

# EIR

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Fascist austerity—Sweden the 'model' again

**LaRouche: 'I do know how  
to stop the depression'**

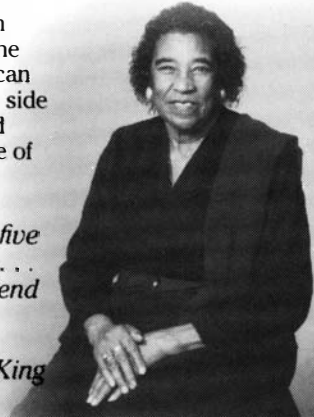


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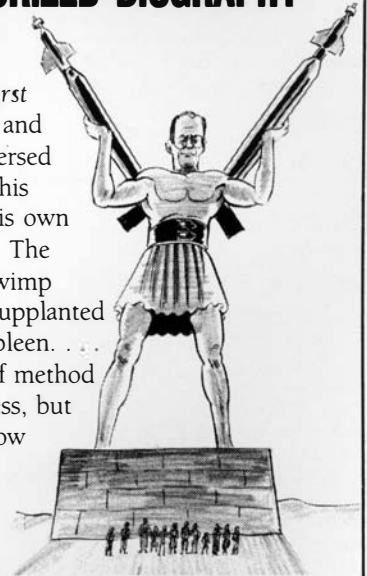


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## From the Editor

‘The policies made by the United States government and others, especially in October and November 1982, crushing Mexico, and crushing the other nations of Central and South America, have led to the destruction of the United States itself. Now we have come to the point where my policies are vindicated and the policies of my competitors are discredited. I do know how to stop this depression, they do not. They are not willing to accept the policies that would stop it. I am running because I can stop this depression and no other public political figure in the United States could do it.’

With these words, Lyndon LaRouche summed up to a Colombian radio journalist the reasons for his electoral campaign (see *Feature*). A few weeks ago, we presented his independent bid for the U.S. presidency by highlighting the vice-presidential part of the ticket, civil rights leader Rev. James Bevel, formerly a top lieutenant of Dr. Martin Luther King. This week, we see the presidential candidate himself through the eyes of an Ibero-American audience. We also print a handful of the latest foreign endorsements of the LaRouche-Bevel campaign which were shared with us by the campaign staff, which exemplify how this race against all ordinary odds, is seen in Europe in these extraordinary times.

Other articles put the LaRouche political effort into a broad strategic perspective, notably:

- We print the criminal complaint, which led to the indictments of four individuals on Oct. 6 for plotting to kidnap 36-year-old Lewis du Pont Smith and his wife, who have been hounded for years by his parents simply because they supported LaRouche’s politics. What has already come to light in this case throws a spotlight on the violent criminality of the anti-LaRouche “Cult Awareness Network” crowd.

- The *Strategic Studies* survey of Bangladesh, one of the world’s most populous nations, tackles the question of how a country’s dependency on aid can destabilize an entire region, and what must be done to free it from the IMF straitjacket and ensure economic sovereignty.

- In *Economics*, see our coverage of Sweden and Italy for the models of austerity intended to be imposed on all of Europe: *fascism* in the strict, historical sense of the word.

Nora Hamerman

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**Photo credits:** Cover, Dana Scanlon. Page 29, Foto Hermanos; (inset) NSIPS. Pages 13, 60, 63, Stuart Lewis.

**Correction:** Due to a printer's error, the map indicating the location of Cameroon in Africa was omitted from the article on p. 9 of the Oct. 9 issue. Although it appeared in Vol. 19, No. 29, it was not really the editors' intention to ask readers to look it up!

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## Looming banking crisis will dwarf S&L debacle

by John Hoefle

The U.S. banking crisis, which for months had been falsely portrayed as "solved" by government officials and the press, has suddenly risen from the grave, and is once more stalking the financial and political markets.

The latest outbreak of publicity about the banking crisis, which has in reality been steadily getting worse, revolves around a study prepared by Edward W. Hill, a professor at Cleveland State University, and banking authority Roger J. Vaughan, of Santa Fe, New Mexico. The Hill-Vaughan study, which is being published by the *Washington Post*, presents the bleakest assessment to date by any of the establishment-certified banking analysts of the U.S. banking system. But the study, which would have you believe that less than 20% of U.S. banks are in trouble, is just another in a long line of studies designed to hide the extent of the crisis.

The study, entitled "Banking on the Brink," warns that a taxpayer bailout of the banking system is "virtually certain," and that by refusing to recognize the seriousness of the problem, the government is in danger of repeating the steps which led to the S&L debacle.

The study says that were the banks to accurately reflect their financial condition, "more than 1,000 of the nation's banks would be judged insolvent," and "perhaps 1,000 more on the lip of insolvency." But the remaining 10,000 banks, the study claims, are "strong, profitable and internationally competitive."

### Bailout estimates double

The study estimates that the cost of bank failures could run as high as \$95 billion, nearly double the worst-case estimate of \$48 billion made by the Federal Deposit Insurance Corp. a year earlier, and significantly higher than the highest government figure, the \$72 billion projected by the Office of

Management and Budget in January 1992.

The Vaughan-Hill study contends that banks can expect to lose 80% of the value of their repossessed real estate and of loans more than 90 days past due, and to lose 60% of their loans that are delinquent less than 90 days or that have been restructured. They also project losses of 20-40% on all other real estate loans, even those which are currently being paid on time.

A taxpayer bailout of the banking system is well under way, but the cost will be measured in trillions, not billions, of dollars. But the contention of the study that more than 80% of U.S. banks are healthy, is nonsense.

The problem is not with a handful of banks, or even a couple of thousand banks. The problem, as *EIR* has repeatedly documented (see *EIR*, Jan. 10, 1992, "Why the Panic Over the U.S. Banks Is Justified"), is that the entire banking system is insolvent. The banks have been overwhelmed by the depression. Real estate values have collapsed dramatically, the level of non-payable loans has skyrocketed, and the enormous speculative bubble of off-balance-sheet activities has popped.

The only thing keeping the banks afloat at this point is politics. The Bush administration has bullied federal banking regulators into adopting a virtual "no such thing as a bad loan" policy, allowing banks to carry as performing loans, those which have no chance of being paid back. Loans which cannot be repaid, are simply being rolled over or restructured when they come due, preserving the illusion that they are viable. In addition, the banks are carrying real estate loans on their books at completely unrealistic values, as if real estate values had not dropped 25-50% nationwide. The result is a dramatic understatement about the extent of the banks' loan losses, and a corresponding overstatement about the

banks' income. It is a virtual replay of the S&L fiasco, but on a vastly larger scale.

### **Banks spoon-fed profits**

At the same time that the bad loans are being covered up, the banks are getting a massive gift from the government and the Federal Reserve, in the form of lower interest rates. The lower rates allow the banks to increase the spread between what they pay for money and what they charge for the money they lend. This extra interest rate income the banks report as profits.

The most striking example of the secret bailout of the banking system, is the way the banks are being spoon-fed profits by the Fed and the Treasury through the market for Treasury securities. The scam works like this: The banks borrow money from the Fed at 3% interest, then turn around and buy Treasury securities that pay 8% interest with the money. That gives the banks a 5% profit, without any risk and without the need to make loans in the economy. As a bonus, the banks are not required to set aside any equity capital against these Treasury securities, whereas they would have to set aside \$4 in capital for every \$100 in business loans. So they rake in money from the government to bolster their profits, while making their equity capital position look better. In the words of Sen. James Sasser (D-Tenn.), "In effect, the taxpayers are bailing out the banks."

The size of this bailout is staggering. At the end of June, for the first time in 27 years, the amount of government securities held by banks (\$607.3 billion) surpassed the amount of their commercial and industrial loans (\$598.5 billion). During the previous 12 months, the banks' holdings of government securities rose 21%, some \$105 billion, while the banks' C&I loans fell 4%. During that same period, loans to individuals fell 2.9% and total loans fell 0.7%.

In fact, for many banks, especially the larger ones, the main source of income comes from trading in securities, speculating on currency fluctuations, and other activities more akin to placing bets in a casino than traditional banking. The 10 largest U.S. banks made 77% of their reported profits from such trading in 1991.

This shift to casino-style speculation has led to an explosion in the level of banks' so-called off-balance-sheet liabilities, a category which includes various types of futures trading, letters of credit, loan commitments and the like. In 1984, according to the General Accounting Office, U.S. banks had \$1.364 trillion in off-balance-sheet liabilities. By 1985, that figure had risen to \$1.8 billion, equal to 67% of all bank assets. By September 1991, according to a study by Weiss Research, the 20 largest U.S. banks had off-balance-sheet liabilities of \$6.1 trillion, or 697% of their \$899 billion in reported total assets. Citibank led the pack with \$1.381 trillion in off-balance-sheet liabilities—more than the entire U.S. banking system had just seven years earlier.

Thanks to government gifts, false accounting, and regu-

latory corruption, U.S. banks have been able to report "record profits" of \$7.6 billion in the first quarter and \$7.9 billion in the second quarter of 1992. But this illusion of solvency is coming to an end, as the deepening depression destroys the ability of governments and central banks to manipulate the financial system. One after another, the bailout operations are unraveling.

### **Bailout operations unraveling**

A prime example is the collapse of Olympia & York, the giant real estate developer which is now in bankruptcy. O&Y was in many respects a bailout operation, funded by the banks to artificially revive the foundering real estate markets in North America and Britain. Backed by billions of dollars in loans from the banks, O&Y acquired and developed numerous properties in New York City during the 1970s and 1980s helping, along with similar creations such as Donald Trump, to pump up the deflating New York real estate bubble. O&Y also took over the foundering Canary Wharf project in London, Europe's largest office development.

But now O&Y has collapsed, and with it the illusion of viability of the New York, Toronto, and London real estate markets. The banks will lose not only the money they lent to O&Y, but also the money they lent to other companies, using artificially inflated real estate as collateral.

The collapse of the big real estate operators leaves no one left to buy up all the real estate which has been dumped on the market. That, in turn, is further driving prices down in a self-feeding process which will not end until real estate values reach a level which can be supported by genuine economic activity, which means that many of the commercial office projects are headed for declines of up to 80% from their purported values at the height of the bubble.

That spells doom for the banks, which have some \$858 billion in nominal value of real estate loans on their books. A drop in value of just 30% on the banks' real estate loans, would be more than enough to wipe out the banks' claimed \$248 billion in equity capital. And that drop has, in reality, already occurred, leaving the banking system, as a whole, bankrupt.

The preference of the government and the bankers is to let the crisis remain out of the public eye until after the elections. They would rather that the discussions take place in the back rooms, since they all agree that the taxpayer must ultimately pay to bail out the banks, and such admissions are bad form in an election year.

But such a cutoff of public discussion only hastens the coming collapse, since neither the bankers, the government, nor the regulators have the resources to keep the system afloat. By hanging on to a dead system, they are foreclosing the possibility to shift to policies which could revive the economy. No matter how much the government and bankers loot the public, they will not be able to put their financial system back together again, and the harder they try, the worse the situation will get.

# Fascist austerity: Sweden once again the 'model' for Europe

by Tore Fredin

Tens of thousands of Swedes took to the streets on Oct. 6 protesting sweeping cuts in the nation's welfare system. Ironically, the demonstrators, organized in the National Trade Union Confederation (LO), traditionally of Social Democratic affiliation, were protesting not merely against the liberal-conservative coalition government, but de facto against their own political leadership as well. For it was only thanks to the backing of the opposition Social Democrats, that conservative Prime Minister Carl Bildt, within 10 days in late September, could push through two austerity packages in response to the recent financial and currency instability.

The austerity presented by the government is in principle nothing new, it is just meaner. The cuts have gone deep into the welfare and social security system, supposedly to show that the Swedish establishment is determined to defend the Swedish krona at all costs.

In the process, the "conservative" government is collaborating with the opposition Social Democrats to enforce the worst of both worlds: The government is fulfilling the Social Democratic dream of nationalizing the banks, and the Social Democrats are backing the free marketeers' dream of gouging the living standards of the working population. In one speech to the Oct. 6 demonstrators, the chairman of the transport workers warned of a split of the Social Democratic Party, as a result of the consensus of the established parties to impose austerity to save the banks.

Unfortunately, this will be looked to as the "model" for the enforcement of International Monetary Fund (IMF)-dictated austerity throughout Europe in response to the worsening worldwide depression.

## Cutting consumption

Part of the package is a 5% cut in the employers' fee, which employers pay to the state for each employee as a special wage-tax. This cut was incorporated into the second package the day after it was proposed by Bengt Dennis, the head of the Swedish Riksbank (central bank), who claimed that the markets were demanding the step as a means to cut labor costs in order to increase competitiveness of the Swedish export industry, to increase market share internationally.

The intention is to finance this 18 billion krona cut in revenues by decreasing consumption. The shortfall will be compensated for by cutting two days from paid holiday time, a 3% increase of the value added tax (VAT) on food, and cancellation of an already-decided decrease in the VAT in other areas. Rents are also expected to rise 10% over the next year.

The way in which this 5% reduction of the employers' fee on labor costs is to be financed is described as an internal devaluation. This is the content of a national handshake between the government and the Social Democratic opposition—an ever faster erosion in the standard of living of Swedish wage earners, which over the last 15 years has already lost the equivalent of two months' purchasing power out of an annual wage. The latest offer, in this respect, is that by a company in northern Sweden which is giving its employees the choice between a 20% wage cut or being laid off. This is seen as a test for how far the austerity can be pushed.

