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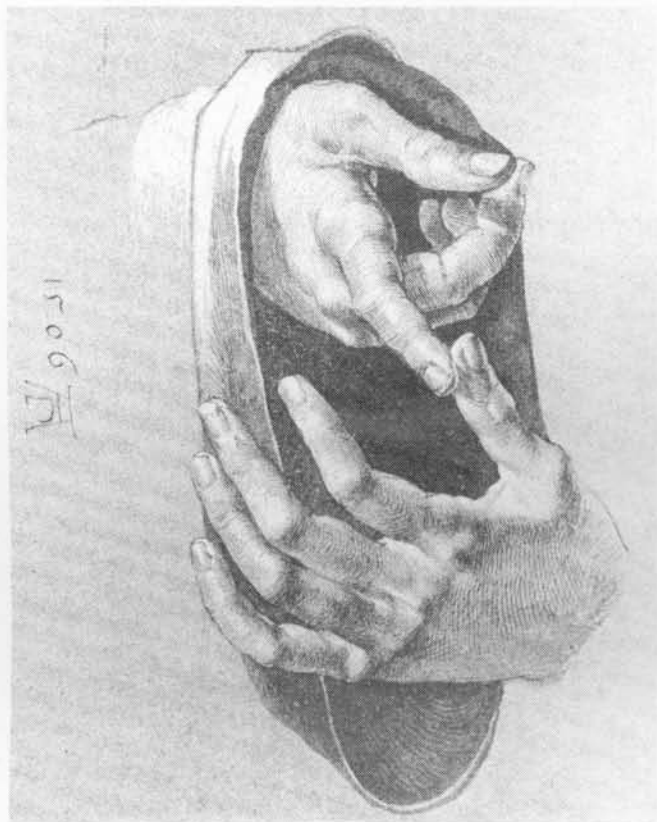
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From the Editor

During the 1988 presidential campaign, George Bush made a bad gaffe when he named the wrong date for Pearl Harbor, the “day that will live in infamy,” Dec. 7, 1941. This month, as we mark the 50th anniversary of the Japanese surprise attack on the Pacific Fleet that brought the United States into World War II, it is timely to ponder the fact that the ignorance of history of Bush and his backers could be leading to a new world war. This obviously runs deeper than mere amnesia about dates.

The *Feature*, by French historian and economist Jacques Cheminade, grew out of research inspired by Lyndon LaRouche. LaRouche had observed that France’s surrender to the British in Africa during the 1890s, a surrender which buried plans for a trans-African railroad, began the countdown to World War I. For reasons LaRouche himself outlines on page 38, the same imperial delusions that led to the outbreak of World War I, also set up World War II, when the Versailles system blew up. Today, it is the Bretton Woods monetary system and attendant debt-collection policies which are blowing up.

The consequences in the real world are detailed in our *Economics* and *National* reports: the cholera epidemic in South America, the depression in eastern Europe, now admitted even by the United Nations, and the collapse of the United States economy—and with it, various over-inflated political careers.

I direct your particular attention to Dr. Dixy Lee Ray’s irreverent rebuttal of the ecological priesthood in the *Economics* section. She cites the lack of evidence to prove global warming and ozone depletion, the two main scare stories being used by the financial establishment and its environmentalist stooges, like those who drafted the “Compact” described on page 16.

Speeches by two distinguished lawmakers continue our coverage of the recent Berlin conference of the Schiller Institute. In *National*, it is Senator Mitchell, a member of the South Carolina state senate, who speaks for the “decent majority” of Americans who will support the fight for a new, just world economic order; in *Economics*, Senator Calderón of Peru explains why the International Monetary Fund wants to destroy not only potential resistance forces, but even the state institutions of nations like Peru. We’ll have more from Berlin next week.

Nora Hamerman

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Cholera hits Ibero-America while governments fiddle

by Peter Rush

Ten years of depression in Ibero-America, induced by the International Monetary Fund (IMF), the banks, and the leading western governments led by the United States, are taking their toll in such ways as the spread of cholera, now poised to break out anew in epidemics that will span the continent from Mexico to Argentina. Where one year ago, the disease was unknown in the Western Hemisphere, almost 300,000 people in several dozen countries have since contracted it, and nearly 3,000 have died, while millions more are threatened next year as South America heads into its summer months. Dozens of stories from many countries have appeared since the beginning of November warning of what is in store. Already, the first case reported in the Brazilian city of Rio de Janeiro has caused a panic, while Colombia reports 125 soldiers in one army battalion have contracted it. In Peru, a new outbreak has begun that could afflict hundreds of thousands, even as the government of President Alberto Fujimori cuts back funding for anti-cholera programs.

The ground for the present health crisis has been laid since 1982, when the governments of virtually every Ibero-American country decided to accept IMF dictates, and slash all investment for development, among other austerity measures. Since cholera—characterized by acute diarrhea that can kill a man in 12 hours by dehydration if fluids and salts are not properly replenished—spreads where there is unclean water, poor sanitation, or inadequate sewage treatment and disposal, these cutbacks in health infrastructure have turned major sections of most Ibero-American cities, and many rural areas as well, into breeding grounds for this, and many other, diseases. Cholera is a disease of poverty and inadequate infrastructure.

New cause for worry is the appearance in Peru of a much more virulent strain which kills in two hours. If this strain

spreads, the disease could begin to kill tens, even hundreds of thousands, as compared to the several thousand casualties to date.

A Pan-American Health Organization study released earlier this year estimated that \$200 billion would have to be invested across the continent to eliminate the threat of cholera and provide adequate water and sewage systems for all. But rather than even begin to make this investment, virtually every government is busily trying to cover up the extent of its spread, minimize public awareness of its dangers, and underestimate the number of cases, in order not to violate agreements with the IMF limiting government expenditures to debt service and the most minimal of other expenditures. In Peru, site of the first outbreak, the government has taken the astounding action of closing down one of the few state-run laboratories which produces the packets of salts required to rehydrate cholera patients—for non-payment of a new tax ordered by the IMF!

Brazil fears urban epidemic

With the announcement in the last week of November that a soldier carrying cholera had returned on furlough from the Amazon to the Rio de Janeiro slum where his family lived, and that a companion of his staying somewhere in Rio might be carrying and spreading the bacteria without knowing it, a panic was set off. Authorities immediately closed two beaches adjacent to the place where sewage from the slum, called a *favela*, emptied into the ocean, and mounted an all-points search for the companion, whose whereabouts is still unknown. The fear, quite justified, is that if cholera once gets a foothold in Rio, it could quickly threaten at least 200,000 people living in desperate poverty in the *favelas*. Once established there, it would inevitably spread

to other major Brazilian cities.

There is also extreme nervousness on the part of the Brazilian government that a large cholera outbreak in Rio and other cities will scare people away from the government's pet project, the Eco-92 "Earth Summit," scheduled for June 1992.

Cholera in Brazil is threatening to break out of the deep Amazon jungle region, where it had spread from Peru in the summer, into the populous and poor Northeast. The coordinator of Brazil's national anti-cholera program, Baldur Schubert, warned that the spread of cholera down the banks of several Amazon tributaries endangers at least 5 million people between the Peruvian border and the coastal city of Belém. The "precarious system of basic sanitation" in the region "provides ideal conditions for the proliferation" of cholera there, he warned. The Amazon city of Manaus has already reported 325 cases, with an average of one more every day.

The president of the Brazilian Association of Sanitation Engineering, Luiz Otavio Mota Pereira, warned in early November that if significant measures are not taken, Brazil will face the prospect of 30 million victims and 30,000 deaths in three years, and a loss of \$12 billion to the economy.

Fujimori condemns Peru

Peru, where 250,000 have been infected and 2,500 have died so far, is facing the prospect of worse in the summer season which has just begun. "The risk of an outbreak of cholera is high," reported *Caretas* magazine Nov. 11, in an article that went on to claim that the Rimac River, which the 6 million inhabitants of Lima depend on for their water, is nothing but "a large public latrine," and quoted doctors saying that the summer months between December and March will reactivate the reservoir of bacteria.

The outbreak has already begun. Ten persons died in less than a week in the southern department of Ica in the third week of November, according to the daily *Expreso*. *La República* newspaper reported that, in one Lima hospital, the number of cases jumped suddenly in the middle of November from 4 patients a day to 13. This is just the beginning. A report issued by Dr. Graciela Fernández Baca, as reported in *La República* Dec. 1, revealed that nearly 10 million children, more than two-thirds of all children in the country, suffer from chronic malnutrition, and that the average Peruvian family has reduced its caloric intake by 19% since Fujimori took office in June 1990. Malnutrition greatly lowers resistance to cholera, as does the prior presence of tuberculosis and other diseases, the incidence of which is rising rapidly as well. And the average Peruvian family can only afford to pay 0.37% of its total income on health care.

In the face of this, the Fujimori government is doing virtually nothing. A promised effort to improve the sanitation situation never materialized. A Unicef report, reported by *La República* Dec. 2, indicated that an optimal expenditure to combat cholera would be \$1.5 billion for all social sectors,

whereas the government has allocated only \$300 million, one-fifth that needed, for health, education, sanitation, food aid, and employment assistance.

Mexico, Argentina ignore reality

The governments of Mexico and Argentina are both making every attempt to play down the cholera threat. In Mexico, the newspaper *Uno Mas Uno* reported in early November that cholera spread to 16 states in 150 days, infecting 1,883 persons, disproving the government's claim that "there is no epidemic." But the Mexican administration of Carlos Salinas de Gortari is desperate not to scare away any American tourists whose money the government needs to cover a huge foreign exchange deficit; consequently Health Minister Jesús Kumate consistently downplays the problem, underreporting the number of cases. Above all, he fears that the news of reports of a cholera epidemic in Mexico will turn the American population even more firmly against the free trade agreement that Salinas has wagered his entire administration on securing.

The *San Francisco Chronicle* on Dec. 4 reported that the Mexican government is deliberately covering up the fact that cholera cases are infecting, and killing, Mexicans within 12 miles of the glamorous beaches Acapulco. One local epidemiologist said that people in the impoverished regions surrounding Acapulco are dying needlessly because of the cover-up. "People aren't taking the necessary precautions because the government is telling them it's diarrhea, which they have always had."

In Argentina, the health minister of the northern province of Salta declared that it would be impossible to stop the spread of cholera crossing the border from Peru. But the government of President Carlos Menem claims that it can prevent a few cases from becoming an epidemic. The figures indicate otherwise. The principal diseases for which Argentines have been admitted to hospitals recently have been waterborne. Thirty-five percent of the country lacks potable water, and 65% lacks sewage facilities.

Dr. Antonio Bonifasi, head of the Federal Council on Potable Water and Sanitation, warned that "the sector is in a critical situation given that our country, which once led Latin America in provision of potable water and sewage disposal, is now near the bottom of the list. This is because of vast disinvestment in the sector." He added that the situation was critical in Buenos Aires "because of lack of potable water [and] contamination by sewage."

Cholera may be the disease that is spreading most visibly, but it is far from the only epidemic. Several countries have also reported rapidly rising incidence of malaria and yellow fever. Tuberculosis is making a comeback, even as it has in the United States. Dengue and chagas, two horrible tropical diseases, continue to afflict millions. AIDS is also spreading rapidly, already afflicting an estimated 500,000 Brazilians and untold numbers of others throughout the region. 3

U.N. sees East bloc in deep slump, but overlooks 'Triangle' solution

by Dean Andromidas

The latest bulletin of the United Nations Economic Commission for Europe (ECE) reports on how eastern Europe is in the throes of a 1930s depression, and that only an international, coordinated Marshall Plan type of program would avert further economic collapse. In its recommendations, the report advises against "shock therapy" as a means of bringing these countries into the market economy.

The United Nations-sponsored study confirms warnings by *EIR* over the last year and a half that if Lyndon LaRouche's Productive Triangle proposal is not implemented, the eastern European economic collapse will continue unabated. The report's warning comes late, very late.

The report specifically advises against the so-called "shock therapy" promoted by Harvard University's Jeffrey Sachs. It points to the failure of current policies of all the former East bloc countries, policies designed by Sachs. In contrast, the report advocates a cautious and layered advance in several stages toward the transformation to a market economy that takes into consideration economic, social, political, and cultural factors of the various countries.

The commission advocates a European reconstruction program modeled after the post-World War II Marshall Plan as the only approach capable of reversing the continued economic collapse. The report is strongly critical of the policies so far advanced by the European Community and the Group of 24 of the Organization for Economic Cooperation and Development. They are considered too piecemeal, and lacking in coordination and cooperation, when a well-targeted and concerted approach is needed to develop those sectors which are of the most benefit to the countries in question, and a long-term mandate for an effort that would take several years.

The ECE study underscores the sharp contrast between western countries' demands to the East Europeans to liberalize their economies while the West at the same time refuses to open up its markets to eastern products.

The great depression of eastern Europe

During the last great depression between 1929 and 1933, American Gross National Product collapsed 29%. The ECE's study reports that the Net Material Product (NMP), representing the total value added to the economy apart from services, for all of eastern Europe will collapse by over 15% by the end of 1991. In 1990 it collapsed 10% and in 1989 by 1% for a

three-year total of 25%. In the Soviet Union, NMP is estimated to have dropped by over 18% in the last two years.

Industrial production is falling even faster, with an average decline of 20%, a figure that excludes the former East Germany, where industrial production is forecast to fall by 50%. In the Soviet Union, a drop of 9% is expected by the end of this year, while Bulgaria, Romania, and Yugoslavia are considered far worse.

Comparative export figures for these countries underscore the continuing collapse. The collapse of Bulgaria's total exports exceeds 36% in 1991, including a nearly 33% collapse of exports to the western market economies. Romanian total exports collapsed nearly 15% for 1991. Although down from a collapse of 45% in 1990, the 1991 exports to the western market economies continued to collapse at a rate above 30%. Exports from the former Yugoslavia, which is now a war zone, have all but ceased.

Due to the overall collapse of the economies, it is not surprising that imports have also dropped in Bulgaria, Romania, Czechoslovakia, "Yugoslavia," and the (former) Soviet Union.

The collapse of production has led to dramatic rise in unemployment. Since the end of 1990, unemployment in Bulgaria, Czechoslovakia, Hungary, and Poland has more than doubled to reach 3.1 million by the end of September 1991. For all of eastern Europe, it is expected to top 7 million.

While a great deal of international attention has been given to the countries of eastern central Europe such as Poland, Czechoslovakia, and Hungary, it is in southeast Europe, in Bulgaria, Romania, the states of the former Yugoslavia, and Albania where the economic collapse is reaching catastrophic proportions. The result is for everyone to see, now that war is raging in Yugoslavia, as *EIR* warned two years ago.

The same ECE bulletin six months ago, in describing the catastrophic 20% monthly industrial collapse in Yugoslavia, warned that "the acceleration of economic downturn there is particularly ominous." "Ominous" indeed, given the fact that Jeffrey Sachs was the architect of Yugoslavia's so-called economic reforms, and that his shock therapy was clearly more of a shock than many expected. Sachs has apparently quit Yugoslavia only because Yugoslavia has ceased to exist, but is continuing to advise the individual republics. His cohorts were last seen in Slovenia, where the prime minister was at-

tempting to force the Sachs reforms through a very reluctant government. This push by Sachs's backers occurred simultaneously with the imposition of a European Community economic embargo against all the states of former Yugoslavia.

Perhaps the worst sign is that the United Nations continues to ignore the concrete plans that are on the table for eastern European reconstruction, in the form of the LaRouche Productive Triangle proposal. This proposal envisages building the most advanced high-speed rail and other transportation links to span the Paris-Berlin-Vienna triangle, so that it can function as the "locomotive" for a world economy by taking advantage of the concentration of skilled workers and productive capacity within that region. The curvilinear Productive Triangle encompasses much of the former German Democratic Republic, as well as the Czech and Slovak Federated Republic. Moreover, as the plan has been elaborated by the Schiller Institute, "spiral arms" of development would link this central European powerhouse to the rest of the continent with nuclear energy complexes, canals, rail links, and other vital infrastructure, without which there is only further collapse on the horizon for the former socialist bloc.

Documentation

Direct quotes from United Nations Economic Commission for Europe's Economic Bulletin for Europe, just released on Dec. 1:

On the collapse of general conditions

With continuing large falls in output and private consumption, rising unemployment and high rates of inflation, there has been a sharp increase in social and political unrest in many of the transition economies. Ethnic and nationalist disputes which had been suppressed under totalitarian rule, are being exacerbated by the persistence of economic deprivation and the lack of any apparent progress toward an improved state of affairs.

. . . For the average worker in the transition countries, it is the continuing hardships which are most apparent, and there is a growing danger that disappointment and frustration will undermine support for the reform process itself and increase the attractions of simplistic solutions. . . . In the Soviet Union and Yugoslavia [sic], ethnic and nationalist tensions have reached the point where neither federation controls the political and economic space of just a year ago and where the future contours of political authority are still uncertain.

On the 1930s-style depression

The cumulative decline of net material product (net value added in the material sphere, i.e. excluding services between 1988 and 1991 in eastern Europe (including the former Ger-

man Democratic Republic and Yugoslavia) is about 23%; in the Soviet Union it has fallen more than 18% in the last two years. In Hungary the NMP has fallen by some 15% over four years, but in the other countries the typical decline is more than 20% in the last two or three years. In Bulgaria the fall is nearly 30% and the former German Democratic Republic and Yugoslavia it is about one-third; for Yugoslavia the figure is significantly affected by the disruption caused by the outbreak of civil war. Between 1929 and 1933 real GNP fell by 29% in the United States and Canada and by somewhat small amounts in western Europe.

Fall in industrial output

In eastern Europe the fall of industrial output has been even greater: The average decline for 1991 as a whole is expected to be around 20%—that excludes the former German Democratic Republic where the fall is forecast at about 50%. In the Soviet Union, an accelerating decline in the first nine months of this year points to a fall of some 9% for the year as a whole. Although drop in output is general, the falls are particularly severe in Bulgaria, Yugoslavia, and Romania. The Yugoslavia industrial output had already fallen over 17% in the first half of this year, before the disruptions caused by the civil war and before the imposition of European Community sanction on Nov. 9.

In Czechoslovakia, Hungary, and Poland the fall reflects the impact of tough stabilization programs (although their effect on output has been greater than expected) whereas in other countries the collapse is more a reflection of general disarray in economic structures leading to worsening shortages of industrial inputs.

On inflation

Despite tough austerity measures, inflation in Hungary and Poland remains high and has accelerated since the summer: In September it was running at annual rates of 20% and 66% respectively. Elsewhere inflation was rising in September, at annual rates of between 3.7% in Czechoslovakia and 400% in Yugoslavia. . . .

On popular opposition to reforms

A major uncertainty now surrounds the extent to which the populations will continue to bear the heavy costs of adjustment without outright opposition. It seems likely that social unrest will increase in 1992 and that in some countries there will be increasing pressure to dilute or abandon the reform process. Such pressure will also lead to demands for better coordinated aid programs from abroad.

On reducing import restriction

The reluctance of the western countries to the rapid dismantling of their import barriers to eastern products is in sharp contrast to their recommendations to the transition economies to liberalize as quickly as possible.

Venezuela's Pérez, absentee leaders try to wreck Group of 15 summit

by Susan Maitra and Ramtanu Maitra

Despite a deliberate disorganizing effort by Venezuelan President Carlos Andrés Pérez, Henry Kissinger's protégé, the second summit of the Group of 15 (G-15), a forum set up by leading developing nations in 1989 to establish South-South cooperation and renew the North-South dialogue, took place in Venezuela Nov. 28-30. Indian Prime Minister R.V. Narasimha Rao, expressing satisfaction at the outcome of the summit, told newsmen upon his return from Caracas that the summit met the objective of "placing development at center stage at a time when there is danger of its getting blurred or relegated to the back seat."

The joint communiqué, which specified seven key areas where a new international consensus may be evolved, emphasized a common stand by the developing countries against the blitzkrieg on environmental issues organized by the North through the upcoming "Earth Summit" at Rio de Janeiro in 1992. The communiqué noted that the technological gap has been widening between developed and undeveloped countries, and emphasized that advances in science and technology are the patrimony of all of mankind.

However, the statement also complained that the developed nations have not taken the same liberal medicine on trade that the Third World has, and said they must do so. It also strongly endorsed the role of the United Nations. According to observers on the scene, the summit represented a major fight between heads of state attending from Asia, led by Malaysian Prime Minister Dr. Mahathir Mohamad, on the one side, and the heads of state from Ibero-America, who were not ashamed to state their unequivocal support for the new world order of U.S. President George Bush.

The summit did approve six projects which would highlight South-South cooperation. As immediate measures, the meeting agreed that a G-15 Business Permanent Secretariat should be set up as soon as possible to coordinate and implement activities chalked out at the summit. The group has also decided to set up an Economic Business Council in each member country, with membership drawn from both the private and public sector, to serve as a platform for promoting interaction among business enterprises of these countries.

Entrepreneurial interaction got a boost at the summit with the presence of private business delegations alongside the

members' official delegations.

The membership consists of Malaysia, India, Indonesia, Nigeria, Senegal, Zimbabwe, Egypt, Algeria, Venezuela, Brazil, Mexico, Argentina, Peru, Jamaica, and Yugoslavia. Its first summit was held at Kuala Lumpur, Malaysia in June 1989. This is the second summit of the group; the third is scheduled for Dakar, Senegal, in November 1992, and India will host the fourth summit in 1993.

The concept of the G-15 was floated at the Belgrade meeting of the Non-Aligned Movement in 1989. Except for Mexico and Brazil, all the other members of the group belong to NAM. The initiative in setting up the G-15 rested with Malaysia, Venezuela, and Senegal, which formed the three-nation steering committee that shaped the first summit at Kuala Lumpur. The G-15's objective is to have a permanent mechanism to interact among themselves and to take initiatives to formulate a constructive North-South dialogue.

The G-15 also emphasized at the outset the importance of South-South cooperation. The group has expert task forces that work out various South-South projects, such as the task force of central banks, to work on the details of inter-regional payment arrangements. A new expert group has been set up for implementing South investment, trade, and technology data exchange, an idea of Malaysia's.

Pérez and company's sabotage efforts

The Venezuelan government's efforts to undermine the G-15 summit were hardly disguised. The second summit was originally planned for June 26-28, 1991, but was canceled at the last moment because the Venezuelan government said it was not ready to organize it. Most likely, President Pérez, busy pauperizing his countrymen to meet the diktats of the International Monetary Fund, had not yet received a strong enough signal from Washington on how to deal with the group.

The summit was conspicuous by the absence of six of the 15 heads of state. Argentinian President Carlos Menem made his appearance on the penultimate day, but not before the heads of state of Mexico and Peru had left peremptorily. Neither Brazil's Ferdinand Collor nor Egypt's Hosni Mubarak, nor their counterparts in Jamaica and Nigeria, showed

up. President Mubarak, who obviously feels more at home with the North following his active participation on behalf of the United States in the Gulf war earlier this year, did, however, send his veteran deputy prime minister and now the U.N. secretary general, Butrus Ghali to attend the summit. But Pérez sent Ghali packing back to Cairo, on the grounds that only heads of state could attend, and, at the same time, escorted a representative of Colombia (which is not even a member of the G-15) to take part in the meeting.

Such irregularities were also highly visible in the way the meeting was conducted. The venue was a mediocre hall, security was lax, microphones were being tested even while the heads of state were waiting for the inaugural session to begin (causing a two-hour delay), ushers were young Venezuelans "slouching in faded jeans," as one Indian scribe described the scene.

Despite Venezuelan efforts to humiliate the group as well as the attending nations, and the disassociated attitude of the other Ibero-American leaders, the planned chaos was punctuated with two powerful speeches delivered by Malaysian Prime Minister Dr. Mahathir Mohamad and Zimbabwean President Robert Mugabe. The speeches were directed as much to President Pérez and company as to the North.

Call for 'supportive world order'

While Venezuelan President Pérez described the present situation as "the most favorable since World War II for building a new world order," the Malaysian prime minister differed: "The inequities of the international economic system have never been so stark." Dr. Mahathir Mohamad, who did not take kindly to the cancellation of the June summit, continued where he had left off at the G-15 summit at Kuala Lumpur in 1989. Chosen to speak on behalf of the Asian nations at the inaugural session, "because India could not have afforded to be quite as outspoken," as an Indian official explained, the Malaysian prime minister attacked the new-speak of President Bush's new world order. He talked of the "forceful spread of the religion of democracy and the free market, as interpreted by self-proclaimed prophets whose dictates must be accepted as holy script." Dr. Mahathir further argued that "there is no magic in democracy or free market. They do not make poverty, debt, and backwardness disappear and they certainly do not guarantee stability."

Lacing his speech with sarcasm and ridicule, the Malaysian prime minister launched a frontal attack on the environmental propaganda campaign in the North: "We are told that the South must curb its aspirations . . . so that the North's enjoyment of the good life is not threatened. Against all accepted codes of ethics, the poor are being told, and indeed coerced, to pay for the well-being of the rich," he said, referring to the increasing transfer of capital in the form of usury from South to North.

The subject of transfer of capital from poorer to richer nations was the focus of Robert Mugabe's presentation. He

pointed out that protectionism in the North was costing the developing countries \$50-100 billion annually in lost sales and depressed commodity prices, and that these losses are at least 50% larger than the aid flows. He added that the burden of debt servicing had reached the point where there was a net outflow from the South of \$36 billion in 1989. Calling for a comprehensive approach to the debt crisis, President Mugabe said the multilateral institutions must either cancel or re-schedule the debt owed to them.

Development must be at center stage

The theme laid out by Dr. Mahathir and President Mugabe was reflected in the working session meeting, where Indian Prime Minister P.V. Narasimha Rao made the point in his keynote address. He said that "while we advance and support democracy, human rights, and the rule of the law, we need to ensure that development remains the center of international attention."

The communiqué noted that the end of the Cold War and of superpower confrontation present "opportunities for the emergence of a new era in international relations," but pointed out that this will be viable only if the concerns of peoples of the South are given due recognition. Calling for a North-South dialogue, and not a confrontation, the communiqué said that economic and social policies are the responsibility of the developing nations, but that these policies "can succeed only in a favorable global environment," for which the developed countries should assume a major responsibility.

The communiqué put maximum emphasis on South-South cooperation, identifying six projects as a strategy for collective self-reliance, and including the establishment of an investment, trade, and technology data exchange center for the South, the designing of bilateral payments arrangements among the developing countries, and the draft of a multilateral payments arrangement.

It was announced that a meeting of financial experts is to be convened next year to discuss the debt problems, and also cited efforts being made to assist countries of the South with an advisory group to deal with the multilateral financial institutions such as the International Monetary Fund and the World Bank on issues of debt and loans.

The communiqué was categorical in rejecting the Northern environmentalists' views of the environmental issue: "There is urgent need to ensure that the developmental concerns of developing countries are integrated into the solutions for environmental problems." Attacking the global environmental problems as "for the most part rooted in environmentally irrational consumption and production patterns in industrialized countries which have adverse affect on the developing countries in particular," the communiqué declared that there "should be no unilateral imposition of environmental or trade conditionalities that will aggravate development problems."

GATT talks slouch toward conclusion

by Suzanne Rose

The year-end deadline for concluding the five-year-old "Uruguay Round" trade talks under the auspices of the U.N.-sponsored General Agreement on Tariffs and Trade is coming up. Several deadlines for reaching breakthroughs along the way have passed, since the talks resumed this fall after deadlocking last December. The demand of the U.S. government and GATT functionaries that world food production be sharply reduced in the midst of a growing world food shortage is the major sticking point in talks which otherwise include bringing areas such as banking, services, textiles, and copyright laws under trading rules. This demand is couched in the alleged need to reduce "surplus production," by eliminating "trade-distorting subsidies" (farmers' income) and allowing trading cartels to penetrate domestic agriculture markets of sovereign nations with more cheaply produced imports.

Reaching such an agreement on agricultural reform, although long sought by cartel interests in the U.S. and Europe, is fraught with difficulty now. European governments, which provide the world's main exportable food surplus outside the United States, are confronted with the need to provide emergency food assistance to the republics of the former Soviet Union. Reports are that, under the guise of eliminating export subsidies (which would allow the cartels to dominate every market with the most cheaply produced grain), the U.S. is demanding that cuts in export subsidies be calculated in terms of physical export cutbacks. This would lead to a reduction of European Community (EC) grain exports by as much as 50%.

GATT Secretary General Arthur Dunkel has announced that intense negotiations will resume Dec. 5 and run through the latest deadline of Dec. 20, in time to report an agreement by the end of 1991. Top trade officials from the U.S. and the EC are meeting in Brussels to achieve the breakthrough on agriculture which they think will allow broader negotiations in the other areas covered by the Uruguay Round to proceed. The current EC-U.S. meeting was sparked by a telephone call from President Bush on Nov. 28 to Dutch Prime Minister and EC President Ruud Lubbers—Bush's second personal intervention within a month.

Trading the blame

As the talks head into their final phase, where either a deal will be concluded or the talks will simply end, the Bush

administration blames the EC for the impasse over the degree of projected cuts, and EC governments, led by the French, blame the U.S. for failing to concede enough. What is clear through the rhetoric and posturing is that two things have intervened to upset the applecart. One, the deepening depression in the U.S. and British economies, which makes U.S. lawmakers cautious about backing anything which seems to threaten jobs and livelihood; two, the perception around the world, since the defeat of Bush protégé Richard Thornburgh in the Nov. 5 special senatorial election in Pennsylvania, which was in part a vote against "free trade," that the administration has been weakened and may not be able to get such an agreement through Congress.

One U.S. farm organization source reports that a breakthrough in the agricultural negotiations has been achieved. He said that agreement has been reached to cut 35% from internal price supports, export subsidies, and barriers to market access for imported goods, and that the cuts will be sustained over a period of five years, after which further cuts will be made. He said that Bush offered to waive Section 22 of the Agriculture Adjustment Act which protects the U.S. dairy, peanut, sugar, and cotton farmers from cheap imports. He claimed that the breakthrough between the U.S. and the EC occurred when Japan caved in and agreed to tariffication of rice imports, instead of the ban which has protected their rice farmers.

Other reports say that the base period for calculating the cuts is still at issue between the U.S. and the EC, as well as how the cuts in export subsidies will be calculated. According to Reuters on Dec. 2, "France says the United States is showing no sign of compromise in the current GATT world trade talks, leading to doubts about whether it is serious about an agreement." French Secretary of State for Foreign Trade Jean-Noel Jeanneney told the French Senate on Nov. 29 that Bush must concede more. French resistance has been forced by angry farmers: More than 200,000 demonstrated on Oct. 30. Still, Bush administration officials claim that more concessions are needed from the EC.

These controversies obscure the point that the beneficiaries of the GATT negotiations are not the United States, or the nations of Europe, but multinational banks and food trading organizations known as cartels. They are seeking to dramatically lower the cost of farming in the West, by reducing farmer incomes and production, to provide loot for collapsing western financial institutions, and to obtain control over production and distribution of food for political purposes.

U.S. lawmakers have reacted sharply to press reports of Bush administration concessions on Section 22, as well as reports that Bush is willing to include U.S. farmers' deficiency payments in the calculations for cuts. He is reportedly demanding that the base period for cuts start in 1992, and not include the 25% cuts already made in U.S. farm supports since the 1985 farm bill. Sixty-one senators have written to Bush to protest his reported concessions.

N.Y. budget crisis destroying Cuomo

by Steve Parsons

New York Gov. Mario Cuomo might be trying a tactic from Franklin Roosevelt's campaign 60 years ago, by trying to blame his state's economic and budget problems on the incumbent Republican President. But the gaping deficit in New York State's budget and his ham-handed austerity responses, which are only aggravating the state's economic woes, are instead making him look about as competent as the Democratic Party's 1988 standard-bearer, Michael Dukakis, the chief executive of the "Massachusetts miracle."

In fashioning this year's budget last spring, Cuomo instituted meat-axe cuts and tax hikes. Both Cuomo and his Wall Street mentors, hoped that these drastic measures would preclude having to make further deep cuts and tax hikes during the 1992 election year, and that the usual budget wrangling could be minimized.

The depression has dashed any such hopes. Two months ago, Cuomo reported that the combination of revenue shortfalls and increased social services expenditures had created a \$689 million deficit in this year's budget plus a projected \$1.8 billion deficit in the 1992-93 budget. Then, on Nov. 19, Cuomo's budget office said that next's year gap had *doubled* to \$3.6 billion.

Less than one week later, Cuomo announced that the deficit had widened further for both years. For this fiscal year, which ends on March 31, 1992, the new deficit projection is \$875 million, while next year's is now pegged at \$4 billion. And there is little doubt that these numbers are going to keep rising, and likely will double again over the coming months.

Gutting state aid and services

Scrambling to avoid the kind of drawn-out budget fight that took all last spring to settle, Cuomo proposed that the legislature enact a 15- to 18-month budget in December that would spread over that period the nearly \$1 billion in cuts that otherwise would have to be made over the next few months. So far, as is typical in New York, the legislature can't agree to do anything except delay.

So, Cuomo is now proposing even more vicious cutbacks to make up the deficit, which virtually guarantees ugly internecine legislative warfare through the critical late winter-

early spring primaries, and which will make Cuomo look about as much a champion of the "little guy" as George Bush.

Cuomo has particularly targeted reductions in state subsidies to localities and life-and-death social services for the January-March quarter remaining in this fiscal year. These include:

- Slashing state aid to schools by 3%, on top of a 7%-plus cut already made this year—that is, a \$915 million cut in what had been a \$9 billion state school aid budget.
- Cutting state and New York City university aid by \$57 million, and mental health grants by \$43 million.
- Chopping \$214 million from Medicaid and other social services programs.
- Extorting more "savings" by gutting Medicaid even further. Cuomo wants to require Medicaid patients—most of whom are broke—to pay for a portion of their treatment; this means that many hospitals and doctors would refuse to treat them. He also wants to limit the number of hours that these people can seek treatment, eliminate dental services for adults on Medicaid, and delay increases in reimbursement rates for nursing homes and hospitals.
- Reducing the state subsidy on Blue Cross/Blue Shield payments to hospitals. This will mean that hospitals will receive less payment for medical services from the state's largest insurer, meaning that they will have to raise rates for both non-insured patients and for patients covered by other insurance companies. This will undoubtedly fuel even greater premium increases in health insurance, which already have state residents screaming in protest.
- Eliminating 1,500 jobs by April, including 500 layoffs, in addition to terminating another 6,000 jobs over the next fiscal year.

As popular as Jimmy Carter?

Yet even these cuts can't make up the budget gap. So, Cuomo proposes to do even more of what nearly drove New York City into bankruptcy in the 1970s: borrow money against next year's revenues, only to make even more cuts in the next round.

To top all this off, the zooming deficit is shaking the municipal bond market nationally, not just for the state. Not only is the state's credit rating very shaky, but several debt issues, ranging from those of such "rock-solid" entities as the New Jersey Turnpike Authority to battered governments like New York City, had to be postponed and later marketed at higher interest rates.

Cuomo's popularity in New York State is now plunging in lock-step with Bush's. Over the last year, New York has lost more than 200,000 jobs, and the media have begun firing salvos at his vacillation over whether to declare his presidential candidacy, as well as at his mealy-mouthed prevarication on issues ranging from the economy to foreign policy. He's already beginning to look like a cross between Dukakis and a despised former President named Jimmy Carter.

