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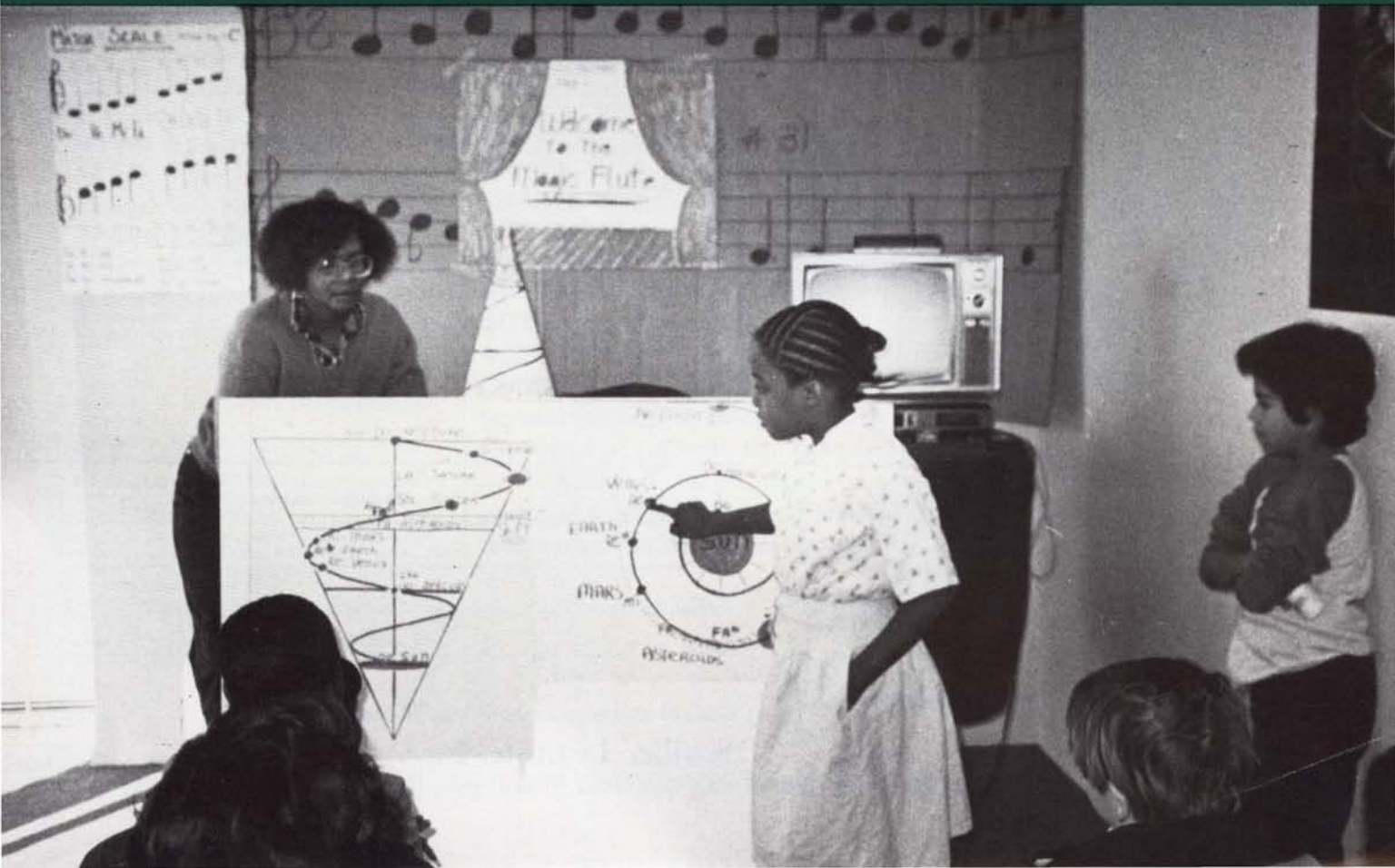
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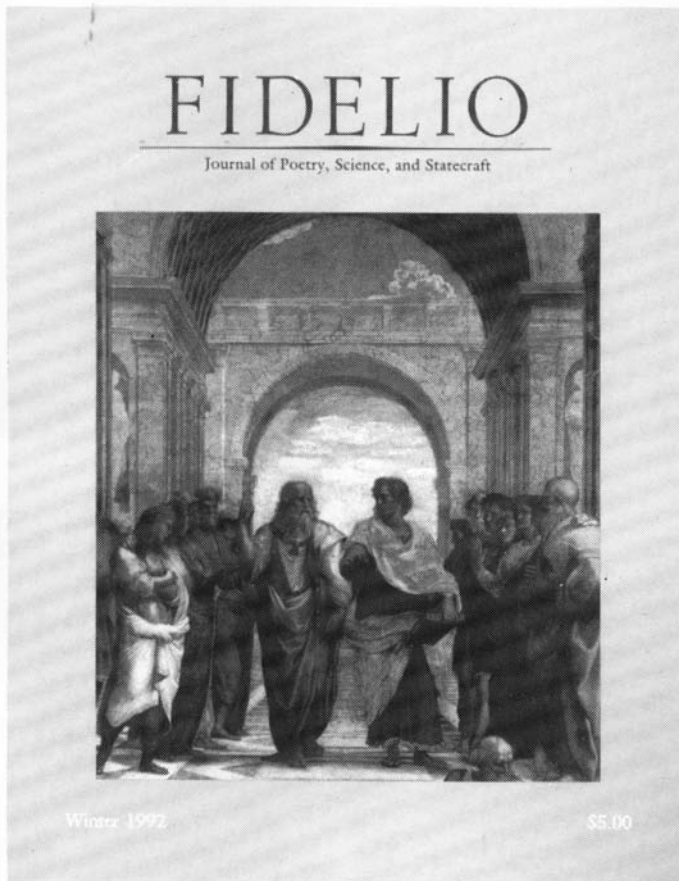
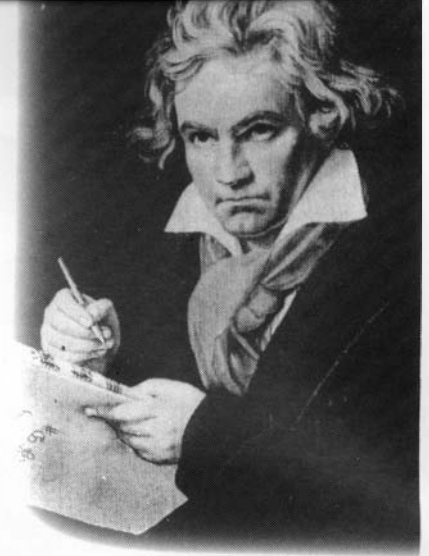
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Electric automobile—car of the future?
Two years of Collor cripple Brazilian economy
Hungarian lawmakers demand LaRouche's freedom

**Music and the moral
fitness to survive**



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The Schiller Institute is proud to announce the publication of *Fidelio, A Journal of Poetry, Science, and Statecraft*. As the editorial in *Fidelio's* flagship Winter 1992 issue states, "The Schiller Institute resolved [at its annual board meeting] to publish a new cultural journal in order to escalate the fight it has waged, since its inception in 1984, for a new Golden Renaissance based upon the aesthetical principles elaborated by the German poet Friedrich Schiller." The name *Fidelio*,—taken from Beethoven's great republican opera—the editorial continues, "was an obvious choice."

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From the Editor

Fasten your seatbelts. The City of London has plunged into its deepest financial crisis since 1972. Four major conglomerates are either bankrupt or insolvent, and are on the leading edge of a new wave of financial collapse threatening to break out in London, Toronto and Montreal, New York City, and Israel.

And no wonder. Several of our stories in *Economics* delineate a picture of destruction of the world's physical economic potential by monetarist policies:

- After a decade of International Monetary Fund-directed "stabilization," Ghana doubled its debt stocks in less than ten years, while malnutrition has risen alarmingly.

- It has taken just two years of the administration of President Fernando Collor de Mello to bring about an industrial collapse in Brazil, with rising domestic debt, unbridled inflation, the destruction of the capital goods industry—and the threat of a near-term social explosion like that which flared up in neighboring Venezuela.

- The U.S. rail industry has largely been taken over by unsavory financial interests suspected of involvement in laundering money from organized crime.

This kind of thing can't go on interminably, without having some effect on the financial markets. The question is whether there will be a total reversal of the policies which have brought us near to the bottom; or further imposition of a bankers' dictatorship, by means of creeping police-state rule and "splendid little wars" like the ones the British and their U.S. partners in the new world order seem ready to touch off in the Middle East, northern Africa, or even the Americas.

In this issue, we bring you several stories on the positive alternative. The *Science & Technology* section and the article on U.S. rail development describe the kinds of transportation technologies which will take us into the future. The *Feature* highlights the Schiller Institute's campaign to restore morality in music, which goes far beyond the surface level of what most people consider politics to the very heart of national, and human, survival.

In *National*, see our report on a delegation of Austrian and Hungarian dignitaries who were in Washington to confront the United States on its human rights record.

Nora Hamerman

ENR Contents

Interviews

36 Jin Xiang

Mr. Jin is one of the leading composers of the People's Republic of China, whose opera "Savage Land" was recently performed in Washington, D.C. He spent 20 years in internal exile during the Cultural Revolution, accused of being a "rightist."

Science & Technology

28 Is the electric automobile the car of the future?

Integrated transportation systems are being developed for the 21st century. Carol White reports on a Japanese design for an electric car which would be magnetically levitated.

Photo credits: Cover: Courtesy of New Federalist. Page 35, Michael Billington. Page 35, Philip Ulanowsky. Page 29 and 30, Equos Research Co., Ltd. Page 32, Magnetschnellbahn AG (future car, maglev train); Aisin AW Co., Ltd. (Mr. Moroto). Page 65, Stuart Lewis.

Correction: In our March 27 issue, in the article by Prof. Stefan Kurowski (p. 26), an editorial error resulted in the wrong figure for conversion of the Polish zloty to the dollar. There are 9,500 zlotys to the dollar.

Departments

24 Report from Rio

Bankers panic over Venezuela "effect."

25 Andean Report

Free trade vs. food production.

54 Report from Bonn

An attack on Germany that backfired.

55 Panama Report

Asbestos, crack, murder, and tear gas.

72 Editorial

A decade of wars.

Economics

4 New bankruptcy wave hits City of London

What's being hit now is the core of British-led international finance, and it's happening while the powerhouse economies of Germany and Japan are now also undergoing decline.

6 Showdown nears over IMF policy in Russia

7 Rural banks on good track in Bangladesh

8 Currency Rates

9 Thousands of workers needed in U.S. rail industry

13 Ghana undergoes the IMF's vacuum cleaner effect

16 Two years of Collor's program bring the Brazilian economy to its knees

Documentation: A case study: the destruction of the capital goods industry.

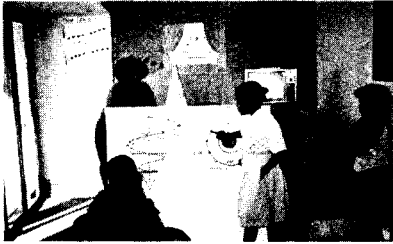
22 Unemployment Coverup

23 Agriculture

What's your beef?

26 Business Briefs

Feature



Science is the basis of morality in music: Sheila Jones of the Schiller Institute leads a class for children in Chicago, in which they learn the coherence between the well-tempered musical scale and the planetary orbits through geometrical construction.

34 Music and the moral fitness to survive

Does a society treasure great music, and hold it to be coherent with scientific principles? Or does its music reject reason, in favor of the romantic expression of the "sincere feelings"? Therein lies a key to whether that society has the moral fitness to survive.

36 'Classical music is a gem from the treasure of human culture'

An interview with Jin Xiang.

38 The tragedy of the Cultural Revolution

An excerpt from the video "From Mao to Mozart: Isaac Stern in China."

41 'Don't sacrifice German musical heritage to budget austerity'

An open letter to Dr. Bernhard Vogel, the prime minister of the eastern German state of Thuringia, by Seth Taylor, the American concertmaster at the Eisenach State Theater.

International

42 Turkey falls into British trap; regional war looms

Turkey's recent bombardment of the Kurds, and threats against its neighbors, are receiving the full support of the British and U.S. governments. If the Turkish rulers were not so easily manipulated because of their own imperial pretensions, they would smell a rat.

44 Now, it's the Zionist-Turkish lobby

45 Iraqi children seek medical care in U.S.

46 EIR editor warns Mexico on NAFTA

47 Bush 'big stick' doctrine falls flat in Ibero-America

The proposal for a multilateral military force, presented by Argentine President Menem, was rejected by the Rio Group of 11 nations.

49 South Korean government weakened by parliamentary elections

50 British make it official: Smash Italy!

52 Thailand: State Dept. tries to overturn election

53 Great Britain: Major sags in polls, tries 'Falklands' card

56 International Intelligence

National

58 States, courts clamor for euthanasia solution

The breadth, numbers, and sweeping enforcement powers of pro-death bills flooding state legislatures signal one thing: Desperate officials have gone into a malthusian frenzy, willing to utilize as many ways as politically feasible to eliminate whole layers of their own constituency.

60 Hungarian lawmakers in Washington demand freedom for LaRouche

A high-powered delegation, including former political prisoners of the communist regime in Hungary, and Austrian jurist Dr. Kurt Ebert, put some people on Capitol Hill on the hot seat.

62 Governor Lamm offers brave new world rationalization for euthanasia

63 Abortion counseling ban: Bush's circus

64 Ross Perot bids for anti-establishment vote

66 Kissinger Watch

CBS kicks over Fat Henry's trough.

67 Elephants & Donkeys

Brown, Clinton ready to attack Iraq again.

68 Congressional Closeup

70 National News

New bankruptcy wave hits City of London

by Chris White

Two weeks before the British general election, called for April 9, the City of London plunged into its deepest financial crisis since the so-called secondary banking sector crisis of the summer and fall of 1972. London has become the epicenter for new financial storms about to sweep across the world. This time, unlike 1972, there is nothing "secondary" about the institutions that are being dragged down.

Four real estate-based groups have now entered insolvency. They include the \$20 billion Olympia and York owned by Toronto's Reichmann brothers, now facing bankruptcy; Britain's second-largest privately held company, Heron International Group, unable to pay its debts coming due; a London U.K. property company, Randsworth Trust, which is already in bankruptcy liquidation; and the Speyhawk group.

The four are the first visible casualties of the collapse of the speculative bubble in real estate, not just in London, but also in Canada and the United States. In the City of London, prices of real estate have declined by 50% from their peaks, as they have, implicitly, in New York, since Citicorp agreed to sell an office complex to the German publisher Bertelsman at a 50% discount. What had been a \$40 billion per year lending market for international bankers, in London alone, has collapsed to nothing, with the big question remaining, which banks have accumulated the loan exposure?

Stock market instabilities have erupted in London and Toronto in the wake of the property insolvencies. Chief among the stocks affected are those of the banks.

The bankrupt and insolvent companies are on the crest of a new wave of financial collapse now threatening in London, Toronto, Montreal, New York City, and Israel.

Already the central banks of Britain, Canada, and the United States are collaborating to prevent the insolvency of Olympia and York from spilling over into a systemwide fi-

ancial crisis. This has been spelled out publicly by officials at the Canadian Finance Ministry, who have reported that their involvement in the company's affairs is to prevent disastrous financial spillover effects. On April 6, three days before the British election, the company is to meet with representatives of its creditors, and reveal just how bankrupt it is.

Dope, Inc.'s Olympia and York

Olympia and York is at least \$20 billion in the hole. It is also near the center of the complex of British and American financial institutions identified in *EIR's* 1978 bestseller *Dope, Inc.* as inseparable from the financial organization of the international drug trade. Creditors of Olympia and York, such as the Hongkong and Shanghai Banking Corp., Canadian Imperial Bank of Commerce, and Barclays Bank, also featured in that book, are among the select group of international banks expected to be most affected by the company's losses.

Olympia and York, run by the three Reichmann brothers, is part of a financial-political combination based in Canada which also includes the interests of the Bronfman liquor family, such as the Bank of Montreal, another Olympia and York creditor, and the Trizec Corp. which, together with Olympia and York, is at the top of the league of commercial real estate owners in North America. Conrad Black's Hollinger Corporation, a Chinese-funded international press and influence-peddling syndicate, which groups Bronfmans, Reichmanns, Henry Kissinger, and Lord Carrington on its board, is a third part of the combination. Black began, the first week in April, to sell off chunks of his London press empire, such as his holdings of the Express group, to raise funds.

Core of financial world is threatened

Unlike the crisis of 1972, this time it is the core of British-

led international finance which is threatened by what is developing in London.

What makes the new phase of financial collapse different than those of 1987 and 1989, is that the powerhouse economies of Germany and Japan, on which London and New York financial interests have parasitized for years, are also now undergoing decline. Their decline underlines the prescience of warnings issued by U.S. Democratic presidential contender Lyndon LaRouche, early in 1990, when he told opponents of his Paris-Berlin-Vienna "Productive Triangle" plan for the integration of the economies of the former Soviet empire into western Europe, that the consequence of their actions would be to kill "the goose which lays the golden eggs." Those in the United States and Britain, LaRouche warned, who opposed his policy for central and eastern Europe, were thereby putting their countries on the path to national suicide.

That's a lesson that ought to be learned in Canada, among other places. There, journalist Diane Francis of the *Financial Post* considers the reunification of Germany to be among the causes of the collapse of the Reichmanns' international real estate empire. What stupidity! Thanks in part to the assassination of leaders like Albert Herthausen and Detlev Rohwedder, Germany adopted the kind of policy which the Anglo-American financial crowd, typified by the Reichmanns, insisted on. This crowd includes Britain's Margaret Thatcher, and the financial interests in Britain, Canada, and the United States represented by the consulting firm Kissinger Associates.

The Reichmanns of Olympia and York were prominent among the funders of the various subversion operations launched against the nations of eastern Europe, in the name of Adam Smith's "free trade" cult doctrine. So they backed Mark Palmer's Central European Development Corporation, and the Hungarian operations of George Soros.

Now it seems, Kissinger and his friends may be about to get their come-uppance. This time, Germany and Japan will not be there to bail them out.

Contraction in Germany and Japan

Germany, which adopted a policy of looting the former eastern zone instead of LaRouche's infrastructure-based development approach, is now in the midst of a collapse of its most important export markets. Over the last year, exports to eastern Europe declined by 29%, while imports from the east collapsed by 60%. Exports to the former Soviet Union collapsed by 35%. In the states of the former eastern zone, production is running more than 50% below the levels of a year ago, and industrial employment has collapsed by one-quarter to one-third. The collapse has fueled a terrific expansion in public indebtedness.

It is not so different in Japan. There, the government of Kiichi Miyazawa has unveiled a seven-point program, based on accelerating the pace of government public works spending to offset the economic contraction which began in Japan during the fourth quarter of last year. There also, real estate prices

have begun to decline for the first time in 17 years, and the current collapse of the stock market, below 20,000 on the Nikkei index, threatens the viability of some among Japan's banks. The international contraction will cut off some of the banks which have used Japan as their piggy-bank for the financing of their usurious and speculative deals.

The contraction in Germany has immediate effects across Europe. Since Germany is the economic powerhouse for Europe, its slowdown will now begin to detonate crises everywhere else. This is already showing up.

In Italy, where Finance Minister Guido Carli recently announced that the state's deficit will exceed \$130 billion over the next year, runs have developed against the Milan stock exchange, and against holdings of the state's debt. Upcoming elections will usher in a new wave of financial and economic crises too. And, in Sweden, where the Foersta Sparbanken recently announced the biggest one-year losses in the country's history, amounting to 11% of its loans, the country is facing a massive 150 billion kroner loss for its banking and finance in the coming year.

The jig is up

This deepening depression and financial crisis now erupting across the developed countries is the context for the spreading insolvency crisis among Anglo-American financial institutions. Led by Kissinger and company, they opposed LaRouche in 1982 when he proposed, through the plan known as "Operation Juárez," the economic and financial reorganization of the Americas. They chose genocidal looting to service the debt, and launched a drive to jail LaRouche. They insisted that the same genocidal looting be applied against the newly freed economies of eastern Europe, beginning in 1989.

Now, they are running out of places to loot. The crisis reflected in the insolvency of Olympia and York, Heron International, and Randsworth Trust is driven by the collapse of the speculative real estate bubble in London and New York. In both financial centers, prices are down by 50% for real estate, which is the collateral for tens of billions of dollars of debt, and cash flow, in the form of rent payments on commercial properties, is drying up. Crown jewels of the Reichmann empire, like 320 Broadway in New York City, stand 98% empty. It may not be too long before the banks which financed their speculative extravaganzas, like Citicorp., Canadian Imperial Bank of Commerce, Royal Bank of Canada, Chemical Bank, Barclays, and many more, begin to feel the heat themselves.

After London, it will inevitably be New York. Olympia and York, after all, is the largest commercial property owner in New York City. When the creditors determine how much the company is actually worth, they will be, in effect, fixing discount prices for most of the prime commercial properties in the United States as well. There are not too many U.S. banks or insurance companies which will be able to survive the bankruptcy writedown which is now surely coming.

Showdown nears over IMF policy in Russia

by Konstantin George

On April 6, when the Russian Parliament convenes, a showdown is expected between the present government and the parliamentary leadership and numerous deputies who have been demanding the resignation of Deputy Prime Minister Yegor Gaidar.

On March 25, Gaidar was attacked by parliament president Ruslan Khasbulatov and Russian Vice President Aleksander Rutskoy for his submission to International Monetary Fund dictates. Gaidar is supported by President Boris Yeltsin and Yeltsin's inner circle of advisers, led by Gennady Burbulis, and, till he resigned March 31 in protest over what he termed the ever-increasing attacks on "members of the government" by the Parliament, Russia's other deputy prime minister, Sergei Shakhrai.

A forced resignation of the entire Russian cabinet and even Yeltsin from his post as prime minister is possible before April ends. The IMF will deliberate on whether to admit Russia and other republics as members by April 29 when the IMF Interim Committee meets.

On March 25, the Russian government suddenly postponed for six weeks the planned April 1 total lifting of price controls on oil and other fuels. The backdown came after angry attacks on this move from the other key republics of the CIS, namely Ukraine, Belarus, and Kazakhstan. The postponement was announced after a meeting on the fuel price between Russian Economics Minister Aleksander Nechayev and leaders of Kazakhstan in the city of Uralsk.

IMF blackmail escalates

The pressure on Russia to cave in to IMF austerity conditionalities has escalated. On March 30, U.S. Treasury Undersecretary David Mulford arrived in Moscow for talks with Gaidar and others in the Russian government on how to accelerate implementing the IMF program. As quoted in the March 31 London *Guardian*, Mulford told Gaidar and his team: "You have made a very substantial positive beginning, but it is still not a comprehensive program of the sort that will be introduced when a full standby program is agreed to," adding that agreement to an IMF standby program was the inescapable precondition for Russia receiving any international credits. In other words, the already imposed vicious austerity, which will produce at least 6 million unemployed by year's end, even by the heavily understated late March

admission of Gaidar himself, is for the IMF, "only the beginning," and failure to accelerate the crimes means an international credit embargo.

The IMF shock therapy policies already imposed by Gaidar and those to come, should they prevail, threaten to convulse Russia into an unending downward spiral of chaos, opening the path to the Russian future predicted by Henry Kissinger in a syndicated column published on March 30: "We should be prepared for a return to a new despotism, closer to Franco's Spain or Pinochet's Chile than to Stalinism." Kissinger used the column to again advance his demand that no aid be granted to Russia or any of the other post-U.S.S.R. independent nation-states.

The IMF policies carried out by Gaidar not only are ruining Russia, but form the gravest security threat to its newly independent neighbors. All must still share the ruble as a common currency, and none can, in the short term, escape a heavy dependence on trade with Russia. Because of this, for Ukraine, Belarus, and other independent republics, the effect of the Russian government's near-total price liberalization is like living on the ground floor of a multi-family dwelling, where one neighbor occupying the entire second floor insists on placing the stopper on his bathtub drain and then runs the bath water full blast 24 hours a day. Under such conditions, no "measures" taken by the downstairs tenants can stop the flood, unless one party or the other leaves the building. With the ruble as common currency, the Russian price de-control had to be followed by the other independent nations, to avoid a mass buying up of their ruble-dominated goods at prices of 2-5% of the new prevailing free market price in Russia.

The other prong of the Mulford mission to Moscow was meant to apply IMF pressure to keep Ukraine, Belarus, and other independent nations hostage to the Gaidar policies by remaining in the ruble zone. This was heralded in an April 1 *Frankfurter Allgemeine Zeitung* article on his Moscow talks, headlined: "IMF: The Russian Reforms Do Not Go Nearly Far Enough," and subheaded, "Concern over a go-it-alone on economic policy" by the non-Russian republics. The article stressed that the Mulford IMF team expressed "great concern" over the non-Russian republics going it alone, through "erecting trade barriers and leaving the ruble zone."

As Mulford was arrogantly dictating to Russia a recipe for national suicide, the Russian backlash against this ruinous course was growing by the hour. On March 30, St. Petersburg Mayor Anatoly Sobchak delivered his strongest attack to date on the IMF, saying that the IMF prescription for Russia is "not a stabilizing factor, but a fiasco," and demanding instead that the Russian government start listening to Russian economists. In late March even former economic advisers to Gorbachov, such as Bogomolov and Petrakov, complained that the Russian government was listening only to the IMF. The March 30 *Izvestia* nervously warned that a "palace revolution" could happen during April, where Yeltsin could fire Gaidar, Burbulis, and the whole shock therapy crowd.

Rural banks on good track in Bangladesh

by Ramtanu Maitra and Susan Maitra

Among the few things that go right in Bangladesh, the success of the Grameen Bank cannot be overstressed. Set up in 1982 as a specialized credit institution through which "the banking system can extend credit to the landless without collateral," the bank has covered a million borrowers in about 22,000 villages. Reports indicate that the success of the Grameen Bank has caught the notice of the reform-minded Indian government, and work is in progress in New Delhi to formulate a new rural lending scheme along similar lines.

Rural banking is a critical input if the poverty-stricken South Asian nations are to alleviate the plight of a vast majority of poor who are lodged on rural agricultural land. In India, rural banking has been a mere extension of urban banking and has turned out to be an abysmal failure. An overwhelming 75% of India's approximately 200 regional rural banks are in the red with little hope of recovery. The March 31, 1990 estimate shows that loan repayment overdues constitute a hefty 75%, and bad debts amount to another 10% of these banks' business. In fact, a large amount of repayment overdues are bad debts, but the banks hide this fact to hang on to the veneer of viability.

Although a part of the nationalized banking scheme, India's regional banks are guided by separate banking laws. Besides perennial losses, the government of Prime Minister V.P. Singh instituted a loan waiver scheme, which was zealously implemented by then-Deputy Prime Minister Devi Lal, whose electoral constituency is dominated by farmers. The loan waiver scheme, put into effect in 1989, adversely reflected on the bottom line of these loss-making banks.

The failure of India's regional rural banking system was also highlighted in the recently released Narasimham Committee Report which recommended a comprehensive set of financial reforms. The report suggests that rural banks operate only in rural areas, and that their functions be based on profitability considerations. Recently, India's finance minister, Dr. Manmohan Singh, told a bank workers' union that he would consider starting a Rural Bank of India.

Against this dismal scene in India, the concept and execution of the Grameen Bank of Bangladesh (GBB) looks highly satisfactory. Set up by Mohammad Yunus, former professor

of economics at the University of Chittagong and now the managing director of the GBB, the bank provides loan facilities to groups, and not individuals, as is the case in India. The borrower group is formed by five members, each drawn from separate families, and gets registered with the bank.

The group members or groups of borrowers work out the feasibility and viability of projects they want to undertake, and approach the bank for funding. The bank, depending solely on the wisdom of the borrowers and their capacity for repayment, lends money first to two from a group, and monitors their repayment behavior closely. After a few months, the next two members receive their loans, and the group leader receives his loan last.

Putting productive capital to work

The key to the success of any banking system is not simply how much money is being disbursed, which is always the barometer in the Indian context, but how much of it reaches the target, how the money performs, and how the banks get replenished with repayments and fresh deposits generated by the investments. India's rural banking network was expanded in the post-Green Revolution period to mobilize the deposits likely to be generated by the success of the Green Revolution. But despite that at least partial success, the government did not move to capitalize on it. Instead, it was quickly assumed that the poor were too poor to be able to save any amount of money for any duration. Hence, no relationship was forged between the willingness and capacity to save and the willingness to borrow and capacity to pay back. As a result, disbursement remained the only activity of the rural banks.

India's regional rural banks show 75% overdues and 10% bad debts (more accurate is 65% overdues and 20% bad debts); the GBB's recovery rate is 98%. The system also yielded extremely good results, not only in the repayment of loans, but also in savings. Group members have invested in such savings as tubewells, buying rice-husking mills, lease of markets, and fisheries.

A number of factors played a role in making the GBB a success. To begin with, the GBB dispensed with the usual banking requirements such as the cash reserve ratio (for maintaining minimum liquidity) and the statutory liquidity ratio which, in the case of India, was as high as 38.5% till the last budget. Moreover, the GBB is largely owned by its 1 million borrowers, each owning one share, with the Bangladesh government owning 12.5% of the shares. The Bangladesh government nominates the chairman and three of the directors on the board. Others, including the managing director, are elected.

While peer pressure within the group and the groups of borrowers works to help the bank retrieve its money, the bank workers' interaction with the borrowers is also to good effect. Bank workers visit their group once a week on a pre-scheduled date which coincides with the group's weekly

meeting. All business is transacted both in front of the borrowers as well as the bank worker. In addition, the borrowing capacity of a member of a group is not the jurisdiction of the bank, but is determined by the group members and other borrowers belonging to other groups.

The last factor is in stark contrast to how a loan is disbursed in India. The regional rural bank officer, often burdened with as many as 1,000 accounts, has little idea to whom the bank is lending money. There are published reports which show that there is no file for each account, and thus no record of any discussion that might have taken place between the officer and the borrower. The last vestige of evidence of a transaction gets wiped out when the bank officer is transferred or retired.

Whereas the GBB is oriented toward developing the assets of both the borrowers and the bank, the Indian regional rural banks have adopted a rejection-based screening system. The individual-based screening of clients, which does little to help develop mutual trust between the bank and the lender, does not even take advantage of the existing social institutions such as the *gram panchayats* or village councils.

The Comilla model of development

Before the BFF was established in the 1960s, Bangladesh had formulated a rural development model. The model, which was first put to use in the district of Comilla, and thus came to be known as the Comilla model, has been extensively documented and studied abroad as well as within Bangladesh. The model, which was a new system of cooperative credit, was later subsumed under the Bangladesh Rural Development Board and replicated widely throughout the country.

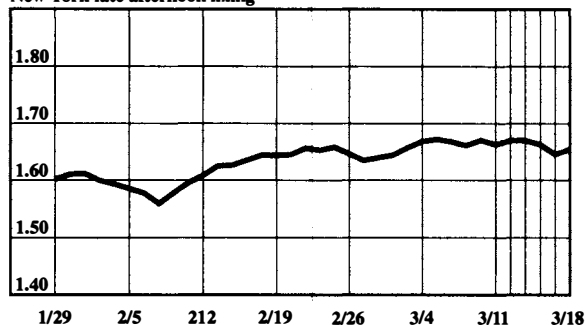
The premises of the Comilla model were: that the villagers themselves have the best understanding of the rural situation; that it is within the means of the villagers to bring about a change in these conditions, and that they must do so through individual and cooperative action; and that the villagers, once assured of the means of development through the guarantee of a sustained flow of income, must initiate the change.

The Comilla model thus established the villager as the decision-maker. The village came to be recognized as the starting process of modernization through small but persistent efforts, and the social structure of the village was not only not tampered with, but was used to help the villagers. The strict discipline that was imposed within these societies demanded, among other things, weekly meetings with compulsory attendance, both regular training and regular savings deposits, and planning production on a joint basis. Not to be underestimated is the fact that the credit system thus introduced took the farmers out of the clutches of both the moneylenders and the traders. However, where the Comilla model failed, and the GBB succeeded in filling the gap, is the protection that was not available to those who could not join, including the landless.

Currency Rates

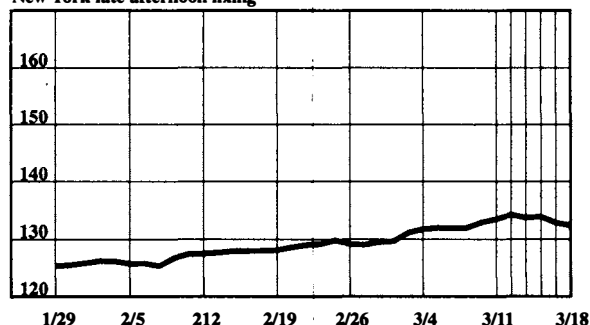
The dollar in deutschemarks

New York late afternoon fixing



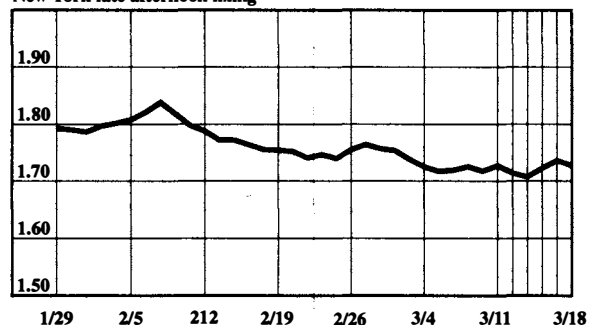
The dollar in yen

New York late afternoon fixing



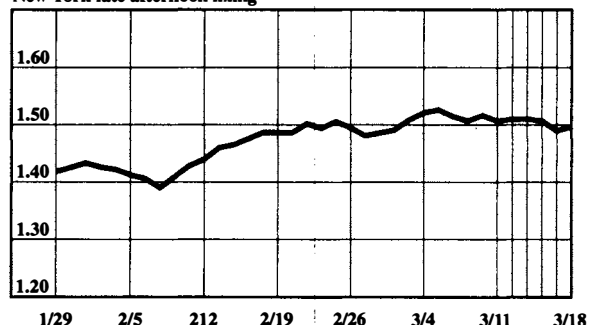
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Thousands of workers needed in U.S. rail industry

by Anthony Wikrent

In his nationwide television broadcast of March 8, Democratic presidential candidate Lyndon LaRouche presented his plan for creating 3 million jobs in the public sector and 3 million more in the private sector, based on initiating needed infrastructural public works. Over the past 15 years, whole sectors of production have collapsed in the capital goods industry, for example, railroad equipment, power-generating equipment, and construction machinery. Take the case of the rail industry, and look at what is required in the way of output and jobs.

Traffic analysts have estimated that \$40 billion is lost every year to road traffic congestion in just the eight largest U.S. cities. This reflects the reliance on the automobile and trucking, and the drastic decline in advanced rail travel and freight movement. The American Association of State Highway and Transportation Officials has warned that without a shift in national transport priorities, road congestion in the United States will become so bad during the 1990s that more money will be lost in man-hours and shipping days wasted, than the actual amount of money spent on highways and bridges.

The number of mass transit rail vehicles in use declined spectacularly in the 1950s, and reached an all-time low in the 1980s (see **Figure 1**). Not surprisingly, employment in the rail equipment manufacturing industry (Standard Industrial Code 374) also reached an all-time low in the 1980s. **Figure 2** clearly shows the effect of the Kennedy investment tax credit in building out of the Eisenhower recession of the 1950s, with the number of production workers doubling in just five years, from 24,000 in 1961, to 48,200 in 1966. The spike in employment at the end of the 1970s represents the initial euphoria over the Staggers Act deregulation of rail transport, which touched off a brief speculative boom in the building and leasing of rail freight cars. The true impact of deregulation is seen afterwards, when employment in the industry collapsed to post-World War II lows, and stayed there.

Initiating plans to restore mass transit would overnight create thousands of jobs. Altogether, there are 39 metropolitan areas in the United States with populations of 1 million or more. A national commitment to new surface transportation modes both within and between these metropolitan areas would easily entail a doubling of the U.S. rail passenger car fleet and rail mass transit route kilometers, every two or three years over the next decade or two.

Present U.S. manufacturing capacity is a mere shadow of

its former self, with only one U.S.-owned company, Morrison Knudsen, having facilities to build rail passenger vehicles. The Canadian manufacturing and aerospace conglomerate Bombardier also has a U.S. facility for building rail vehicles, in Barre, Vermont, as well as a facility in Quebec. Annual North American capacity between the two companies is estimated at between 1,000 and 1,200 cars.

This is a far cry from the situation 20 years ago, before the following U.S. manufacturers of passenger rail vehicles went out of business, or abandoned the railroad business: St. Louis Car Co., Budd Co., Pullman-Standard, Rohr Industries, Westinghouse-Amrail, American Car & Foundry Co., General Steel Industries, Boeing Vertol Co., Urban Transportation Development Corp., J.G. Brill Co., Standard Pressed Steel Co., Bethlehem Steel, and General Electric.

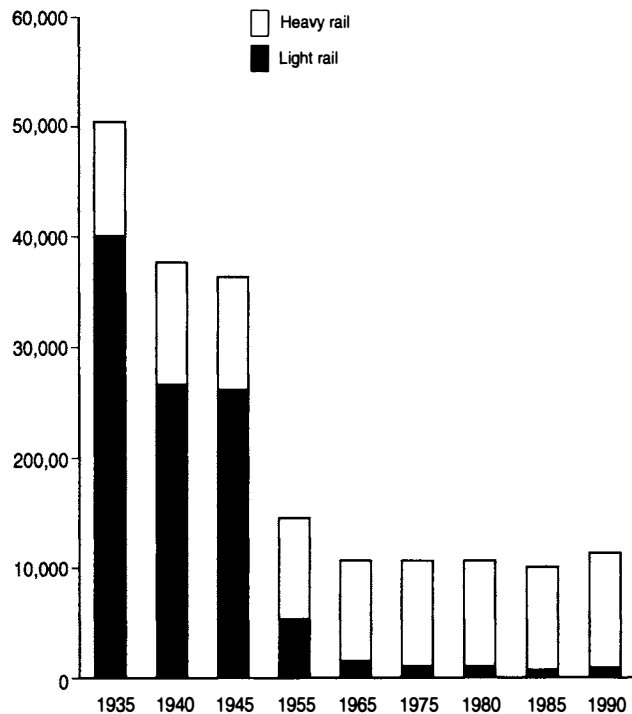
Jobs to build thousands of rail cars

According to a 1990 survey of capital goods requirements by the American Public Transit Association (APTA), 49,610 new motor buses, 9,134 new vans, and 4,480 new rail passenger vehicles, as well as rehabilitating 18,570 motor buses and 11,270 rail vehicles, are required to restore a semblance of a transit system in the United States.