## Prologue to the crisis

One year ago, the Swedish banking crisis came into the open. It was just after that that the Social Democratic government was voted out and replaced by a liberal-conservative coalition government. The first bank to be bailed out was the state-owned Nordbanken. The second was Första Sparbanken, a savings and loan institution which was and is controlled by the Social Democratic *nomenklatura*, and which went bankrupt in October 1991.

The free market, non-interventionist Prime Minister Bildt thought he could let the bank go bankrupt and at the same time give the Social Democrats a political black eye. Little did Bildt know. While attending the IMF annual meeting in Bangkok, Thailand, he got a telephone call from Swedish Riksbank head Dennis, telling him that international considerations demanded that no free market "fundamentalists" could be allowed to destabilize international finances by letting a bank go into bankruptcy.

Bildt thereupon bailed out the bank with taxpayers' money, and, since then, bailouts have been the policy of this non-interventionist government. So far, the government has bailed out Swedish banks for 50 billion krona, and this,



according to conservative estimates, is only one-fourth of what the state will have to pay in the end. According to financial analyst Prof. J. Lybeck writing in the Sept. 26 *Svenska Dagbladet*, the Swedish banking crisis will reach its peak next year, and all Swedish banks will be nationalized by 1994.

This seems to be the irony of history. Here, Sweden has got one of its only non-socialist governments in 60 years (except for the interlude between 1976 and 1982), and this new government will end up nationalizing the banks because of its monetarist obsession. Nationalization of the banks is the policy which the Conservative Party has always accused the Social Democrats of harboring.

### **Phase two: austerity**

This year-long banking and financial crisis in Sweden entered phase two during the recent turbulence on the international financial and currencies markets. The Swedish krona, one of the weaker European currencies, became a target for a run which was mainly carried out by 10 big Swedish export industries' financial subsidiaries, five Swedish banks, and three Swedish insurance companies. According to the Riksbank's statistics, 93% of all currency movements in and out of Sweden during the critical period were carried out by this handful of institutions.

One example shows how few control the Swedish economy. The 10 leading export companies have, in short positions and cash liquidity, 200 billion krona, which is almost twice the Swedish currency reserves, or more than these companies export in real goods in one year. More than half of this 200 billion krona sum is in the hands of companies controlled by the Wallenberg family, and more than half of all currency transactions in and out of Sweden are performed by the Wallenberg-related S-E Bank.

The run was supposedly triggered by the Finnish decision to let its currency float by decoupling it from the European Currency Unit (ECU), which meant a de facto decision to devalue the Finnish mark. Since Sweden and Finland have similar industrial structures, everyone thought that Sweden would also have to decouple its currency from the ECU.

Then, Riksbank head Dennis carried out his now world-famous fight to save the Swedish krona, a fight which, if allowed to continue, will destroy what is left of Swedish industry. Already, this depression has cost Sweden 200,000 industrial jobs out of 1 million, i.e., a 20% decrease. Swedish industry employed only 1 million out of a labor force of 4 million, so even before the acute crisis, Sweden as an industrial nation was in deep trouble.

Refusing all but monetarist "remedies," Dennis pushed the economy from the frying pan into the fire. He ended up increasing marginal interest rates, that is, the interest rate the banks must pay on daily loans from the Riksbank, to 500%. All this drove the ordinary interest rates above 20%, and with an inflation level of 2%, it resulted in a real interest rate

(the difference) of almost 20%, which kills any productive investment in industry or agriculture.

### **A sane voice**

One of the few sane voices from the Swedish establishment, the head of the giant Swedish-Swiss company ABB, Percy Barnevik, is warning that Swedish industry will be destroyed if this crazy monetarist policy is not stopped. Barnevik has incessantly in the last year called for infrastructure programs to develop eastern Europe. He has repeatedly warned that if we do not act now, we will end up with 50,000 Russians camping outside Stockholm.

Why is an obviously insane policy being pursued by a coalition of parties which present themselves as protectors of Swedish agriculture and industry? One explanation is, that by keeping Bengt Dennis, a well-known Social Democrat, as head of the Riksbank, this new liberal-conservative coalition government made very clear, in spite of what they were saying, that they will continue a policy of anti-industrial monetarism, just as the Social Democrats did during the 1980s. This policy had seen the deregulation of the internal Swedish banking and credit market in the middle of the decade, and then, at the end of decade, the elimination of currency regulation. The deregulation of the currency left Sweden wide open for runs, like the recent ones, on its krona.

The monetarist Social Democratic policy began as soon they were back in power in the fall of 1982. The first thing they did was to install Dennis as head of the Riksbank. They also made a flying start into the speculative transactional economy they had created during the 1980s, by devaluing the krona 16% in October 1982. The prime movers of that policy were Prime Minister Olof Palme, Finance Minister K.O. Feldt, and Dennis.

All three of these top Social Democrats have been important operators on the international scene. Palme's role is known, but what is not known to the general public is that during his time in office, Feldt played an important role in carrying out the policy of the IMF as chairman of the Group of Ten. To carry out the IMF's policy toward our neighboring Baltic nations is a task which "conservative" Prime Minister Bildt has made his own. Dennis has been one of the important officials at the regular monthly meetings of the Bank for International Settlements, where heads of the various European central banks decide their policy. During the last year, Dennis has chaired these meetings.

During the 1980s, Social Democratic Finance Minister Feldt became famous for introducing the "cheese slicer" principle, in cutting the budget every year throughout the decade. The idea was to cut a small slice each time across the budget, to carry out a continuous austerity policy. The only purpose of Feldt's Social Democratic policy then, like the "conservative" policy of today, is to satisfy the demands of the "market" to cut consumption.

# Behind the assault on the lira, masonic maneuvers target Italy

by Claudio Celani and Umberto Pascali

The storm that is buffeting Italy is without doubt the most serious in the postwar period. The lira has fallen by 15% since it exited the European Exchange Rate Mechanism on Sept. 13, and its fall continues. The Bank of Italy, after having spent half of its foreign reserves, has now given up its defense completely. National statistics show a picture of virtual bankruptcy. The debt exceeds the Gross Industrial Product: 1,500 trillion liras; the public deficit is more than 10% of the Gross Industrial Product; unemployment is growing. This financial crisis is due to more than a decade of deregulation à la Margaret Thatcher, which brought about a huge state indebtedness by selling state bonds at more than 12% interest.

The crisis is accompanied by foreign destabilizing maneuvers, mostly from the City of London and Wall Street.

The Wall Street investment bank Goldman Sachs, which financially supports both George Bush and Bill Clinton, predicted that the fall of the lira would not stop until it reached the rate of 1,000 liras to the German deutschemark. Before the crisis, the exchange rate was at 740 liras to the mark, and now it is above 900.

This is not the first time that this financial oracle has poked its nose into an Italian crisis. Economic observers have noted that the speculation against the lira started at the very moment that Goldman Sachs announced the weakness of the Italian currency, which was then still part of the European Monetary System. No sooner had Goldman Sachs made its "prediction" than it announced it was establishing an "operational" presence in Italy by opening its first office in Milan. A contradiction? Perhaps the explanation is to be found in the proposals of the senior adviser of Goldman Sachs for Italy, Romano Prodi, who recently suggested that government privatize the three main Italian public banks. Clearly with the lira's rate against the mark at 1,000, holders of the German currency gain quite an advantage over a rate of 740 liras to the mark!

From a political standpoint, it is clear that, in the context of the Anglo-American "new world order," Italy makes the easiest target for attacking continental Europe and breaking a Paris-Bonn-Rome alliance. Wall Street and the City of London are counting on the fact that the present Italian leader-

ship is pinned down by the rigid austerity demands of the European Community presented as a *sine qua non* for re-entry into the European Monetary System, demands which coincide with those of the International Monetary Fund (IMF). These demands amount to sending the groups that currently run things in Italy to ride off into their last sunset, and replacing them by people more compliant to the Anglo-American designs.

## Spawning revolt

The decision by the government of Prime Minister Giuliano Amato to "find" 93 trillion liras by cutting spending and increasing taxation has caused a kind of revolution. Amato decreed the elimination of health insurance for most Italians (later slightly eased) and a freeze on wages and pensions, as well as several new tax increases. The trade unions naturally declared war, calling for strikes that were more than 90% effective, set to culminate in a general strike on Oct. 13, a level of protest not seen for the last 20 years. The unions are demanding that the government dump its free market policies. They propose their own budget cuts, which will not hit social services. The biggest labor confederation, the CGIL, proposed to slam finance capital with "extraordinary financial measures," such as a moratorium on the public debt, in order to allow for an economic recovery. In itself this would not solve much, and could make things worse, but in the context of an industrial reconstruction plan, as proposed by Lyndon LaRouche, it is the kind of monetary reorganization that helps free resources for investments.

The newspaper of the Italian Liberal Party, *L'Opinione*—considered close to masonic circles—recently ripped into CGIL head Bruno Trentin for proposing that 20% of bank deposits be frozen and turned into a long-term loan to the state. *L'Opinione* compared Trentin's proposal to those of Roberto Formigoni and Vittorio Sbardella, both leaders of the Catholic organization Communion and Liberation and members of Parliament from the dominant Christian Democracy. The two proposed to consolidate the public debt by converting public bonds from short-term to long-term. *L'Opinione* does not explain that these proposals are based on a strong criticism of free market economics, usurious interest

rates, and finance capital, and that they are aimed at forcing a shift toward investment in industrial growth.

These anti-free market ideas are gaining ground not only in the unions but also inside the Christian Democracy and the Party of the Democratic Left, the main opposition party. It is exactly against this convergence on a potentially broad ruling coalition that the Anglo-Americans have deployed all their destabilizing capabilities.

The Anglo-Americans' strong suit is the North League, the separatist movement of Umberto Bossi and Gianfranco Miglio, which has announced a tax revolt, and the intention to split the "rich" north from the "poor" south of Italy, exploiting the opposition to austerity that is radicalizing Italians. The ideology of the League's leadership is exemplified by Miglio's statement that "Hitler made mistakes of style." In the recent local elections in the city of Mantua, in Lombardy, the League tripled its vote to 34%, and the Alpine League, led by Bossi's sister, gained another 7%. The city's former leading party, the Christian Democrats, collapsed to 14%.

According to polls, if a national election were held now, the League would come in first in the north with 30% of the votes. For the first time since the war, the government has postponed 42 other local elections until next year. A reaction by the Constitutional Affairs Committee of the Parliament forced the government to call elections for Dec. 13.

## The return of P-2

Behind the North League are the masonic groups associated with the Scottish Rite in the U.S. and England—in particular the structure of the secretive Propaganda-2 lodge. The Venerable Master of P-2, Licio Gelli, who spent 10 years in hiding or jailed and was "cleaned up" after Bush's inauguration, openly supports the League and freely pontificates in any newspaper, calling for a coup d'état. "We have long had the conditions for a coup d'état," he told *Europeo* magazine on Sept. 18. "A coup d'état that should eliminate the scum [the political parties] that are robbing us. . . . In reality do you know who represents the only hope for this country adrift? Bossi. If Bossi really gets the tax revolt started, I will join him immediately."

According to recent investigations begun by a prosecutor, Agostino Cordova, in Calabria, in the south, Gelli is in close touch with the very same bosses of organized crime in the south whom the League officially targets as enemies. Gelli has been unable to explain recent transactions of hundreds of billions of liras, which may have been used for destabilizing actions.

Beyond Gelli, the whole masonic network is being activated, eerily reminiscent of the post-Versailles period that preceded Fascism in Italy. In addition to the League, Anglo-American masonry has a candidate who is supposed to replace the whole unruly Christian Democratic leadership: Mario Segni. The son of a former President who was forced to

resign in the 1960s after allegations of attempting a coup, Segni is calling for an "institutional reform" that would suppress political parties and replace them with lobbies. Despite undeniable corruption and many other faults, Italy's parties sometimes do represent the thinking of their constituencies, and the parliamentary system makes it extremely tough to pass the austerity regimes ordered by the IMF. Segni, who suddenly seems able to have at his disposal huge financial resources, is promoting his own mass rallies, and is receiving the support of the P-2-connected media.

Similarly Claudio Martelli, the justice minister, until recently was the loyal henchman of Socialist Party Secretary Bettino Craxi. But Craxi is out of favor with the Anglo-Americans, who "suddenly" discovered that he was corrupt. Martelli, after a U.S. visit in September, where he had long talks with the FBI on the "anti-Mafia fight," became an anti-corruption convert, calling for investigations into his erstwhile mentor. Martelli also distinguished himself in an unprecedented personal attack on magistrate Agostino Cordova, and called for increased cooperation with the FBI to fight the Mafia.

Not least among P-2's assets is to be counted the secretary of the small Republican Party, Giorgio La Malfa, a second-generation agent of the British financial establishment. La Malfa has been calling for a super-government, to include the North League, in order to force through austerity.