Camdessus deflates Argentine 'miracle'

by María Pérez Galindo

Argentine President Carlos Menem, who spent his mid-November trip to the U.S. boasting about his country's "economic miracle," suffered a political setback when International Monetary Fund (IMF) Managing Director Michel Camdessus arrived in Buenos Aires Nov. 29. In an interview published before his arrival in the Nov. 27 *Clarín*, Camdessus indicated that while the government's free market economic reforms were "on the right track," it would nonetheless have to apply much greater austerity and "deepen" those reforms, before it could be eligible for more funds. Camdessus was referring specifically to Argentina's desire to convert its current \$1.4 billion standby agreement into a three-year, \$3 billion extended fund facility loan. Menem had boasted in meetings in New York that the extended fund facility was guaranteed.

Camdessus wants the following from Argentina: It must increase its current fiscal surplus from \$70 million to \$2.5 billion; monthly inflation can be no more than 0.5%, and the annual inflation rate 6.5%. The plan for privatizing state sector companies and deregulating and "opening up" the economy, must be accelerated. Moreover, as a condition just for sitting down and negotiating a debt agreement in January 1992, creditor banks demand that the government pay at least \$2 billion of the \$8 billion it owes in interest arrears; and increase monthly debt payments from \$60 million to \$100 million.

Despite Menem's blather about economic miracles, the Argentine government barely complied with the guidelines it was supposed to meet in order to qualify for the next \$240 million tranche of its standby loan—and then, only with some fancy footwork. As the Nov. 27 *Financial Times* reported, Finance Minister Domingo Cavallo attained a third-quarter surplus of \$841 million only by "manipulating government accounts" and raising \$700 million from privatization of state companies, something the Fund said "doesn't count."

The Nov. 22 financial daily *Ambito Financiero* reported that "so as not to endanger the extended fund facility, the austerity from now until March will be very tough."

Another pound of flesh

Since the government is engaged in privatizing all public services, it has failed to invest in that sector. As a result, in

several parts of Buenos Aires, there is rationing of potable water and electricity. In residential areas, electricity is cut for up to five hours daily. At least 35% of the country's population of 32 million people lacks potable water, and 65% proper sewage systems. Within the last year, investment in this sector has dropped from \$400 million to \$70 million.

The new provincial governors, who are scheduled to take office Dec. 10, face tremendous financial crises. They do not have funds to pay employees, and the federal government is demanding immediate payment of what they owe for federal revenue sharing funds. Camdessus stated that he expects the government to impose even harsher austerity on the provinces, and Cavallo is already mooted that payment of wages will be postponed until January.

Argentina's physical economy has been ravaged by years of IMF austerity. Measures applied since 1989, when Menem took office, have particularly wreaked havoc in the agricultural and steel sectors. The agricultural crisis is reflected by the drop in tractor sales which, according to the Nov. 4 *El Cronista Comercial*, "are only able to cover 30% of the total supply required nationwide," and the rest "by the import at subsidized prices of tractors which are of poor quality and obsolete technology." According to the Nov. 4 *Ambito Financiero*, during the 1991-92 growing season, the total volume of Argentina's wheat production dropped by 19.3%; area under cultivation dropped 26.1% during the same period.

The Steel Industry Center reports that "during the month of October, primary steel production dropped by 12.%, the lowest level since 1986." The Nov. 21 *Clarín* reported that production of hot-rolled steel dropped by 5.9%, while cold-rolled dropped by 24.4%.

The government is counting on increasing its revenue through privatization of state companies, but this is going poorly. The Spanish airline Iberia, which bought the state-run Aerolíneas Argentinas in 1990, still owes \$187 million in cash as well as \$550 million in debt paper. Things don't look much better for privatizing the railroads, since the Spanish company Renfe, the only company which put in a bid for the General Urquiza Railroad, pulled out at the last moment because it preferred to invest in a high-speed Madrid-Seville train, even though it meant losing \$2 million in indemnification payments.

Social protest over the deteriorating economy is also growing. Every week, teachers strike for one day to demand higher wages and to protest the recently decreed "decentralization" of education which is simply a scheme to privatize the public school system. Provincial governments are in no position to finance schools now under the jurisdiction of the federal government, as Menem's decree demands. Retirees, who Menem has just decided to pay in bonds which are only redeemable in six years, are outraged and are demanding payment of their pensions in cash.

Peru must fight to resist the IMF's 'savage capitalism'

Senator Carlos Calderón Carvajal is a member of the Senate of Peru. His speech, delivered on Nov. 22 to the Berlin conference of the Schiller Institute, appears below, translated from the Spanish. The term "liberalism" is used by him in its European meaning, which refers to an economic system in which only private profit is pursued, without consideration for social consequences. We have sometimes translated his term "liberal" as "free marketeer," in accordance with the more usual North American usage.

Ladies and Gentlemen,

Some months ago we warned, in the Peruvian Parliament and in international forums, against the real danger which the unbridled application of the International Monetary Fund's openly liberal economic programs would mean.

Danger, because the levels of misery and human degradation would become intolerable, and this would unleash, necessarily, a climate of social explosion which would increase the spiral of violence.

Danger, because the state, as an entity which abdicates its function of promoting development in favor of the market—as the great regulator—would lose much of the little credibility it inspires in the masses, thus contributing to two social phenomena which degrade our society: drug trafficking and terrorism.

Danger, because free-market liberalism, in order to be applied, requires eliminating every social organization which could act as a force of resistance, and this explains the governmental policies which aim at deactivating the trade unions; denigrating the Church; dividing the Armed Forces from within, weakening them; cutting funding from social organizations such as mothers' clubs and soup kitchens; letting the already much-affected universities starve to death; and dismantling the regionalizing process, which is the real alternative to the over-centralized, top-heavy state which we inherited. And of course, weakening the political parties and the Parliament, as they are the great centers *par excellence* of national and world political debate.

Danger, moreover, because in order to achieve its objectives by attacking in an unhealthy way the social organizations—which we could call the resistance—free-market liberalism would tend to change the constituted juridical order and would necessarily degenerate into a tremendously repres-

sive fascist state, which would wage dirty war against anyone and everyone who symbolized opposition to its programs.

And thus the way to dictatorship is paved.

Although the Peruvian case, which we shall sketch in a hasty summary is, shall we say, a special case, it is not alien to the other underdeveloped societies which suffer the same scourge: the pitiless enforcement of the dictates of the Monetary Fund.

Trapped by this new order, established by the developed North at the expense of the impoverished South, countries like Peru easily become predictable, especially if we add in certain variables for the overall analysis of its society. Let us single out two in the Peruvian case: the presence of a gentleman named Hernando de Soto, big defender of the free market and promoter of the informal economy as an alternative economic activity for our people, and the appearance of cholera as the inevitable consequence of the habitual drain on resources to which international financial usury has subjected us, under the pretext that we have to be "responsible" and "honor" our obligations. Thus, prompt debt payments turn into a constant which only brings pain and prostration to our people.

We must make it clear that in the free-market plan our countries have only two options: to be raw materials exporters and captive markets for finished products which come from outside, with second-rate technology.

What is the informal economy?

Let us also make it clear that informality is the marginal condition in which 80% of economic activity in Peru unfolds and this supposes that among its basic traits—according to the International Labor Organization—is the single-family character of these tiny units of production, with almost no technology and no access to credit or to the market and hence their ability to make enough profit to survive.

Informal economic activity, which develops basically in the large cities of the Peruvian coast, does include the production of finished goods and capital goods—in metalworking, carpentry, shoemaking, and agriculture—transforming raw materials and thus contributing to the real development of the country. Obviously the informal economy also includes sales and the service sector, i.e., the tertiary sector of the economy.



Chris Lewis

Carlos Calderón Carvajal: Free-market liberalism is killing our nation.

It is this tertiary sector, the person who does not contribute to the physical economy of the country, who does not transform raw materials, who only serves to circulate money, who is promoted on two levels by the free marketeers: through Mr. Hernando de Soto and a million-dollar public relations campaign, and through the measures of the government of Mr. Fujimori, which is completely committed to the dogma of the market.

Hernando de Soto has sold the Peruvians on the false idea that informality is synonymous with street vendors. The government followed suit with a decree granting them juridical recognition as "peddlers."

The Institute for Liberty and Democracy, financed for Hernando de Soto by the United States, carries out multiple programs in which Peruvians are "taught" to be informal businessmen with extremely little capital, and the government implements a harsh policy of paying thousands of state workers to quit their jobs (in reality, disguised layoffs) and dictates a decree which sets up the mechanisms for forming small commercial businesses.

Hernando de Soto hawks the idea that the state cannot support its many employees and even if it could this is not fitting for a modern state, and the government is keeping the minimum wage under \$40 monthly and paying starvation wages to its employees, promoting mass desertion.

The "new breed" of liberals says that we must have competition so that the efficient will survive. The government lowers the tariffs on steel products, dealing the death-blow to national steelmaking and castrating any possibility that Peru will produce capital goods for industry.

The country must "get serious" in its treatment of the people and must not irresponsibly raise wages, at least until it is fiscally sound, say the free marketeers, and the government pays Peruvian teachers the proportionally lowest salaries of

the continent, provoking generalized strikes and massive school dropouts (1 million in just the last year). Children thus prematurely join the Economically Active Population, but do not appear in the official statistics, which only start at age 15.

So the plan is working well—for them.

The debt scourge lashes our people

Meanwhile, the scourge of the foreign debt continues to lash our people, undermining the minimal conditions required to live with dignity, as resources are committed to punctual payments of that debt.

This foreign debt, illegitimately contracted, usuriously increased, and mercilessly collected, has been and is the principal instrument of the world oligarchy for keeping our nations in underdevelopment.

To pay the foreign debt, Peru, like all debtors, had to:

- Drastically cut social spending for health, education, housing, and other social programs.
- Cut funds for the great water power projects which would convert the Peruvian coastal deserts into a giant farming zone.
- Abandon the highway grid, leaving productive zones without access to the market and great trading centers.
- Reduce state spending for national defense and law enforcement (the 1991 budget was the lowest in six years).
- Leave unfinished, or never begin, the infrastructure programs for sanitation (sewers, potable water systems), education (rural schools), and housing for the poor belts around the major cities, victims of crowding and promiscuity.

The state was also made to keep the income of the population at such inadequate levels, supposedly to fight inflation, that living standards deteriorated, and whole generations are in a state of malnutrition and real hunger.

How can one not understand, then, that the appearance of cholera, like any other epidemic, was easily foreseeable in the Peruvian case?

How can one not understand, moreover, that cholera—like other diseases which are fatal to a malnourished organism—is the direct result of the deteriorated living conditions which our people suffer, because priority has gone to paying a debt which is illegitimate and irrational?

In the last decade, Latin America transferred out—for debt service—some \$300 billion, yet Latin America owes \$100 billion more than it did in 1980. One-sixth of what was paid in the last ten years would have been enough to provide sewers and potable water systems for the entire continent.

Almost one year after we exposed this situation in the Peruvian Parliament, World Health Organization director Hiroshi Nakajima, in his visit to my country during the first quarter of this year, recognized that the main cause of the cholera epidemic was the economic adjustment policies demanded by the multilateral institutions—International Monetary Fund, World Bank—which do not allow investments

in environmental improvements (water, drainage, etc.).

Now that real socialism has collapsed, which is the greatest lesson in history—that no model is possible without taking human freedom into account—savage capitalism has become emboldened and has deified the market as the great ruler of our societies. This fact was questioned even by John Paul II, who found himself obliged to recognize that “the statement that the defeat of socialism leaves capitalism as the only model of economic organization, is unacceptable.”

The threat to the state

This is the context in which Peru’s free marketeers—probably made in my country, but certainly assembled in the United States—unfolded their activity. What we were able to foresee as the logical consequence of the free marketeers’ logic, has turned into a painful reality: We are witnessing the liquidation of our states, a grave reality, which snatches from our people the principal instrument of defense and social realization which they could have.

The threat against the structure of the state as such is of such magnitude that the government in the past two weeks has dictated a series of legislative decrees (a special legislative mechanism), with the direct endorsement of the Monetary Fund, involving almost every area of social activity.

It has arranged cutbacks in free education, which is a basic constitutional principle; the suppression of the labor community and other rights acquired by the workers; the suppression of the autonomy of the university, and its permanent militarization; the politicization of the Armed Forces, with the naming of its general commanders turned over to the personal will of the President, which breaks the chain of command upon which its institutional character and professionalism are based; the unrestricted freeing of the economy, destroying national industry, and turning the country over without any conditions whatever to foreign capital; the militarization of national life and the reduction of the role of civil society; and finally, the threat to the freedom of expression and the confiscation of the communications media.

All these legal moves show us the political determination to impose “savage capitalism,” aimed at consolidating the power of the few who have a great deal, against the many who have nothing.

As a parliamentary representative I am authorized by my party—the Alianza Popular Revolucionaria América (APRA)—to reaffirm the anti-militarist calling of our movement and our intention to be activists in solidarity with other brother movements in the world which resist this “unjust order” and who are fighting to change it, and for our societies to have real development, and so that our major resources some day may be oriented to attending to the internal debt facing us in the hunger and malnutrition of our children, the limited prospects of our youth, and the frustration of our adults, and that they not be destined to the payment of a debt, which history calls into question as illegitimate and usurious.

Peru’s Congress in uproar

The Peruvian Congress is the site of a battle over economic policy. Congressmen from the APRA party have joined with independent Deputy Dennis Falvy, some members of the left, and dissidents from the ruling Cambio 90 party, to form a coalition that is challenging recent government decrees which intend to impose even harsher austerity on the Peruvian people, while deregulating the economy as the International Monetary Fund is demanding.

The group has succeeded in censuring Agriculture Minister Enrique Rossl Link, also a proponent of free-market orthodoxy, and in overturning several decrees authored by Finance Minister Carlos Bologna. On Nov. 27, the lower House of Congress refused to grant extraordinary powers to Bologna which would have allowed him to impose new income and sales taxes, to raise \$400 million reportedly to reduce the government’s budget deficit. Bologna, a worshiper of British economic liberalism, recently explained that he never let moral considerations interfere with his economic decisions.

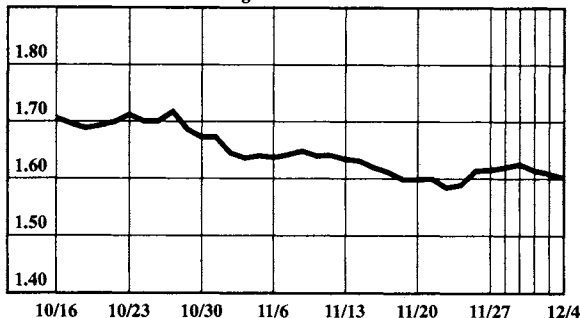
Not only did the coalition overturn Decree No. 754, which would have eliminated all of the state-run banks which provide credit to agriculture and other sectors of the economy; it also approved an Emergency Agrarian Law which provides credit and protection to agricultural producers. Bologna was violently opposed to the passage of this law.

President Fujimori is enraged that the Congress has dared to overturn his decrees and resist the austerity dictates of Peru’s foreign creditors. The Dec. 2 issue of *La República* reported that if the Congress censures Bologna as well, Fujimori will call for new elections to partially replace the existing Congress. In a speech to the CADE-91 gathering of businessmen, Fujimori said he would hold a plebiscite to change the Constitution to ban the reelection of congressmen. APRA Sen. Humberto Carranza Piedra volleyed that the President’s “emotional words against the state’s first power suggest a civilian dictatorship. He should know that he can’t dissolve the Congress with a plebiscite.” Manuel Dammert, a deputy of the moderate left, charged that Bologna and his decrees “intend to force us back into the 19th century of savage capitalism and dictatorship.” APRA deputy Carlos Rivas Davila explained that the Congress wanted to question Bologna, before considering censuring him, because the minister “answers to international financial entities and not to the country.” Bologna’s measures have plunged the nation into deep recession and poverty, Rivas said.

Currency Rates

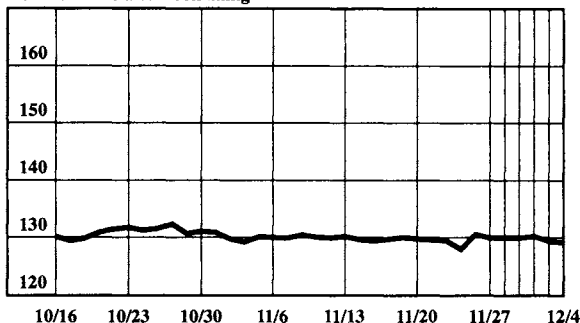
The dollar in deutschemarks

New York late afternoon fixing



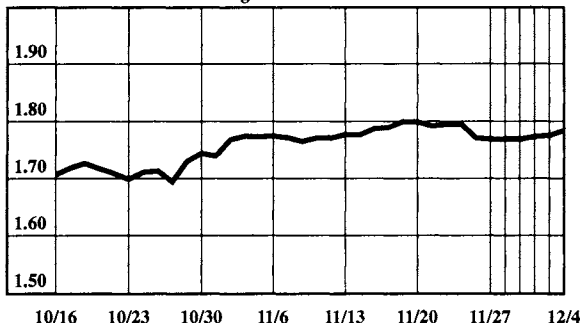
The dollar in yen

New York late afternoon fixing



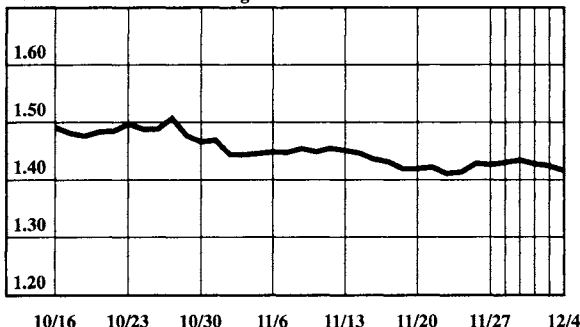
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



New world 'Compact' aims to crush nations

by Geraldo Lino

As the June 1992 United Nations-sponsored Earth Summit in Rio de Janeiro, Brazil nears, the "environmentalist" priesthood has been churning out one manifesto after another, aimed at shaping the decisions at the summit. One of the latest is the "Compact for a New World," jointly sponsored by the World Resources Institute (WRI) and the U.S. chapter of the World Wide Fund for Nature (WWF).

The Compact was presented at a Washington, D.C. press conference on Oct. 25. It is framed as a 32-page open letter to the heads of state, governments, and lawmakers of the Americas, urging them "to forge the international initiatives and agreements necessary for lasting prosperity and environmental protection" in the Western Hemisphere. This is pompous lawyer-talk for the malthusian policy of killing as many people as possible in the developing-sector nations. The 28 signators, members of the "New World Dialogue on Environment and Development in the Western Hemisphere," are all influentials in political, business, and academic circles from North, Central, and South America.

During the press conference, when copies of the Compact in English, Spanish, Portuguese, and French were distributed, WRI's president, James Gustave Speth, reported that the members of the "Dialogue" were chosen from among "people who could be helpful" in promoting the ideas of the manifesto in their own countries. These include Brazil's green oligarch Fabio Feldmann, U.S. Sen. Albert Gore (D-Tenn.), and Kathryn S. Fuller, president of the U.S. branch of the WWF.

The program's economic framework, based on the free-market dogmas of the international banking community, was spelled out by Canadian lawyer André Saumier, another Compact signer. He said at the press conference that the greatest challenge is to integrate "the reality of the market with the imperative of sustainable development." In other words, how the banking brotherhood can make a fortune, while draping itself in the vestments of ecological sanctity.

Real development prohibited

Although the manifesto was presented as an agenda to cope with the main problems (real and imagined) faced by the nations of the Western Hemisphere—"global warming,

forest loss, debt, poverty, population pressure, lagging trade”—the result of its adoption would be to halt all real economic and social development based on scientific and technological advances. This is a death sentence for most of Ibero-America’s people, who suffer poverty, hunger, and ill health because they have never enjoyed the benefits of industrial civilization.

One giveaway as to this lethal objective of the Compact is its claim that the “informal” sector of the economy is where the “talent and creativity of the urban poor” can best be found. The basic criterion for “informality” is a total lack of capitalization. Its chief evangelist is the Swiss-Peruvian magus Hernando de Soto, who promotes the informal economy in Peru as a substitute for industrial-capitalist economic activity. De Soto is not just some local fanatic; ample U.S. funding props up George Bush’s favorite “Latin” economist.

Similarly, the Compact’s proposals for agriculture, cast in flowery language, include “reducing the use of high-energy inputs” and replacing them with low-technology methods like “integrated pest management.” That means unleashing unskilled peasants to control pests without chemicals, like a brigade of fly-swatters. The Compact regards this as a good way to “provide poor men and women with new income opportunities, making poverty eradication and environmental goals not only compatible, but also mutually reinforcing.” With special sadism, it recommends these activities in the dirt-poor coca-growing regions of the Andes, where the cocaine-trafficking terrorist armies reign.

The signers of the Compact demand that developing countries resign themselves to lower living standards—in order to protect the global environment!—and sugarcoat this with a “militant” demand that the advanced sector countries give up their living standards. In their words, “It is essential that the hemisphere’s developing countries not repeat North America’s mistakes in their drive to industrialize.”

Zero population growth

In the introduction, the authors sum up their agenda for genocide: “We propose that population stabilization by mid-century become an explicit goal for our countries and that this be matched by reductions in the consumption of resources of the well-to-do, wherever they live. We want Canada and the United States to curtail sharply their per capita use of energy, thus reducing their damaging emissions of greenhouse gases and other pollutants, while the Latin American and Caribbean countries halt and then reverse deforestation. We want strong laws and regulations and rigorous enforcement to protect the environment, even as we reform our economies and unleash the energy of communities and private enterprise everywhere.”

“Population stabilization” means to lower the number of people by depressing public health, spreading drugs and terrorism, and pushing sterilization, euthanasia, and abortion; “rigorous enforcement” means using police-state meth-

ods to crush resistance to those goals.

WRI President James Speth reported that members of the “New World Dialogue” managed to overcome their differences on population matters. They suggested that “to end poverty, ease the task of providing jobs and services for all, and relieve pressures on the environment, each government in the Americas would strive to reduce population growth.” Their goal, regarded as “a reasonable one,” is “to reduce growth to 1% by 2020 and to reach zero population growth by 2050.”

To curtail population growth, they suggest that poor countries receive support from the rich ones: “Both the United States and Canada would increase their support for international population programs until both countries were contributing their fair share of the U.N. Fund for Population Activities ‘Amsterdam 2000’ target of \$10 billion annual world spending on population programs.”

Besides redirecting funds from military spending, the Compact presents a series of suggestions for financing “the transition to sustainable development.” These include “the creative use of public and private international debt” and “the recycling of interest payments.” One such “creative” idea is the establishment of an “inter-American debt management authority or similar arrangement,” which “would purchase outstanding private debt at discounted rates on the secondary market . . . and forgive it selectively and gradually over five to ten years to reward performance on specific environmental as well as macro-economic policy commitments.” In this scenario, “countries’ performance should be evaluated using indicators showing improvements in the quality of life, protection and restoration of the resource base, eradication of poverty, and respect for individual freedoms, as well as sound economic performance.”

This is of course a total Orwellian dictatorship. Lest anyone even think of armed resistance to this, the Compact’s authors echo the Anglo-American demand that the armed forces be eliminated as an institution in Ibero-America. The Compact pontificates that “oversized military budgets, no longer required for national security in the post-Cold War era, should be converted in part to environmental, economic, and human security budgets.” Since environmental damage “may well pose the greatest security threat to the next generation,” the manifesto asserts that “it is appropriate that military expenditures be reprogrammed to meet this new threat.” The Compact proposes a general reduction of the hemisphere’s military budgets “by at least 20% from 1990 levels over the next five years.” The dividend should be used “to reduce national debts and to pursue sustainable development strategies at home and abroad.” All of these arguments are taken almost verbatim from an April 1991 speech to the World Bank by Robert McNamara, who earned his spurs as a mass murderer as U.S. defense secretary during the Vietnam War, and later applied the “body count” technique as director of the World Bank.

'Evidence for global warming, ozone depletion is sparse and questionable'

by Dr. Dixy Lee Ray

Dr. Ray is a marine biologist, former chairman of the Atomic Energy Commission, and former governor of Washington State. Her book Trashing the Planet was reviewed in the Nov. 16, 1990 issue of EIR. She delivered the following address, titled "Environmental Issues and Myths: Which to Believe?" to a meeting of the Jefferson Energy Foundation in Washington, D.C. on Oct. 15. Subheads have been added.

If you assume from the title of my talk that I have a somewhat skeptical and irreverent attitude toward such popular environmental scenarios as "global warming" and "ozone depletion," you are correct. Yet it appears that nearly everyone believes that these are important problems from which the Earth must be saved! Why? Well, because everyone says so. But what of the evidence? What are the data that support these issues—and are there any contrary facts? This is what I will talk about.

First, global warming. The claim is that the Earth is warming up and that it is human activity, burning fossil fuels that increase the CO₂ content of the atmosphere, that is the cause. Moreover, the consequences of global heating are claimed to be disastrous, including changes in weather—rainfall, agricultural crops, sea level, etc.

Before examining the evidence, let us pause and look back to a similar set of claims made a decade and a half ago. Then the issue was not global warming, but global cooling!

Listen to what they said:

"An ice age, they said, would result in droughts, a shorter growing season, and worldwide hunger at first, and later in extensive glaciation. The deliberate melting of polar ice, strict pollution regulation, and the stockpiling of food were commonly proposed solutions to the crisis. . . .

"The cooling has already killed hundreds of thousands of people in poor nations. It has already made food and fuel more precious, thus increasing the price of everything we buy. If it continues, and no strong measures are taken to deal with it, the cooling will cause world famine, world chaos, and probably world war, and this could all come by the year 2000." (Lowell Ponte, *The Cooling*, 1976).

"The facts have emerged, in recent years and months, from research into past ice ages. They imply that the threat of a new ice age must now stand alongside nuclear war as a likely source of wholesale death and misery for mankind."

(Nigel Calder, former editor of *New Scientist*, "In the Grip of New Ice Age," *International Wildlife*, July 1975.)

"There are ominous signs that the Earth's weather patterns have begun to change dramatically and that these changes may portend a drastic decline in food production—with serious political implications for just about every nation on Earth." (Peter Gwynne, *Newsweek*, April 28, 1975.)

"According to the academy [National Academy of Sciences] report on climate, we may be approaching the end of a major interglacial cycle, with the approach of a full-blown 10,000-year ice age of a real possibility . . . with ice packs building up relatively quickly from local snowfall that ceases to melt from winter to winter." (*Science*, March 1, 1975.)

"The continued rapid cooling of the Earth since World War II is also in accord with the increased global air pollution associated with industrialization, mechanization, urbanization, and an exploding population, added to a renewal of volcanic activity. . . ." (Reid Bryson, "Environmental Roulette, *Global Ecology: Readings toward a Rational Strategy for Man*, John P. Holdren and Paul R. Ehrlich, eds., 1971.)

"The sensitivity of climate was pointed up independently by a Soviet and an American scientist, who concluded that a permanent drop of only 1.6 to 2% in energy reaching the Earth 'would lead to an unstable condition in which continental snow cover would advance to the equator . . . [and] the oceans would eventually freeze,' according to a recent U.S. scientific advisory report." (Samuel W. Matthews, "What's Happening to Our Climate?" *National Geographic*, November 1976.)

(All quotations were taken from "The Ice Age Cometh: Remembering the Scare of Global Cooling," by Anne J. Bray, *Policy Review*, Fall 1991, pp. 82-84.)

Global warming scare: déjà vu

How similar these warnings sound to what is being said today about global warming! Are our memories so short? Are they as serious and as frightening as the activists in these areas would have us believe? I think not. But let me explain why.

For more than 20 years, the American public has been subjected to a barrage of criticism about the way we live, about what we eat, about how we manufacture the materials that mark our incredibly productive society in the age of high



Westcott/Atomic Energy Commission

Mt. Erebus in Antarctica, only 10 kilometers upwind of the research station at McMurdo Sound, has been producing 1,000 tons of chloride each day for a century, and injecting it directly into the stratosphere. Inset: Dr. Dixy Lee Ray



Bill Rose/Michigan Technical University

technology, about how much and what kind of energy we use, and about how we handle the inevitable waste products of our activities.

Most recently we are told that we are destroying the Earth and its capacity to support life. These scoldings include predictions of catastrophe unless we make fundamental, unpleasant, and costly changes in the way we live. They have become a virtual litany of impending disaster. They have become a crusade to "Save the Planet." The charges are very serious; the question is, are they right? What *is* the evidence that supports them, and is there contrary evidence?

With respect to global warming there are two situations that are not in dispute:

First, the Earth and its atmosphere constitutes a "greenhouse"; our air is a porous blanket. If that were not the case, our planet would respond to the Sun's radiation the same as does the Moon whose temperature during the lunar day may reach +121°F and drop to -270°F during the lunar night. On Earth, roughly 30% of the incoming solar radiation is reflected back into space by the atmosphere, 20% is absorbed in the atmosphere, and 50% penetrates to the Earth's surface to cause warming. Of this latter, some fraction is reflected back as infrared radiation which in turn may be absorbed by certain constituents of air, the so-called "greenhouse gases." (Carbon dioxide, methane, hydrocarbons, and above all, wa-

ter vapor.) Increase in the relative amount of any of these gases will, theoretically, result in elevated surface temperatures.

The theory is well established and well supported, by both theoretical and experimental evidence. There's only one problem—the theory doesn't appear to work in so simple a cause-and-effect manner in nature. If it did, the Earth would have warmed 2-4°C over the past 100 years. It has not. At best, there might have been about 0.5°C increase in temperature, but that took place before 1940, and there has been about the same amount of cooling since then. Temperature records taken in the northern hemisphere over the past century show no upward trend. Further:

- Analysis of 135 years of surface ocean temperatures taken by ships at sea shows no upward trend (Prof. Reginald Newell, MIT).

- Analysis of 10 years (1978-88) of satellite measurements (TIROS II) taken continuously, day and night over land and sea shows no consistent change—up or down (published in *Science*).

- Analysis of certain plant species in the U.S.A. give an interesting picture: i.e.,

It used to be possible to grow citrus fruit in the southeast region of America as far north as the Carolinas. Now oranges will not ripen north of Orlando, Florida.

In Florida, there have been 24 "arctic breakouts," that is, episodes of severe killing frosts in the last 30 years. There have been only 6 in the previous 50 years.

In 1990 the U.S. Department of Agriculture put out its first revised hardiness report for commercial crops since 1965. Taking temperature data from 14,500 measuring stations, the new map shows that the area where crops can be grown without certain danger of a killing frost has moved 100 miles south in the last 50 years.

History of climate change

Such data should come as no surprise. The whole history of Planet Earth is one of weather and climate change. There have been warm years and there have been cold ones. There have been 17 ice ages in the last 100 million years. Each ice age, lasting several million years, is followed by an abrupt warming with glacial retreat and a period of moderate temperatures in the northern hemisphere that lasts from 10,000 to 12,000 years. It has been about 11,000 years since the end of the last ice age! (So that from a purely statistical basis, and assuming that the Earth continues these cycles of temperature change, we are indeed due for another ice age!)

We should recall that ice ages are not really a global phenomenon—they are characteristic of the northern hemisphere. During the ice ages past, great continental ice sheets did not form in South America, Africa, Southeast Asia, or Australia. The temperatures in the tropics remained relatively unchanged.

Moreover, during the current interglacial there have been significant climate shifts in the northern hemisphere. There are temperature oscillations of about 2,500 years in duration, with warmer periods centered about 1,000, 3,500 and 6,000 years ago and colder periods in between. Recall the medieval "little optimum (900 to 1100 A.D.). The Vikings sailed across an iceberg-free North Atlantic Ocean, settling Greenland and probably Labrador as well. This was followed by the "little ice age" (1430 to 1850). Cold was then so intense that trees froze and exploded from internal ice building in southern England, and the Thames River froze solid at London (1814). About 6,000 years ago the Sahara Desert was very different; cave paintings dating from that time show elephants, giraffes, crocodiles, and hippopotamus. Conclude: *data* do not support temperature rise. Claims based on computer projections cannot be accurate for the next five days; how can we expect them to be accurate in determining weather patterns for the next 50 years?

That brings us to the second situation: rise in the atmospheric concentration of CO₂.

So what do we know about CO₂? Quite a bit, including some little-discussed data. And yet, not enough. We know, with considerable certainty, that the CO₂ concentration in air has increased roughly 25% since the beginning of the industrial age—from 280 parts per million to 365 parts per million (0.035%). It is an easy conclusion to trace that in-

crease to modern man's burning of fossil fuels—and that is what most people believe. But the situation is not so simple. Consider:

- Prehistoric CO₂ levels also changed—100 million years ago there were not 350 parts per million, but 3,000-5,000 ppm!! This was obviously not due to industry.

- Measuring instruments and techniques for detecting CO₂ in air and glacial ice have been critically reviewed by Jaworowski and Hisdal of the Norwegian Polar Institute (1990) and they find the range of error to approach 100% of the 19th-century carbon dioxide measurements. They conclude that atmospheric heating by anthropogenic releases of CO₂ have not been proved.

- Estimates show that humans pump about 7 billion tons of CO₂ into the atmosphere every year; nature produces in the same period about 200 billion tons of CO₂.

- In a remarkable, keenly analyzed paper (1990) Freeman Dyson of the Princeton Institute for Advanced Study has examined the sources and sinks for CO₂ and concludes that fully 50% cannot be accounted for. This corroborates previous conclusions derived by oceanographers. There is clearly much that is still not understood.

- Finally, we should remember that plants love carbon dioxide. A doubling of the CO₂ content under controlled conditions results in a 30% increase in growth and yield. It also results in a plant that has stronger, larger leaves and stems and is more resistant to drought and disease.

From all the above, we can only conclude that both the temperature regime and the CO₂ picture deserve greater study and understanding before trillions of dollars are spent to mitigate a problem that may not exist, or if it does, may not be very important.

Yet the supporters of the global warming theory are adamant. Here is what Dr. Stephen Schneider of the National Center for Atmospheric Research says:

"We need to get some broad-based support, to capture the public's imagination. That, of course, entails getting loads of media coverage. So we have to offer up scary scenarios, make simplified, dramatic statements, and make little mention of any doubts we may have. Each of us has to decide what is the right balance between being effective and being honest." (*Discover*, October 1989, p. 47.)

Now we must tackle the stratospheric ozone layer and its notorious "hole." What do we know for sure about this situation?

- The ozone layer is not stable; it is in a state of constant turbulence.

- Incoming radiation from the Sun—especially the UV spectrum—both creates and destroys ozone.

- Variations in the thickness of the ozone layer occur on a seasonal basis and vary according to latitude. Annual fluctuations are up to 25%.

- Greater thinning (up to about 50%) can occur at the South Pole. Thinning takes place at both poles but is greater

in the Antarctic.

- The so-called “hole” or thinning over the Antarctic appears annually at the end of the Antarctic winter; it lasts about 3-5 weeks and is then reconstituted. There is no permanent “hole.”

- There is no overall loss of ozone.

- Polar thinning is related to the polar vortex—a cyclonic-type storm that forms each year in Antarctica at winter’s end.

