prepare for the hearings.

Sources report that the Bush administration is stalling on producing the regulations for poultry irradiation under pressure from the "chicken lobby." The poultry industry includes big Republican funders. They are not anxious for food irradiation to get started because they think that the sale of salmonella-free chicken will focus attention—and decrease sales—of the chicken that is not salmonella free. The poultry lobby says it does not oppose food irradiation; it just wants to delay it 10 years until it can gear up for irradiation.

Hersh book confirms Pollard a Soviet spy

A just-released book by *New York Times* writer Seymour Hersh provides a detailed picture on how Israel obtained its nuclear weapons capability, according to several media accounts. The book *The Samson Option* (Random), also provides confirmation of charges that convicted spy Jonathan Jay Pollard, details previously only published by *EIR*, that Pollard's information was being passed on to Moscow as part of a back-channel between the Soviets and the Yitzhak Shamir-Ariel Sharon grouping in Israel.

According to Hersh, some of the key information that Pollard was "tasked" to steal were the details of U.S. and Israeli targeting of nuclear weapons against sites inside the Soviet Union, and the identities of U.S. on-the-ground and technical intelligence sources on Soviet military matters. According to the Hersh account, Pollard's documents were "sanitized" at the office of Yitzhak Shamir, currently the Israeli prime minister, and were personally passed on by Shamir to the Soviets' top Middle East emissary, Yevgeny Primakov. Primakov is currently the head of foreign operations for the newly reorganized Soviet KGB.

Bush puts NAFTA on slow track until election

George Bush is afraid of the growing opposition to the North American Free Trade Agreement (NAFTA) and plans to avoid the issue until after the 1992 elections, according to the Oct. 25 *Journal of Commerce*. While the claim may be disinformation, there is no doubt that opposition to NAFTA is getting stronger.

The paper reports the administration claims that the General Agreement of Tariffs and Trade (GATT) talks are going well, and it doesn't have spare manpower to devote to NAFTA. "This weekend's North American free-trade talks are overshadowed by the revival of global trade negotiations and the growing prospect that the 1992 U.S.

elections will delay any North American arrangement," the paper said.

The article includes mention that, of concern to the White House, is the Pennsylvania special election for the U.S. Senate Nov. 5, where Democrat Harris Wofford is campaigning against Richard Thornburgh for the seat vacated by the late Sen. John Heinz. Wofford has reduced Thornburgh's lead from 44% to 12% by campaigning on the economy and against NAFTA. Some polls report, as we go to press, that Wofford is leading by 4%, making the race a dead-heat.

Five Democratic congressmen, led by Rep. Richard Gephardt (D-Mo.) who has been politically put on the hot seat by constituents for his capitulation to NAFTA, called for new commitments from the Bush administration in the NAFTA negotiations. They sent a 14-page letter to U.S. Trade Representative Carla Hills asking for concrete promises in seven areas. The letter included demands for details by Dec. 15 on how assistance for displaced workers would be paid. It repeats the Gephardt pledge to hold up a vote on NAFTA if worker adjustment is judged inadequate. It was co-signed by Reps. Sander Levin (D-Mich.), Jim Moody (D-Wisc.), Don Pease (D-Ohio), and Ron Wyden (D-Ore.).

Public execution initiative gets okay

California Secretary of State March Fong Eu authorized a Burbank attorney on Oct. 15 to begin gathering signatures for a ballot initiative that would require public executions as a deterrent to capital crimes, the Oct. 17 *New York Daily News* reported.

"The initiatives proposed by Thomas M. Hall, head of a group called Californians for Constructive Capital Punishment, would require that executions be held on Saturdays in the city or town where the crime was committed. Media coverage and spectators would be allowed, and refreshments and souvenirs could be sold," the paper reported.

"Bodies of executed prisoners would remain on display in a public place until 2 a.m. the day after the executions, the pro-

posal says. The victim's family would choose the method of execution—by shooting, hanging, electrocution or beheading—and citizens could bid for the rights to kill the prisoner."

Hall has until March 13 to collect the required signatures to place the measure on the June 1992 ballot. One of his proposals is a constitutional amendment that needs 615,958 signatures, while the other is a statute that requires 384,974 signatures.