Masonry also has its secret assets, mostly terrorism, directed at the movement against IMF austerity. At the end of September during a demonstration of 150,000 in Rome, 500 violent "autonomists" suddenly attacked the protest's leaders. The autonomists, notorious organizations that provoked armed clashes in the streets in the 1970s and '80s, had almost disappeared. This time they were led by the well-known terrorist Franco Pifano, who had previously been arrested while in possession of missiles. In the confrontation that erupted with police, few noted that the officer leading the police was P-2 member Elio Cioppa—the same person who had been involved in a mysterious sabotage of the 1978 effort to find and free kidnaped Christian Democratic party president Aldo Moro. Moro was then killed by the Red Brigades.

The anti-European strategic aim of the masonic offensive was made brutally clear by Prof. Aldo Alessandro Mola, director of the Center for the Study of the History of Masonry, to the magazine *Il Sabato* of Sept. 26. "The conflict opened today is on whether to accept German hegemony or to return to containing this hegemony. Thus we cannot renounce the alliance with the U.S., England, [and] France. For us Germany is and remains the strategic danger." Mola explains: "Italian masonry was reborn in 1945 thanks to Truman. Truman intervened even to ask for the headquarters of the masonry, Palazzo Giustiniani, to be given back. Masonry had lived abroad during Fascism thanks to the money of Italo-American masons like Arturo Di Pietro and Charles Poletti; then we had Frank Gigliotti. What's scandalous in that?"

# Asian development means the International Monetary Fund must go

by Kathy Wolfe

Japan and other Asian nations are planning up to \$2.5 trillion in long-term investment in basic economic infrastructure projects in Asia outside Japan by the year 2000, Shiro Yokoi of Japan's Long Term Credit Bank told the Sept. 24 *Far East Economic Review*. "An industrial revolution has changed the shape of East and Southeast Asian economies over the past two decades, but has also created a creaking public infrastructure," the magazine reports. "Needed projects range from new roads and mass-transit, to power generation plants and telecommunications systems."

Japan's Finance Ministry has announced an additional \$2.6 trillion, 10-year domestic infrastructure modernization plan for 1991-2000, the Long Term Credit Bank told *EIR* on Oct. 5. To be built are new Bullet Train lines, nuclear power plants, and communications grids to create a "hydrogen economy," based on electric- and hydrogen-powered vehicles, sources close to the Keidanren business group have told *EIR*.

None of this, however, will work if Asia's financial elite, especially in Tokyo, stays trapped in the International Monetary Fund (IMF), Versailles system of world monetary control by London and New York. Reality is that London and New York plan to subject Japan and Asia to the same treatment which Ibero-America received after the April 1982 Malvinas War, when the plug was pulled on Mexico and Brazil, precisely because they *were* high-growth, viable economies.

An economist at the Bank of England's Asia desk laughed at the report of \$2.5 trillion in Asian development in an Oct. 1 discussion with *EIR*. "The Bank for International Settlements is on Japanese banks to *cut back* foreign lending," the source said. "Japanese banks are retrenching, and will have to continue a long process of cutback. I don't see any such infrastructure lending in Asia for five years at least."

Japanese Prime Minister Kiichi Miyazawa has also bowed foolishly to demands from the IMF, Bank of England, and U.S. Treasury to use his \$87 billion government "growth" package, announced on Aug. 28, to bail out Japan's speculative stock market. Japan's Ministry of Posts announced on Sept. 21 the transfer of some \$10 billion of the Japanese people's savings into the Postal Life Insurance Welfare Corp., to buy stocks.

## People require infrastructure

Amid this great debate across Asia and in New York and London, about a third of the huge infrastructure projects cited by Japan's Long Term Credit Bank (LTBC) have gotten under way. The pro-people lobby in Japan figures that people are wealth, and that infrastructure must be built to realize that wealth.

"It's simple," one LTCB economist told *EIR*. "Divide the \$2.5 trillion up by size of populations: China has 1.1 billion people, so they will need a large percentage of infrastructure, and so on. What we will build is the same everywhere: roads, railroads, airports, water systems, mass transit, power plants, electric utilities grids, telecommunications systems, sewage systems, waste disposal systems—the obvious."

Asian nations outside of Japan and China have already begun projects worth some \$600 billion. Taiwan alone will spend \$300 billion on infrastructure under its six-year plan for 1990-96. This includes new highways, mass transit systems, and a Japanese-style high-speed rail link between Taipei and Kaohsiung. Also planned are upgrading of sewage, pollution control, and other systems.

In South Korea, a similar government task force has proposed spending \$50-100 billion on infrastructure in the next five years, including constructing 12 new nuclear power plants to more than double Korea's nuclear electricity output by the year 2000, a large new Bullet Train line, two new airports, several new deep water shipping ports, and expanded water and sewerage facilities.

Hong Kong plans to build before 1997 a huge new airport and port complex, which, along with new highways, mass transit, and telecommunications lines, will cost as much as \$22-25 billion.

Thailand has an \$8 billion rail expansion plan for the five years 1991-96. Malaysia has a \$12 billion five-year plan for port and expressway expansion, and Indonesia has a similar five-year plan.

Japan's 10-year plan includes building 40 nuclear power generation plants between 1991 and 2010, including plutonium fast breeder reactors, doubling the number of plants to 80, and increasing to over 50% the amount of Japan's electricity supplied by nuclear power. Of these, 12 plants are already under construction. The National Railway is constructing for

operation by the year 2000 a magnetic levitation train line for service from Tokyo to Osaka, and expanding Japan's Bullet Train (Shinkansen) service to all corners of the country.

A new international airport hub is to be built on reclaimed land in Ise Bay on the Pacific Ocean near Nagoya, and infrastructure is to be built there for Japan's aerospace industry. An Asia-wide deep water port hub is to be built on Wakasa Bay on the Japan Sea opposite Nagoya, and linked to Nagoya by new Bullet Train express connections. Entirely new shipping technologies are being developed, including magnetohydrodynamic ships propelled by magnets and electric fuel cells.

### Development or debt bailout?

In the end, however, the issue is the control over the huge financial surpluses of Japan and other Asian trade powerhouses. Long Term Credit Bank chief economist Jiro Otsuka estimated recently that Japan, Taiwan, Singapore, and other Asian nations have trade surpluses from 1981 to 1990 adding up to \$565 billion.

*EIR's* update of these figures shows that during the 10 years from 1983 to 1992, this cumulative Asian trade surplus has grown to \$817 billion (see figure). Asian foreign exchange reserves have also boomed.

As the IMF's 1992 Annual Report complains, however, the rest of the planet now suffers a "global capital shortage," which is, in fact, due to the collapse of the banking systems of the United States and Europe and the IMF's destruction of the economies of Russia, Ibero-America, and Africa.

The IMF crowd in London and New York want Asia's surplus to be used for refinancing existing bad Third World loans, Russian debt, and U.S. Treasury bonds.

Unless Japanese and Asian leaders break with the IMF's system, and insist on large-scale Third World debt relief and a reordering of world economic priorities, an independent "Asian Miracle" is impossible.

So far, Japan's Miyazawa government has played the IMF game. Instead of sending billions to help starving Africa or building Asian dams, Japan's huge Overseas Economic Cooperation Fund (OECF), which dispenses over \$11 billion a year in foreign aid, announced recently a drive to give loans to U.S. companies such as General Electric, to appease the Jap-bashers in Washington.

Japan's Export-Import Bank, which makes an additional \$10-15 billion annually in low-cost loans, gives 20-30% of these to U.S. companies. Another 20% of the Japanese Ex-Im's budget in recent years has gone to finance the IMF "shock therapy" debt restructuring package known as the Brady Plan for Mexico and Brazil.

Many in Japan want to change priorities. Now that Asia is a new world financial power, Asian banks should fund the Asian infrastructure boom, LTCB's Jiro Otsuka told the Sept. 24 *Far East Economic Review*. Japanese banks are "busy now brushing up their project-financing techniques in readiness to meet the challenge of financing

TABLE 1  
**Asia's financial powerhouse**  
(billions \$)

Country	10-year cumulative trade surplus* 1983-1992 (est.)	Current foreign reserves end September 1992
Japan	\$650	\$ 70
Taiwan	112	86
Singapore	15	38
Hong Kong	25	30
P.R.C.	10	50
South Korea	5	16
<b>Total</b>	<b>\$817</b>	<b>\$290</b>

\*Current account surplus, which is the trade surplus plus the net short-term foreign earnings of the country's financial sector. All years actual except 1992 figures, which are estimated.

Sources: Long-Term Credit Bank of Japan, International Monetary Fund, World Bank.

these mammoth jobs," he said.

"Japanese banks have begun to prune overseas branches outside of Asia," the *Review* also reports, "and are also eager to cut their exposure to European real estate and are equally unenthusiastic about U.S. real estate. U.S. junk bonds have turned sour for Japanese banks. . . . Thus, all roads point to Asia."

One LTCB economist even told *EIR* on Oct. 5 that the London Eurodollar market is a thing of the past, as it has been for the last few years funded entirely by Japanese and German financial surpluses. Now that Germany needs all its cash for eastern Germany and eastern Europe, and Japan is shifting cash into Asia, the Eurodollar market, he says, is being shut down.

"Japanese banks have been recycling Japan's entire surplus for 10 years via the Eurodollar market, by depositing it in Japanese and other banks in New York and London. That is over now," he said. "The United States is still in very bad shape, Europe is not that attractive, whereas the Japanese economy is fundamentally sound: no budget deficit, no trade deficit, high savings rates. So it is time for us to have a clear vision about our role in developing Asia.

"The yen should play a greater role in international development," the Japanese banker said. "When Paul Volcker raised interest rates to 22% in 1980, it must be realized, this alone caused the Latin American debt to expand by \$400 billion. This was a terrible result of his policy. If there had been an alternative currency to the dollar for trade, this need not have happened."

While the yen could be very useful as a development weapon, however, the real problem then was that no one in Tokyo offered Ibero-America credit, to escape the IMF's blackmail.

# Zimbabwe trapped in satanist economics

by Linda de Hoyos

In the last six months, Zimbabwe, a nation of 10.8 million people, has been afflicted with the "worst drought of the century" to hit Africa, which has wreaked havoc on the country and placed nearly half the population in danger of starvation. But under the leadership of Finance Minister Bernard Chidzero, the government of Zimbabwe has been forging full-speed ahead with a "structural adjustment program" dictated by the International Monetary Fund (IMF)—no matter what the cost to human life.

Chidzero's dedication to the proposition that usury comes first has even earned him accolades from the Britain, Zimbabwe's former colonial master when it was called Rhodesia. On Sept. 17 British Minister for Overseas Development Lynda Chalker praised Zimbabwe for its grim determination to proceed with austerity reforms. Chalker told the press she was "amazed the reforms were on course despite the critical situation."

In January 1991, Zimbabwe agreed to carry out the IMF-dictated structural adjustment program, despite the fact that Zimbabwe has paid a higher proportion of its debt than any other African country. By 1990, Zimbabwe's cumulative *interest payments alone* for the decade of the 1980s was double the entire debt principal of 1980!

Chidzero, who is known to have close ties to Tiny Rowland's Lonrho corporation, Zimbabwe's largest employer, enforced the IMF program, beginning with a 41% devaluation of the Zimbabwe dollar. The IMF also demanded free trade liberalization which forced imports to rise steeply, and cut into Zimbabwe's industry. Exports were also boosted. Under the IMF conditionality requiring that the Grain Marketing Board, which handles grain transactions, balance its books, Zimbabwe was still shipping out food as late as February 1992, when the extent of the impending crop failure was already known.

When the drought hit, Zimbabwe's economy was already feeling the effects of the IMF program, as inflation began to soar and unemployment rose to levels of 20%. After the government hiked interest rates in July, as per IMF instructions, interest rates rose to 42%! The hike in interest rates, some Zimbabwe industrialists believe, was designed to force firms to go to foreign creditors, bringing in more foreign exchange.

Late in 1991, Zimbabwe was downgraded from a "middle-income country" to a "low-income country." Zimbabwe is also host to some 125,000 famished refugees from the war in neighboring Mozambique, with some 5,000 new refugees

arriving every month.

The drought has caused even greater dislocation. Zimbabwe is traditionally a food-exporting country, but this year's maize crop is down to 35% of its normal levels. Other crops are down by levels of 50 to 75%. Not only does Zimbabwe lose foreign exchange with the drought, but drought relief to stave off mass starvation requires that Zimbabwe import 2 million tons of food this year, of which only 1 million has been procured so far.

In addition, the drought has destroyed the country's major energy supplier: hydropower. On Sept. 21, the state-run electricity authority told all companies to slash power consumption by up to 30% and unilaterally cut household use by 75%. Many companies were already operating at only 70% capacity because of the energy shortage. The power cuts are expected to have affected 65,000 jobs.

The combined effect of the drought and the structural adjustment program is expected to shrink Zimbabwe's total Gross Domestic Product by 9-12% for 1992, with fears the collapse could be as great as 20%.

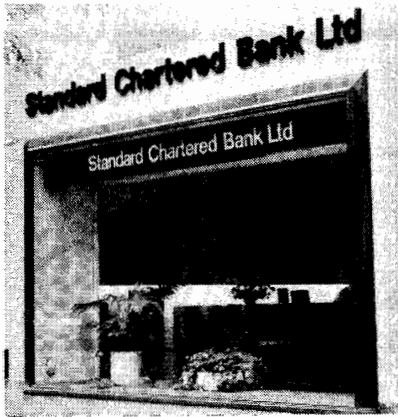
## Enter the devil

But mercy for the hungry is not the order of the day. Instead, the British banks and IMF have used Zimbabwe's increased food dependency to press even harder for their demands to crash what's left of the Zimbabwe economy. In mid-July, as the Zimbabwe population was reeling under the effects of the drought, with only *one-third* of the afflicted population receiving food relief, the British bank Standard Chartered issued a scathing attack on the government for failure to "hop to" with the IMF program.