- Besides extreme cold (-85°C) for several weeks and return of the sunlight (and radiation), ozone “depletion” appears to require presence of the chloride ion.

- The belief persists that the chloride comes from the CFCs (chlorofluorocarbons)—mainly freons, but there is no documented proof of this—only theory.

- Chloride is one of nature’s most abundant ions, with major sources in volcanic eruptions and oceanic storms.

Consider the following:

- The world production of chlorofluorocarbons is 1.1 million tons per year. This accounts for roughly 750,000 tons of chloride.

- Evaporation of sea water provides the atmosphere with 600 million tons of chloride per year.

- Passive outgassing from the Earth accounts for 36 million tons of chloride per year.

- Volcanic eruptions emit a few million to hundreds of millions of tons of chloride. Tambora erupted in 1813 with 211 million tons of chloride—at the present rate of production of CFCs, it would take humans about 282 years to produce as much chloride as this one eruption.

- We are living in a period of greatly increased volcanism; Mt. Erebus produces 1,000 tons of chloride daily and has been doing so for a 100 years. It is located in Antarctica, 10 kilometers upwind of McMurdo Sound and injects its chlorides directly into the stratosphere.

- Again, how much chloride comes from CFCs? About 0.75 million tons annually. Yet the amount of chloride calculated to be in the stratosphere at any one time is 50 to 60 times this figure.

If indeed chloride is necessary to the stratospheric breakdown of ozone, whose chloride is it, man or nature’s?! There is no documented evidence of CFC molecules in the stratosphere. There are no measurement data, only theory. We can hope that the recently launched instruments to measure the composition of the ozone layer will remedy this.

‘Ozone hole’ occurs naturally

Recall that the so-called “ozone hole” was discovered in 1956 by the Cambridge meteorologist Gordon Dobson. It was Dobson who devised the instrumentation and techniques of measuring the stratospheric ozone. He considered the Antarctic ozone thinning to be an anomaly until the phenomenon occurred again in 1957 when he reported it as a natural annual event. The French investigators P. Rigabe and B. LeRoy also

measured the “hole” in 1958 when it was thinner than at any time since—and this was 30 years ago, before the widespread use of CFCs. Their conclusion was briefly stated:

“[T]he thinning [is] related to the polar vortex . . . and the recovery is sharp and complete.” French scientists also related the ozone “depletion” to increased solar activity; “we are now living in a period of greater solar flares and sunspots than at any time since Galileo’s day.”

Concern about the loss of stratospheric ozone relates to penetration of ultraviolet (UV) radiation. The thinner the ozone shield, the greater UV penetration to the earth’s surface. But, measuring instruments set up in the U.S. in 1974 show *no* increase in surface UV radiation. Moreover, it should not be forgotten that all people, and especially light-skinned ones, require some direct exposure to sunlight (UV) to prevent the development of rickets and/or later onset of osteoporosis or other bone-thinning maladies.

Of course, overexposure to UV radiation can cause skin cancer, this is well established. But people have been unduly frightened by not being told that there are two different kinds of skin cancer. One, related to too much ultraviolet (or sunbathing or tanning salons) is unsightly, irritating and annoying, but curable in 99% of the cases. The other, more rare form is malignant melanoma. This cannot be correlated with exposure to UV, is usually fatal, and appears to be genetically determined. To imply that ozone loss (even if it occurred) would lead to an increase in malignant melanoma is a false and malicious misuse of science.

On April 4, 1991, William Reilly, the administrator of the U.S. Environmental Protection Agency, said, “The ozone has thinned 4-6%, which doubles the previous estimate. This means 200,000 more cancer deaths over the next 50 years.”

He called the situation “grim.” His statement is wrong, both as the purported thinning and the skin cancers. Even if he were right, a 4-5% increase in exposure to UV is far less than a simple shift to a lower latitude. Moving from Washington, D.C. to south Florida increases one’s UV exposure about 22%, and a journey from either pole to the equator subjects a person to a natural increase in UV radiation of 5,000%!

Finally, those who would ban the production and use of CFCs on the basis of computer simulations and undocumented theory, choose to overlook the reasons why chlorofluorocarbons were developed and put into use in the first place. They are nonvolatile, nontoxic, and present no direct hazards to living organisms. CFCs are used in refrigeration and air-conditioning equipment, in fire-fighting (halon foams), and in degreasing and cleaning electronic components. Despite many promises to the contrary, no substitutes have been developed and put into production. All of the proposed substitutes have turned out to be toxic, flammable, corrosive,

and inefficient. Use of any of them, or return to cumbersome, ineffective refrigerants like ammonia or sulfur dioxide would require total redesign of equipment. In the U.S. alone there are 5,000 companies that use CFCs; the value of the goods they produce is \$28 billion per year. There are millions of individual and commercial refrigerating and air-conditioning units. The capital investment exceeds \$150 billion. The entire food transportation and marketing system throughout the western world depends upon refrigeration. Is it sensible to throw all this away on the flimsy evidence so far offered as a reason to ban CFCs? Why not simply seal the units better and recycle the freon?

In conclusion, careful scrutiny of the evidence shows that supporting data for both global warming and ozone depletion is sparse and questionable. Yet the U.S. has already entered into an international agreement to ban the production of CFCs—and the cost of freon has already gone up 30%. Dr. Richard Benedick, who negotiated the CFC ban on behalf of the U.S. has acknowledged that this action sounded the “death knell” for an important part of the chemical industry. Yet he insists the ban was necessary even though the scientific basis for it has not been established. I believe that we are entitled to ask “Why?” The costs are enormous, yet they pale by comparison with the financial burden put upon the American people if the ‘ming’ advocates prevail. And the

United States is now preparing its position for an International Conference on Global Climate to take place in Brazil in June of 1992. The conference will propose to reduce the emissions of carbon dioxide to 1988 levels and to bring about a further 25% reduction by the year 2000. This cannot be accomplished without serious curtailment of industry and without severe reduction in our standard of living. Estimates place the cost at more than \$3 trillion. Does our firm knowledge of the problem and its possible consequences justify such a sacrifice?

My answer is *no*.

Remember, too, that our very liberty depends upon a strong and vigorous economy. Destroy that economy and we will also destroy our liberty. Consider the following quotation:

When one is deprived of one’s liberty, one is right in blaming not so much the man who puts on the fetters as the one who had the power to prevent him, but did not use it. Why are we still considering whether we have enemies instead of how we can resist them?

Who said this? It was the Corinthian emissaries to Sparta in the year 432 B.C.—but it is still applicable today.

We still have to fight for what we believe.

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Dustbowls, superbugs: Don't blame God

by Brian Lantz

On Thanksgiving weekend, 17 people died on California's Interstate 5 as at least 93 cars and 11 semitractor-trailers piled up in a blinding dust storm. While the tragic story received wide national media coverage, nary a one spoke to the actual cause of the accident. It was prime California topsoil that fueled the dust storm that set down over that highway. Farmers in this area south of Fresno had been unable to plant their fields because of *man-made* water shortages. The topsoil of unplanted fields was swept into the air, on winds gusting up to 40 miles an hour.

In the 1930s, the dustbowl was a well-known sign of the economic depression and the concomitant destruction of American agriculture. So it should be viewed today. One should expect elected officials and experts to be calling for major water projects, for example. Instead, unreality still prevails and investigators of the Coalinga Interstate 5 disaster are bent on determining whether some poor truckdriver or Thanksgiving weekend driver can be blamed and charged with criminal negligence.

Family farmers hit hard

The Coalinga Interstate 5 disaster is only the latest expression of the catastrophes hitting the California family farmer. Pestilence, in the form of the Poinsettia Whitefly, is ravaging the Imperial Valley, and is spreading north. Outstripping the man-made drought in its short-term effects, the Poinsettia Whitefly has already destroyed approximately 25% of the nation's winter fresh vegetable crop.

Unlike most agricultural pests, the whitefly has a wide host range, chomping on crops ranging from alfalfa to cotton to sugar beets and grapes. The fly removes four to five times as much of the sap of the plant as the cotton strain of the whitefly that hit California's Imperial Valley in 1981. Now, the Poinsettia Whitefly has made its way to the San Joaquin Valley, stretching from central to northern California.

Here, over 60% of California's crops are grown, which represents over \$12 billion of the state's \$18 billion in agricultural produce.

In a classic case of understatement, entomologist Thomas Perring of the University at California at Riverside recently told reporters: "Obviously, something has gone badly out of balance."

Perring was speaking about the Poinsettia strain of the whitefly and the surprising speed with which it took hold, hitting fields in northern Mexico, Arizona, and, most dramatically, California. Dr. Perring only limply proposed the equivalent of an invasion of ladybugs to counter the whitefly, a solution which was already tried against the Mediterranean Fruit Fly (Medfly) under kooky Gov. Jerry Brown. The Medfly is still around and probably has gone native.

Is it a 'superbug'?

The national media are now building the Poinsettia Whitefly up as "superbug," impervious to pesticides and known parasites. Already there is serious talk of letting the Imperial Valley lie fallow for years to deny the whitefly a livelihood—like shooting the patient to stop the spread of influenza.

According to respected California entomologists interviewed by *EIR*, the Poinsettia Whitefly could, in all likelihood, be either completely eradicated or controlled—without shutting down the most capital-intensive center of agriculture in the world. In fact, under circumstances which prevailed 20 years ago, with a broad arsenal of pesticides available as part of the "integrated pest management approach," the Poinsettia Whitefly might already be history.

Twenty years ago, systemic organo-phosphate materials were available. With the whitefly and pests such as scale, the best basic approach to control was to use a systemic pesticide, carried in the sap of the plant, killing the bug when it starts to munch on the plant. With the Poinsettia Whitefly, for example, the bug is difficult to kill at the earlier larval stage as the coat of the whitefly larva is difficult to penetrate with non-systemic, currently utilized pesticides.

However, federal and state environmental regulations no longer permit systemic organo-phosphates as part of our farmers' arsenal. So-called environmentalists and environmental laws banned their use or drove them out of the market.

After decades of looting of the American family farmer and his land by the grain cartel, and global genocidal policies that are creating and maintaining a petri dish for lower forms of insect life, there may now be something far more fundamentally "out of balance" with the biosphere as a whole, expressing itself through new strains of pests and disease. This is all the more reason to hit this whitefly with everything we've got in our arsenal.

Another danger is that, denied the use of parathion and even restricted in the use of DDT, the state of California's own mosquito abatement specialists are warning that the state faces the risk of an epidemic outbreak of Western Encephalitis (see *EIR*, Nov. 22, p. 10).

Farmers oppose free trade

A delegation of farmers from the U.S. warned Mexican farmers that free trade has "sent us to hell."

Agricultural free trade, the Bush administration's answer to the international bankers' demand for more usury tribute to shore up the collapsing financial system, by slashing world agriculture income, is meeting significant opposition from farmers around the world. Its North American incarnation, the proposed North American Free Trade Agreement (NAFTA) among Canada, the United States, and Mexico, has been under attack from American and Canadian farm leaders who traveled to a conference in Mexico the week of Nov. 18. Farmers around the world have mounted demonstrations against the conclusion of a free trade agreement on agriculture among the members of the U.N.-sponsored General Agreement on Tariffs and Trade (GATT).

The Mexico City daily newspaper *La Jornada* reports that a delegation of American farmers and farm leaders held a press conference in Mexico City to denounce free trade, after attending a conference in Mexico City called "Trinational Encounter on Agriculture." They met with Mexican farmers, who will lose their farms as a result of President Carlos Salinas de Gortari's commitment to turn over the Mexican economy to the international bankers and grain cartels at the request of the U.S. government, under NAFTA.

Salinas intends to allow private bankers and cartels to buy up the peasant landholdings which have been guaranteed by the Mexican Constitution since 1917. Up to 20 million Mexican peasants will be displaced,

from a combination of privatization and the flooding of the country with food grown more cheaply in the U.S., once import barriers are removed under the proposed NAFTA.

Kansas Farmer's Union President Ivan Wyatt traveled to meet these farmers in their homes. Wyatt said he was very moved by meeting these farmers personally, and stressed that it was important for Americans to realize that these were real people who would lose their livelihood if Mexican free trade reforms are implemented.

At the press conference, the farm leaders, including delegations from Kansas, Oklahoma, Idaho, and Canada, described the agricultural crisis and warned Mexicans, "If our agricultural sector is being presented as the model to follow in Europe or Mexico, you'd better realize that in the U.S., small and medium-sized farmers are being destroyed. Our business is a disaster; they've sent us to hell."

One example U.S. farmers gave of how the cartels control production as a result of free trade, was the following: "They give [the farmer] 3.2¢ on the dollar for a bushel of wheat, but in the supermarket, that bread costs \$1.29. That's what we get for all our work; the rest is paid to the middleman and the transnational company."

In Europe and Asia, the negotiations for an agricultural free trade agreement under GATT, led by the United States, which seeks to slash world agricultural production and income, have met mounting opposition from farmers. About 400,000 farmers

demonstrated in Rome on Nov. 23. They called for the replacement of the Italian agriculture minister and threatened to bring down the government if it continued to support GATT and European Community proposals for reducing agricultural price supports and removing the country's protection against cheap imports. A European-wide mobilization is expected at the EC summit which begins in Maastricht, The Netherlands, on Dec. 10.

Hoping to slow the momentum of French farm resistance to free trade, which has continued since the mobilization of 200,000 farmers in Paris on Oct. 30, the Mitterrand government unveiled a plan for \$178 million in agricultural subsidies to ease the transition to the U.S. agricultural system demanded by the officials of GATT. The GATT demands are under negotiation now by EC ministers who are trying to "reform" the Common Agriculture Policy of the EC to please the bankers. The farmer will be put on a government dole in return for allowing his prices to be cut so that the cartels can buy from him more cheaply.

French farmers have been maintaining a resistance while their leaders negotiate with the government, by maintaining checkpoints in vans to keep out illegally imported cheap food. They were able to pressure the government to send 100 metric tons of meat to Moscow and the Russian Federation in exchange for oil, an action which dramatizes the real food shortages which exist in the former Soviet Union and around the world, contrary to the free trade propaganda that "surpluses" must be eliminated by cutting production and incomes.

On Nov. 26, an estimated 18,000 South Korean farmers, students, and their allies rallied in Seoul to oppose government imports of foreign rice under the proposed GATT agreement.

Cutthroats 'investing' in Germany

The real estate boom in unified Germany is benefiting mafia money-laundering interests.

Two years ago, before the peaceful revolution in the former East Germany, senior police officials and politicians strictly denied the existence of anything like mafia-style "organized" crime. Now, the media are filled with warnings against advances which criminal organizations are making, especially in east Germany. Warnings about laundering of dirty money through real estate purchases, and corruption of state and local administrations, also emerged from speeches at events celebrating the 40th birthday of the BKA, Germany's anti-crime agency, in late November.

Contrary to what some have claimed, organized crime existed in Germany way before 1989. It has only become more influential, and is acting more ruthlessly. Organized crime groups have been able to capitalize on the collapse of the postwar security policy with the fall of the Iron Curtain, and on the collapse, specifically, of the police state of former East Germany.

The big cities in east Germany have become to speculators, prostitution rings, and dope-peddlers what California was for the gold-diggers of 1849. The East is considered an ideal target for exploitation, as the people there are not yet sufficiently wary of, western gangster methods.

The boom of the underworld side of economics, in which the fight over the control of real estate is key, is most visible in Berlin. After unification on Oct. 3, 1990, the city now has 3.5 million inhabitants and is experiencing a boom. Billions of marks' worth of properties that were occupied by the former regime are up for privatiza-

tion. This has developed into one of the world's biggest speculative real estate markets. The struggle to control it is fought with cutthroat methods—literally.

In spring 1991, gangsters broke the legs of a homeowner in east Berlin who had been able, apparently through connections to the old regime, to secure more than 20 pieces of real estate in the city. (The incident never broke into the press.) The man had refused to sell to a western speculators' group for the price they wanted to pay, and instead tried to bargain the price up.

On June 12, a letter bomb killed Hanno Klein, a Berlin city clerk in charge of redistributing real estate. This was not the *modus operandi* of terrorist assassinations. Neither was the assassination April 1 of Detlev Rohwedder, the boss of the Treuhand agency that is handling the transfer of former state property into private hands. Rohwedder, with whose agency Klein cooperated, was killed by a shotgun fired through the window of his home.

In late November, another story about contract killers dating from earlier that month broke in the Berlin press. A rival had tried to hire someone to kill Klaus Groehnke, a construction tycoon from west Berlin, whose Klingbeil group had just bought 28 of the former East German regime's 34 Inter Hotels.

The assassination plan—prepared less professionally than the hit against Klein—was spoiled, because police accidentally arrested another man who tried to earn the money for the

operation through the bulk sale of 1.5 kilograms of heroin, which had been provided by the aforementioned rival.

In an article on the real estate boom in Berlin, the daily *Tageszeitung* mooted certain overlaps of former regime interests in the East with western interests from the United States, Canada, and Japan. As the daily wrote, Klein was negotiating on huge investment projects in Berlin with, among others, Mark Palmer's Central European Development Corp. (CEDC); Peter Munk's Canadian oil and gold sales firm, Horsham Corp.; and the New York firm Tischman and Speyer. One may add another key collaborator of Palmer's: Ronald S. Lauder, son of the Estée Lauder perfume empire and former U.S. ambassador, under Reagan, to Vienna.

Negotiations among the various real estate interests proceeded in cutthroat fashion, with Klein standing in the way of someone at a critical point of the negotiations. Klein's death on June 12 occurred the day before he wanted to go public with a \$800 million Horsham project in Berlin. Was Klein killed by a rival group?

Peter Munk's Horsham got its contract for a huge office and recreation complex four months after Klein's death. Before the end of 1991, Ronald Lauder and Palmer are expecting the Treuhand green light for another \$1.3 billion of real estate development projects in Berlin.

According to the Nov. 27 Berlin daily *Tagesspiegel*, Mark Palmer's CEDC, whose office is on the Kurfürstendamm, Berlin's prestigious central boulevard, has forecast a Hong Kong-style investment boom for the German capital. One of Palmer's favorite projects is to turn the world-famous Checkpoint Charlie, the historic former transit point between divided West and East Berlin, into an "American business center."

Another \$130 billion for the banks

Congress turned \$70 billion over to the FDIC to dump into the banking rat hole, while the economy dies.

The U.S. Congress voted to give the banks and savings and loans \$130 billion of the taxpayers' money on Nov. 27, in two separate bailout bills. These bills do nothing to solve the banking crisis, much less the underlying economic collapse. All they do is throw away money which is desperately needed to rebuild the economy.

Under the bank bailout bill, the Federal Deposit Insurance Corp. will have its line of credit with the Treasury Department increased by \$25 billion, from the current \$5 billion. On top of that, the FDIC will be given the authority to borrow another \$45 billion in so-called working capital, giving the FDIC a total of \$70 billion in new funding.

The bill gave the FDIC some badly needed money, but otherwise contained none of the major changes demanded by the administration. Gone were the interstate banking provision, the insurance and securities provisions, and the regulatory restructuring provision, all of which would have sped up the process of looting.

When the Bush administration submitted its 317-page Financial Institutions Safety and Consumer Choice Act of 1991 on March 21, Treasury Secretary Nicholas Brady called the banking measure "an enormously high priority."

"There can be no doubt that fundamental reform is needed," Brady said. "Our banks are hampered by out of date laws. . . . All in all, these changes and reforms are essential to the future."

The "out of date" laws the administration wanted revoked include the

Glass-Steagall Act of 1933, which prohibits banks from selling securities; the McFadden Act of 1927, which restricts interstate banking; and parts of the Bank Holding Company Act of 1956, which also limits interstate banking and prohibits non-banking companies from owning banks and banks from owning non-banking companies.

What the White House was demanding, in effect, was the complete deregulation of banking. The big money-center banks and their catspaw cousins, the super-regional banks, would be free to branch across state lines, gobble up or bankrupt their competition, and sell insurance and securities. To help finance this power play, big industrial and commercial corporations would be allowed to buy banks. The result would be a Mussolini-style corporatist structure with financial power concentrated in a handful of huge corporations, backed by the government. These corporate giants would be free to strip bare the remaining productive sectors of the economy, with the full legal and financial backing of the U.S. government.

In short, the Bush administration, along with J.P. Morgan, Citicorp, and their ilk, proposed to set up a bankers' dictatorship over the United States, in which the needs of the citizens would be sacrificed at the altar of Wall Street.

Fortunately, Congress refused to cave in to President Bush's demands. House Banking Committee Chairman Henry B. Gonzalez (D-Tex.) and House Energy and Commerce Committee Chairman John Dingell (D-

Mich.) so weakened the Bush bank bill that the administration was forced to lobby for its defeat. After two rejections by the House, a watered-down version of the bill was finally passed on Thanksgiving eve, just in time for the holiday recess.

In addition to the FDIC funding, the bank bill requires federal bank regulators to perform annual on-site audits at all U.S. banks, and to take mandatory measures when a bank's capital falls below specified levels. The current flat-rate fees paid by banks for federal deposit insurance would be replaced with a sliding scale of fees based upon the level of risk of the bank's activities.

The bill would restrict the ability of the Federal Reserve to keep "walking dead" banks open with extended discount-window loans, and require that the White House, the Fed, and the FDIC all agree before uninsured depositors could be paid off at a "too big to fail" bank.

None of these changes, which do not take effect for one to three years, will help: The banks are too far gone to be saved, no matter how much money is thrown at them.

The S&L bailout shows where the bank bailout is headed. The Bush administration originally claimed that the entire S&L mess could be resolved for \$30 billion. With the \$25 billion in appropriations and \$35 billion increase in working capital just approved, the S&L bailout will have cost \$265 billion since 1989, not counting the hundreds of billions in interest payments that must also be paid. Despite the money, the thrifts are in worse shape than ever.

The bill passed by Congress is significantly less bad than the administration's proposal, but is still bad. Instead of helping solve the problem, it protects the usurers at the public's expense.

Collor signs with the IMF . . . again

Michel Camdessus went personally to collect the "letter of intent" the hapless Collor signed with the Fund.

In an unusual gesture, International Monetary Fund Managing Director Michel Camdessus personally went to Cartagena, Colombia, where the "Group of Rio" Presidents were meeting, in order to collect from President Fernando Collor de Mello the letter of intent with which the Brazilian government commits itself to meet the insatiable demands for draconian austerity of the IMF and creditor banks. In exchange, Brazil is to receive a \$2 billion loan and the illusion of remaining a "reliable" country in the eyes of the bankrupt U.S. banks.

If the austerity demands are complied with to the letter, as President Collor has promised they will be, "the first half of 1992 could unhappily be described, for some time to come, as the period of the great bankruptcies," a government official familiar with the IMF negotiations commented to the daily *Jornal do Brasil* Dec. 3.

British Ambassador John Newington expressed a similar sentiment to the *Jornal do Comercio*: "Many opportunities" for foreigners "to buy cheap, bankrupt, or nearly bankrupt companies, are going to emerge." He continued, "Many companies are going to fail. It is inevitable. It is part of life. . . . Unfortunately, there has to be a 1992 recession; it's going to be a terrible year."

The pact with the Fund demands an official prolongation of that recession, by maintaining a policy of high interest rates. On Nov. 24, President Collor responded to a question as to whether there would be economic

growth in 1992: "We hope so, but I would wager that it will be in 1993." The letter of intent also indicates that the gouging of wages will continue, especially in the public sector, which will be subject to the "availability of funds."

The government's open-market program, launched in 1990, is taking to an unprecedented extreme the decade of looting by international usury. The most recent statistics of the Economics Ministry, in one of its most optimistic estimates, suggest a mere 0.78% growth rate this year; 1991 per capita GNP fell by 1% in comparison to 1990, and by 7% in comparison to 1989. Industry has suffered the worst, with the greatest drop being in capital goods: down 9.1% this year.

Ever since the annual IMF meeting in Bangkok in September, when an ultimatum was delivered to Brazil, Collor's economic team has attempted to implement an "interest rate shock policy," driving rates to 2-3% above the inflation level. Despite the protests of the panicky business community, Economics Minister Marcilio Marques Moreira appears oblivious to the soaring rate of bankruptcies caused by his "shock" to the credit system. At the same time, the government has begun, slowly and quietly, to comply with the bankers' other demands. For example, public service rates now rise without warning.

Before going to Cartagena, Camdessus made a brief stopover in Brazil as part of a pressure campaign to force the country to comply with his "open-

market" program, without which the Southern Cone Common Market (Mercosur)—an adjunct to George Bush's Enterprise for the Americas initiative—would collapse. In a meeting with Brazilian Vice President Itamar Franco, Camdessus insisted, "Brazil has the capacity to mobilize, but to do so, it needs to exorcise the demon of inflation and to continue with its economic opening." He added slyly, "once it complies with this prescription, Brazil will rapidly recover its natural leadership role in Latin America."

Collor's difficulty in winning the consensus of Congress is well known. Thus, Camdessus included a meeting with the leaders of the majority political parties in the Brazilian Congress, sounding them out on what kind of support Collor is likely to get for the "adjustment program" he has promised to implement.

An historic explanation of the obstacles to be confronted in subjecting Brazil to a free-trade regimen was offered by Ambassador to the U.S. Rubens Ricupero, one of the most slavish proponents of Bush's free-market policies within the "universalist" establishment of the Foreign Ministry. In an interview with the Nov. 17 *O Estado de São Paulo*, Ricupero complained: "The very success of the past model makes change more difficult. Between 1970 and 1987, Brazil had the fastest-growing economy in the world. We grew an average of 4.7% a year, for 17 years. We only yielded first place to Japan when the demographic element was introduced. That success created strong interests against changes."

It is precisely because of those "strong interests" in favor of Brazil's continued economic growth that international pressure campaigns, such as the "personal touch" by Camdessus himself, are being mounted.

Business Briefs

Health

Physicians protest lack of TB drugs

Physicians around the United States are protesting the lack of inexpensive drugs to treat TB, according to a *New York Newsday* article. The production of the most effective and least expensive drug against TB, streptomycin, was discontinued months ago by Eli Lilly and Co. and Pfizer, Inc. These pharmaceutical giants said that they stopped production because the raw materials from France no longer met federal standards.

Acting New York City Health Commissioner Margaret Hamburg and other health officials told *Newsday* that the U.S. companies could easily sterilize the materials to bring them up to standard. Hamburg and others said that the companies have shifted their production into much more profitable drugs.

New York City, facing an outbreak of drug resistant TB, is now running out of streptomycin. Dr. Karen Brudney, a TB expert at the city health department told *Newsday*, "We are completely out at the health department and so are most hospitals."

Streptomycin is one of the five most important TB drugs for strains resistant to more than one drug, TB specialists say.

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 at least 50 years old, while 75% of those in developing countries are younger than 50 years old.

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

In industrialized countries, TB has been declining very rapidly as transmission, measured as the annual risk of infection, had dimin-

ished. Nevertheless, TB remains one of the most common notifiable infectious diseases. Furthermore, in many industrialized countries, the declining trend has slowed down and, in the U.S.A. and Japan, it has reversed.

Development

Nigerian press features Schiller Institute proposal

In a front-page banner headline story, the Nigerian national newspaper *The Guardian* of Oct. 7 gave extensive coverage to the Schiller Institute's "True Fourth Development Decade Proposal." Under the headline, "U.N. Population Policy Unhelpful, Says Report," the article reads:

"United Nations sponsored global population control and environmental protection campaigns are designed to retard the economic development of Third World countries, a report has said.

"The report titled: 'For A True Fourth U.N. Development Decade, A Concrete Solution to the World Economic Breakdown Crisis,' says that the U.N. population control policy stems from official fears in the United States that developing economies' high population density could engender negative security and economic threat to American global interests. . . .

"For instance, a series of formerly classified documents written by American national security directors—Henry Kissinger and Brent Scowcroft—between 1974 and 1977 argued that the new world economic order created excessive optimism among Third World countries, encouraged population increase and therefore a security threat to the United States.

"Indeed, the 'most explicit of these documents,' according to the report, was National Security Study Memorandum 200, or NSSM 200,' which was tagged: Implications of Worldwide Population Growth for U.S. Security and Overseas Interests.

"Essentially, NSSM 200, reportedly declassified recently by the American govern-

ment, sought to, in 13 unidentified developing countries:

- promote radical depopulation programmes there;

- discourage the clamor for a new world economic order and the Vatican for encouraging economic optimism and resistance to depopulation plans. . . .

"The institute argued that the real agenda of a proposed U.N. conference scheduled for June next year, in Brazil, to discuss the global environment is to curtail development in the developing countries."

'Free Market'

Pope warns against hedonistic consumerism

Pope John Paul II, in two addresses in Rome in late November, warned against unbridled free market ideology and warned the newly emergent democracies of eastern Europe against the "hedonism" predominant in the West.

Speaking at the international conference of the Christian Democracy in Rome Nov. 24, the Pontiff stated, "Today, there is an attempt to build democracy on the basis of moral relativism, which leads to rejecting any certainty concerning human life and human dignity, or man's fundamental rights and duties." Society, the Pope said, "cannot be reduced to the simple domain of production and exchange of economic goods," because "if the market is a basic element of a free and human society, another basic element is solidarity."

The Pope warned eastern Europe against western hedonism and ruthless capitalism, in his keynote address to the Vatican synod on the future of Europe, which began Nov. 28. "The Europe of today is wounded, weak, and without any orientation," he said. "It is suffering from a grave disease—losing the memory of its Christian roots.

"One must not underrate the danger which goes along with the newly gained freedom of contact to the West, because not ev-

Briefly

everything that is coming from the West reflects evangelical values.”

There is a grave danger that the East Europeans will be drawn into another “dance around the golden calf,” said the Pontiff. “The Christian East has to arm itself for defense against the secularization, hedonistic consumerism, practical materialism, and formal atheism that is widely spread in the West.”

Labor

Pension funds drastically underfunded

The U.S. government's Pension Benefit Guaranty Corp. reported that the nation's 50 largest underfunded pension plans have a potential combined shortfall of \$21.5 billion, a 50% increase over last year's shortfall. Chrysler, Tenneco, and Paine Webber, for example, have not funded 40% of their obligations; Loews is 60% underfunded; United Airlines is 20% short.

The PBGC guarantees these pension funds in the event that the companies cannot meet payments or go out of business. The PBGC is funded through premiums assessed on these companies, and itself is nearly bankrupt because of the increasing number of corporate bankruptcies and rising underfunding of pension plans.

As PBGC executive director James Lockhart said, corporate funding of pension plans have fallen short because of a combination of lower investment earnings (in large part because of lower interest rates) and lower corporate contributions to the plans because of declining profits in the “recession.” In other words, companies simply aren't paying into their pension plans, and the government's PBGC is increasingly faced with having to, in effect, subsidize these plans.

The implications are enormous. The PBGC is almost broke, and will have to raise their premiums beyond the maximum level of \$72 per employee. This rate—which has skyrocketed way beyond the \$1-2 per employee

just a few years ago—has already driven many corporations to drop their pension plans, foisting whatever obligations they had onto the PBGC. This has virtually bankrupted the PBGC and forced huge rate hikes. If premiums are increased much more, thousands of companies will drop their plans, dramatically slashing PBGC revenue and increasing its obligations by untold billions of dollars. This would necessitate a taxpayer bailout just as in the Savings and Loan and FDIC mess—or, more likely, retirees would receive just a small percentage on the dollar.

Agriculture

Italian government restores subsidies

More than \$2 billion in subsidies to farmers have been reinstated by the Agriculture Committee of the Italian Parliament, in a unanimous vote, after 400,000 farmers descended on Rome at the end of November to protest their elimination by Giulio Andreotti's government, in compliance with the General Agreement on Tariffs and Trade (GATT).

Driving tractors and marching through the streets of the Italian capital, the farmers, who came from all parts of the country, called for the immediate dismissal of the minister of agriculture, and a new mandate for the Italian delegation to the European Community.

Meanwhile, thousands of farmers demonstrated Nov. 26 in Tokyo against moves to pry open Japan's closed rice market amid mounting pressure from the United States and other rice-growing nations, according to UPI. Carrying placards and chanting slogans, the rice growers and sympathizers from every region objected to claims that the longstanding ban on rice imports was jeopardizing a successful conclusion to the world trade talks. Some wore green costumes resembling vegetables imprinted with the demand, “Ban Rice Imports.” Others carried an angry scarecrow. “Japan is already importing beans, wheat, and other products,” said demonstrator Eijiro Shimada. “If rice is next, that will be a serious matter.”

● **WINE** production was virtually wiped out in Armenia in the early 1980s, on the pretext of Mikhail Gorbachov's campaign against alcoholism. Sources say that every grapevine was to be uprooted and all winemaking equipment smashed. One man found with a winepress in his basement was sentenced to jail by a judge, even though he had made no wine, because he was “capable” of it. The man asked the judge for a new trial, on a charge of rape. “Why? You haven't raped anyone.” “True,” said the man, “but I am capable.”

● **THE U.S. BUSINESS** and Industrial Council, a group with 1,500 members, has called on conservatives to dump their commitment to “free trade,” and to replace it with a commitment to trade war, saying that free trade is “a wonderful theory with no basis in the world of today's economic cold war.”

● **BLACK AMERICANS** moving to the South outnumbered those who moved to the North by 355,000 in the second half of the 1980s, reports Germany's *Frankfurter Allgemeine Zeitung*.

● **AIDS** transmission through heterosexual activity now accounts for 25% of all cases in Palm Beach, Florida, according to the state's District Public Health Administrator, Dr. James Howell.

● **THE NETHERLANDS** government's economically motivated support for euthanasia is affirmed in a new draft law. No doctor should fear any criminal investigation if he consults a second doctor and fills out a form with questions like: Did the patient know what he was asking for? Which second doctor was asked? How was the patient killed? The paper goes to a local public prosecutor, and if everything seems to be okay, the patient is to be buried.