These figures are extremely conservative. They are predicated on the assumption that mass transit will continue to account for less than 1% of the total passenger miles traveled in the United States each year. Consider, for example, that while 82.7% of all workers in New York City's central business district, and 74.6% in Chicago, used mass transit in 1980, passenger trips per capita that year were 121.5 in New York and 114.6 in Chicago, compared to 471.8 in Tokyo, 394.5 in West Berlin, and 363.3 in Zurich.

These figures, of course, reflect the much greater emphasis on personal automobiles that has been fostered by policies at all levels of government in the United States. A serious national commitment to a revitalization of mass transit—and intercity urban rail travel, which also accounts for less than 1% of total passenger miles in the United States—would quickly boost requirements far above those of the APTA survey. The total number of mass transit rail passenger vehicles in use in the United States, for example, is 15,747. Just two cities in Japan—Tokyo and Osaka—had 16,286 rail passenger vehicles in the mid-1980s.

FIGURE 1
Number of rail mass transit vehicles in use



Source: American Public Transit Association, annual *Transit Fact Book*.

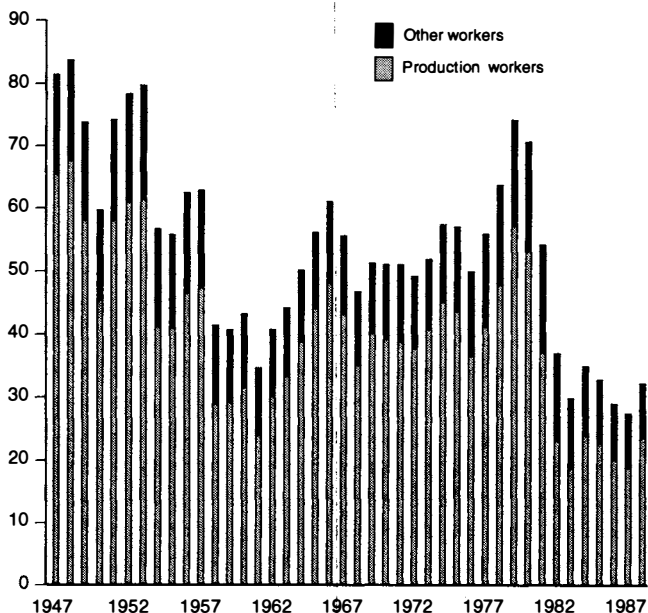
Moreover, only five U.S. cities have extensively developed mass transit rail systems—New York, Chicago, Philadelphia, Boston, and Washington. However, even these cities do not approach the density of development found in Japan or Europe, when measured by route-kilometers or number of rail cars per unit of population or land area (see **Table 1**). Another 14 U.S. cities, including Atlanta, Baltimore, and San Francisco, have developed or are developing some rail mass transit, but again, nowhere close to the density characteristic of Japanese or most European cities. Los Angeles, for example, has embarked on what is called “an ambitious program” of building rail mass transit. In reality, the plans are inadequate for the twelfth largest urban area in the world.

Among those U.S. cities with 1.5 million people or more in their metropolitan areas that have no plans or are only considering developing such systems, are Detroit, Houston, Minneapolis-St. Paul, St. Louis, Phoenix, Tampa, Denver, Cincinnati, Milwaukee, Kansas City, Norfolk-Virginia Beach-Newport News, Columbus, and Indianapolis.

Will people use rail transit?

The history of rail transportation in the United States—both mass transit rail and intercity rail—clearly indicates that if provided an option that is modern, clean, and safe, the public will use it. Amtrak has captured over 40% of the air travel market between New York City and Washington, D.C. Am-

FIGURE 2
Employment in railroad equipment manufacturing
 (thousands of employees)



Sources: U.S. Dept. of Labor, Bureau of Labor Statistics, *Employment, Hours, and Earnings, United States, 1909-84*, and Supplement to *Employment and Earnings*, August 1989.

trak can be expected to take a similar portion of the New York-Boston market, once the route between New Haven, Connecticut and Boston is fully electrified, eliminating the need to change locomotives at New Haven. In California, when Amtrak increased the number of round trips from Los Angeles to San Diego from three to seven daily, the number of paying passengers jumped 322%.

Baltimore officials projected that it would take 20 years for daily trips to reach 35,000 on the new Baltimore subway. That number was reached in 1983, when the first eight miles were opened. By 1987, when the remaining six miles of Baltimore’s subway had opened, daily trips had risen to 52,000. First-year ridership projections were also exceeded on Portland, Oregon’s 15.1 mile light rail line. In Washington, D.C., ridership on the rail mass transit system has increased faster than vehicle miles of travel on major thoroughfares.

In San Francisco, the Bay Area Rapid Transit System was closed for inspection for only a few hours after the 1989 earthquake that destroyed the Nimitz Freeway in Oakland and collapsed part of the Oakland Bay Bridge. Service on BART was expanded to 24 hours a day for the nearly two months it took to restore motor vehicle traffic routes to normal.

The number of passenger rides on almost all forms of mass transit (rail and bus) reached a post-World War II peak in 1989, before a rapidly collapsing economy caused a slight decline in ridership in 1990 (see **Figure 3**). However, U.S. federal funding

TABLE 1

Comparison of major urban rail mass transit systems, mid-1980s

	Passenger trips per capita	Route length kilometers	Kilometers per million population	Rail cars	Cars per million population
Osaka	1,029.3	1,151	438.6	5,387	2,052.2
Tokyo	846.6	1,986	171.2	10,899	976.2
Vienna	470.1	586	390.4	1,818	1,212.0
Frankfurt	225.0	156	260.0	367	611.7
Paris	192.0	1,231	123.1	7,283	728.3
West Berlin	188.4	230	120.8	1,322	695.8
London	167.2	903	134.8	10,851	1,619.9
New York	103.6	1,482	130.0	7,666	672.5
Chicago	57.7	853	230.2	1,865	504.1
San Francisco	36.8	230	92.0	632	252.8
Washington	34.2	300	100.0	459	153.0

Source: *Jane's Urban Transport Systems*, 1986.

Note: Total passenger trips for Osaka were estimated based on size of sub-systems. Total kilometers for London were estimated.

for capital improvements fell from a high of \$3.162 billion in 1983, to \$2.38 billion in 1990, while federal funding for operations fell from \$1.13 billion in 1981, to \$815 million in 1990. Funding for mass transit from state and local governments increased faster than the decline in federal assistance until 1990, but state and local governments are now struggling to maintain solvency and are cutting their budgets savagely.

The 1992 Surface Transportation Act boosts federal assistance to mass transit enormously, to \$5.3 billion a year, but it is not enough to make up for the backlog of deferred maintenance and new equipment purchases accumulated during the 1980s. The 1990 APTA survey found that \$90.8 billion in total capital needs must be funded between 1992 and 1997. APTA figured that this would translate into an annual federal funding requirement of \$12 billion. The total capital needs identified by APTA members included \$22.7 billion for constructing and modernizing bus and rail facilities, \$30.1 billion for new starts and extensions of rail mass transit systems, and \$20.3 billion for purchases and rehabilitation of vehicles.

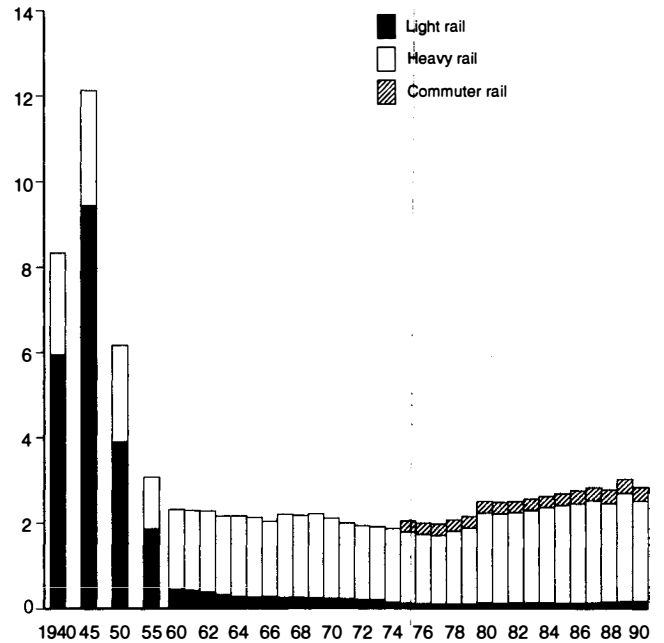
U.S. technology three generations behind

Present U.S. rail motive power technology is now three generations behind that of Japan and Europe. In 1981, ABB Transportation (a unit of Asea Brown Boveri, the Swiss-Swedish electrical equipment conglomerate) delivered new Henschel-BBC series DE 2500 locomotives to the Danish (DSB) and Norwegian (NSB) state railways. These DE 2500 locomotives were the first production models in the world to use alternating current induction motors, instead of the direct current motors which had been developed and refined over

FIGURE 3

Rail mass transit passenger trips

(billions of trips)



Source: American Public Transit Association, annual *Transit Fact Book*.

the past century, especially in North America.

Alternating current (AC) induction motors have a tremendous advantage derived from dispensing with the brushes and commutators required in direct current (DC) motors. Electric current is *induced* in the motor by cycling the magnetic field in the stationary windings. Eliminating the commutator and brushes, which inevitably wear out, greatly reduces maintenance and repair requirements. The danger of "flash-over," in which the windings of a DC motor short circuit and the motor explodes, is also eliminated. In addition, the AC traction motor readily becomes a generator, allowing it to be used for dynamic braking of the vehicle.

The key that unlocked the use of AC motors for rail motive power was the development of modern thyristor (essentially electronic one-way gates, which allow the current to go one way, but not the other) semi-conductors. Previous thyristors involved the use of vacuum tubes that could not withstand the vibration and heat of railway applications. The major makers of thyristors are Siemens of Germany and Toshiba and Mitsubishi of Japan.

European manufacturers had built and operated AC locomotives on an experimental basis beginning in the early 1970s. European railways and transport authorities now have at least 10 years' experience in the production and operations of AC traction equipment, according to a report in the September 1991 *Railway Age*. Some 222 diesel-electric AC loco-

motives and 153 electric AC locomotives are in operation in Europe, with another 120 diesel electric and 180 electric units on order. By contrast, the first AC locomotive in North America was supplied to Canadian Pacific for testing in 1984 by BBC Canada. Based on its tests, Canadian Pacific Rail predicted that the 4,000 horsepower AC unit would deliver 225,000 more gross ton miles per unit per day than a DC locomotive with similar horsepower.

In 1987, Amtrak took delivery of a 3,300 horsepower AC locomotive that had been converted by the Electro-Motive Division of General Motors, using equipment supplied by ABB Transport. Two years later, Amtrak took delivery of two more, also built by EMD-GM, but with the critical traction equipment supplied by Siemens AG of Germany. These three units have been tested extensively, but U.S. railroads had only 14 more AC units on order as of September 1991. In 1990, Amtrak sought bids for 52 AC-powered locomotives, but both EMD-GM and General Electric (the only other U.S. manufacturer of new railway locomotives) wanted so much money per unit that Amtrak withdrew its tender and resubmitted it, specifying DC power.

Another area in which the United States has little or no experience is in high-speed rail. The fastest system in the United States is Amtrak's Metroliner in the crowded Northeast Corridor, which reaches a top speed of 125 miles per hour on a few short, less crowded sections. By contrast, the French TGV high-speed passenger train, built by GEC/Alstom and which uses AC motors, regularly operates at 186 mph, and has been tested at up to 299.6 mph.

A survey of high-speed rail systems by *Railway Age* in May 1990 listed only European and Japanese manufacturers. Besides the TGV of GEC/Alstom, there is the 171 mph ETR-500, built by Breda, Ansaldo, Fiat, and TIBB; the 186 mph ICE, built by a German consortium under the direction of the German Federal Railways; and the Swedish 150 mph X-2, built by ABB Traction.

In Japan, where the Bullet trains began operating 30 years ago, Kawasaki, Nippon Sharyo, and Hitachi are cooperating to boost operating speed to about 170 mph.

Beyond high-speed rail are the magnetically levitated or maglev systems and, here again, the United States has been practically standing still in comparison to Europe and Japan. In February 1990, HSST Corp. (a Japanese company) general manager Eiji Ikeda stunned the California Senate Transportation and Appropriations Committee by proposing for construction, *within 18 months of approval*, a five mile demonstration maglev in Orange County. Ikeda said his firm was also ready to begin work on a 155.6 mile loop around the Los Angeles metropolitan area, at a cost of \$30 million a mile, if the state would grant HSST rights-of-way along area freeways, and exclusive rights to operate the system.

While studies have found that the capital costs of maglev are about 25% greater than high-speed rail, operating costs are nearly the same. And the higher speeds which can be

achieved by maglev—including supersonic speeds in evacuated (vacuum) tubes underground—promise to make maglev more attractive to revenue-paying passengers. The Argonne National Lab estimated in 1990 that maglev capital costs would average about \$15 million per mile, compared to \$30 million for interstate highways in urban areas, and \$25 million in suburban areas. At present, there are no U.S. companies that have built, or are near building, a maglev system.

Who controls the U.S. industry?

How much importance does the U.S. federal government attach to the rail equipment industry? The last issue of the annual Department of Commerce publication *U.S. Industrial Outlook* which provided a profile of the industry, was for 1988. Calls to the Commerce Department and to the Federal Railway Administration could find no one able to provide information on the industry.

Most industries would raise a hue and cry over this dearth of government concern. The unusual quiet on the part of the industry may be explained by the large portion of the industry taken over by unsavory financial characters. One of the largest rail freight car manufacturers, Thrall Car Manufacturing Co., listed in *Ward's 1992 Business Directory* as the sixth-largest firm in the industry with \$280 million in sales, is a subsidiary of Duchossois Industries, Inc., itself listed as the third-largest firm in the industry with \$900 million in sales. Company patriarch Richard Duchossois had poured \$175 million into building a lavish "family oriented" horse racing track in Arlington, Illinois by the end of 1990, while eliminating 25% of the capacity at Thrall.

Freight car rebuilder and leaser ACF Industries, Inc., is a subsidiary of Icahn Capital Corp., controlled by notorious corporate raider Carl Icahn. Union Tank Car Co., GL Sub Co., and Marmon Group, Inc. are all part of the Pritzker family empire, which has long been suspected of being tied to organized crime.

Morrison Knudsen, which has emerged as the largest firm in the industry only in the past few years, has on its board Harold W. Andersen, the past chairman of the *Omaha World-Herald* who has been implicated by child-victims in a satanic pedophile scandal in Omaha, Nebraska. Sir Michael Sandberg, past chairman of the Hongkong and Shanghai Banking Corp., historically the financial linchpin of the Far East narcotics trade, is on the international advisory council of Morrison Knudsen, as is J. Peter Grace, of the W.R. Grace grain cartel family. Zbigniew Brzezinski, the post-industrial theorist who helped initiate the New York Council on Foreign Relations' policy for the "controlled disintegration" of the world economy as National Security Adviser to President Jimmy Carter, also serves on the international advisory council, as does former U.S. senator and former White House chief of staff Howard Baker. As *EIR* has documented, the policy objective of this cast of characters is the deliberate take-down of U.S. industrial capability.

Ghana undergoes the IMF's vacuum cleaner effect

by Linda de Hoyos

On March 10, a Reuters wire reported that Ghana, the nation of 14.6 million people in western Africa, had won the praise of members of the General Agreement on Tariffs and Trade (GATT) for its "far-reaching economic reforms." "Ghana's impressive achievements to date in economic reform, with trade and exchange liberalization at the center . . . strengthened its integration in the world economy and improved its economic performance," said GATT chairman council B.K. Zutshi.

Specifically, Ghana has been praised for raising its export volume 10% annually since it instituted an "Economic Recovery Program" under the aegis of the International Monetary Fund in 1983, and for lowering its external debt as a percentage of Gross National Product from 64% to 53% in 1990.

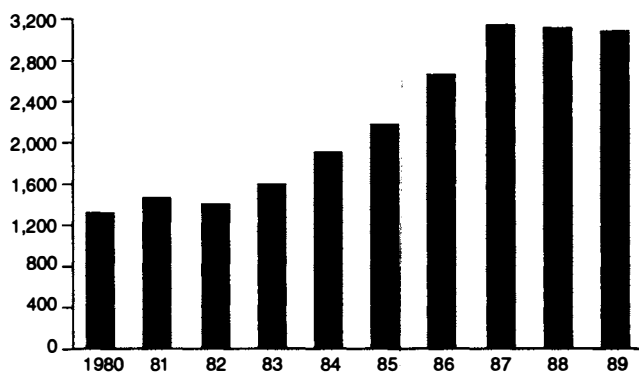
Indeed, as the accompanying figures show, from the standpoint of the interests of the Anglo-American financial nexus now dominating the world economy, Ghana has performed admirably. The result, however, has been the exacerbated misery of its population.

A survey in the June 1991 issue of *Africa Recovery* tells the story. In 1981, when the Provisional National Defense Council of Lt. Jerry Rawlings took over the Ghana government, Ghana had the biggest trade and current account deficits in its history. Per capita income had fallen 30% between 1970 and 1982. In 1983, the Ghana government instituted the IMF's Economic Recovery Program, whose most prominent feature was the drastic devaluation of Ghanaese currency, the cedi. From October 1983 to January 1986, the cedi was devalued by 96.9% in dollar terms. By April 1991, the cedi had depreciated further to c360 to the dollar (Figure 3).

The purpose of such devaluation, as the IMF explains to government officials in all underdeveloped countries, is to enable the country to export more in order to earn the foreign exchange to pay its foreign debt.

On the debt question, although Ghana managed to pay debt, from 1981 to 1989, its total debt stocks also doubled (Figure 1). And, although the devaluations did succeed in increasing exports often by over 50% for some commodities, the ratio of debt service to total export earnings, rose by

FIGURE 1
Total foreign debt
(billions of dollars)



Source: World Bank.

375% at the same time (Figure 2)!

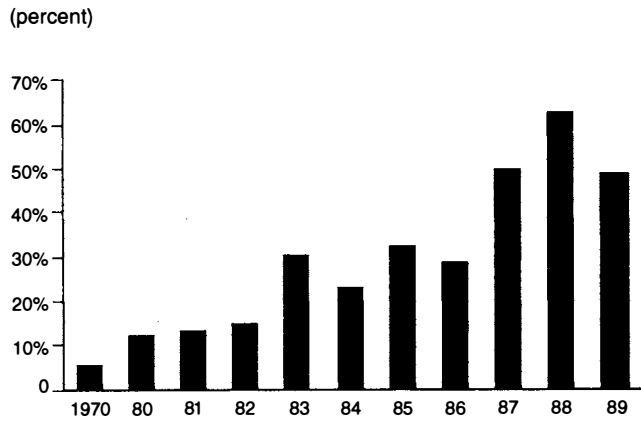
What had happened? Figure 4 tells the story, the same story repeated in so many developing countries around the world over the last decade. The devaluations enabled exports to increase in volume, and in their value relative to Ghana's economy as a whole, exports had increased 50-fold! Aside from the massive increase in exports of gold and cocoa, the exports of "non-traditional exports," such as pineapples, kolanuts, and semi-processed goods, also rose.

By the end of 1989, Ghana was shipping out in economic value 50 times more than it had in 1981—a 5,000% increase. But the value of these exports in dollar terms had actually decreased by 10!

This was caused by the accelerating fall in the prices of Ghana's primary export commodities—gold, cocoa, and timber. Between 1986-89, cocoa prices fell by 48%. The World Bank estimated that Ghana's terms of trade deteriorated by 30% alone in 1987-90.

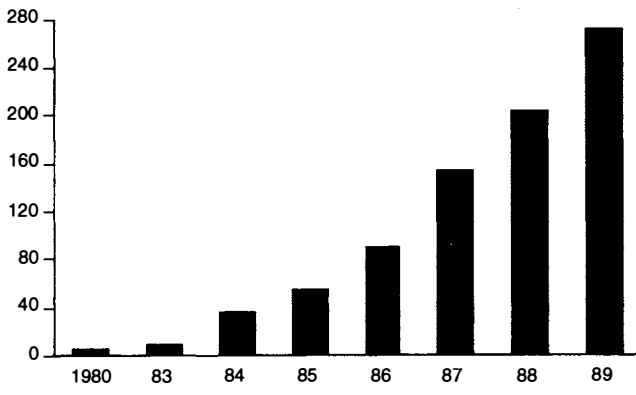
At the same time, imports also rose, and Ghana's trade deficit deepened from \$60.6 million in 1983 to \$334 million in 1989. These imports were those required to increase ex-

FIGURE 2
Total debt service/exports of goods and services
 (percent)



Source: World Bank.

FIGURE 3
Exchange rate
 (average cedis per dollar)



Source: Africa Recovery.

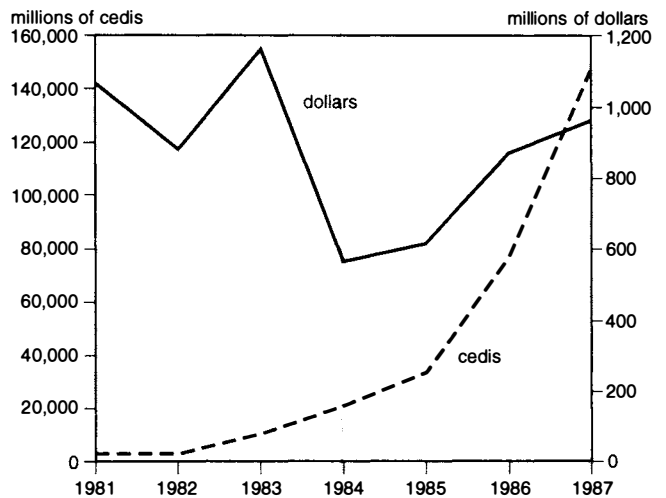
ports, or were simply subsidized food and clothing imports that drove local enterprises out of business. According to *Africa Recovery*, "A surge in second-hand clothing imports forced closures in Ghana's own textile and garments industry. . . . Local rice sits in silos, unable to compete against subsidized imports."

The entire process could be described as the IMF's "vacuum cleaner effect"—the country is sucked dry of its goods, at no extra cost to the industrialized countries receiving the exports.

Result: hungry children

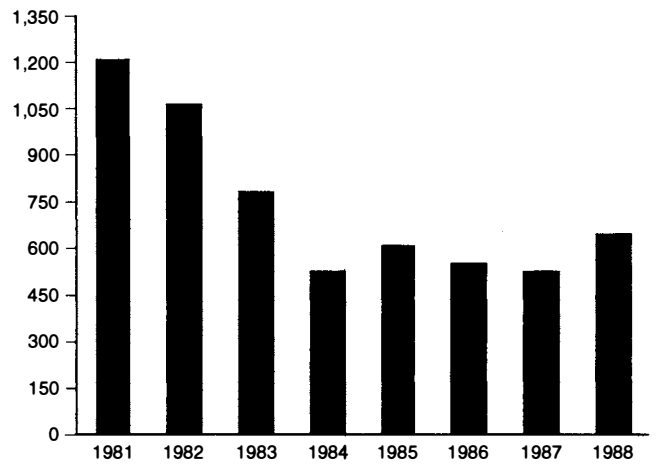
Predictably, the internal economy of Ghana has contracted dramatically. The level of annual gross domestic invest-

FIGURE 4
Value of exports



Source: International Monetary Fund.

FIGURE 5
Gross domestic investment
 (millions of cedis)

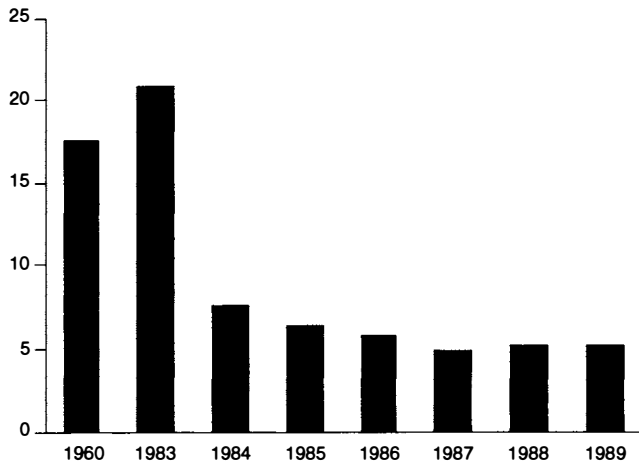


Source: World Bank.

ment has halved (**Figure 5**). Even more to the point, in dollar terms, the gross domestic product has fallen by more than two-thirds since 1981 (**Figure 6**).

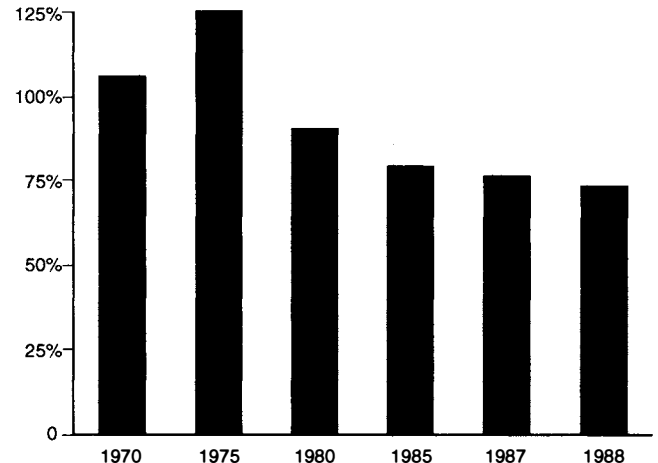
There has been a consistent decrease in production for the actual domestic market, *Africa Recovery* pointed out. "While the share of manufacturing in GDP may have risen to slightly over 10% by 1989, this was still below its 1973 level, according to the World Bank."

FIGURE 6
Gross domestic product
 (billions \$)



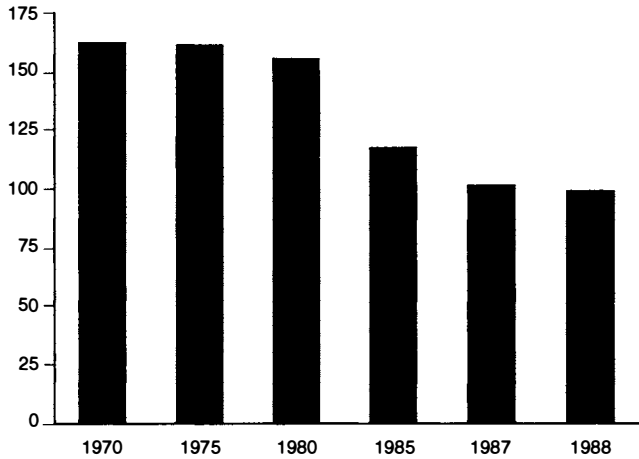
Source: Africa Recovery.

FIGURE 8
Food self-sufficiency ratio
 (percent)



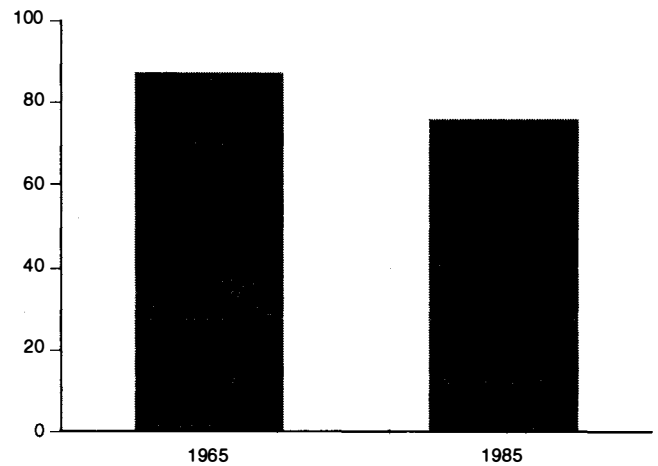
Source: United Nations Development Program.

FIGURE 7
Energy consumed per person per year
 in kilograms of coal equivalent



Source: U.S. Department of Agriculture.

FIGURE 9
Daily caloric supply
 (% of requirement)



Source: United Nations Development Program.

A policy was also instituted to “keep down wages for purposes of foreign investment,” reported *Africa Recovery*. “Minimum daily wage went from the equivalent of \$1.46 in 1984 to only 60 cents in 1988. Average monthly wages in industries with more than 10 employees in turn fell from \$374.12 in 1983 to \$72.95 in 1987.”

What does this mean for Ghanans? According to the U.S. Department of Agriculture, the energy consumed per person

in Ghana in a year has fallen by 40% since 1970 and by 37% since 1980 (**Figure 7**).

Daily caloric supply has fallen from 87% of what the United Nations considers a minimal requirement to 76% of that requirement in 1985 (**Figures 8 and 9**). *Africa Recovery* reports that the Ghana Living Standards Survey released in 1990 shows rising levels of malnutrition, and over 51% of Ghana’s children were underweight in 1985.

Two years of Collor's program bring the Brazilian economy to its knees

by Lorenzo Carrasco Bazúa

As the administration of Brazil's President Fernando Collor de Mello celebrated its second anniversary in power in March, the country was experiencing the deepest industrial collapse in its history, a measure of the destruction of the economy brought on by Collor's economic program. Submerged in institutional chaos, Brazil is threatened by a process of social disintegration that even has the potential to lead to territorial disintegration.

This outcome is not the result of unintentional errors, or a bad administration, or an incompetent cabinet. The destruction of national economic infrastructure and technological capability, and the dismantling of entire industrial sectors, especially the capital goods sector, is the intended consequence of following the policies laid down by the Anglo-American oligarchy. These policies are intended to permit the country's "reinsertion" into the international financial community, a process interrupted by the unilateral debt moratorium decreed by then-Finance Minister Dilson Funaro in 1987.

This intent has been manifest since Collor took office in March 1990. His administration's economic policy has been based on a very few axioms: the battle against inflation, the elimination of the public deficit, trade liberalization, privatizing state sector companies, plus the application of alien "conditionalities" imposed by the Anglo-American establishment and its banks, under the illusion that by satisfying them, the country could return to the private financial markets, based on reaching prior accords with the International Monetary Fund (IMF) and the Paris Club of creditor governments.

The chronic problem of inflation

After President Collor's surprising victory in the November 1989 elections—due almost entirely to the overwhelming support for him in the mass media, especially from the *O Globo* television network, controlled by Robert Marinho, Brazil's most powerful private citizen—his first act of government was the freezing of \$80 billion worth of the savings of the Brazilian people.

The radical measure, similar to what Stalin did in 1947

to erase Soviet state debts, was supposed "to murder in a single thrust the tiger of inflation," in Collor's own words. The measure not only froze funds, but was supposed to reduce the immense internal debt, especially government notes circulating in the highly speculative "overnight" market.

Collor, so enamored of his own rashness that he enjoyed being called Indiana Jones, promised that at the end of 18 months, the frozen funds would be returned in the form of bonds during the subsequent 13 months. Although the measure artificially and momentarily reduced the rate of inflation for three months, the absolute shortage of currency, combined with very high interest rates, led to the firing of 110,000 industrial workers in São Paulo state alone during those three months, and a 10% decline in overall industrial output as of the end of last year.

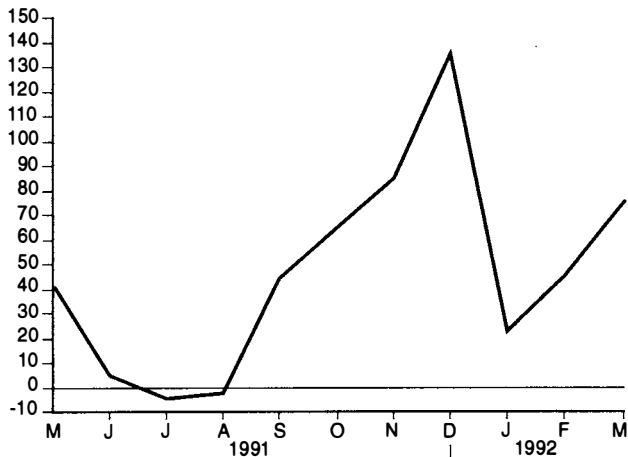
But for all of this damage, the measure failed utterly to contain inflation beyond three months. By July 1990, it had jumped to 14% a month, and by December, was back up to 20% a month. This forced then-Economy Minister Zelia Cardoso de Mello to adopt a price freeze that again artificially reduced inflation for another three months, to about 7-8% a month, once again causing large-scale layoffs and a deepening depression. Overall, as a result of this policy, the average wage fell 19.7% in real terms in 1990, while the overall wage bill of the formal sector fell 24.4%, reflecting the effect of both the lowered average wage and reduced employment levels.

When scandal forced Cardoso to resign last summer, she was replaced by Ambassador to the United States Marcilio Marques Moreira, a banker tied to the Anglo-American oligarchy. His appointment signaled the return of more orthodox, monetarist techniques of managing the economy, more in harmony with the preferences of Wall Street and the other international money centers. In October 1991, without fanfare, the new minister delivered an economic shock with two new measures, a 15% devaluation of the currency, on top of the already existing daily devaluation, and the imposition of extremely high interest rates, set through the preferential rate offered by the Central Bank in auctions of government securities. This rate had been fluctuating between 2% and

FIGURE 1

Real interest rates 1991

(annualized monthly interest rate, %)



Source: Central Bank and Getulio Vargas Foundation.

3% a month in real terms (that is, after discounting for inflation), and, in 1990, even became negative for a few months when the funds were frozen.

The rate shot up to 6-8% a month at the end of October, and hit 13% a month in the middle of December. While the rate in January fell to a monthly rate equivalent to 23% on an annualized basis (see **Figure 1**), by March, the interest rate was back up to 75.5% on an annual basis.

The stated reason that the central bank chose for raising the interest rates, a measure torn from the monetarist recipe book, was that it was supposed to sop up the surplus monetary reserves that were being released as the frozen accounts were finally unfrozen. The "great success" of Marques Moreira's measure is indicated by the fact that inflation has "stabilized" at 25% a month.

But this monetary policy has, together with other factors, had another adverse effect. The extremely high domestic interest rates, coupled with the fall in U.S. interest rates and the opening of the stock market to easy ingress of foreign capital, has led to the inflow in just the last two months of approximately \$7 billion. The origin of these dollars is varied: returning flight capital, the proceeds of drug trafficking, speculative investments of U.S. investors, etc., all seeking easy profits. This inflow has forced Brazil to print huge volumes of its own currency, the cruzeiro, in the process reducing to nonsense one of the most precious goals of the "quantity theory of money" doctrines of the monetarists which minister-banker Marcilio Marques Moreira is committed to so faithfully following—holding down the money supply.

Thus, the consequence of this policy of absurdly high interest rates, supposedly intended to hold down the money supply in order to control inflation, is precisely the opposite.

Every dollar that comes into the country must be monetized—turned into cruzeiros—before it can be spent or invested. By attracting this mass influx of dollars, the high interest rate policy has forced the government to print billions of dollars worth of cruzeiros, most of it in the form of new domestic government debt. But it was precisely the elimination of this enormous debt overhang that was the prime objective of the Collor policy, by means of the freeze on bank deposits.

So now, the government finds itself rapidly reaccumulating just the sort of domestic debt it supposedly is most opposed to. Between December 1991 and January of this year, domestic debt rose from 1.8% of GNP to 2.9%. And at the end of February, in just a few days, the government sold government paper worth 17 trillion cruzeiros, or about \$11 billion.

This phenomenon proves the stupidity of the monetarist theories and the absurdity of the monetary policy of the Collor government. Two years ago, at the end of the José Sarney administration, 45% of all financial saving was in the form of public debt. The freezing of funds knocked this percentage down to 10.5%. As these funds started to be returned to their owners after 18 months, the problem of domestic debt has returned with greater fury, fueled by the influx of highly speculative dollars, with inflation anything but licked and compounded by the effects of the deepest economic depression in the history of Brazil.

Another effect of the uncontrolled inflow of foreign dollars has been to raise the foreign exchange reserves to an all-time high of \$13.5 billion, which increase is now being used as a major argument by the Paris Club to demand that Brazil pay an immediate \$4 billion in interest owed the member nations of the club.

The collapse of industry and employment

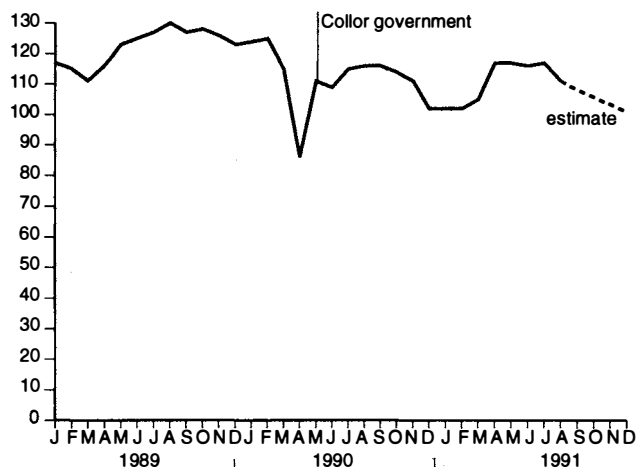
If the noxious effect of high interest rates weren't enough, industrial activities have further suffered the combined effects of two other policies. First is the arbitrary suspension of public sector investments, especially the purchases by state companies from the private sector, a policy whose effects can be seen in stark relief in the plummeting of capital goods production (see below). Second is the liberalization of imports brought on by the lowering of import tariffs, exposing national industry to a savage competition, which has led to an increase only of bankruptcies, now running at a higher rate than during the economic crisis of 1981-83.

This new policy of opening up imports, which the government calls "modernization," has had the evident effect of legalizing smuggling, which is now carried on in the main cities of the country by an army of underemployed who comprise what is euphemistically called the "informal economy." This sector contributes absolutely nothing to the tax base of the country, and yet it constitutes, according to various estimates, around 50% of the national economy.