"The proposed constitutional amendment would put into the California Constitution the declaration that 'the death penalty serves the purpose of deterring crime and exacting society's just and righteous retribution and vengeance upon perpetrators of crimes.'"

Bert Lance links BCCI to October Surprise

In testimony at Senate hearings Oct. 23, former Carter administration official Bert Lance became the first source other than *EIR* to link the Bank of Credit and Commerce International (BCCI) to the October Surprise allegations that the Reagan-Bush campaign conspired to delay the release of American hostages from Teheran until after their victory in the 1980 elections.

According to the London *Financial Times*, Lance described BCCI as "the bank of the CIA." He testified that he had concluded that the CIA had "coopted" BCCI head Aga Hasan Abedi and began using the bank for its own operations around 1984. He said he based this conclusion both on a series of conversations he had held with Abedi, as well as contacts with intelligence agents.

Lance also said he was visited by U.S. and British intelligence agents in 1981-82, and said "he had the impression the intelligence agents wanted to know about the so-called 'October Surprise' affair." Lance also said he was contacted "persistently" by Bruce Rappaport, a Swiss businessman linked to U.S. and Israeli intelligence and involved in the Iran-Contra affair.

The October Surprise aspect of the Lance testimony was blacked out of the domestic U.S. press.

Briefly

● **THE BAN** against asbestos imposed by the Environmental Protection Agency in 1989 was lifted by an appeals court in New Orleans on Oct. 21. The court said that it did so for reason of insufficient evidence that the chemical causes cancer and other problems.

● **LOUISIANA** will celebrate Nov. 10 as "Friedrich Schiller Day," the 232nd anniversary of his birth, by proclamation of Gov. Buddy Roemer Oct. 23. The proclamation notes that Schiller is "universally known as the poet of freedom" whose spirit was present in the freedom movements that swept the world from Tiananmen Square and Leipzig to Prague and St. Petersburg.

● **DEREK HUMPHRY**, the founder of the Hemlock Society, has stated that the U.S. Supreme Court's 1973 decision *Roe v. Wade*, which legalized abortion, opened the door for his pro-suicide views in the United States, according to Nat Hentoff in a commentary in the Oct. 25 *Washington Post*.

● **GEORGE BUSH** said that the confirmation process for his nominees should be limited to six weeks. Sen. Patrick Leahy (D-Vt.) responded by saying that the push to limit the process suggests that the White House "wants to tamper with the Constitution. . . . I don't think they have read either the Constitution or any book in history."

● **OPERATION RESCUE** activist Rev. Patrick Mahoney, a Presbyterian minister and director for the Christian Defense Coalition, announced his candidacy for U.S. President on the Democratic ticket in October. Mahoney said he has been an advocate for the oppressed for 14 years.

● **U.S. SENATORS** will have restricted access to FBI reports, President Bush announced Oct. 25. Senators will only be allowed to view FBI reports in the presence of FBI agents, and no FBI reports will be left on Capitol Hill.

Editorial

1992: A year to remember

Nineteen ninety-two will be a year that will be long remembered—the year when the British and American economies crashed and brought down the world monetary system. At the least, in the United States and Great Britain, but all too likely throughout the world to a greater or lesser degree, it will be a year of bankruptcies, mass unemployment, and collapse of infrastructure.

And no politician—with the exception of Lyndon H. LaRouche, Jr.—knows how to stop the slide to disaster. Worse yet, the kind of solutions being offered in the United States are precisely the kind of fascist austerity which Hjalmar Schacht orchestrated for Nazi Germany. Inevitably, the kind of dog-eat-dog situation is created which leads to race riots and other kinds of violence as people become more and more desperate: the kind of situation in which a fascist dictator can seem to be a viable alternative to utter chaos.

That this is occurring is no accident, not a result merely of the extraordinary ignorance of those in power; Herbert Hoover Bush understands that his policies are fascist, that they are the same policies which his father and the Harrimans applauded when they were put into practice by Hitler's government. But—with the exception of LaRouche—the policies advocated by Bush's Democratic Party opponents are little, if any, better.