Will we repeat the blunders that led to World War I?

by Jacques Cheminade

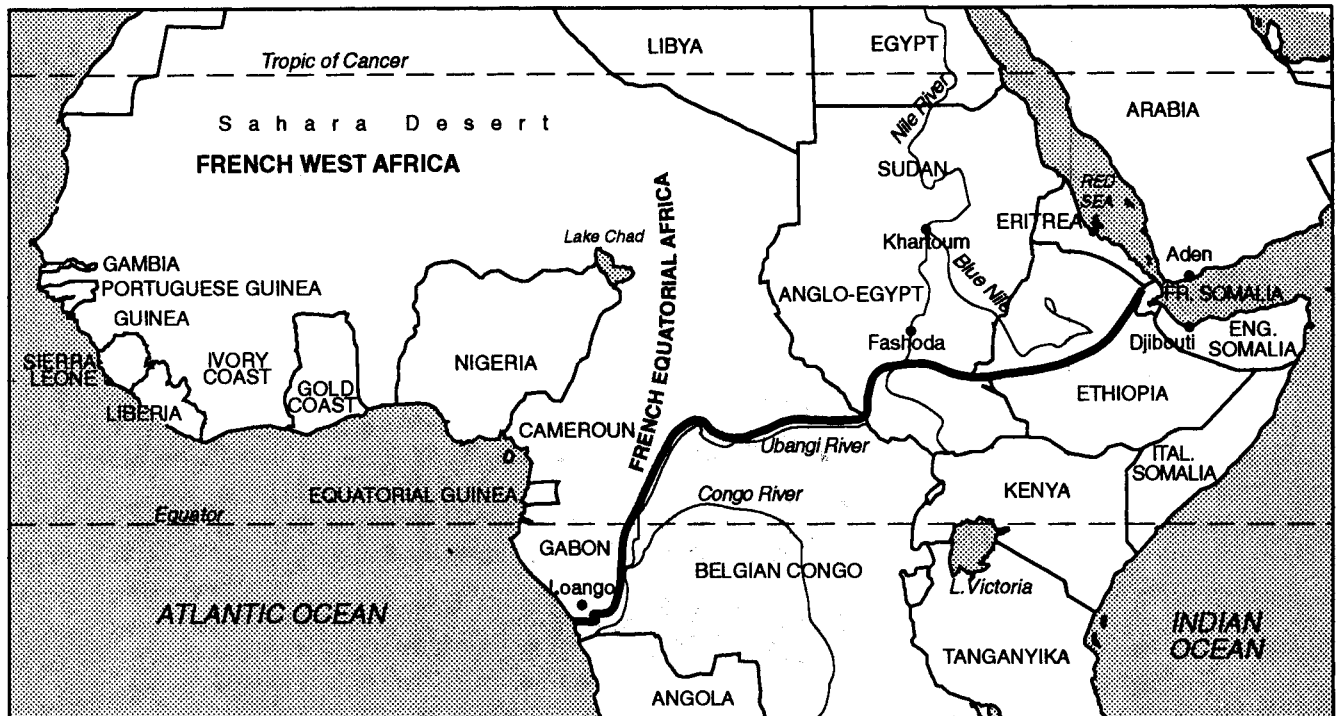
The author is chairman of the Schiller Institute in France. This article is based on a speech he delivered to a conference of the Schiller Institute and the International Caucus of Labor Committees on Aug. 31, 1991, in Alexandria, Virginia, and on a longer historical analysis which he published in the French newspaper Nouvelle Solidarité.

The two irrational monstrosities of the twentieth century, fascism and communism, have been buried; but what we now confront is the *mother* of both monstrosities: *British Anglo-American liberalism*. It is this Aristotelian liberal matrix that led the world to World War I, and then to all other evils of the twentieth century.

That is why it is necessary today to look back into the real causes of the disasters of our century: From the trenches of Verdun, where about *1 million people died*, French and German together, to the concentration camps of Nazism and communism, to the systematic looting and mass murdering by colonialism, to the racist world genocide of today. We have no choice if we want to make our world better, if we want to save humanity from being an "earthly inferno," as the Pope said; we have no choice but to challenge all our axiomatic assumptions. We must determine why Europe, at the end of the nineteenth century and beginning of the twentieth, submitted itself entirely to the British liberal economic, political, and pseudo-scientific worldview, and why people who were at least aware of some fundamental aspects of the disaster coming, were then not able to reverse the trend.

Let's start with what in European history stands as a symbol of the French surrender to the British: Fashoda. This, not the assassination of Archduke Ferdinand at Sarajevo, can be counted as the real start of World War I.

On July 10, 1898, France's Captain Marchand reached the Nile at Fashoda, in Sudan, on a mission to oppose the British; on Sept. 20, after having conquered the Sudanese "dervishes," Britain's General Kitchener confronted him. They remained thus for many weeks, toe to toe, until the French government gave way,



Captain Marchand's campaign against the British in central Africa ended in France's humiliation and the start of the Entente Cordiale. The black line shows Marchand's march from Loango to Fashoda, where he surrendered on Nov. 4, 1898, and his withdrawal to Djibouti.

and, on Nov. 4, 1898, Captain Marchand withdrew from Fashoda.

This confrontation between two colonial armies—French and British—around a delapidated fortress in the heart of a continent at that time only partly explored, seems very long ago, closer to a Conrad novel, than to the tragic upheavals of our own *fin de siècle*. And yet, the Fashoda incident marked a watershed in French foreign policy, and thus a transformation of the game of the great powers in Europe.

After Fashoda, the “phantoms of the night” of which the French humanist Jean-Leon Jaurès spoke, began to haunt Europe. Europe's destiny became war: war in the world of inter-imperial rivalries defined by the principles of British economic and political assumptions—“Buy cheap, sell dear.” Economic policy was left to financial interests and merchants imposing usury. Political rule was given to the monarchs and the courts. The people were trapped, humiliated, brainwashed, to make them believe that the *Other* is the enemy.

After Fashoda, the people of Europe were led by not-so-secret military alliances in a chain reaction toward war. Théophile Delcassé replaced Gabriel Hanotaux as France's foreign minister, guided by the obsession, which he confided to Maurice Paleologue: “Ah, my dear fellow, if only Russia, England, and France could ally together against Germany!”

The British strategy

The dominant ideology, universally accepted, became that of the British Empire: Divide and rule; divide up Asia

and Africa; be guided by nothing but a will to power and possession without program, the absolute right to make the most of one's stocks and bonds—all leading directly into war. France, although a republic, like the United States (which itself joined in the game, under President Theodore Roosevelt), collapsed more than the others and let itself be dragged along by the logic of empires, of monarchies and oligarchies—a “logic of war” which in this century led from the trenches of Chemin-des-Dames, the charnelhouses of Verdun, to the humiliation of May 1940, to the bloody imbecility of our colonial wars, straight to President François Mitterrand's submission to the Atlanticists of today, in implementation of the Anglo-American “new world order.”

The fundamental element of the world situation, was that the British oligarchy perceived an eternal division of Europe as being in its interest, so that the reins of power could never drop from Britain's hands. Having made of London the world center of financial, commercial, and maritime power, the oligarchy hoped to preserve this power through the domination of the sea and the colonies. That domination was incompatible with the development of Europe, with the continuation of industrial progress in France, in Germany, and in some regions in Russia, and finally, with an accord among the continental nations for the purpose of realizing a project of mutual economic growth. England, the British System, was by its very nature the wind which blew the stormclouds of war across the European sky.

The continental European nations committed a terrible

error. Instead of forming an alliance of the kind sought by a Hanotaux or a Jaurès, they tried to play more subtly and more aggressively on the very playing field defined by England. “Willy” (Wilhelm II of Germany), “Nicky” (Nicholas II of Russia), Raymond Poincaré, and Delcassé, the pathetic principal agents of this fundamental error, wanted to play better than Edward VII or Chamberlain at a game whose rules they, the continental European nations, had not set. The result was that their nations, their peoples, and their governments were all losers, and the world has not yet emerged, even today, despite two world wars, from this logic of blood and iron.

What we will show here, is the absolute responsibility of financial liberalism, following in the footsteps of the British System, for the outbreak of the First World War, and the part which the French Republic played. Starting from the outlook and the methods of judgment which the British System inculcated, we must understand how the idea of the nation, the republican ideal, and even religious doctrines, became progressively perverted, transformed into factors of exclusion and division—even though, to begin with, they had all been, in differing degrees, transmitters of universal values.

Today, with communism and fascism having disappeared, history has begun to repeat itself like a stutterer, even to the point of repeating the same names and the same words in the Balkans. Already, in the Serbian enclaves in Croatia, streets have been renamed for Gavillo Principe, the assassin of Sarajevo.

And this time, once again, only a grand European policy, a Franco-German policy, could create the opportunity for the recovery of the continent’s economy, and the world’s.

Will Europe live up to the greatness of her task? Looking at her leaders, one is tempted to answer, “No.” They themselves are, as are their peoples, saturated body and soul in the “British” system of thinking. The Gulf war was a terrible example of this blindness and this mediocrity. French President Mitterrand from the outset bowed to a “logic of war,” as if war were ineluctable.

As for the countries of the East, our European brothers too, we are not capable of proposing to them, as the price of their liberty, anything but the closing of their factories and the lowering of their standard of living. The neo-liberal economists are rampaging there, transferring power to a “communist” *nomenklatura* converted to theories worse than those of the years of the teens or the 1930s.

Having learned nothing, it seems, and understood nothing, our leaders have taken up again their course to the abyss, as they did after Fashoda.

Hanotaux’s grand design—and limitations

To understand this, let’s look at what happened *before* Fashoda. This leads us to examine the policies of Gabriel Hanotaux, the French foreign affairs minister between 1894 and 1895, and again from 1896 to 1899.

Hanotaux tried to shift the policies of France out of an

obsession with revenge against Germany, which had won the Franco-Prussian War of 1870 and grabbed Alsace-Lorraine, into a policy of colonization and development of Africa and Asia, and a policy also of inter-European development. His plan was based mainly on economic development of energy and transportation: railways, coal, iron. Hanotaux had plans for a Trans-Saharan Railway and a Trans-Siberian Railway—and the latter was built by the Russians, in a project of Hanotaux and Count Sergei Witte, who was a minister of the Russian government at the time.

It was Hanotaux’s Trans-Saharan conception which confronted the concept of Britain’s Cecil Rhodes, of a north-south Egypt-to-South Africa link, which would place that part of the world fully under the control of the British. It was a very simple choice: north-south or east-west.

Hanotaux understood very well the strategic importance of railroads at the dawn of the twentieth century. In Africa, he saw in the railroad the “true conqueror,” and envisioned three tracks of a Trans-Saharan line:

- In the east, a Bizerte-Brazzaville link, by way of Bougrara, Gadhames, Rhat, Belma, Lake Chad, Songha and the Congo—that was the Bonnard project;
- In the center, a Biskra-Ouargla-Assiout-Lake Chad line;
- And, finally, in the west, a South-Ouranais-Timbucoo line, to link Senegal and Algeria.

His conception of the “profit” involved in the construction of these railroads was an interesting one: that of “profit-infrastructure,” which took into account the longer term impact of the project—an outlook which broke with the British conception of “profit-booty,” tied to the immediate revenues of transport.

He wrote, concerning the plan for a railway through the Sahara: “The expense is immense, they say, and the return will be zero. The traffic of the desert, what a joke. . . . That the desert doesn’t pay, I agree. But what is the desert? It is an obstacle, it is a separation. To pretend to demand of it a return, is to look at the question backwards. The sea too is an obstacle, a separation. We do not hesitate to cross it, however, to link up countries which, without the initiative and audacity of the first navigators, would have remained forever separated. And the sea still does not pay. . . . Everywhere where the railway has penetrated, peace has been established. . . . If [the railway] economizes on the costs of installation, if it economizes on the costs of refueling, if it militarily protects Algeria and Senegal, if it makes it unnecessary to set up in the south the outposts which cost so much . . . if it performs such services, it will have justified its creation.”

Hanotaux also conceived of a continental European alliance, based on the type of infrastructural progress which the railroads represented.

Fashoda was a blow against all this by the British. And Hanotaux himself ultimately proved to be too immersed in

the British System to break its mold, to offer effective opposition.

He saw the world as a duel between France and Britain: sometimes war, sometimes dialogue, but in any event, he thought, it's the determining concept. He admired Talleyrand, the French foreign minister of the Holy Alliance—the worst of the worst, whom Napoléon aptly described as “a piece of shit in a very beautiful glove.”

Hanotaux tried to make peace with Germany. He sent the French fleet, in June 1895, as a graceful gesture to the opening of the Kiel Canal. At the same time, he also wanted to make arrangements with the British. Everything was solved, except that question of Fashoda, that question of an east-west or north-south connection—French or British. He wanted to achieve a French-Russian agreement, not against the Germans, not as an offensive agreement, but as a defensive agreement. He wanted to patch things up; but what was lacking was a higher conception of statecraft.

What is the worm in the fruit, where you can see the fundamental problem? It's *colonialism*; and we face the very same problem today, in a different form.

The logic of Hanotaux's thinking was determined by the Treaty of Berlin, which cut Africa into pieces. And Hanotaux had, to be honest, racial views not much better than those of the British.

Hearing him, in *Le Partage de l'Afrique*, (“The Division of Africa”) in 1909, talk of “the noble qualities of the Anglo-Saxon race . . . a grand and noble race,” we understand that his categories of thought were not, alas, different from those of London, or those of the entire European oligarchy, marked by the social Darwinism of Spencer. “The fittest” had triumphed, and that was justice; the inferior races had no destiny except to be taken in hand by “noble colonizers” of France and Britain, who certainly had their disagreements to settle, but only “gentlemen's disagreements.”

Speaking of Africa, Hanotaux wrote of the “barbarism of those immense regions” peopled by “poor inferior races . . . stupid and wild populations, having neither art, nor wealth, and consequently incapable of commerce and industry, nomadic tribes, surviving or defeated according to the outcome of a fortunate hunt or an ephemeral conquest, black demons in some clearing glimpsed by the light of the fire of a cannibal feast, sinister faces appearing or disappearing in a thicket, idle tribes stuffing themselves with food from the windfall of a good catch; then, the next day, decimated—reduced to nothing by misery and famine, roaming with sunken bellies, or bellies full of soil and filthy insects—that is life in this cursed land. And it is there that we speak of colonizing!”

The conception is that of Rudyard Kipling, who was a leading British Freemason of the Cecil Rhodes camp: the “white man's burden.” Hanotaux did not understand what Pope John Paul II has recently elaborated in his encyclical *Centesimus Annus*, for example: that the poor of the world,



French Foreign Minister Gabriel Hanotaux. His grand strategy was a threat to the British, and was ultimately defeated.

those who have not yet had access to universal history, are really the people who should be helped the most, because they represent a higher potential. Hanotaux only sees them as what they are at a given point. From that, you can see what Aristotelianism does to a mind.

Delcassé and the Entente Cordiale

Jules Méline, the prime minister while Hanotaux was foreign minister, fell from power on June 15, 1898, and Théophile Delcassé came in as foreign minister in the new cabinet. The interesting point, if you look at all these arrangements, is that Delcassé was already colonial minister in the government in which Hanotaux was foreign minister. So, it was internecine rivalry, and not a fundamental difference on Hanotaux's part, nor the capacity to act from a higher standpoint.

Delcassé destroyed the potential for any entente on the continent based on a community of sovereign republics. Instead, he proclaimed the French surrender at Fashoda, turned French policy fully against Germany, and made the French-Russian Alliance a totally offensive alliance rather than a defensive one. He organized the British-French Entente Cordiale, signed on April 8, 1904. Delcassé explained his conception to his advisers: political and military alliance with England; expansion of the alliance with Russia, and splitting Italy from Germany.

He is totally opportunistic, cynical; he believes in nothing but power. Power for him is where money is, and money is in the City of London. So he is pro-British by interest, but also his territorial and geopolitical conception of the world is British. He is obsessed to get back Alsace-Lorraine as a piece of land belonging to France. And he is pro-British by snobbery. He is the type of “republican” who is more than happy to be coopted at court by the lords. He has a group of snob-ambassadors around him, his own network.

Delcassé is cold, nasty, egoistic. He is a strong personali-

ty, compared to the wheeler-dealers of the Third Republic. And that's why he was able to impose himself. He seized the occasion which Fashoda presented him, to wipe out Hanotaux's policy and impose his own—the policy of the Entente Cordiale.

This defined a road toward hell. A Franco-German war was almost declared in 1905 over the question of Morocco. Delcassé wanted war. In a brief reaction of sanity in the French government, Delcassé was kicked out in 1905; but France did not break with Delcassé's policy, which continued without him. Part of it was a French-American agreement on the Panama Canal: The Panama Canal was given by the French to Theodore Roosevelt and Wall Street, and in return, Roosevelt supported France in Morocco. This is a very little-known history; but I have the text of the deal.

History between 1880 and 1914 was a set of mafia-type agreements and counter-agreements; nothing but that. Between 1904 and 1914, Europe went from confrontation to confrontation into war. When the Moroccan question was solved, the Balkan question flared up, and ultimately led to war.

The oligarchical mind

What underlies this descent of Europe into the maelstrom, is a world defined by *usury*, *malthusianism*, and *entropy*.

Usury: France, like England, became at the time a rentier country, and not a country geared toward productive investment. The Rothschilds and the Paribas banking group, as in Morocco, controlled the French economy. In Morocco, they trapped the sultan with debt, just as the usurers do today. And when the sultan could not repay his debts, they imposed a protectorate and French domination of Morocco.

If you look at the period between 1904 and 1914, French business—banks, for example—invested abroad. *Seventy-five percent of their investment was entirely oriented toward speculation abroad*, domination abroad, and not national development. About half of the French total income came from investments abroad. A Moroccan Committee ruled the country. Take the case of the loans to Russia. First these loans *were* for economic development—energy and transportation. But when Delcassé took over, they were shifted to military-strategic purposes. Railroads continued to be built in Russia, but as strategic lines toward the German front, because the French and the Russians were preparing for a war with Germany.

Delcassé in 1914 declared, just before the war: I finally have my war. I have checked everything in Russia; all the railroads to the front are in perfect shape.

So, France was under a regime of usury, and small rentiers made the political and social base for the financial forces allied to England and Czarist Russia.

Then you have *malthusianism*, which always goes along with usury: a polite name for mass murder. The renowned

French philosopher Henri Bergson, as president of the International Institute for Intellectual Cooperation (which was the United Nations of those days), declared at the turn of the century that the war of all wars is over population. It is necessary to tax children heavily produced in excess in those countries afflicted by overpopulation. We have to rationalize the production of man through authoritarian methods, if need be, he said.

Sound familiar? It is the spirit of the 1910s and 1920s. This was exactly the moment at which the Harriman family had organized the first pro-euthanasia meetings in the United States.

Then, *entropy*. Entropy is a degeneration of classical science into a concoction of sociological-algebraic radicalism. You take the Second Law of Thermodynamics, usefully applied to a single isolated machine, but which becomes totally insane if applied to the world conceived of as a machine. It is a total rejection in science of non-algebraic functions, of transcendental functions.

So you have *usury* in economics; *malthusianism* as a social policy, and *entropy* in science. This is the trinity of evil that has ruled the world since the end of the nineteenth century and beginning of the twentieth century.

Assault against Christianity

At the same time, the gnostics' dualism, the separation of pure spirit and matter, led to destruction—mainly, at that time, from Paris. This is the true cultural background to the collapse of France and other European countries. It is the systematic destruction of Christian principles, of classical European civilization. It is the Bogomils, Aristotle, Mount Athos in Greece, Descartes, and the positivism of Auguste Comte.

In France, it took the form of the Cartesian separation between pure spirit and matter: the *res cogitans*, the pure spirit, knowledge, and the formal extension, matter. The connection between the two, is a God who intervenes from outside, the *deus ex machina*, who is kicked out of nature, and is also kicked out from inside man.

So, if you accept this dualism, what happens is that you have destroyed the dignity of man. Man is no more in the image of God, the source of Creation. He can no longer intervene into history. His capacity to arrive at conceptions of a higher ordering is destroyed.

The French philosopher Jacques Maritain, who is one of the inspirers of Pope John Paul II, says that the Cartesian world is like an angel running a machine: the spirit and the matter separated. An angel on a motor-bike.

In a world trapped by such an ideology, what happens to religion? On the one side, the Freemasons move in. The Grand Orient Lodge of France decided, in 1876, to rule out of its statutes all references to God or immortality of the human soul. It was prohibited to believe in the immortality of the human soul. Then, probably, you have another choice:

religion as something you need to secure social order, a state religion.

And then you have the Catholic reaction. It was based on a conservative principle, to keep things together, against those evils; yet it had a temptation to submit itself to earthly purposes and designs—specifically, to monarchies. This was another type of Aristotelian organization of society, based on the negation of the divine spark which exists equally in every individual human being. And that destroys religion completely. Religion becomes destroyed in that universe. There is no more theological truth.

The battle of Pope Leo XIII

Leo XIII, from his accession to the papacy in 1878, rightly attempted to intervene into the crisis and to establish an understanding between the Church and the French Republic. It was a matter of defining, for Catholics, a position from which they would plainly accept the framework of the Republic, at the same time that they fought vigorously for the rights of the Church.

If this policy had succeeded in any lasting way, it would have been the end of the influence of British liberalism in France, if not in Europe as a whole.

For two reasons: First, the social doctrine of the Church, as it was defined in the Pope's encyclical *Rerum Novarum* in 1891, was totally incompatible with economic liberalism. Second, the Christian message thus revitalized was resolutely and absolutely anti-malthusian; and malthusianism was a doctrine and a policy which was essential to British liberalism.

Even more important, as Jaurès had well understood, the Christian referent—institutionalized or not—made it possible, in the name of the presence in each person of a “divine spark,” to challenge the established opinions and order of things, and not to allow oneself to be caught up in sectarian irrationalism or the fluctuations of opinion. Now, it was certainly the manipulation of this irrationalism—with all the attendant rebirth of spiritualism, pseudo-mysticism, and occultism—on which relied those in London, in Paris, and elsewhere in Europe, who wanted to impose their “cult of the masses,” making possible a rigid social control. From the standpoint of the British ideology, it was absolutely necessary to prevent the *entente* between the French Republic and the Catholic Church—or at least, to prevent the spread of an authentic Christianity in France.

The strategy adopted to destroy the effort of Leo XIII operated simultaneously within the Republic and the Church. In the Republic, it functioned by arousing a violent anti-clerical spirit, by making anti-clericalism, for many years, a fundamental and obsessive issue. A “mass base” for this agitation: radicalism, inspired by the Grand Orient lodge, and transmitted by the “free-thinking societies” in which legitimate social goals were wedded to rituals that were ridiculous but popular: For example, people ate meat on Good



Pope Leo XIII's effort to find an understanding between the Church and the French Republic, had it succeeded, would have meant the end of British liberalism in France.

Friday (a Catholic day of abstinence) to prove their freedom of conscience.

Within Catholicism, it was the card of irrational mysticism (in which Bergsonism played a major role) which was played, and forms of popular devotion were encouraged which were as irrational as the practices of the anti-clerics: miracles and prophecies, relics and visions.

Many times, between 1878 and 1889, the Pope made clear that French Catholics must accept the institutions of the Republic. On the eve of the legislative elections of 1889, he intervened. His objective was to affirm the distinction between the spiritual power and the temporal—a distinction which, traditionally, French Catholics did not make—to break up the solidarity between French Catholics and the monarchy, and to safeguard the Concordat and the funding of religious services, which was threatened by radical agitation.

The ultimate failure of Leo's effort—fiercely resisted by the majority of the French cardinals, while repeated provocations were stirred up by the Freemasonry—marked the final descent of the century. By 1901, the Bloc of the Left, dominated by Radicals and Masons, had promulgated a law which denied religious congregations the right to associate without legislative authorization, and in July 1904, after it suppressed all congregational teaching, France broke off diplomatic relations with the Holy See. The rupture set up the dynamics of our century, against a theophanic universe, a universe in which God can think and be understood, and which is seen fully organized by the work of God, by the Creation. Instead, it set the terms of the coming century toward a self-destructive universe, a universe of cyclical wars.

The idea of the nation is degraded

The nation is a secular reflection of Christian faith, in a first approximation. It was, until then, conceived as a will to live together to achieve the Good; to embody in a nation some universalizing design. This was destroyed, in a way

that is very relevant to the United States and to France today. It was destroyed by a beast with two heads: anti-Semitism and Zionism, produced on a mass scale during the years in which Hanotaux was active. The two-headed monster was created to counter the work of Leo XIII, to extend the fight against religion, and to destroy the nation as a secular earthly base for a true conception of religion.

Instead of the republican idea as it once had been, there emerged, during the infamous Dreyfus Affair, the "religion of the country," which led toward the exaltation of an ethnically or racially homogeneous state, basing itself on its armed forces—to the detriment of the universal respect for life and the rights of man.

The nation abandoned republican principles. The new "nationalism," a more or less synthetic pastiche which united the left, the old Communards, and the right, royalists or Bonapartists, posed as the defender of the national army, an instrument of unity, and an opponent of foreigners in general and of Judaism in particular, which was branded "treason by nature."

It was in 1890 that Edouard Drumont founded the Anti-Semitic League. In May 1892, *La Libre Parole*, ("Free Speech"), Drumont's newspaper, began its provocations by publishing an investigation titled "The Jews in the Army," and demanding, of course, their elimination. Such developments prepared the soil in which the Dreyfus Affair grew, and the first information published in the press on the Affair appeared in *La Libre Parole*. On Nov. 1, 1894, the newspaper ran a banner headline: "High Treason! Arrest of the Jewish Officer Alfred Dreyfus."

The Dreyfus Affair formed the backdrop for the entire period, from the end of 1894 to Sept. 19, 1899, when the President of the Republic finally signed Dreyfus's pardon. The Affair inflamed passions, and helped to pervert the idea of the nation. Anti-Dreyfusism was a sort of ersatz republican idea, based on the "cult of terror," the "mystique of the race," and the power of "sacrifices for the military." It was in this synthetic "national" context—manufactured both in France and Germany—that Alsace-Lorraine, for some a part of the soil of France, for others the legitimate extension of the German Empire, became an insoluble question which could not be disentangled except by war.

Remember that Dreyfus was accused of espionage for Germany, by means of a crudely forged letter between the Italian military attaché, Pannizardi, and the German military attaché, von Schwartzkoppen. The Affair maintained an anti-German climate, split France in two at a time when a grand continental policy would have been possible, and threw most of the Catholics into the same political camp as the anti-Semites.

Beyond the terrible injustice done to one man, it was an immense political and moral disaster.

As another indication of the spirit of the times, take the case of Vacher de Lapouge, who wrote at the end of the

century a book called *The Aryan*, which inspired Hitler. In it he says that the most beautiful conquest of man is not the horse; it is the slave. He divides the world between Semites and Aryans. So this is only an example of how man is divided into categories. This is a typical Aristotelian view. You divide, you cut, you cut, you cut, like a salami.

In this climate of irrationalism and godlessness, faith and reason were separated. You have the intellectual on the one side, who thinks very deeply. But he ratiocinates; he's indecisive. It's impotent reason. On the other side, you have the soldier. He doesn't think at all, but he obeys the nation without hesitation. It's irrational faith. The intellectual is left-wing, and the soldier is right-wing—it was at this time that such insanity was promoted.

The nation becomes blood and soil—with animal symbols. The French hawk against the German eagle—two Sun cult symbols. The question of Alsace-Lorraine, trapped into that, becomes insoluble. It is an issue of blood and soil, caught in a universe defined by blood and soil.

Our challenge today

Let me return to today's challenge, to try to locate what is demanded from us, as a lesson of what happened before World War I.

Today, the increase of mankind's physical power over nature, is, to say the least, not secure. Much worse, mankind's physical power over nature *has been systematically*

Nehru: The 'Great War' cost humanity greatly

One of the most biting critiques of the so-called Great War came from Jawaharlal Nehru, in his letters from prison to his daughter Indira, which she later published in a volume as Glimpses of World History (Oxford University Press, New Delhi). His book was reprinted by her son Rajiv Gandhi to commemorate the centenary of Nerhu's birth in 1989. On April 1, 1933, Nehru wrote of the war's devastation:

The war was over. But the blockade of Germany by England's fleet continued and food was not allowed to reach the starving German women and children. This amazing exhibition of hatred and desire to punish even the little children was supported by reputable British statesmen and public men, by great newspapers, even by so-called liberal journals. Indeed, the Prime Minister of England then was a Liberal, Lloyd George. The record of the four

reduced. This means chaos, anarchy, wars, a Hundred Years' War of continuous self-attrition, decreasing the potential population density.

We must reverse the prevailing economic orientation. This means to reestablish the American System of Political Economy, in all its facets opposed to the political economy of America today.

What you have today, especially in America, but also elsewhere as a prevailing tendency, is the reverse of the American System of Political Economy. It is the acceptance of the British System of Political Economy, the acceptance of that malthusian liberalism against which the American Revolution was fought. Tell the American population, "Be Americans! Drop the British policies of your oppressors!"

A proper science of physical economy based on the Christian principles as laid out, for example, in *Rerum Novarum*, implies a knowledge of the increasing power of scientific progress. Physical economy does not only measure man's per capita power over nature; but studies those changes as a material effect of a *mental cause*. This is what Lyndon LaRouche has laid out, again and again, over the last 20 years—of a *mental cause*.

This is the question that I am trying to bring before you today: mass intervention to transform human history, the question that LaRouche defines as consciousness of revolutionary change as approximate cause of increase of potential population density: the precondition for humanity's fitness

to survive the crisis before it.

Our task in history, is to reestablish the hopeful direction of development, and therefore to break the logic of war which led to World War I; to make human beings and nations sovereign, to reestablish their capacity of self-government.

Then we should know what is needed to make a nation and a person sovereign. To make a person sovereign, is to develop his creative processes; his generation, its assimilation, communication, of scientific and technological progress, for the whole society. To make a nation sovereign, is to create a process of self-government based on individuals freely exerting those capacities to generate, communicate, and assimilate, scientific and technological progress; a process of self-government in that sense, requires all nations' agreement upon a conception of a development policy through a deliberation in a literate form of common language, for which geometry, music, spoken language, are elementary and inseparable.

Today, we face a world much worse than in 1914. The level of prevailing thinking, is much lower. People are not organizing themselves to revolt against these conditions. The deadly potential of AIDS is infinitely greater than that of the Spanish flu in 1918. America is no longer a reservoir of economic productivity. If we are serious, if we really see before us the sufferings once again to come, let's learn the lessons of history, and let's do individually, personally, a bit more—each of us.

and quarter years of war is full of mad brutalities and atrocities. And yet perhaps nothing exceeds in sheer cold-blooded brutality this continuation of the blockade of Germany after the armistice. The war was over, and still a whole nation was starving and its little children were suffering terribly from hunger, and food was deliberately and forcibly kept away. How war distorts our minds and fills them with mad hatred! Bethmann Hollweg, the old Chancellor of Germany, said: "Our children, and our children's children, will bear traces of the blockade that England enforced against us, a refinement of cruelty nothing less than diabolic." . . .

The long years of war had brutalized the warring nations. They destroyed the moral sense of large numbers of people, and made many normal persons into half-criminals. People got used to violence and to deliberate distortion of facts, and were filled with hatred and the spirit of revenge.

What was the balance-sheet of the war? No one knows yet; they are still making it up! I shall give you some figures to impress on you what modern war means.

The total casualties of the war have been calculated as follows:

Known dead soldiers	10,000,000
Presumed dead soldiers	3,000,000
Dead civilians	13,000,000
Wounded	20,000,000
Prisoners	3,000,000
War orphans	9,000,000
War widows	5,000,000
Refugees	10,000,000

Look at these tremendous figures and try to imagine the human suffering that underlies them. Add them up: the total dead and wounded alone comes to 46,000,000.

And the cost in hard cash? They are still counting it! An American estimate gives the total expenditure on the Allied side as £40,999,600,000—nearly 41,000 million pounds; and on the German side as £15,122,300,000—over 15,000 million pounds! These figures cannot be fully understood by us, as they are so utterly out of proportion to our daily life. They seem to remind us of astronomical figures like the distance to the sun or the stars. It is not surprising that the old warring nations, victors and vanquished alike, are still hopelessly involved in the after-effects of war finance.

To understand Bush's policy, look at how Britain set up World War I

The following is excerpted from a campaign statement issued by presidential candidate Lyndon LaRouche on Dec. 1.

If you look at the way George Bush has been flip-flopping on the question of recognition of Ukraine, you may wonder why. I shall explain to you exactly what's going on.

You have to go back to the beginning of this century, about the time that the British had planned to start a general war in Europe, because they feared, at that time, that Germany, together with France and with Russia, would develop railway networks, such as from Paris to Vladivostok, and from Berlin to Baghdad, which would make the entire Eurasian continent as area of high-technology development—that is, large-scale infrastructure projects leading to modern technology spreading all over the place, in agriculture, in industry. And that, the British did not want. So they organized World War I to prevent that from happening. By aid of President Teddy Roosevelt coming into power, through the shooting of McKinley and other things, the United States was brought in on Britain's side.

The first thing the British did in the 1890s was to target France, to get rid of the patriotic, pro-development types in France, and push them to one side; and bring together a group of people who came out of the radical republican tradition, who were, as the French say, *revanchistes* [intent upon revenge]—they wanted war against Germany to get back Alsace-Lorraine, and they didn't care what happened to the rest of the world, as long as that objective was realized. This included a fellow by the name of Théophile Delcassé, who was in the Foreign Service at that time, and he was a patsy for a British fellow by the name of Lord Grey.

Now, what the French did, over the period 1898-1904, is enter into a pact of submission to London which became known as the Entente Cordiale. Once, by 1904, the Entente Cordiale had been cemented in place in the relationship between London and Paris, London and Paris together were able to proceed to bring Russia onto the side of the Entente Cordiale, as well as Italy, eventually; but the process was started then, for a war against Germany and also Hungary.

They started the war from Italy, and they started it in the Balkans—the place where we're having a new Balkan war—and they used the same forces then, as they're using now to get this Balkan war going. They played the Serbian card; and

they're playing the Serbian card now. They used the breakup of the Ottoman Empire as the occasion for this kind of process.

Now, admittedly, the German government didn't behave entirely too well in this process—they fell somewhat into the trap—but they were the least guilty of all parties. The Austro-Hungarian emperor did fall into the trap, and actually double-crossed his German allies, who wanted to *avoid* the war, by setting up a situation in which the war became inevitable. There were people on the Russian side who wished to avoid war, but they were outflanked and outmanipulated.

So, that's how World War I started and that's how it was organized.

Now, at the end of the war, obviously, the Anglo-Americans imposed conditions of peace which were consistent with their war objectives. These conditions of peace are known generically as the Versailles institutions: not just the Versailles Treaty as such, but also the Sykes-Picot treaty affecting the Middle East and so forth—the whole package of arrangements redrawing the map of Europe, defining borders, defining governments, and all these sorts of things; and deciding what they thought should not be allowed to happen in the future.

Essentially the purpose of the Versailles system was to ensure that the British forces, the Entente Cordiale—Paris, dominated by London, and an American giant, American muscle, controlled by British brains—that this combination would control the world forever. That was essentially the direction they intended to move.

It didn't work, and blew up in World War II.

The philosophy of the Versailles system

But at the end of World War II, in Bretton Woods and elsewhere, new arrangements were made which *affirmed* essentially the philosophy of the Versailles system. The philosophy of the Versailles system is essentially what we call geopolitics: a kind of quasi-religious kookery—pagan religious kookery, that is—dreamed up by Halford Mackinder and others in London, to say that the rim must control the heartland, the heartland being Eurasia, and the rim being the British Empire and its cohorts.

So that's where we are today. Now, look at the lineup. With some degree of exception, but generally true, the gov-

ernment of François Mitterrand of France is playing the Entente Cordiale role of pre-World War I France with Britain. Italy has been pulled into the same alignment against Germany—particularly the presidency, Foreign Minister DeMichele and the President, have moved into a position of support of the British pro-Serbian line, despite the fact that the Serbians are butchering Croats left and right.

The argument that's made in policymaking for this apology for the Serbian butchers is that we must preserve Yugoslavia at all costs. So, here we have what the Serbs are doing to the Croats, in particular. What Saddam Hussein was *accused* of doing to the Kuwaitis was absolutely small-time stuff compared to what the Serbs have been doing, week after week, to the Croats—week after week after week.

The United States does not protest.