Intoned Standard Chartered, Britain's largest bank in Africa, "Since Zimbabwe, in its present dire straits, has no viable alternative to an IMF package, the government will have to grit its teeth and agree to politically unpopular policies. The difficult part will be implementing those policies, given the slippage in implementing ESAP [Enhanced Structural Adjustment Program] . . . and securing the political consensus necessary if the program is to proceed."

On July 30, Finance Minister Chidzero dutifully informed Parliament that Zimbabwe would proceed with the reforms "as the only way forward even in these difficult times." Chidzero announced that the government would:

- impose a 5% drought tax surcharge on individuals and companies to pay for the effects of the drought;
- cut subsidies to state sector industries, and move to sell them off to private owners;
- cut government spending by 20% despite the 40% inflation rate and \$200 million projected spending for drought relief; cuts will include chopping the civil service by 10,000 jobs with plans for cutting another 10,000 in 1993;
- impose a further currency devaluation, this time for 15%, scheduled for later in 1992;
- cut food subsidies.



*This British "Dope, Inc." bank ordered Zimbabwe to kill its own people.*

### Let them eat debt

In the last category, on Aug. 4, the government raised the price of maize meal, the major staple, by 50%, and the price of bread by 67%. The price hike, the government said, was necessary to offset the cost of importing food relief.

Then, on Sept. 2, drought victims were told that would have to live on 5 kilograms (11 pounds) of maize a month—a quarter of what they need to survive. The government, as reported by Reuters, said it was slashing food relief by two-thirds from 15 kilograms to 5, because of difficulties importing food. Aid workers say that a person needs 20 kilograms a month of maize meal to survive.

Striking the understated tone of a British aristocrat, Deputy Social Affairs Minister Florence Chitauru told a news conference, "We are dealing with a crisis situation which calls for some modification in our eating habits. People are being urged to prepare just enough food for their immediate consumption and not to throw away leftovers!"

Such admonitions tend to ignore the reality that the food consumption has already fallen to starvation levels. According to an Oct. 1 Reuters wire, people are now dying of hunger in northern Zimbabwe. Although the government has not admitted any deaths by starvation, Chief Sansali of the Binga district told Reuters: "I told my people to fend for themselves while we wait for nature to take its course. It already has anyway, because my people are dying of hunger every day."

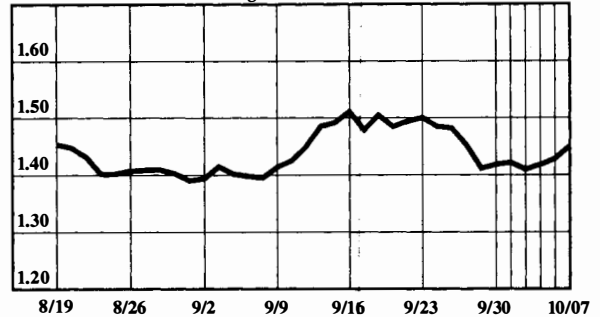
There are some recompenses, however. On Sept. 14, the IMF announced approval of a \$459 million loan for Zimbabwe, which of course is dependent upon strict adherence to the structural adjustment program.

And, in an action that will be a relief for animal lovers, the U.S. Fish and Wildlife Service declared that it would give Zimbabwe \$200,000 in emergency aid to help relocate about 400 elephants parched by the drought. "In addition to saving these animals from almost certain death, the relocation expands the African elephant's range outside the park into areas where they have been absent for years," FWS director John Turner happily noted.

## Currency Rates

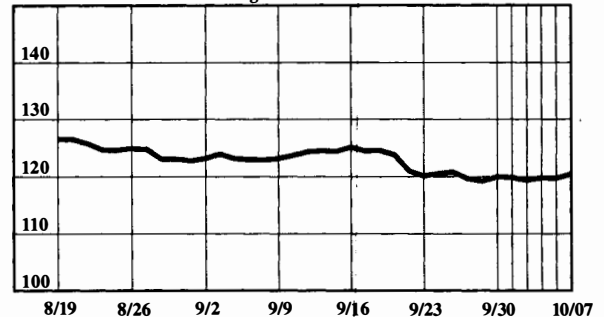
### The dollar in deutschemarks

New York late afternoon fixing



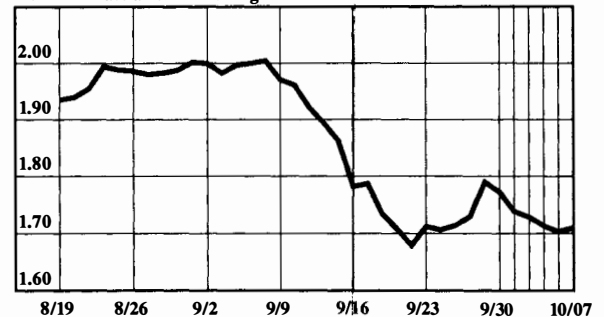
### The dollar in yen

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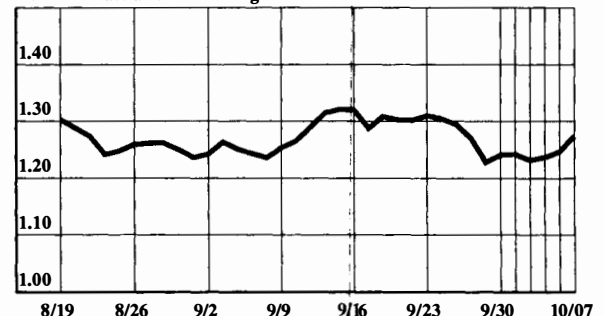
### The British pound in dollars

New York late afternoon fixing

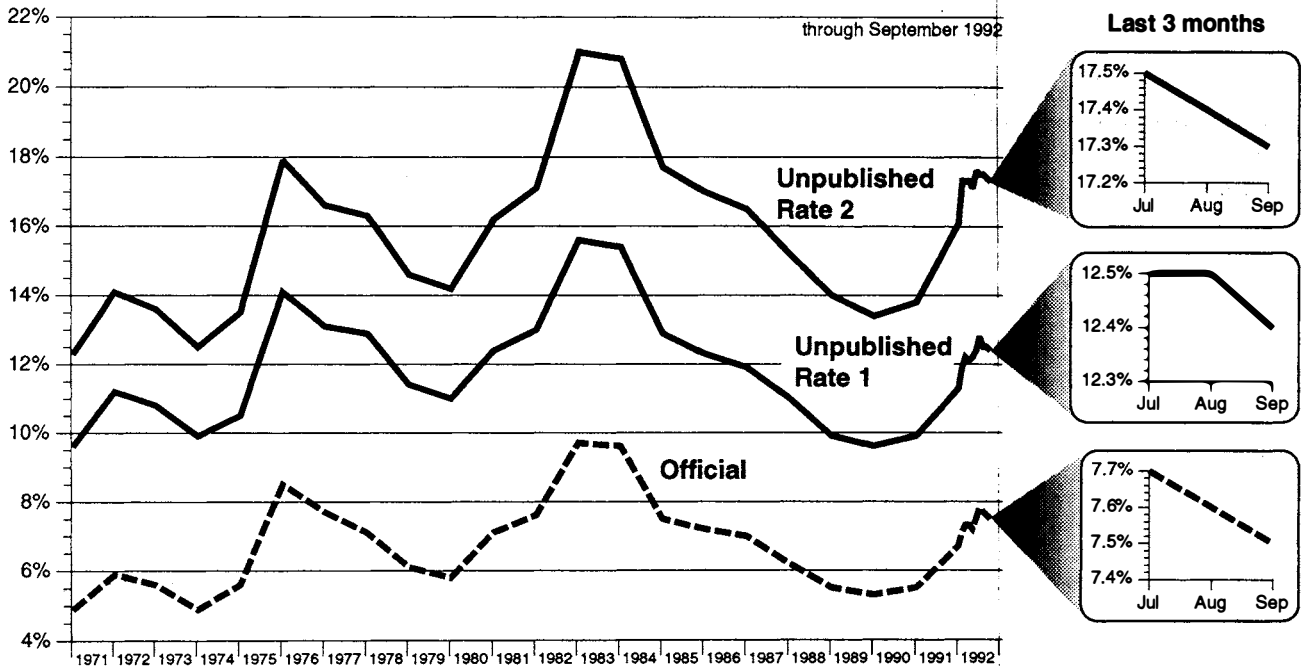


### The dollar in Swiss francs

New York late afternoon fixing



# 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	121,669	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:

September	125,607	8,442	5,846 <sup>1</sup>	6,374	6.7%	11.4%	16.4%
October	125,549	8,582	5,932 <sup>1</sup>	6,328	6.8%	11.6%	16.6%
November	125,374	8,602	5,932 <sup>1</sup>	6,408	6.9%	11.6%	16.7%
December	125,619	8,891	5,932 <sup>1</sup>	6,321	7.1%	11.8%	16.8%

1992:

January	126,046	8,929	6,118 <sup>1</sup>	6,719	7.1%	11.9%	17.3%
February	126,287	9,244	6,118 <sup>1</sup>	6,509	7.3%	12.2%	17.3%
March	126,590	9,242	6,118 <sup>1</sup>	6,499	7.3%	12.1%	17.3%
April	126,830	9,155	6,310 <sup>1</sup>	6,272	7.2%	12.2%	17.1%
May	127,160	9,504	6,310 <sup>1</sup>	6,524	7.5%	12.4%	17.6%
June	127,549	9,975	6,310 <sup>1</sup>	6,040	7.8%	12.8%	17.5%
July	127,532	9,760	6,178 <sup>1</sup>	6,324	7.7%	12.5%	17.5%
August	127,437	9,700	6,178 <sup>1</sup>	6,326	7.6%	12.5%	17.4%
September	127,273	9,572	6,178 <sup>1</sup>	6,304	7.5%	12.4%	17.3%

<sup>1</sup> 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 September, over 6.1 million jobless and 6.3 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.



## Low farm income is good?

*Yes, if you believe the Dallas Federal Reserve study of the impact of free trade on food and farming.*

**T**he Dallas Federal Reserve Bank, in its journal *Economic Review* (Second Quarter, 1992), carries an 11-page article on the "Regional Effects of Liberalized Agricultural Trade," which purports to show how free trade will result in lower prices to many farmers, but it will be all to the good.

Written in a sort of "bankspeak," the Federal Reserve states that "free trade would have little or no effect on income in six states and that gross agricultural income would rise in six other states. Agriculture income would decline by 7% or more in 14 states, and by at least 2% in the remaining 24 states." A map, with all 50 states shaded in four tones from "little" to "great" effect, positive or negative, shows the results of free trade.

Recently, some of the specific conclusions of the so-called study have been quoted a great deal in congressional hearings and in other debates on free trade, by those questioning the desirability of the North American Free Trade Agreement (NAFTA). For example, the piece projects dramatic drops in producer prices, including 80% for sugar, 43% for cotton, 63% for rice, and 34% for corn, with resulting devastation to the various state economies affected.

These dramatic income losses were cited during the Sept. 30 Senate Finance Committee hearings, by senators from the relevant states. Their queries gave witness Ann Veneman, deputy secretary of agriculture, an opportunity to ridicule the study, saying that it was based on 1986-87 figures

and other cavils. She had a point.

However, there is a deeper level to the Dallas study, besides its incompetent methodology and dramatic figures. The report's author, Fiona D. Sigalla, associate economist of the Federal Reserve Bank of Dallas, is recommending free trade for some very specific reasons, with deadly implications.

She argues that lower producer prices are mostly "positive," once we get beyond the "temporary" negatives of the adjustment period. Positive for whom? "One of the benefits of freer trade—be it in agriculture, manufacturing, or services—is . . . resources are reallocated to the most productive firms." This is a veiled reference to the select few cartel trading companies, such as Cargill Inc.

This is a neo-colonial looting policy of demanding raw materials at the cheapest price in order for the select processors to make more of a profit. The Dallas Federal Reserve study is written from this point of view.

The study states that consumers will pay more for food. "Reducing or removing a subsidy [or a tariff or quota], would reduce the price producers receive . . . [while] the price consumers pay would increase, and the quantity demanded would fall." It cites even the USDA as having determined that "worldwide elimination of . . . subsidies and barriers would increase consumer prices for most agricultural products."

If these higher consumer prices result in increased income for the agricultural sector, the Dallas Federal

Reserve study makes clear that the income would go to the value-added processors, not the producers of the raw materials.

This explains what the USDA means when it sends out press releases that free trade will result in increased farm income. They fail to disclose that the projected increased income would only amount to a partial recovery of the income lost due to the drop in producer prices during the "adjustment" period.

In fact, the study goes on to say that while gross income would decline for many producers, farm policy liberalization would also lower some types of production costs, thereby slightly offsetting the lost income. "Profitable businesses may experience a reduction in income but would remain in operation. Marginally profitable farms may choose not to remain in operation." This is saying that there is going to be another round of mass farm foreclosures, and bankrupting of any independent feedlots, processors, and others still left.