FIGURE 2

Monthly industrial production, 1989-92

(index 1981=100)



Source: IBGE (Brazilian Institute of Geography and Economics)

Although official GNP figures do not show the full dimensions of the crisis, in 1990, GNP fell 4.6%, and in 1991, it showed a nominal 1.2% increase. Industrial production fell 10% in 1990, and was flat in 1991. As shown in **Figure 2**, industrial production at the end of 1990 had fallen back to the level of 1981, and after a few months of increase, is again heading back to that level.

As a consequence of the overall policy, the industrial heartland of the country, the São Paulo region, has eliminated 434,825 industrial jobs, which implies that at least 1 million additional workers in the service sector also lost their jobs. And this process of firings has not stopped, as another 51,190 industrial workers were laid off in the São Paulo region in the first two months of 1992 alone. According to the São Paulo Industrialists Federation (FIESP), the industrial work force of the state is now 23.15% smaller than that in December 1980. According to the Brazilian Institute of Geography and Statistics (IGBE), the government statistics agency, total employment in 1991 declined 10.2% compared to 1990, the greatest fall in the last 20 years.

In sum, the present policy is perverse. Domestic industry, subject to very high interest rates, foreign competition, and the reduction of public investment, is operating at well below capacity, causing productivity losses and a consequent increase in costs, at the same time as unemployment is growing. In the main cities live millions of unemployed, many without even a roof over their heads, and millions of abandoned children, an explosive mix that has created an incidence of crime that could well be called "an informal civil war."

The government, not content with the level of industrial destruction already wrought, wants to accelerate the timeta-

ble of tariff reductions on imports, at the same time as it is banking on the prospects of a superharvest in the agricultural sector, particularly in cash crops for export. The country is rapidly returning to the colonial status it enjoyed until 1930, of being a mere exporter of primary products, faithfully following the imported English liberal doctrine that the nation's destiny "is eminently agricultural."

To be sure, the government's strategy has been molded in the illusion that the country could repeat the policies of Finance Minister Delfim Neto at the beginning of the 1980s, and generate a huge export surplus with which to punctually pay interest on the foreign debt. In 1984, while world trade grew 8.9%, Brazilian exports rose 23.3%. Delfim Neto's policies, responsible in large measure for the economic crisis now plaguing the country, appeared to work only because of the extraordinary growth of the Brazilian economy in the 1970s, especially of its physical infrastructure.

Now the effort to blindly implement the same policy, after the country has passed through the 1980s and witnessed the destruction of its physical economic infrastructure and its capital goods sectors, which have led to a reduction in productivity of the economy in general compared to the early 1980s, is doomed to failure. The only way that Finance Minister Marcilio Marques Moreira's scheme could function even for a while, would be by making exports competitive through a policy of reducing the real value of wages, on the model of Nazi Economics Minister Hjalmar Schacht.

The government at the end of its rope

The effects of the economic policy on the finances of the state are no less perverse. At the same time that the source of tax revenues—wages, salaries, fees for professionals, and business profits—are shrinking because of layoffs and bankruptcies, putting increased pressure on the public deficit, the marginal sectors of the economy, which pay no taxes, are increasing like a cancer.

Thus, the more the government reduces its economic investments, slashes personnel, sells its main state companies in areas such as steel, communications, transportation, and energy—over the resistance of nationalist political and military figures—the more the fiscal deficit increases, compounded by the deepening of the economic collapse and the growth of the domestic government debt.

According to the National Treasury, tax receipts fell by a dramatic 21% in 1991 from 1990. And the decline is continuing, with receipts so far in January-February 1992 another 18% below the levels of 1991. And at the same time, the cost of servicing the new public debt has risen by 900% over that of the first two months of last year.

According to stories appearing in the Brazilian press, technicians from the Economics Ministry are rapidly recalculating the national budget, reducing it from the originally estimated 25 trillion cruzeiros to 16 trillion. The idiocy of the government's determination to fulfill the terms of the

letter of intent it signed with the IMF is nowhere better shown than in its intention to lower expenditures and investments of the state down to the new levels of tax receipts, a policy certain to initiate a new, destructive downward cycle in the economy.

Parallel to this, the government is issuing \$5 billion a month in new debt paper, which threatens to blow out the "fiscal adjustment" agreed with the IMF, along with the promised surplus in the public sector of 3% of GNP which is part of the letter of intent with the IMF.

The willingness of President Collor and Economics Minister Marques Moreira to accept the demands of the international financial institutions concerning the opening up of the economy and the reduction in the public deficit, based on eliminating investments, cutting costs, and privatizing state companies, was rewarded with a preliminary accord with the IMF, by which, over two years, the Fund would lend \$2 billion—subject to the success of the "fiscal adjustment." Collor also made a draconian accord with the Paris Club. In exchange for refinancing \$11 billion, Brazil agreed to pay the Paris Club \$4 billion in interest arrears by August 1993. This means that, together with other commitments, Brazil will pay a total of \$11 billion only in 1992—the highest level the country has paid since 1986.

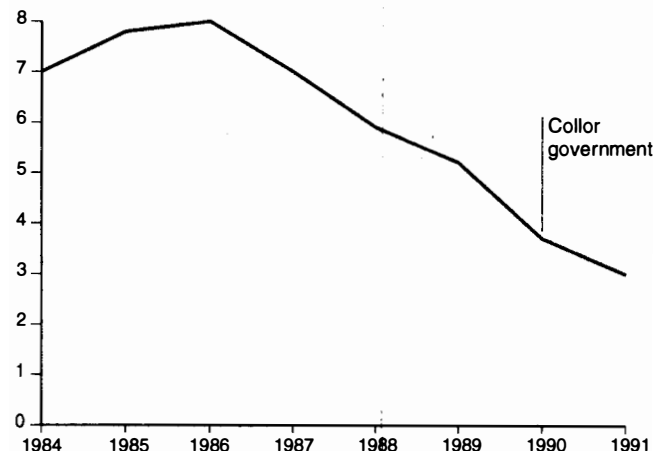
Despite the ostensible backing of U.S. authorities for Marques Moreira and his monetarist policy, as shown during the visit of U.S. Treasury Undersecretary David Mulford on March 12, Brazil is not far from a social explosion on the model of Venezuela, where a recent coup attempt by a nationalist faction of the military garnered very broad support from a population utterly disillusioned with the IMF-dictated program of President Carlos Andrés Pérez, backed though he was by the "international financial community."

Case study: The destruction of the capital goods industry

Nowhere is the devastation wrought by a succession of failed economic policies, culminating in that of President Collor, more in evidence than in the critical heavy capital goods sector of the country, which has suffered the havoc of the economic idiocies of Collor and his successive economics ministers. In 1990, when the GNP officially declined by 4.6% and the overall output of industry fell by 10%, the volume of business of the heavy industry sector of the capital goods industry, as measured in total yearly invoicings, fell 30%, while employment in the sector declined 20%.

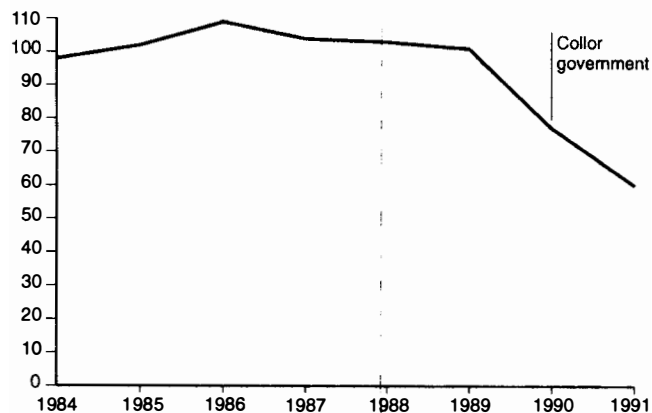
In 1991, according to preliminary estimates, orders fell

FIGURE 3
Capital goods production, 1984-91
(billions of dollars)



Source: ABDIB (Brazilian Association for the Development of Basic Industry).

FIGURE 4
Employment in heavy industry capital goods sector, 1984-91
(thousands of employees)

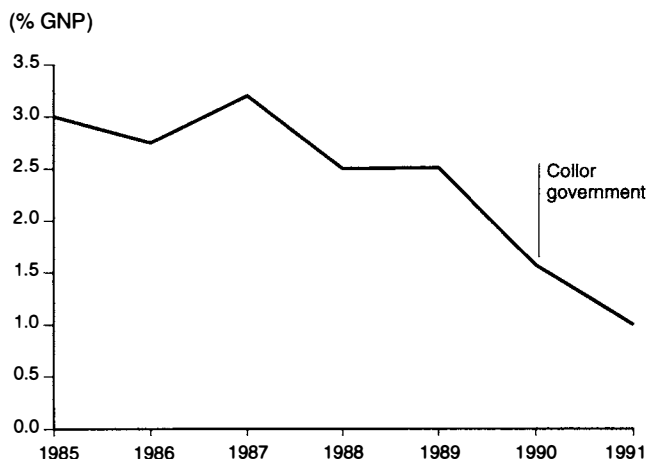


Source: ABDIB.

off an additional 24%, declining to the level of \$3 billion, the lowest level since 1974, as shown in **Figure 3**, based on information from the Brazilian Association for the Development of Basic Industries (ABDIB).

Figure 4 shows the number of employees in the same industry, which has been falling steadily since 1986, and dramatically since 1989. This signifies the deactivation of entire factories, a total disaster for a sector upon which industrial recovery depends. In 1991, the number of employees in the industry was estimated at 60,000, the lowest level since

FIGURE 5
Investment in federal state sector companies, 1985-91
 (% GNP)



Source: Central Bank.

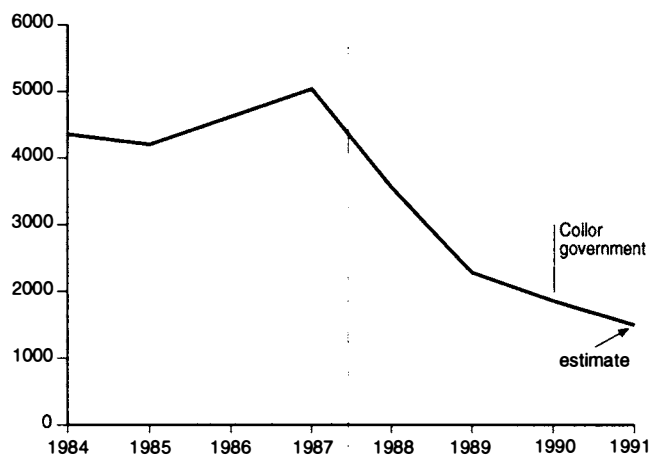
1972, and half the number of workers in the industry in 1980. The engineering sector, closely tied to the capital goods sector, shows a similar rate of decline, having lost 22% of its work force, or 53,000 engineers and technicians, in 1990 alone.

This calamitous state of affairs is further shown in the figure for fixed capital formation, which measures all forms of capital goods, machinery, equipment, and civil construction, which fell, in real terms, to 15.7% of GNP, its lowest level in modern Brazilian history. A major portion of this decline was registered by state enterprises, whose investment level, as a percentage of GNP, fell from 2.5% in 1989 to 1.6% in 1990, and to 1% in 1991, as shown in **Figure 5**. Another factor determining this decline was the reduction by more than 25% in the investment budget of the National Bank for Economic and Social Development (BNDES).

Figure 6 shows the decline in direct investment in Petrobras, the national petroleum company that contributed the most to the development of the heavy capital goods sector. In 1990, investment in Petrobras fell to \$1.86 billion, an extremely low level compared to the \$7.53 billion registered in 1982. It is estimated that only \$1.5 billion was invested in 1991.

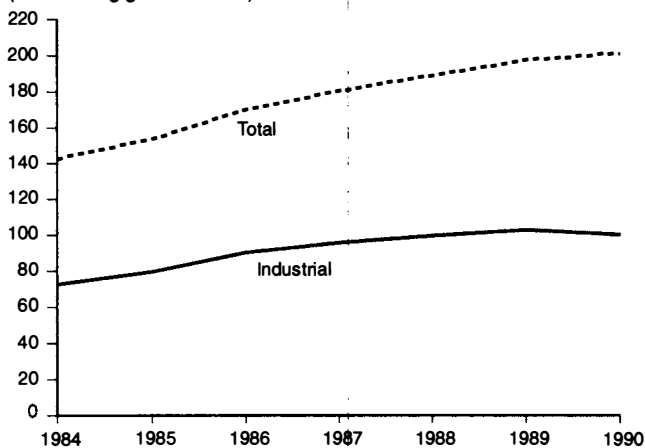
Collor's economic policies have also achieved another "first," of dubious merit, namely, the first annual decline in the quantity of electricity consumed in the industrial sector in the history of the country. As shown in **Figure 7**, total electricity consumption grew by only 1.9% in 1990, the lowest annual increase in Brazilian history, while industrial consumption fell 2.5%. By contrast, electricity use grew 10.6% in 1986. With investment in the electrical sector at its lowest

FIGURE 6
Direct investment in Petrobras, 1984-91
 (billions of 1990 dollars)



Source: Petrobras.

FIGURE 7
Consumption of electrical energy, 1984-90
 (thousand gigawatt hours)



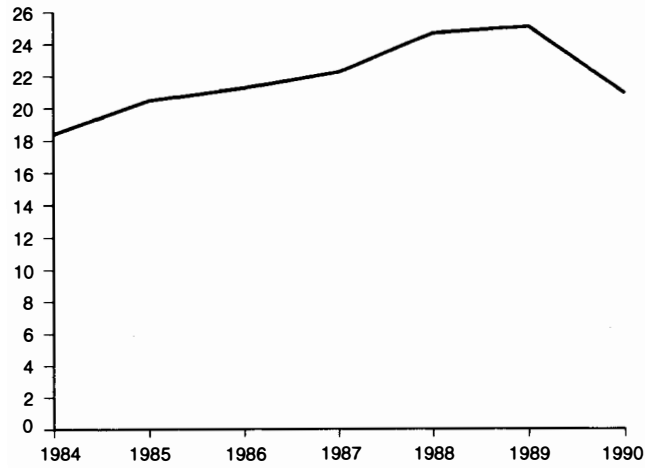
Source: Electrobras.

relative level in the history of the country, it is forecast that when and if the country tries to grow again, the monetarist policies of the past decade, greatly aggravated in the last two years, will impose an absolute barrier in the form of inadequate electrical generating capacity, that will inhibit growth for at least a decade until investment in this industry can catch up with demand.

The same thing has occurred in the steel industry. As shown in **Figure 8**, steel production fell 17.9% in 1990, after

FIGURE 8
Steel production, 1984-91

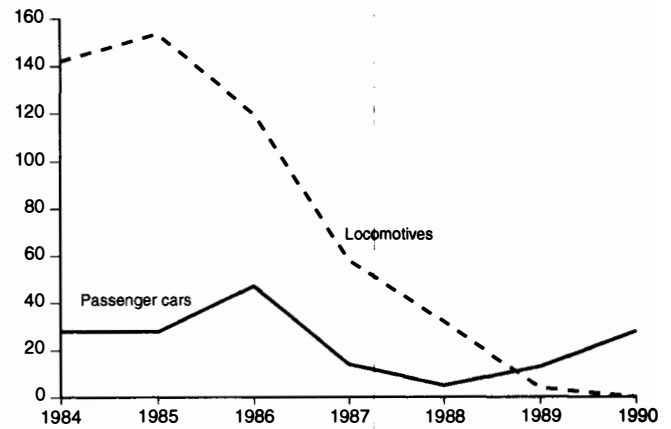
(millions of tons)



Source: Brazilian Steel Institute.

FIGURE 10
Production of locomotives and passenger cars, 1984-90

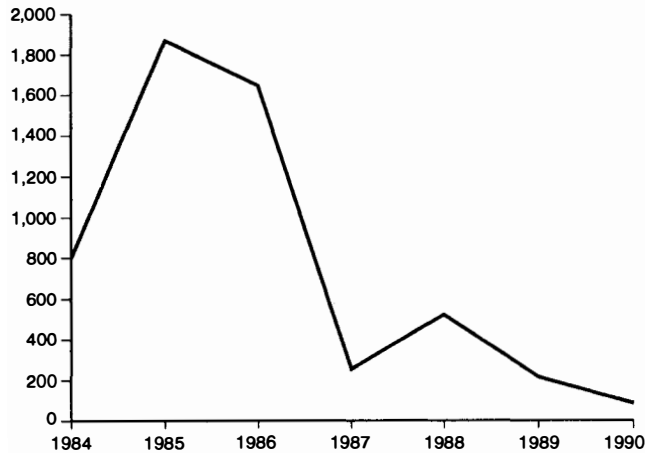
(number)



Source: ABDIB.

FIGURE 9
Production of railroad freight cars, 1984-90

(freight cars)



Source: ABDIB.

FIGURE 11
Shipbuilding industry, 1984-90

(thousands of gross weight tons)



Source: ABDIB.

years of uninterrupted growth had brought Brazil to the level of output of most European countries.

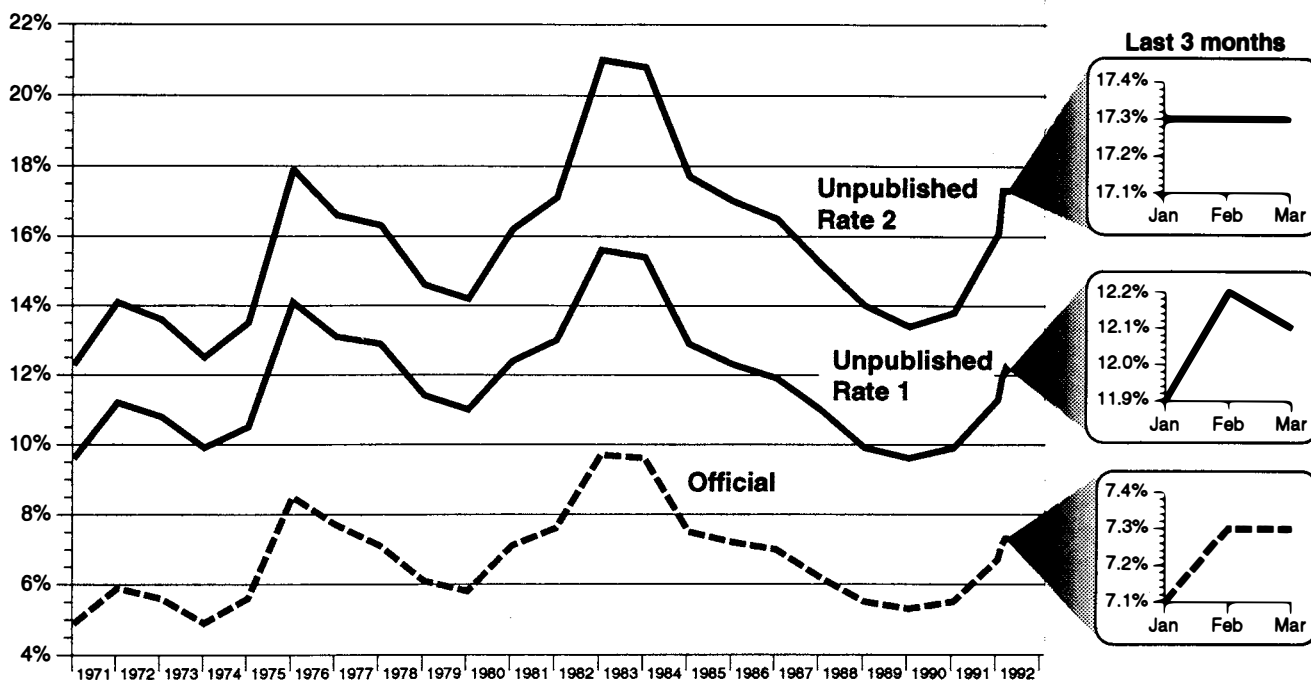
The production of rolling stock and locomotives offers another illustration of the collapse of this sector. With a capacity to produce 9,000 freight cars, 800 passenger cars, and 200 locomotives, output has fallen as of 1990 to 86 freight cars, zero passenger cars, and 28 locomotives, as shown in **Figures 9 and 10**.

The shipbuilding industry reveals the same profile. In a

sector that produced ships totaling 1,235,530 gross weight tons in 1978, output in 1990 fell to 151,685 gross weight tons (see **Figure 11**).

In sum, what has happened to the most developed industry of its type south of the Rio Grande and which would be crucial for any Ibero-American development effort in the coming years—is proof that the true content of Collor's economic program is the destruction of Brazil's manufacturing industry and employment.

U.S. Unemployment Coverup



Data used for unpublished unemployment rates
(thousands)

Year	Civilian labor force (a)	Official unemployed (b)	Want a job now (c)	Part-time, economic reasons (d)	Official U-5b rate (b/a)	Unpublished Rate 1 (b+c)/a	Unpublished Rate 2 (b+c+d)/a
1970	82,771	4,093	3,881	2,198	4.9%	9.6%	12.3%
1971	84,382	5,016	4,423	2,452	5.9%	11.2%	14.1%
1972	87,034	4,882	4,493	2,430	5.6%	10.8%	13.6%
1973	89,429	4,365	4,510	2,343	4.9%	9.9%	12.5%
1974	91,949	5,156	4,514	2,751	5.6%	10.5%	13.5%
1975	93,775	7,929	5,271	3,541	8.5%	14.1%	17.9%
1976	96,158	7,406	5,233	3,334	7.7%	13.1%	16.6%
1977	99,009	6,991	5,775	3,368	7.1%	12.9%	16.3%
1978	102,251	6,202	5,446	3,298	6.1%	11.4%	14.6%
1979	104,962	6,137	5,427	3,372	5.8%	11.0%	14.2%
1980	106,940	7,637	5,675	4,064	7.1%	12.4%	16.2%
1981	108,670	8,273	5,835	4,499	7.6%	13.0%	17.1%
1982	110,204	10,678	6,559	5,852	9.7%	15.6%	21.0%
1983	111,550	10,717	6,503	5,997	9.6%	15.4%	20.8%
1984	113,544	8,539	6,070	5,512	7.5%	12.9%	17.7%
1985	115,461	8,312	5,933	5,334	7.2%	12.3%	17.0%
1986	117,834	8,237	5,825	5,345	7.0%	11.9%	16.5%
1987	119,865	7,425	5,714	5,122	6.2%	11.0%	15.2%
1988	121,869	6,701	5,373	4,965	5.5%	9.9%	14.0%
1989	123,869	6,528	5,395	4,656	5.3%	9.6%	13.4%
1990	124,787	6,874	5,473	4,860	5.5%	9.9%	13.8%
1991	125,303	8,426	5,736	6,046	6.7%	11.3%	16.1%
Monthly data (seasonally adjusted)							
1991:							
March	125,326	8,572	5,728 ¹	6,163	6.8%	11.4%	16.3%
April	125,672	8,274	5,519 ¹	6,162	6.6%	11.0%	15.9%
May	125,232	8,640	5,519 ¹	5,932	6.9%	11.3%	16.0%
June	125,629	8,745	5,519 ¹	5,705	7.0%	11.4%	15.9%
July	125,214	8,501	5,846 ¹	5,881	6.8%	11.5%	16.2%
August	124,904	8,488	5,846 ¹	5,892	6.8%	11.5%	16.2%
September	125,607	8,442	5,846 ¹	6,374	6.7%	11.4%	16.4%
October	125,549	8,582	5,932 ¹	6,328	6.8%	11.6%	16.6%
November	125,374	8,602	5,932 ¹	6,408	6.9%	11.6%	16.7%
December	125,619	8,891	5,932 ¹	6,321	7.1%	11.8%	16.8%
1992:							
January	126,046	8,929	6,118 ¹	6,719	7.1%	11.9%	17.3%
February	126,287	9,244	6,118 ¹	6,509	7.3%	12.2%	17.3%
March	126,590	9,242	6,118 ¹	6,499	7.3%	12.1%	17.3%

¹ The *want a job now* figure is compiled quarterly. The figure used for monthly calculation of the Unpublished Rate 1 is that from the most recent available quarter.

Explanatory Note

In March, over 6.1 million jobless and 6.5 million more semi-employed people were ignored by the U.S. government's Bureau of Labor Statistics in its calculation of the official (U-5b) unemployment rate. To bring out the truth, EIR is publishing the rates you would see if the government didn't cover up.

The widely publicized official unemployment rate is based on a monthly statistical sampling of approximately 57,000 households. But in order for someone to be counted as *unemployed*, the respondent member of the household (often not the person who is out of work) must be able to state what specific effort that person made in the last four weeks to find a job. If no specific effort can be cited, the jobless person is classified as "not in the labor force" and ignored in the official unemployment count.

But nearly 6 million of these discarded people are also reported on the monthly survey indicating that they "want a regular job now." EIR's *Unpublished Rate 1* is calculated by adding these discarded jobless to the officially "unemployed." The *Unpublished Rate 2* includes, in addition, over 6 million more people forced into part-time work for economic reasons such as slack work or inability to find a full-time job. These people show up as *employed* in the official statistics even if they worked only *one hour* during the survey week.

For comparability with the official rate, the EIR rates are calculated on the same base figure, the BLS defined *civilian labor force*. This figure comprises all civilians classified as either *employed* or *unemployed*. For a number of reasons the *civilian labor force* can be considered as a bloated figure. Its use as the divisor in unemployment rate calculations thus further masks the depth of the unemployment problem. Large segments of the population, who might not under healthy economic conditions be forced to seek work, have become a part of the *civilian labor force* over the past 25 years of "post-industrial society" economy. This includes young mothers, the elderly, and many college students.

What's your beef?

Jeremy Rifkin and the anti-beef crowd cover up for IMF-imposed world hunger and starvation.

In recent weeks, eco-gadfly Jeremy Rifkin has been clogging the airwaves with his unscientific opinions, to plug his new book, *Beyond Beef* (New York: E.P. Dutton.) You might think the man just has a personal beef against beef, and a thing about cows. You would be wrong.

Rifkin is getting all the media limelight because he and his ilk are the apologists for the programs of the International Monetary Fund (IMF), food cartel companies, and banks connected with Anglo-American financial interests imposing food shortages and hunger. They demand usurious debt service, at the cost of not supplying food, water, and other essentials.

Rifkin is just one of the coverup acts for the fact that output of beef, and of all other diet staples—cereals, meats, eggs, dairy foods—is declining sharply worldwide. Likewise, the global ecology is deteriorating because of the depression. Conditions are in the making for global famine, and ecological catastrophe.

What is required are economic emergency measures to restore production. Instead, Rifkin and a chorus of anti-development freaks argue that people should adjust to the decline. First, they lie that meat is bad for your health. And second, they say that cattle pollute.

In terms of nutrition, the case for meat is open and shut. A balanced diet, including some form of animal protein, is the most efficient way to guarantee the body the full complement of essential amino acids—building blocks of protein. A person's gen-

eral health, and especially the immune system, is dependent on complete protein intake. But the human body is unable to manufacture 10 of the most essential amino acids contained in complete protein, which means that those amino acids must be consumed or eaten by the person for the body to have access to them. Vegetable and cereal matter do not contain all the needed amino acids, unless you have daily access to dozens of kinds of fresh and specially milled grains, and vegetables and fruits—a situation possible for only the wealthiest.

The charge that agriculture “pollutes,” is as bogus as saying that meat is bad for you. Rifkin asserts that centuries of cattle raising are ruining the Earth. He blames cows for deforestation, desertification, global warming due to bovine methane, and many other alleged crimes. And he demands that we break the “human-bovine” relationship and stop eating beef.

Rifkin and his wife, Carol, plan to operate a Washington, D.C. coalition against cattle raising and beef, to file lawsuits, and cause trouble in 20 countries.

The only real issue about beef is the worldwide food crisis. The 1992 harvest of all grains is forecast at under 1,680 million tons, which is *below* the current annual consumption of 1,720 million tons, either for cereals for direct human consumption, or through the livestock food chain. The global grain harvest has been below consumption for four of the past five years, so millions are starving but there are no stocks for food relief.

Herds are being culled. In Russia, for example, there is such wholesale slaughter in the Samara Oblast (district) that the March 18 *Izvestia* reported on “the man with the gun” who visits stockyards to kill the cattle for which there is no more feed. “In Samara Oblast the herd . . . has fallen by several thousand head in comparison with last year. The dairy herd and the breeding herd are still being maintained,” the article said. According to official Russian figures, the number of cattle has declined this year by over 2 million.

The U.S. cattle inventory is down to about 100 million head from its level in the early 1980s of 115 million. Over the past five years, live cattle have been brought into the U.S. food chain from Mexico and Canada.

Worldwide, beef output is contracting. However, the U.N. Food and Agriculture Organization in Rome, in deference to the IMF, rationalizes that the decline in per capita beef availability is irrelevant, because “effective demand” has also declined worldwide.

Rifkin opines that cattle raising and beef eating were bad from the start. His book features an incompetent history on the topic. In an interview with Joan Mooney of *Publishers Weekly*, he said, “I was surprised at the extent to which we owe western culture to this animal. We have built much of western civilization on its back, from our early theological explorations to colonial adventures to our unfolding consciousness.”

Who benefits from all this bull? Watch your Sunday television news shows and catch the pitch from sponsor Archer Daniels Midland, part of the food cartel, which has now introduced the new line of ADM's vegetable-based fake meat products. Top of the line is the harvestburger. Where's the beef? Gone.

Bankers panic over Venezuela 'effect'

Fear of Brazil's infection by the Venezuela syndrome has prompted a desperate public relations campaign.

The unpredictable repercussions inside Brazil of the recent civil-military upsurges in Venezuela have panicked bankers and prominent spokesmen of the Anglo-American establishment, who are determined to keep a tight rein on this South American giant and who have launched a public relations effort to sell Brazil as "an isle of stability."

Notwithstanding these efforts, prominent Brazilian political figures and media spokesmen are insisting that the austerity conditions imposed by the international financial centers are the root cause of the Venezuelan protests, and that similar protests could surface in Brazil as well. For example, former President Jose Sarney warned in a March 20 article in *Folha de São Paulo* that Venezuela "is but the tip of the iceberg," and that the continent's "condition as exporter of capital has worsened, investments have stopped, and a constant resource hemorrhage is increasingly weakening economies submerged in endemic inflation. . . . The political process has weakened, the institutions are weakened, and democratic principles are refuted, not in themselves but in the imperfect realization of their goals."

Typical of the sentiment of a growing nationalist civil-military grouping inside Brazil, was the *Jornal do Commercio* editorial of March 26 entitled "The Fragile Democracies of Latin America." It explained: "The European and U.S. press saw in the transformation toward democracy a hopeful development. The same applause was not extended to the economic plane. Consider the corrosive

action of the high cost of the foreign debt, which has channeled billions of dollars a year to our creditors. And it is the Brazilian people who pay for this annual bloodletting. Either this situation is altered, or the democracies will fall."

Even more symptomatic was the March 19 column in *Jornal do Brasil* by Heraclio Salles, who was press spokesman for the government of Gen. Costa e Silva. Referring to Venezuela, Salles commented, "The neo-stooges of the new world order are the Latin American presidents who have been put in power by the monied vote, to soften the ride of the rich countries. . . . The economic ministers rule in silence, while the stooges . . . make fierce faces."

The growing incidence of such bold criticisms has provoked even the Inter-American Dialogue, a mini-Trilateral Commission of the Western Hemisphere, to sound the alarm about Brazilian "instability." The IAD's Richard Feinberg, in an interview with *O Estado de São Paulo* published March 29, declared, "There are doubts in Washington about the role that Brazil seeks to play in the world on a variety of fronts. One of these doubts regards GATT [General Agreement on Tariffs and Trade]. The Brazilian position vis-à-vis hemispheric trade is also not exactly known . . . nor that regarding the Organization of American States in the Haiti crisis, where Brazil and the United States are not working with the same line."

The panic of the Anglo-American establishment regarding Venezuela is also shown in the unexpected 12-hour

visit to Brazil in early March by U.S. Treasury undersecretary David Mulford. Mulford's visit was announced by a government spokesman as a "visit of political support" for the economic policies of Brazilian Economics Minister Marcilio Marques Moreira. The result of Mulford's visit was to expedite the renegotiation package for \$40 billion of Brazil's foreign debt with the committee of creditor banks. An agreement is expected in April.

Brasilia and Washington are coordinating efforts to demonstrate calm in the midst of a storm. During a meeting in Rio de Janeiro on March 21 organized by Bank of America's Joel Korn, Marques assured the largely banker invitees that Brazil was ahead of the other countries of the continent "in building a stable political democracy."

At the same time, President Fernando Collor de Mello sent his political ally, Bahia governor Antonio Carlos Magalhães, to the United States to offer the Bush government guarantees that Brazil would not become another Venezuela.

The creditor banks' seeming benevolence toward Brazil in the debt negotiations has everything to do with fear of Brazil's becoming infected by the "Venezuela syndrome." Thus is explained the International Monetary Fund's apparent willingness to look the other way in the face of what, in other times, would be considered scandalous non-compliance with the Fund's dictates. For example, the 1992 maximum inflation rate, according to Brazil's letter of intent with the IMF, should be an annualized 279%. Nonetheless, the government has scarcely managed to "stabilize" the economy at monthly rates of 25%. The first-quarter inflation rate has already reached 200%, promising a tripling of the annualized goal by year's end.

Free trade vs. food production

Bush's free-trade model for the hemisphere is dutifully embraced in Colombia, which will soon be without food.

If the Gaviria government's embrace of free-trade economics is not modified, the production of rice—a staple in every Colombian's diet—could disappear from the national territory, as occurred two decades earlier with wheat, according to Alvaro Hernán Ruíz, president of the Federation of Rice Processors (Induarroz). This could occur despite the fact that Colombian rice production is one of the most efficient in the world, in both productive and technological terms.

During the 1970s, especially beginning with the Alfonso López Michelsen government (1974-78), wheat production disappeared from the Colombian economy when the government decided to import subsidized wheat as an alleged means of "fighting inflation." Today, Colombians have even forgotten how to grow wheat.

Today, using the same discredited excuse, the Gaviria government has decided to massively import rice. Induarroz spokesmen report that the government's tariff reduction on rice imports from 35% to 20%, and the subsequent import of 30,000 tons of rice by the state marketing agency IDEMA, has forced many growers to cancel plans to sow their first crop of 1992, which accounts for a full 70% of national production.

Further, they report, continuation of the government's monetary policies is forcing yet another substantial contraction in the area sown. According to the National Federation of Rice Growers, Fedearroz, area under cultivation declined last year by 50,000 hectares, while national pro-

duction of the grain fell by 250,000 tons. This year, the remaining 25,000 hectares under cultivation is expected to drop to a mere 2,000!

The elimination of subsidized development credit (at interest rates below market level); the "economic opening" (*apertura*) and dropping of import barriers; the dismantling of the Agrarian Fund and therefore of the various technological inputs the Colombian countryside enjoyed; and the effective elimination of price supports, are some of the monetarist measures the Gaviria government has undertaken in compliance with George Bush's "Enterprise for the Americas" initiative. While the international financial agencies are offering Gaviria their "good housekeeping seal of approval," Colombia's agricultural federations are warning that a grave crisis of food insufficiency is imminent.

Rice is by no means the only crop affected by these policies. A forecast by the Center of Agricultural and Livestock Studies (CEGA) warns that as of June, there will be a lack of eggs, chicken, sorghum and soy to meet national consumption requirements. According to a spokesman for the National Federation of Grain Growers (Fenalce), "the government doesn't seem to understand us, and thus is pushing an economic opening which is shrinking production to worrisome levels and is leaving us with no maneuvering room." Sorghum and soy producers in the fertile Cauca Valley report that they are sowing nearly 30,000 fewer hectares this year than last.

Not a single hectare of the once highly lucrative cotton crop will be planted in southern Cesar province this year, where last year 15,000 hectares were cultivated. Cotton growers in Tolima are reducing last year's area under cultivation from 80,000 to 12,000, and in Cauca Valley, from 30,000 to 7,000.

To this can be added the critical situation afflicting Colombia's coffee sector, which is facing a zero, and even negative, growth rate. This collapse in coffee production, thanks in large part to Gaviria's "peaceful revolution" which has permitted the country's narco-terrorists to terrorize growers and sabotage the coffee industry while preserving futile "peace talks," is forcing growers to choose between replacing their coffee crops with poppy—that is, joining the ranks of the narco-farmer—or swelling the ranks of the unemployed.

The cattle industry is facing a similar problem. Not only are Colombian ranchers prime kidnap targets of the narco-terrorists, but the so-called protection tax ranchers must pay them is being carted off—on the hoof—in cattle trucks! Further, according to the country's premium growers association, SAC, government plans to import meat would severely cripple current efforts to build up domestic cattle herds, while simultaneously threatening Andean Pact export opportunities.

The fruit of Gaviria's economic policies has not only been the bankrupting of Colombian agriculture, but also a rise in inflation due to food shortages. The combined inflation increase of January and February was nearly 7%, largely a result of food price hikes. Instead of correcting its errors, the government has chosen to resort to imports, assuring the burial of the agricultural sector in short order.

Business Briefs

Free Market

Walesa warns Russia against 'shock therapy'

Polish President Lech Walesa used an exclusive interview with the German daily *Die Welt* on March 23 to warn Russia and the other nations of the Commonwealth of Independent States against adopting Polish "shock therapy"—the sudden transition to an unregulated market economy. Walesa said: "The Polish mistakes mustn't be repeated in the nations of the former Soviet Union . . . because this would create a threat to Poland. For, after adopting the Polish way, there will be 40 million jobless, and as the economic situation there gets even worse, they will have no choice but to migrate toward Europe."

Walesa added that the decline in industrial production that Poland has experienced, nearly 70%, under the combined effects of shock therapy and the collapse of the former East European trade system, mustn't be repeated anywhere else in the east.

International Monetary Fund "conditionalities" are not appropriate for the eastern economies, he said.

Famine

Red Cross warns Somalia needs food aid

Only worldwide emergency action can save Somalia from famine, the international bulletin of the Red Cross warns in its March issue. According to the Red Cross, the entire population is threatened.

"The aid must cover not only the capital Mogadishu, but the whole country," the responsible officer for Africa is quoted. "The Red Cross and the non-governmental organizations can no longer cover the needs of the population. A massive intervention of the United Nations and its organizations is needed in order to prevent general famine."