The Soviet Union no longer exists

Now, look at the Russian side. Now we come to the real idiocy. *The Soviet Union no longer exists*. It has not existed for months! In fact, it really went out of business right after the summer coup, when it liquidated. Nonetheless, the Anglo-Americans, backed by the stupid U.S. media—radio, television, and print—keep telling you about this and that agreement that the United States or somebody else has negotiated with the Soviet government. But the Soviet government does not exist! Gorbachov is a stateless President. There is no Soviet Union. There are only the relics of a Soviet Union. What exists is, primarily, the Russian Federation, the Russian republic. What remains of the Soviet government is now on the payroll of the Russian republic under Yeltsin—including Gorbachov. Most of these fellows are under investigation; the Politburo people are under investigation, or criminal prosecution, including Gorbachov. Gorbachov doesn't function unless he gets a paycheck from Yeltsin! The great bank of Russia that everybody thinks they're negotiating with, doesn't function, unless the Russians and others put deposits in there. It has no power over Russia, it has no power over Ukraine, over Belorussia, over Kazakhstan.

There is no Soviet government! There is an attempt to create some kind of cooperative confederation from among the remains of what was once the Soviet Union, but there is no Soviet government. So why does George Bush, why do the U.S. press, why do the British press, keep talking about these negotiations with the Soviet government? Because the Soviet government is part of the Versailles system, that is, as amended by World War II. Just as the Versailles system wishes to maintain Yugoslavia as a unit, at all costs and all pretenses, so they want to maintain the Soviet government as a unit, even when the Soviet government no longer exists. That will change.

What London fears

The fear was, with the British in the case of World War I, not merely that France and Germany and Russia would

hook up for infrastructural development, say from Brest to Vladivostok and so forth, but that that would destroy the British Empire, the British colonial world. That would destroy, for example, the colonies, the colonial status of the Central and South America, of Africa, southern Asia, and so forth, and that, the British did not want.

Now, what are these fellows afraid of, and why are they afraid of me, still, in Washington, the way they are? Here I am; they stuck me in prison, but they're *terrified* of me. What are they afraid of? Well, the reason they stuck me in prison is that I moved to upset their little colonial arrangement in Central and South America, and a few other places, by demanding a new monetary system. And we came close in 1982 to actually pushing that through. That's why they moved—Kissinger and company, on behalf of the British and other banks—to have me thrown into prison, back then. It took them time to do it, but they did it, with George Bush's help.

The issue was this banking and colonialism business: like the North American Free Trade Agreement, for example; NAFTA's an expression of that policy—genocide against the peoples of Central and South America. That is U.S. policy. Kissinger said so in a number of places, including in official National Security Study Memorandum 200 in 1974. Brent Scowcroft said the same thing, in a memorandum, when he succeeded Kissinger back in 1975, following up Kissinger.

The policy of the United States is genocide against Central and South America, and Africa, and the people of Asia, especially the peoples of Southeast Asia, India, and so forth. That's their policy. You may not know it, but that's your government's policy.

What comes in now? The Soviet Union is dismembered, disintegrated. The Warsaw Pact has disintegrated. What is the greatest fear of the Anglo-Americans behind the Halford Mackinder geopolitical policy? The fear is that the nations of eastern Europe, Poland, Czechoslovakia, Hungary, in particular, together with places like Ukraine or the Russian Federation, or Belorussia, would line up on the side of the patriots of Central and South America, Africa, and Asia, and say: No, there has to be an equitable, new world monetary and economic system, under which every nation has a right to participate in investing in scientific and technological progress to improve the conditions of their people; that is a sovereign right.

What the United States hoped, was that because of Mrs. Thatcher and Bush's close relationship with Gorbachov, they could get Gorbachov and the newly weakened remains of the Soviet Union to throw their weight on the side of British imperialism—to put it bluntly—and thus keep this kind of Anglo-American Roman Empire ruling the world forever, crushing anybody who wanted to develop their country.

Now the danger they see is that if the Soviet Union crumbles, Ukraine, the Russian republic, and others will begin to move together and put themselves politically on the side of those who want monetary reform. . . .

Ukraine vote buries fiction of 'Soviet Union'

by Konstantin George

The last fiction that a "Soviet Union" exists was buried Dec. 1, when Ukraine's 37 million voters decided by a 90% margin in favor of immediately proclaiming Ukraine an independent nation. The margin exceeded by about 10% the pre-referendum expectations of all pro-independence groups and the opinion polls contracted by the Ukrainian Parliament. Voters also elected Ukraine Parliament President Leonid Kravchuk, who received somewhere between 55% and 60% of the vote, as the republic's first President. The runner-up was Vyacheslav Chornovil, leader of the Rukh national movement, who got about 25% of the vote. This low tally is not reflective of Rukh's true strength, as the Rukh vote was split among four candidates.

The outcome of the Ukrainian referendum and election marks a dramatic change in European and global politics. Ukraine, with a population of 52 million, has the industrial, agricultural, and technological capacity to rival that of France at the turn of the century. Ukrainian independence has removed the last tactical constraints on the part of the Russian Federation leadership under President Boris Yeltsin, to proclaim Russian independence. Ukrainian independence also buries the possibility of any successor state to the U.S.S.R.

The end of an illusion

Despite the failure of the August coup, western governments and media feverishly clung to the illusion that a new Moscow Center, led by Mikhail Gorbachov, could somehow be resurrected. This illusion now lies shattered, as the new line in the European media, including the British press, and the international rush to recognize Ukraine attest.

Samples of British media coverage after the vote include

the Dec. 2 headline in the London *Independent*: "Birth of Ukraine: Death of U.S.S.R." And the same day's London *Guardian*: "Ukrainian Mass Vote Ends U.S.S.R." The *Guardian* coverage read: "Ukrainians yesterday voted overwhelmingly for their republic's independence, killing off any last chance that the Soviet Union can survive as a political union."

Buried with the Soviet Union is Gorbachov's project for a so-called new union, based on the republics signing a "New Union Treaty." Throughout the election campaign, President Kravchuk had insisted that Ukraine will never sign any treaty for a new political union. In his final pre-election speech on Nov. 29, Kravchuk denounced Gorbachov and the New Union Treaty, declaring flatly that Ukraine will never join. "He [Gorbachov] is trying to create a state on three levels—autonomous republics, states, and then a super-state on top. Such a state is doomed, it cannot exist. It will either be a centralized, totalitarian state, or it will fall apart."

Creating national institutions

Replying to an American-led slander campaign against Ukraine on the issue of the former Soviet debt, Kravchuk reiterated that Ukraine will pay its share of the former Soviet foreign debt, but only after receiving assurances that it will get its share of former Soviet gold, foreign exchange reserves, and other assets. He concluded by saying that Ukraine will have its own currency, national bank, and armed forces. Ukraine is ready to join an "Economic Union" with Russia and other republics after the elections, he said, but only if it is a loose economic union, "like the European Community."

As most recently confirmed by Yeltsin in an interview to

Izvestia on Nov. 29, the institutional changes in Ukraine will be emulated by Russia and the other republics. Yeltsin, knowing in advance what the Ukrainian election outcome would be, declared: "Ukraine will be free to do what it wants, introduce its own currency, have its own army. The situation for Russia will then also change. As a reciprocal measure, we shall have to introduce our own currency, and do something about the army." In the same interview, against the background of a coming Ukrainian land reform, which will give land to the farmers, Yeltsin announced that he will soon issue a decree disbanding all loss-making state and collective farms, and redistribute their land to private farmers.

In agricultural policy, there is a parallel between measures being taken by Ukraine and Russia. Large tank plant facilities in Kharkov, St. Petersburg, and the Urals industrial center of Nizhni Tagil are being converted to produce tractors and other agricultural machinery suitable for private farmers.

The Ukrainian elections also debunked the myth of "inter-ethnic conflict" between Ukrainians and Russians. The 90% majority for independence would have been impossible had not a solid majority of Ukraine's 12 million Russians voted for independence. The vote of Ukraine's ethnic Russians made a laughing-stock out of the correspondents and "analysts" of the western media who, since August, invested so much time, energy, and newsprint on inventing scare stories about non-existent "ethnic conflicts." In the two regions of Ukraine with the heaviest ethnic Russian concentrations, Donetsk and Kharkov, no less than three-quarters of the Russians voted for independence. Even in the Crimea, the one "bastion" of Russian chauvinism, a majority of the population and up to 40% of the Russian population voted for independence.

Diplomatic recognition

The process of diplomatic recognition of Ukraine began as soon as the referendum results were known. On Dec. 2, Ukraine was formally recognized by neighboring Poland, and Russia announced that it would follow suit. Thus, in an historic irony, Ukraine was first recognized by the two countries which, through much of history, had ruled it, or parts of it, as occupiers. The next day, Hungary extended diplomatic recognition to Ukraine and to Russia as well. Among the OECD nations, all announced that they would "soon" be recognizing Ukraine, but as of Dec. 4, recognition had come only from Canada, reflecting the electoral significance of the high proportion of Ukrainian immigrants among Canada's 25 million people.

The imminence of formal Russian recognition was clear from a declaration by President Yeltsin Dec. 3, where he announced that he was "convinced of the necessity of establishing new relations at government level, including diplomatic relations between Russia and Ukraine." This will occur "in an accelerated manner," he said, because he was "convinced that Ukraine will abide by agreements" concerning

arms control, nuclear weapons, respect of human rights, and protection of minorities. According to statements by Kravchuk on Ukrainian television Dec. 3, formal Russian recognition is expected on Dec. 5 or 6, after the official Ukrainian vote results are made public.

On Dec. 6, on "parallel" visits, Yeltsin and Kravchuk will arrive in the Belorussian capital of Minsk where they will hold bilateral talks on economic and political cooperation. As confirmed in a Dec. 3 statement by Ukrainian Foreign Minister Anatoli Silenko, on Dec. 7 Yeltsin and Kravchuk will hold tripartite talks with the leadership of Belorussia, to create a politically loose cooperation association among the three Slavic republics, as the bridge toward a future EC-like economic union.

U.S. insists on conditions

The official position of the United States is that it will recognize Ukraine, but only after Ukraine has complied with a list of "conditions." The conditions, as identified by White House spokesman Marlin Fitzwater, include: Ukraine's agreement concerning nuclear non-proliferation, adherence to arms control agreements, respect for human rights, protection of its ethnic minorities, and agreeing to pay its share of the foreign debt of the former Soviet Union. During December, these issues will be discussed in Kiev by a State Department special emissary, followed by the arrival in Kiev at the end of December of Secretary of State James Baker.

This U.S. position—of blackmail—has been echoed by the British government and, through Anglo-American strong-arm tactics, also adopted, at least preliminarily, by the EC and NATO.

The "conditions" policy, besides being utterly immoral, bears no relation to Ukraine's actual policy. Ukraine has repeatedly declared that it will never develop, produce, or possess nuclear weapons, and is ready to sign any treaties to this effect. Ukraine has demanded the quickest possible physical destruction of all Russian-controlled nuclear weapons on its territory. On the so-called conventional arms control front, Ukraine has declared that it will abide by all international agreements limiting conventional forces. Given that Ukraine has not yet even begun forming its armed forces, it is difficult to see how their present strength of zero can be considered a "violation" of arms control agreements.

Among the other conditions, it is the most vicious of insults for the United States—which throws into prison Bush administration political opponents on trumped up charges, as the Lyndon LaRouche case exemplifies—to demand that a republic which has conducted a free election, monitored and certified by western electoral observers, and which has no political prisoners, "prove" its "respect for human rights." Protection of minorities, who have rights exceeding European norms, has been acknowledged by Russia and enshrined in the Aug. 28 Russian-Ukrainian Treaty. The same treaty and similar treaties with all of Ukraine's neighbors—Poland,

Czechoslovakia, Hungary, Romania, and Belorussia—ensure mutual respect for each country's territorial integrity.

On the issue of the foreign debt, Ukraine has formally refused to sign an agreement with the western Group of Seven, agreeing to pay its share. But this does not mean that Ukraine refuses to pay its share. Ukraine insists, correctly, that it will sign such an agreement only after it has received assurances that not only the debt, but the gold reserves, foreign exchange reserves, and other liquid assets of the former Soviet Union will also be fairly divided among the republics. Imagine General Motors being liquidated into 12 successor corporations: No American, European, or Japanese directing one of these 12 corporations would ever agree to assume GM debt and renounce all claim to GM assets. Exactly this is being demanded of Ukraine.

The Bush-Gorbachov mutual policy

Putting aside George Bush's public relations talk of "forthcoming recognition," Bush's attitude has not changed from the summer when, in Kiev, he issued a stinging denunciation of Ukrainian independence. Bush, in a panic over the collapse of the Moscow Center and his own position with the American electorate, must now sing a different tune in public. But what Bush no longer dares to say in public, his friend Gorbachov says for him.

Gorbachov has, in interviews in the Soviet media, spewed a stream of invective against Ukraine. In a TASS interview on Nov. 30, he appealed to Ukrainians to vote against independence. Ukrainian independence is a "catastrophe for the union, Ukraine itself, Russia, Europe and the world," Gorbachov said. Repeating a theme he first discussed with Bush at the May 1990 Washington summit, Gorbachov stated that Ukrainian independence "can be exploited, and lead to territorial conflicts with Russia." He claimed for Russia, despite treaties signed by the Yeltsin government with Ukraine which renounce all territorial claims, the Ukrainian regions of Kharkov and Crimea.

Interviewed by the weekly *Literaturnaya Gazeta* after the referendum, Gorbachov declared that failure to sign the "New Union Treaty" would be a "catastrophe for the entire international community." He then warned of "ethnic conflicts," and "even wars between the republics," invoking the specter of "a confrontation between Russians and Ukrainians" producing a "general catastrophe."

Were there no Bush administration, Gorbachov's could be laughed at, as Gorbachov has little power now. However, they reflect the mutual policy of Bush and Gorbachov. Gorbachov's only hope to hang on lies in chaos and bloodshed sweeping the republics of the former Soviet Union. For Bush, the only way in which the U.S.A. can continue to militarily and strategically dominate Europe is by destabilizing these republics, to thus create for Europe a new "danger" from the East to replace the old Soviet danger that has now disappeared.

Crimes Against Humanity

Serbian atrocities exposed in EC report

by Umberto Pascali

The sickening brutality of the Yugoslav Army and the Serbian terrorist gangs against the Croatian population was confirmed by a report authored by European Community (EC) observers and leaked to the international press in Zagreb, Croatia. The report, which was not intended for publication, demonstrates, if anyone still needs proof, that Lord Carrington, Cyrus Vance, and the other "mediators" who have maintained "equidistance" between victims and butchers, knew the truth in detail. Nevertheless, they chose to protract the massacre for months, and even to recommend to governments that they not recognize independent Croatia and Slovenia.

Hospitals, churches targeted

The report was sent on Nov. 28 by the EC monitoring mission from Zagreb to the European Community headquarters in Brussels. It said that the Yugoslav Federal Army has "not hesitated to shoot either indiscriminately at purely select targets with random fire, or, in certain cases, to deliberately select civilian targets of important symbolic value, including schools, museums, churches, radio and TV stations, and—particularly—hospitals." The allegations that the Croatian forces have been using these sites for military purposes are labeled "inaccurate and specious." "We are dealing here with [Croatian] forces deploying largely small arms against a hugely equipped major army, navy, and air force," the report specified.

The Yugoslav Army has shown a "consistent pattern" in which it "pours heavy artillery fire from a distance onto a target, terrorizing it into capitulation. The Yugoslav Army-backed and armed [Serbian] irregulars then move in on foot to occupy the place. The Army then moves in to re-assume overall control. Nor is this limited to big towns. Throughout broad areas of territory, in innumerable small villages, Croatian inhabitants are killed or forced to leave, after their villages are bulldozed out of existence. No attempt is made to occupy or otherwise exploit the captured places; they are simply and wantonly destroyed."

The report stressed that the Army "offensive" was "in

full swing,” and its aim was to capture Croatian territory up to a 190-mile line running from Karlobag, on the Adriatic coast, to Virovitice, on the border with Hungary, with Osijek, the main city in eastern Croatia, being the next target.

Indeed, Serbian Army leaders made it official on Nov. 28 that their goal is to occupy more than one-half of the entire territory of Croatia, making the western boundary of “Greater Serbia” equal to what is called the “1915 Line,” i.e., the farthest westward advance achieved by the Serbian Army against Austria-Hungary during World War I.

Statements by Serbian generals proclaiming this goal appeared first in statements to the Serbian mass-circulation newspaper *Vecernje Novosti*. Gen. Marko Neganovic, the head of “Yugoslav” (i.e., Serbian) Military Intelligence, declared that the Army is “prepared to fight a long and successful war” to advance to the line Karlobag-Virovitica. Gen. Andrija Biorcevic, the Army commander of the “Northern Front,” declared that, concerning his front in Slavonia, the next goals are to seize Vinkovci and Osijek.

‘A cowardly army’

The EC report concludes, “In the last analysis, the Yugoslav Army is a cowardly army, fighting for no recognizable principle, but largely instinctively for its own status and survival. It no longer has the authority to lead its men into real sacrifice—hence the pattern of behavior outlined above.”

The Army “disregards cease-fire arrangements, timetables for withdrawal [from bases in Croatia], inspection rights for monitors, etc.” The monitors warned the 12 EC foreign ministers that the violence and repeated attacks on their teams by Serbian land, air, and sea forces have rendered their mission “practically obsolete or at best marginal,” and that “European political and diplomatic authority . . . has lost the prophylactic power it once may seem to have had.”

The authors of the report propose a series of alternative recommendations to the EC, ranging from withdrawal of the observers to the “supply of such effective sea and air deterrent capacity as will make continued army aggression pointless, if not suicidal.”

The report lists a few examples on how to deal with the Serbian aggression: “There is equally good reason to believe that the selective show and use of force—to intimidate and hit the Yugoslav Army in places where it hurts—can cow its bluster and bluff.

“The warship that fires on a defenseless city from a safe distance out to sea must be put in a situation whereby it knows that it can do so at the cost of being promptly sent to the bottom. The battery that shells a hospital must know that within 30 minutes of firing it risks being obliterated. The air force must learn the choice of inaction, being destroyed on the ground or hopelessly outgunned in the air.”

An example of the kind of jackals used by the Army against Croatian civilians is Zeljko Raznjatovic, a terrorist leader who uses the battle name of Arkan. A “former” agent

of the Yugoslav secret police, he is wanted on criminal charges in several European countries. “I suggest that the mayor of Osijek, Zlatko Kramaric, and President Franjo Tudjman had better surrender Osijek themselves, so as to avoid unnecessary destruction and casualties,” Raznjatovic arrogantly told the press on Nov. 27. “I assess that Osijek will fall easier and faster than Vukovar. [If the Croatian resistance continues], we must go to Zagreb too, to defeat them militarily to the very end.”

The *modus operandi* of the Army is to let sadists like “Arkan” get into towns and villages to scare the population out of their homes—already 10% of the Croatian people are refugees—and then repopulate them with ethnically “pure” Serbians.

Recognition by Christmas?

But the Greater Serbians are in a desperate drive, a knowledgeable source told *EIR*. Reportedly, the Yugoslav Army can count on no more than three weeks of autonomy; then, they will “run out of steam.” The Soviet and Romanian support and supplies they have hitherto enjoyed are vanishing, because the gold and hard currency the Greater Serbians stole from the federal treasury has been spent. This is the reason that the Army went into a total offensive, and at the same time appealed to their friends at the United Nations to send “peacekeeping” troops to guarantee their conquest.

The cynical game is not working, and not because of lack of support of U.N. special envoy Cyrus Vance. Back from his “peace” mission, Vance announced that he had accepted the Greater Serbians’ view on the deployment of troops. He called for the establishment of “ink blot areas” between the two fighting forces—i.e., deep inside Croatian territory. Vance had the nerve to say that this solution had already been applied “successfully” in Cyprus and Lebanon—two nations that were systematically destroyed through these techniques. Vance was not ashamed to argue that the disgusting butchery against the city of Vukovar could be rationalized by the claim that the Croatians had blocked some of the federal barracks. He compared the soldiers in the barracks to “hostages,” thereby attempting to justify the Serbian massacre.

But time is running out for the Greater Serbians and their supporters. On Dec. 2, the foreign ministers of the European Community agreed to lift the sanctions against Slovenia, Croatia, and the other republics of the former Yugoslavia, *except* Serbia and its ally Montenegro. In a statement released on Dec. 2 in Madrid, where a Croatian international office will be opened, Croatian Foreign Minister Zvonimir Separovic said he was confident that most EC states would recognize Slovenia and Croatia by Christmas. “There will be a European summit in Maastricht on Dec. 10 and a foreign ministers meeting on Dec. 18, and we believe there will be a decision then by all or a majority,” Foreign Minister Separovic said.

Berlin musicians debate LaRouche plan to restore scientific tuning

by Liliana Celani

Berlin was the site of an unusual "premiere" on Nov. 16. For the first time since the Berlin Wall came down, Lyndon LaRouche's worldwide campaign to revive classical music and composition, by lowering the standard tuning from its current stratospheric heights to C=256 Hertz, was presented to a large, predominantly east German audience of instrumental, vocal, and medical students. It happened at the Charité, the Medical Faculty of Humboldt University in former East Berlin. Built in 1710 by Friedrich I as a hospital, a few steps away from the Brandenburg Gate and Humboldt University itself, it still today reminds visitors, with its statues of Wilhelm and Alexander von Humboldt at the entrance, of the necessary unity between *Geisteswissenschaften* and *Naturwissenschaften* (the mental and natural sciences).

This fight to lower the tuning was the main theme at the "Ninth Conference on the Science of Singing," organized by the Phonetics Department of the Charité each year. This year the afternoon panel session, dedicated to "Verdi's Tuning: Between Problems and Reality," took place in the old lecture room of the medical faculty, with its tiers of wooden seats filled by almost 300 students, many of whom came from music conservatories in east and west Berlin.

The panel discussion was opened by Dr. Roswitha Berger, a phoneticist from Leipzig, who pointed to high tuning, and the resulting loudness of the orchestra, as one of the main causes of "overstressing in a singer's career" today.

'The Verdi tuning'

Liliana Celani of the Schiller Institute was then invited to speak on "Verdi's tuning." She explained that the scientific tuning fork set at C=256 Hz, recommended in the 17th and 18th centuries by the leading scientists and musicians, and adopted by composers from J.S. Bach to Johannes Brahms and Giuseppe Verdi, got the name of "Verdi tuning" in reference to legislation to lower orchestra tuning to A=432 (corresponding, according to the legislation, to C=256) which Verdi promoted and had approved by the Italian Parliament in 1884. Celani read Verdi's famous letter to the Italian government, recommending A=432 as a scientifically lawful tuning fork which does "not at all reduce the resonance and brilliance of a musical offering, and sounds rather fuller, more majestic and not so shrill as high tuning."

"Music is a universal language," Verdi concluded. "Why

should a note be called A in Paris and Milan, and B-flat in Rome?"

"Both Verdi's letters," Celani continued, "and the legislation of 1884 make explicit in this respect the connection between art and science, which was obvious at the time of the Italian Renaissance and the German classics, but was then denied by Friedrich Karl Savigny, David Hume, and the so-called Romantics."

The Schiller Institute's petition to revive Verdi's tuning has been endorsed mainly by singers, Celani explained, among them famous opera stars such as Placido Domingo, Luciano Pavarotti, Piero Cappuccilli, and Carlo Bergonzi, as the world press reported in 1988, when the first Schiller Institute conference on scientific tuning and classical music was held in Milan at the Casa Verdi.

But, as the conference in Berlin proved, bel canto singing is not only an art, it is also a science, and it is such "since Leonardo da Vinci wrote his treatise *De Vocie* ('On the Voice')." This connection between art and science, Celani said, was made by Wilhelm von Humboldt, the founder of the Berlin University. In his 1814 essay "Über die Bedingungen, unter denen Wissenschaft und Kunst in einem Volke gedeihen," ("On the Conditions in Which Science and Art Thrive Among a People") he wrote that "the objects of science are measurable not only in terms of the material that they conceivably deal with, but also according to the mental activity which they set into motion."

Explaining human creativity

How creativity can be measured was "discovered in 1948-52 by the American scientist Lyndon H. LaRouche, who initiated the Schiller Institute campaign to lower tuning," Celani explained. "LaRouche opposed Norbert Wiener's information theory, which may be useful for calculating machines, but cannot explain human creativity. At that time, he discovered that poetry and music, and the classical *Lied* as unifying both, are able to communicate that which cannot be communicated through information theory, because they correspond to negentropic processes of the human mind." Also in this sense, LaRouche more recently commented, "Science is based on the development and solution of paradoxes, as is classical art. Thus classical art and science are located in a substance of change, of paradox, ordering of

paradox, which is the essence of *Geisteswissenschaft*." In music, the solution of such paradoxes or dissonances can be ordered as densely as possible, he argued, as in the case of the double fugues of Beethoven.

This profound basis of classical and scientific tuning was recognized by the audience, which had a unique opportunity to watch two scientific demonstrations of it. The first was a videotape showed by Celani, recorded at the Schiller Institute conference in Milan on April 9, 1988, in which world-famous baritone Piero Cappuccilli sang two Verdi arias in both tunings, today's high tuning (A=444 ca.) and Verdi's tuning (A=432), in order to show how high tuning displaces all register shifts and therefore prevents the correct interpretation of a poetic phrase.

Dr. Seidner, who organized the Berlin conference, then showed a videotape which the Charité Phonetics Department had prepared, together with the Berlin School of Singing, on "voice straining and orchestra tuning," dedicated to W.A. Mozart, during the 200th anniversary celebration of Mozart's death. In the videotape, coloratura soprano Renate Faltin, singing teacher at the East Berlin Music Conservatory, first sang vocalizations and then the coloratura measures of Mozart's "Queen of the Night" aria (going up to a super-high, fourth register F-natural) in all tunings, starting from Mozart's tuning (A=430), to Verdi's (A=432), Vienna's tuning

(A=435), London's tuning in 1939 (A=440), today's (A=445), and future tunings—unless something is done—A=450 and even A=460. When the impressive videotape ended, and the laughter of the students at the singer's facial contortions in the high tuning subsided, Faltin explained, "The main problem in the high tuning was not so much the very high notes, but the central register and the shift to the third register, which happened with a tension which cannot be sustained for a long period of time."

A conductor of the Comic Opera in East Berlin confirmed that string players are well aware of the damage produced to their instruments by high tuning, and that the Smetana Quartet tunes to A=438 for this reason. He himself had sung Bach motets in the Thomas School Choir of Leipzig, and noticed that young boys tend to sing flat, unless Bach motets are transposed half a tone lower. To his question; "How can we pay the high costs of changing all wind instruments in order to lower tuning?" Lilia Celani answered with a proposal first made by Cappuccilli: "Let's save money in opera houses by avoiding any new staging for at least one year." This was welcomed by warm applause, since in the former East Germany also people are fed up with *Regietheater*—the modernist distortion of classical works. As a singing teacher said during the discussion, the most convincing argument for low tuning is the aesthetic one, and that of respecting the composer's intention.

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Israel makes China connection official

by Michael O. Billington and Joseph Brewda

The open "secret" of Israeli military support to the communist dictatorship in mainland China has now been effectively acknowledged. Amidst much fanfare in the press, an Israeli trade delegation headed by the chairman of the board of Israeli Military Industries (IMI), Gen. Dan Shomron (who is also the former chief of staff of the Israeli Defense Forces), visited Beijing for 11 days at the end of November. It was simultaneously announced that Israeli Defense Minister Moshe Arens had secretly visited Beijing Nov. 4-8. Both governments are reporting that official relations are expected to be established in a matter of months.

This public diplomacy comes at a time when the Bush administration has been publicly exerting pressure on the President's "old friends" in Beijing over several issues, including trade, demands for joint action against China's ally North Korea, and, in particular, demands that China cease missile sales to the Muslim world.

Since it is well known that Israeli arms sales are largely "pass-along" technology from the United States, and since the Israeli ties to the People's Republic of China are known to be fully supported by Washington, the timing of the Israeli move serves to notify Beijing that the British and American support for the bloody regime will continue, despite the Bush administration's public clamor against them.

The role of Shaul Eisenberg

Israeli relations with Beijing center around the shadowy figure of Shaul Eisenberg. An Austrian Jew raised in Shanghai, Eisenberg spent World War II in Japan and married the heir to Japan Air Lines. He established close relations with the British and the Israelis, and in 1968 Israel passed the "Eisenberg laws," which decreed that Eisenberg's firms were exempt from taxes. Eisenberg became an Israeli citizen and a Mossad official, while remaining primarily in Asia. In the spring of 1983, he brokered a series of huge joint ventures in China with European and American firms. His own work centered in Yunnan Province, where he launched a \$6 billion coal development project. Yunnan, although the center of the Golden Triangle opium production, is not known for coal production.

In 1985 Eisenberg arranged the first official Israeli delegation to China from the Ministry of Agriculture, then under

the direction of Ariel Sharon. His friend (and now business partner) David Kimche was then head of the Foreign Ministry, and was at that time deeply involved with Oliver North in the Iran-Contra transfer of arms through Israel to Iran.

The British *Sunday Times* in April 1988 revealed that Eisenberg, Kimche, and others were brokering arms and military technology to the P.R.C. through Israel, while Chinese arms were going to Iran as part of the Iran-Contra deal, organized by the same crew. A five-member team from Israeli Military Industries (the same IMI that is heading the current trade delegation) traveled secretly to Beijing in November 1987, expanding the contract to include advanced warheads, such as trajectory-corrected and laser-guided missiles. The story was blown when the Israeli "middleman" for IMI, Zvi Gafni, was arrested on drug charges in Hong Kong the following month.

This operation was further exposed during the U.S. Congress's Iran-Contra hearings, when a memo to Oliver North from an official of Geomilitech, a Mossad-linked arms dealership run by Gen. Jack Singlaub, was made public. The memo outlined the operation for China to supply weapons through Israeli brokers to Iran, the Contras, and others, in exchange for Israeli upgrading of Chinese military equipment, all based on U.S.-supplied technology and credit to Israel.

This same Eisenberg-centered network also figured prominently in the decision by the government of Saudi Arabia to transfer its recognition from Taiwan to mainland China, in exchange for advanced Chinese missiles, a deal that was worked out in the same month, November 1987, as the Israeli-Chinese deal. The public clamor from Israel over the Saudis' access to missile technology has subsequently been shown to be pure public relations, covering for Israel's actual role in Great Britain's "balance of power" strategy of divide-and-conquer toward its Muslim neighbors.

The drug connection

While the role of drug trafficking in the Central American side of the Iran-Contra arms deal is now regularly covered in press accounts, the Chinese drug story is carefully concealed behind the "clean, reform-minded" image which Bush and Kissinger have tried to provide for their friends in Beijing. However, the free trade zone policy of the People's Republic has facilitated the vast expansion of drug flows and drug-money laundering through the Chinese coastal cities, with production centered in Eisenberg's Yunnan Province and in neighboring Burma.

The historical interface of global arms shipments, drugs, and gems are all present in the composition of the new Israeli-Chinese agreements. Joining IMI chief Shomron on the recent delegation was the head of the Israeli Diamond Exchange, as well as the heads of Leumi and Company (Israel's largest investment bank), Dead Sea Bromide (Israel's largest chemical exporter), and El-Al Airlines.

War against Mexico's Army

The U.S. campaign to discredit, then dismantle, Mexico's Armed Forces fits into the free-trade conspiracy.

A Mexican Army brigade engaged in a bloody shootout with a commando unit of the Judicial Police, which had reportedly been pursuing a planeload of drug traffickers. The confusing events occurred Nov. 7 on a clandestine airstrip on the outskirts of Tlalixcoyan, a small town in Veracruz in Mexico's southeast. Seven policemen died, apparently shot by the soldiers, along with one soldier who fell in the skirmish. The drug traffickers are alleged to have escaped under Army protection.

As if the events aren't complicated enough, Mexican authorities are planning to try to clarify the incident by relying on a video film that was taken by agents of the U.S. Drug Enforcement Administration, who were passing over the scene in another airplane at the time. It is believed that the Mexican judicial police involved were undergoing training by the DEA agents.

The Dec. 4 edition of the magazine *Siempre!* declared in an editorial that "the Veracruz incident among drug traffickers, judicial police, and elements of the Mexican Army exposes not only the magnitude of the drug trade in the area, but also the close vigilance and cynical interference by our neighbor in Mexico's internal affairs. Once again, it was the U.S. press which assumed the role of pronouncing sentence against a national institution, accusing the Mexican Army of assassination, in a global, Manichean way, as if its behavior were an obstacle to the fight against drugs."

The Nov. 27 *Washington Post*, in an article by foreign correspondent

Edward Cody, claimed that the incident at Tlalixcoyan "revives the ghost of Mexican Army involvement in cocaine smuggling from Colombia to the United States." The article cited an aide to President Carlos Salinas de Gortari saying that the President would take on the problem "if an investigation indicated the involvement of the Army in smuggling operations in Mexico."

It is well known that the drug trade has infiltrated not only the ranks of Mexico's judicial police and military, but also of the world of politics and finance, where the drug cartels receive "protection" and are given access to money-laundering mechanisms. This corruption, however, is hardly exclusive to Mexico, but is unhappily pervasive throughout the world. The U.S. is a particularly egregious case, where confessed drug traffickers are protected, as long as they play by the rules established for the government's political interests.

In Mexican political and media circles, commentaries abound suggesting that President Salinas might use the incident to designate a civilian to head the Defense Ministry, thus advancing the policies of the U.S. State and Defense Departments in forcing the "demilitarization" of the continent's armies. Others speak of a conflict within the Mexican Army command, not only regarding the fight against drugs but also in other areas of national strategic security.

A juridical battle has also erupted over the legitimacy of Army participation in the war on drugs. While the Attorney General's office and its judi-

cial police are pursuing the war with both repressive and prosecutorial powers, the Armed Forces are fighting drugs under the concept of "a peacetime war inside Mexican territory." Under this definition, the Army is obliged to combat traffickers, but is not empowered to try them.

This discrepancy is now being presented—along with "evidence" provided by a foreign nation—as the basis for placing the Mexican Armed Forces, *as an institution*, in the dock, to be judged by civilian law and by the norms of the National Human Rights Commission, which has been designated by the federal government as an "impartial investigator" of the facts.

The *summary judgment* that would be issued by the United States against the Mexican Armed Forces, one of the country's institutional pillars, has nothing to do with White House interest in combatting the drug trade. They want to destroy the Mexican Army for other reasons.

Constitutionally, the Mexican Army, Air Force, and Navy are the official guardians of the country's territory, natural resources, and vital and strategic industrial capabilities, including Mexico's oil fields and the installations of the state oil company Pemex.

Given that control of Mexico's oil is a principal objective of the Bush administration known as the North American Free Trade Agreement, the dismantling of Mexico's armed protection is a crucial first step toward that goal. Indeed, one of the "hypotheses of war" which the Mexican Armed Forces are obliged to consider, is an armed conflict with the United States over oil reserves.

With the incidents in Veracruz and open U.S. involvement in the internal affairs of Mexico, that "hypothesis of war" is on course—if still only at the level of irregular warfare.

Are CAP's days numbered?

As economic and political discontent soars, Venezuela's exemplary "democracy" is threatened with dissolution.

A collapse of living standards in the once "middle class" developing nation of Venezuela is triggering mass street protests, violence, and growing speculation that a military coup—once considered unthinkable in this "democracy"—is now a distinct possibility.