It is ironic that many people discount LaRouche as a serious opponent to Bush in the upcoming presidential election, because he is presently serving a 15-year prison sentence—even though more and more people, internationally as well as in the United States, recognize that he is a political prisoner and that the charges against him are completely bogus. They simply cannot believe that LaRouche could win the Democratic nomination or win a presidential election with such a handicap.

This is ironic, because they fail to see the obvious: LaRouche is the only competitor whom Bush feared enough to put in prison. Indeed, it is precisely for this

reason that a U.S. population become sufficiently desperate will either look to LaRouche for leadership, or will instead turn to a radical fascist solution.

Look at the situation. The U.S. is now in the worst depression in the twentieth century, at least the worst depression under the Federal Reserve system, which began in 1913. Under the Federal Reserve system, the United States is going through the second major depression and the worst depression of this century. That's a fact. Not only is there a growing list of essentially bankrupt U.S. banks which are being kept technically alive on a federal taxpayers' life-support system along with the savings and loans institutions; but the bridges are collapsing, the highway system is collapsing, the rail system is collapsing, the power system is collapsing—it goes on and on.

The entire policy followed by the United States, at least since the assassination of John F. Kennedy, must be reversed. The policy of the United States and Britain against eastern Europe has to be reversed. Middle East policy has to be reversed. Balkans policy has to be reversed. The policy toward Europe and Japan, of warfare against our allies, has to be reversed. The policy against the U.S. farmer has to be reversed. The policy on taxing capital gains has to be reversed. The policy on tax investment credits has to be reversed.

For 20 years, LaRouche has been advocating the only policies which can reverse the situation—national banking, credits to large infrastructure programs nationally and internationally, debt relief to the victims of International Monetary Fund usury. Even under the present collapse conditions, precisely under these conditions, these are the only policies which can work. Yet this is not the point.

That LaRouche was convicted and put in prison is no political disqualification. To the contrary: In the real world of U.S. politics today, in the real world of the present economic collapse, this only enhances his qualifications.

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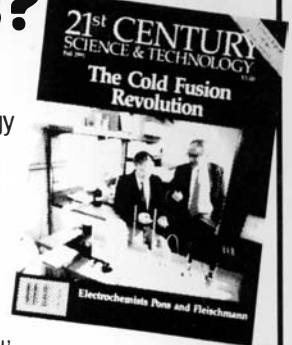
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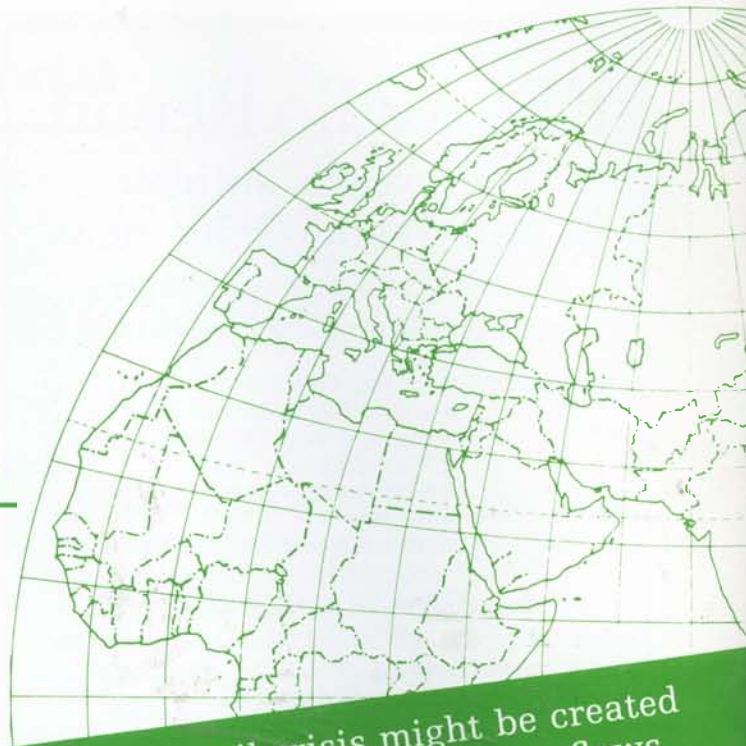
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