The estimate of the Red Cross is that 35,000 tons of food per month are needed.

Health

AIDS on the rise in India

There has been an alarming increase in the number of HIV-infected people in Bombay and the *Times of India* reports that currently about 1.8% of patients visiting hospitals in the city are found to be carrying the AIDS virus.

A recent survey of patients in city hospitals indicated that 17 out of every 1,000 women attending post-natal clinics are infected with HIV. At this rate every third pregnant woman in Bombay is likely to be infected by the turn of the century. Also, 1% of blood bank samples are now infected, compared to half that figure last year, according to the survey.

It is estimated that 32% of women prostitutes are infected, compared to 20% in 1990. When tests were first carried out in 1986, less than 5% of the prostitutes tested positive, says the *Times*.

According to an IPS newswire, the *Times* is also claiming that some Bombay hospitals are closing their doors on patients found to have the infection, or discharging those who test positive without treatment.

Austerity

Harvard's Sachs praises IMF

Harvard's Jeffrey Sachs, the architect of International Monetary Fund (IMF) "shock therapy" policies in Poland and elsewhere, has nothing but praise for the IMF and the economic devastation its policy has caused.

In an interview in the Soviet magazine *New Times* (No. 9, 1992), Sachs says, "The IMF tells the truth, which is that when a country tries to live beyond its means, it is going to end up with high instability. To end instability, it generally has to take politically difficult austerity measures. That basic message is simple, straightforward, and correct."

He later said, "In Poland, some politicians have recently said: 'Why should we deal with the IMF on the terms we have; we should deal

with the IMF on equal terms?' It's nice rhetoric, but illusory. Poland is not giving the IMF a loan. Poland is in trouble, it needs help. So there's something one could call 'unequal' about that. The IMF did not throw itself at Poland. What I really detest is the white-hot, populist rhetoric that pounds the table and says, 'We wouldn't deal with the IMF.' That's just stupid. These are people who don't want to observe the basic laws of economics."

In a speech given at Rice University in Houston on June 29, 1990, prior to the Group of Seven economic summit, Sachs said, "Why do we have a trade deficit? Because Americans consume too much. We say we can't afford any more [aid to the U.S.S.R.], but look what we're paying for what we have, for what we've already consumed. . . . There is too much lending, too much borrowing, too much consumption, too much speculation."

Russia

Bank chief proposes 'development' funds

On a visit in Moscow, Jacques Attali, head of the European Bank for Reconstruction and Development (EBRD), proposed to Russian President Boris Yeltsin the creation of three development funds whose role would be to collect \$3-4 billion apiece in private capital, to invest in agriculture, energy, and the civilian reconversion of Russia's nuclear military capabilities.

Adding whatever private capital can be collected by these funds to a \$3 billion loan by the International Monetary Fund and a \$1 billion loan from the EBRD and the World Bank together, the financiers expect to counter the \$20 billion trade deficit Russia has accumulated over recent years.

One of the envisioned projects concerns "debt-for-uranium swaps." The idea is to have Russia dismantle its nuclear military capabilities in exchange for the write-off of parts of its foreign debt. The project would cost some \$50 billion and be extended over a 10-year period. A large part will be financed by the uranium of these missiles, which Attali proposes be sold to the West.

Briefly

● **SHUTTLE** astronauts fired an electron beam from a Japanese-made device located in the payload bay of their orbiter to create the first artificial auroras March 28. The Space Experiments with Particle Accelerators equipment was fired 210 times, creating 60 artificial auroras which the astronauts captured on film.

● **UNDERFUNDING** of pension funds was the subject of a March 28 *New York Times* article by James Lockhart, head of the Pension Benefit Guaranty Corp. "We are trying to draw attention to a very serious problem," that the PBGC, now with a deficit of \$2.5 billion, would have a deficit of \$18 billion within five years.

● **FEDERAL** authorities at the end of February launched an investigation into whether drug money-laundering is behind the phenomenal growth in the cash surplus at the Charlotte, North Carolina Federal Reserve Bank. It skyrocketed from \$53 million in 1990 to \$968 million in 1991.

● **WORLD BANK** vice president Shahid Husain said in a recent speech that although 40% of the households in Ibero-America are living in poverty, the "economic perspectives of Latin America continue to be solid." However, "the immense gap between rich and poor" is likely to create pressures against World Bank policies.

● **WORLD** Health Organization director Hiroshi Nakajima has told an Italian newspaper that he warned both IMF Managing Director Michel Camdessus and then-U.N. Secretary General Javier Pérez de Cuellar that "cholera will become endemic in our continent," unless an enormous investment were made in health infrastructure. It was not, and there have been 54,172 cholera cases in Peru alone since Jan. 1.

● **JAPAN'S** national output shrank in the last quarter of 1991, the government announced March 19. The Economic Planning Agency said that Japan's GNP shrank 0.2% on an annualized basis between October and December 1991. This was the first quarterly contraction in six years.

Yeltsin's response was immediate: "I don't want to finance a project which would destroy Russian missiles to help the West build others with our uranium." Attali then proposed that it be sold for civilian use, but this idea is not expected to meet with support from the United States, since only Britain and France have uranium-reprocessing capabilities.

Trade

U.S. approves purchase of Russian reactor

The U.S. Defense Department has agreed to import Moscow's Topaz II nuclear reactor, a small device suitable for use in space, the *Washington Post* has reported. Sen. Pete Domenici (R-N.M.) announced the plan, which is expected to be endorsed by other government agencies which will review it.

The \$7.5 million purchase would be the first by the United States of the space and nuclear technology Russia has offered to the West "in the post-Cold War environment," the *Post* notes. Many specialists have been urging the Bush administration to buy high-tech equipment from the former Soviet republics as a way of boosting their economies.

Topaz is a 13-foot device capable of generating six kilowatts of electricity for instruments remote in space.

Defense Technology

Russian scientists propose 'space shield'

Russian Academicians E.P. Velikhov and Andrei Kokoshin, in an interview published on March 22 in Moscow, discussed their proposal for what the article called, "Space Shield: Made in Russia and U.S.A." Referring to Boris Yeltsin's U.N. proposal for a global defense with the United States, Kokoshin stated that it was motivated by "political considerations" demonstrating the new Russian "attitude toward the United States," and is a "decla-

ration of intent, rather than a call to sign a treaty in the immediate future."

Asked if there are opponents to such a joint system in Russia, Velikhov responded, "There are practically none among either designers or the military. The critics of this proposal in both Russia and the United States are, rather, maniacs obsessed with old ideas and they have no influence."

Israel

Economic crisis said the most severe

A senior European source based in Tel Aviv told *EIR* on March 31 that Israel is going through a dramatic economic crisis. "The majority of parties have no time for economic problems in this election campaign, they are only interested in Jewish settlements in the Occupied Territories. This leaves no money for the integration of new immigrants from Russia," he said.

According to this source, over 50% of recent Russian immigrants between the ages of 18 and 65 have no jobs, while overall unemployment is 11.6%, "quite a lot for a small country like Israel." He said that as a result of the economic crisis, fewer immigrants are willing to come from Russia. "Israel was supposed to absorb 200,000 new immigrants this year, but so far, only 6,000 per month are actually coming, way down from the 15,000 per month of last year. Russian Jews still in Russia are receiving letters from their relatives, who are telling them there's no point in coming. Russian immigrants are largely surviving, for the moment, by government handouts, but these only last 18 months."

The source argued that "the Occupied Territories are not so important as the economic problems facing Israel, but the ideologues either don't understand that or don't care. In the first quarter of this year, the economy contracted. Exports are stagnant. Investments are declining, there's no significant money being invested in agriculture and industry. Direct investment last year was only \$163 million, which is like a drop in a big sea. Meanwhile, the government is subsidizing everything in the Occupied Territories, which makes it more advantageous, in the short term, to live there."

Is the electric automobile the car of the future?

Integrated transportation systems are being developed for the 21st century. Carol White reports on a Japanese design for an electric car which would be magnetically levitated.

With the imposition of the most stringent clean air emission standards in the world by the state of California, the electrically powered car is coming into its own. By the year 1998, according to present law, 2% of all cars sold in California must have zero emissions, and by the year 2001, the figure is to be 5%.

This legislation has acted as a major stimulus for the development of electric cars, both in the United States and in Japan. It is an open question whether such an artificial stimulus to consumer demand will pay off, or whether the legislation will have to be rescinded when it proves to be unrealistic. In the main, the present race to develop the electric car may involve a massive research and development effort, but it will not lead to increases in productivity, by revolutionizing methods of production or by improving the ease and speed of transportation for the consumer. In fact, insofar as investment is diverted from major infrastructure development, the reverse will be the case.

Smog is a serious problem in Los Angeles, but the main contributing factor to the man-made part of the problem is the failure to develop an adequate mass transit system which would free commuters from dependence upon the automobile. The same is true for the disproportionate amount of freight now shipped by truck, rather than by rail or a combination of rail and truck.

In fact, the electric car can really only come into its own as a sensible alternative to combustion-powered vehicles under circumstances where it is used to commute to and from trains, or perhaps where the car itself can take on the function of a train (or trolley car) on specially run highways. Such

special highways are being designed in northern California, and they are a major feature of a unique electric car now under development in Japan—the Equos.

An electric car by 1998

General Motors and Nissan are front-runners in developing a competitive electric car which can be on the market by 1998. A key element in the competitive sweepstakes is finding a battery which can be rapidly recharged, and which will allow the car to travel for more than 100 miles (at normal highway speeds) without the need for recharging. Since these batteries are heavy, one pathway for higher performance from the batteries is to reduce the weight of the car itself below that of today's compact car. This, however, creates a safety problem in the event of collision, and it also limits the carrying capacity of the car.

Another issue which the environmental lobby has failed to address, is the fact that, in the United States at least, half of the electric plants are presently coal-fired. The phase-out of nuclear power, a clean energy source, means that any widespread use of the electric car will place demands on the existing electric grid beyond its capacity, and will necessitate bringing more "polluting" power stations on line. Such is the insanity of an energy policy governed by environmentalists who are operating on their own malthusian agenda.

While hydrogen-powered vehicles can theoretically meet these emission standards and hydrogen fuel cells are an upcoming technology to replace the battery, the battery-run electric car is the more promising candidate in the immediate future. Many problems remain to be solved before electric



A prototype of the Japanese Equos battery-run electric car. Among other unique features, the car's wheels are independently controlled, so that they can turn in parallel to allow the driver to slide deftly into a parking place.

vehicles of the future become competitive with the combustion engine-powered cars of today. This is true whether we use the criterion of performance, safety, or cost.

Designing for maglev systems

The most exciting, integrated conception for the electric car of the future which I have come across, is the idea of designing an electric car of today which could become the magnetically levitated car of tomorrow. Such a car would effectively function as a magnetically levitated train, or trolley car, under highway conditions of driving, where it could travel at extremely high speeds in complete safety, and yet offer the driver the option of door-to-door travel in one vehicle.

Perhaps under the present ugly conditions of trade war being stimulated by the failing U.S. automobile industry, such an advanced transportation system will remain only a dream, since its scope demands a visionary approach on the part of an international team of developers. Surely, if this is so, the United States will have lost yet another opportunity to move into the 21st century with the kind of advances in technology which would guarantee a bright economic future for generations to come.

On Jan. 27, I interviewed a group of Japan's leading automobile designers and engineers, including Mr. Shuzo Moroto, chairman of Aisin AW Co., Ltd, and Mr. Koji Kobayashi, Aisin's director of Research and Development Center Electric and Engineering Department, and Mr. Mut-

sumi Kawamoto, the manager of the Horse Research Section of Equos-Research Co., Ltd. The two companies, Aisin and Equos Research, are collaborating to produce the electric car of the future. Aisin has around 40% of the Japanese automobile transmission market, and it was they who in 1977 perfected the overdrive system of automatic transmission now a feature of all cars.

Meeting the top corporate executives of Aisin and the Equos Research Corp. was really an eye-opener. They embodied qualities which were typical of American corporate leaders particularly during the first half of the 20th century, but which have now become virtually obsolete. In the most recent past, one would look to the men who built the aerospace industry and developed NASA, for a similar quality of vision.

I was reminded, in talking to these Japanese industry leaders, of an America now unfortunately receding in memory, when men such as Henry Ford led the U.S. automobile industry, and the model T brought rural America into the modern age. Along with other towering engineers, such as Thomas Alva Edison and the Wright brothers, Ford was the kind of far-sighted company president who put America on the map as an industrial giant, while today, American corporate presidents like Lee Iacocca pride themselves on being financial managers. Where Detroit was once synonymous with the automobile, today we have the pathetic performance of Iacocca and his cronies attacking the Japanese because they produce cars which Americans prefer to buy.

American industrial leaders of the caliber of Ford or Edison symbolize the kind of greatness which up until very recently characterized America. They had a kind of expansive optimism which fostered technological progress, and, with this, a series of values clustered around the notion of making the world a better place for all children.

Equos, a new concept for the automobile

I began my interview by asking whether their commitment to the Equos design was created by the opening of a new market for electric cars because of the stringent environmental regulatory standards set in California. The answer which I received from Mr. Moroto surprised and delighted me.

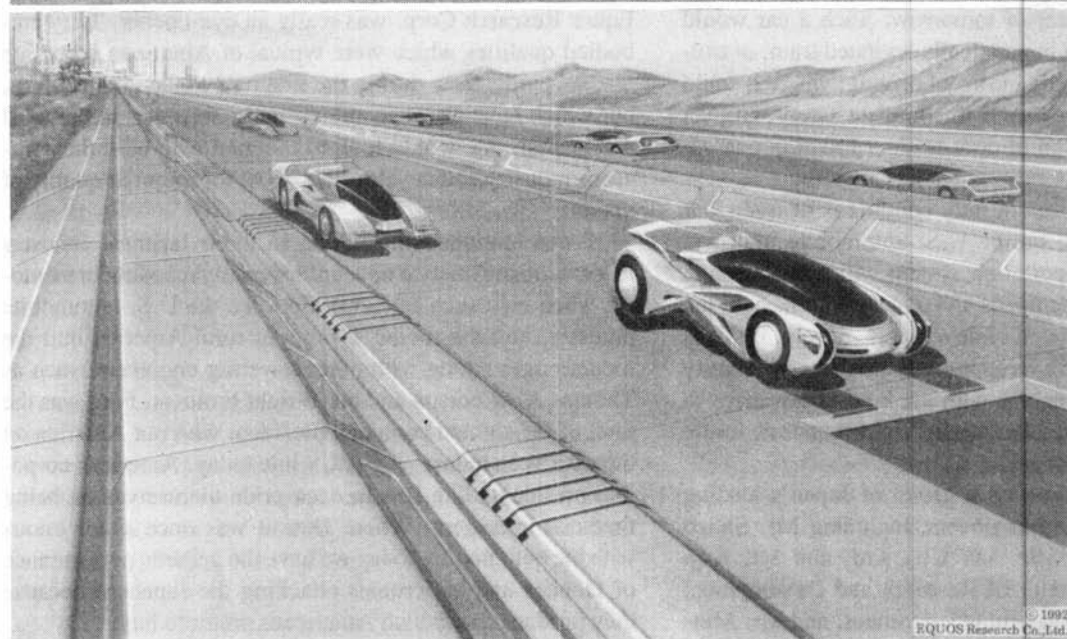
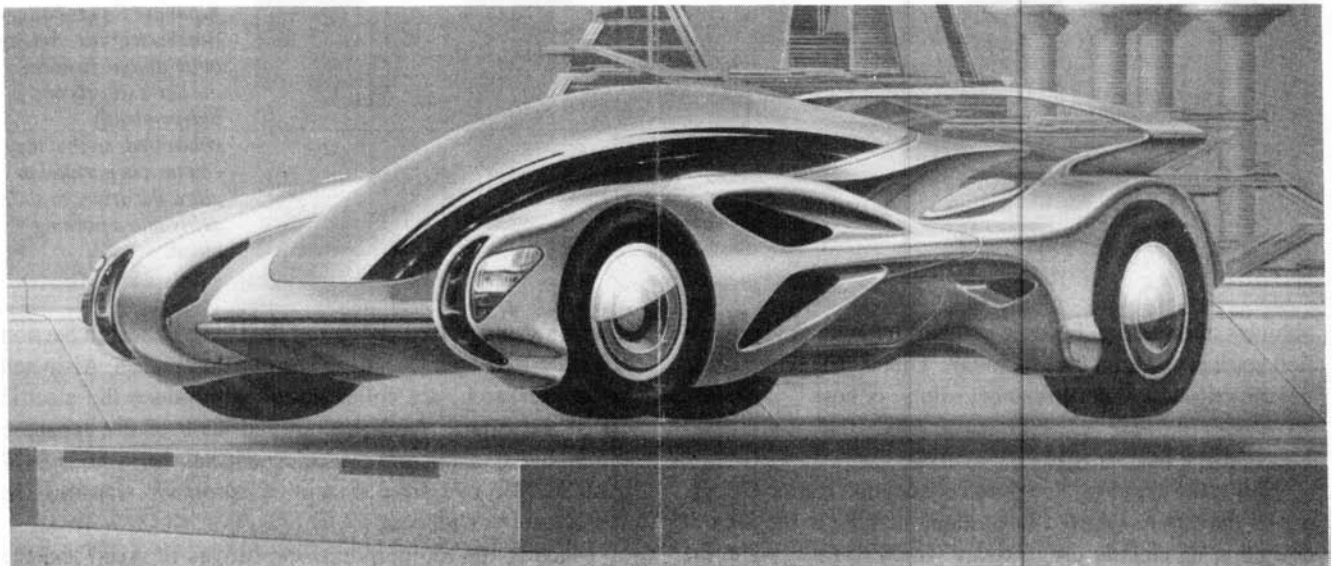
“No,” he said, “this is not the way we look at things.

We believe that we must always go beyond considerations involved with meeting particular government regulations. We can only accomplish our task by looking beyond any set of given regulations, and seeing how the car we hope to build may transform transportation in the 21st century.”

He continued by distinguishing between the regulations which had to be met and the specifications which they themselves considered primary in order to design a car for the future. “We ourselves set our own standards for the development of the electric car,” he said.

Still, I pursued the question of whether there would be a market now for the car, were it not for the new clean air standards. “Would you otherwise have poured resources into developing the electric automobile at this time?” I asked.

Moroto pointed to the potential limitations of oil, to ex-



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EQUOS Research Co., Ltd.

Artist's conception of the automobiles of the future. The Equos company is developing the concept of adapting magnetically levitated rails to a new design of automobile, which will be able to travel as fast as 500 km per hour (312.5 mph).

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EQUOS Research Co., Ltd.

plain his own more long-range interest in the question of developing alternative fuels. He and his associates are not convinced that the greenhouse effect will be a serious problem, but they are committed to developing alternative fuels in order to conserve petroleum for use as petrochemicals. They also, of course, operate in a country which is dependent on imported oil. Looking ahead 50 years, he said, he felt that it would certainly be necessary to have developed alternate fuels for automobiles, trucks, and trains.

Autos become trolleys

Moroto is committed to adapting the idea of magnetically levitated rails to an entirely new design of automobile. In Japan, associates of his are involved in planning new magnetically levitated train systems in which the train's cars could also function independently as trucks, so as to have an integrated train-and-trucking freight system. These two concepts, for trains which become trucks and automobiles which

become trolleys, are in a sense complementary, although the technologies involved are quite different.

The magnetically levitated car would take an individual from his own door to his final destination, but during the bulk of its trip, it would travel on a special highway on which it would be guided. Since it could travel at speeds as high as 500 kilometers per hour (312.5 miles per hour), it would not be driver-controlled. It would have to be carefully guided because of these high speeds.

The maglev car would also operate under its own power, entering and leaving the special highway at the will of the driver, under his or her direct control. Under these circumstances, it would function like the currently designed Equos, running under battery power, with one essential difference: It would be designed to travel at city speeds of around 25 miles per hour only. Reducing the speed would allow battery weights to be reduced and the time between recharges to be extended.

Infrastructure must be rebuilt and redesigned

Infrastructure development has been a key feature of Lyndon LaRouche's program over the past 12 years. During that period, a diametrically opposite program to that which he proposed has been implemented in the United States, with results which have been disastrous. Air traffic deregulation has led to the bankruptcy of major U.S. airlines, a deterioration in service and, more seriously, in safety standards.

Since 1980, railroads have been cut back by at least 25%, as measured by track length. Railroad employment has been cut by half, which is an indication that fewer trains are running on these tracks. With the shift back to coal production, much of the existing rail capacity is used up in transporting coal. Half of total freight moved is accounted for by coal shipments and the movement of crude oil and refined petroleum products (some of the latter by pipeline).

Bridges are collapsing and highways are in disrepair. Many U.S. ports have been turned into tourist areas, and none of those remaining can handle a vessel in excess of 100,000 tons, which is standard for world shipping.

Trucking now accounts for over 40% of the freight moved in the United States, and rail for only about 18%.

Magnetic levitation technology in Japan

While the United States has lagged behind, the Germans and the Japanese have magnetically levitated train

systems ready for commercial development, with Germany presently in the lead. The German Transrapid system has received government approval for commercial operations, and in the first phase it will be used to connect the airports of Cologne-Bonn and Düsseldorf.

Magnetic levitation means that a train can run suspended above the track bed, so that the friction between wheels and road is eliminated.

The Japanese presently have two different magnetic levitation system-designs which are running experimentally. The High Speed Surface Transport system has been developed by Japan Airlines, with the drive provided in the vehicle, not in the guideway. It runs at lower speeds than the mainline Japanese Linear Motor Car (MLU), which uses an electrodynamic levitation system based upon the principle of repulsion. The MLU is scheduled to begin transporting passengers in the densely populated 320-mile-long Tokyo-Nagoya-Osaka corridor by the end of this decade.

The MLU uses superconducting coils which are cooled by liquid helium. These are located on the vehicle and interact with a magnetic field which is generated by induction in the guideway coils. Up to speeds of 62 miles per hour, it operates on wheels.

Magnetic levitation technology developed in Germany operates by a different principle. It operates with ordinary magnets, and does not use wheels. Its support and guidance system operates according to the principle of electromagnetic levitation, based upon the forces of attraction between electromagnets arranged under the floor of the vehicle which are individually controlled, and the ferromagnetic reaction rails installed under the guideway.

The optimistic designers of this new car told me that with proper support, they expect that they could develop such an advanced-design car in only 10 years. A model of the car was presented at the International Superconductor Applications Convention held in San Diego, California on Jan. 29-31.

This concept would require development of special roads containing aluminum plates, as well as of advanced automobiles. Their plan would necessitate redesign of the fundamental concept of all magnetically levitated trains—whether of U.S., German, or Japanese design—because the magnets would be located in the rotating wheels of the car, rather than attached to the fixed underbody of a train, and because the drive would emanate from the automobile, not the road. This design is in fact compatible with the Equos design, so that the Equos can be considered as a stepping-stone to a magnetically levitated car. The advantage is the reduction of weight which comes from locating the propulsion device within the wheels. As is the case with Japanese magnetically levitated trains, the design calls for the use of super-cooled magnets. Therefore, the magnetically levitated cars would require min-

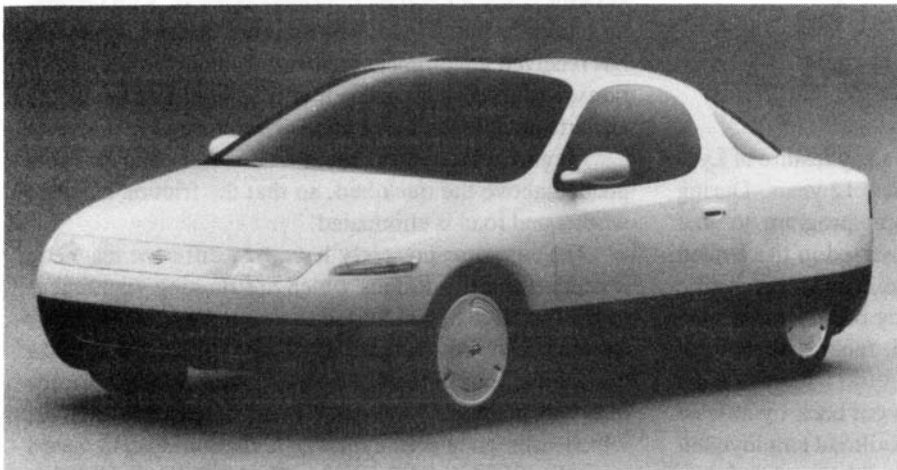
ature refrigerators in order to maintain the temperature of the superconducting magnets.

The location of the magnets in each of the four wheels of the car coheres with the Equos design, which places motors in each of the four wheels of the automobile, rather than using a central battery and a heavy transmission system. The batteries are operated conjointly by a computer located under the hood, and there is an optical communications system between the computer and the motors. There are also American-design cars which place motors in the wheels of the car, either in two or four of the wheels. Thus, in itself, this feature is not unique to the Equos.

In a sense, the Equos electric-battery car may be called the car of today, or at least of tomorrow, rather than of the next century.

Equos performance

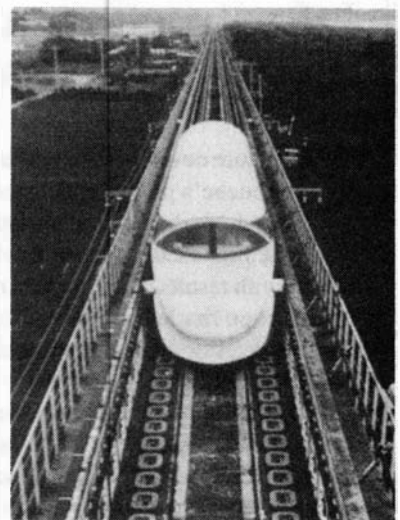
The Equos was imaginatively named after a horse, which has four unrestrained legs, each of which can run free. It has a four-wheel motor drive system, with a small, light-weight



The Nissan Future Electric Vehicle (FEV).



Shuzo Moroto, chairman of Aisin AW Co., Ltd. His approach is not a pragmatic one, but is to look at how the car his company builds now may transform transportation in the next century.



The Linear Motor Car (MLU) of Japan uses an electrodynamic levitation system based upon the principle of repulsion. It moves on supporting wheels up to 62 mph, and is scheduled to begin transporting passengers by the end of this decade.

motor placed in each of its 13-inch wheels. These motors are connected by an optical communications system hooked into a computer. While it optimizes recharging time, the car which I drove could be driven at speeds of 75 miles per hour. It can accelerate 200 meters (one-eighth of a mile) in 12 seconds, and 400 meters in 19 seconds. It was able to travel up a 16.7° slope quite smoothly. It is so carefully designed that brake heat is conserved and used to recharge the batteries.

The acceleration and maximum speed of the Equos, and the reuse of braking heat, is roughly comparable to that of General Motor's Impact, which can go from 0 to 60 miles per hour in eight seconds, has a range of 120 miles at 55

miles per hour, and a top speed of close to 100 miles per hour. The Impact uses two electric motors, one placed in each of the front wheels. Nonetheless, the design of the Impact does not include many of the features of the Equos itself, nor of its successor, the maglev car of the 21st century.

The ability of the wheels of the Equos to accomplish a near-80° rotation, compared to those of a normal car which can only rotate 45°, means that steering on the Equos is unique. The Equos design team is also interested in advanced highway designs which would allow the car to run on trolley tracks during highway driving.

I had the fun of driving in one of their prototype Equos battery-run vehicles. The car has many original driving features which are completely unique, as well as an excellent performance. The independently controlled four wheels of the car can be switched into modes in which the four wheels turn in parallel, so that one can slide into a parking place with no need to maneuver. Furthermore, with the front and back wheels placed in opposition to each other, the car can accomplish a very tight U-turn. The test vehicle which I drove was housed in the body of a typical compact car, and had an acceleration on a par with a typical combustion engine car—even on a steep hill.

Since the people at Aisin and Equos are concerned with transmission and related design, they have not experimented with different advanced batteries. They use a regular zinc battery in their present model, and it can travel 260 kilometers (162.5 miles) without recharging at the slow speed of 40 kilometers (25 miles) per hour. Recharging takes about four hours. International research is ongoing with more advanced batteries like the cadmium battery, which runs 1.5 times as long, but is considered to be bad for the health. At the 1991 Tokyo motor show, Nissan featured a battery-run car which could travel for 100 miles without recharging and then only needed 15 minutes to "gas up."

All battery-run cars currently suffer from corrosion, so that not only is the sale-price of the car perhaps double the cost of a comparable compact car of today, but the several-thousand-dollar cost of battery replacement every three years or so must be factored in.

Will the Equos ever go beyond the design state? That is a question which depends upon many more factors than simply its design specifications. It demands the kind of cooperation between American and Japanese automobile manufacturers which characterized an earlier, happier period of relations between the two nations. Most likely, it also requires involvement by the oil majors, which otherwise look at the Equos and all other electric automobiles as competitors that might ultimately render oil an obsolete resource.

Aisin AW was only established in 1969. If the present global depression is reversed, it will be because of an international commitment to rebuild and transform the world's infrastructure. In such a world, we can assume that Aisin will certainly be a corporate giant of the 21st century.

'Smart highways' offer communications advance

There are a variety of programs now being tested in the United States for "smart highways." These Intelligent Vehicle/Highway Systems are fundamentally not transportation systems, but communications systems which allow the automobile to be hooked into a central information system by radio, or to receive signal relays from the roadside of traffic and safety conditions.

Today, 80% of existing traffic signals at urban intersections operate under isolated intersection control. The new systems will allow local transportation officials to monitor traffic conditions and adjust traffic operations, as well as to respond to accidents. This means a more sensitive adjustment of traffic signals and warning signs. Alternate routes can be suggested to individual drivers, which would help to relieve traffic bottlenecks.

Besides receiving safety information, the driver could be given mapping information to help determine the optimal route to a given location. Typically for today's consumer-oriented society, the systems being tested in most states of the United States include information on restaurants, motels, and so on.

There are also systems under design which would warn the driver in advance of an impending collision, and even some which would act to automatically brake a car that was in danger.

Certainly, smart highways are an interesting service to motorists, and they can undoubtedly assist the smooth flow of traffic and so forth, but they are by no means to be considered a substitute for the integrated national transportation system which is needed.

Music and the moral fitness to survive

by Nora Hamerman

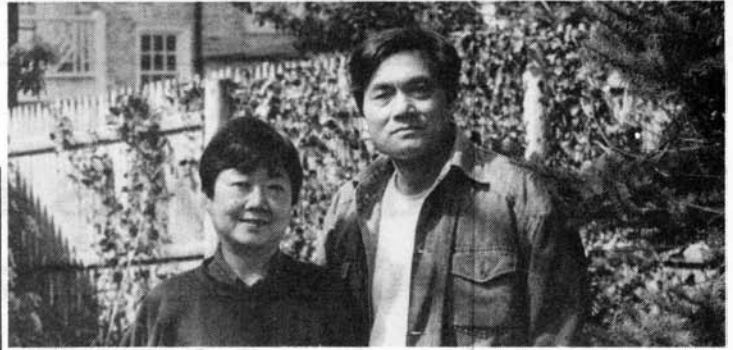
It is now exactly four years since the Schiller Institute convened a conference in Milan, Italy, which brought together some of the world's most respected singers and instrumental musicians to demand a return to rationality in musical tuning and performance.

The conference on April 9, 1988 pivoted around the proposal advanced by Lyndon H. LaRouche, Jr.—and welcomed subsequently by a stunning plurality of leading professional opera and chamber singers—that musical performance be returned to what was known as “scientific pitch” until a century ago.

An Italian collaborator of LaRouche, Liliana Celani, unearthed long-buried documents proving that the great opera composer Giuseppe Verdi, disturbed by the detrimental effects on the voice of rising pitch, had used his influence with the Italian government to have a decree enacted in 1884 making the scientific pitch, where middle C is set at 256 hz, the standard tuning for all military bands and orchestras of Italy. Verdi went on to fight—although unsuccessfully—to impose this standard in all performance internationally.

During the Milan conference, the celebrated baritone Piero Cappuccilli spontaneously demonstrated the difference between singing a Verdi aria from the opera *Il Trovatore* in today's prevailing tuning of A-440, and then in the tuning advocated by Verdi himself, where the concert A is set at A-432, the highest possible pitch allowable when middle C is tuned to 256 hz. As Cappuccilli showed, the “color” and registral contrasts of Verdi's music were more correctly realized only in the lower tuning.

Later in 1988, legislation was introduced into the Italian Parliament to enact a new “Verdi tuning” law for all state-supported musical performances. A petition campaign led by the Schiller Institute gathered signatures in support of the measure from the entire musical world. Although a pragmatic maneuver blocked that historic bill from passing, the movement for the “Verdi A” was now unstoppable. Conference succeeded conference, throughout Europe and the United States, along with concerts



Chinese composer Jin Xiang with his wife, Li Daochuan, during a recent visit to Washington, D.C. for a performance of Jin's opera "Savage Land."

Violinist Seth Taylor and his wife, pianist Monica Ripamonti. Taylor is the concertmaster at the Eisenach State Theater in the east German state of Thuringia.

at the Verdi tuning, too numerous to list here.

Violinist Norbert Brainin, the first violinist of the Amadeus Quartet, became convinced by scientific analyses conducted at the Cremona Institute of Violin Building that his own Stradivarius violin was indeed built to be played at C-256, and he demonstrated the superior sonority and polyphonic voicing of the old tuning in a concert in Munich in 1989 where he played part of a Bach solo violin partita in the classical tuning, and then in today's prevailing higher pitch.

In March 1992, the Schiller Institute announced the forthcoming publication of Vol. I of a new textbook on the composition of classical music, the *Manual on the Rudiments of Tuning and Registration*, commissioned by LaRouche. The text is aimed at documenting that classical composition of the school of Bach, Mozart, and Beethoven is a science which can be taught, and executed, on the junior high and high school level, as the physical sciences were once taught.

The complete text will be in two volumes: Volume I, "Introduction and the Human Singing Voice," demonstrates that every classical composer, from Dufay in the 1430s to Brahms in the 1890s, composed for the C-256 tuning because they based music upon the voice registration of the human singing voice. Volume II, "The Instrumental Voices," will demonstrate that registers and other construction of the classical Mozart orchestral instruments were based on the human singing voice. Both volumes are illustrated with hundreds of musical examples.

As LaRouche has underlined, the tuning issue provides

the entry-point for the broader discussion of music and morality. If the unity of art and science is affirmed by setting the pitch based on the laws of the physical universe as they are reflected in the human voice in all of its various species, then this provides the basis for a restoration of true creativity, which is the key to the survival of any human society. LaRouche has upset the use of "classical" and "romantic," as period-designations, to show that instead these reflect a deep conflict in method which frequently divides composers living in the same time.

The report below provides insight into the issue of musical morality in determining the future course of two great nations—China and Germany. In the interview, composer Jin Xiang speaks eloquently on the degradation to which the Cultural Revolution's assault on western classical music subjected China's intellectuals. Ironically, a more disguised form of a "Cultural Revolution" is proposed now for the former East Germany, in the name of free-market economics. Recent visitors to Thuringia, the cultural heart of Germany which includes J.S. Bach's birthplace Eisenach, as well as Weimar, the capital of the German classical poets Goethe and Schiller, report that while the former communist regime's maintenance of the local cultural tradition was selective and one-sided, today pragmatists in the state government propose to cut the already meager budget for cultural activities by 30%. The Open Letter by Eisenach concertmaster Seth Taylor, a longstanding collaborator of the Schiller Institute, addresses this folly.

'Classical music is a gem from the treasure of human culture'

by Michael O. Billington

The Washington Opera presented an opera this past season in the U.S. capital, composed by one of the leading composers from the People's Republic of China, Mr. Jin Xiang. I was fortunate to have the opportunity to meet with Jin Xiang and his wife, Li Dao-chuan, at their temporary residence in Washington, D.C. where the following discussion took place. Participating in the discussion was Ray Wei, a Chinese member of the Schiller Institute, who also served as interpreter. I had previously had the opportunity to see Jin Xiang's opera at the Kennedy Center, performed by an excellent cast of young Chinese professionals, all now working with leading opera companies in the United States. They had all been trained in China, demonstrating that despite the total collapse of classical music in China during the nightmare of the 1966-76 Cultural Revolution, the love of classical music and the teaching of the bel canto method of singing have survived.

Composer Jin Xiang, 56 years old, graduated with honors from the leading Chinese conservatory in 1959, but was labeled a "rightist" following one of Mao's fanatical campaigns against culture and reason, and spent the next 20 years in the desolate western province of Xinjiang, without any access to classical music. Since his rehabilitation in 1979, he has directed the Beijing Symphony, taught, and composed extensively.

The opera, entitled "Savage Land," is set in the 1920s. Its subject is the tyranny of life in pre-republican China, thus avoiding the question of "political correctness" over the issue of communism. The music is a mix of styles, from both East and West. Jin professes to be influenced by many composers, both classical and modern. The opera suffers from the romantic and modern misconception that emotions should be portrayed by impressionistic walls of sound. Scenes of agony and delirium are accompanied by discordant noise of a Stravinsky (or worse) style, and the orchestration tends in that direction throughout. But he develops several arias in a lyric style which are very effective, drawing on both western and Chinese thematic material.

As I told Jin Xiang when we met, I despise most modern music and fully expected to hate his opera. I was thus pleased

to find that despite my disagreements, the music demonstrated great skill in providing the singers the opportunity to express the beauty of the voice—and this excellent cast had much to express. Jin's wife, Li Dao-chuan, I learned, was the director of the National Opera in Beijing, which has performed operas such as "Carmen" and "Rigoletto," and is herself a professionally trained bel canto soprano.

The first part of our meeting was a discussion of the work of the Schiller Institute and *EIR*, including the campaign to lower the standard pitch used in performance back down to the "scientific" pitch—sometimes called the "Verdi" pitch—of C=256 hertz. He and his wife expressed great interest in this effort, which was totally new to them, and were anxious to study the issue further.

Jin Xiang survived persecution that drove thousands of others in similar circumstances to suicide. He survived with a deep moral conviction to dedicate his life to uplifting his nation—and the world—through his creative contributions to musical culture.

Billington: You were sent to Xinjiang for 20 years as a "rightist." Why? Because of your family, or because of your political beliefs?