The assertion of the study is that those producers who have sufficiently large livestock operations (a value-added business) should survive, but on a slimmer profit margin. The report goes into great detail as to which states would benefit by free trade and which ones would lose. The results are premised, of course, on how dependent the various state agricultural economies are on the production of the to-be-cheapened raw materials and their suppliers, and to what extent the economies are dependent on value-added products which will be using the cheap raw materials.

The real purpose of a free trade agreement is to pay debt service. The Dallas Federal Reserve report addresses this, but downplays it: "World farm trade liberalization would improve the U.S. agricultural balance of trade by \$3 billion, or nearly 25%."

### An anniversary tasting quite bitter

*Kohl's 10th year in office is overshadowed by depression news, and his government has nothing but the old, failed recipes.*

On Oct. 1, 1982, the Christian Democrat Helmut Kohl replaced the Social Democrat Helmut Schmidt as German chancellor. The transition had been prepared by a good deal of conspiracy and a no-confidence vote in the parliament. The more conservative voters welcomed the changing of the guard in Bonn in hopes that the thick political-economic mudslide Germany had been in since the oil crisis of 1973 would be halted, and a policy of genuine national interest would be launched by the new chancellor.

Germany was still far from unification then, and the political elites subscribed to a policy of appeasing the Soviets and their puppet regime in East Berlin. Also, by the mid-1980s, the Kohl cabinet had proven not to be much better than its predecessor: It showed almost the same depth of radical ecologism at the expense of industrial and infrastructure development, jobless rates were still rising, conservative essentials of Kohl's CDU party were sold out one by one, and corruption scandals undermined the popularity of the Christian Democrats who lost election after election.

Kohl won the 1987 national elections because the Social Democrats were in even worse shape, but by the end of 1988, most Germans believed that Kohl would not last much longer. Then came the refugee crisis that brought down the East German regime, and Kohl had a chance to use the unification issue at a time when his rivals still held on to the ideology of socialism and would not let the East

German regime pass away that easily. Kohl won the early elections of December 1990—mostly with the support of the new voters in Germany's East. The clever packaging of Kohl's policy hid only for a short time that the contents hadn't changed.

In early 1991, Chancellor Kohl and his government ran into unexpected problems with the Anglo-American depression and its effects on the world economy. But he also continued to subscribe to the western convoy of support for International Monetary Fund and free market policies, and stayed loyal, against the will of most Germans, to President Bush during the Persian Gulf buildup and war—which cost German taxpayers \$13 billion. Kohl and his cabinet committed a grave crime by raising a special tax for a "solidarity with the East" fund that was actually used to pay the German share of Gulf war costs. And the monetary solidarity with the IMF and high interest rate system cost the German central bank a net loss of \$4 billion in September 1992 alone.

Now the only recipe the Kohl government knows is more austerity, at a time when most key German industrial sectors are reporting bad earnings and announcing more layoffs. The figures from the machine-building sector are most alarming, as they show the incompetence and inability of the government to develop a production-oriented policy. The VDMA, the machine-builders association, reported a plunge in new August orders from 1991 to 1992—37% for machine

tools, 27% for wood-processing machines—and an accelerating drop in domestic orders. The data are sure to translate into reduced production and more layoffs. The bad statistics from east Germany may soon be the pattern also for the western parts.

A March 1992 report of the VDMA and the BDI, the Federal Association of German Industry, on the trajectory of key industries in the German East from November 1990 to November 1991, gave the following gloomy picture of production output: electronics: -54.7%; machine-building: -37.9%; -32.8%; cars and trucks: -22.3%; chemical products: -14%.

The average production output in eastern Germany was 54% below the 1990 level, and industrial employment was down to one-third. Now, in October, the VDMA announced layoffs of 80,000 workers by the end of 1992, with many more certain to come in 1993. Mercedes-Benz announced layoffs for 6% of its work force and the reduction of its output next year. Generally, 1993 will see more short-work and "production holidays" at intervals in most industries.

At the end of September, Mrs. Birgit Breuel, the head of the Berlin Treuhand state agency and a protégé of the chancellor, said in public what members of the German cabinet, having no idea how to break out of the cycle of world depression and contraction of export markets around Germany, think in private. She proposed to producers in east Germany to forget about their export markets in the old East bloc and adopt a policy of price dumping against west German producers to fight for shares in the shrinking "western" market.

This call for self-cannibalism is a manifesto of moral, political, and economic degeneracy—which is the prime message of this 10th anniversary of Kohl's government in Bonn.

## Denying the crisis makes it worse

*Finance Minister Aspe is blaming the rest of the world for President Carlos Salinas de Gortari's economic failures.*

**F**inance Minister Pedro Aspe dumped a bucket of cold water on his audience at the Second Mexico Youth Forum, organized by Mexico's private universities, when he declared that "the government is not responsible for the economic deceleration of the country," and that Mexico is merely suffering the consequences of the economic crises of the industrialized nations.

This impotent statement brought to mind the events of May 1982, when President José López Portillo publicly acknowledged that he was unable to control capital flight. However, Aspe went further, blaming Mexico's business sector for the growth of the current account deficit, which this year is near \$20 billion, supposedly because businessmen and industrialists are going into debt to modernize their plant and equipment "in amounts greater than their savings capacity."

With the characteristic insanity of the current Mexican government, Aspe insisted that the monetary, fiscal, and financial measures of the Salinas administration remain "solid" and "firm," and that it is only a matter for the country's industrialists and farmers to put up with credit shortages, high interest rates, new taxes, dramatic fall in sales, and the expiration of their loan deadlines until the second half of 1993, by which time, Aspe swore, there would be a reactivation from foreign "investment" as a result of the North American Free Trade Agreement (NAFTA).

What Aspe did not want to admit is

what the whole world already knows: that the ceremonial signing of NAFTA on Oct. 7 was a celebration over a cadaver. In the same way, the European Maastricht Treaty is already dead, despite France's shaky "yes" vote, as the result of England's withdrawal from the exchange rate agreements, heralding the official start of the Great Depression of the 1990s.

Just as with López Portillo in 1982, Aspe's comments aggravated already existing panic, rather than calming it. On the day of his speech, the Mexican press published a study by Canacindra, the association of Mexico's manufacturers, which revealed that 8 out of every 10 Mexican industries suffered from "deceleration" (official statistics show that GNP in the second half of 1992 grew less than 1.5%, well under the 5.2% of the same period in 1991), and that the remaining 20% were also experiencing the effects of economic contraction.

Julio A. Millán, president of Consultores Internacionales, issued a call to the private sector "not to panic" for lack of operating capital. He said that deceleration is causing obvious "concern and anxiety," but he advised against "dramatics or alarmism."

Such spokesmen for government economic policy as Adrian Lajous and Carlos Eduardo Represas, president of the Center for Private Sector Economic Studies (CEESP), have told the media that it is "healthy" for inefficient companies to shut down. "There is no better cure for inefficiency," La-

jous told the newspaper *Excelsior*, "than elimination of incompetents. There is a human cost in terms of displaced workers and businessmen who don't survive," but this is necessary.

However, CEESP assistant director Raymundo Winekler warned that "the state cannot withdraw assistance to industry and tell the inefficient ones to die, nor can it declare that 'it is unimportant if 30% or 40% of the industrial plant disappears.'" He asserted that "the extreme of the absolute free market is dangerous." This clear warning was in response to another of Aspe's lunacies at the youth forum, where he stated that the government was not planning to resume its role of credit issuance and increasing its indebtedness with the central bank, since this is prohibited by the new bank privatization laws.

The effects of this "solid" and "firm" government policy are devastating. New data recently published in the Mexican press reveal that the so-called "deceleration" has endangered 850,000 industrial jobs alone. Productivity of the clothing, footwear, and electronic appliance industries has fallen by 80%. According to a World Bank report, Mexico's GNP per capita is \$2,490 a year, one-third that of Barbados and slightly less than Brazil's.

Mexico needs \$40 billion over the next two years in foreign reserves, but projections in the growth of the current account deficit show \$24.6 billion in 1993, and another \$28.8 billion the year after. Thus Salomon Brothers investment bankers say that "Mexico has very probably already begun to use up its international reserves to cover the deficit." Only a \$700 million reduction in the country's \$18.9 billion reserves is being admitted to thus far, but the panic is growing with rumors that Salinas will have to devalue the peso.

# Business Briefs

## Health Care

### Poland imposes harsh budget cuts

Polish Prime Minister Hanna Suchocka has signed a bill cutting the public health sector budget, which will increase the cost of basic medicines and hospital care. Poles will have to partially cover the costs of a bed and food during hospital stays, and share the costs of special health tests and dental care.

The cuts will further worsen the situation in the health care system, which has been suffering from a constant undersupply of medicines and erosion of care in the past years.

Theoretically, health care is still free for all insured people in Poland, which is a large majority of the population. In practice, however, most clinics and hospitals ask for voluntary donations before they admit someone for treatment, and some more expensive treatments have an "official" price list.

Most patients do pay—sometimes because they want to help out, sometimes because they feel embarrassed or even hope for better than ordinary treatment. Often, hospitals also rent their premises to bookstores, newsstands, and even hairdressers in order to make extra money to cover maintenance costs.

## Infrastructure

### North-South high-speed rail axis said critical

The creation of a North-South axis for high-speed rail transport in Europe is vital, declared Heinz Duerr, the head of the two German state railway companies, after a meeting of several North European railway directors in Copenhagen, Denmark on Sept. 29.

The meeting, which was also attended by Peter Langager of the Danish State Railways (DSB) and Stig Larsson of the Swedish State Railways (SJ), resolved on a policy for more joint investments in the development of combined rail-truck transportation in high-speed transit at speeds of 200 kilometers per hour and more. Also, the development and production

of multi-system locomotives to make cross-border rail transport independent from the differing electrical currents in Germany, Denmark, and Sweden was endorsed at the meeting.

The directors called on their governments to accelerate construction of tunnels and bridges across the three Baltic straits of the Fehmarn Belt, Fehmarn Sound, and the Oresund to make the uninterrupted passage of trains between Sweden and continental Europe possible by early next century.

It is expected that the volume of commodity transport of goods between the European mainland and Sweden, which reached a volume of 8 million tons annually in 1990 already, will double by the year 2000 and triple by 2010.

In reviewing plans for new high-speed rail transit routes across the continent and to Turkey by the year 2015, the German daily *Frankfurter Allgemeine Zeitung* on Sept. 29 reported that 3 million jobs will be created and secured by such projects. The report mentions plans, though not concretized yet, in eastern European countries for links to the predominantly western high-speed projects, through Hungary, Czechoslovakia, the Balkans, as well as through Warsaw into the Community of Independent States, including a high-speed rail route from St. Petersburg to Moscow.

## France

### Economy suffering effects of worldwide depression

According to two recent polls of the National Institute of Statistics (INSEE), based on questioning 3,300 heads of companies, the economic situation in France looks extremely grim. If some were still hoping for an upswing during the first quarter this year, nobody expects one now. All those questioned indicate that they will be decreasing investment considerably and reducing jobs.

The majority of companies are revising downward their expectations for the year. Rhône-Poulenc has announced reduced profits from an estimated 20% in the beginning of the year, to 10-15% now. The quarterly profits of

Total, the oil company which just recently privatized a part of its capital, have decreased 30%. Other large companies like Club Méditerranée and Carrefour are also drastically reducing profit estimates.

The worst results for mid-year, however, are those of Crédit Lyonnais. Profits for the first half of the year are down 93% from those of the same period in 1991.

The foreign trade deficit for August is 3 billion francs. What is unusual about the deficit is that for the third month in a row, industrial exports to Germany have considerably decreased, indicating that there is a crisis on the other side of the border as well.

## Energy

### Declassification to aid fusion power development

The "United States is starting to declassify H-bomb fusion technology," in order to permit the more rapid development of laser pellet fusion energy systems, William J. Broad reported in the Sept. 28 *New York Times*. The same scientific principles are used in igniting nuclear fusion in tiny pellets with lasers as those utilized to ignite large-scale H-bombs with atom bombs. The move toward declassification was first reported in the July issue of the newsletter of Fusion Power Associates, edited by Dr. Stephen O. Dean.

All of the essential concepts in H-bomb fusion have been published by Japanese, French, and Spanish scientists over the past decade. The continued secrecy has prevented U.S. scientists from participating in international science conferences where these "top secret" questions were openly discussed. The *Times* noted that in 1979, the U.S. government attempted to prevent *The Progressive* magazine from publishing an article on the H-bomb. The Fusion Energy Foundation introduced an *amicus curiae* brief in the case—which the government subsequently lost—pointing out that the information the government wanted to suppress had already been published and circulated in both the *New Solidarity* newspaper and *Fusion* magazine.

The move toward declassification is wel-

come, if it actually happens. It brings to the fore other questions, such as whether the government will admit the key role of Bernhard Riemann's 1856 paper on shock waves in the development of inertial confinement fusion.

## Africa

### IMF responsible for infrastructure collapse

"The increasingly parasitic role of the International Monetary Fund" (IMF) is to blame for the collapse of Africa's infrastructure and economy, Kevin Watkins, a policy adviser to Britain's Oxfam relief agency, wrote in a commentary in the Sept. 28 London *Guardian*.