When Socialist International Vice President Carlos Andrés Pérez recaptured the Venezuelan presidency in 1989, he "discovered" that the International Monetary Fund—once portrayed as the nemesis of his 1974-79 administration—had now reformed its genocidal ways and become "more humane." Pérez (or CAP, as he is known in Venezuela) proceeded to embrace a brutal IMF "adjustment program," which in short order extended the category of "extreme poverty" to 43% of the Venezuelan population.

The result? According to official figures, at least one child a day starves to death in Venezuela, malnutrition levels have reached portions of the population which had never before known hunger, and "Third World diseases" like malaria, once thought eradicated, have reappeared.

Strikes in nearly every major sector of the economy have been sweeping the country, and students have joined forces with the growing ranks of the poor to hold mass demonstrations against CAP's austerity policies. The government has indefinitely suspended all high school and university classes. In the past two months, 12 students and a soldier have been killed in violent confrontations, reviving

fears of a new "Caracazo"—the four days of street protests in Caracas against a 100% rise in food prices, which left as many as 1,000 dead.

Making this unrest such a volatile mixture is the simultaneous rising discontent of the Venezuelan military. The Argentine daily *Ambito Financiero* reported Nov. 28 that "yesterday, practically for the first time in the recent history of that country, the military publicly expressed its discontent with the wages situation of the Armed Forces."

And commenting on the increasingly violent street protests, a retired senior military officer quoted by the Nov. 30 *Washington Post* warned: "All I know is that the army will not turn on the people again. 1989 was very traumatic for the armed forces. If it comes to that, they will go to Miraflores [the presidential palace], not the streets." The paper added: "Analysts said such talk has previously served to dramatize discontent, rather than indicate a threat by any important sector of the military. But some observers said that, for the first time, they could not rule out the possibility of military action."

Whether or not the military is seriously considering action against the corrupt CAP government, there is nervousness in high circles of power, both at home and abroad. Reports violence have caused Venezuelan debt paper to tumble on the Wall Street exchanges, while Venezuelan newspapers report that CAP—now said to be afflicted with the "George Bush syndrome"—is globe-trotting while his

country burns.

On Nov. 16, prominent historian and politician Arturo Usler Pietri warned that deterioration of the executive, legislative, and judicial branches of government had reached such levels that the possibility of a coup d'état could not be ruled out. He urged purges of all three branches, starting with the judiciary, as a means of reclaiming the people's confidence in democratic rule. "Without emergency solutions to the crisis, we may have a coup," Usler Pietri insisted.

Venezuelan Attorney General and former Foreign Minister Ramón Escovar Salom held an emergency press conference in late November on the coup warnings. While doubting the likelihood of a coup, Escovar nonetheless observed that "the fact that it is being talked about after 30 years of stability is a signal that we are in a serious national emergency that is becoming more explosive by the day." Escovar reportedly blasted CAP for "turning a deaf ear" to urgent social demands, and he sharply criticized CAP's foreign policy as offering no solution to the country's ills.

Escovar was undoubtedly referring to CAP's new incarnation as traveling salesman for George Bush's new world order. Not only has the Venezuelan President attached himself to the hind-parts of Bush's Enterprise for the Americas Initiative, winning kudos from the international creditor banks for his fine performance on their behalf. CAP is also in the vanguard of those Ibero-Americans cheering on Bush's genocidal adventures abroad. Thus, at the just-concluded meeting of the "Rio Group" in Cartagena, CAP insisted: "It is better that the [Haitian] people suffer now with an embargo which should be turned into a blockade." Small wonder that 75 of the 100 Haitians offered refuge in Venezuela have opted for a return flight home!

More on Endara's drug ties

The Bush gang knew about Endara's cocaine connection before the invasion which installed him as President.

The U.S. government of George Bush knew that Guillermo "Porky" Endara was tied to drug running long before it made him President of Panama during the Dec. 20, 1989 U.S. invasion to depose Gen. Manuel Noriega. "Panamanian and U.S. documents show that beginning on April 2, 1980, Endara's law firm formed at least six Panamanian companies that authorities say were fronts for money laundering," according to an article in the Dec. 9 issue of *U.S. News & World Report* entitled "The Panama Connection: It Turns Out the Man America Helped Promote Had Ties to Drug Dealers."

"There was ample evidence well before Endara assumed office that some of his clients were drug runners," *U.S. News & World Report* said. It recounted the story of Endara's ties to Augusto Falcón and Salvador Magluta, who ran "one of the biggest U.S. drug rings known to authorities." The two amassed more than \$2 billion from their cocaine-trafficking activities, according to an indictment unsealed in Miami last May. "Did America oust one alleged crony of drug dealers and replace him with another?"

As *EIR* reported on April 19, and in subsequent issues, the gang smuggled one ton of cocaine per month into the U.S., for a total of 75 tons of cocaine, reads the indictment. Endara not only helped set up companies to launder the drug profits; he served as secretary treasurer, while one of his law partners, Hernán Delgado, served as president of all six companies. Delgado is currently Endara's chief presi-

dential adviser. Another law partner, Menalco Solís, runs the CIA-trained National Security and Defense Council and organized Endara's goon squad, the Institutional Protection Service.

As *EIR* reported, last April Endara was forced to admit his ties to the drug money-laundering companies. Endara said that he, Solís, and Delgado, helped set up the firms "as a favor for our friend Juan Acosta," a Miami lawyer who was killed in September 1989 in a drug-related execution. Endara claimed he severed relations with the companies in 1987, but sources in Panama's Legislative Assembly say Endara did not resign until 1990, after he was confronted by the U.S. Drug Enforcement Administration (DEA).

According to *U.S. News & World Report*, Falcón and Magluta were not even picked up by authorities until Oct. 15, when U.S. marshals and agents for 13 other agencies "raided their Miami Beach and Fort Lauderdale hideouts." The two were captured with "15 mobile telephones, a scrambling device and fax machines. 'It's clear evidence that they were dealing up to the day we busted them,' says Tom Cash," a DEA official cited by the magazine.

From the information published in *U.S. News & World Report*, it appears that someone was looking out for Falcón and Magluta. The two were busted in the 1979 "Video Canary" sting, and convicted of conspiring to sell cocaine in 1980. But, they were released pending their appeals, and jumped bail. Arrested again in 1985 in Los Angeles on new cocaine-trafficking

charges, they were again released on bond pending trial, and fled. In 1988, Magluta was arrested in Miami, but when he was taken to prison, the court documents "had mysteriously been altered to indicate he had already served his time." So he was released.

Not that the two were in hiding. From 1982 to 1986, they won four powerboat racing titles in Florida.

Endara's "American legal colleague, Juan Acosta," says *U.S. News & World Report*, "was notorious among U.S. authorities for his connections to drug traffickers." After his death, "Acosta's papers showed that he had laundered Falcón's drug money through the Panamanian corporations Endara had set up. U.S. officials were then faced with unpleasant questions about Endara's past. Ousting Noriega meant that Panama needed a new leader—and Endara, elected in a 1989 vote that Noriega annulled, was the only viable candidate. . . ."

"After Endara was sworn in on a U.S. military base in Panama, American officials broached the delicate subject" of his drug ties. But there have been no attempts to conduct a full investigation. "We won't pursue it because it's against the dictates of the State Department," former U.S. prosecutor Dick Gregorie told the magazine.

The upcoming trial of Falcón and Magluta, now scheduled to take place in Miami on Jan. 24, should prove embarrassing for the U.S. government and its agents. Frank Rubino, Noriega's lawyer, who is also defense attorney for Falcón and Magluta, says Endara and his law partner Delgado "knew they were dealing with traffickers" and met directly with Falcón and Magluta, according to *U.S. News & World Report*. Other sources say that Falcón and Magluta will also finger Endara's vice president, drug banker Guillermo "Billy" Ford.

Behind the Libya tale

A speech by Egyptian President Hosni Mubarak before the European Parliament in Strasbourg, France on Nov. 20, shows one of the reasons the Anglo-Americans and French have suddenly charged Libya with responsibility for blowing up civilian airplanes. Mubarak called for establishing a "Mediterranean forum" that would include all the nations bordering that sea. Libya is the only Mediterranean country which might object to the proposal, and the new threats against it are partially intended to ensure that it will cooperate.

The proposal, which is co-sponsored by France and backed by Italy, will provide a framework for discussing security, trade, environmental, and human rights issues, linked to the Conference on Security and Cooperation in Europe. It is part of a broader plan of reimposing outright colonial forms on North Africa and all of the Mideast which has been made possible by the Gulf war, the occupation of the oil fields, and the dismantling of OPEC.

Butrus Ghali's friends

The Nov. 22 election of Egyptian Deputy Prime Minister Butrus Butrus Ghali as U.N. secretary general ensures that the post will continue to be occupied by an Anglo-American tool.

Providing Arab diplomatic cover for the imperial war on Iraq was only one of Ghali's latest acts; he had earlier played a central role in the Camp David Egypt-Israel "separate peace" agreement. Descended from a powerful Coptic Christian family, Ghali's grandfather had signed the papers giving the British control over Egypt and Sudan. The family has been British-

controlled ever since.

Less known are Ghali's ties to U.S. and British intelligence through Global Water and Technology Summits, a Washington organization run by Dr. Joyce Starr.

GWTS is a sub-unit of the Global Strategy Council, run by former Nixon CIA and State Department intelligence official Ray Cline. Starr, who has long been associated with Cline, receives funds from the World Bank, the Bronfman interests, and the Rothschilds. Although her group purports to equitably address the Mideast water crisis, some of the plans it advances would make Israel and Turkey the controllers of the region. The group also serves as a Syrian-Israeli back channel for negotiations.

Global Strategy Council's board members include: Cline, Starr, former U.N. Ambassador Jeane Kirkpatrick; Gen. Richard Stilwell, who ran Pentagon intelligence under the Reagan-Bush administration; former NATO Ambassador William Middendorf; former Chairman of the Joint Chiefs of Staff Adm. Thomas Moorer; and former Defense Secretary Donald Rumsfeld.

Butrus Ghali is a prominent member of Starr's Global Water group advisory committee, and one of its top activists. Starr has written newspaper columns endorsing his candidacy for the U.N. secretary general post.

Prince Bandar joins the Zionist lobby

The Nov. 18 announcement that the Saudi ambassador to the United States, Prince Bandar, has been secretly meeting with leaders of the Zionist lobby for over four years, provoked an odd reaction in Riyadh. People said it was part of his job de-

scription. Bandar had publicly met with 60 leaders of the American Jewish Congress and the Conference of Presidents of Major American Jewish Organizations that day. Reportedly, Bandar offered to drop the Arab boycott against Israel if the Israelis freeze the creation of new Jewish settlements in the Occupied Territories; the deeper issue is forging a Saudi-Israeli economic alignment dominating the region.

Despite feigned public hostility, Israeli-Saudi relations are not what they appear to be, especially since the CIA killed Saudi King Faisal in 1975, soon after his stormy meeting with Henry Kissinger. Since Bandar became ambassador, the Mossad's networks within the Saudi Embassy have greatly expanded, it is said. When then-Vice President Bush ran the "Iran-Contra" networks, Bandar and the Israelis played a major role.

During the lead-up to the Gulf war, Bandar was busy. In September 1990, he met with Rep. Stephen Solarz (D-N.Y.), a Zionist lobby darling; Reagan defense official and Zionist spokesman Richard Perle; and Democratic Party honcho Ann Lewis. Together they formed the "Committee for Peace and Security in the Gulf." The group soon included Jeane Kirkpatrick and former American Jewish Committee congressional lobbyist Hyman Bookbinder. Bandar's meetings with the Simon Wiesenthal center and with the American-Israel Public Affairs Committee (AIPAC), Israel's de facto Washington lobby, soon followed.

Bandar and the Zionist lobby drummed up support for Bush's war against Iraq. To ensure that his demands were heeded by the Arab community in the United States, Bandar deployed his chief thug at the embassy, Khalil el-Khalil.

The Blix factor

Behind the facade of an amiable old man, the IAEA chief turned out to be a State Department tough.

International Atomic Energy Agency (IAEA) Director General Dr. Hans Blix's surprise "private" visit to India, which somehow happened to coincide with U.S. Undersecretary of State for Internal Security Reginald Bartholomew's scheduled visit to India to pressure the country to sign the Nuclear Non-Proliferation Treaty (NPT), turned out to be nothing short of a spectacle. Although in an official press conference, newsmen had a lot of fun grilling Dr. Blix, who tried furtively to evade questions about the purpose of his visit, it is evident that the IAEA chief was working in tandem with the U.S. State Department.

Dr. Blix claimed officially that his brother-in-law is the Swedish ambassador to India and that his visit was tantamount to a family reunion. Few believed him. Elsewhere, he had openly admitted that he had indeed come to India to suggest that India sign the NPT, the stated purpose of the Bartholomew visit.

There are other reasons to be suspicious of Dr. Blix's simple explanation. Just before his arrival, Dr. Blix had been trying to push through a proposal to set up a special nuclear intelligence unit directly under him within the IAEA. In the process, Dr. Blix wanted to bypass the safeguards department, which has a deputy director general. India and others strongly opposed the move, and the proposal was killed for the time being. But there was no doubt in anyone's mind on whose behalf Dr. Blix was acting.

Dr. Blix, though well aware of the "stiff opposition" offered by India to

his barely concealed effort to set up the path for legitimizing "challenge inspections," continued his campaign with missionary zeal. He regaled the Indian media with the agency's experience in Iraq, where "our confidence in the existing measures, which is based on voluntary declaration of all nuclear installations by an NPT signatory, was misplaced." At least one Indian analyst pointed out that if Dr. Blix had shown similar concern for the spread of nuclear energy to facilitate development in developing countries, he, perhaps, could be more effective.

The concerns that the IAEA chief expressed here were identical to the ones that Washington often expresses. For instance, Dr. Blix made it clear that he is not happy with the fact that a number of Indian nuclear reactors are not under full safeguards. This is true, since India is a non-signatory of the NPT and these reactors were developed indigenously. The U.S.-supplied reactors at Tarapur and the Canadian reactor at Kota are under full safeguards. Finding more resistance on this issue, Blix took a clever tact. He suggested that India receive more technical assistance from the IAEA.

The reduction in technical assistance occurred in 1974 when India exploded a nuclear device, which India insists was used to develop peaceful nuclear explosives meant for expediting earth excavation. According to analysts, there is a feeling among top IAEA officials that the reduced level of technical assistance has led to a loss of leverage vis-à-vis India.

However, Blix's ploy was also abortive. He himself admitted that Indian officials have indicated that India would reject any offer of assistance from the IAEA if it entails imposing international safeguards on the indigenously developed Indian reactors.

There were also reports that both Bartholomew and Blix had raised the vexing issue of the proposed sale of a 10-megawatt research reactor to Teheran with Indian officials. The Indians were in no mood to discuss this issue since they had made it clear that the bogey of nuclear proliferation raised by the State Department is pure bunkum. If and when India sells the research reactor, it will be done under a tripartite agreement involving the IAEA and would ensure full safeguards. This statement had been issued at least a week before Dr. Blix's visit by Indian Atomic Energy Commission Chairman Dr. P.K. Iyengar.

If that was not enough, Blix put both his feet in his mouth on the NPT issue. At a press conference, Indian newsmen seemed genuinely puzzled to hear Dr. Blix's sincere advocacy of India's signing the NPT. They pointed out that a few minutes back, Dr. Blix had himself asserted, citing the case of Iraq, that signing the NPT itself does not prevent proliferation. Dr. Blix glibly retorted saying he was promoting the signing of the NPT because it is the "golden road to non-proliferation." When a newsman pointed that the NPT has not stopped proliferation, Dr. Blix, looking a bit flustered, said: "Well, I take back my words. It is not a golden but a broad road to non-proliferation."

Indian Atomic Energy Commission Chairman Dr. Iyengar, who was sitting next to him on the dais, interjected, saying, "NPT is not meant to stop big powers from proliferating. It is only intended to stop developing countries from making crude bombs."

International Intelligence

Fundamentalists seen as tool of U.S. policy

Ibero-American bishops are concerned about an "invasion" of Protestant fundamentalist sects, which they view as an instrument of U.S. policy against the Catholic Church.

Speaking at the end of November at a meeting of the conference of Latin American bishops (CELAM), Mexican professor Jesús Pavlo Terorio, communications assistant to CELAM, said that "this invasion of and intervention of fundamentalist sects is part of Washington's policy, which doesn't consider the Catholics as trustworthy allies."

He said that, in the last decade, over 40 million Catholics have converted to Protestantism in Ibero-America, as a result of negative proselytizing by U.S. sects "which fool the public with promises of better conditions of life, and slanders against the Catholic Church." He warned that "the invasion is serious" and that in coming years, more than 130,000 missionaries will be sent by U.S. sects.

Colombia's anti-terror 'victory' is premature

Colombian President César Gaviria Trujillo told the opening session of the newly elected Congress on Dec. 1 that the fight against narco-terrorism had been won. "The nightmare is behind us," he said. Gaviria's self-congratulations are more than a little premature, however. According to Defense Minister Rafael Pardo Rueda and Gaviria's own "peace adviser," Jesús Antonio Bejarano, the narco-guerrillas with whom the government has been holding unending negotiations in Venezuela are planning to use the next two months' recess in the talks to escalate their terrorism against the civilian population.

In fact, the terrorism has already begun. On Nov. 26, a joint commando of the two guerrilla groups involved in the Caracas talks, the FARC and the ELN, ambushed a

convoy of judicial investigators just south of the capital city of Santafé de Bogotá. A judge, a pathologist, five civilian justice officials, and a policeman were murdered. A sister of one of the officials later committed suicide when she learned of the massacre.

Despite noises about suspending the talks—planned to re-start next February—the government has taken no further action. Just days before the massacre, a guerrilla delegation had traveled to Cuba on special passports granted by Venezuelan President Carlos Andrés Pérez, to meet with Fidel Castro and report on the progress of their talks with Gaviria's government.

The narco-terrorists also visited Nicaragua and Costa Rica. According to Colombia's Maj. Gen. Edie Alberto Pallares Coto, commander of the 4th Army Division, the FARC—known inside Colombia as the "Third Cartel"—"is out of control and deeply divided, roaming the world in search of weapons merchants and narcotics traffickers."

According to Colombian national television, the Army has only recently discovered FARC guerrillas guarding cocaine laboratories and charging taxes to protect the poppy fields now spreading across the country. It is said that the cocaine cartel is now moving heavily into heroin.

Drug legalizers meet in Switzerland

The second annual international conference to promote drug legalization in Europe's major cities was held in Zurich, Switzerland on Nov. 21-22. Delegations attended from 28 cities in 10 countries, and discussed a resolution in favor of liberalized drug laws.

At last year's conference, the pro-dope resolution was endorsed by Frankfurt, Zurich, Amsterdam, and Hamburg. This year, the governments of four more cities signed on: Arnhem, Rotterdam, Kallithea (Greece), and Teramo (Italy).

Representatives from these eight cities will meet in Frankfurt in February 1992 in order to draw up concrete plans of action, including a strategy to lobby the European

Parliament and the United Nations.

The only representative to protest against the resolution was the delegate from Stockholm, who emphasized that narcotics will remain forbidden in Sweden, that the population is strongly against legalization, and that efforts to decrease drug use in Stockholm have been successful thanks to collaboration among police, social authorities, and therapeutic institutions.

Spy services warn of 'nuclear civil war'

The CIA and British intelligence services have just issued their "most pessimistic" studies ever concerning the former Soviet Union, predicting "nuclear civil warfare," according to reports on these studies published in the London *Sunday Times* on Nov. 24. According to the newspaper, briefings to this effect to President Bush and British Prime Minister John Major speak of the former Soviet Union becoming a "nuclear Yugoslavia," featuring inter-republic civil wars with tactical nuclear weapons, and painting an "unbelievably dire" picture.

The studies otherwise predict the "implosion" of the military industry sector, where hundreds of thousands will be laid off. This assessment was recently confirmed by deputy head of the Inter-Republic Economic Committee Arkady Volsky, in the Soviet Defense Ministry daily *Krasnaya Zvezda*. Volsky called this prospect "a national tragedy."

Finally, the CIA and British studies forecast a scenario of nuclear proliferation through "countries like Iran and Libya" recruiting Soviet nuclear scientists for their bomb programs.

While there is indeed a grave crisis in the republics, the purpose of such "studies" is to scare away any attempt to intervene through investment and economic development that could overcome the crisis, and, in exactly the same manner that the "nuclear proliferation" line is run against the developing sector, to use the scare to create a policy of technological apartheid against the newly independent republics.

France's Le Pen renews attacks on immigrants

Publication by the National Front of a "White Book on Defense" was the occasion for its leader, Jean-Marie Le Pen, to renew his racist attacks against immigrants in France and against non-white peoples generally.

The "White Book" is an attempt to redefine what they consider the "threat" to the West, now that communism has collapsed. Le Pen sees the threat as "linked to the demographic explosion of the Third World countries." The difference between an enemy soldier and an immigrant, he writes, is that "the one comes without a weapon, while the other is armed." There is presently an "absence of conflict" between the French and the immigrant populations, he says, because the French "refuse to fight, they simply evacuate their apartments, their schools, their living quarters."

The "White Book" says that the "threat" comes from "all areas outside of Europe, in the Third World, particularly from the Islamic countries of the Maghreb and the East."

South Koreans fear U.S. may bomb the North

South Korean news commentators are apparently beginning to fear that the United States may turn North Korea into another Iraq. For example, the Nov. 23 issue of the daily *Hanguk Ilbo*, hit U.S. media distortion: "The way the U.S. press discusses the possibility of using military actions, including bombing North Korea's nuclear facilities, is really a high-handed way of reporting. . . ."

"For the U.S. press, the press of an ally, to debate on the use of military actions to eliminate a nuclear threat, which is, in a sense, still nonexistent and which runs the risk of endangering the Korean people, is not appropriate at all. No matter how eagerly the Korean society may be inclined to heed U.S. opinion, few Korean people will find

the possibility of bombing the North Korean nuclear facilities acceptable. . . . To the United States, the bombing of North Korea may mean the same as the bombing of Iraq, but to us, it is beyond any comparison."

The government newspaper, *The Korea Times*, on Nov. 24 reflected a comparable nervousness, in an article titled "Koreans Begin to Feel U.S. Presence Strongly." Reporting on the recent visits by Bush administration officials, it comments: "Thoughtout the meetings, the prevailing concern was North Korea's dreadful program of arming itself with nuclear weapons. . . . The hawkish position is being circulated in the U.S. Congress."

The article concludes that Bush's visit to Seoul in January will no doubt be the last chance for North Korea. "If Bush's diplomacy fails, it is scary to think what would come next. If the United States makes a decision, South Korea can in no way turn the decision around."

Catholics to rebuild Church in east Europe

Pope John Paul II opened a two-week synod of the Catholic Church in Rome on Nov. 28, with nearly 140 bishops from eastern and western Europe meeting to chart the course of the churches in eastern Europe after the fall of communism. The synod will discuss what the Vatican says is a need for "re-evangelization" of the entire continent.

The Pope and the bishops prayed that an undivided Europe would seek political and economic harmony. "For leaders of nations: in a Europe liberated from ideological oppression, may they make opportune political and economic interventions which favor unity and collaboration among persons and communities, among nations and peoples, with respect for their diversity," the prayer said.

Concerning the war in former Yugoslavia: "May the wounds of hatred be healed. May the refugees return to their homes and may all continue again on the path of peaceful coexistence in the spirit of the Gospel," the bishops prayed.

● **PERUVIAN** Supreme Court Justice Roger Salas Gamboa dismissed criminal charges against former President Alan García on Dec. 4. The judge found no support for claims that García had illegally spent state money on himself. The judge said that García's records were fully in order. The Fujimori government is appealing the decision.

● **SERBIA'S** "Black Hand" terrorists are planning the assassination of German, Austrian, and Vatican political figures, according to a leak from the Federal Anti-Crime Bureau of Germany (BKA), published in several German newspapers. Targets include Chancellor Kohl and Foreign Minister Genscher.

● **THE SOVIET KGB'S** new political intelligence chief, Yevgeny Primakov, left the United States on Nov. 23 after meetings with the CIA, National Security Council, and State Department.

● **KHMER ROUGE** leader Khieu Samphan was beaten by a mob in Phnom Penh and forced to flee to Thailand when he attempted to return to Cambodia at the end of November. He was the top aide to the murderous Pol Pot, and was returning for the first time since the Vietnamese drove the Khmer Rouge out in 1979.

● **GORBACHOV** told the Japanese news service Kyodo on Nov. 28 that "a Japan-Soviet peace treaty is the most important diplomatic issue for the Soviet Union."

● **BRAZIL'S** former President José Sarney said on Nov. 21 that the current government's alignment with Washington has "distanced itself from our traditional allies, the Latin American countries. We did not gain anything and we lost what we have achieved." He recalled the threat he once received from Henry Kissinger, that the U.S. would never tolerate "a new Japan in our backyard."

Mozart expert asks good questions, misses answers

by David M. Shavin

The Mozart Compendium: A Guide to Mozart's Life and Music

edited by H.C. Robbins Landon
Schirmer Books, New York, 1990
452 pages, hardbound, \$34.95

Mozart and Vienna

by H.C. Robbins Landon
Schirmer Books, New York, 1991
208 pages, hardbound, \$22.50

Mozart and the Masons

by H.C. Robbins Landon
Thames and Hudson, New York, 1991
72 pages, paperbound, \$9.95

Part of the significance behind 1991 being the 200th anniversary of the death of Wolfgang Amadeus Mozart, evidently, is that H.C. Robbins Landon's publisher lost no time in putting Landon's research onto the market. Earlier, Schirmer had published Landon's *1791: Mozart's Last Year* (1988) and *Mozart: The Golden Years* (1989). Both of these substantial works represent Mr. Landon's more extensive thoughts on Mozart's life, and are less specialized than his three new offerings made available for the 1991 market.

In *1791: Mozart's Last Year*, Landon, to his credit, was

sufficiently provoked by the disgusting "hyena" giggle attributed to Mozart in the movie "Amadeus" to step out of academic circles long enough to provide the public with fascinating material on the suspicious death of Mozart. His desire to share with the general reading public his obvious love for Mozart continued in his book *The Golden Years*. There, Landon posed the important question, "What kind of world was it that, over the course of a decade, from 1781 to 1791, Mozart and Haydn put out a new, substantial work of genius, on an average of every two weeks?" Landon's commitment to communicate a deeper level to Mozart with the broader public is even more laudable, when one considers the criticisms some academics have leveled in his direction for his departing from his early, more narrow focus on precise scholarly productions on Haydn.

Unfortunately, in the first book, Landon punted on attempting to resolve the issues around Mozart's premature death. He began to assemble for the reader a wealth of references to consider as to the circumstances of Mozart's death, freeing the reader from the shallow, soap opera view fashionable today, whereby the motive for Mozart's murder is reduced to the jealousy of a rival composer, Antonio Salieri. Then he proceeded to ignore the implications of his leads, and grafted onto his investigation an unconvincing medical theory. Similarly, in the second book, he ignored the "sea-change" in the recognized possibilities for European culture after the successful American Revolution, and instead Landon was willing to attribute Mozart's amazing productivity and genius to a "cyclothymic disorder," or a manic-depressive imbalance in his personality. His penchant for posing the interesting questions, while punting on the answers, is not seriously threatened with his latest productions.

The *Mozart Compendium* (1990), edited by Mr. Landon from "some two dozen contributors," aims "to provide a

compendium of information on every significant aspect of Mozart and his music." Landon's editorial team makes a virtue of the diversity of views of the many authors. Unfortunately, the net effect is a bit disorienting to the reader. However, largely due to the book's index, to the glossary of names, and to the valuable and comprehensive listing of all of Mozart's works, this compendium can be quite useful in one's library as a reference tool—with one proviso. Such a library would do well to first acquire Emily Anderson's indispensable compilation of the Mozart family letters translated into English, before committing to Mr. Landon's *Compendium*. What Mozart has to say about his own activities is still massively under-appreciated by all the Mozart commentators. Interestingly enough, Landon "cut his teeth" in the field of Mozart research years ago, helping to proofread Miss Anderson's second edition of these letters.

'Sketches of Vienna'

Two-thirds of Landon's book *Mozart and Vienna* (1991), is an abridged translation of Johann Pezzl's *Skizze von Wien* (*Sketches of Vienna*). This work, originally appearing anonymously in six installments from 1786 to 1790, was written by Johann Pezzl, a member of Mozart's masonic lodge. Landon, who had earlier drawn upon this work in his *Mozart: The Golden Years*, obviously is attached to the work, and the selections he presents are indeed charming. This reviewer's favorite example is Pezzl's argument on behalf of cities:

"As soon as we no longer incline to the views of that dreamer Rousseau . . . as soon as we admit that law and order, arts and sciences, culture and reflection, society and improvement—that these are the true and only roots of human society—then one must have respect for large cities. These are the only means to develop our natural forces, to teach us that we have a soul. . . . Long live great cities! They make people out of barbarians, and this benefit reduces all critics to silence."

In the first third of the book, Landon's narrative of the Mozart family's relations with Empress Maria Theresa, her son Emperor Joseph, and the royal household, relies heavily upon the letters of Mozart's father, Leopold. The story of the devastation of smallpox in Vienna in 1767, the death of the Archduchess Maria Josepha, and Leopold's flight to protect his 11-year-old son, becomes terrifyingly real, when reading successive letters, as if they were diary entries. Smallpox caused 90% of children's deaths that season, and Wolfgang Mozart contracted the dread disease. Leopold wrote: "In Vienna people talked of nothing but smallpox. . . . I spent whole nights without sleep and I had no peace during the day." Finally, after several torturous weeks, Leopold writes: "*Te Deum laudamus!* Wolfgangerl has recovered from the smallpox!"

Mozart and Haydn

Landon's most substantial contribution to this book takes the occasion of Mozart's third visit to Vienna to discuss



A meeting of the Crowned Hope lodge, including Wolfgang Amadeus Mozart. Of the 35 men in the painting, almost all with swords, only Mozart has a sword pointed directly at his back. The sword belongs to the man on the right who is adjusting the curtain at the edge of the painting. One can only surmise that this is a reference to Mozart's premature death.

Haydn's influence upon the 17-year-old Mozart, a favorite topic of Landon's. He began discussing this connection 35 years ago—in fact, in the context of the 1956 bicentennial of Mozart's birth. Landon sees Mozart's (1773) G minor Symphony No. 25, as an early and overt link with Haydn, focusing on the vibrant content of the musical language employed. Characteristic of both Haydn's and Mozart's minor key works of that period is a level of intentional wit and dramatic surprise that Landon does not find even in such earlier masters as Handel or Bach. Landon addressed this issue at more length in *The Golden Years*, recognizing in Mozart's later compositions a profound and more expansive development of the minor keys.

Unfortunately, the 35 years between the bicentennial of Mozart's birth and the bicentennial of his death, Landon has made little progress in solving the most interesting questions that he poses. Here, he situates Haydn and Mozart's "minor key" project as the musical analogue of the *Sturm und Drang* movement. He characterizes it as the movement of angry young men, who are prone to using an "abrupt contrast of key" to emphasize the willfulness and the eccentricity of the human element. Landon locates within Haydn and Mozart a certain "precariousness," which, he continues, is "another way of saying, perhaps, the irrational, and with that word we are back to the German literary movement. The eccentric, the irrational, in works by writers such as Klinger or Lenz

have their direct counterpart in works by Haydn. . . .” Characteristically Landon’s analysis of the more rigorous scientific implications of Haydn’s and Mozart’s work collapses back into such trivialities.

Landon’s strength, and his weakness, perhaps show even more clearly in his *Mozart and the Masons* (1991), a short 72-page paperback. Originally presented as a lecture in 1982, the book is based upon some interesting detective work by Landon regarding a previously known painting of a freemasonic meeting. The painting had been given to the Austrian Historical Museum in 1926 by Rudolf von Tinti, whose ancestors had been members of Ignaz von Born’s unique lodge, “Zur wahren Eintracht.” Leopold Mozart, in a letter otherwise famous for reporting Haydn’s praise of his son as the greatest composer ever known, mentions the two Barons Tinti as being part of the select group present at Mozart’s 1785 quartet party celebrating Haydn’s joining the “Zur wahren Eintracht” lodge.

In 1957, the Mozart scholar Otto Erich Deutsch commented rather provocatively on Mozart’s presence in the painting: “Readers steeped in fantasy will easily recognize him in the figure in the right foreground.” Landon, to his credit, looked behind the fantasy. Having obtained information that Prince Nicolaus Esterházy was the Master of Ceremonies in 1790 at the “Crowned Hope” lodge, Landon identified Esterházy in the painting. Further, he deduced from the rainbow and the crowned sun in the painting within the painting, that the lodge portrayed was in fact the “Crowned Hope” lodge. Finally, he obtained access to the Secret Files of the Court Archives in Vienna to find a police listing of the membership of the lodge, and identified many of the 35 individuals attending the meeting. Importantly, Mozart’s name appeared on the same list with Esterházy. Hence, there was good reason, beyond mere fantasy, to recognize Mozart in the painting.

Glint of steel at Mozart’s back

Landon cannot be faulted for not doing his homework. He went to considerable trouble, attempting to identify the participants in the painting, including searching archives and diaries, and consulting experts on military uniforms and insignia. However, his reading of this picture-story about Mozart and his friends is remarkable for its blindness. Focusing on the lower right corner, where Mozart is talking, he asks the reader: “Does Mozart’s neighbor, whose left hand seems to be raised in protest, look faintly shocked by what the composer is saying?” Finally, he asks, “Do we not detect, too, in that fourth Brother of the column, a surprised and slightly amused (or shocked?) glance directed towards the chattering Mozart?”

Landon has, in fact, missed the forest for the trees. Look again. He rather fairly reads the hand gesture of Mozart’s neighbor. Then, he seems to be stretching a bit in assuming that the facial expression of the “fourth Brother” is directed



Composer Joseph Haydn. While Landon rightly attributes much of Mozart’s development to his relationship with the older composer, he misidentifies their exploration of the minor keys as an expression of irrational willfulness, a musical sort of Sturm und Drang.

toward Mozart. However, despite all of his attention to detail, he takes absolutely no notice of the glinting metal at Mozart’s back!

Though there are 35 men in the painting, with almost as many swords, there is only one sword pointing directly at anyone. That sword is the one pointed directly at Mozart’s back. It belongs to the man adjusting the heavy curtains that stand between the lodge meeting and the point of view of the painter. Landon seems to think this man is “in the process of raising the heavy curtains that close off the Temple.” How he determines that this man is opening, rather than closing, the curtains is not clear. The raised eyebrow, and fixed stare of the man, certainly would suggest otherwise.

It is not yet known whether the painter telling this story, or the Tinti family who kept the picture, had knowledge about the specifics of Mozart’s premature death, or of the role of a member of the lodge, Leopold Aloys Hoffman, as a police agent against Mozart and his republican friends. It is known that Landon has had access to the Secret Files of the Vienna Court Archives for over ten years, and has provided some fascinating material, without which the world would be poorer. Unfortunately, Landon’s penchant for chatty observations on Mozart’s role in the painting, oblivious to the painter’s story, highlights the type of blind spot characteristic of Landon’s work over the years.

In short, Mozart’s story requires an unflinching grasp of the idea that a great mind, and a passionate love of beauty, are central to true republican political leadership. The best that can be said of Landon’s work is that he raises the sort of questions for the modern reader that should be asked, before he loses his grasp of the subject. Sadly, this puts him one step ahead of most of the field.