Jin Xiang: Because of your strong interest in politics, I want to make it clear that I will not be involved in politics, neither in China nor here. This does not mean I am not concerned with politics, but because I lost 20 years, my time is very limited, and my capabilities are also very limited. I want to dedicate my whole work to music, so that I can do something for the human race. On the tuning issue, and your effort to fight against the drugs and rock and roll counterculture: This is very good, I like this. Since 1979, when I got back to the music profession, I have written some articles. I attacked so-called modern music, rock music, as just noise. In my book of articles, you will find my criticisms on this and on other musicians. For myself, I compose and I think, I don't simply follow the current wave. By reading my articles, you can summarize my musical practice, you can understand it as complementary, rather than just listening to my music.

Simply put, when I was young, I loved music, and I loved

to think. At that time, I felt I was fighting in a situation in which I was confused. There were things that the Communist Party did that were not reasonable. At that time I believed in communism, and I thought their idea of eliminating slave labor and such ideas were good. But I found that there were problems in implementing them, so I gave some reasonable advice, some suggestions. That's why I ended up condemned as a rightist.

Billington: During the 100 Flowers Campaign?

Jin Xiang: Right. For this matter, as we review it today, it is proved that I was right on these issues and the communists were wrong. I was right and they were wrong, but I was charged as a rightist. What I found, is that the communist system was still somewhat feudalist. I tried to solve the problem, I tried to save the nation. But all I can do is to uplift the people, through culture, rather than to be concerned with the political issues. If everyone is uplifted by a great culture, by doing that, we can save China.

So the problem is not simply to overthrow the communist regime. The problem is—and this is a problem that the Communist Party also did not understand—we have to educate the great mass of the public. Then you can have development. If not, if you just throw out one party and you get another party, they may have the same problem, because the masses are not educated. I thought about this during those 20 years when I was in Xinjiang. I believe that the solution is not simple. I feel that I should use my music to exchange between Chinese and the western cultures, and to promote oriental culture as well. As the national culture is uplifted . . . well, it may work under the name of the communist system.

Every society must have change. Why is there no change? To change is a natural thing. I think that the idea that there should be no change does not even agree with the philosophy of dialectical materialism! (laughs) So I think there must be change. How to change it? You make it better by improving the cultural characteristics.

My major task, and my belief, is reflected in my opera "Savage Land." The theme of the opera, is that there is a debt between the fathers, and then the son takes on the son, takes revenge upon the sons. This is a feudal idea. It happens again and again. In the opera, he takes revenge [by killing the son of his father's enemy], but although he breaks the chains [on his arms and legs], and physically he is free, yet his mind is not. Then it becomes tragic. This is what I try to say to the audience. This is what I believe, that we have to break up this feudal system, which cannot solve any problems. In the opera, the heroine is to have a child, who is supposed to carry on this revenge. My opera is a fight against this feudal system of old China.

As to the Communist Party, I don't just demand, like other people, "down with the Communist Party." I believe, if the Communist Party can do something good, it's O.K.—basically, it has to do the right thing.

Billington: I found it very interesting that the *Washington Post* criticized the last act of your opera—they would have preferred the opera to end after the hero killed the wife and son of his father's enemy, before he goes crazy from guilt. What you said, I believe, is the most important part—that the hero went crazy because what he did was evil.

Jin Xiang: I don't care what they say. That is just their opinion. A composer, I think, has to follow the lead of what he has thought seriously. I just do what I think is the right thing to do. They only represent their own opinion. The *Washington Times* even has this accusation that I am a model of the Communist Party! One thing that I believe is that I listen to everybody. I don't lock myself in. After I came back in 1979, I listened to all kinds of music, including rock and roll, and learned all the contemporary techniques. But what I want to do is another issue. After I listened to all these kinds of music, I still do what I think is right. This is different, different from locking up my mind. This is also true for art critics.

Billington: Were you persecuted as a rightist in part *because* of your love for classical music?

Jin Xiang: No. In the 1950s, classical music was O.K. Classical music was only forbidden during the Cultural Revolution.

Billington: Were you forbidden to play or listen to classical music during the Cultural Revolution?

Jin Xiang: During the Cultural Revolution, I was already in Xinjiang. At the place where I was, we didn't have any classical music.

Billington: Did you have to do physical labor during those years, or were you allowed to do something related to music?

Jin Xiang: Being a rightist is something very complicated. It's not like being a prisoner in a prison, but you're not a free man either. So, you are something in between, because of your political beliefs. But physically, you can have a job. My work did have something to do with music, but at a lower level. I composed, conducted, organized an orchestra, or rather a local band. Sometimes they would call you out, and say, "Hey, you go out to the farm in the village," and then you had to do that work. Sometimes they sent everyone to the farms, where nothing was related to the music. This happened just before the Cultural Revolution, 1964-65.

At that time, we all went to the farms. I was there until 1973. After 1973, I worked in the regional orchestra as a conductor in Urumqi, the capital of Xinjiang. Primarily, this was the folk music of the minorities. I was there for six years. In 1979 I came back to Beijing.

Billington: What role do you think classical music played in reviving China from the nightmare of the Cultural Revolution?

Jin Xiang: There are two parts. As to classical music itself, it is technically rigorous, it falls in the order of the hierarchy of the universe. It gives people discipline and harmony, in the technical aspects. On the other side, is the spirit; the feeling of classical music uplifts the people, so they would go to a higher phase of reality. I want to emphasize that it was not just classical music [that brought people out of the Cultural Revolution]. It depended also on the government, what the government would do to improve people's lives. But in certain aspects, to a certain degree, classical music does contribute to uplift people and to educate the people in China.

Billington: Who do you think were the most important leaders who supported you and supported classical music?

Jin Xiang: First I'd like to make it clear that I don't quite agree that only classical music, in the sense of *western* classical music, is the only solution that can uplift the people in China. I don't emphasize this just because I happen to work in the music field. In Chinese musical life, there is both western classical music and Chinese classical music and contemporary style, like some light music as well. These can all uplift people. So I would not exaggerate the function of western classical music, as the only solution to the problem. Classical music represents a period of history. I am not the sort of person to emphasize only classical music—I think that is a difference between you and me.

Billington: Do you consider your opera to be western-style classical music?

Jin Xiang: I don't think so. Does your definition of western classical music include romanticism and impressionism?

Billington: They are sometimes called "classical," but they are not what is properly known as classical in their nature, and I have strong disagreements with them, which go beyond the question of music per se, embracing the areas of culture, politics, art, and science, where I think the same division exists. The collapse of our civilization is due to the romantic, impressionist influence, and the loss of the classical love of truth and beauty.

Jin Xiang: Do you believe that the degeneration of contemporary civilization relates to the romantic period of music, including Debussy and so forth?

Billington: Yes.

Jin Xiang: What is the relation?

Billington: Perhaps it is better to go back a bit. The classical period, with perhaps Beethoven as the highest expression, was committed to the idea that art, both music and the physical arts, was a medium through which to express the creative ideas of the mind, in a way which would be intelligible to the viewer or the listener. The audience would be brought to

use the creative powers of his own mind in hearing or seeing such an artistic work, and would therefore be uplifted to a higher order of truth and beauty. They found beauty to be located in the process of solving a problem in a piece of music, which was the same mental process as that required for the solving of a problem in the physical sciences, or economics, or any scientific field—that the same process of creative mentation was involved.

Beginning with the romantics, you begin to see a breakdown in the commitment to scientific discovery, and art became transformed into romanticism and impressionism, which was the expression of the *feelings* of the composer, which in turn were meant to evoke a *feeling* in the listener, but not necessarily to provoke a mental crisis or a mental problem which had to be solved. This is very clear in the case of Wagner. It is not an accident—it is lawful—that Wagner was a fascist, and a racist. If I may take the liberty, I found that the best parts of your opera came when you were trying to express a higher emotion—love or duty. But when you were trying to create an impression of insanity, you used techniques that were basically unintelligible. It definitely

The tragedy of the Cultural Revolution

Violinist Isaac Stern spent three weeks in China in the summer of 1979 as the guest of the Chinese government, accompanied by his family and pianist David Golub. That was the year of the Democracy Wall movement in China, the first breath of hope since the hell of the Cultural Revolution.

The following is an excerpt from the 84-minute videotape on the trip, "From Mao to Mozart: Isaac Stern in China" (©Hopewell Foundation, 1980). The videotape features Stern's master classes with students of all ages from Beijing and Shanghai conservatories, and a rehearsal with the Beijing Philharmonic Orchestra.

The following passage captures a particularly poignant moment during a discussion among Stern, Golub, and officials of the Shanghai Conservatory of Music, in which the deputy director of the Conservatory, Tan Shuzhen, relates his personal tragedy during the Cultural Revolution.

Stern: You have an extraordinary power in China available to you in your young people. But both Mr. Golub and I have reached the same conclusion, all the way through, from everything we've heard, that the young people—8, 9, 10, 11—remarkable. But 17, 18, 19, 20,

does create a feeling, a mood in the audience, and your reviewers liked that part very much!

Jin Xiang: I do not understand what is the difference between getting the feeling and mood of pain over to the audience, but that the idea didn't get across.

Billington: My wife and I both, after the opera, wished that you had used the same methods of composition which you used in the expression of love and duty, when you attempted to express the battle in the mind of a man going insane, instead of the [howling noises].

Jin Xiang: Now I understand. But one question I want to ask, what's your opinion of Puccini? Is he classic or romantic?

Billington: Puccini was able to write so as to bring out the voice, so many of his operas have passages which allow a beautiful voice to come forward, but he is romantic. He is looking only for musical effect.

Jin Xiang: I agree with some of your points of view, to look to music to educate and uplift people. But on the other side,

what I believe, is that sometimes those composers like Puccini and Wagner just cannot be classified as classicist or romanticist. It is not extremely necessary to do so. Because I believe that even in one single composer, there exist both characteristics of classic and romantic. Just as you and I agree on the method I used for love and duty, but not on the other part, as you commented that I take measurements from both sides. So I personally think that it is not that necessary to differentiate them. But your opinion is reasonably good.

Let's go back to the question about the influence of classical music in China. Well, classic music is a gem from the treasure of human culture. It is supported by many people in China. For instance, the Central Orchestra of China performed only classical music in the early days, although they also play some modern music nowadays. The conductor of the orchestra, Mr. Li Delung, loves and advocates classical music strongly. The government basically criticizes rock and roll, but not Stravinsky or modern classical music.

Billington: Since Tiananmen Square, there has been much more repression of intellectual movements. Has this also

21—something happens to them. What happened in between?

Official: Well, originally, you know, the graduates of the conservatory were all taken from the graduates of the primary and middle schools attached to the conservatory. For instance, Ms. Tan-yuen, she was a graduate of the primary school of this conservatory before, but when she reached the age of 18 or 19, there came to be the Cultural Revolution, and these activities, these teachings were stopped. You could see that many of the young people of 18 or 19 years old, they have gone through this period and during that period, nothing was taught and it was quite difficult for them to continue their studies, so the level—

Stern: They couldn't even play.

Official: To play was a crime. Even to listen to a record of classical music was actually a crime. . . .

Tan Shu-zhen: The Cultural Revolution started during the spring of 1966. All of a sudden in May, the storm broke out. I taught Beethoven, Mozart, western music. I taught people to make violins. Those are the instruments belonging to the imperialists, belonging to the foreign devils, belonging to the westerners. It was like a bad dream, like a nightmare.

I was confined to a small room—that's not a room, it's a closet in the basement of the library, just under the stairs. A small closet without window, without light, without ventilation, and there is a septic tank under the

floor and a big pipe. The refuse comes from the toilets through that pipe into the septic tank, and smells very badly. I had to stay there for 14 months. And because of lack of oxygen, lack of air, my legs were swollen.

I think the chief reason they did that to all the old professors and teachers is just to get rid of us because they want to get power, to get control of the conservatory, to get control of the music.

But during that period, I was not allowed to come out. I had to stay in the dark room all the time. Somebody would send me something to eat, I was allowed to come out for a few minutes every day to get a little water, to go to the toilet. And once, when my daughter came from Beijing she wanted to see me, and the Red Guard told me, "Your daughter wants to see you, but I will allow you only five minutes to talk with her." And with his presence.

So, it was in the evening, she led me to a corner of the wall and I saw my daughter in the dark, with my granddaughter of seven years. When I saw my granddaughter, my granddaughter called me grandfather. I couldn't restrain my tears, because I was treated as a criminal, sometimes we were treated as animals.

Ten of our teachers died by suicide, because they couldn't stand the humiliation and torture, especially the torture of the mind and the humiliation. Of course we were beaten, we were kicked and beaten in many ways, but, I think, that's all right compared with the humiliation. We were treated as criminals because we taught them western music.

Classical music uplifts people, so they would go to a higher phase of reality. . . . If everyone is uplifted by a great culture, by doing that, we can save China.

badly affected the work in music?

Jin Xiang: After June 4, I personally decided to leave, although I was not involved in any political activities. Because of my language problems, I had to go to the Foreign Language Institute to study. It took me about six months to learn English right after June 4. Then I took a trip to Germany, to a conference in Munich. After I came back, while preparing to tour the U.S., I also composed a light opera, called "Sunrise." So I was not aware of any suppression of music work at that time. In 1990, around July, I left for the States.

Billington: You're planning to go back, are you not?

Jin Xiang: I'll go back. My idea is that to contribute as a composer myself, I have to study the national Chinese music as a foundation, in order to make a contribution also to the whole human race. That's why after 1979, although I had many chances to study abroad, I decided to work in China for a while. On the other hand, I would not stay in China all the time. Since only through a solid understanding of our own national music, and through exchange with the entire outside world, can someone write good music. So after 1988, I started to exchange with the outside, but my idea was still to stand on the land in China. I wanted to spend just a few years abroad for musical exchange. After these years, I will go back. This is my story.

My belief is I will go back to China to help the country to revive the culture. Many people ask if I want to stay. I say that as a composer, I should stay where the necessity is, but of course the root is still in China. I think the problem in China is more complicated than whether there is the Communist Party or not. There are several thousand years of history—a beautiful land and the good Chinese people. Any party would have to administrate the same sort of people on the same land. Now, I try to view the problem from the worldwide standpoint. I should face the whole world. So when people ask me if I would like to go back, I reply that, "I'll go back and I'll come out. If I come out, I should not stay in one place such as the U.S.; I should also see, for instance, Europe and Russia, etc."

Interpreter: We heard that some of your singers had left. Where did they go?

Li Dao-chuan: America.

Billington: I heard about this, the musical brain drain. So the best singers are leaving?

Li Dao-chuan: The best singers in the country are all leav-

ing. We had eight Carmens! They all left. Now we don't have Carmen in China any more.

Billington: Is that because there is no future for them in China?

Li Dao-chuan: There are two reasons. First, they have made achievements in music. Then they search for something better; a better living standard in the West, for instance. Also, they have more chances to perform, because in China, the company only performs two operas per year. They have much less opportunity to perform. There are many companies, but it is very difficult to move around.

Billington: Is there a brain drain among the musicians as well as the best singers?

Jin Xiang: Yes, yes. Very few come back. People like me who make something big in the West are few. But I am not looking to stay or buy a house. After these years, I now don't think about these very personal things. So when you ask me whether I would stay, I would say: I can go back and come out, just to create art in the whole world. My idea is that I should come to the outside world, to meet people like you, to discuss things. For example, if I hadn't come, then I would not have seen you! You have some fresh new ideas for me that I must learn. Exchange means two brains have a storm and confront each other.

Billington: Are you concerned that you might be attacked for supporting western-style music? In the Cultural Revolution, simply supporting this kind of music was condemned as promoting "peaceful evolution."

Jin Xiang: Not only did they criticize classical music as enemies—they labeled Beethoven as bourgeois, and criticized Mozart in the same way!

Li Dao-chuan: They even attacked Confucius!

Jin Xiang: The Cultural Revolution became extreme at that time. The attack on Confucius was for political purposes.

Billington: You're not concerned that this is going to come back?

Jin Xiang: I don't think so. It was too childish. The basic problem that is now debated in China is not whether we support classical music or not. What they discuss now is "melodyism" and "nationalism" in music. After June 4, the government put more emphasis on nationalist music. This is not bad, but if it goes to extremes on this, it can be a problem. Anything that goes to extremes would cause a problem.

'Don't sacrifice German musical heritage to budget austerity'

This open letter to Dr. Bernhard Vogel, the prime minister of the eastern German state of Thuringia, was released by Eisenach State Theater concertmaster Seth Taylor, following the announcement of a 30% cut in the budget for the state's cultural activities.

March 22, 1992

Honorable Dr. Vogel:

I am an American concert violinist, receiving a Master's Degree in performance at the Juilliard School in New York City. As chamber music soloist, I have concertized in most of the west European capitals, as well as throughout North America and in Southeast Asia. In February 1991 I took a concertmaster position at the Eisenach State Theater. I knew in advance that doing this involved risk; indeed that I was accepting a pioneer's challenge in which I would sacrifice a materially comfortable life for an uncomfortable one. My salary was to be 1,200 marks. To make a telephone call remains a difficult task. An hour per day is lost to the operation of the central coal heating in the cellar of our house.

My decision to come here was based upon a passionate desire to help bring about a cultural revival in a region which, until the Nazi-Communist repression, played a leading role in the development of world culture. Thuringia is still today world-famous for having laid the conditions under which man would achieve works of unsurpassed beauty in the ages to follow. The importance of Eisenach to music, as the birthplace of Bach, is somewhat comparable to the importance of Salzburg as the birthplace of Mozart. In Eisenach's Wartburg Castle, Martin Luther escaped the wrath of his ideological enemies. Today, Salzburg is glowingly beautiful, while Eisenach wallows in material poverty.

In 1990, the then-West German government developed a strategy for establishing a healthy economy in the east. To this was added measures for defending and promoting important elements of East German cultural identity. For 1992 the government of the state of Thuringia had committed 90 million marks—most of it from Bonn—as their contribution for the good of Thuringia's theaters. This would enable them to keep their doors open, nothing more. Eisenach's share was 8 million marks.

Now I appeal to you, Dr. Vogel! Early this month, a few

weeks after you replaced Mr. Duchač as prime minister, you said, "It puts me to sleep to think that in such a small state as Thuringia, fully 83 branch theaters are in existence!" Last week, it was discovered that your administration intends to reduce its contribution to 60 million marks, in order that more money be used for promoting the "economic sector."

In no way can economy benefit through the sacrifice of theater! As a teenager in California, I already witnessed the practice of such theory: When I was 12 years old, Ronald Reagan became governor. Massive cuts in funding for the arts, including those of my school, were introduced. I found other ways to continue music study, but for hundreds of fellow students, a profound demoralization took hold, which eroded the discipline, the desire to learn. By the time I graduated, the school environment had become bestialized: Drug abuse, teenage pregnancy, and dropping out became commonplace. Illiteracy climbed. Several schoolmates were killed in armed clashes with other schoolmates. The son of one of my teachers was imprisoned for manslaughter. Today the official illiteracy rate in the U.S. is 19%. Is it then any wonder, that the U.S. is experiencing a profound economic downturn? By cutting art, we cut the means to build character, the will to develop our minds, the industry of the nation, the tax revenues of the state, and so on.

The great citizen of Weimar, Friedrich Schiller, said the following of theater: "Human nature cannot bear the constant, unrelenting grind of business. Surfeited with animal pleasures, weary of long exertion, man thirsts for better and finer amusement. If he does not find it, he will plunge into debauchery which hastens his ruin and destroys the peace of society. . . . The businessman is in danger of becoming a miserable hypochondriac in return for the life he has generously devoted to the nation. The scholar is likely to sink into dull pedantry, the common man becomes a brute."

The theater, as well as the other institutions of art, are the workplace for the development of our citizenry. I appeal to you, Dr. Vogel! Don't repeat the mistakes of the U.S. here in Thuringia, certainly not here in Eisenach. Restore full funding to our theaters and cultural institutions.

Very truly yours,
Seth Taylor
Eisenach

Turkey falls into British trap; regional war looms

by Joseph Brewda

The U.S., British, and French governments have set up a new destabilization of the Mideast. Over the weekend of March 21-22, Turkish military and gendarmes in seven Kurdish ethnic towns in southeastern Turkey opened fire on Kurdish demonstrators, who reportedly had been peacefully demonstrating for Kurdish autonomy. Ninety demonstrators died as a result, according to the Turkish government, sparking sporadic fighting between Turkish military forces and Turkish Kurds throughout the region. "At least 50,000 rounds were spent. They [the Kurds] fired without let-up on armored vehicles with rockets and automatic weapons," Southeast emergency rule governor Unal Erkan reported, in describing one incident. Over 400 Kurds are being detained, and curfews have been imposed in several areas.

"From now on, the Kurdish insurrection can only be suppressed with a bloodbath," Turkish President Turgut Özal told the press, alleging that earlier efforts at counterinsurgency had been ineffective. The United States and Britain have armed and funded various Kurdish groups in the area, to organize a rebellion in Iraq, CIA head Robert Gates and others have admitted. The same groups claim part of Turkey. Özal failed to mention this fact. Turkish jets have begun bombing towns in the region, asserting that such actions are necessary to quell the "rebellion."

Even more ominously, Turkey is threatening war with Syria and Iran, and has begun bombing Kurdish villages in northern Iraq. Turkey claims that the three states are supporting and training the Kurdish Workers Party (PKK), allegedly responsible for the fighting. Although the PKK is described as terrorist, there is at least one known incident in which U.S. military forces on the Turkish/Iraqi border have airlifted weapons to them, according to reports, including in the Turkish press.

The British and U.S. governments officially support the

recent actions by Turkey against the Kurds, and its threats against its neighbors, leading Turkey to believe it has a deal to extend its influence throughout the region, something it was promised after the Gulf war. "The United States condemns acts of terrorism launched in the past week by the PKK, the terrorist organization in Turkey and abroad," State Department spokesman Margaret Tutwiler said on March 24. U.S. and British media have by and large supported the measures, as have the Israelis. General war in the region, ruinous to all sides, including Turkey, is Anglo-American policy.

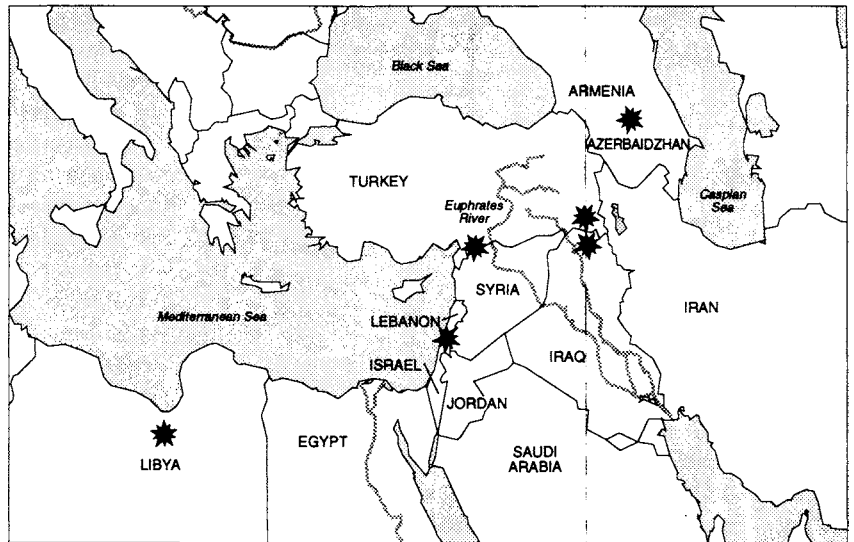
Other potential conflicts in the region include a U.S. strike against Iraq, Iran, or Libya. On March 28, CIA director Gates, testifying before the House Armed Services Committee, claimed that Iraq had already succeeded in "significant reconstruction" of its military industry, and warned that Iran has "not yet abandoned the goal of leading the Islamic world." On March 31, the United Nations Security Council passed a resolution (10-5) imposing sanctions against Libya for alleged sponsorship of terrorism; the U.S. media are claiming that Libya will seize western hostages. The sanctions include a severing of Libya's air links, an arms embargo, and a reduction in the number of Libyan diplomatic personnel in foreign countries. The moves are programmed to go into effect April 15.

Conflicts with Syria, Iraq grow

Under the pretext of quelling the uprising which the massacre initiated, Turkey has amassed 100,000 soldiers in Turkey's Kurdish region, which borders Syria, Iraq, and Iran. The populations in those three countries along their borders with Turkey are also Kurdish.

Using as a pretext the claim that PKK cadre infiltrate Turkey through Iraq, Turkish jets have begun bombing Kurd-

Crisis spots in the Middle East which are nearing all-out war



ish villages in northern Iraq. Limited deployment of Turkish ground forces into Iraq has begun. Speaking on March 24, Turkish Prime Minister Suleyman Demirel declared that “as soon as the weather permits, the Iraqi border will be made like a wall.”

Meanwhile, Turkey is threatening to bomb alleged PKK terrorist training camps in the Syrian-controlled Lebanese Bekaa Valley, and will be dispatching Interior Minister Ismet Sezgin to Syria the second week of April with an ultimatum. “It’s impossible to kill each mosquito one by one—you have to exterminate the breeding grounds,” Demirel said on March 29, in explicit reference to Syria, adding, “it should be clearly understood our patience has a limit.” According to the Turkish paper *Milliyet*, Turkey is threatening to cut off the flow into Syria of the Euphrates River, which supplies Syria with almost all its water, if Syria does not comply with Turkish demands. “Now is the time to finish Syria off, as there is no longer a Soviet Union to support it,” Turkey’s largest daily, *Sabah*, editorialized March 27.

For such reasons, a Turkish-Syrian war this spring is possible. If it occurs, Israel would probably simultaneously invade Lebanon and Syria as well. Lebanese forces, fearing Israeli attack, went on full combat alert in the last week of March. Turkish conflict with neighboring Iran is also possible. Iran began moving more of its forces to the Turkish border immediately following the deployment of Turkish troops nearby.

In Turkey’s interest?

The Turkish military is working under the following scenario, according to sources close to it.

The first phase involves Turkey establishing a 20-mile “security zone” within Iraqi territory, allegedly to stop PKK infiltration. The zone is modeled on that which the Israelis established in Lebanon. The Turkish-Iraqi border is moun-

tainous. An important feature of the proposed “security zone” is that, by allowing Turkish military control over northern Iraqi valleys, Turkey will be better positioned to deploy its ground forces throughout the Arabian peninsula. Turkey fantasizes that it can then dominate the Arab lands it controlled prior to World War I. Last March, Özal and Bush discussed the creation of this zone.

The second phase of this scenario may begin with a Bush administration announcement that it will ask the U.N. to lift the blockade on northern Iraq, while maintaining a blockade on the rest of the country. The pretext given will be a “humanitarian crisis” in Iraqi “Kurdistan,” allegedly created by an Iraqi military blockade of the region. Those sections of Iraqi “Kurdistan” controlled by the Kurdish forces of Masud Barzani and Jalal Talabani, both openly patronized by the Anglo-Americans, will be supplied through Turkey. Whether or not sanctions against northern Iraq are lifted, the Anglo-Americans are angling for the creation of a Kurdish puppet government in the region.

The third phase of the scenario, or so the Turks believe, involves the gradual assimilation of the northern oil-rich Iraqi Kurdish region by Turkey, under the cover of this new Kurdish entity. Turkey had been promised this region by former U.S. Defense Secretary Caspar Weinberger and others in the fall of 1990, as Turkey’s reward if it did Anglo-American bidding in the Gulf war. Turkey did

Unfortunately for the Turks, the scenario is a trap. Anglo-American policy is general war and the weakening of all states in the region, including Turkey. All important Kurdish organizations, the PKK included, are controlled by the British, and secondarily the Americans, French, and Israelis. A Turkish “Vietnam” in its own Kurdish regions, and those of its neighbors, simultaneous with conflicts with neighboring Armenia, and to the west with Greece, will shatter Turkey, a British-French objective since the First World War.

Now, it's the Zionist-Turkish lobby

by Joseph Brewda

"The present policy of Germany corresponds to that of Hitler Germany." So said Turkish President Turgut Özal on March 29, after Germany suspended its arms sales to Turkey in protest of the use of those arms in attacking Turkish and Iraqi Kurds. That same day, a cartoon in *Hurriyet*, a leading daily, depicted German Foreign Minister Hans-Dietrich Genscher with a swastika armband giving a Hitler salute, while *Sabah*, Turkey's largest newspaper, editorialized that "only a strong Turkey can prevent a German *Drang nach Osten*."

Simultaneous with this unprecedented attack, the U.S.-based World Jewish Congress denounced German Chancellor Kohl for meeting Austrian President Kurt Waldheim (see page 54), who the WJC and the U.S. government have claimed is a Nazi war criminal. At the same time, the Center for Security Policy, a Washington-based Zionist lobby group chaired by former Reagan-Bush Defense Department official Frank Gaffney, denounced Germany for cutting off Turkish military aid, for allegedly supporting the Kurdish terrorist PKK group, and for the Kohl-Waldheim meeting. "With friends like Germany, does Turkey need enemies? Bonn's arms cutoff amounts to support for terrorist PKK," the headline of one of Gaffney's statements read. The group had earlier claimed that German exports built the Iraqi military machine that threatened Israel.

This propaganda barrage is all the more curious, because a coordinated Turkish/Israeli war against Syria, allegedly because of its support for Kurdish guerrillas, might be in the offing. Since 1989, and especially since the Gulf war, the Turkish and Israeli lobbies have worked closely together.

How it got set up

In 1989, Richard Perle, the former Reagan-Bush Defense Department assistant secretary, formed International Advisors, Inc. (IAI), whose sole task is "to assist in the efforts for appropriation of U.S. military and economic assistance" to Turkey, according to its own statement filed with the Department of Justice. Perle had known Özal since at least 1983, when Özal came to power as Turkish prime minister. After leaving government in 1987, Perle flew to Ankara to propose that Turkey create an organization detailed to lobby the U.S. Congress on military appropriations concerns. According to Turkish sources, Perle pointed to the efficiency of the Zionist

lobby as a model for Turkey. He should know. In 1970, Perle was caught on a National Security Council wiretap giving classified information to the Israeli Embassy in Washington; in 1978, his long-time associate Stephen Bryen was the subject of a Justice Department investigation for similar reasons, although no indictments were issued to either man. Both are associated with networks that sponsored and protected convicted Israeli spy Jonathan Pollard.

Partners in Perle's firm, which receives \$875,000 a year to lobby for Turkey, include Morris Amitay, the former executive director of the American Israeli Policy Action Committee (AIPAC), Israel's unofficial lobby organization in Washington. Other partners include Mark Feldman, the former deputy legal adviser of the State Department under Judge Abraham Sofaer, the official who "bungled" the Pollard case. Douglas Feith and Michael Mobbs, two former underlings of Perle at the Pentagon, are also partners. All of the firm's partners are advisory board members of the Center for Security Policy, which is now leading the charge against Germany. The director of that organization, Gaffney, is another former Perle aide.

Turkish sources say that Paul Henze, the former CIA station chief in Ankara and now at Stanford Research Institute, and Heath Lowery, reportedly the former CIA section chief in Istanbul under Henze, who now heads the Washington-based Institute on Turkish Affairs, work closely with Perle, as does Rep. Steven Solarz (D-N.Y.).

The Pentagon sponsor

The main interface between the U.S. and Turkish military and corporate establishments has been the American Turkish Friendship Council (formerly known as the American Friends of Turkey). Perle, Solarz, Henze, and Lowery have all sat on its board. The group serves as a conduit for U.S. orders to Turkey. It is here, Turkish sources say, that Turkey was told to deepen its relations with Israel. Key board members include Morton Abramowitz, who retired as ambassador to Turkey this past year, and had previously served as the chief of State Department intelligence; and Robert Strausz-Hupé, who as ambassador to Ankara in 1983, reportedly selected Özal as the new prime minister, according to an acknowledgement note by Özal later leaked to the Turkish press. Former U.S. Attorney General Elliot Richardson, whose clients have been key to the arms trade with Iran, and Princeton professor Bernard Lewis, the architect of the "Arc of Crisis" strategy of encouraging wars and revolutions throughout western Asia and the Middle East, are also key figures.

It was at the council's 1989 annual conference that Gen. James Vaught, the former head of U.S. forces in Turkey, proposed that U.S. ground troops be stationed there, to free up the Turks to deal with Iraq and Syria. The first phase is now complete; the second might soon begin—with the aid of Israel.

Iraqi children seek medical care in U.S.

by Nancy Spannaus

Five children from Iraq arrived in the United States on April 1, in order to get medical care for wounds which they suffered during the Gulf war and which cannot be treated in Iraq due to the ongoing embargo.

The children, who range from ages 10 to 15, will be treated in the Children's Hospital of Richmond, Virginia. Their care was arranged by Dr. Ali Hossaini of Richmond, a well-known faculty member of the Medical College of Virginia. The hospital has agreed to treat them without charge.

The children are being sponsored by the Committee to Save the Children in Iraq, and were aided in their trip from Baghdad by the services of the United Nations, which flew them free of charge from Baghdad to Amman, Jordan; Royal Jordanian Airlines, which made special arrangements for their trip to Germany; and Lufthansa of Germany, which made special arrangements for their trip to the U.S.

The Committee to Save the Children in Iraq is a non-partisan initiative which was begun in May 1991 by the Schiller Institute, the International Progress Organization, and the Patriarchate of the Chaldean Church of Babylon. This is the third time that the Committee has brought children from Iraq for medical treatment; twice before they've been treated in Germany.

This is only the second group of children to come from Iraq to the United States for medical care; the first group of four children was sponsored by a group in New Jersey.

The children

The group of children, who were accompanied to the U.S. by Mrs. Muriel Mirak-Weissbach of the Committee to Save the Children in Iraq, is composed of two boys and three girls.

The oldest child is 15-year-old Ibtisam Abdul Khitter. She suffered a crushed leg and bone infection after her home in the Iraqi town of Nasiera was hit by a bomb.

Another girl, Hiba Ibrahim Abdul Razak, 12, lost the fingers on her right hand during bombing in Baghdad, and the third, Farah Kareem Kathim, 10, suffered a paralyzed right arm from an explosion in the town of Karbala.

The two boys had face and eye injuries. Hayder Hassan Salman, 10, was hit in the eye during shooting in Baghdad.

Loai Ali Aziz, 11, suffered severe burns to his face during skirmishes between Iraqi troops and Kurds in the northern city of Kirkuk in the war's aftermath.

The injuries are typical of those suffered by many Iraqi children in the aftermath of the brutal war.

Why they can't be helped

The question that was immediately raised by the media who gathered when the children arrived at Dulles International Airport, was why the children could not get adequate medical care in Iraq. Mrs. Weissbach emphasized that the United Nations-sponsored embargo was to blame. Because Iraq cannot sell oil or spend its foreign assets, it cannot afford to purchase the medical supplies which are essential to perform plastic surgery and reconstructive surgery of the kind these children need.

"They don't have the anesthesia," Mrs. Weissbach stressed. "Heart surgery has virtually stopped, for example. And if these children were not here, there would have been no further or better treatment available to them."

Mrs. Weissbach explained the conditions which she had observed in Iraq during her trip to pick up the children. She noted that while electricity and water supplies are being restored broadly through bubble-gum-and-paste methods, the food supply situation is disastrous. As for medicines, the supplies are limited to what is contributed, which is nowhere near the half billion dollars worth Iraq used to purchase yearly prior to the embargo.

Future plans

Dr. Hossaini, a professor of pathology at the Medical College of Virginia, took the occasion of the press conference to express his gratitude to various institutions for facilitating the children's visit. This included the Children's Hospital and its medical director; the Committee to Save the Children in Iraq; and the U.S. State Department, which provided the visas cooperatively.

Dr. Hossaini also reported his plans to bring at least 15 more children to Virginia for treatment, and announced that he has been told to expect cooperation from the Wilder administration in Virginia.

The committee

The Committee to Save the Children in Iraq has been involved since its inception in three levels of action: 1) providing immediate relief for children such as the present action; 2) facilitating the delivery of necessary equipment to Iraq for use in medical care and other care for Iraqi children; and 3) promoting the rebuilding of infrastructure in the region. Collaborators of the Committee in the U.S. from the farm community and the Chaldean Church have sent three shipments of milk powder to Iraq over the past few months.

The Committee has vigorously opposed the ongoing embargo against Iraq.

EIR editor warns Mexico on NAFTA

"The only ones that will benefit from the proposed North American Free Trade Agreement [NAFTA] are Wall Street bankers," said Dennis Small, longtime adviser on Ibero-American affairs to political prisoner and U.S. Democratic presidential candidate Lyndon LaRouche, according to the Mexican daily *Diario del Yaqui* on March 29. The LaRouche aide and *EIR* editor, and his wife Gretchen Small, just concluded a two-and-a-half week tour of Mexico. The main purpose of the tour "was to make known the situation of American political prisoner LaRouche," reported *Diario del Yaqui*. Small himself is a former political prisoner who spent 25 months in a U.S. federal prison after being convicted along with LaRouche and other members of his movement.

Tribuna del Yaqui, another daily that circulates primarily in the state of Sonora, noted on March 29 that "LaRouche is not an abstract figure; his struggle is intimately linked to Mexico and the other nations of Latin America." The day before, *Tribuna* published a full chronology of the U.S. government persecution of LaRouche, including the role played by Henry Kissinger. The paper reported that LaRouche got in trouble "precisely because of his valiant opposition to the designs of the International Monetary Fund [IMF], designs to benefit speculation, usury, and the payment of foreign debts of countries, even if that results in genocide."

On March 24, Small met in the city of Mexicali with legislators from the state of Baja California Norte, and briefed them on the LaRouche case. The next day he briefed legislators at a meeting in Sonora State Congress, in the state capital of Hermosillo.

In Guadalajara, Jalisco, Small held a joint press conference with Fernando Espinoza de los Monteros, president of the Mexican chapter of the International Association of Penal Law. "There are internal pressures on the part of the United States government against all those forces which oppose George Bush's new world order and, in this sense, which oppose NAFTA. We have known LaRouche for more than 10 years and we know that he is one of the most outstanding proponents of an international economic order based on justice and development," said Espinoza. The Mexican jurist said that since LaRouche became "a serious contender for the presidency, crimes have been invented to deprive him of his freedom through a totally fixed trial. Now the United States, which violates human rights in Panama, Iraq, and elsewhere, assaults one of its own citizens."