Watkins charged that the growing economic-currency crisis in Europe has "blown Africa off the agenda" at this year's IMF-World Bank meetings in Washington. This is only "the latest in a decade of policy failures and financial mismanagement orchestrated by the two institutions. Since the debt crisis struck in the early 1980s, the IMF and World Bank have dominated economic policymaking in Africa. As one country after another succumbed to the lethal combination of rising interest rates and falling commodity prices, the IMF stepped in with short-term loans to burgeoning trade and budget deficits. Along with the loans came conditions governing money supply targets, interest rate levels, and public spending, which transferred budget management to Washington."

Watkins complained that the "free market writ" of the so-called IMF "Structural Adjustment Programs" (SAPs) now "reigns supreme across Africa, but recovery is nowhere in sight. Living standards, which fell by a third in the 1980s, continued to slide. . . . Investment is hovering around mid-1970s levels, infrastructure is collapsing, inflation is rampant, and hunger is a spreading threat."

The blame for these developments, he wrote, rests with the IMF's total backing for "creditor claims that sub-Saharan Africa's crippling external debt could—and should—be honored, consigning the region to repayment levels bound to stifle growth."

According to Watkins, "over the past 10 years, sub-Saharan Africa's debt has tripled to \$180 billion, and the annual cost of servicing it is \$10 billion—draining the region's limited capital resources. Moreover, despite allocating almost a third of their foreign exchange earnings to debt repayment, most countries are building up arrears at a frightening rate. Collectively, these amount to almost \$11 billion, compared with \$220 million in 1980. . . .

"The human costs of Africa's debt crisis have been immense, with governments squeezing public sector wages and health and education budgets to meet their financial obligations. Debt repayments are also undermining efforts to introduce successful market reforms, including many advocated by the World Bank and IMF. . . .

"There is little point in the IMF Managing Director Michel Camdessus issuing . . . declarations on poverty alleviation, when his institution is part of the problem."

## Trade

### Europe must stand up on air war, says Attali

European airlines must stand up against the "aerial version of the Pax Americana," demanded Bernard Attali, chairman of Air France, in the French Sunday newspaper *Le Journal de Dimanche* on Sept. 27. Bernard Attali is the brother of Jacques Attali, the present French chairman of the London-based European Bank for Reconstruction and Development.

Attali said that Europe is confronted with a fierce trade war launched against transatlantic air traffic, with U.S. airlines, which should not be capable of running this ruinous competition because they are all bankrupt, setting prices below cost. They seem to have strong political backing from the top of the U.S. administration, he said.

Attali charged that the aim of the U.S. airlines' strategy is to conquer the transatlantic air passenger market by "killing" the other competitors, to impose an "aerial version of the Pax Americana" along with the Bush administration's new world order project.

# Briefly

● **USE OF HEROIN** is on the rise in the United States, as the drug is entering the country in greater amounts, at lower prices, and ever more lethal levels of purity than before, the *China Daily* reported Sept. 23. One U.S. official is quoted saying that heroin users will outnumber cocaine users by the year 2000.

● **JAPAN** and the United States will jointly develop over five years a new solid-fuel rocket engine to improve the range and speed of surface-to-air and air-to-air missiles, Japan announced Sept. 29.

● **IRAQI** health officials say that the U.N. sanctions and the destruction of syringe plants by the bombing are forcing them to re-use syringes and steel needles. This will "lead to very, very serious health problems, carrying dangerous diseases and microbes, like AIDS, from one person to another," Health Ministry Undersecretary Dr. Shawqi Murqus told Reuters on Oct. 1.

● **AIDS AND TUBERCULOSIS** are rampant among Florida migrant farm workers, the Centers for Disease Control in Atlanta, Georgia reported Oct. 1. Tests of 310 migrant workers in Immokalee, Florida during February and March showed a 5% rate of AIDS infection—ten times higher than the national average—44% tested positive for TB, and 8% for syphilis.

● **CITIBANK** engineered the stock market scam which crashed the Bombay stock market this spring, Hars had Mehta, the broker accused of wrongdoing in the case, has charged in an exclusive interview with *News-track* magazine.

● **CHINA AND RUSSIA** plan to build a bridge across the Heilongjiang (Amur) River at the city of Heihe, linking the Chinese industrial center Harbin with Blagoveshchensk in Russia, the Chinese news agency Xinhua reported Oct. 1. "Transport industries . . . are unable to meet the demand caused by sudden development of border trade," it said.

## Dead end for Bangladesh's donor-dependent economy

by Ramtanu Maitra

Political agitations which paralyzed the Bangladesh capital of Dhaka this September should not be dismissed as yet another expression of irrational rage by students trying to steal the political limelight. Behind these more frequent outbursts of discontent is the people's disenchantment with the ever-weakening economy and a resulting deep sense of hopelessness. Unless real efforts are made to formulate and implement long-term programs, bucking the might of the donor countries and agencies—whose aid includes grants and credits—Bangladesh could plunge into total chaos. Dhaka must recognize now that the policies laid down by the donor agencies and international financial institutions are heading the country to a new form of slavery.

After changing a military ruler, Gen. H.M. Ershad, and giving public exposure to allegations of his corrupt practices, the nation went to the polls last year and elected a democratic government under the leadership of Begum Khaleda Zia, wife of a former President who came to power through a military coup. But the change in power has not changed Bangladesh's prospects.

Over the years, various governments have focused on only one task: feeding the population. Bangladesh leaders, not unlike the leaders of neighboring China, came to the conclusion that the way to stay in power is to keep the "iron rice bowl" intact. As a result, foreign aid and grants were used to import food.

This dependency has in turn seriously eroded Bangladesh's independent policymaking and the credibility of its political system.

At the same time, the world has relegated Bangladesh to the permanent status of an aid-dependent country. In fact, praise has been heaped upon successive Bangladesh governments by such agencies as the Asian Development Bank and the World Bank, for its policies of economic liberalization.

Meanwhile, the depleted infrastructure of the country, the continuing infancy of its industrial sector, and the growing signs of a stagnating agriculture have pushed the poor to despair and millions are trying to flee the country as their only hope of survival.

Bangladesh has thus become a crisis for the entire region, and it is only in the regional context that Bangladesh's problems can begin to be solved. Even before any regional opportunities can be realized, however, the policies of the International Monetary Fund (IMF), the World Bank, and like

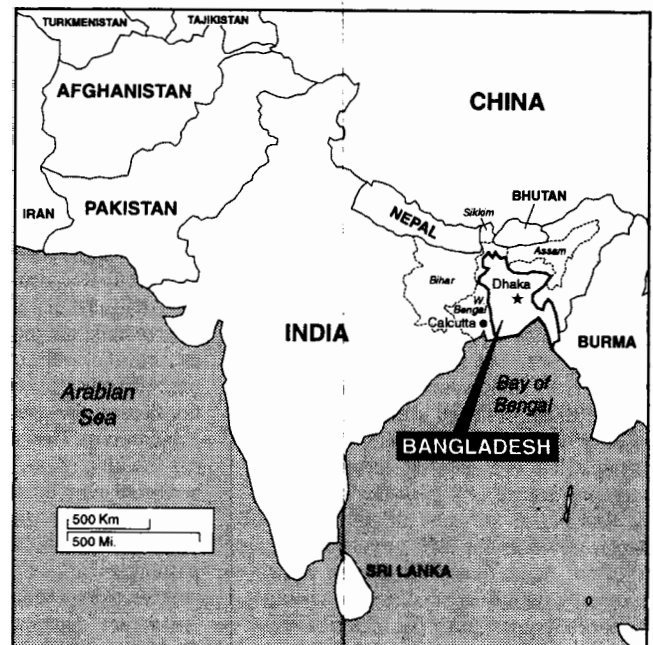


TABLE 1

**Bangladesh: basic indicators**

Indicator	Year	Amount
Population	1990	115.6 million
Land area		14.4 million hectares
Arable land		13.0 million hectares
Life expectancy	1990	51.8 years
Children dying before age 5	1990	0.88 million
Malnourished children under age 5	1990	13.5 million
Children not in primary school		21.3 million
Under 5 mortality rate per 1,000 births	1989	184
Population per doctor	1984	6,730
Population per nurse	1984	8,980
Primary pupils per teacher	1988	60

Sources: U.N. Human Development Report, 1991; Bangladesh Basic Information, 1992.

agencies, to systematically deny the means of development to nations such as Bangladesh, must be totally reversed. Bangladesh requires massive capital inputs, at the very least, in order to tap its tremendous agricultural potential and create the infrastructure that might be able to support its population and industrial development (see **Table 1** and **Figure 1** for the lack thereof).

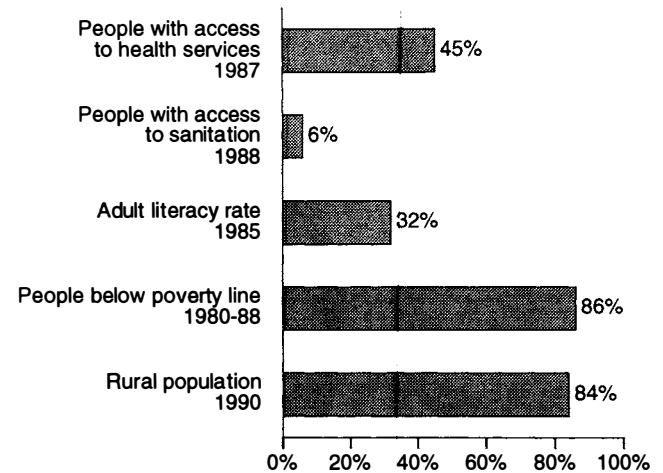
Even so, among underdeveloped nations, aside from the post-Bretton Woods policies of the IMF, etc., Bangladesh has been hamstrung by the legacy of British colonialism. Bangladesh was originally the eastern section of the Indian state of Bengal. Aside from sharing the same language, the western and eastern components of Bengal represented a powerful economic potential in both agriculture and industry. In 1905, Bengal was divided by the British, ostensibly for communal reasons. Again, in 1947, Bangladesh was separated out of India as East Pakistan. For the British colonialists, the plan was to separate the agricultural lands of East Bengal from the industrial hub of West Bengal. Jute processing, for example, was set up in the British days in West Bengal, a part of India, while the jute was grown in East Pakistan. Beside choking the jute mills in India and affecting employment in West Bengal, the way was paved for capitalists from West Pakistan to come in and take over the jute industry from a distance of 1,000 miles.

While Bangladesh lacks mineral reserves, the adjoining Indian states of Bihar and West Bengal possess more than 60% of the subcontinent's coal, iron ore, and manganese reserves, besides such valuable ores as copper and uranium. On the eastern side, the Indian state of Assam is endowed with oil and various other mineral ores. Moreover, West

FIGURE 1

**Poverty in Bangladesh**

(percent of total population)



Sources: U.N. Human Development Report, 1991; Bangladesh Basic Information, 1992.

Bengal was the hub of India's engineering industry, besides having Calcutta as a port, during the British days. Bihar mines were already opened and developed, serving the entire nation. By separating East Pakistan from this nexus of industrial potential, the British rulers had consciously created an agrarian country with a significant size of population. This is the source of its extreme dependency today.

**Government offers free trade**

Under these conditions, the policies now touted by the Bangladesh elite represent a path to national suicide.

On June 18, Bangladesh Finance Minister Saifur Rahman presented the annual budget on behalf of the ruling Bangladesh Nationalist Party. The estimated budget deficit for the current fiscal year is taka 77.23 billion (39 taka=\$1), and the government hopes that taka 62.1 billion of the deficit will be met through foreign assistance and the balance will be raised from new domestic sources gained by new taxes and budget cuts.

Saifur assured the Parliament that the government's economic policy is aimed at providing basic needs to the poor, creating more opportunities for people to develop their skills, and building an efficient and welfare-oriented economy.

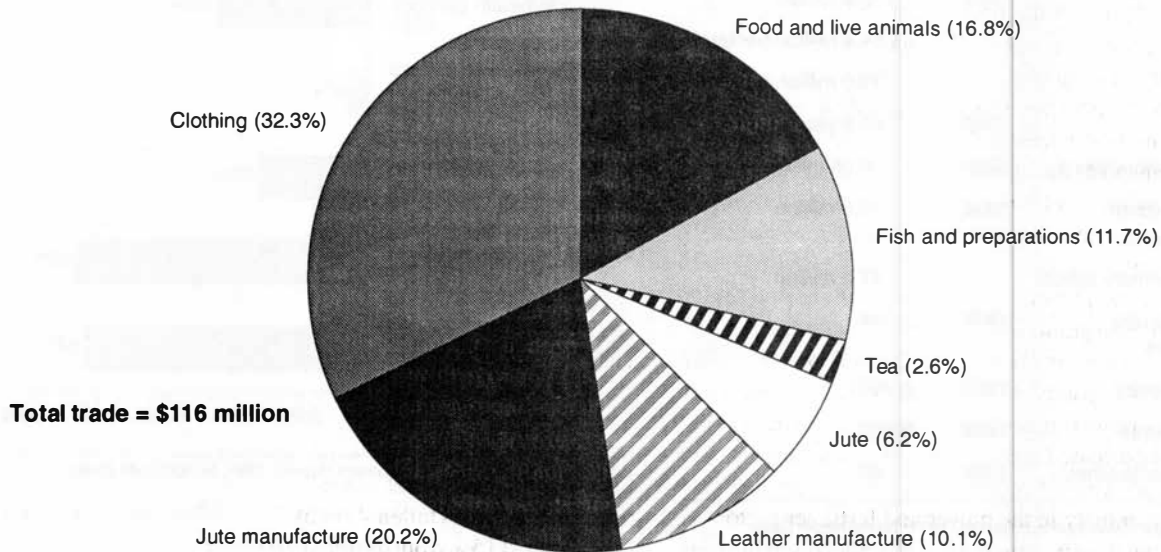
After mouthing this litany, Saifur put on his IMF-World Bank cloak. Pleading for an export-led growth strategy, he argued that such a strategy coupled with a liberal competitive economy and minimization of bureaucratic control would all lead to development.