The 'monstrous hoax' of Milton Friedman's Chicago school

by Harley Schlanger

Eagle on the Street

by David A. Vise and Steve Coll
Charles Scribner's Sons, New York, 1991
395 pages, hardbound, \$24.95

In a prescient volume, *The Ugly Truth About Milton Friedman*, co-authored by Lyndon LaRouche and David P. Goldman and published in 1980 in expectation of Ronald Reagan's electoral victory, the authors warned of the implications of Milton Friedman's increasing popularity and influence among American "conservatives." Friedman, who had emerged as the leading figure of the "Chicago school" (the collection of economists, social theorists, and legal "scholars" associated with the University of Chicago), was cleverly exploiting the growing disgust in the country toward "big government," especially in relationship to the failed presidency of Jimmy Carter.

In their Introduction, the authors charged that Friedman's "good repute" among conservatives "is the result of a monstrous hoax." Since Federal Reserve Chairman Paul Volcker, through applying Friedman's monetary theories (raising interest rates to "control inflation"), was wreaking havoc upon the U.S. economy, and Ronald Reagan had embraced Friedman and his associates as advisers, the authors stated that the American people were left with two alternatives: "Either we will destroy the hoax, or the hoax will destroy us."

This warning was not heeded. Ronald Reagan's presidency became a testing ground for Chicago school theories. Though deregulation, one of the rallying cries of the Chicago boys, had been initiated under Carter, it became the major domestic priority of the Reagan White House, coordinated by a blue ribbon task force headed by Vice President George Bush.

In keeping with the "free market" ideology of Friedman's shock troops who had deployed into the administration, one of the first targets was the Securities and Exchange Commission (SEC), the agency responsible for regulating Wall Street.

Eagle on the Street reviews how the SEC was crippled by the assault of the Chicago gang, and how Michael Milken, Ivan Boesky, and others profited from this assault, at the expense of U.S. industry and the U.S. taxpayer. It is the story of

John Shad, who left a successful career at E.F. Hutton to come to Washington to serve as chairman of the SEC.

One of the few insiders on Wall Street to support Reagan (most had backed Bush in 1980), Shad was committed to "freeing" the markets as much as possible (i.e., giving a free hand to Wall Street). At E.F. Hutton, his specialty had been advising companies on how best to raise funds for future growth. As portrayed by Vise and Coll, this experience caused him to be obsessed with increasing the "liquidity" and "efficiency" of the markets. He had a "vision of an economy enriched by the unfettered flow of money, and of a government that regulated only when absolutely necessary."

According to Vise and Coll, Shad's attempts to convey this vision seemed as though he were describing a "religious revelation," or as Shad himself put it: "The millennium to which mankind can aspire is that great day when capital will be permitted to flow, with safeguards against fraud and with the ease of water, into every nook and cranny of economic opportunity. . . ."

Shad was fond of saying that U.S. securities markets are the "broadest, the most active and efficient, and the fairest" in the world. While he issued orders to SEC regulators to heighten vigilance against insider trading, he believed that fraud was not systemic, and a loosening of regulations in general would stimulate economic growth, rather than encourage fraud.

His beliefs coincided with the outlook of the Chicago school, and were strengthened by his appointments of Chicago school protégés to key offices. He selected University of Chicago graduate Charles Cox to serve in the newly created office of chief economist. Later, when Cox was made an SEC commissioner by Reagan, he was replaced by a rabid University of Chicago ideologue, Gregg Jarrell.

By reinforcing Shad's own beliefs, he was blinded to the dangers posed by the brave new world opened up on Wall Street by the deregulation of the Reagan years. He shared the Chicago school's admiration for Michael Milken. The authors say he viewed Milken's championing of junk bonds favorably due to his belief that it brought more liquidity to the system. When a 1981-1982 SEC investigation of Milken by the enforcement division was presented to the staff in Washington, it was dropped due to lack of "proof" of fraud.

The investigation had been triggered by SEC staff attor-

ney Jack Hewitt's belief that he had discovered a pattern which showed that Milken and the Beverly Hills office of Drexel Burnham were engaging in tax evasion, insider trading, and numerous other violations of SEC regulations. Failure to pursue Hewitt's leads gave Milken another five years to engage in such criminal activity.

Fox guarding the chickens

Vise and Coll show that Shad punted on another critical issue of the 1980s, that of "merger mania." The raid by Bendix on Martin Marietta in 1982 was seen, by many, as a turning point for Wall Street. When the investment firms involved received astronomical fees, investment bankers were ecstatic. As they saw the takeover game, "There was no capital invested, nothing at risk, only millions of dollars in quick advisory fees." With profit margins down in retail brokerage and traditional corporate finance business, hostile takeovers were seen as an unexpected bonus. The SEC did nothing in the face of the increased volume of merger and acquisition (M&A) activity. Again, the influence of the Chicago boys was key. Chicago school followers are staunch opponents of antitrust legislation, believing that the only limits to the size of firms should be determined by the "marketplace," and that bigness, through mergers, leads to greater efficiency. (This doctrine is attributed to University of Chicago Prof. Aaron Director, Milton Friedman's brother-in-law.)

Shad responded by adopting "a new, hands-off policy" toward takeovers. When this decision provoked controversy, he appointed a blue ribbon committee on mergers in 1983. This was a classic case of the fox guarding the chicken coop. Among the members of the committee were lawyers Joseph Flom of Skadden Arps and Martin Lipton, both of whom had been in the midst of virtually every M&A battle, and whose firms charged sizeable retainers to advise companies faced with a takeover. Another member was Bruce Wasserstein, a top deal-maker, and others with a vested interest in continuing the takeover game. It was not surprising that the committee's report said there is insufficient evidence to determine whether takeovers are "beneficial or detrimental to the economy or to the securities markets in general, or to issuers or their stockholders." Therefore, the report concluded that the actions of SEC regulators "should be neither to promote nor to deter takeovers," and that takeovers "should be allowed to take place."

SEC Commissioner (and Chicagoan) Cox was more blunt in his support of takeovers. "I think there is a substantial body of evidence assembled by financial economists showing that combining firms . . . is in general economically beneficial. . . . It is not the place of regulation to determine which is a beneficial [takeover bid] and which is not," he said in 1984.

The 'leveraging of America'

As the takeover activity escalated, the size of the deals ballooned into the multibillion-dollar range. Milken's pow-

erful junk bond machine proved that it could raise over \$1 billion on a weekend. While this expansion netted huge fees for corporate raiders, as well as for the investment firms and lawyers who served as advisers, it also added billions of dollars of new debt, in the form of "leverage," to the target companies of hostile takeovers. For the protégés of Milton Friedman, the debt was of no concern. Not so for Shad, who expressed himself in a speech in June 1984, titled "The Leveraging of America." For the first time since he had taken office, he exhibited some doubts over the liberties which were being taken in the name of "free trade."

"In today's corporate world," he said, "Darwin's 'survival of the fittest' has become: 'Acquire or be acquired.'" There is no logic to this, Shad continued. "The more leveraged takeovers and buyouts today, the more bankruptcies tomorrow. . . . The leveraging-up of American enterprises will magnify the adverse consequences of the next recession."

He then struck at the core of the contention of the leveraged buyout (LBO) specialists who were terrorizing corporate America, and the Chicago school theorists, who preached that the addition of debt served to "discipline" management, forcing them to run their firms more "efficiently." "Contrary to discipline," Shad said, "the increasing threat of being taken over is an inducement to curtail or defer R&D, plant rehabilitation and expansion, oil exploration and development, and other programs which entail current costs for long-term benefits. . . . Companies that do not replace aging facilities and declining resources become increasingly inefficient."

This outraged Cox, Jarrell, and the other Chicago boys, say Vise and Coll. They conspired with their cothinkers spread throughout the bureaucracy, to rein Shad in. Among these conspirators was Douglas Ginsburg, the antitrust chief at the Justice Department, who opposed the use of antitrust laws to restrict mergers.

Victory was proclaimed by "Jarrell and the cabal," as the authors called them, when Treasury Secretary Don Regan sent a letter to the Congress in September 1984 declaring that the administration opposed adoption of any legislation to restrict takeovers. All such bills died, as the raiders, junk bond dealers and LBO junkies were given a completely free hand until the arrests of Boesky, Milken, et. al. after 1987.

Shad's career at the SEC was deeply scarred by his capitulation on this issue and his subsequent return to the Chicago fold. As described in the last chapter of *Eagle on the Street*, "Shad had sounded warnings about the debt-driven takeovers in his 1984 'Leveraging of America' speech, but neither he nor anyone else at the commission had acted upon those words." As the robbery of the century was occurring on Wall Street, with Milken, LBO scam artists like Kohlberg, Kravis and Roberts, investment bankers, and law firms like Skadden Arps, skimming more than \$60 billion from takeover deals while placing companies under crushing debt and systematically dismantling U.S. industry, Shad ended his days at the SEC preaching the gospel of the Chicago school.

The successful prosecutions of a mere handful of these crooks—most notably Milken—which is detailed in the second half of the book, only temporarily slowed the destructive forces unleashed in the 1980s, and is small consolation to the millions of Americans whose pension funds, insurance companies, and savings and loan institutions have been picked clean by these bandits.

The ugly truth about the Chicago school

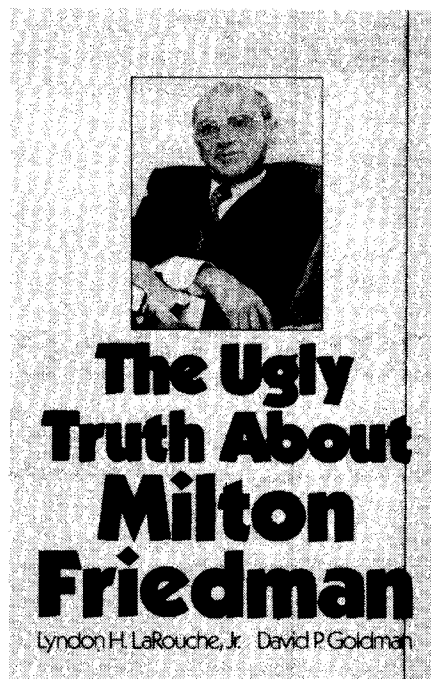
Though Vise and Coll give the reader some idea of the network of University of Chicago operatives and their influence within the Reagan administration, they fail to identify the evil that Friedman's cothinkers truly represent. For this, the reader must go back to LaRouche and Goldman's *The Ugly Truth About Milton Friedman*.

The "monstrous hoax" which Friedman has pulled off against conservatives is that he and the University of Chicago stand directly opposed to the American System of economics, the foundation upon which the United States was built. They are neither patriotic, nor are they "conservative"; in fact, they are the embodiment of the philosophical radicalism, sometimes known as British liberalism, that the Founding Fathers of the United States rebelled against.

The University of Chicago was founded in 1892, as an outgrowth of the "settlement house" movement. This movement was transplanted to the U.S. by the British Fabian Society, the forerunner to the Labour Party, which conceived of these centers as a kind of "social engineering project." The University of Chicago was established as a think tank, to develop "ideas and theories" for the most famous of the U.S. settlement houses, Jane Addams's Hull House.

Funding was provided by the "Our Crowd" financial networks of New York (and delivered by future U.S. Supreme Court Justice Louis Brandeis), John D. Rockefeller, and Marshall Field, whose heirs have been the financial angels for the "technological apartheid" gang since the 1960s. In their book, LaRouche and Goldman identify how the University of Chicago served the interests of the anti-American British radicals from the outset. The University of Chicago, they say, was built "as a center of British intellectual subversion against the fundamental tenet of the American System—the necessity of technological progress." From the beginning, the Economics Department was staffed to accomplish that task. Its first chairman, J. Laurence Laughlin, was the leading spokesman for the Cobden Clubs, which were attacking the adoption of a tariff policy to protect U.S. industry from the British "free trade" policies. Throughout U.S. history, the battle of American System versus British system economics focused on this question, with the British always attempting to impose Adam Smith's "free trade" policies, by gunboats if necessary.

One of Milton Friedman's teachers at the University of Chicago was Wesley Clair Mitchell, a notorious proponent of the British system. In Mitchell's doctoral dissertation,



The warnings of Lyndon LaRouche and his associates in 1980 about the "Chicago school" of Milton Friedman went unheeded, and now, David Vise and Steve Coll are left to write the post-mortem of the havoc the Chicago school wreaked at the Securities and Exchange Commission under John Shad.

"The History of Greenbacks," he attacked President Lincoln's economic policy and supported instead the British-dictated Specie Resumption Act of 1879. It was Mitchell who dedicated his life to bringing about the union, at the University of Chicago, of British economics with the degenerate Austrian school.

The result of this union was Milton Friedman!

Those American conservatives who have been chanting the mantras of Friedman and the Chicago school—as did Reagan, Shad, and others who presided over the catastrophic 1980s—might be shocked by Friedman's self-description, from his 1962 book *Capitalism and Freedom*. In it, he defines his political and economic outlook by saying the "rightful and proper label is liberalism. . . . Because of the corruption of the term liberalism, the views that formerly went under that name are now often labeled conservatism. But this is not a satisfactory alternative. The 19th-century liberal was a *radical*, both in the etymological sense of going to the root of the matter, and in the political sense of favoring major changes in social institutions. *So must be his modern heir*" (emphasis added).

This anti-industrial radicalism is what was unleashed by the Chicago school fanatics during the 1980s. Despite the prosecution of Milken and several others, the Chicago boys are pleased. The collapse of the U.S. economy into a post-industrial rubbish heap was furthered by their presence in the Reagan administration, and it is accelerating today under Bush.

Vise and Coll only brushed the surface with their book. On this matter, as on so many others, it is LaRouche who has been proven right.

Economic crisis throws George Bush into a panic

by Kathleen Klenetsky

With just a few months to go before the first primary of the 1992 presidential elections, the collapse of the U.S. economy has sent the Bush White House into a panic. Faced with an endless stream of grim economic news—rising unemployment, steep declines in manufacturing output and housing starts, and the Nov. 17 stock market collapse—the President and his advisers are casting about wildly for some scheme that will enable them to hold off Judgment Day a little while longer.

Addressing the economic situation in a meeting with representatives of the housing industry Dec. 3, Bush vowed: “We’re not going to do anything dumb.” But aside from his penchant for doing nothing, anything that the President has tried, or is known to be considering trying, can fairly be classified as just that: dumb.

The latest sign of the Bush team’s desperation came Dec. 3, when, after weeks of rumors and leaks, John Sununu was finally forced to tender his resignation as White House chief of staff. Reportedly, Sununu was given his walking papers by the President’s eldest son and leading political adviser, George, over the weekend of Dec. 1.

Although the administration is putting out the line that Sununu had to be dumped because he was too “abrasive” and had alienated many of the constituencies vital to Bush’s reelection campaign, the sordid truth of the matter is that he was thrown overboard simply to give the *appearance* that the President is trying manfully to get his sinking ship back on course.

If Bush and his political advisers seriously believe that scapegoating Sununu will stave off disaster, they are in for a nasty surprise. No amount of personnel reshuffling will be able to stop what has turned into the worst economic depression in U.S. history, nor prevent Bush from out-Hoovering Herbert Hoover.

The short list of possible successors for Sununu’s job includes Transportation Secretary Samuel Skinner, a protégé of Illinois former Republican Gov. Jim Thompson; Defense Secretary Richard Cheney, who served as chief of staff in the Ford White House; and former New Jersey Gov. Tom Kean. Not one of them has evidenced the slightest hint of competence in economic matters, much less the ability to deal with a full-fledged economic rout, so the idea that replacing Sununu with one of them will mean a fundamental improvement in the administration’s economic policymaking (and the President’s political prospects) is pure fantasy.

Bush’s assertion, which he repeated in his Thanksgiving Day message, that he will wait until the State of the Union address in late January to unveil what he claims will be a “common-sense series of economic growth measures,” has angered many Republicans who are pressing him to do something immediately.

Democrat Harrison Wofford’s smashing defeat of former U.S. Attorney General (and Bush stand-in) Richard Thornburgh in Pennsylvania’s special Senate election in early November was the last straw for many Republicans. In the aftermath of the Thornburgh debacle, a palpable fear has swept through Republican Party ranks, reaching an especially acute level among Republican congressmen that they would be wiped out next election day. This fear has translated into a flood of public criticisms and contradictory suggestions directed at the President.

No end to disarray

Shortly before Thanksgiving, nearly half of the Republican members of Congress sent a letter to the President urging him to appoint Housing Secretary Jack Kemp as the administration’s economic and domestic “czar.” While praising

Bush's role in foreign policy, they expressed concern that, "On the domestic scene the American people see a stagnant economy and an uncertain future."

The vast majority of the letter-senders belong to the conservative wing of the Republican Party, people who were shocked when Bush, as part of the 1990 budget deal with congressional Democrats, reneged on his "no new taxes" pledge; they are now pressing him to come up with a package of tax cuts that, they foolishly hope, will shore up both the economy and their own political futures.

Bush responded to the letter with the kind of wild flip-flopping that is becoming a hallmark of his handling of the economic crisis. First asserting that he would have nothing to do with new tax cuts, aside from the capital gains proposal which he has been pushing since he became President, Bush then turned around and suddenly embraced a hodgepodge of tax cuts put forth by Rep. Newt Gingrich (R-Ga.).

Although billed as a help to middle-class families, Gingrich's tax proposal would restore a whopping \$65 per year to a family making \$35,000, and over \$11,000 per year to those raking in over \$200,000. It has about as much merit as Bush's appeal to Americans to get the economy moving by spending more money on consumer goods, and then, in a silly fit of doing by example, spending \$50 in a widely publicized shopping spree with his wife over Thanksgiving weekend.

Desperate measures

Bush's impetuous embrace of the Gingrich proposal seemed to be motivated by several considerations. First, it was an attempt to placate the conservative wing of the Republican Party, at a time when Bush needs all the political help he can get.

Second, Bush was attempting to answer presidential challenges from American Nazi David Duke—who announced Dec. 4 that he will run in a number of primaries, mostly in Southern states, in 1992—and from Patrick Buchanan, the conservative columnist and former Nixon and Reagan staffer who is expected to announce his presidential candidacy shortly.

Both Duke and Buchanan are mounting essentially populist campaigns centered on bread-and-butter issues; Buchanan in particular has been putting great stress in his recent columns on the importance of new tax cuts. Bush's advisers fear that between the two of them, Duke and Buchanan could siphon off significant votes from the President during the primaries. Buchanan, who is likely to run against Bush in the New Hampshire primary, has the backing of the influential *Manchester Union-Leader* newspaper, and could potentially put a big dent in the President's reelection machine.

Third, Bush felt compelled to jump onto the tax-cut wagon that is now wending its way through Washington.

Although Congress is in recess until well into January, several important committees have scheduled hearings on the economy in general, and the tax issue in particular, prior

to Christmas. These are expected to provide a forum for both Gingrich's proposal, as well as for several Democratic tax packages, including one drafted by Rep. Dan Rostenkowski (D-Ill.), whose House Ways and Means Committee was scheduled to hold at least four days of hearings on taxes and the economy beginning Dec. 5.

Bush's entry into the tax fray carries big political risks. Conservative Republicans, Gingrich among them, adamantly oppose any increase in the top personal tax rate, while the major Democratic proposals, including Rostenkowski's, are centered on such an increase. To get a tax-cut package through Congress, Bush will almost certainly have to accept an increase in the top rate, thereby re-alienating the very group he hoped to win over by backing the Gingrich plan.

Bush has already drawn sharp criticism from Senate Minority Leader Robert Dole (R-Kan.) for his endorsement of the Gingrich proposal. Dole, who was Bush's leading challenger in the 1988 Republican presidential elections, told Associated Press Nov. 29 that "the President probably went too far in enthusiastically supporting" the Gingrich package.

Dole warned the President that he is in "rough shape" politically, and that instead of waiting until his State of the Union address to lay out a program for dealing with the economy, he should call Democratic and Republican congressional leaders to the White House to get a consensus on an economic program. "With Congress out of town" for its holiday recess, "this is a real opportunity for Bush because he is a single voice in Washington," said Dole. "He's got six weeks to demonstrate leadership."

Meanwhile, in another stab at regaining the political initiative before the 1992 presidential election race officially begins, Bush and his advisers are considering a \$50 billion cut in the defense budget over the next five years.

The plan is for Bush to announce this dramatic "peace dividend" in his State of the Union address, coupled with a proposal for amending the 1990 budget agreement to make it more flexible. Presumably, Bush wants to be able to throw out a few sops to various layers of the population whose votes he needs to get reelected, but can't do so under the rigidities of the current budget agreement.

Another 'thyroid storm?'

But making minor adjustments in the tax code or new defense cuts, while possibly having a temporary political appeal, will do nothing fundamental to stem the hemorrhaging economy, as will soon become apparent. That raises an extremely important question: Will Bush, at the point when he realizes he is incapable of reversing the economic downslide, suffer another "thyroid storm" and try to solve his political troubles by thrusting the U.S. into another military intervention, as with Iraq? Judging by the administration's latest propaganda campaigns on several "hot spots," ranging from Libya to Haiti, the potential for such dangerous lunacy definitely exists.

War crimes tribunal prepares to try U.S.

Former U.S. Attorney General Ramsey Clark is currently conducting a series of politically explosive hearings and press conferences around the world, in preparation for trying the United States of America for war crimes in January 1992, for its role in last year's Gulf war against Iraq. Speaking on Nov. 26 at a press conference at the United Nations, Clark demanded the immediate lifting of economic sanctions against Iraq, denouncing their effect as "genocidal." Four days later, on Nov. 30, Clark led a Germany-wide hearing for the War Crimes Tribunal in Stuttgart, the first of many planned in the next weeks in Madrid, London, Oslo, and other major European capitals.

Joining Clark at the press conference at the U.N. were spokesmen from several concerned organizations, including the Harvard Study Team, the Women's Peace Ship, the Team of Medicine for Peace, the National Association of Religious Women, Campaign for MADRE, and the Fellowship of Reconciliation. Dr. Abdul Amir Al-Anbari, Iraq's ambassador to the U.N., also spoke.

A press release read at the opening of the press conference stated, in part: "It can only be said that the Iraqi people are being held hostage to the political maneuvers of the Bush administration domestically. And in light of the extreme repression and lack of human rights in Kuwait and Saudi Arabia, the bombing of the civilian Kurdish population by Turkey, a NATO member, and Iraq's compliance with all demands, the U.S. position can only be explained as a colonialist policy of domination in the Middle East. There is no legal or legitimate basis or justification for the United Nations Security Council to continue the sanctions."

In his opening remarks, Clark questioned the morality of a nation which boasts on the front pages of its press of "infanticide," glorified as a political expedient, as had the Nov. 25 *Washington Post*. Faye Williams, aide to U.S. Rep. Mervyn Dymally (D-Calif.) and participant on the Women's Peace Ship (which was attacked during the Gulf war by the U.S. military), gave a report on various initiatives to lift the sanctions, including the resolution introduced by Rep. Henry Gonzalez (D-Tex.), to which, she said, U.S. leaders have been "shamefully slow" in responding. Williams also cited the "commendable efforts of certain citizen groups," mentioning by name the Philadelphia National Association for the Advancement of Colored People (NAACP), which passed a resolution supporting American farmers who have sent powdered milk to Iraq, and the Committee to Save the Children in Iraq, which had recently organized the delivery of



Stuart Lewis

Former U.S. Attorney General Ramsey Clark: "We have an imperial President who acts without respect for the law."

medical supplies from Sweden to Iraq, via an Iraqi plane.

EIR asked Clark whether he saw the continuing operations against Iraq as part of a population war, rather than just an oil war, citing the recently declassified National Security Study Memorandum 200, drafted under Henry Kissinger's direction, which targeted Third World nations for depopulation. "There is no question that the United States is specifically targeting Third World nations," Clark responded, particularly those who have exhibited a degree of technological and scientific development, like Panama and Liberia, as well as Iraq.

An 'imperial President'

Clark's indictment of the United States in the hearing in Germany was even more biting. The U.S. invasion of Panama broke "all the same laws" that Iraq did in invading Kuwait, he said. Only during the U.S. invasion of Panama, four times as many Panamanians were killed by the U.S. as Kuwaitis killed by Iraq. But nobody insisted that the U.S. withdraw from Panama or pay reparations for the thousands of lives and hundreds of millions of dollars of damage done.

He recalled the U.S. bombing of Grenada and Libya, actions taken without consulting the U.S. Congress. "They trashed the U.S. Constitution. We have an imperial President who acts without respect for the law," he said, warning that the United States may very well bomb Libya again before the end of the year.

Clark called the Gulf war a "slaughter," in which at least 250,000 civilians died as a result of the bombing. The U.S.-led assault, he said, violated all three principles established at the Nuremberg War Crimes Tribunal after World War II—all the accepted laws of armed conflict.

The final resolution passed at the tribunal called for an unconditional lifting of the embargo against Iraq. Clark will conduct further hearings in the coming weeks throughout Europe, leading up to the tribunal, to be held at the beginning of the new year.

FBI files show U.S. DoJ protected top 'October Surprise' conspirators

by Edward Spannaus

Declassified FBI files obtained by *EIR* show that the U.S. Department of Justice (DoJ), along with top officials in the FBI and CIA, protected two of the top players in the "October Surprise" conspiracy from prosecution. The dramatic revelations in these newly released documents should add new impetus to the faltering drive for a congressional investigation into the efforts by operatives associated with the 1980 Reagan-Bush campaign to delay the release of the U.S. hostages in Iran.

- FBI documents show that a top Reagan-Bush Justice Department official and a former U.S. Attorney General tipped off Iranian arms dealer Cyrus Hashemi of an impending arrest warrant in 1984, allowing him to evade arrest.

- The FBI files also confirm that another former Justice Department official, J. Stanley Pottinger, was enabled to avoid indictment for illegal arms shipments to Iran during the hostage crisis, by a last-minute discovery that the FBI had "lost" crucial surveillance tapes.

- From 1981 to 1984, the Justice Department, probably in collaboration with the CIA and State Department, blocked efforts by federal agents and prosecutors in New York to prosecute Hashemi and Pottinger, using the excuse of "national security."

Debunking the debunkers

The new revelations also destroy one of the pet arguments of the apologists for the Bush-CIA group and the Israelis who are attempting to debunk the "October Surprise" theory. They argue that Cyrus Hashemi couldn't have been involved in a conspiracy with the Republicans to delay the release of the hostages, because he was later prosecuted by the Reagan-Bush administration. (They are always strangely silent about Pottinger.)

This was the theory first advanced by former Carter White House Counsel Lloyd Cutler in a reply to Gary Sick's commentary in the April 15, 1991 *New York Times*. Cutler contended that Hashemi's indictment proves that he wasn't involved in any conspiracy with William Casey to delay the release of the hostages, because he would have held "the royal flush of all blackmail hands." Argued Cutler: "Had the Reagan team done what was alleged, the Hashemis' prosecution would certainly have been dropped to buy their silence."

This same argument was also used in the recent efforts by

Newsweek and the *New Republic* to kill the October Surprise story. *Newsweek* wrote on Nov. 18: "But if Hashemi was working for the Reaganites, he was rather badly rewarded. In 1984 Hashemi was indicted by the Reagan Justice Department for arms smuggling."

Now, these newly released FBI documents prove conclusively that Hashemi and Pottinger—two key "October Surprise" players—were in reality *protected* from prosecution by the Reagan-Bush administration.

Prosecution stalled

In 1980, while Iranians were holding 52 Americans hostage, Hashemi and Pottinger were both playing a double game, pretending to assist the Carter administration in negotiating for the release of the U.S. hostages, while aiding the Reagan-Bush campaign in delaying the release of the hostages until after the November presidential election.

During this time, according to the FBI files, the FBI placed Hashemi's offices in New York under electronic surveillance, involving a microphone "bug," a telephone tap, and a video camera. The surveillance picked up conversations in which Hashemi and Pottinger were arranging the illegal purchase and shipment of embargoed military equipment to Iran.

Within days after the Reagan-Bush administration removed the wiretaps on Feb. 13, 1981, FBI agents and federal prosecutors in New York tried to get a search warrant to raid Hashemi's offices. The newly declassified FBI files show that FBI headquarters and the Justice Department blocked the raid on grounds it was "premature," throwing up all kinds of arguments, ranging from problems with disclosing the electronic surveillance, to the possibility that Hashemi might bring a lawsuit against the FBI! A Feb. 23, 1981 FBI memorandum states: "FBIHQ is of the opinion that the execution of the search warrants at this time is premature and would not allow for the Attorney General, FBIHQ Intelligence Division, [deleted] to fully consider all the ramifications of such actions." (The deleted portion probably refers to the CIA, which was in regular contact with Hashemi and also in regular consultation with the Justice Department, according to CIA files recently obtained by *EIR*.)

The New York FBI office strongly disputed the arguments raised by FBIHQ and the DoJ, defending the propriety

FOR INFORMATION FBIHQ, CYRUS HASHEMI CANCELLED HIS CONCORDE FLIGHT RESERVATION TO NEW YORK ON MAY 16, 1984 AT LAST MINUTE. AT THIS WRITING HASHEMI SCHEDULED TO ARRIVE NEW YORK ON FLIGHT 741 FROM LONDON AT 5:55 PM NEW YORK TIME. THIS IS HIGHLY DOUBTFUL AS HASHEMI'S NOW OBVIOUSLY AWARE OF PROSECUTION PLANS DUE TO EXPOSURE WHEN DOJ DEPUTY ATTORNEY GENERAL LOWELL JENSEN ORDERED USA, SDNY TO CALL HASHEMI'S ATTORNEYS TO DISCUSS EVIDENCE AND PROSECUTION BECAUSE HE MADE SUCH A COMMITMENT TO HASHEMI'S ATTORNEY, FORMER ATTORNEY GENERAL ELLIOTT RICHARDSON, WHO OBVIOUSLY HAS CYRUS HASHEMI NOTIFIED.

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IN VIEW OF THE ABOVE, IT DOES NOT APPEAR TO BE APPROPRIATE TO IMMEDIATELY EXECUTE SEARCH WARRANTS UNTIL THE U.S. ATTORNEY'S OFFICE HAS FULLY CONSIDERED THE IMPACT OF THE EXECUTION OF THE WARRANTS.

FBIHQ IS OF THE OPINION THAT THE EXECUTION OF THE SEARCH WARRANTS AT THIS TIME IS PREMATURE AND WOULD NOT ALLOW FOR THE ATTORNEY GENERAL, FBIHQ INTELLIGENCE DIVISION, TO FULLY CONSIDER ALL THE RAMIFICATIONS OF SUCH ACTIONS.

On January 26, 1982, Mr. Jachnycky contacted Mary C. Lawton, Counsel for Intelligence Policy, DOJ, to inquire regarding the possibility of obtaining the Attorney General's authority. Mary Lawton advised that the Attorney General's authority was not granted and that the grand jury should be postponed. AUSA Levides was advised and the grand jury was postponed.

During this time, the USA, John Martin, SDNY, was telephonically contacted by Deputy Associate Attorney General Jeffrey Harris, who advised that the grand jury be postponed because of national security considerations.

PERSONAL NOTIFICATION - DO NOT FILE
 Classified by 1565
 Declassify on: OADR 9-19-91
 6/11/84

Memorandum
 To: Mr. C. P. [redacted]
 From: [redacted]
 Date: January 23, 1982

Mr. Slover
 S. G. Flanagan
 Mysterious disappearance of tape recordings of court ordered monitorings in the case entitled "Cyrus Hashemi, et al., Neutrality Violation; OO: New York"

PERSONAL NOTIFICATION - DO NOT FILE
 Classified by 1565
 Declassify on: OADR 9-19-91
 6/11/84

Mr. Revell:
 This communication is classified SECRET unless otherwise noted.

The purpose of this communication is to furnish you an update on the status of search efforts to locate two missing evidentiary tape recordings produced in connection with a joint FBI-U.S. Customs investigation entitled "Cyrus Hashemi, et al., Neutrality Violation; OO: New York".

On 6/8/84, [redacted] advised that United States Attorney (USA) SDNY is now in the process of evaluating the extent to which an inability to produce the tapes would affect future indictment and prosecution. USA SDNY is expected to issue his opinion on this matter following a joint meeting between FBI, U.S. Customs, and the USA SDNY tentatively scheduled for 6/12/84. Tentative indications from the USA SDNY are that an inability on the part of the Government to produce the tapes would adversely affect prosecution.

MYSTERIOUS DISAPPEARANCE OF TAPE RECORDINGS OF COURT ORDERED MONITORINGS IN THE CASE ENTITLED "CYRUS HASHEMI, ET AL., NEUTRALITY VIOLATION; OO:NY"

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Excerpts from the 1,300 pages of declassified FBI files on Cyrus Hashemi which have recently been obtained by EIR under the Freedom of Information Act.

of their investigation and noting that the "intelligence interests in the surveillance of subject have terminated and have been secured." Nevertheless, the Justice Department and FBI headquarters repeatedly stalled the efforts in New York to prosecute Hashemi and Pottinger. A Jan. 29, 1982 FBI memorandum, for example, says that the Justice Department had ordered the U.S. Attorney to postpone convening a planned

federal grand jury investigation "because of national security considerations."

Justice Dept. tips off Hashemi

After years of delay, arrest warrants for Hashemi and a number of other participants were finally issued in New York in mid-May of 1984.

However, Hashemi evaded arrest after being tipped off by the Justice Department. A declassified New York FBI teletype dated May 16, 1984 complains that Hashemi, who was in London, canceled his Concorde flight reservation returning to the U.S. at the last minute, after Deputy Attorney General Lowell Jensen ordered the U.S. Attorney in New York to notify Hashemi's attorneys of the prosecution. Jensen did this, according to the FBI teletype, "because he made a commitment to Hashemi's attorney, former Attorney General Elliot Richardson, who obviously has Cyrus Hashemi notified."

The New York FBI office, which had worked the Hashemi case since 1980, grumbled that because of this "DoJ-sponsored courtesy," the arrests were not likely to occur. They rather bitterly informed FBIHQ that "results of a positive nature do not appear forthcoming despite the massive investigative effort put forth thus far."

A few weeks later, the prosecutor on the Hashemi case met with Hashemi's attorney Elliot Richardson. During this meeting, held on June 12, 1984, "No mention was made by Richardson of a possibility of the return of Hashemi to the United States."

Hashemi stayed outside the United States and remained a fugitive for almost two years, until he returned to the U.S. to aid the Customs Service in the 1986 sting operation against Israeli Gen. Abraham Bar-Am and others. During the time he was a fugitive, he was in frequent contact with top CIA officials, including William Casey, through Richardson and John Shaheen, a businessman and close friend of Casey who was one of the founders of the CIA. During this time, there was apparently no effort made to extradite Hashemi.

In fact, on the contrary, a recently declassified CIA document from November 1985 states: "We were advised in August 1985 that the U.S. government must not touch the Iranian in the U.K. whom the U.S. is seeking to extradite for his part in a failed Iranian attempt to purchase U.S. arms." The memo goes on to discuss the fact that Elliot Richardson was attempting to arrange for the charges against Hashemi to be dropped, in return for his efforts to aid in the hostage negotiations ongoing at that time.