Also in Jalisco, Cong. J. Jesús González Cortázar, elected to Mexico's federal Congress on the ticket of the ruling PRI party, issued a statement denouncing the persecution against LaRouche. "It is incredible that in the United States, self-proclaimed champion of human rights, there exist political prisoners such as Lyndon LaRouche and the Puerto Rican nationalists," said González, who is also president of the National Confederation of Small Landowners.

Small briefed the Human Rights Commission of the House of Representatives of Mexico's Congress on the LaRouche case during a previous visit earlier this year.

American consul challenged to debate

To counter the enthusiastic response accorded to the LaRouche representatives, the U.S. consul in Hermosillo suddenly convened a conference in Obregón, Sonora on March 26 to extol NAFTA. Small had long been scheduled to speak on NAFTA to businessmen there the same day.

But 40 Obregón business leaders and reporters came to hear Small. The LaRouche spokesman challenged the U.S. consul to a debate. "I wish to ask the U.S. consul how dare he come to lie to Sonorans that they should join the vibrant, developed, and modern economy of the United States, when he knows full well that the United States is now suffering an economic depression as bad as that of the 1930s," said Small. "George Bush and his neo-liberal economic policies have destroyed the American economy," he added, reported the March 29 *Diario del Yaqui*. Former Sonora state legislator Alberto Vizcarra, a leader of the Schiller Institute and of the Ibero-American Solidarity Movement, said that unless the neo-liberal financiers are stopped, "the world could suffer an economic collapse of previously unknown magnitudes."

According to *Diario del Yaqui*, Gretchen Small "showed how the United States is dismantling the armies of Latin America with the aim of turning the soldiers in this part of the world into cops at the service of the Americans, as is currently happening in Panama and almost occurred in Venezuela." A study she co-authored last year with her husband Dennis, "The Bush Manual to Eliminate Ibero-America's Armed Forces," has sent shock waves throughout the continent. In it, the Smalls reported on U.S. administration plans to do away with Ibero-American militaries, because they are an obstacle to the IMF.

On April 2, the widely read Mexican magazine *Impacto* included a recent interview with Dennis Small. According to *Impacto*, Small charged that there exists an alliance between Bush, Venezuelan dictator Carlos Andrés Pérez, and other political and financial figures on the continent to enforce IMF dictates. The Bush White House is allowing certain leftist groups to take power at some levels, so long as they do not oppose IMF plans, charged Small, according to *Impacto*, which warned that Mexico was "unavoidably" in danger of being converted by the United States into the first link of a giant Ibero-American *maquiladora*.

Bush 'big stick' doctrine falls flat in Ibero-America

by Valerie Rush

Bush administration sponsorship of a multinational intervention force to prop up Ibero-America's failing "free market democracies" miscarried at the late March meeting in Buenos Aires of 11 foreign ministers of the so-called Rio Group. The proposed multilateral force, presented by the stooge government of Argentine President Carlos Menem, was vehemently rejected by the Rio Group despite a personal appeal for foreign military backing issued the same week by Venezuela's beleaguered Carlos Andrés Pérez.

According to the final communiqué of the Rio Group, which made no explicit reference to the Menem proposal, "In no case can political, economic, or social difficulties developing in countries as a consequence of internal or external factors be turned into a pretext that can be used to transgress the institutional juridical order." Particularly strong were the comments of Mexican Foreign Minister Fernando Solana, who said that "democracy must conform to the soul of each country, and can never arrive through the agency of a foreign army." Uruguayan Foreign Minister Héctor Gros Espiel emphasized the same point, insisting that "democracy cannot be carried at the point of a bayonet, but only by the will of the people. . . . One must be inflexible with respect to the principle of non-intervention."

The Venezuelan President's desperation to sway the ministers in his favor was reflected in his comments to the Mexican daily *El Nacional*, published March 28, in which he insisted on the concept of "supranational rights which should be defended by the entire Latin American region." One of those rights, he argued, was to "multilaterally defend" the popular will, "as expressed at the ballot box." Pérez insisted that "in defending the principle of non-intervention, Latin America has lamentably fallen into indirect support of dictatorship."

The drive for a multinational deployment force was not only roundly defeated by the foreign ministers in Buenos Aires, but was nearly universally denounced inside Venezuela as well. Leading opposition congressman José Rodríguez Iturbe issued a statement to the press saying that "no military presence, not even in the event of a coup, would be admissible" in Venezuela, and that "our law and order, or disorder, are our business. . . . We don't want a superpolice, or a

superjudge, to tell us how to behave."

Former President Luis Herrera Campins penned a March 29 newspaper column, entitled "Don't Help Us, Mr. Danger," which asked bluntly if the United States "has lost its marbles, and all sense on how to treat its friends?" Even Defense Minister Fernando Ochoa Antich, a staunch supporter of Carlos Andrés Pérez, and Venezuelan Ambassador to the Organization of American States Guido Groscors, thoroughly opposed the idea of "an inter-American military force."

A 'second independence'

The unified stance of most of the Americas against a renewed "big stick" doctrine on the part of the Bush administration and its stooges leaves Washington with few options in the face of Ibero-America's spreading "second independence" movement. Any attempted military intervention in the name of preserving rotten "International Monetary Fund [IMF] democracies"—with or without the fig leaf of multilateral backing—would trigger civil-military explosions across the continent.

It comes as no surprise, for example, that a recent poll of the Brazilian military delivered to President Fernando Collor de Mello revealed that the majority of the Armed Forces consider the Feb. 4 military uprising in Venezuela to have been an example of "laudable nationalism." Most of those polled expressed "alarm" at the degree of corruption afflicting Collor's own administration.

Indeed, the extensive cabinet shuffle which President Collor ordered the last weekend in March was viewed by many as a "last-ditch" effort to preserve his government. According to one prominent Brazilian analyst, "Collor was either going to clean up his government, or fall with it." The April 1 *Washington Post* reported, "Many observers had begun to fear that Brazil's democracy. . . might go the way of Venezuela, where President Carlos Andrés Pérez recently faced a coup attempt from military officers dissatisfied with government corruption."

In Peru, military outrage at corruption in the upper ranks and impossibly low wages is creating "severe tensions," according to *Sí* magazine. Another weekly magazine, *Oiga*,

concluded an article on the spreading unrest within the Peruvian Army with the comment that “the winds from Venezuela are kicking up dust in the Peruvian barracks.”

Unrest in Argentine military circles is apparently widespread enough to trigger rumors that some military action would be attempted on April 2, the 10th anniversary of Argentina’s retaking of the Malvinas Islands from Great Britain. Rumor or not, President Menem was reportedly sufficiently nervous that he refused to leave the city to travel south to Rio Gallegos where an anniversary celebration had been planned. According to the daily *Clarín*, the presidential palace, the Casa Rosada, was transformed into a rumor-monitoring center in anticipation of a possible nationalist military action on April 2. Menem’s repeated, if transparent, attempts to involve the nationalist *carapintada* military movement in last month’s terrorist bombing of the Israeli Embassy in Buenos Aires, is one more symptom of the President’s worsening case of nerves.

The “pots and pans” demonstrations, known as *cacerolazos*, which were employed in citizens’ protests against the government in Venezuela, are now being adopted in Bolivia and Colombia as well. On March 26, some 20,000 teachers, workers, students, and housewives took to the streets in La Paz, Bolivia to attack the pro-IMF economic policies of the social democratic Jaime Paz Zamora government. Mass opposition to the government’s policies, coupled with growing rumors of military rebellion in that country, forced Paz Zamora to reshuffle his cabinet two weeks earlier.

That President Paz, like his Venezuelan colleague, is feeling less than confident in the longevity of his administration was suggested by his April 1 deployment of the special GES police unit against several thousand rural and urban teachers, who were peacefully marching in downtown La Paz for better wages. In what was described as an unprecedented brutal assault, the GES forces used rubber hoses against teachers and journalists alike. A state of siege is now feared, while the teachers and other workers are pledging to return to the streets in force.

In Colombia, workers and housewives from several different federations organized a *cacerolazo* on March 28 against the César Gaviria government’s free market austerity program, in explicit imitation of the Venezuelan example. SEAP, a political association linked to former President Carlos Lleras Restrepo, published a statement April 1 pointing to the half-million unemployed resulting from Gaviria’s radical free market “opening,” and warning that the “enormous cost” of such policies “could have unpredictable results, seen in the experience of other countries in which there have been breaks in the democratic form of government and the emergence of populist movements.”

Repression, and more repression

Inside Venezuela, the temperature continues to rise daily. The government’s refusal to lift its ban on such

constitutional rights as the freedom to assemble is being repeatedly challenged by growing numbers of Venezuelans, despite the Pérez government’s determination to hold on to power through brute force and repression. On April 2, in the face of warnings by Interior Minister Luis Piñerua that the action would be considered illegal, citizens assembled in Caracas for a silent march of protest. They were met by billy clubs, water cannons, tear gas, and mass arrests. On April 8, a “civic strike” against the government is being planned nationwide, to test the government’s alleged restoration of the right to strike.

Amid official reports that 45% of all Venezuelan households live on less than the minimum wage, and that 80% of the population lives in a situation of relative or critical poverty, a mission from the despised International Monetary Fund dared to make an appearance in Caracas, where it announced that the government’s budget deficit was unacceptable. The IMF “technicians” proposed either more budget cuts or imposition of a new sales tax, similar to that being imposed—and fiercely resisted—in several other Ibero-American countries. According to the March 31 *El Nacional*, the IMF crew is “optimistic” because the Pérez government has indicated its willingness to impose the tax, even if not in the “short term.”

Col. Hugo Chávez, the leader of the rebel military forces known as “the Bolivarianos,” has been issuing a stream of communiqués and appeals to the nation to take on the task of rebuilding their nation—morally, politically, and economically. In a letter addressed to “the Venezuelan people” and published in *El Nuevo Diario* of April 1, Chávez urged Venezuelans to “escalate the fight against this corrupt government.” He asked, “How long are you going to accept such insult, such offense? Is there no way of making the dictator Carlos Andrés Pérez resign?”

And, in a direct challenge to the high military command which has remained loyal to the Pérez government, the *Bolivarianos* scored the army generals for their distance from the people: “Our generals never imagined that while they were out making political contacts for their next post and enjoying sumptuous parties with funds from the budget, the lower ranking officers were meeting to discuss the rise in unemployment, interest rates, the collapse of agro-industry, and expanding poverty.”

Addressing a public forum at the Central University of Venezuela on March 30, Gen. Carlos Santiago Ramírez (ret.) summed up the rebels’ challenge in comments covered extensively in the press of Venezuela and in numerous other Ibero-American countries: “There is no democracy here. . . . We have a dictatorship of the party elites, of corruption, and of injustice. . . . No one can conceive of a people participating in its own destruction. We must not lose sight of the fact that what is known as democracy in this country is linked to the great centers of power; a ‘democracy’ connected from its inception to foreign capitalism.”

South Korean government weakened by parliamentary elections

by Lydia Cherry

The Noh Tae Woo-led ruling party in South Korea was significantly weakened in parliamentary elections on March 24. The results indicate that the South Korean President, whose five-year term ends in February, will have increased difficulty during his remaining time in office in maintaining tight control over his "Northern Policy," which sought to achieve the peaceful reunification of the Korean peninsula.

In the last few months, the Noh government has repeatedly tried to defuse constant provocations from the United States and Great Britain for a military action to "take out" the nuclear weapon capability that North Korea may be in the process of developing. South Korean officials are critical of the strong pressure the United States, in particular, has been exerting on North Korea, according to some South Korean press reports.

British press outlets and Eastern Establishment media in the United States could not hide their glee that the election had dashed President Noh's hopes to create in South Korea a party—similar to Japan's Liberal Democratic Party (LDP)—that would have internal factions, but would function as a permanent majority force. London's *Financial Times* titled its March 27 coverage: "Voters Reduce Korean President's Dream to Ashes." A *New York Times* editorial, "Democracy Wins in South Korea," also gloated over the ruling party's loss. The British wire service Reuters predicted that the ruling coalition party that Noh heads, the Democratic Liberal Party (DLP), may split into two or three before the presidential election expected in December.

In addition to the strong showing of the two opposition parties, there is also danger of President Noh losing control of the ruling coalition to Kim Young-Sam. Kim, a former opposition party leader whom Noh wooed into the DLP in 1990, is looked upon favorably by the U.S. State Department, and on occasion has been visited by Henry Kissinger in Seoul.

The vote tallies

In the March 24 elections, the ruling party lost votes from two sides. From the left, the main opposition group, the Democratic Party, increased its representation in parliament by 50% and now has 97 seats in the 299-member National Assembly. The DP, also a recent amalgamation of several

parties, is steered by long-time opposition leader Kim Dae-Jung, who is even more closely tied to circles in the U.S. than Kim Young-Sam is. Kim Dae-Jung returned to Seoul from exile in the United States in 1985, under the sponsorship of the State Department. And, as he wrote to U.S. Ambassador Donald Gregg, when Gregg was being proposed for that position in the spring of 1989: "I still appreciate that you saved my life twice in 1973 and 1980."

Kim Dae-Jung is a great believer of the free market economics that the United States is now pushing on eastern Europe. In early March, he told the newspaper *Izvestia* that Russia must not seek to emulate the Korean economic model, but instead "must create its own model, based on a democratic, free market system in full consideration of the negative aspects of the Korean model."

Over the years, Kim has consistently attempted to thwart Noh's diplomacy with respect to North Korea. Prior to 1988, Kim and other "Made in U.S.A." radical opposition figures demanded appeasement of the North. Once Noh began his rapprochement with North Korea in earnest, however, by the early 1990s, the game changed. Kim and some of his friends had been touting reunification as their number one goal for two decades. But as soon as the two sides began talking, Kim's crowd began functioning as a wrecking operation to block whatever fragile communication had begun. That the two sides kept talking, was largely attributed to South Korean government perseverance.

Election surprise

The real surprise in the vote totals was the strong showing of a "conservative" party that had been formed only two months before the election by Chung Ju Yung, the founder of the Hyundai industrial conglomerate. Chung's Unification National Party won 31 seats, and is expected to play a pivotal role in the new assembly.

A Korean source in the United States told *EIR*: "Hyundai had the ability to mobilize a lot of people; however, I know of no Korean who was not totally shocked by the vote he [Chung] polled. There is no basis of why the Unification National Party would have done so well."

As is made clear by the vote totals, the UNP vote came largely out of the ruling party's base.

On the basis of policy statements issued thus far by Chung and others, the UNP's program is also "Made in the U.S.A." Chung calls for the government to remove itself from "interference" into the country's economy (the Korean "economic miracle" was achieved by strong government direction). Chung says his party believes strongly in the "free market," although the one exception should be protection of the country's rice market.

President Noh, Chung says, has tried to push Korean reunification too rapidly. After years of effort, the government's bid to improve relations with the North had been a total failure, the *Korea Herald* quotes Chung. Furthermore, the business tycoon-suddenly-turned-politician proposes that South Korea let the United Nations deal with South Korea; that it get out of the ring. "Chung said the government should hand over the task of implementing nuclear inspections on the North to the United Nations-led international efforts," the *Herald* reported March 4. He insisted that the task of reunification "should have never been monopolized by the government."

Effect of trade war pressures

Both Kim Dae-Jung's party and Chung's Unification National Party are thought to have obtained large blocs of votes because of the fact that Korea's economy in recent years has been going steadily downhill. South Korea is very much tied to the United States economically, and is now being battered by U.S. demands for "free trade." South Korean columnists frequently complain that the country's industry may not survive, because the country seems unable to say "no" to America.

The South Korean daily *Tong-aIlbo* signaled the problem last August: "After the Persian Gulf War, the world entered an era of a single superpower. The world economic order is being restructured, centered on the United States. Under such circumstances, we are in a difficult position to delay an extensive opening of the domestic distribution market that the United States is demanding. . . . The problem is how much can domestic industries, which are weak in competitiveness compared to giant foreign companies, withstand the shock of opening the market. The government's industrial policy has been to protect domestic industries and to help them grow. How can these small businesses compete—they can't."

Reports the *Korea Herald*: "Signs of development are nowhere to be seen. . . . The country is being cornered by untold economic troubles, with inflation galloping and trade deficits rising. Price rises are hovering at 10 percent, the annual deficit in the balance of international payments is near \$10 billion, and foreign debts are topping a record \$50 billion—enough to make Korea a great debtor power."

In the last year, Korea's trade shortfall with the former Soviet Union, the People's Republic of China, and the former communist countries of eastern Europe rose fourfold to \$2 billion in a year's time.

British make it official: Smash Italy!

by Umberto Pascali

Shortly before the March 16, 1978 kidnap of Italian statesman Aldo Moro, the London *Economist* came out with a chilling cover: Moro and the secretary of the Communist Party, Enrico Berlinguer, dressed as puppets in the traditional Commedia dell'Arte. "La Commedia è finita" explained the title in Italian, as if to say: We know your game and now it's over. Moro was under the Damocles' sword of Kissinger, who officially accused him of trying to bring the "Communists" into the government, but who in reality was terrified that the statesman would lead Italy out from under the Yalta yoke. "I have troubles with Washington in the same way Berlinguer has troubles with Moscow," Moro had confided to a friend.

The *Economist's* cover was taken by many as the final warning coming from circles of the British elite. This is why in the last days of March 1992, just before the April 5 elections, many Italians reacted very strongly when, again, the *Economist* transmitted another of its nasty "warnings." A featured editorial was entitled: "Responsible Italians have a duty next month to vote irresponsibly." The magazine of the City of London stopped short of endorsing the assassination on March 12 of Salvo Lima. Lima, the top political ally of Prime Minister Giulio Andreotti, was running a part of the electoral machine of the ruling Christian Democracy. His violent death opens the way to an "anti-corruption" campaign able to crush the traditional parties—oriented toward an independent Europe—and replace them with a slew of demagogic and easily controllable localistic parties or "Leagues."

"The Mafia's shooting this month of Salvo Lima, a prominent Sicilian known for his ability to deliver votes by the hundred thousand for the prime minister, Giulio Andreotti, brings new scandal to the Christian Democrats," gloats the *Economist*. Exactly the scenario prepared by the instigators! "Few Italians regard Lima as an innocent victim. Many reckon he was in cahoots with the Mafia. His mistake, probably, was to think he was still free to do as he liked."

The editorial concludes with marching orders for the elections, including the idea of strengthening the International Monetary Fund's man in Italy, Giorgio La Malfa, with the "muscle" of the Leagues. "Any Italian interested in real

change would therefore be wise to cast his vote on April 5 not for a coalition party but for one of the outsiders. Among the plethora, the Republican Party or one of the groups in the Lega Nord would be the *Economist's* choice." This would bring about the necessary "protest vote" that would "send a tremor through the traditional parties that might topple their leaders, strengthen the reformers and hasten the day when Italian elections have something to do with Italian governments."

The conspiracy

In an unusually strong reaction, Prime Minister Andreotti issued a public statement that the British have so many problems of their own that they had better concentrate on them instead of interfering in other countries' elections. Formally, the *Economist* had to apologize.

One week before, the chairman of the Foreign Policy Committee of the Italian Parliament, Flaminio Piccoli, had accused Great Britain and certain French circles of being interested in destabilizing Italy. Writing in *Il Popolo*, the daily of the Christian Democracy, Piccoli argued that behind the assassination of Salvo Lima there is a "strategic design," an interest of someone to "imagine that an Italy turned in on itself, unable to express a real democracy after 50 years of relative stability, can mean a chance to remove it from Europe."

Which forces would be interested in such a plan? Those who want to demonstrate that "Italy is not yet part of Europe." He recalled the reservation "that big western countries like France, but above all England continued to express at the [recent] European Community meeting in Maastricht, jeopardizing in this way a process that we consider fundamental."

"This election and the presidential elections in July, have created the atmosphere of a referendum: two opposing blocs," a Rome insider told *EIR*. "Cossiga doesn't even hide any more his sympathy for the British Masonry, while politicians close to Andreotti are taking a more and more independent, anti-Yalta, and pro-German position."

Francesco Cossiga, the President of Italy, is worshipped by the Leagues and has contributed the most to creating the atmosphere of demagoguery, which the Leagues hope to exploit.

KGB and CIA files?

In this charged atmosphere, Luigi De Ficchy, the magistrate leading the investigation into the Moro murder, has announced he will go to Moscow to analyze documents concerning the kidnaping and assassination that are contained in the KGB's File 33. A Russian spokesman, Tatiana Samolis, had stated that in certain KGB files, now partially declassified, the Moro kidnap was categorized as a coup d'état.

In the same context, media sources report that Italian magistrates intend to try again to force Henry Kissinger to testify on that crime. The last time Italian justice tried to do that, in 1983, Kissinger, then in Rome, took refuge in the

American embassy.

In the files of De Ficchy there is another important "piece," an interview with the magazine *Il Sabato* by Francesco Mazzola, former deputy defense minister in charge of the secret services. Mazzola had said that both the KGB and CIA were interested in stopping the political design of Moro.

But what really struck a chord was what he said concerning the "covert" P-2 masonic lodge, the entity that has been involved in the bloody story of Italian terrorism and organized crime. "The most credible consideration is that the P-2 was a point of reference for the American secret services, the part that was most dependable for the U.S. services." Mazzola is scheduled to be interrogated as a witness by De Ficchy shortly.

Masonic war

The fight seems to rage in every circle, even inside the Masonry. On March 21, at the so-called Equinox gathering of the Grand Orient, Grand Master Giuliano Di Bernardo ordered the dissolution of the "covert" Colosseum lodge, formally the "military lodge" of Rome and, according to scholars, one of the most powerful lodges in the world. Though intersecting the infamous P-2, the Colosseum was never touched by that scandal and was not even mentioned. Reportedly the Colosseum was connected to the Masonic lodges active inside the NATO leadership, especially in the Naples base headquarters.

On March 27, forced by the unusually aggressive questions from several journalists, Grand Master Di Bernardo admitted that inside the masonic "family" as well, there are things to clean up. "Strange events are happening: I observe the consequences. Yes, in the east European countries there is someone who intends to create tensions" and to destabilize in order to kill the chances of a future united Europe, Di Bernardo said.

In private, several journalists were told that the real target was Elvio Sciubba, the Italian representative of the U.S. Southern Jurisdiction of the Scottish Rite, a.k.a. "Black Masonry" historically linked to London and to such 19th-century figures as Giuseppe Mazzini and General Pike.

An article in the daily *L'Unità* of March 25 argues that "the root of the conflict [inside Italian Masonry] is in the counterposition between the Anglo-American and the European souls of Masonry. This battle has been the leitmotiv of political confrontation at least since the fall of 1989. It included the revelations by Prime Minister Andreotti on [the secret paramilitary network] Gladio, the fall of the Berlin Wall and now the present electoral campaign in Italy, the first since the end of the Yalta Pact. . . . What is being discussed is the future of Italy as one of the fundamental elements of international balances. . . . The Black Masonry has forcefully extended its tentacles in eastern Europe trying to implement the economic processes promoted by the economists of the International Monetary Fund."

State Dept. tries to overturn election

by Linda de Hoyos

Relations between the United States and one of its staunchest allies, Thailand, have been thrown into a new crisis by the results of parliamentary elections held there March 22. The polls were the delivery of a promise for civilian elections made in February 1990, when leaders of the Thai military overthrew the government of Chatichai Choonhavan in a bloodless coup.

Although the military National Peacekeeping Council quickly installed a civilian government to administer the country, the coup caused the United States to sever all aid, including military funds, to Thailand until the country returned to a formal democracy. On March 23, the State Department noted its satisfaction with the elections and said it hoped to resume aid to Thailand quickly. "Thailand is a mutual security treaty partner with which we have a very long and friendly relationship," said State Department spokesman Margaret Tutwiler.

Within two days, the United States had seized upon a new issue. On March 25, Tutwiler said that the newly appointed Thai prime minister, Narong Wongwan, had been denied a visa in July 1991 because he was believed to be an "illicit trafficker in a controlled substance, or is or has been a known assister" in drug trafficking. The U.S. embassy and Drug Enforcement Agency offices in Thailand have refused to give details of the allegations.

Narong is the candidate of the Samakkhi Tham party, the party of the military, which won the largest number of seats in the elections. Also in the government coalition are the Chart Thai party of the ousted Chatchai Choonhavan; the Prachakorn Party; and the Social Action Party.

Thailand reacts

The U.S. charge created an uproar in Thailand. Narong challenged the U.S. government to prove its charges. "I completely deny this allegation," Narong said at a news conference. "I will continue to lead the process of forming the government." Tutwiler's statement, Narong said, represented "interference in Thai internal affairs. I and my family have done nothing involving drug trafficking." Narong cited statements by Deputy Prime Minister Pao Sarasin and leading anti-drug official Gen. Chavalit Yodmanee saying they had

no evidence of his involvement in drug trafficking.

A deputy leader of the Samakkhi Tham party was even more direct. "Thailand is not a slave of the United States," said MP Pinit-Chantaraviboon. "Now Thailand is being bullied by the United States. All the media and the Thai people should come out to defend their country."

The next day, 20 representatives of the National Labor Congress went to the U.S. embassy to protest Washington's provocations. The unionists, members of the only confederation not run by the AFL-CIO in Thailand, presented embassy officials with an open letter demanding that the U.S. government present hard evidence of the charge against Narong, and if true, then Thai authorities will arrest him. Otherwise, the United States should send the Thai people a letter of apology.

Secondly, the letter pointed out, the United States is responsible for cleaning up its own drug mafia. The presentation by union leader Chin Taplee and adviser Pakdee Tanapura was featured prominently in the news media.

The game

The Thai military, not Narong himself, is the target of the United States. The military is the primary institution in the country, and many of Thailand's politicians and business leaders are retired generals or officers. In the same way that the State Department has targeted the militaries of Ibero-America as an obstacle to the dissolution of the concept of national sovereignty, so the U.S. has been launching operations against the Thai military for the last few years. A lobby in the United States led by Sen. Daniel P. Moynihan (D-N.Y.) has been protesting alleged Thai links to the military junta, the Slorc, which runs Burma. In 1988, the *Washington Post* surfaced a scandal charging that the Thai military was siphoning off U.S. funds for the Cambodian resistance.

In addition, the United States had been quite comfortable with the current civilian regime of Prime Minister Anan Panyarachoon, who regularly meets with Henry Kissinger whenever he visits the United States. With Anan still at the helm, the Thai foreign ministry responded to the Tutwiler claim by saying that it was a "private matter" between Narong and Washington. When this statement created a national scandal, Anan adjusted his administration's position, saying, "I believe Narong is innocent, but it is a question of interpretation of certain documents. The U.S. allegations are no affront to Thai sovereignty." He said that the U.S. government was under no obligation to hand over evidence to Thailand.

Under Anan's tenure, Thailand has been flooded with non-governmental organizations (NGOs)—most of them headquartered outside the country—whose chief organizing obsessions are "corruption" and "the environment." The Anan government dished out 6 billion Thai baht to the NGOs to create PollWatch, a "clean election committee." Despite their efforts and the attempts to forge an anti-military coalition, the military has been able to form a government. The Tutwiler charges were the response to the military's success.

Major sags in polls, tries 'Falklands' card

by Mark Burdman

For the first time since the British election campaign began in earnest in mid-March, polls released on March 31 showed the British Labour Party taking a commanding lead of 7% among voters polled. Should this lead be preserved on voting day April 9, Labour would have enough votes to gain a majority in the Parliament, and to form a Labour Party government. It is likely more than coincidence that the Conservative government, on that same March 31, chose to escalate the confrontation with Libya. Desperate Tory advisers may believe that only a last-minute flight-forward performance by the lackluster Prime Minister John Major can retrieve their electoral chances.

In the days leading up to the April 9 vote, Major began playing what the British press has labeled "the Falklands card." April 2 was the 10th anniversary of Argentina's 1982 invasion of the Malvinas Islands (which the British, who seized them in the early 19th century, refer to as "the Falklands"). Major accused Labour leader Neil Kinnock of wanting to appease Argentina on this issue, asking demagogically, "I wonder what message that gives to the soldiers, airmen, and navymen who actually fought in that war and the people still living in the Falklands." Various "Falklands Islanders" were dragged out by the media to praise Thatcher for having defended their "freedom" against Argentina.

But the real message here has nothing to do with Argentina, which now has a government that is fully aligned with the Anglo-Americans. The real issue is the "Falklands factor," the fact that Thatcher used the spring 1982 war with Argentina to bolster her sagging popularity, and to ensure her re-election later on. That is John Major's frame of reference today.

Worst defeat since 1945?

Indeed, the Tories have much to be worried about. The British establishment's London *Times* mouthpiece warned on April 1 that they were in danger of their "worst defeat since 1945." If Labour's poll margin were to be preserved on election day, this could "signify one of the most extraordinary electoral shifts since the war."

The Labourites' zoom in the polls certainly has less to do

with support for the party's leader Neil Kinnock, than with the disgust and anxiety of a population faced with unending reports of economic gloom and universal evidence of economic and infrastructural collapse.

These problems have been underscored by the widely publicized financial crises being faced by those real estate and property firms that were the bulwark of the 1979-90 Thatcher-era "free market" speculative booms. The first of these to be made public was the Reichmann family's Olympia and York conglomerate (see article, page 4). Then, over the March 27-29 weekend, the Heron International giant of convicted "Guinnessgate" protagonist Gerald Ronson announced that it was seeking a restructuring of its massive debt obligations. This announcement caused astonishment and consternation in a banking community already reeling from bad debt portfolios. On March 31, it was the turn of Speyhawk, a leading British property developer that declared over £200 million in pre-tax losses for the year. Speyhawk's management is opening talks with its 46 banks, the two chief of which are Barclay's and Citibank.

On top of all this, the Dun and Bradstreet firm revealed on March 29 that nearly 15,000 British companies had gone bankrupt in the first three months of 1992, a 54% rise compared to the same period last year. Small businesses were failing at the fastest rate, the firm stated.

All this news triggered a large 2% drop on the London stock exchange on April Fool's Day.

Yet another 'splendid little war'

The British government is desperately trying to divert attention away from this array of difficulties. Luckily, from the Tories' standpoint, March 31 was the date of the vote (10-0, with 5 absentions) of the U.N. Security Council authorizing a British-American-French-authored resolution mandating a package of sanctions against Libya, to go into effect by April 15, if Libya has not "complied unconditionally" with several demands, the most important of which is the handing-over of two senior Libyan officials charged with masterminding the December 1988 blowing up of the Pan Am 103 jet over Lockerbie, Scotland.

Also on March 31, the British Foreign Office publicly confirmed reports previously attributed to "diplomatic sources" that Britain was concerned that Libyan leader Col. Muammar Qaddafi was denying exit visas to an unspecified number of foreign workers in Libya. Before any proof was offered—and despite Libyan denials that this was happening—the British press rapidly began to speak of a potential "hostage-taking" by Qaddafi.

This controversy induced an upsurge of adrenalin flow in Prime Minister Major, who roused himself, during a campaign appearance, to declare that it was "intolerable that any exit visas whatsoever should be refused. We shall watch the situation, and make sure the security of our people is absolute, and they can get out."

An attack on Germany that backfired

An unusually combative Chancellor Kohl leaks the anti-German role of Bronfman's World Jewish Congress.

Criticizing a private meeting in Munich March 27 between Germany's Chancellor Helmut Kohl and the outgoing President of Austria Kurt Waldheim, an article printed that day in the *International Herald Tribune* quoted Elan Steinberg, executive director of the World Jewish Congress (WJC), as saying that the meeting showed a "shocking moral insensitivity to matters of concern to Jewish people and to all people who were involved in the events of the Holocaust."

Because of the years-long campaign of unproven media charges (in which the WJC played a catalytic role) against Waldheim as a former German Wehrmacht officer allegedly involved in deporting Yugoslav citizens to labor camps during World War II, the "Waldheim" issue is a sensitive one, and everybody would have expected the German chancellor to stay silent. Instead, Kohl responded combatively to a reporter's query, and said: "Whom I meet with here in Munich . . . that is for me to decide as chancellor, and I don't need any advice."

Kohl added that Waldheim was the "freely elected President of Austria," and since Germany wanted Austria to join the European Community soon, that Munich meeting made sense.

Continuing, Kohl said he has been in a dispute with the WJC over its German policy because of an affair in November 1989, shortly after the Berlin Wall opened. "I want to recall that a leading emissary of the World Jewish Congress was in East Berlin at that time and spoke there against German unity and the right of the German people to self-determination in an outrageous way."

These remarks earned Kohl foaming comments from various quarters of the German as well as the international Jewish community and Israel; but some senior Jewish spokesmen, such as Vienna-based Simon Wiesenthal, came out in defense of Kohl's critique of the WJC. The WJC's big campaign against Kurt Waldheim in the mid-1980s did no good, Wiesenthal declared, because it flouted the needs of the Jewish community living in Germany and Austria.

Kohl's attack on the WJC made public for the first time what historians had discovered after Germany's unification in late 1990, when scanning through the secret files of the abandoned East German (G.D.R.) regime which also told about correspondence and meetings between G.D.R. officials and senior WJC representatives. Excerpts from these files were first publicized in newspaper articles in December 1990 by Michael Wolffsohn, a German Jew working as a lecturer at the German Armed Forces College in Munich, who is a longtime adversary of Edgar Bronfman and his WJC.

In a feature article of almost a full page in the *Frankfurter Allgemeine Zeitung* Dec. 21, 1990, Wolffsohn documented high-level talks between envoys of the WJC and the SED regime between October 1988 and May 1990, which were recorded in the G.D.R. Foreign Ministry files found after the unification of Germany.

The SED had tried already in 1985 to make direct contact to the WJC, but was rejected on grounds that East Germany was lending support to Palestinian terrorists. Edgar Bronfman gave the go-ahead for direct talks in late

1988. This apparently earned him the highest state medal from SED party leader Erich Honecker, when visiting East Berlin Oct. 17 that year. This odd diplomacy peaked on Nov. 30, 1989, when Bronfman's chief WJC envoy in Europe, Brussels-based Maram Stern, wrote a letter to the G.D.R. welcoming the reappointment of the regime's foreign minister, Oskar Fischer, and saying the "WJC is a friend of the G.D.R. and will continue to be."

Maram Stern explained that the WJC thought German unification should be stopped at all costs. Since this view couldn't be stated in public, WJC chairman Bronfman promised, through Stern, to activate his organization's channels of influence in the United States. He reassured East Germany that the State Department didn't want unification, either. The WJC would do its best to build up the G.D.R., and even assist the East German regime in setting up diplomatic relations with Israel. The services of the two Israeli ambassadors to Bucharest and Brussels—portrayed as "more reliable" than the ambassadors to Paris and Bonn—were offered in this particular context.

Bronfman signaled high interest in signing and mediating exclusive business contracts with the G.D.R.—keeping West German companies out. Maram Stern's correspondence with the East Germans, for example, advocates a contract with the U.S. firm ITT rather than West Germany's Siemens Corp. for the planned modernization of the G.D.R. telecommunication grid. Stern advised the East Berlin regime not to allow the "sellout of the G.D.R. to the F.R.G. (West Germany)" and to resist unification of the two German states. Historic reality has taken its own course, against the secret wishes of both the G.D.R. regime and the WJC: Germany was unified on Oct. 3, 1990.

Asbestos, crack, murder, and tear gas

Over two years after the invasion, the railroad of Noriega nears its end, but life in U.S.-occupied Panama worsens.

The U.S.-installed government of Guillermo "Porky" Endara ordered the police to use tear gas, buckshot, and bullets over March 16-20 to break up demonstrations in El Chorrillo.

El Chorrillo, a poor neighborhood with a largely black population, was virtually wiped out by the U.S. forces that invaded Panama on Dec. 20, 1989 to get Gen. Manuel Noriega. The protests were to ask for reparations for the war victims, who, more than two years after the U.S. action, have not been fully compensated for their losses.

"This has gone beyond the limits," Endara said about the protests. "It's intolerable," he added, according to Mexico's *La Jornada*. "I have ordered the police to restore order, with a minimum of violence. However, things are getting rough," said Endara, a banking partner of the Medellín cocaine cartel.

The "minimum of violence" ordered by Endara was such that March 19 has been dubbed "Black Thursday," said Israel Martínez, a leader of "Barrio Martir" (Martyred Neighborhood), the group that organized the protest. "Little children had to be rushed to the hospital, and hours after everything was over, people could still not go back into their houses because of the lingering teargas vapors," said Martínez in a March 31 telephone interview.

"Mind you, we are not asking to be compensated for the people who were killed during the invasion," he said. More than 500 of the estimated 4,000 Panamanians killed by U.S. invading forces were from El Chorrillo.

"We are not asking to be compensated for the hundreds of loved ones whose remains have not been found nor given a proper Christian burial. Nor are we talking about the thousands of children traumatized by the invasion, who probably have suffered irreversible damage. There is not enough money in the world to compensate for that," he said.

Residents are seeking \$3,500 per family to replace household goods lost in the invasion, an amount that is barely adequate if one considers the cost of even the lowest-priced refrigerator, stove, bed, table, chairs, and such. They are also asking for debt cancellation on war-damaged apartments, and for housing for the families that were left without permanent dwellings by George Bush's military action.

Most of the housing units put up under U.S. sponsorship to replace the bombed-out buildings in El Chorrillo have inadequate ventilation and were built with asbestos, a material considered so toxic by the United States government that it is spending millions of dollars to remove it from schools and other public buildings in the United States, said Martínez.

Besides asbestos, the Bush administration has apparently also given the Panamanians lessons on the rule of democracy in the new world order. For example, Endara ordered the preventive detention of "Barrio Martir" leader Hector Avila. "Avila was kept behind bars on charges of conspiracy and attempting against the means of transportation, which is unheard of," said Martínez.

Before the invasion, during the so-

called "Noriega dictatorship," Avila would have been charged at most with obstructing traffic, a misdemeanor punishable by no more than 10 days in jail or a \$30 fine, Martínez explained. An attempt by Endara's attorney general, Rogelio Cruz, a partner of the Cali cocaine cartel, to treat obstruction of traffic for political reasons as a felony, was rejected by the legislature, he said.

But Endara achieved the same results with the conspiracy charge against Avila, who was released after nine days in jail, on condition that he *not go home again* to El Chorrillo. Avila still faces up to another six years in jail for leading the protest.