He also warned his countrymen, 99 million of whom are living below the poverty line, "We have to bear in mind that there is no reform process without pain. All of us, including

FIGURE 2

### Distribution of Bangladesh's foreign trade

(percent of total foreign trade)



Source: Bureau of Manpower, Employment and Training.

the industrial entrepreneurs, will have to respond to this challenge by increasing efficiency." He also promised that steps would be taken to remove the existing high tariff wall and other administrative barriers to free trade.

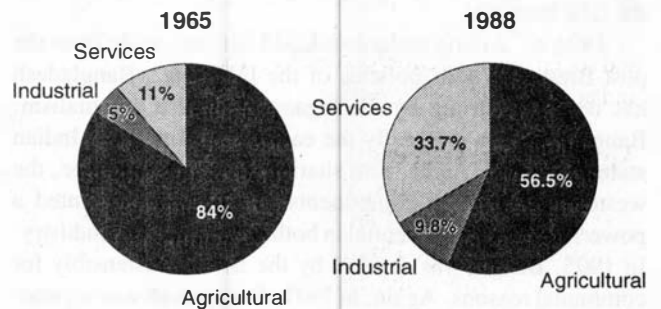
Saifur's speech did not reflect the reality of Bangladesh's economy. Only a few weeks after the speech, an advertisement appeared in a Bangladeshi newspaper: "Urgent. Investors wanted. Nationalized banks and financial institutions prepared to fund industrial projects on an emergency basis."

The lack of law and order in Bangladesh has prevented investors from risking their money. Bangladeshi banks are also having difficulties getting their money back from large borrowers, most of whom are politically connected. The bad debt situation had earlier forced the banks to deny large borrowers new loans unless old loans are paid back.

In short, the finance minister's export-led growth strategy has few takers. The country's export base continues to be dominated by agro-products (Figure 2). In 1985, when Bangladesh's total export was \$1.0 billion, raw jute and jute products accounted for more than 60% of total exports. In 1989, the exports rose to \$1.2 billion, while the contribution of jute and jute products dropped to 35%. However, the so-called non-traditional products that now dominate the export scene are also agro-based. Garments, tea, and leather, along with jute and jute products, constitute 85% of total exports. Even if exports are boosted, Bangladesh will be shipping out more agricultural products, made usable through application of low-technology and high-intensity manual labor and sold at

FIGURE 3

### Distribution of labor force



Source: U.N. Development Program.

cut-throat prices in the coming years—a prescription for the continuing impoverishment of the Bangladeshi population.

Sadly, one of Bangladesh's biggest export items is labor, which goes abroad in order to support families with the remittances which are sent home.

### Weak infrastructure

A glance at Bangladesh's infrastructure shows why, despite large infusions of foreign assistance, Bangladesh has remained an agriculture-based nation (Figure 3).

Bangladesh's railroads consist of 2,818 kilometers of track, most of which is single line and narrow gauge. Almost



the entire northeast has remained without railroads. For 13 years, Bangladesh has not built a single railroad. Instead, the money has been spent on building roads in a country which imports 80% of its crude oil. Donor agencies and countries, whose money was used to build these roads, influence the decision against rail-building.

Endowed with a weblike network of rivers, Bangladesh has some inland water transport. But inadequate water management has turned most of these rivers to dry drains during the summer and into overflowing, uncontrollable water-carriers during the monsoon season. Lack of attention in making inland water transport, the cheapest form of bulk transportation, a fast-growing infrastructural asset is another sign of successive governments' disassociation from problems of the physical economy.

The scene in the power sector is equally bleak. Heavily dependent on foreign grants in this sector, Bangladesh's present generation capacity is about 2,200 megawatts (MW), of which 1,864 MW capacity is located in the East Zone. Most of the country's power generation comes from natural gas. Bangladesh has estimated reserves of 15 trillion cubic meters of natural gas, of which 500 million cubic meters is being consumed daily, mostly in the power and fertilizer sectors.

With such weak infrastructure, Bangladesh's industrial sector continues in a nascent state. With only 9.8% of its labor force involved in the industrial sector, Bangladesh's industrial output is mostly related to agro-products directed for exports.

On the other hand, the service sector in Bangladesh has skyrocketed. This is due to policy influence from the donor agencies, which have pushed investment into private road transport, and public sector investments in health, education, and social services. Most of these service jobs are low-paying and act to perpetuate poverty.

### Agricultural success

However, for all this, Bangladesh remains an independent country because of its success during the 1980s in agricultural production. This sector alone provides 50% of the GNP, absorbs 75% of the labor force—if agro-product manufacturing is taken into account—and earns more than 50% of total export earnings.

Bangladesh is primarily a rice-growing country with about 13 million hectares (32 million acres) under cultivation. Rice is grown on 68% of cropped areas, yielding about 18 million tons of rice. Jute takes up 24% of cultivated land, while wheat is grown on 4% of the cultivated land.

In the 1980s, defying natural calamities, Bangladesh did achieve a significant growth rate in foodgrain production. Bangladesh's aggregate rice production grew from 15.7 million tons in 1980-81 to 18 million tons in 1990-91. However, due to lack of inputs, the rate of foodgrain production never caught up with population growth, and Bangladesh imported cereals throughout. In 1976, Bangladesh had imported 1.87 million tons and in 1990, imports stood at 1.73 million tons.

TABLE 2

### Outside foreign debt, by donor, as of June 1990

(millions \$)

Donor	Debt
Belgium	\$ 47.31
France	141.62
Japan	2,625.08
Switzerland	6.08
United States	782.16
OECD total	3,602.26
OPEC	265.25
International agencies	5,594.98
Planned economies	253.20
Others	93.69
<b>Total debt</b>	<b>\$9,809.40</b>

Source: Bureau of Manpower, Employment and Training.

But the successes of the last decade have not been maintained. The government's target to produce 20 million tons of rice in 1991-92 has fallen short by 10%. Wheat production has fallen almost 15% from its mid-1980s high of 1.1 million tons.

With little irrigation available during the dry season and shortage of drainage when the rain swamps the country, Bangladesh's food production has remained enslaved to the vagaries of rainfall. Unless a productivity breakthrough is achieved, the country's dependency on foreign food will surely increase. Inadequate water management has allowed the rivers to silt heavily, causing increasing drainage problems and pre-harvest crop losses.

### The dependent economy

Bangladesh's weak infrastructure and pressures in the wrong direction coming from donor agencies have taken their toll. Even with substantial foreign aid and grants, Bangladesh has acquired a debt of \$12.3 billion, 55% of its GNP. In 1980, Bangladesh's external debt was \$4.1 billion.

Debt service payments of \$350 million annually account for 22% of Bangladesh's total export earnings. What is pushing Bangladesh into a bottomless pit is its perpetual deficit in balance of payments in its external trade account. In 1989-90, the deficit was \$2.24 billion; in 1990-91, the deficit fell to \$1.75 billion, and the estimated deficit in 1991-92 was \$1.51 billion. Bangladesh's trade deficit and debt payments together exceed the total export earnings of 1990-91.

Within the usurious framework of the IMF, Bangladesh can only improve its external account deficit by squeezing imports. Since about 50% of imports are caused by food and fuel imports, this squeeze will only exacerbate the economic crisis and will be politically unacceptable.

Bangladesh has become more and more dependent on foreign aid and grants over the years. On April 23, a World Bank-led aid consortium meeting in Paris had pledged \$2.2 billion,

which is more than Bangladesh's total annual export earning, in fresh aid and grants for the fiscal year beginning in July. This amount is in addition to \$600 million promised recently to finance the long-term and medium-term action plan for flood protection. As a price to be paid, the finance minister has promised the consortium that Bangladesh will cut electricity distribution, reduce "excess" manpower, and improve marketing and management practices in the public sector units. The government has already decided to cut at least 100,000 government and public-sector jobs in the next three years.

Mobilization of domestic resources remains a severe problem. In 1989, a World Bank study showed that \$4.6 billion of project aid could not be utilized by Bangladesh because the country could not raise the portion of local investment without which the projects could not be funded. The study later became a source of pressure on Bangladesh by the donor agencies to force a cut drastic cuts in government spending.

Government austerity, however, is beginning to meet resistance. Confronted with growing dissension within the trade unions, Prime Minister Begum Khaleda Zia said in December: "We want to build up a market economy infrastructure, and with this end in view we are giving special emphasis to the growth of the private sector." She warned the trade unions that "100% of industrial units [in the public sector] will be handed over to the private sector and export-oriented units will be encouraged." In fact, since 1975, the government has sold or returned to former owners 640 industries, reversing a trend that started shortly after Bangladesh had won independence from Pakistan in 1971, when the government nationalized almost all major industries and financial institutions. The trade unions, led by the largest union SKOP, claim that the privatization will result in large-scale redundancies and closing down of many industries.

In November, hundreds and thousands of jute mill and textile workers had uprooted railway tracks and barricaded roads, protesting the government's privatization schemes.

## Politics of aid

After the British departed from the subcontinent in 1947, Bangladesh became the eastern wing of Pakistan. Until independence in 1971, Bangladesh was dominated by industrial and feudal families of West Pakistan. Families such as Adamjee and Ispahani became household names in East Pakistan because of the control they exerted over its industry. These families succeeded in grabbing assets and establishing new assets in Bangladesh under the pretext of developing indigenous import-substituting capabilities. Thus, it created "domestic" entrepreneurs who after 1971, when Bangladesh became independent, left the country lock, stock, and barrel for West Pakistan. While these West Pakistani entrepreneurs had kept the foreign investors and multinationals at bay for two and a half decades, their abrupt departure in 1971 created a vacuum.

After 1971, the government of President Sheikh Mujibur

Rahman nationalized most industries, creating an inhospitable climate for multinationals and foreigners. The period between 1971 and 1975 saw the rise of a state sector which became the instrument of the so-called nationalists in their quest for power.

The post-1975 period, which began with the murder of Sheikh Mujib (see accompanying article on page 25) and a series of military coups, produced a new affluent elite. This group draws its succor from military coups and has pushed the country firmly toward the West. Denationalization, or the privatization of the state sector units, in industries, trade, and banking has provided an opportunity for the new rulers to create a group of entrepreneurs who would work with the government and would also cooperate to bring in foreign investments.

In this context, foreign aid and grants have played a key role. Foreign assistance became the key source of capital infusion and as more foreign grants flowed in, it further enhanced the manipulative leverages of the powerbrokers.

How corrupt is this process? Dr. Rehman Sobhan, an eminent Bangladeshi economist who served as a member of the Planning Commission during 1972-74, has his own version: "Many state functionaries, however, seek more aid to serve as a cushion for their managerial inadequacies. Thus, for example, the capacity to ensure capacity utilization of mechanized irrigation facilities provided by the state to the farmers, generated pressure for more aid-financed import of irrigation equipment rather than for full utilization of installed capacity. Thus, new aid becomes the main source for expanding acreage under irrigation or even for maintaining current levels of irrigation. Aid in these situations becomes the soft option designed to mitigate the consequences of deteriorating operating performance within the economy. Given the contingent benefits which accrue to particular classes from aid, we can get some insight into the low and deteriorating performance of some state-run enterprises."

How does aid dependence affect national sovereignty? Economist Debapriya Bhattacharya has pointed out that the "overriding concerns of the donors, their normative biases and their perceptions of their own particular interests in Bangladesh" became dominant factors in economic policy. One study identified the World Bank and the U.S. Agency for International Development as the donors enjoying a near monopoly in the use of aid conditionality for forcing policy changes in Bangladesh.

Demands often came out openly. Speaking at the Dhaka Chamber of Commerce on Jan. 17, 1992, the U.S. ambassador to Bangladesh said that Bangladesh could not afford to continue to ignore the economic benefits of privatization. When the Bangladeshi foreign minister was grilled by newsmen about the conditions laid down by the donors, the minister agreed that the "conditions attached to the aid are tough" and some conditionalities make it difficult to decide where

to utilize the money.

Privatization of the economy and selling off the public sector units, which Prime Minister Khaleda Zia has claimed as her government's independent decision, had long been the goal of the donor agencies. By 1989, one report says, as many as 640 enterprises have been denationalized under the allegation that state sector units are ill-managed causing low productivity. Although the argument has never been proven, in the sense that the private sector in Bangladesh performs any better, the uncritical acceptance of this viewpoint indicates the power and influence exerted by the donor agencies. The resident representative of the World Bank at Dhaka has noted that the "opportunity for aid-givers to impose their views on Bangladesh was made all too clear, when it became the accepted view that Bangladesh simply could not manage her economy without the assurance that large amounts of aid would be forthcoming."