Even after Hashemi returned to the U.S. as part of the U.S. Customs sting operation in March 1986, he was still—inexplicably—allowed to travel abroad. In July 1986, Hashemi suddenly died in London, under what an FBI memo calls "questionable circumstances."

The 'missing tapes'

The newly released FBI files also confirm the long-rumored "loss" of FBI surveillance tapes of Hashemi and Stanley Pottinger. The files further confirm that the absence of these critical tapes was used as the reason for not indicting Pottinger, a former Assistant Attorney General during the Nixon and Ford administrations.

A partially released FBI file, labeled "Administrative Inquiry—'Missing Tapes,'" documents an internal FBI inves-

tigation which was conducted after the loss of the tapes was allegedly discovered at the end of May 1984—days before Pottinger was to have been indicted. (A March 29, 1984 teletype said that evidence would soon be presented to a grand jury, and that among those charged would be "a former Assistant Attorney General of the United States.")

The fact that critical tapes were missing was discovered at the end of May; nevertheless, federal prosecutors in Manhattan stated their opinion that Pottinger could still be indicted for perjury and other counts, even if, lacking the tapes, they could not substantiate a conspiracy count. A June 1, 1984 FBI teletype from New York states that "indictment may be delayed one week to allow for a thorough search, but not otherwise affected." The loss of the tape "may jeopardize successful conviction of [deleted] on conspiracy count but not affect substantive counts of indictment, including perjury."

On July 18, 1984, the other indictments in the case were announced, and U.S. Attorney Rudolph Giuliani held a press conference. An FBI teletype reporting the press conference stated: "A reporter asked if an evidence tape was missing . . . most questions were related to J. Stanley Pottinger and his involvement in the matter . . . Giuliani informed the investigation on Pottinger is continuing."

However, the Justice Department and FBI headquarters continued to successfully stall and block the prosecution of Pottinger.

According to the "Missing Tapes" file, the FBI conducted an extensive internal investigation into the missing tapes. One of the first documents in the FBI's internal investigative file, dated June 21, 1984, is captioned "Mysterious Disappearance of Tape Recordings of Court Ordered Monitorings in the Case Entitled 'Cyrus Hashemi, et al. . . .'"

On June 11, 1984, a memorandum was prepared for top FBI officials William Webster and Oliver "Buck" Revell by the head of the FBI's Terrorism Section, Stanley Klein. The Klein memo bears the following notation in capital letters across the top: "Personal Notification—Do Not File." It summarizes the investigation of the missing tapes to date, and says that the loss of the tapes "would adversely affect prosecution [deleted]." Subsequent investigation showed that the missing tapes—three in number—had apparently been hand-carried from New York to Washington in 1981 or 1982 and delivered to the FBI headquarters, possibly at the request of the Justice Department.

An October 1985 summary of the probe stated that "significant inconsistencies" had been found in the stories told by various FBI officials involved with the tapes. However, the file as disclosed under the Freedom of Information Act does not indicate any resolution of the internal investigation.

This is clearly a mystery which rivals the famous "18-minute gap" in the Nixon-Rosemary Wood tapes, and which merits an equally prominent investigation—if Congress has the courage to go after it.

LaRouche movement must rebuild U.S. institutions, for the benefit of all

This speech was given by Mr. Mitchell, a state senator from South Carolina, to a conference of the Schiller Institute in Berlin on Nov. 22.

I bring you greetings from the good and decent people of the United States of America. There are, by the way, more of them, than of the not so good and indecent! Allow me to thank the Schiller Institute and Mrs. Helga Zepp-LaRouche for extending this invitation to us. I hope that we will be able to continue to work with this fine institute, as we go about the business of taking back our world, for decent people and children to live in. To those who feel that the U.S.A. is a place brimming with milk and honey, and streets paved with gold, I am here to say that there is nothing rivaling truth. While the U.S. is a great nation still, it is far from the paradise many think of now as the great land of opportunity, under today's leadership of George Bush. Homelessness, hunger, malnutrition, unemployment, infant mortality, greed, arrogance, and the abuse of power are rampant.

I am proud of my American citizenship, yet remorseful in knowing the nation isn't what it should be, and with God's help, will be—because some of us view America as being indispensable to a fair and just “new world order.” It is indeed shameful to those of us who have knowledge of existing conditions, as well as circumstances of affirmative neglect of both [America's] people, and its neighbors in foreign states. Especially its minorities and Third World nations.

Today, there is great anxiety about the direction of this country—race relations, and especially the economy. Unfortunately, too many Americans believe that all of our economic problems are the result of preferential programs for blacks. The real problem is that the economy is not growing there, and hardly elsewhere.

It has become increasingly and abundantly clear, that the economic pain now experienced by millions is diabolically manipulated by the factor of race and exacerbated by an unfair system of taxation, a dangerously low saving rate, and a loss of industrial competitiveness, among other factors, all contributing to an overall diminution in the standard of living. New on the American scene is a neo-Nazi and former Grand Wizard of the KKK, from the state of Louisiana. He identified with the party of President George Bush, the Republican Party. He minces no words, and exploits media

attention, driving home the rhetoric of racial and disadvantaged intolerance, exploiting racial fear and prejudices, which doors were opened by President Bush, by his chance words in the last election. . . . I mean words such as welfare, affirmative action, crime in the streets, illegitimacy, and others. Having won over 55% of the white votes for governor of Louisiana, this neo-Nazi has now turned his sights towards the presidency of the U.S.A., justly claiming dissatisfaction with the administration of George Bush, his mentor, as do many of us. But we do not, nor will we, exploit the issue of race, ethnic, and class intolerance.

Also entering the political arena, is news commentator Patrick Buchanan, a right-wing conservative Republican, who is challenging Bush for the Republican nomination because of his belief that Bush has been overly passive to economic ruination and timid with an economic plan. The “Reagan Revolution,” which preceded Bush, was brought about largely due to the cowardice and timidity of the Democratic Party, resulting in a decade of stagflation and disaster in the nation's economy, and causing the moral bankruptcy of the nation's leadership. The administration of George Bush, as [that of] Reagan, has made no secret of its pro-rich, racist, anti-poor, anti-labor philosophy and policies, both resulting in over \$2 trillion in red ink that our children and grandchildren will inherit, while participating in the savings and loans and BCCI scandals.

LaRouche's 'legendary' foresight

Long ago, Lyndon LaRouche had the audacity to tell the nation and the world that Reaganomics was fatally flawed and destined to fail, and would drag the world's economy down. Failures which he correctly prophesied would exact a painful toll on poor and working people, the fragile middle class, and ultimately, the entire nation, and the world. LaRouche's foresight is legendary, with his insight and vision yesterday of today's problems on course. It was Lyndon, in the early 1980s, who predicted that AIDS would become the global menace it is today, fostered by the IMF's policies, and heavily weighted against the development of Third World nations, and subtly implementing the malthusian principles of genocide against Third World people.

Today's intolerance for the world's people by the Bush administration can only be worsened by the callousness and

indifference of powerful people. The increasingly spineless political institutions must be given a ray of hope, if America is to survive with any degree of dignity, integrity, and honor. This ray of hope is the Lyndon LaRouche principles for economic revival. He is a visionary with dreams for his nation, his world, co-existing with people who are above all tolerant of each other and respect the rights given by God to all men.

Who would have envisioned the world being more of a neighborhood today, than last year? No wall separating the great German people, less nuclear-tipped missiles confronting the peoples of the East and West from hostile frontiers. But for the world to be at peace, it must be in a reasonable balance, politically and economically. Free trade and overburdening the Third World nations with debt, minus infrastructure development, have contributed nothing but chaos, confusion, and death. The economic revival of the U.S. must be done in a global context, for the world is a true neighborhood for the first time. An extraordinary methodology is needed to cope with this "new world order."

Anyone who leads the U.S. into the 21st century must be able to project, predict, and predicate policies manifesting fairness and humaneness. Only one person has a policy which makes sense: Lyndon LaRouche. We must, among other things, forgive Third World debt, extend credit, and develop infrastructure; also, establish in America a new National Bank, to implement policies, lend money, to help and not hobble developing new nations; we must abolish the IMF.

Neither of the two major parties, Democratic or Republican, has an economic plan. Neither has a candidate who has any remote idea of how to clean up the Republican economic mess. LaRouche does.

We must be allowed to espouse his idea of global recovery. In his absence, then we must advance it for him. This movement must be more serious now than at any other time. These are fertile moments. We must be in the vanguard of advocacy for those who are left out and locked out of the political process, all over the globe. We must breathe life into worthy old institutions, and revive and reform them when and wherever possible, and abolish those such as the IMF. We must challenge the Establishment and a system which cripples and destroys people and makes political prisoners, like Lyndon. We must be active at whatever level we can, until the movement shapes the "new world order" to fit the needs of most of the world's people, giving them hope, a sense of purpose, a reason for living. We must shape policy affecting both the political and economic future as well as the social development of both the established and emerging nations. We must vie for leadership roles and positions in the wake of the tragedies of greedy, evil, and vile men. We must cultivate an attitude of tolerance for our fellow men, no matter who or where. We must protect the environment from those who would exploit and destroy it for profit and greed. We must elect leadership with global perspective.



Chris Lewis

Theo Mitchell: "We must be in the vanguard of advocacy for those who are left out and locked out of the political process, all over the globe."

In 1992, the U.S. presidency is attracting an array of hopefuls, ranging from traditional politicians to Nazis and news columnists—none seemingly having any idea of how to help the nation recover economically. This also includes the Democratic contenders. If such a lackluster crowd can vie for this office with no program, then certainly Lyndon can and should. He must be allowed the forum to present his plan. If the media can make a KKKer, a neo-Nazi a national personality, then it can make a sensible economic plan a national priority, which puts people back to work, imposes fair taxes, and develops a meaningful global plan for trade.

'Bring us back together'

During the Vietnam War, when the nation was bitterly divided, a presidential parade was held, during which a little girl held up a sign reading, "Bring us back together again." The President of that time was moved by this, and made comments on that sign, and pledged to work toward that objective, which has yet to be achieved.

While we, who are informed people, know about the special interests in the world, we also recognize that until and unless we solve some basic problems now existing, such as enhancing the quality of life of more people, we in America will never come back together again. The U.S. Democratic Party, once a progressive force which moved beyond the sterile confines and constraints of today's America, must again emerge with bold and imaginative leadership to fight for social, political, and economic transformation. It is imperative that this be done, for it is a strategic imperative at this critical moment in history. As a movement begun by Lyndon LaRouche, we must not rest until the world has been reclaimed by the decent people, so that peace and prosperity will again be in place as we begin the new millennium, in using our Earth as it was meant by Him to be used, for the good of all His children.

Senate ratifies CFE Treaty, with conditions

The Senate ratified on Nov. 25 in a 90-4 vote the treaty on Conventional Forces in Europe (CFE), which has been signed by 22 nations including the United States and the now non-existent Soviet Union. As of mid-November, it had been ratified by only eight of these nations. The CFE Treaty has not yet been ratified by the Soviet Parliament.

Because of the rapid disintegration of the Soviet Union, a number of conditions were placed on the treaty making its implementation a questionable proposition. One condition requires the administration to report within 30 days on whether the Soviets have already violated the treaty by supplying false data on number of tanks and equipment to be dismantled. U.S. officials have already indicated that the Soviets did not count between 4,000 and 18,000 CFE-limited weapons when they supplied their data at the time the treaty was signed.

Ukraine's vote for independence has also created difficulties for the treaty. In anticipation of a vote for independence in the Ukrainian referendum Dec. 2, the Senate added a condition requiring further Senate approval of the treaty if Ukraine is added to the CFE signatories, or a new Senate vote on continued adherence to the treaty if the Ukraine does not sign it. President Bush has made Ukrainian acceptance of the CFE Treaty a condition of U.S. recognition of its independence.

Conditions placed on China MFN status

In a 409-21 vote on Nov. 26, the House approved the conference report regarding the extension of Most Favored Nation treatment to the products of the People's Republic of China,

thus clearing the way for Senate action.

The bill places conditions on continuation of MFN status for China. First, the bill requires that China release all pro-democracy prisoners in China and Tibet. Second, it requires that China suspend the sales of missile technology to Syria and Iran, provide assurances that it will not sell nuclear technology to non-nuclear states, and that it will abide by the guidelines of the Missile Technology Control Regime. Thirdly, it requires that China remove barriers to U.S. exports, end its export of prison-made goods, halt violations of international intellectual property law, and eliminate the use of transshipments to evade U.S. import quotas.

The legislation faces a threatened veto by President Bush.

Helms rattles sabre against independent Europe

In floor remarks on Nov. 22, Sen. Jesse Helms (R-N.C.) issued threats to any united Europe which is not in line with U.S. foreign policy. Helms raised the specter of the "explosive effects of nationalism" in Europe, echoing warnings issued at the conference of the Anti-Defamation League in Montreal, Canada in November.

"Our focus for developing U.S. relations with Europe should be a sound alliance strategy," said Helms. He indicated that this would help "to minimize the ability of an antagonistic rival to develop. . . . We do not want to see our alliances with individual European nations weaken. . . . nor our power to compete in European markets diminish."

Helms said that the United States should support a unified Europe "only if it is in our interest to do so. . . . The imposition of out-moded socialist

welfare principles or the development of European defense arrangements which vitiate the sacrifices of American time, money, and blood, must be fought."

Clearly aware of the European potential for breaking out of the Anglo-American financial system as that system itself falls apart, Helms's warning concluded that the United States "cannot afford to support institutions which may be opposed to our interests in the long term." He singled out the European Bank of Reconstruction and Development, which he called "redundant and potentially impossible to control."

Helms said that the United States should "implement a national security policy which can cope with unexpected, as well as expected, developments in Europe and the former Soviet Union. We need to be aware of the fact that the European Community could develop in any number of directions, not all of them in the interest of the United States."

Brown calls for hearings on the economy

Rep. George Brown (D-Calif.), chairman of the House Science and Technology Committee, called for hearings to be held during the December congressional recess in order to find solutions to the U.S. economic decline.

In floor comments on Nov. 25, Brown noted that the greater part of that decline had been U.S. unwillingness "to adopt some of the more flexible and pragmatic policies of our competitors." Brown stressed that the solutions to these problems would not be a simple matter. "A rough rule of thumb would be that for each major problem area, and there are many, it will take about as long for solutions to

be effective as it took for the problem to develop, in most cases this will be a minimum of 10 years, frequently more."

Brown recommended that three recent reports issued by the Office of Technology Assessment on technology, innovation, and U.S. trade be used as the basis for congressional deliberations. "First," he noted, "we must see the light, which may take divine intervention." Failure of the Congress to deal with the fundamental economic problems facing the nation, Brown warned, would "continue to make a bipartisan mess of our country's future."

Bush Dems bottle up pro-Croatia resolution

In spite of growing concern in Congress about the Serbian military aggression against the Republic of Croatia, House Foreign Affairs Committee Chairman Dante Fascell (D-Fla.) succeeded in preventing House Resolution 224 from being taken up by the committee as Congress adjourned Nov. 27. Sponsored by Rep. Elton Gallegly (R-Calif.), the resolution had at least 55 cosponsors as of Nov. 29. It calls on the United States to recognize Croatia and Slovenia as independent nations.

The resolution will not be dealt with before next year when Congress reconvenes.

There has been a great deal of strong-arming to eliminate the demand for recognition. In the Senate, a resolution sponsored by Sen. Albert Gore (D-Tenn.) passed by voice vote on Nov. 21. The Senate resolution condemned the Serbian aggression but did not call for recognition of the republics of Croatia and Slovenia. Gore had originally included the de-

mand for recognition, but backed off from it in order to get the resolution introduced on the floor by unanimous consent.

Democrats call for action against Iraq

A number of so-called liberal Democratic senators have called on President Bush to force Iraq to agree to a U.N. oil sale as a remedy for the severe humanitarian, food, and health crisis afflicting that nation. The action, incredibly, seeks to shift the blame for the large number of deaths, especially of Iraqi children, from the allied bombing and U.S.-led embargo, onto the Iraqi government for its refusal to surrender to U.S.-U.N. diktat.

Sen. Edward Kennedy (D-Mass.) authored a letter to President Bush calling on Bush to "accomplish passage of a new U.N. Security Council resolution that will condemn Iraq's failure to sell its oil and will make such a sale mandatory, rather than discretionary." The senators seek to force Iraq to accept U.N. management of a \$1.6 billion sale of its oil, one-third of which would go to war reparations, with additional costs for U.N. handling of the receipts, and resulting food and medicine distribution.

The letter read: "It is increasingly clear that Saddam hopes to use the looming humanitarian crisis in his campaign to end the international sanctions against his outlaw regime."

Slavishly praising Bush's actions, the letter continued: "Your actions in pressing the Iraqis to abide by the U.N. resolutions calling for the destruction of Iraq's weapons of mass destruction provide an appropriate model for bringing about Iraqi compliance with the U.N. resolution ad-

ressing the humanitarian crisis. . . . We urge you to press the United Nations to find a similar measure to enforce compliance with the U.N. resolutions regarding the humanitarian crisis."

The senators who co-signed include: Barbara Mikulski (D-Md.), Daniel Akaka (D-Hi.), Jeff Bingaman (D-N.M.), John Kerry (D-Mass.), Paul Wellstone (D-Minn.), Brock Adams (D-Wash.), Carl Levin (D-Mich.), Herb Kohl (D-Wisc.), Albert Gore (D-Tenn.), Chris Dodd (D-Conn.), Alan Cranston (D-Calif.), Claiborne Pell (D-R.I.), Howard Metzenbaum (D-Ohio), Alan Simpson (R-Wyo.), and Arlen Specter (R-Penn.).

Resolution to aid Iraqi children passes

House Concurrent Resolution 168, sponsored by Rep. Tim Penny (D-Minn.), purportedly to help the humanitarian crisis in Iraq, passed the House Nov. 26. The resolution was substantially changed from the original version, which proposed that a portion of Iraq's frozen assets be released to Unicef for the sole purpose of providing medical and humanitarian assistance.

Penny acknowledged that during Thanksgiving 1,000 Iraqi children would likely die from starvation or illness. However, he said in a press release, "the time has passed when we can wait for oil sales to move forward. We should now press for another creative solution to this situation. One thing is certain: Saddam Hussein has put politics ahead of children's lives and futures. In order to save these children, it is time for the world community to marshal an international effort equal to the cooperative effort demonstrated during the Gulf crisis."

National News

Noriega prosecution attacked on Lehder deal

Robert Merkle, the former U.S. Attorney who put Medellin Cartel founder Carlos Lehder behind bars in 1987, attacked the deal with Lehder struck by federal prosecutors in the Manuel Antonio Noriega case in Miami. "It's okay to have the devil describe to you the working conditions in hell, but it's not okay to let the devil out of hell," said Merkle on the ABC News program "Nightline" Nov. 25.

Asked by the commentator if Lehder's pact with the prosecutors involves letting him out of jail, Merkle responded: "Well, not right now, but my sense is that what we have working here is a little bit of a deal with smoke and mirrors. My concern is that the government is dealing at all with Carlos Lehder. . . . We're missing the moral dimension of this problem. . . . We are touting, for example, the death penalty for drug traffickers, we are touting life in jail without parole, and here Carlos Lehder, the worst of the worst, is purportedly being given a deal to testify against somebody who is far below him in terms of culpability. So, you know, what are the American people going to think?"

Citizens' group demands probe of Thornburgh

A newly launched citizens' group is calling for a congressional investigation of former U.S. Attorney General Richard Thornburgh for his police-state perversion of the justice system. The initiative was unveiled in R. Budd Dwyer's hometown of Meadville, Pennsylvania on Nov. 21.

Dwyer, a former state Treasurer, killed himself while giving a press conference after attacking Thornburgh, Henry Barr, and then-Acting U.S. Attorney James West for framing him up as part of a political vendetta.

The group is circulating a petition, addressed to the U.S. Congress and the Pennsylvania General Assembly, which reads in

part:

"We ask Congress to investigate former U.S. Attorney General Richard Thornburgh for his politicalization of the state's criminal justice system. . . . Specifically, we ask Congress to investigate the roles of Thornburgh, his staff, and Acting U.S. Attorney James West in the conspiracy and subsequent unequal prosecution involving late State Treasurer R. Budd Dwyer; the official coverup and dismissal of charges that one of Thornburgh's sons used drugs, while other men's sons were imprisoned for the same offense; and charges of drug usage and corruption in the state Attorney General's office."

Crawford County, where Meadville is the county seat, is a heavily Republican area, but Thornburgh lost it by a wide margin to Harris Wofford in the Nov. 5 special election for U.S. Senate. Letters from friends of Dwyer were published in the local paper supporting the charge of state senator R. William Lincoln that many would not speak out against Thornburgh because they feared he would send the FBI or IRS after them.

Is Bush considering big new cuts in defense?

President Bush is preparing to announce major new cuts in defense spending in "an effort to recapture the political initiative before launching his 1992 reelection campaign," according to the Nov. 30 London *Financial Times*. Bush's "peace dividend," combined with proposed revisions in last year's budget agreement, is expected to be unveiled in his State of the Union address.

According to the *Financial Times*, Bush has been consulting with Defense Secretary Richard Cheney, Secretary of State James Baker, and National Security Adviser Brent Scowcroft about making cuts in the defense budget beyond the 25% reduction in forces planned by 1995. These cuts would affect significant weapons programs, such as the B-2 Stealth bomber, as well as the number of active U.S. Army divisions, tactical fighter wings, and aircraft carrier groups. The cuts, which could save up to \$50 billion,

would be phased in over five years.

A consensus is also emerging in the administration that last year's U.S. budget agreement is too inflexible, and that it should be amended so that spending can be shifted between categories, while maintaining an overall cap on total defense spending.

Budget cuts kill Michigan woman

Eva Frederick, a 51-year-old woman, died Oct. 28 in a Traverse City, Michigan hospital after she had started "rationing" her blood pressure medicine to make it last. She died after a blood vessel burst in her brain. Frederick had been receiving \$434 a month from General Assistance. She and more than 82,000 others were removed from that General Assistance program on Oct. 1.

Eva Frederick's daughter, Charlotte Jenkins, blames her mother's death on Gov. John Engler who ordered the cuts. She has written a letter to the governor telling him that "my mother is dead and I hold him personally responsible."

Jenkins went to the Department of Social Services to fill out forms to have the state to pay for her mother's death expenses.

"The lady looked me right in the eye and said, 'Mrs. Jenkins, if there's anything more we can do for you, just give me a call.'

"Well, a hell of a lot of good it's going to do Ma now."

Bishops respond to 'Magic' Johnson

Several U.S. Catholic bishops likened using condoms to avoid the AIDS infection to playing Russian roulette, in separate articles prompted by basketball star Earvin "Magic" Johnson's announcement that he carries the AIDS virus and will conduct a campaign for "safe sex."

"The 'safe sex' being promoted, aside from being immoral, is far from safe and is a form of sexual Russian roulette which will prove deadly for many," Bishop Michael D.

Pfeifer of San Angelo, Texas wrote recently.

"Condoms do not provide a reliable safeguard against a virus as deadly and cunning as the AIDS virus," wrote Bishop Rene H. Gracida of Corpus Christi, Texas. He cited studies by the National Center for Health Statistics showing a 10% or higher rate of failure for condoms tested for permeability to the AIDS virus.

Bishop Gracida noted that Johnson contracted HIV while engaging in what the basketball player called "the bachelor's life" and added, "We are not animals driven by blind instinct and hormonal pressures; it is possible to control one's appetites."

In a recent column for the *Catholic Commentary*, the newspaper of the Anchorage, Alaska archdiocese, Archbishop Francis T. Hurley cautioned that in declaring war on AIDS, tactics become an issue. "Some tactics have their own traps, hit the wrong targets, become the tragedy of friendly fire as in the Gulf war."

While Johnson seems to be a good, generous, compassionate man, according to Archbishop Hurley, he said the athlete "should stop and think of all the implications of the role of leadership he is assuming and others are giving him."

Bush adviser attacks energy independence

Dr. Michael J. Boskin, President Bush's chief economic adviser, denounced energy independence as "economically foolish," at the American Petroleum Institute's (API) annual meeting in Houston in November.

The *Houston Post* quoted Boskin: "Restoring and enhancing our nation's economic growth must be our number one priority. . . . Large scale substitution of high-cost domestic energy for low-cost imported energy could significantly slow economic growth."

Boskin criticized President Nixon's effort in the 1970s, called "Project Independence"—the attempt to end U.S. dependence on foreign oil—as the "mistaken notion that we would benefit from eliminating all oil imports," according to the *Houston Post*.

API President Charles J. Dibona blasted environmental groups for using bogus issues, like the opening of the Arctic National Wildlife Refuge to exploration, simply for fundraising purposes. Allen E. Murray, chairman of both Mobil and of API, said that oil companies are trying to drill in the U.S., but government capitulation to environmentalists is making that impossible.

Sen. Malcolm Wallop (R-Wyo.) responded by blasting the oil companies for hypocritically funding the most radical environmentalist groups such as the Audubon Society, the National Wildlife Fund, and the Conservation Foundation.

Judge grants father right to kill daughter

St. Louis County probate Judge Louis M. Kohn ruled Nov. 29 at the end of a four-day hearing that severely handicapped Christine Busalacchi is "terminal" and once more upheld the right of her father, Peter Busalacchi, to decide to cut off her feeding tube. Last summer, surgery she had on her heel interrupted the success in spoon-feeding her, nurses at the Midtown Habilitation Center, where she is a patient, told a pro-life activist.

The state of Missouri had appealed Judge Kohn's first decision in January. He said that he agreed with Kevin O'Rourke, director of the Center for Health Care Ethics at St. Louis University (SLU) Medical School, that tube feedings constitute ordinary medical care and can be discontinued when no chance of recovery exists. His findings will be sent to the Missouri Supreme Court.

At the hearing, Peter Busalacchi said openly for the first time that he wants to remove the feeding tube.

Staffers at the state-run Habilitation Center testified about Christine's reactions to visitors, especially that she smiles and laughs at one staffer who sings to her. The state's expert witness, pediatric neurologist Peter Cantor, who teaches at SLU, testified that Christine is aware of her surroundings and responds to his teasing games. "She can feel pain and pleasure," he said.

Briefly

● **A SUPPORTER** of Lyndon LaRouche proposed on a KMOX radio talk show on the evils of television, that since the city of St. Louis has a pilot project to pay residents to turn in their guns, people should turn in their television sets. The idea got a terrific response.

● **ADM. JONATHAN HOWE**, the head of U.S. Navy forces in Europe, will become Bush's deputy national security adviser, replacing Robert Gates, it was announced in Brussels in November. A 1957 Naval Academy graduate, Howe once worked under Henry Kissinger at the National Security Council.

● **THE SAN FRANCISCO Examiner** on Nov. 29 printed an attack on Lyndon LaRouche and *21st Century Science & Technology* magazine for their efforts backing the investigation of cold fusion. In "The Science Guy" column, science writer Keay Davidson says that "LaRouche blames cold fusion's chilly reception on a 'political witchhunt.'"

● **CHELSEA**, Massachusetts police officers on Nov. 21 described the deployment of state police to patrol city streets there as a "slap in the face," and said that local and state officials should pump more money into the local department. The city is being governed by a "receiver" appointed by Gov. William Weld, after being declared bankrupt.

● **TRANSPORTATION** Secretary Samuel Skinner admitted to the *New York Times* that President Bush will not veto the highway bill, despite its failure to shift the burden of paying for new transportation onto the states, "because the states are broke."

● **MARYLAND** Gov. William Shafer has announced plans to cut welfare benefits by 30%, which, coming on top of cuts already about to take effect, will cut the monthly payment for a family of three from \$406 to \$264. Recipients supposedly could replace all or part of the funds if they could show that they are paying their rent.

Editorial

Hostages for sale

Virtually on the same day that the last of the U.S. hostages were released, the United States government *just happened* to make a \$278 million payment to the government of Iran. This was to reimburse the Iranians for U.S. failure to meet a weapons contract undertaken when the Shah was in power, and subsequently blocked. Of course, as State Department spokesman Margaret Tutwiler said, this was not a payment for the release, since it is U.S. policy not to make such deals!

Former Assistant Secretary of State for Middle East Affairs Richard Murphy called the release of Iran's frozen assets on Dec. 3 just a coincidence. Oliver North at first refused to "speculate" on the timing of the two events, then proceeded to underscore administration cynicism. North told CBS reporters: "Historically, there's only three ways that hostages get freed. . . . They either are released or they escape—or rescued—or die in captivity, or there is some kind of deal made. And that's happened since the dawn of recorded history." North's English may be a bit incoherent, but his point is clear.

Most cynical of all is the lauding of Iran for its so-called positive role in facilitating the freeing of the remaining terror victims, considering that Iranian control of the terrorist groups is hardly a secret. Thus, Iran and Syria are now portrayed as desirous of rejoining the international community and strengthening their ties with the West—despite the fact that they openly sponsored a conference for Arab radicals in October.

While no one can be anything but happy that these victims of terrorism are finally free of their barbaric captors, the cynicism of the Bush administration is disgusting. Much more than money was involved in this latest administration deal with Iran. The cover-up of the Iranian and Syrian involvement in the downing of Pan Am Flight 103 over Lockerbie, Scotland was clearly a crucial part of the hostage settlement.

Remember the coverage of Iraq's alleged mistreatment of downed American fliers? Bruises, black eyes, puffy features—all of which could have been caused by

their forced landing—were attributed to Iraqi brutality. Now we find that two of the released hostages are brain-damaged as a result of torture meted out to them during their captivity.

Recently released hostage Alan Steen is afflicted with periodic seizures as a result of having been repeatedly kicked in the head by his captors. Joseph Cicippio was also under medical care in Wiesbaden, Germany.

The recent, escalating spate of attacks against Libya serve to take the heat away from Iran and Syria for the terror bombing of the Pan Am passenger plane, but, of course, they also indicate that George Bush is toying with a rerun of the war against Iraq as a way of bolstering his failing support in the United States. Fear of just such a resumption of the Gulf war by Washington was recently registered in the Egyptian press.

On Dec. 4, the semi-official newspaper *al-Ahram* was quoted by Reuters to that effect. It read: "Election year has begun in the United States at a time when internal affairs are seeing an economic decline. To raise the issue of terrorism now, which touches the core of the people . . . can be a prop in the elections."

The Egyptian newspaper identified that the same vectors are operative in the United Kingdom and France as well—the new Entente Cordiale—and they point out that Prime Minister John Major is in a delicate political position at home due to the failure of the moribund British economy. In France, there is an emergence of ugly anti-Arab racist sentiment. The editorial urges against any rash military action by the three governments as a way of deflecting attention from internal domestic crises.

Certainly, in the United States, it is not a foregone conclusion that Bush could replay the Iraq scenario by butchering yet another small nation, to his political advantage. Americans may have cheered him on to victory the first time, but few remain untouched by the economic mudslide which is now being felt in every aspect of daily life.



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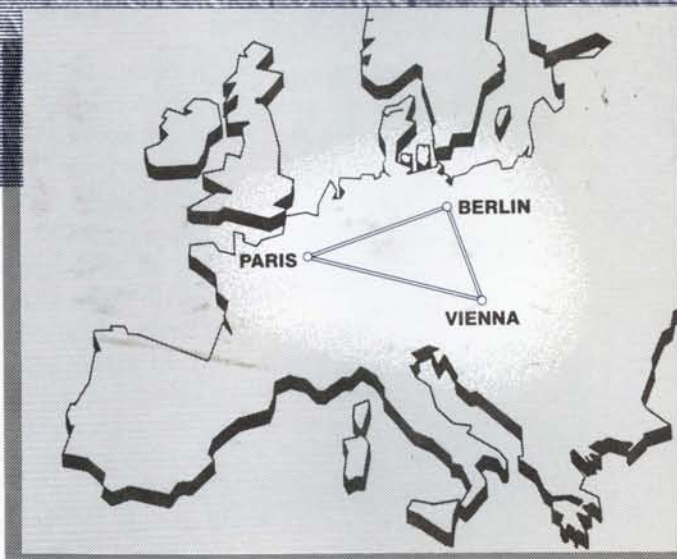
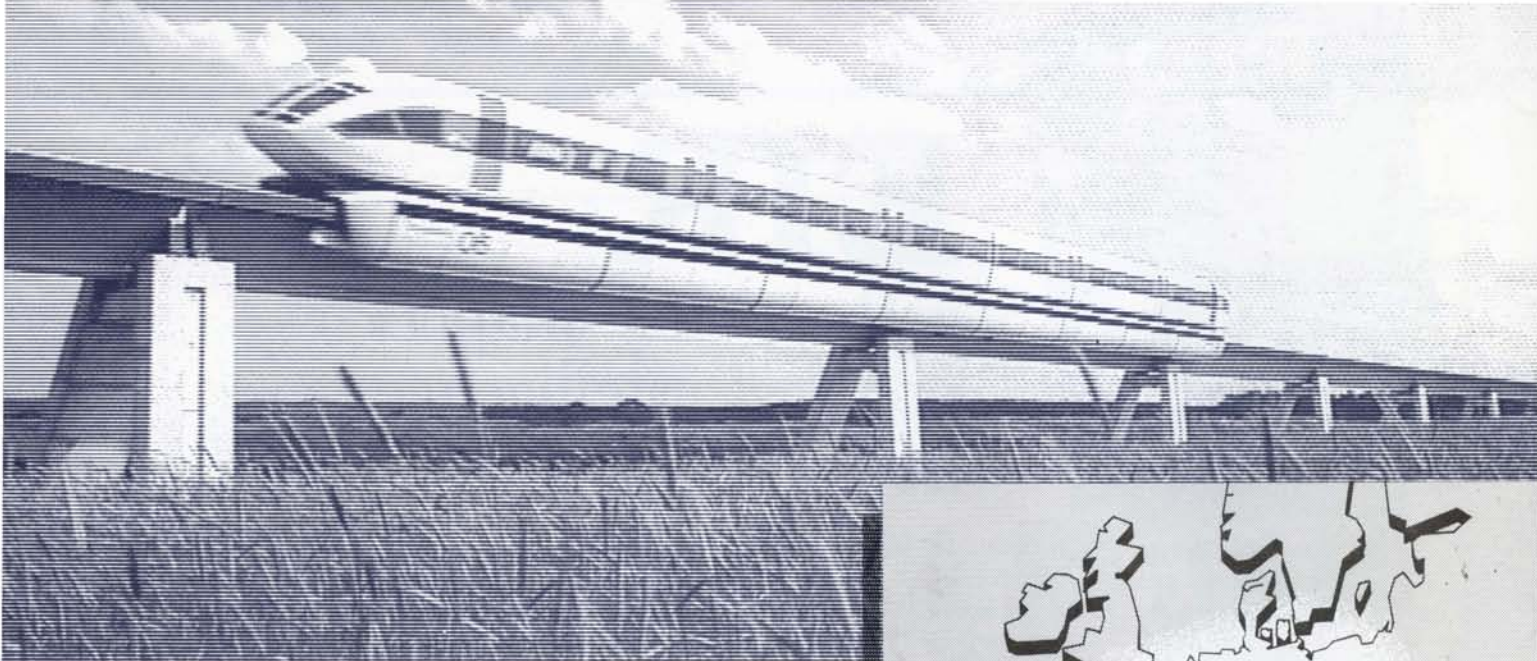
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