So much for democracy in Panama. Although the country is still occupied by U.S. soldiers, they have not prevented an enormous increase in crime. On the contrary, there is an epidemic of teenage prostitution, and domestic drug consumption has exploded. Crack cocaine, virtually unknown before the invasion, is now openly sold and consumed on city streets, school yards, and neighborhood playgrounds.

At least 10 taxi drivers have been murdered by robbers. Armed robberies are daily occurrences. Japanese businessman Takechi Ota was found dead on March 25, some 10 days after his company, Citizen Watch, reportedly paid a \$750,000 ransom to kidnapers. Allegedly, the kidnapers belonged to a so-called "M-20," for December 20 Movement, which the occupation government claims is made up of Noriega loyalists.

But Cancio Tazón, an admitted accomplice in an earlier case of kidnaper-murder against the grandchild of former Panama Defense Forces Col. Marcos Justine, now says his kidnappings were carried out with the connivance of Attorney General Cruz and others in the Endara government.

International Intelligence

Haiti's Supreme Court rejects OAS accord

The Supreme Court of Haiti has ruled that so long as the accord proposed by the Organization of American States is not signed by Provisional President Joseph Nerette, it cannot be submitted to the Parliament for approval, and is therefore unconstitutional. The OAS accord is supposed to provide a means for eventually returning to power the hated former President Jean-Bertrand Aristide, who was ousted by the military last September.

Nerette opposes the OAS plan, favoring elections for a new President. The Haitian Parliament blocked a vote on the OAS accord at the end of March, when about half the deputies boycotted the session and therefore a quorum was not achieved, meaning a vote could not be taken.

Opposing the Supreme Court decision, Communist Party boss René Théodore, who would replace Nerette under the agreement, appealed to the government to "come to its senses" and ratify the agreement, charging that "a group defending its own petty interests . . . wants to continue leading the country into a suicidal enterprise." Meanwhile, the OAS is considering measures to tighten the embargo against Haiti.

South Africa suspends the death penalty

The Republic of South Africa suspended the death penalty indefinitely, until a new interim government makes a decision on capital punishment, the London *Daily Telegraph* reported on March 28. As the interim government will include the African National Congress and other organizations opposed to the death penalty, it is very likely that it will be abolished altogether, according to the article.

Justice Minister Kobie Coetsee made the announcement after the outcry provoked by the government's decision earlier in the week that executions, which had been suspended in South Africa, would be resumed

and 17 convicted murderers would be hanged. There are another 290 people on death row in Pretoria's Central Prison. The 17 have now been reprieved.

This decision means that the United States is now one of only six nations in the world that practice the death penalty.

Chinese officials decry 'rampant crime'

Communist China's Supreme Court President Ren Jianxin and Chief Prosecutor Liu Fuzhi both told the National People's Congress on March 27 that crime has become so serious in China it is undermining the state, the BBC reported. Social order is threatened by "rampant crime," which includes murder, robbery, rape, corruption of officials, and "causing explosions," both reported.

Liu reported there had been no reduction in serious crimes, and said that there was also a "small number still carrying out illegal activities aimed at ending the people's dictatorship"—i.e., active dissent. Ren also noted that drug-related crime was becoming more serious, especially in Yunnan province, which is part of the Golden Triangle opium-producing region.

Officials in China have linked the crime level to the reform process, especially to corruption among officials, and the official report stated that if China wants to avoid the type of change which has overtaken the former U.S.S.R. and eastern Europe, it must clamp down on corruption.

Chile's Pinochet on Ibero-American tour

Former Chilean dictator Gen. Augusto Pinochet is seeking out contacts in the military of other Ibero-American countries during a tour of the region. According to an EFE wire published in Lima, Peru, Chilean Sen. Sergio Onofre Jarpa, of the National Renovation Party (RN), explained that "Pinochet is trying to confront U.S. hegemony." Senator Onofre "says that he is seeking contacts with military high commands," EFE reported.

Onofre said that the purpose of Pinochet's trip is not tourism, "but to look for contacts with other military leaders, to confront the sole hegemony assumed by the U.S. after the Gulf war."

Pinochet's visit to Ecuador caused such an uproar that social democratic President Rodrigo Borja said he was not welcome in that country. The Chilean press says that Pinochet also plans to travel to Brazil, Bahamas, Honduras, and Argentina.

Senator Onofre said that "it is possible there will be other trips, due to the attitude of total U.S. military control in Latin America and other regions of the world." He added that the armed forces are a "very important factor in the foreign policy of the countries . . . in relation to the right of sovereignty and non-intervention of foreign governments in internal affairs." Since the Gulf war, he said, the U.S. has taken "very inconvenient attitudes for good relations in the future, since it claims to be a determining power in what we Latin Americans have to do."

France: promising vote for LaRouche friends

The "New Solidarity" movement in France presented its first slate of candidates in the cantonal elections and regional elections of March 22. With campaigns that lasted only a few days, and with a total spending of less than 10,000 francs (about \$1,780), they obtained 1-5% of the vote, which they regarded as very promising.

Nouvelle Solidarité, which means New Solidarity in French, is the name of the weekly national newspaper which shares the outlook of the American economist and statesman Lyndon LaRouche.

In Blamont (Meurthe-et-Moselle), Dominique Marin won 4.8%. Yves Paumier won 3.6% in Chartre-sur-le-Loir (Sarthe). Mrs. Yvette Le Mercier 1.8% in Valence-sur-Baise (Gers). Bertrand Monbaylet took 1.6% at Saint-Ouen (Seine-Saint-Denis). Veronique Mouchette won 1.6% in Nomeny (Meurthe-et-Moselle), Eric Sauze 1.1% in Lyon IV (Rhône), Claude Gravier 0.9% in Saint-Denis (Seine-Saint-Denis) and Mr.

Briefly

Chabaneix 0.4% in Chateau-Salins (Mosselle).

The candidates reported that out of each 400-500 voters they met who had the chance to get to know their platform, they won 100 votes. This 20-25% result is all the more noteworthy, given that the candidates were classified as "extreme right" or "extreme left" by the Renseignements Généraux, France's political police, in an effort to portray them as "outsiders."

The Paris daily *Le Figaro* on March 23 smeared all the NS candidates as right-wing extremists, except the two who ran in Seine-Saint-Denis, labeled left extremists. *Le Monde*, the other major Paris newspaper, branded the entire slate right extremist.

Norway's Brundtland wants one world rule

The world must develop "new elements of supranational rule" to coordinate worldwide policies to "protect the globe from further environmental damage, and clean up the existing mess," Norway's Prime Minister Gro Harlem Brundtland said on March 21.

Brundtland, a longtime promoter of "one world" causes and malthusianism, spoke before the International Congress of Free Trade Unions, meeting in Caracas, Venezuela. "Virtually all environmental measures will be more effective if they are harmonized internationally," she said. "If nations act together, it will be possible to move much more quickly."

History has proved that the free market alone is not enough, she said, since what is required is "a legal and regulatory framework that only governments can provide. . . . The market alone cannot help us alleviate world poverty, ensure more equity in economic relationships, or reduce environmental degradation." Brundtland stressed, however, that she is not proposing to give up the free market. "What we should really aim at is adjustment of market mechanisms to encourage environmentally sound operations," Brundtland said.

She said that more than 1.2 billion of the planet's 5.4 billion people live in absolute

poverty, which she labeled one of the leading causes of environmental destruction. It was not entirely obvious whether she was calling for the elimination of the poverty, or of the 1.2 billion people, to "save" the environment.

Canadian 'war crimes' case falls flat

The Canadian government has been ordered to pay Michael Pawlowski \$151,000 (Canadian) for legal fees incurred while defending himself from charges that he had killed 400 Jews during World War II, according to the *Southam News* of March 23. "I cannot think of a more serious allegation against anyone than being accused of the atrocities that are alleged in the indictment against this accused," said Justice James Chadwick of Ontario Court, who presided over Pawlowski's case.

Pawlowski is a retired worker from Ontario who had come to Canada in 1951 from the Minsk area of the Soviet Union. The Crown had already voluntarily paid Pawlowski Can\$55,000. Chadwick said that he was not punishing the prosecution for misconduct, but merely defending Pawlowski, who lives on a pension.

Judge Chadwick had twice refused prosecutors the right to send a team of investigators to the former Soviet Union and Germany to videotape 12 elderly witnesses there, who had refused to testify in Canada, and use tapes of these witnesses as evidence in court. Chadwick ruled that this would destroy Pawlowski's right to a fair trial. The prosecution said that without this "evidence," they had no basis for their case, and stayed all their charges against Pawlowski.

The "war crimes" attack on Pawlowski is the third consecutive such case to end in failure for federal prosecutors, since Canadian law began to allow war crimes trials in 1987. The Anti-Defamation League of B'nai B'rith (ADL) is getting impatient for a war crimes conviction in Canada, and has been pushing the federal government to maintain a higher quota of war crimes cases than it presently is taking.

● **THE ISRAELI** Mossad and Shin Beth intelligence services have dispatched at least 100 agents to Argentina to investigate the bombing of the Israeli Embassy there, according to the daily *Clarín* March 29. There are also reportedly 10 CIA agents there. The article says that there are probably many more agents operating clandestinely.

● **THE UNITED NATIONS** Security Council's vote on March 30 to impose sanctions against Libya shows that Iraq was right in warning that other Arab countries would be "the next scapegoats" for the western countries, the Iraqi daily *al-Thawra* wrote on March 31. The paper said the resolution showed "aggression, hatred, and malice" toward the Arab world.

● **GERMAN** Defense Minister Gerhard Stoltenberg resigned on March 20, along with three other ranking officials of the Defense Ministry. The shakeup will affect the leadership of Chancellor Kohl's Christian Democratic Union party, since CDU manager Volker Ruehe will become the new defense minister.

● **CHINA'S** Minister of Justice Cai Zhong has ruled out any early release for China's leading political prisoner, Wei Jingsheng. Wei has been in prison since 1979, suffering severe mental and physical torture, for his leadership of the "Democracy Wall" movement. Cai said that Wei, who is believed to be in very bad health, would not be released because of "bad behavior."

● **THE MALAYSIAN** ruling party's youth organization has charged that the United States is finding "excuses" to raid Libya. The charge was leveled by the secretary of the United Malays National Organization (UMNO) Youth International Bureau, Haji Mustapha Yaakob, according to Radio Malaysia. Statements issued by UMNO Youth usually reflect the thinking of Prime Minister Dr. Mahathir Mohamed.

States, courts clamor for euthanasia solution

by Linda Everett

As the economic crisis intensifies, state officials, judges, and lawmakers are exhibiting a willingness to relinquish any state's interest in preserving life, in favor of laws and policies that enforce involuntary euthanasia. Behind the media focus on myriad state prescriptions to expand access to health care are scores of state proposals that increase the ways medical facilities can kill anyone who allegedly "wants" to die through advance directives, and which expand the authority of physicians and facilities to kill outright any patient they think ought to die.

While the nation is still being brainwashed by prime-time television movies that canonize those who arrange a parent's suicide (Patty Duke in "Last Wish") and families who starve their relatives to death (Frontline's "The Death of Nancy Cruzan" on PBS), county-owned nursing homes in New Hampshire are rigorously enforcing a policy that denies admittance to indigent elderly patients who refuse to sign a "no code" or do-not-resuscitate agreement. The policy saves county funds by forgoing staff training and equipment needed in cardio-pulmonary resuscitation. County officials say they wanted to give residents the best choices for a good quality of life. This translates to no choices, as the staff stand by while patients arrest, gasp, turn blue, and die. Indicative of the trend is New Jersey's State Bioethics Commission, which has initiated "study" on how the state can make death-by-starvation decisions for legally incompetent patients in state institutions.

Avalanche of death bills

The sheer breadth, numbers, and sweeping enforcement powers of pro-death bills flooding state legislatures signal one thing: Desperate officials have gone into a malthusian frenzy, willing to utilize as many ways as politically feasible to eliminate whole layers of their own constituency. This is

no exaggeration. Under the euphemism of "patients' rights," some legislatures have proposed eight or more bills that call for patient starvation, involuntary euthanasia, lethal injections, prohibiting emergency personnel from resuscitating certain patients, having one's living will noted on one's driver's license, killing wards of the state, and giving health maintenance organizations and community group homes the right to oust patients who insist on medical treatment. In the process, the United States has come the closest it has ever been to enacting laws that would enforce the same Nazi practices that even Adolf Hitler knew could not easily be voted into law.

Iowa, New Hampshire, and Maine all had bills introduced in the current session to make legal physician-assisted or medically-assisted "suicide"—exactly what the post-World War II Nuremberg Tribunals condemned as genocide. Where bills do not pass, they serve to create a public forum for Hemlock Society activists to acclimate voters to a Nazi perspective. If the death mob can persuade you—and the medical profession—that illness makes your life less "useful" or "worthy," you'll not fight state or court policy to kill those with a "poor quality of life." More importantly, such bills serve to legitimize "mercy" murderers like Michigan's Jack Kevorkian.

Other states are adapting their existing "living wills" or "durable power of attorneys" statutes to President George Bush's "Patient's Self-Determination Act," which went into effect December 1991. The Bush law mandates that every health facility receiving federal funds must "educate" new patients about the facility's and state and federal "right to die" policies. The Euthanasia Society, known as the Society for the Right to Die, worked with federal agencies to develop the brainwashing guidelines. Beneath the "rights" rhetoric is the testimony presented for this law that expressly states

that while patients and their families can refuse any and all medical treatment, doctors have no obligation to provide what they consider "unethical" or "futile" treatment. This loophole handily converts "right to die" into a duty to die, and is the basis for the latest round of state legislation.

Virginia—most advanced euthanasia law

Early in 1992, Virginia Gov. Douglas Wilder announced a plan to tax hospitals in the state .5% of their gross receipts—*not profits*—taken in over the next two years to help to avoid, as he put it, having to throw the disabled on the streets. While that plan collapsed, the Virginia Assembly proposed another. Despite vigorous opposition, the Assembly passed the most advanced euthanasia law in the country. Should Governor Wilder sign the Health Care Decisions Act, a new era of state law will have begun, one which mirrors directly Hitler's October 1939 euthanasia decree, giving doctors permission to kill institutionalized patients "considered incurable according to the best available human judgment" (Hitler's words).

Under the new law, the extermination of severely handicapped individuals, including wards of the state, can be carried out by the same doctors, guardians, and committees charged with protecting them. The bill specifically says it is applicable to patients in psychiatric and mental retardation facilities, who are incapable of making their wishes known and who have no "reasonable expectation of recovery." That sweeping category could encompass a myriad of conditions brought on by disease, head trauma, stroke, or age. That's not surprising: Virginia, after all, has a history of allowing such barbarities, including sterilization of persons deemed genetically inferior, during the 1920s' heyday of the American eugenics movement. The bill is so blatant about targeting incompetent patients, that the Feb. 20 lead editorial of the *Richmond Times-Dispatch* said in "Who Chooses Death?" that with this bill, ". . . the state may be on the verge of endorsing—with scarcely any debate—involuntary euthanasia."

Virginia already has a Natural Death Act that lets individuals, besieged by horror stories about terminal illnesses, sign directives to indicate what medical treatment they do or don't want should they become incompetent, or to appoint an agent to carry out those treatment wishes. People think leaving a directive with explicit instructions for life-saving treatment and daily nutrition will guarantee they'll receive it. Not so: Even those who choose not to sign a directive, assuming that decision will signal that they want life-saving treatment, are not safe, because this bill, like others, explicitly rules out that assumption. Once patients are diagnosed as "terminally ill" or in a "persistent vegetative state," their instructions to withdraw or withhold treatment are activated. But no matter how much a patient or family wants life-saving or life-sustaining treatment and daily nourishment, this bill allows doctors to deny it if they feel it "medically or ethically inappropri-

ate" to treat or feed the patient. The ethic of saving human life is supplanted by the "ethic" of cutting state costs or making managed care and health maintenance organization profits.

Washington state—again!

Just months after voters defeated the Hemlock Society's assisted suicide initiative in November, Washington legislators amended the state's Natural Death Act. Contrary to its alleged protection of patients' medical treatment rights, the bill lets anyone deny life-sustaining and life-saving treatment, including food and water, to patients with directives. Like the Virginia law, it promotes policies that constitute outright medical fraud. When a patient is called "terminal," this no longer indicates that a patient's death is "imminent." Now, it means the patient is "in the process of dying"! Anyone, because of accident, disease, or disability, who is comatose, unresponsive or in a non-communicative state, is labeled "terminally ill"—and "in the process of dying." People with severe handicaps, who laugh at jokes, respond to commands, or use devices to signal what they want, are often misdiagnosed or wittingly labeled as "permanently unconscious," "hopeless," or in a "persistent vegetative state"—all medically unscientific terms meant to discourage treatment and influence you to see them as inhuman. As has been documented ("Medical Advances Expose Euthanasia Lobby Lies," *EIR* Vol. 18, No. 40) these people do recover if allowed—and if fed. With appropriate rehabilitation, they even flourish. Yet the Washington bill states that the "permanently unconscious condition may cause loss of patient dignity"—so, it suggests such patients be starved to death to spare them the indignity of their condition!

Involuntary euthanasia laws will move rapidly with court rulings like that of Massachusetts' highest court. On Jan. 6, the Supreme Judicial Court upheld a lower court ruling giving a state hospital ethics committee permission to starve to death a 34-year-old profoundly retarded ward of the state. "Jane Doe," a 24-year resident of a state facility was diagnosed in a "persistent vegetative state"—the catch-all phrase used by the death mob to pronounce a person "not worthy of life"—or, in this case, of the state resources to sustain it. The decision comes just as Massachusetts has started to shut down more than a third of its state hospitals that care for patients like Doe.

Doe was never capable of making any decision about her care, but the justices "substituted" their "judgment" for her, saying if she were competent, she'd want to be starved to death. Therefore (as ludicrous as it sounds), maintaining a feeding tube against her wishes "robs her of the right to determine her course of care." And, "Doe's right to self-determination must prevail over the state's interest in preserving life for all." One has to agree with one of the three dissenting justices, who stated: "If this is not involuntary euthanasia, or worse, it is hard to know what it is."

Hungarian lawmakers in Washington demand freedom for LaRouche

by William Jones

A high-powered delegation, which included two members of the Hungarian Parliament, a leader of the Hungarian Association of Former Political Prisoners, and an Austrian professor of law, representing the former Austrian Minister of Justice, Hans Klecatsky, arrived in Washington on March 24 for a week of meetings on Capitol Hill and at the State Department as a part of their investigation of human rights violations committed against Democratic presidential candidate Lyndon LaRouche.

In the nation's capital, political operatives have attempted to sweep the LaRouche case under the rug, either because they themselves were implicated in the crime or because they lacked the courage to take on a fight with an administration that's still sitting on 20,000 documents, which would prove that LaRouche was jailed as a result of a U.S. government conspiracy.

The interest of the delegation in the LaRouche case was of a particularly personal character. All of the Hungarian members of the delegation had themselves spent years in prison, jailed for political crimes by the former communist regime in Hungary. One of them, Sandor Cseh, the vice president of the largest political party in Hungary, the Smallholders' Party, had been imprisoned by the Russians and condemned to death, for a crime which, as it was later proven, he did not commit. Janos Denes, who was elected as an independent to the Hungarian Parliament, was jailed for his part in the 1956 Hungarian revolt.

The visit of the delegation to Washington, coming in the wake of an Ibero-American delegation at the end of February on a similar mission, has sparked much nervousness at the U.S. State Department, which has tried to ignore the crescendo of international protest over the LaRouche case. Unable to totally disregard the protests, the State Department's Human Rights Division agreed to meet with the Hungarian delegation. Although the meeting was with the legal counsel of the Human Rights Division, it was orchestrated directly by Secretary of State James Baker III, who, according to high-level sources in the State Department, personally made the decision not to have outgoing chief of the Human Rights Division, Richard Schifter, attend the meeting. Baker also recommended that the Department of Justice not send a representative to the meeting, as they had initially intended.

Although State Department spokesman David Stuart in-

sisted that the LaRouche case was an ordinary "criminal" case, he did admit to the delegation that there had been numerous inquiries made on the LaRouche case from several countries.

Later, in meetings with the congressional office of the Conference on Security and Cooperation in Europe (CSCE), ranking staff members admitted to the delegation that there were "irregularities" in the LaRouche case. One staff member somewhat nervously said that he hoped that the delegation was not comparing the "irregularities" in the LaRouche case to procedures which had been implemented in communist Hungary during the years of Soviet occupation. Dr. Tibor Kovats, the president of the Association of Former Political Prisoners (POFOP), responded by pointing out that even communist regimes called their political prisoners "criminal cases" and that the most noted of Hungarian political prisoners, Cardinal Mindszenty, had been accused and convicted of tax evasion and conspiracy.

The CSCE people were also cognizant of the interventions at previous years' CSCE conferences in Copenhagen and Moscow by the Schiller Institute, of which LaRouche was a founding member.

Lantos, a 'false Magyar'

The delegation also met with several U.S. congressmen, noted for their involvement in human rights issues and for their interest in the affairs in eastern Europe. The biggest shock was perhaps the treatment they received from an ex-countryman, Rep. Tom Lantos (D-Calif.). Lantos, a Hungarian Jew who escaped Hungary during the Nazi occupation thanks to the efforts of the Swede Raoul Wallenberg, has, during his term in the U.S. Congress, been a prime spokesman for the drug-connected Anti-Defamation League, a nominally Jewish organization which has been in the middle of the government conspiracy which imprisoned LaRouche.

Lantos, still with many contacts in Hungary, tries to portray himself as a friend of Hungary. That "friendship" showed itself to be ephemeral when Lantos refused to meet with the delegation of Hungarians, instead sending his wife out to parry their questions about the LaRouche case. (Ironically, Lantos also portrays himself as a fighter for human rights, chairing the ad hoc Congressional Human Rights Caucus.) The great "fighter's" wife made the incredible claim

(which she knew to be absolutely false) that LaRouche was a millionaire. The congressman added insult to injury by not even once coming out of his office, where he was clearly visible, to greet the delegation from his native land. This led one of the delegation to brand Lantos as a "false Magyar" (Hungarian), a characterization which they will carry back with them to Budapest.

At a meeting at the Senate Foreign Relations Committee, a senior staffer, not so keen on discussing the LaRouche case, had to give begrudging assent when Dr. Kurt Ebert, the Austrian member of the delegation, a professor of law at the University of Innsbruck, pointed out that the United States has refused to sign almost all the major human rights covenants: the Universal Declaration of Human Rights of 1948, the European Convention for the Protection of Human Rights and Fundamental Freedoms (EMRK), signed on Nov. 4, 1950, by the 15 member states of the Council of Europe. Neither had the United States, Dr. Ebert pointed out, joined the U.N. Human Rights Covenants of Dec. 16, 1966 (International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights), nor had it ratified the International Convention on the Elimination of All Forms of Racial Discrimination of Dec. 21, 1965, and the American Convention on Human Rights of Nov. 22, 1969, which has been in effect since July 1978. The staffer also admitted that they were having a problem getting the administration to sign human rights accords.

Other congressmen with a more sincere interest in developments in eastern Europe and in human rights than Lantos, gave a much more hospitable welcome to the European visitors. In a meeting with black activist Faye Williams, a congressional candidate from Louisiana and now chief staffer for Rep. Mervyn Dymally (D-Calif.) and a leading figure in the Center for the Study of Harassment of African-Americans, the delegation expressed deep concern over the harassment and political persecution facing black elected officials in the United States. Sandor Cseh proposed forming an International Alliance of Political Prisoners to expose and combat the persecution of individuals because of their political views.

The delegation also received a warm response from representatives of the Hungarian-American community, many of whom had also been political prisoners in their native land. In several meetings, the group was able to speak about the real situation in Hungary and to express their concerns about the LaRouche case as a dangerous precedent for a country long seen as the beacon of liberty. In one reception to which they were invited by leaders of an Hungarian-American association, they were received as guests of honor and given the opportunity to speak about their human rights mission to the U.S. on behalf of LaRouche. At the behest of Catholic human rights activists, the delegation was also given a place of honor at a memorial Mass for Cardinal Mindszenty at St. Matthew's Cathedral in Washington on March 29.

Although only a handful of journalists showed up at the press conference of the Hungarian delegation on March 30 at the National Press Club in Washington, it was still apparent that a diplomatic uproar had been caused by the delegation's intervention on behalf of LaRouche. The press conference was delayed because of a longer-than-expected meeting at the State Department, but none of the reporters left the room. In his introductory remarks, Dr. Kovats, while stressing that it was not their intention to interfere with the workings of the U.S. legal system, nevertheless said that as former political prisoners they had become concerned about the violations committed in the legal proceedings against LaRouche, a man whom they had gotten to know through his economic proposals for eastern Europe. "We were also interested in learning how human rights violations were being handled in the United States."

Janos Denes then gave a speech expressing heartfelt concern that the human rights violations in the LaRouche case were setting a dangerous precedent for the United States. "I myself suffered for decades, as did my country during the period of the Soviet occupation," said Denes. "The LaRouche case indicates that the United States might be developing in the same direction as Hungary under the Soviet occupation." Denes stressed that the U.N. Human Rights Convention applies even in the case of one single individual. "We are asking," Denes continued, "that his case be reexamined and that a new trial be held. We are asking that he be freed, and that the case be brought to a different conclusion than that which placed him in prison. Here the press can play an important role. It would be tragic if the United States falters in this case," said Denes. "The Primate of Hungary, Cardinal Mindszenty, suffered in precisely the same way." Denes then proudly pointed to the pins on his jacket, showing that he, too, had been the victim of political imprisonment and persecution, a fact which was recognized belatedly by his own government. Sandor Cseh explained how he had been arrested by the Russians and condemned to death for a crime which he didn't commit, even before his accusers had any proof that he may have committed the crime. "This was obviously not done under the rule 'innocent until proven guilty,'" said Cseh. "The law makes mistakes. And I feel that an investigation will find that mistakes have been made in the case of LaRouche. The man is 70 years old, condemned to prison for perhaps the rest of his life, and being behind bars gives him little possibility to adequately defend himself. He should be freed."

Dr. Kurt Ebert called for the LaRouche case to be brought before an international tribunal. "Individual judges may err," said Ebert, "and therefore there must exist a tribunal before which these errors can be corrected." Ebert emphasized that the developed notion of human rights also involves the right of the single individual to raise his or her voice against the oppression of those rights by that individual's own government.

Governor Lamm offers brave new world rationalization for euthanasia

by Steve Parsons

During the 1980s, Colorado Gov. Richard Lamm attained national notoriety for advocating what no other major politician had dared to say: that the withholding of medical care for those whose “useful” life had passed, was not only appropriate, but a virtue necessary for preserving the United States. Lamm worked hard to popularize the socially taboo ideas of health care rationing and euthanasia, which had heretofore been confined to academic debates over ethics. Lamm argued, “We’ve got a duty to die, to get out of the way.” He compared the effort to prolong human life to the futility of pasting fallen leaves back on trees.

Today, Lamm is the director of a think-tank at the University of Denver called the Center for Public Policy and Contemporary Issues. His career and his message have intersected the increasing inability of the U.S. health care system to meet the medical needs of the population, at the same time that costs have soared beyond the means of Americans to pay, and disease rates are rising because of social collapse—tuberculosis, measles, AIDS, etc. What is required are crash research programs on cures and treatment for AIDS, cancer, and other diseases, and a resumption of advanced health care—from infant vaccinations to geriatric medicine.

Instead, Lamm’s outrageous views of yesterday are now considered not only respectable, but are the genesis of myriad legislation and medical regulations that aim to curtail costs through restricting treatment and prematurely ending life through living wills, “assisted suicide,” and medical euthanasia.

In contrast to these views of the death lobby, the economic benefits to a society from high-technology health care should be obvious. The real measure of the adequacy of health care as an economic necessity is: Does it extend human life? Does the average individual in society live longer? And is the population growing?

Examples abound of money-saving benefits from providing health care, instead of cutting budgets. In the recent Texas measles epidemic, universal vaccination of the young was not carried out, in order “to save money.” Subsequently, thousands of children required far more costly hospitalization.

Lamm most recently appeared with Sen. Jay Rockefeller (D-W.Va.) on a health care panel at a March 11 conference sponsored by the Economic Strategy Institute, but his rationalizations for denying health care had been formulated in a paper entitled “The Brave New World of Health Care,” issued in May 1990.

U.S. economy can’t afford health care

In his paper, Lamm makes clear that his primary concern over health care costs has nothing to do with improving health care availability or delivery. On the contrary, his subtitle, “Health Care as Economic Cancer,” indicates his view that “costs in the United States are making our economy sick.” He castigates the morality that believes “that everyone is entitled to unlimited health care regardless of how costly and without regard to a patient’s prognosis for recovery,” blasting those who term his “mere suggestions to the contrary . . . as an act of callous insensitivity.” We must face up to the reality that health care costs are consuming so much of our gross national product that it will soon paralyze the entire economy, he claims.

It is the rising cost of health care that constitutes one of the greatest drains from our competitiveness with other nations, writes Lamm, as well as “the single biggest cause of individual bankruptcy and of industrial unrest . . . [which] could wreak havoc with reported [corporate] profits, book values, and stock market valuations.” Our “medical genius” and “exploding technology” are leading to “fiscal suicide”—unless we “begin making hard choices and develop a system that provides the best possible health care to the greatest number of people *at a price the nation can afford* [emphasis added].

“We are careening rapidly into a brave new world of health care” whose “basic defining characteristic . . . is that we have invented more beneficial medicine than we as a society can afford to pay for. . . . America’s economy no longer throws off as large a growth dividend with which to buy benefits for its citizens. Our exploding health care costs and our shrinking economy (caused in part by our exploding health care costs) are on a collision course. . . . We no longer are as wealthy a nation as we once were. Our resources are growing arithmetically, our health care geometrically.”

Therefore, concludes Lamm, “How we adjust to this brave new world . . . will be politically and professionally painful. . . . We shall, inevitably, have to decide what is ‘appropriate’—not merely what could be ‘beneficial.’ . . . Health care prioritizing is the ugly child of our brilliant success in health care.” This prioritization amounts to triaging—a polite term for killing—whole segments of the population, axing research and development of new technologies, savaging the morality and practice of the medical profession, and

destroying the humanity and cultural values of America.

Accommodating to economic collapse

Unlike most other purveyors of the same bestial policies, Lamm has exposed the fallacious premise of all the arguments for rationing and triage: that one must accept as a given the destitute and degenerating condition of the U.S. economy. If one accepts that premise, there is indeed no way that necessary health care can be provided. If one does not change what for Lamm is this immutable reality, then virtually everything he delineates, from the breakdown in health care to the “painful remedies,” is inevitable, regardless of one’s moral outrage.

Lamm believes Americans will do nothing fundamental to reverse the depression. In 1984, he wrote an article for *Playboy* magazine saying that George Orwell’s 1984 was not wrong, but merely a bit late. He titled that article “1994: A Prediction,” and wrote:

“I believe we are now heading toward a gloomy future filled with major economic, political, and social traumas, and it’s not that we can’t alter that trend but that we *won’t*. Thus, we’re careening toward disasters of our own making. . . . These hard problems . . . won’t get better, they’ll get

worse—unless attacked immediately. What follows are my own best-guess predictions about where certain political, social, and economic forces are taking us. I have borrowed a technique from Orwell, whose book projected 35 years into the future to help us conceive the inconceivable. In this case, I have merely added 10 years to this date.

“We will see a Depression-like economic trauma before 1994” from the “new reality of the static economic pie. . . . By 1994, it will have become clear that the U.S. is a country in liquidation. . . . 1994 will see the U.S. with a substantially reduced middle class, and we will have moved toward a two-class society. . . . 1994 will see a bitter battle over a shrinking number of jobs. . . . I predict that 1994 will see America’s cities largely full of angry, frustrated, and unemployed minorities. . . . America’s health care system will be bankrupt by 1994.

“The Third World will be bankrupt by 1994. . . . By 1994, the U.S. will have an international welfare caseload to add to its domestic welfare caseload. . . . We will see constant political turmoil on our southern borders” (emphasis in original).

In a 1985 lecture series at Pacifica School of Religion in Berkeley, California, Lamb underscored his contention that

Abortion counseling ban: Bush’s circus

When the Republican Party rallies votes and funds from anti-abortion as well as “pro-choice” Republicans, it says the party is a “big tent” with room for differing views on abortion. Actually, the “big tent” concept refers to how George Bush uses abortion issues as his personal political circus. His newest act is the Department of Health and Human Services (HHS) amendment to the ban on abortion counseling at federally funded clinics.

The HHS Office of Population Affairs (OPA) says the purpose of the Title X program is to provide preventive, pre-pregnancy family planning services. Once a woman is pregnant, she no longer needs Title X services and must be referred for comprehensive prenatal and social services. Grantees of Title X funds (clinic operators) cannot provide abortion as a method of family planning, nor, as a 1988 rule stipulates, can they counsel or make referrals for abortion in Title X-funded projects. The loophole in the largely unenforceable and unenforced rule was that it did not apply to a grantee’s activities not part of the Title X project. This allowed the abortion industry, most notably Planned Parenthood, which receives tens of millions of dollars in Title X and other federal program funds annually, to operate abortion clinics in tandem with their

Title X-funded projects for years.

Despite the fact that abortion doctors almost *never* counsel women on medical care (even teen “counselors” arrange the abortions), Planned Parenthood built a campaign out of accusing the administration of interfering with the doctor-patient relationship, gagging doctors, and endangering the lives of poor women. They took the case to the U.S. Supreme Court. When the Court upheld the ban last June in *Rust v. Sullivan*, the abortion lobby whipped up congressional support for legislation which overturned Bush’s “gag” rule. Bush vetoed the legislation, garnering adulation from anti-abortion layers. But, behind the charade—both Bush’s and the abortion lobby’s—is the fact that the rules were never enforced. Planned Parenthood even boasted recently that it has ignored the rules altogether.

Bush’s latest amendment lets Title X doctors (but not clinic staff) give abortion advice to women for medical reasons. The abortion brigade, which now admits that counselors, not doctors, see patients, is calling the (still unenforceable) amendment a political ploy. The amendment, full of loopholes the OPA will not discuss, is like a funhouse mirror: you see in it whatever you want. For instance, it stipulates that Title X projects can refer women to full-service providers who give abortions, but “not to those whose principal activity” is abortion. So, if clinics give out condoms and birth control information *and* perform abortions, they qualify.

his predicted fate of nations is the result of failing to act to change these otherwise inevitable outcomes. "These are not 'developing' countries," Lamb said. "They are 'never-to-be-developed' countries. It is sad but true that most of the world's poor will stay poor—and that there is nothing the developed nations can do to alter this . . . [to] make a dent in their poverty. . . . Aristotle said it so well, 'From time to time it is necessary that pestilence, famine, and war prune the luxuriant growth of the human race.' "

Competitiveness . . . and Perot

It is obvious that if the United States continues in its present course, Lamm's 1994 brave new world will indeed become reality. He and his accomplices in the death lobby will have succeeded in destroying what he targeted in that same lecture series: our cultural "optimism [that] is too deep; our traditions [that] are too strong; our history [that] is too rich; and our self-confidence [that] is too bold."

Indeed, former Governor Lamm's line that health care is one of the biggest causes of the nation's lack of international competitiveness, was retailed on March 1 by the Competitiveness Policy Council. "We single out this sector for particular attention," said the council. Such costs "divert a large share of national resources that could be used productively elsewhere."

This thinking is also reflected by billionaire H. Ross Perot, who is now being puffed by the media as an independent presidential candidate. During an interview March 27 on the McNeil-Lehrer News Hour, Perot blamed the elderly for much of the nation's economic ills. He said he agreed with outgoing Sen. Warren Rudman (R-N.H.), who blasted "special interest" groups for blocking attempts to cap entitlement programs such as Medicare and Social Security. "He's right," said Perot.

"There's a wonderful phenomenon going on here around all of these special interests, and I think there can be some good balancing out of that, specifically on the entitlements and so forth," Perot said. "We now have a new huge groundswell coming up of the 18- to 40-year-olds who are mad as the devil and are not going to take it anymore because we're spending their money. Now . . . if they ever get organized, they have a secret weapon. . . . Some of the people who created this problem, by and large, are their parents. They will sit down with mom, dad, grandmother, and granddad and, on a private basis, get a lot of this straightened out, because no mother and father can look their children in the eye and say, 'Sure, we're taking your money and we're proud of it.' That's democracy at work."

If the baby boomers in fact do what Perot advocates, and gang up on their parents and grandparents in a show of social Darwinian force, Lamm's predictions will indeed come true. Ironically, Lamm's brave new world will soon destroy the rest of the population, which will be systematically weeded out by such epidemics as AIDS and diseases of poverty that an increasingly triaged health care system will be unable to combat.

Ross Perot bids for anti-establishment vote

by Leo F. Scanlon

After the latest primaries, American voters are presented with a field of "official" presidential candidates limited to George Bush, Bill Clinton, and Jerry Brown. No sooner had this gruesome choice become clear than, *mirabile dictu*, a savior appeared—Texas billionaire Ross Perot, who blazed into the headlines as the leader of a third-party movement which is attracting voters by the thousands. Sadly, desperate people who are flocking to the petition committee meetings which have been formed to put Perot on the ballot in each state, are generally emphatic that they don't know what Perot's program is, and they don't want to know. All they want is the chance to support a "media credible" candidate who at least appears to be human.

The secret to Perot's success is simple: The level of disgust expressed by voters for the candidates presented by the parties has reached unprecedented heights. Primary voter turnout is running below 1988 levels and, among those who have voted, almost 50% express dissatisfaction with all the major candidates. This vast number of disaffected voters is being carefully shepherded by the news media, which have declared themselves to be the official referees of the elections. Pat Buchanan led that parade for several months, but he has completed his mission of "toughening-up" the Bush campaign, and has retired to the reviewing stand. The new media-certified leader of the disaffected is Ross Perot.

While news media tout the phenomenon as a spontaneous "grass roots" movement, the Perot campaign is about as spontaneous as a NASA launch. Like every sales campaign ever conducted by the wily Mr. Perot, this is a meticulously organized juggernaut, prepared months in advance, and leaving little to chance. Prior to the start of his petition effort, Perot had been speaking to gatherings around the country, all but declaring himself a candidate. Some months ago, for example, he was feted at a "term limitation" meeting organized by John Anderson, the former Republican congressman who ran for President as an independent in 1980, and who now leads the World Federalist Association. Perot won supporters at these populist gatherings with his blunt talk about the social crisis gripping the nation, a call for an expansion of industrial employment, and his colorful critique of the corporate and political establishment. As a result, he says, "Thousands . . . have written and called me in the last few months, [and] asked me to" run for office.

On Feb. 20, Perot told a nationwide television audience

on the Larry King show that he would run, if a movement appeared to put him on the ballot. According to reports, thousands of calls flooded into his Dallas corporate headquarters, and he turned two floors of office space into a phone bank serviced by an MCI Communications "800" line. The media gave him heavy coverage, and Perot made the talk show rounds, capped by an opportune (and long pre-arranged) appearance at the National Press Club. Each event drew a bigger phone response than the one before and, according to MCI officials, when Perot appeared on the Phil Donahue show, the surge was unprecedented, with 18,000 callers jamming the lines within 30 seconds of his number appearing on the screen. Perot spokesmen claim that over 1.4 million people have called to volunteer or request information in the 17 days since his first announcement. Opinion polls show Perot far and away the most popular candidate at this time.

The tightly timed sequence of events has all the earmarks of the Perot organization, which long ago perfected the art of steamrolling the opposition in pursuit of a sale. Nonetheless, in some circles, Perot has a devoted following. He was one of the earliest supporters of the cause of the POWs in Vietnam, and is to this day. In 1979, when the Carter administration sat paralyzed and impotent in the face of the revolution in Iran, Perot captivated the country by privately financing the rescue of two employees from a Teheran prison. He cemented this image with his choice of Vice Adm. James B. Stockdale as an interim vice presidential candidate. Stockdale was the first naval aviator shot down over Vietnam, and had stirred controversy with his 1964 eyewitness report to the Pentagon, which said that the Gulf of Tonkin incident never occurred. Perot has been a consistent opponent of the Persian Gulf war against Iraq, and has pulled no punches in heaping scorn on Bush's bloody adventure. His attacks on the fatuous management of General Motors have garnered blue-collar support, but have gotten more coverage than the real story behind the \$2.5 billion fortune GM paid to get him off its board.

Won't be 'disruptive' of Bush campaign

Perot, like any master salesman, is selling an image. What he isn't selling is a political program, which he doesn't have, or a serious bid for the White House, which he doesn't intend. His bottom line was spelled out in an interview with Harry Smith of CBS News. Asked if he would continue his campaign even if it threatened the reelection of George Bush, Perot replied: "I have no interest in being disruptive. Assuming that the people put me on the ballot in all 50 states, we will have our first meeting with all the people who worked to do that, and that will be a very major item on the agenda."

Perot's fealty to the Bush regime is consistent with the little policy thinking he has allowed to slip out so far. When he talks about problems facing the country, he sounds good. But when he talks about solutions, the tough-talking conser-



Ross Perot: His campaign is about as spontaneous as a NASA launch.

vative turns into an establishmentarian of the first order. In deference to his populist image, the press has played down the fact that he is a big supporter of the eugenics organization Planned Parenthood, and is courteously silent about his support for gun control.

The guts of the national economic problem, according to Perot (and Brown, and Clinton, and . . .), is the federal budget deficit: Eliminate the constitutional power of Congress to raise taxes, cut entitlement programs, and exhort citizens to "work hard," and the deficit will disappear. "We're broke," he says, when in reality it is the banks that are broke. This populist dogma has plagued the republic ever since the British attacked Alexander Hamilton's plan to take credit formation out of the control of private banks. This requires a reorganization of the banking system, not the Constitution.

Perot is likewise adapting to Bush's free trade agenda. On March 16, he opposed the North American Free Trade Agreement, correctly pointing out that "this agreement will move the highest paid, blue-collar jobs from the United States to Mexico. This is going to create serious damage to our tax base." Less than a week later, he said on the Donahue show that he wants to "phase in" NAFTA. His economic policy for eastern Europe and the Community of Independent States is equally establishment-orthodox: "Stick with the program" of International Monetary Fund shock therapy.

The Perot image as the ultimate "outsider" won't stand scrutiny. Perot served on the President's Foreign Intelligence Advisory Board in the Reagan administration. Most important, as *EIR* has reported, documents secured through the Freedom of Information Act show that Perot was present "at the scene of the crime" when Henry Kissinger initiated a government campaign to vilify, frame up, and eventually jail Lyndon LaRouche. It is time for Perot to come clean, and state that the charges against LaRouche are a fraud by the government.

Kissinger Watch

by M. T. Upharsin

CBS kicks over Fat Henry's trough

On March 29, using material often first appearing in print in *Executive Intelligence Review*, CBS News's "60 Minutes" program slammed Henry Kissinger and his global influence peddling, from which he earns millions each year. The two main conflicts explored were Kissinger's call for no tough sanctions against China, after his friend, Deng Xiaoping, ordered the Tiananmen Square massacre, and the role of Kissinger Associates, Inc.'s chief economist, Alan Stoga, in advising Saddam Hussein on how to restructure his debt so he could receive new credits from Anglo-American banks.

One important error by CBS was in judging the nature of Kissinger's conflict with Iraq by confusing the outcome of Iraq's request for consultation with Alan Stoga. From a balance-of-power standpoint, Kissinger saw nothing other than a profitable, temporary way of balancing a tilt toward Iran, which he believed had gone too far. The record of the U.S.-Iraqi Business Forum, under whose auspices Stoga visited Baghdad, shows, as *EIR* has previously documented, that Stoga said the way Iraq could obtain major new credit was to "privatize" its raw materials, including its oil reserves and bauxite. This, the Iraqis rejected as an attack on their sovereignty. Thus, Stoga was part of the economic warfare begun at the end of the Iran-Iraq war that led to the Iraqi miscalculation that it could benefit from invading Kuwait. But apart from this error, the CBS broadcast was right on target.

A 'seamless web'

Time magazine senior editor Walter Isaacson, who is writing an unauthorized biography of Kissinger, spoke on the CBS program of how Henry sold

"extraordinary access" to a gold-plate list of clients, including American Express, Coca Cola, Anheuser Busch, H.J. Heinz, Volvo, Arco, Hunt Oil, Chase Manhattan, the American International Group (AIG), and Freeport McMoRan, an international mining company. Said Isaacson:

"There's only one consultant in New York or Washington who can travel with you to China, and you can have lunch in the Great Hall of the People with Deng Xiaoping, and that's Henry Kissinger. . . . Kissinger has a nice web of people around the world [that] . . . he's formed connections with. That's how he makes his money. He has a nice seamless web of interests and influence."

Mike Wallace of "60 Minutes" also mentioned Kissinger's revolving door, where porkers once at Henry's trough are now in government, helping fill the trough for Henry and those left behind. As Wallace put it:

"And Kissinger Associates has been a revolving door for people like Brent Scowcroft and Lawrence Eagleburger, who worked for Kissinger in the Nixon and Ford administrations. Scowcroft and Eagleburger left government to work for Kissinger Associates, and then they left Kissinger Associates to return to government. . . . Both men are still close to Henry Kissinger."

Rep. Henry Gonzalez (D-Tex.) was shown exposing Kissinger's ongoing ties with the Banca Nazionale del Lavoro after it had been caught in a 347-count indictment against former BNL employees because of \$4 billion secret loans to Iraq, which Representative Gonzalez called "the biggest banking scandal in United States history."

Ironically, Martin Peretz, the friend of Emma Rothschild who had published a piece by Joe Conason in *The New Republic* exposing Kissinger's ties to Iraq, wrote "60 Minutes" a

letter retracting the story. He then had his attorneys phone the show to retract his letter.

Firing flak at journalists

The show repeatedly exposed Kissinger's efforts to muzzle the press. Al Hunt, Washington Bureau chief of the *Wall Street Journal*, told how Kissinger had gone after the *Journal* after John Fialka published his story about Kissinger's China conflict. This story, which led to Kissinger's ties with ABC being severed because of his conflicts on China, caused Kissinger to "go ballistic," as Hunt put it, not because the story was not true, but, said Hunt: "What he [Kissinger] basically said was that we didn't have the right to address the issue."

None of the journalists who spoke to "60 Minutes" pointed out that as a member of the President's Foreign Intelligence Advisory Board (PFI-AB), Kissinger may have violated federal law by failing to recuse himself from giving advice to President Bush on limiting sanctions against China. Only *EIR* has printed this story.

Mike Wallace revealed that Kissinger, a CBS board member, tried to gain editorial control of the "60 Minutes" story, and refused to participate when he failed. Not surprisingly, Kissinger had his attorney Lloyd Cutler write to deny that Kissinger had had any conflicts on China and Iraq, adding: "I would think it outrageous to suggest that his published writings are designed to line his pockets rather than to advocate policies he believes will best serve the public interest." But the law on conflict of interest speaks of not giving the appearance of impropriety, which Kissinger certainly does by profiting from the evil policies he peddles.

Elephants and Donkeys

by Kathleen Klenetsky

Brown, Clinton ready to attack Iraq again

Jerry Brown and Bill Clinton may be running against George Bush, but they totally agree with the current White House occupant's barbaric policy toward Iraq.

During a joint appearance on Ted Koppel's "Nightline" television show on March 24, the two Democratic candidates expressed wholehearted support for a new military strike against Iraq, which has become an increasing likelihood in the context of Bush's domestic political woes.

Koppel posed the question: "If either one of you was President now and facing precisely the kind of situation that the world is facing with Saddam Hussein right now, what would you do?"

"I'd work within the U.N. framework," responded Brown. "I'd tighten up the boycott. But if it required it, with U.N. approval, we'd go in and take whatever action was necessary to get rid of those nuclear weapons." Asked specifically if he would use "force . . . air power," Brown elaborated: "Yes, [but] only within the framework of that U.N. agreement."

Clinton, who, unlike Brown, had publicly backed Bush's war against Iraq last year, said he too would be willing to deploy the military against Iraq again. In response to Koppel's query, Clinton said, "The way I read the law and the agreement, we have the authority to go now if our allies who took military action before want to go with us. . . . If I were President, I would take whatever action was necessary if they refused to comply with [the] deadlines."

Clinton said he would "certainly support" an air strike "if that were the only way to stop the development of nuclear capacity. . . . There has to be a deadline. It has to be observed. And

you can't rule out military force as a lost option. It would have to be undertaken."

Clinton stressed that he "supported the Israeli strike several years ago when they knocked [out] a research reactor in Iraq," adding: "I think you've got to eliminate Saddam Hussein's nuclear weapons capacity. . . . Ultimately that's a threat we can't tolerate."

Brown's insider ties

Jerry Brown's attempt to paint himself as a latter-day Sir Galahad leading the charge against "insider" greed and corruption lost some of its steam, when the March 29 *Washington Post* published a front-page exposé on Brown's financial ties to businessman Milan Panic.

Panic, the main contributor to the political action committee which financed Brown's political activities after he left office, runs a firm called ICN Pharmaceuticals. Brown served on ICN's board for several years, from 1988 through 1991, for which he received \$20,000 a year.

In 1988, while a board member, Brown called Rep. Henry Waxman (D-Calif.) asking him to help ICN in a dispute with the Food and Drug Administration over the licensing of the drug ribavirin. Waxman said he told Brown that the request was inappropriate.

Last year, ICN was forced to pay a \$400,000 penalty and \$200,000 in expenses to settle civil charges stemming from the firm's illegal promotion of ribavirin as a treatment for AIDS. The company also signed a consent decree with the Securities and Exchange Commission, and desisted from claims that the drug would slow the onset of AIDS symptoms in HIV-infected persons.

Clinton raking in Wall Street funds

If Bill Clinton's front-runner status gets destroyed by a poor showing in the April 7 New York primary, it won't be for lack of support from Wall Street's finest. The Arkansan has been raking in buckets of money from some of the most corrupt elements of New York's financial elite.

According to published accounts, key Clinton backers and fundraisers in New York include:

- Arthur Liman, from the law firm of Paul, Weiss, who was deeply involved in the Drexel Burnham scam, and who served as lawyer for junk-bond king Michael Milken. Before that, he served as a lawyer for the notorious Bernie Cornfeld/IOS scam, which fronted for organized crime. In 1987, Liman was counsel to the special congressional panel which investigated the Iran-Contra scandal, and contributed to the massive coverup which left the "secret government" virtually intact.

- Roger Altman, partner in the Blackstone Group, which specializes in buying up bankrupt S&Ls. The group is headed by Peter Peterson, chairman of the board of the New York Council on Foreign Relations.

- Kenneth Brody, a limited partner at Goldman Sachs, and, according to the April 6 *Business Week*, the "architect of Clinton's New York fundraising." Another Goldman Sachs partner, Robert Rubin, is also raising money for Clinton.

- Theodore Ammon, partner in Kohlberg Kravis Roberts, the leading buy-out bandits of the merger and acquisitions junk-bond mania of the 1980s.

- Peter Tufo, partner at Felix Rohatyn's investment bank Lazard Frères.

Teller seeks scientific collaboration with CIS

In testimony before the House Space subcommittee on March 25, Dr. Edward Teller called for closer collaboration with the republics of the Community of Independent States in the areas of science and space.

"The issue of world stability, as we have now, appears every 500 years," Teller told the committee during hearings on bilateral space cooperation. Teller, who designed the hydrogen bomb and is well known as a virulent anti-communist, surprised the congressmen and press by recommending "decisive and fast action to bring about extensive cooperation with scientists of the newly formed CIS." He insisted that this should be mutually beneficial work on joint projects, which would be "more dignified than gifts, and would lay the foundation for future friendship."

"Cooperation should be executed in a completely open manner," said Teller, who argued that secrecy does not produce security. Teller suggested converting SS-18 missile launchers to launch observation satellites, as one possible project. A few hundred very small, 100-200 pound satellites around the globe could provide minute-to-minute observational data on global weather, "converting meteorology from a black art into a science," to include the oceans and other factors left out of today's weather forecasting models, he said.

After the hearing, a reporter asked Teller how he could now be supporting cooperation after being such an arch anti-communist for years. "I changed my mind," the 84-year-old scientist replied.

Earlier, Rep. George Brown (D-Calif.), who chairs the full Science, Space, and Technology Committee, told Russian scientists participating in a teleconference that they might want

to ask if we would use the technology we get from Russia for our military. Russian Minister for Science and Technology Boris Saltykov responded that the republic will do the small amount of defense research necessary for its defense, regardless of what the United States purchases. When asked if the United States should cooperate with the republics on the SDI, Teller answered emphatically, "Yes!" "I believe such an effort should be multi-lateral," he said. "The contribution of the Russians could be technically enormous." The ultimate point for security is openness. "Defense is the best way to avoid [nuclear weapons] proliferation."

Brown has advanced his own proposal to establish a U.S.-Russian science center, independent of that proposed by Secretary of State James Baker. Boris Saltykov, Russian minister of science, higher education, and technology policy, stressed that even modest cooperative efforts could maintain research efforts of potential significance to the entire world. "World-class scientific facilities in the former Soviet Union must be preserved."

Brown later said in floor comments on March 24 that if the scientific capabilities are not utilized, "the loss will be not just to the new republics, but to all humanity."

START treaty hits a snag

Hearings which were scheduled to begin in March on the Strategic Arms Reduction Treaty (START) have again been delayed as the fate of the treaty, signed by the United States and the former Soviet Union, now involves four entirely new nations.

Initially it was thought that the treaty could be resolved simply by ob-

taining signatures from the four new states, Russia, Ukraine, Kazakhstan, and Belarus, on protocols appended to the text of the treaty. Disputes between Russia and Ukraine, however, over who controls the nuclear arms on Ukrainian territory, have caused a significant bottleneck in the treaty process. Previously it had been agreed by all four republics that all short-range nuclear weapons in Ukraine, Belarus, and Kazakhstan would be sent to Russia by July 1 for destruction.

Ukrainian President Leonid Kravchuk has, however, canceled the removal of short-range nuclear weapons from the country because of concerns that Russia would not dismantle the arms. The key question Secretary of State James Baker III will face whenever the hearings may begin will be, "Who is this START Treaty with anyhow?"

Release of Kennedy files restricted

Key members of the House and Senate introduced legislation on March 26 which would require public disclosure of the secret files compiled during the investigation of the 1963 assassination of President John F. Kennedy. The resolution comes after a nationwide debate over the issue, sparked by the release of the Oliver Stone film "JFK," which exposed the coverup of the Warren Commission.

At a press conference on March 26, Rep. Louis Stokes (D-Ohio), former chairman of the House Select Committee on Assassinations, announced the release of the documents. But the procedure developed to examine the documents is far from an "open door" on the Kennedy files. A review board of five members, appointed by

the same three-judge panel which appoints federal prosecutors, will examine the material. Intelligence agencies which wish to restrict the release of certain documents could appeal to the board, which would then decide whether the documents were to be released. The decisions of the panel are subject to presidential veto. The review board will be appointed for a two-year period with the possibility of a one-year extension.

Sen. Arlen Specter (R-Pa.), himself a target of the Oliver Stone film as being complicit in the Warren Commission coverup, felt that the release of the documents would reveal no "smoking gun" of a government conspiracy in the assassination.

Independent investigator Mark Lane, whose book *Rush to Judgment* also exposed the Warren Commission coverup, was skeptical. "If there were incriminating documents," said Lane, "they've had over 20 years to destroy them."

Gates threatens Iraq, Iran

In testimony before the House Armed Services Committee on March 27, CIA head Robert Gates warned that Iraq could be the target of further military action by the United States or by U.N. Security Council action.

Gates claimed that Iraq, in spite of the massive destruction of the country during the Gulf war and U.N.-sponsored economic sanctions, could quickly build up its pre-Gulf war military potential and again become a threat.

Gates warned of a significant military build-up by Iran, which, Gates claimed, wants to assert itself as the major power in the area. Iran has been purchasing advanced warplanes, anti-aircraft missiles, and some extended-

range Scud missiles, primarily from Russia, China, and North Korea, according to Gates. Iran's "clerical leadership has not abandoned the goal of one day leading the Islamic world and reversing the global dominance of western culture and technology," he said. He also tried to downplay the non-proliferation agreements between North and South Korea, warning that North Korea was on the point of developing a nuclear capability and would also be able "to put nuclear materials and related technologies on the market."

Gates received a sympathetic hearing from House Armed Services Committee chairman Les Aspin (D-Wisc.), who had commented in an interview the day of Gates's testimony that he would recommend militarily destroying Iraq's nuclear potential if Iraq did not show itself willing to do so on its own.

'Peace dividend' proves ephemeral

Efforts to free up funds from military cuts for use in a variety of social programs has run into problems, when the Senate failed in a 50-48 vote to cut off a Republican procedural delay which has prevented a vote on the measure.

Democrats were hoping to break down the "firewalls" of last year's budget agreement in order to win funds for a variety of domestic programs. Last year's budget agreement specified that if increases were made in any particular area of the budget—domestic, international, or defense—the money must be cut from other programs in the same area.

The Senate vote fell 10 votes short. The attempt to tear down the firewalls has also met with stiff oppo-

sition in the House, where a vote has been postponed four times already because of growing opposition from conservative Democrats and Republicans. President Bush has promised to veto the measure.

The Congressional Budget Office estimates that if the firewalls remain, fiscal year 1993 domestic spending must be cut by \$6.8 billion to stay within the spending caps. House Budget Committee Chairman Leon Panetta (D-Calif.) warned of bitter fights when appropriations are decided. "This will be a real go-to-the-barricades year for appropriations," said Panetta.

Vatican pressured to recognize Israel

In an outrageous interference in the affairs of a sovereign state, Rep. Edward Feighan (D-Ohio) introduced a resolution in the House on March 24 which calls for Vatican recognition of the state of Israel.

The resolution, presently with 37 sponsors, maintains that since the Church of Rome has opened formal channels of communication with Israel, and since relations have been reestablished between Israel and the nations of eastern Europe, it was time that the Vatican also establish relations with Israel, claiming this would be "a positive step toward peace and stability in the Middle East."

The resolution disregards the fact that the Vatican is a sovereign state and, by inferring that it is the lack of Vatican recognition which is putting a brake on the Mideast peace process, ignores the fact that the so-called Middle East peace process has been stalemated because of Israeli intransigence in refusing to recognize Palestinian autonomy.

National News

Truly: resume flying a teacher in space

Outgoing NASA Administrator Richard Truly said that routine teaching by astronauts from the Space Shuttle should be the next step in space work, in a speech at the National Congress on Aviation and Space Education in Oklahoma City, Oklahoma on March 26. "Later, we will continue the teaching from Space Station Freedom and I predict, from the surface of the Moon and Mars."

Truly, whose remarks echoed the LaRouche proposal put forward in the 1988 presidential campaign television show entitled "The Woman on Mars," made promoting science education a hallmark of his three years as NASA administrator.

Every year since the explosion of the Space Shuttle Challenger, the leadership of NASA has reviewed reinstating the program of flying citizens in space. Christa McAuliffe, who was aboard Challenger, was the first teacher in space. Elementary school teacher Barbara Morgan was her back-up.

Truly reported that he had talked to Barbara Morgan the previous evening. "She's ready, the Space Shuttle is ready, and the American people are ready for the educational inspiration that flying Barbara will provide." Truly has forwarded his recommendation to NASA Administrator designate Daniel Goldin.

Government misconduct exposed in Gotti trial

Attorneys for New York alleged organized crime figure John Gotti exposed the government's misconduct in his trial on March 27. The attorneys played unexpurgated versions of FBI wiretaps which show that the government fabricated evidence and gave the jury bogus transcripts of the alleged conversations.

The particular instance involves an FBI wiretap which the prosecution presented as

a main piece of evidence that Gotti ordered murders. The transcript, which had been liberally quoted by the media, told the jurors that the government recorded Gotti saying "We whacked this . . . kid." When the tape was played, Gotti plainly said, "We ain't whacking this . . . kid."

Defense attorneys invoked Watergate and Iran-Contra to convince jurors that government prosecutors are capable of any type of lying in order to advance their careers. The government has staked a lot on this, its fourth attempt to convict Gotti on some crime or other.

ADL-linked judge runs roughshod over law

Judge Clifford R. Weckstein, the pet judge of the Anti-Defamation League, convicted David Shavin, an associate of Democratic presidential candidate Lyndon LaRouche, of selling an unregistered security on March 25. Shavin had signed a "temporary loan agreement" in a sting operation run by Virginia State Police officer Larry Burchett.

Weckstein convicted Shavin in a bench trial after the original felony charges were reduced to a misdemeanor, and sentenced him to a \$50 fine, a six-month jail sentence suspended for one year, and to pay \$5,000 restitution to the Commonwealth. Weckstein imposed no restrictions on Shavin's political activity. Shavin pled not guilty, and plans to appeal the conviction.

Defense attorney Gerald Zerkin argued that the "temporary loan agreement," which Shavin signed, could not possibly be a security even under the recent ridiculous rulings of the Virginia Court of Appeals and Virginia Supreme Court. Zerkin said no reasonable person could consider this piece of paper and Shavin's role in the transaction to be the offer and sale of an unregistered security. Zerkin also argued that to hold Shavin criminally liable would violate the U.S. Constitution because it would create a presumption of guilt in a criminal case. Weckstein agreed that this creates a presumption against the defendant, but said that under Virginia law, that is permissible.

Assistant Commonwealth Attorneys

John Russell and Elizabeth Teare argued that no matter what the piece of paper was called, it was a security under Virginia law. Russell also argued that even if Shavin was not liable under the civil provisions, he was still criminally liable. The argument went against all standards of law, but Weckstein agreed.

Shavin said, "I've been politically active since I was 12 and I will be politically active for the rest of my life. I believe I wouldn't be here except for my political activity. I don't know how far the state and federal government will go to punish people for their political beliefs."

Physicist presents cold fusion results

"I want you to understand that we are in a really serious situation, because our science is now dominated by an Aristotelian ideology, and this is what lies behind the adverse reaction that we are getting to the results of cold fusion," leading Italian particle physicist Dr. Giuliano Preparata of Milan University told a press conference at the National Press Club in Washington on March 27.

"We are witnessing the birth of a new physics here, but the scientific establishment behaves like a priestly caste that will not allow in any new ideas. Really, we are in a situation with respect to microphysics analogous to the situation after Copernicus had shown that the Ptolemaic epicycles could be replaced," he said.

Preparata reviewed the substantial and repeatable results reported by several independent groupings of electrochemical researchers at the Second Annual Conference on Cold Fusion held last summer in Como, Italy, and announced the release of the conference proceedings. The English-language transcripts make up a 527-page book entitled *The Science of Cold Fusion*, produced by the Italian Physical Society.

Preparata dismissed questions about why some scientists have not been able to reproduce cold fusion results, saying, "All this emphasis on 'reproducibility' is a kind of a bad habit on the part of some scientists. You have here 10²³ of variables, of objects. So of course some things can be done

wrong. . . . But they are avoiding the real challenge. This has been reproduced and independently verified. But they apply a double standard. There are experiments that go on in the solid state physics lab, where accepted phenomena go on which are much more difficult to reproduce than this one. Often things go wrong. But no one ever questions the validity of the phenomenon, because these are done in the laboratories supervised by Nobel Prize winners who are considered unassailable. . . . You are dealing with a subtle process here which must be explained by real scientific thinking."

In answer to questions on why the cold fusion results are being suppressed, Preparata appealed to the audience that they not be dissuaded from fighting for scientific truth. "For the sake of your children, for the sake of the future of humanity, we must fight this stranglehold on science," he said.

The press conference was chaired by Dr. Eugene Mallove, the former press officer at MIT who resigned when he saw leading scientists there committing fraud to discredit the results of Martin Fleischmann and Stanley Pons. Mallove stated, "Within this decade, I would expect to see cold fusion cells heating homes and perhaps even powering home generating stations in certain situations. . . . Spectacular applications to aerospace are also possible, such as the powering of electric ion thrusters."

Aviation Week attacks Bush policy for Russia

In its March 23 issue, *Aviation Week* magazine accused President Bush of imposing a new "Morgenthau Plan," i.e., a scorched-earth policy toward Russia, in a piece by Benjamin Lambeth entitled "Foster Russian Democracy, Don't Hinder It." The Morgenthau Plan advocated deindustrializing Germany at the end of World War II.

Lambeth wrote, "Reports that some members of the Bush administration have worked quietly to bar American purchases of high-technology aerospace goods from the former Soviet Union raise serious questions about whether the U.S. government is marching to a common drummer in supporting the growth of democracy in post-Soviet

Russia. The embargo is said to result from a desire to ensure that the already weakened former Soviet defense industry is kept in forced decline long enough to prevent its reemergence as a threat to U.S. security.

. . . The ruling reflects a disturbing inconsistency in U.S.-Russia policy. The idea that the United States should have an interest in permanently crippling the defense industry of the former U.S.S.R. evokes memories of the benighted Morgenthau Plan that would have reduced defeated Nazi Germany to a pastoral society after World War II. Fortunately, the Marshall Plan prevailed and brought Germany into the Atlantic Alliance as a trusted security partner."

Lambeth warned, "Forces in this country are determined to exploit Russia's predicament to deliver the final blow. The U.S. effort to hobble Russia's defense industry . . . will guarantee resentment and long memories of American betrayal among precisely those members of the Russian security establishment we should be trying to co-opt. It also plays into the hands of unrepentant members of the former Soviet bureaucracy who have been warning that America's intentions toward Russia are not to be trusted."

Taxes go to reverse Florida flood control

The state of Florida has drawn up plans to restore the Kissimmee River to its original path, the March 24 *New York Times* reported. It is the largest restoration project undertaken solely for environmental reasons.

As a flood control measure, the Army Corp of Engineers in 1954 began a project to dredge and straighten the river. Now, the Corp of Engineers and the state of Florida are developing a project to return the river to its meandering path. The cost for construction and land acquisition, restoring 29,000 acres of wetland and requiring the purchase of 65,000 acres of flood plain, will cost an estimated \$368 million.

Environmentalist organizations are happy with the plan, and it is reported that the plan is also supported by the White House Office of Management and Budget and President Bush.

Briefly

● **TOM KAHN**, chief of the International Affairs Division of the AFL-CIO and a long-time operative against Lyndon LaRouche, died of AIDS on March 28, the *Washington Post* reported. Kahn slandered LaRouche throughout the world, particularly within the Solidarnosc movement in Poland.

● **MAYORS** plan to march on Washington on May 16 to demand action on the crisis of the cities, New York Mayor David Dinkins said March 26. The march will be non-partisan, and nearly 70 mayors have pledged to participate.

● **THE FBI** now claims that Chinese communist spies are replacing Russian spies as the biggest threat to U.S. security, the Taipei *Free China Journal* reported March 17. The FBI is now putting ads in the Chinese-language press in the United States warning about "undercover activities" of Chinese communists.

● **NEIL BUSH**, the President's son, will pay \$50,000 to the government over his role in the Silverado S&L affair, according to a March 26 *Rocky Mountain News* story carried by Reuters. Bush and seven other directors will pay a total of \$292,000 to settle a 1990 lawsuit filed by the government.

● **STATES** across the United States are re-equipping their gas chambers and electric chairs to deal with a surge in the number of death row prisoners who have reached the end of their possible appeals, and now face execution, the March 28 *London Times* reported.

● **THE DRUG** Enforcement Administration has been accused of bringing drugs into Venezuela. Bayardo Ramirez, former president of the Venezuelan National Commission against Drug Use, said that the DEA is taking advantage of the power vacuum to bring in more agents, "in order to control not only drug trafficking, but every other type of activity it wants." While no evidence has yet been provided, the allegations indicate the depth of anti-U.S. feelings.

A decade of wars

It is ten years ago that the United States and Great Britain cooperated in the first of the ugly "little wars" which have marred this decade. In April 1982 the British declared war against Argentina in order to maintain their illegal claim of ownership of the Malvinas (known by them as the Falkland Islands).

This was the start of a series of wars which directly involved the United States, including the invasion of Grenada, the invasion of Panama, and the war against Iraq, and other wars and destabilizations in which the Anglo-Americans were more indirectly involved. As we warned, the policy underlying the British invasion of Malvinas would bring us to the brink of another global conflict. On April 20, 1982, in an editorial, we accurately pointed to the opening that the British attack on the Malvinas created for an Israeli invasion of Lebanon.

As the British Navy was steaming toward the south Atlantic, we warned that this was just a first step in the transformation of Ibero-America away from its alliance with the United States. As we foresaw, nationalists in Argentina, Venezuela, and Colombia now identify the U.S. government as responsible for imposing policies upon them which have wrecked their economic potential and created a civil crisis in their nations. It is only a matter of time before these forces succeed in toppling hated puppet regimes such as that of Carlos Andrés Pérez in Venezuela.

One of the most nefarious aspects of the Malvinas war was the consolidation of Britain's grip over U.S. foreign policy (a control which had escalated when Henry Kissinger became secretary of state under Richard Nixon and—according to his own account—reported to the British Foreign Office, sometimes before even consulting his own President). This was, in effect, the end of the Monroe Doctrine, which had been formulated to protect the nations of the Americas from coming under the British sphere of influence.

While it is true that the British were able to unlawfully occupy the Malvinas by military action in 1839 (the same year they started the first Opium War against China!), under U.S. law the islands were and remained

Argentine territory—until 1982. U.S. policy was succinctly stated in an advisory written in 1821 to President Monroe by then-U.S. Secretary of State John Quincy Adams. Adams formulated what became known as the Monroe Doctrine as follows: "The United States must not 'come in as a cock-boat in the wake of a British man-of-war.' "

True, in the 1830s, we did not dislodge the British from the islands which they seized by conquest, but at least we were clear that we not only did not support such a policy, but that we opposed all violations of national sovereignty, especially those in our own backyard. A point of reference in the not-so-distant past, when the United States refused to condone such British imperialist adventures, was the case of President Eisenhower's intervention to force the Israelis, French, and British to withdraw after their occupation of the Suez Canal in 1956.

In the ten years since the ugly Malvinas war, U.S. policy has completed a 180 degree shift from that policy. The Bush administration has let it be known that the United States is prepared to violate the sovereignty of any nation which defies the dictates of the International Monetary Fund or otherwise opposes Anglo-American imperial designs.

On April 27, 1982, Lyndon LaRouche issued a prophetic assessment in the pages of this magazine. He wrote: "The accelerating deterioration of the domestic and foreign-policy posture of the United States requires sharp action to reverse these trends, by reversing the causes of the policy of these trends. This requires nothing less than dramatic action beginning such a policy-reversal by the President of the United States." Key to this was a reversal of the usury being imposed upon developing lands by the International Monetary Fund, the World Bank, the Bank of England, and U.S. banks such as David Rockefeller's Chase Manhattan.

Many well-meaning Americans believed then that somehow President Reagan knew what he was doing, and that he would set the United States back on track. That illusion is long gone, and with it, valuable time.

LaROUCHE

YOU MAY LOVE HIM

YOU MAY HATE HIM

BUT

YOU'D BETTER

KNOW WHAT

HE HAS TO SAY



The Power of Reason: 1988
an autobiography by Lyndon H. LaRouche, Jr.



The Power of Reason: 1988

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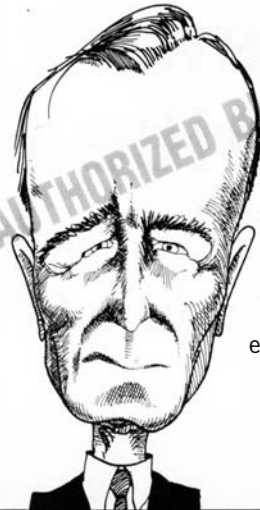
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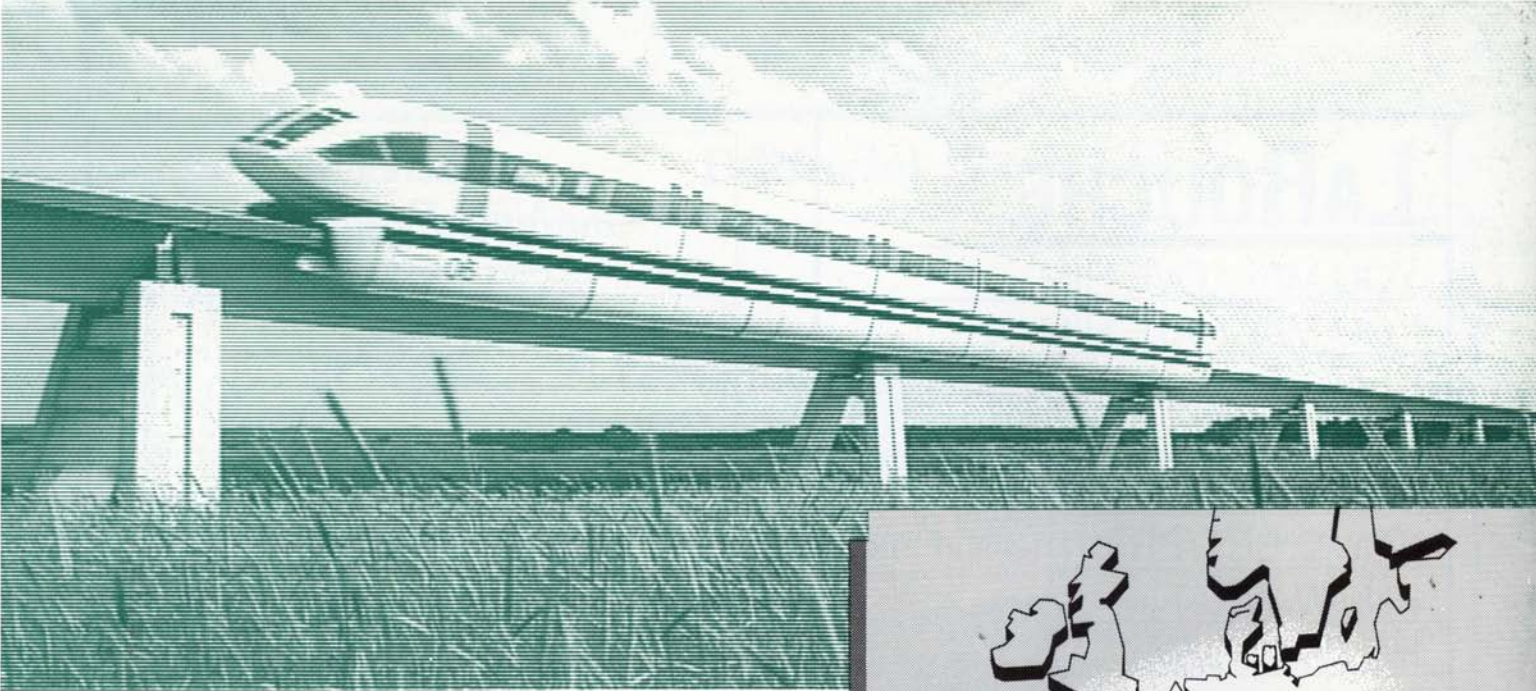
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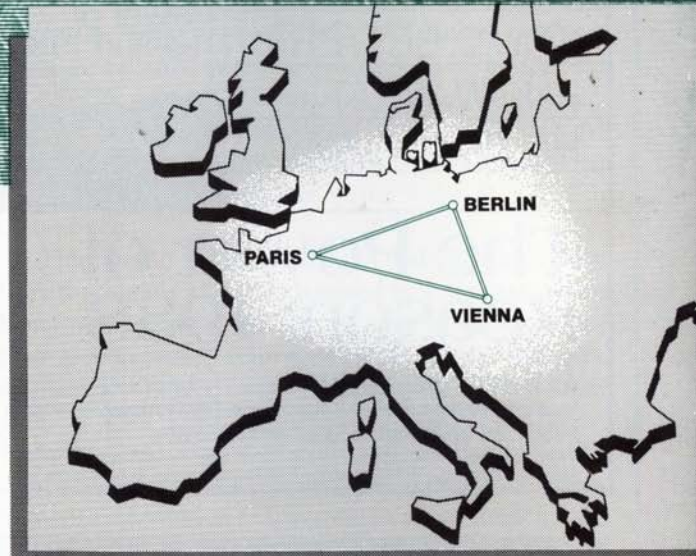
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—from the Berlin Declaration,
March 4, 1991