### **The growing crisis**

Bangladesh's aid addiction does not end with only the domination of the donor agencies at economic policy making. Bangladesh has entered into a structural adjustment program in 1987 with the IMF and World Bank for a period of three years ending July 1990. The result: worsening performance of Bangladesh's physical infrastructure. Bangladesh's growth rate fell to 2.8%. The IMF diktat to enhance foreign investments into Bangladesh drew no response from foreign investors. Bangladesh's Prime Minister Moudud Ahmed, under President Ershad, took a much-publicized tour through the West urging investors to come to Bangladesh while assuring them that "Bangladesh would wipe the smile off the Asian tigers." His efforts drew a blank.

However, opposition to such aid addiction and kowtowing to the donors is gathering force. Dr. Iftekhharuzzaman of the Bangladesh Institute of International and Strategic Studies, at a seminar in February 1992, attacked the government's aid-dependent development strategy and called for a self-imposed moratorium in its external resource inflow for a decade or two. He pointed out that the present strategy is "expanding and strengthening the network of an aid-sustained elite, which flourishes in its exclusive position by trading poverty while the poor continue to be poorer."

Short of such a drastic measure, Bangladesh's elite will be driven to sell the nation's labor power as a slave pool. The government has set up an export-processing zone in the port-city of Chittagong in southern Bangladesh which caters exclusively to export-oriented industry. Plans are afoot to set up similar export-processing zones in Dhaka and the coastal city of Khulna. Already, textile factories are churning out textiles for the world market, sold under all different national labels. Bangladeshi labor is, evidently, among the cheapest in the world—one to two cents an hour.

## **The assassination of Sheikh Mujib**

by Ramtanu Maitra

Bangladesh Prime Minister Begum Khaleda Zia's action in September against the cadre-based Freedom Party, led by two professed killers of the country's founding father, Sheikh Mujibur Rahman, could have a resounding impact on Bangladesh's body politic. Coming alongside memories of the vicious killing which wiped out all of Sheikh Mujib's family except two daughters who were abroad on that fateful day, leaving none to bury the dead, the action against the Freedom Party may open a political Pandora's box.

The arrested leaders of the Freedom Party were two of the four important members of a team of 15 that killed Sheikh Mujib in 1975. Both were given free passage by Ziaur Rahman, Begum Khaleda's husband who became President, only to be assassinated in 1982. The Freedom Party was formed in 1986 during former President H.M. Ershad's reign, and the two assassins were allowed to come back home to open a political office in Dhaka. Subsequently, Farooq Rahman, one of the two Freedom Party leaders, ran unsuccessfully against General Ershad in a presidential contest. The recent police raid gathered evidence showing that the assassins of Sheikh Mujib were involved in arms smuggling in collusion with the right-wing Islamic party, Jamaat-e-Islami. Jamaat is hated by the majority of Bangladeshis for lending support to the Pakistani Army during the liberation war of 1971. It is also widely known that Begum Khaleda's Bangladesh Nationalist Party had made political arrangements with the Jamaat during last year's general elections which had brought her to power.

To know the real story behind the assassination of Sheikh Mujib on Aug. 15, 1975, is important not only for the citizens of Bangladesh, but also for the people of the entire region. Once the veil is finally lifted from Sheikh Mujib's assassination, a number of events in the region that followed the assassination become clear.

The 1971 liberation war in which India, and Mrs. Indira Gandhi in particular, had played a key role, led to the formation of Bangladesh and the humiliation of the much-vaunted Pakistani Army. This result did not please Washington, and President Nixon made that known when he ordered the Seventh Fleet to enter the Bay of Bengal, ostensibly to help rescue the Americans stationed in Bangladesh. At the time, Washington's South Asia policy was firmly in the hands of Henry Kissinger. Under Kissinger's prompting, Pakistan

was working on behalf of the United States to help develop a channel to China so that Kissinger and Nixon could meet with the aging and fading Mao Zedong. The objective was to achieve a “balance of power” against the Soviet Union and India with the help of Pakistan and China. The freeing of Bangladesh showed that Pakistan was less invincible than what Washington would have liked Beijing to believe, and that India had surely gained by clipping Pakistan’s eastern wing.

India was doubly aggravating to Kissinger and company. The Indo-Soviet Treaty of Peace, Friendship and Cooperation was also signed in 1971, and it seemed that Sheikh Mujib would join Washington’s much-dreaded “Indo-Soviet Axis.” That did not happen, because neither India nor the Soviet Union could or would come up with what was considered to be generous aid to Bangladesh.

On May 18, 1974, India detonated its first nuclear explosive, and immediately drew the wrath of the international community. Although others criticized India for its nuclear ambitions, no one attacked India as viciously as did the United States and China. Pakistani Foreign Secretary Agha Shahi journeyed to Beijing in June, and China announced “full and absolute support to Pakistan against foreign aggression and interference, including nuclear blackmail.”

Kissinger, who had described India’s role in Bangladesh in 1971 as similar to “Hitler’s reoccupation of the Rhineland,” came to India in October 1974, ostensibly to talk it over with Mrs. Gandhi. The two-day trip came to nothing. Mrs. Gandhi, showing her contempt, chose to stay away from New Delhi the day Kissinger arrived.

By then, India had drawn further ire in Washington, London, and Beijing. In the summer of 1974, the mountain kingdom of Sikkim, bordering Chinese Tibet, joined the Indian nation through a bill passed in the Sikkim Parliament. Sikkim figured as a linchpin in the British dream of forming the “Great Himalayan Kingdom” as a geopolitical counter to India. The British operation was put into force when an American, Hope Cooke, was married off to the Sikkim monarch. While Washington has since accepted Sikkim’s union with India, China so far has not, and its printed maps of the region prove the point.

However, by the end of 1974, a different wind began to blow across India. General economic problems, intense pressure from the International Monetary Fund to “stabilize” the Indian economy, and general price rises put Mrs. Gandhi on the defensive. Civil disobedience and anarchy broke out all over the country, particularly along the Gangetic plain, as a western-backed J.P. Narayan decided to bring the government down through organized anarchy. While opposition leaders were planning to overthrow Prime Minister Gandhi, she herself was quietly working toward imposing an internal emergency. On June 25, 1975, the state of emergency was imposed, and a large number of opposition leaders were imprisoned within the first few days.

## Failures to the fore

Developments within Bangladesh were no less ominous. “Bangabandhu” (Friend of Bengal) Sheikh Mujibur Rahman’s rule had soured almost as soon as it had begun with Bangladesh’s 1971 liberation. After proclaiming a socialist form of government, Sheikh Mujib had little means to give it that shape, and quickly became dependent on foreign aid and grants. On March 26, 1972, Sheikh Mujib took over ownership of all assets belonging to the Pakistani nationals who had left Bangladesh in the wake of the liberation war. But it was a hollow victory: Pakistani entrepreneurs had already stripped the facilities, leaving behind only a huge amount of liabilities.

Through his proclamation of establishing a socialist state, Sheikh Mujib wanted to give peasants, students, and workers, who had fought the liberation war, an equal share. But rampant corruption within the nationalized units and addiction to foreign aid left Sheikh Mujib politically weak and isolated. His three closest economists, Nirul Islam, Rehman Sobhan, and Anisur Rahman, had all joined the Planning Commission, but soon left. Anisur Rahman went on record saying that the government must go without aid, and that this was the only way to change the institutions as well as the “very social landscape of the nation.”

Attacks against Sheikh Mujib began to show up from different quarters. The Bangladeshi middle class, along with the military, were also feeling the pinch of a weakening economy. Talk surfaced that Sheikh Mujib’s relatives were amassing wealth. Sheikh Mujib saw it all, but did not respond in any useful way, and when he did, such as when he made Bangladesh into a one-party nation, the effect was disastrous.

In February 1974, Pakistani Prime Minister Zulfikar Ali Bhutto came to Bangladesh, ostensibly in order to “heal wounds.” While the anti-Mujib and pro-western crowd gave Bhutto a rousing welcome, the peasants, students, and workers shouted: “Butcher, go back home!” Pakistan claimed that Sheikh Mujib had organized the counter-demonstration, but there was little doubt that the polarization between pro-liberation war and anti-liberation war was complete.

## The drumbeat for the kill

Those in Bangladesh who kept their ears close to the ground claim that the assassination plot had been in the works for quite some time before it was carried out. In 1972, Lieutenant Ziauddin, a Maoist military officer, demanded Sheikh Mujib’s removal in an article in *Holiday*, a magazine owned by a Maoist elite. Sheikh Mujib called in Ziauddin and took him to task for what he had said, but did not fire him. That came later, and Ziauddin went underground to organize. Ziauddin’s comrade-in-arms, Col. Abu Taher, who had enjoyed a brief spell of glory in November 1975 when he had organized a coup, and who was later hanged by Ziaur Rahman, was also fired for radical activities.

There were other ominous signals as well. The explosion

of the Soviet-built urea plant at Ghorasal, 30 miles northeast of Dhaka, on Sept. 30, 1974, was the result of an act of sabotage. The temporary closing down of the Ghorasal urea plant seriously hurt Bangladesh's agriculture. Besides, Bangladesh got into a desperate bind to generate foreign exchange to import more urea. The money could not be gotten, leading to an almost 30% drop in fertilizer consumption in 1974-75.

Internally, those who hated Sheikh Mujib and wanted his rule to end, did not lack outside support. Kevin Rafferty, writing in the *Financial Times* of London on June 6, 1974, had already called for halting aid to Bangladesh. Rafferty said of the party Sheikh Mujib led: "Aid merely allows the Awami League to live off the fat of the land. It would be far better to let the country fend for itself, let the people suffer, and kick the rulers out."

Kissinger was in Dhaka on Oct. 30, 1974, and met with Sheikh Mujib. What happened between them is a matter of conjecture, but at a press conference in Dhaka, Kissinger told newsmen that the talks had produced "some progress towards straightening out some of the difficulties." Kissinger evaded their queries about what these "difficulties" were, but dropped hints that he, and the United States government, believed that U.S. aid was being squandered—a U.S. green light to Mujib's opponents.

### **The final act: the assassination plots**

According to sources in Dhaka, there were four assassination plots to eliminate Sheikh Mujib. The plot that got the green light involved 15 Army men, four of whom were major actors. Two of them were related through marriage, and the other two were dismissed from the Army, and hence disgruntled. According to Moudud Ahmed, who later became prime minister during General Ershad's presidency and is now languishing in jail for amassing a disproportionate amount of wealth, "In the course of time it became clear that the Army officers who took the lead in the operation had no plan of their own. The question remains why did they do it, then, and for whom?"

All 15 members of the plot were duly protected by Ziaur Rahman when he became President following a series of coups by military men in November 1975.

Two other stores were making the rounds those days in Dhaka. One involves Ziaur Rahman, who was then a major general and aspiring to become the chief of Army staff. Ziaur Rahman wanted to impose martial law in Bangladesh, and had received enthusiastic support from then U.S. Ambassador David Boster. Sheikh Mujib had, however, preempted the plan by making Maj. Gen. Safiullah chief of staff, superseding Ziaur Rahman.

The second story was reported by American journalist Marcus Franda. Franda, a shadowy figure—and the Indian government will confirm that—had managed to be in Dhaka a few days before the Aug. 15 assassination. Franda says that according

to a senior Awami League member, Tajuddin Ahmed was approached by "some Americans" in 1975. Tajuddin duly cautioned Sheikh Mujib of the impending danger.

No matter what the plotters might have believed about their motives, the event of the assassination and what follows makes clear the strategic result: The assassination occurred on the morning of Aug. 15, the day India celebrates its independence. This was done most likely because the plotters wanted to convey a message to Mrs. Gandhi, given that Sheikh Mujib had remained Mrs. Gandhi's best friend among the heads of state. Franda, a staff member of the American Universities Field Staff, headquartered in Hanover, New Hampshire, wrote cryptically that the date was "one of the many ironies . . . of the case."

Those "ironies" include:

- Beijing recognized Bangladesh on Aug. 31, 1975, sixteen days after Sheikh Mujib's murder. When Ziaur Rahman became President, Bangladesh began its military relationship with Beijing, ostensibly in order to protect itself from the "threats of Indian invasion."

- Saudi Arabia, which had opposed the liberation war of 1971 and the formation of Bangladesh, also opened diplomatic relations soon after Sheikh Mujib was killed.

- Pakistan Radio on Aug. 15, in announcing Sheikh Mujib's assassination, said that "the People's Republic of Bangladesh" had been changed to "Islamic Republic of Bangladesh." Challenged by India, this was denied by the new Bangladesh government. Hearing about the coup, Mrs. Gandhi had put the paramilitary forces stationed along the Bangladesh borders on alert.

- In the interim cabinet of Sheikh Mujib during the liberation war, there was one person, Khondkar Mushtaque Ahmed, who was regarded as pro-West and pro-Islamic state. Khondkar Mushtaque became President upon Sheikh Mujib's assassination.

- Following the November coup which had brought the Maoist Army officer Col. Abu Taher to power for a brief period before Ziaur Rahman took over and hanged Taher, the remaining four interim cabinet members were slaughtered in their prison cells in the Dhaka Central Jail.

- Moudud Ahmed, in his monograph for the U.S. Heritage Foundation on the Mujib era, celebrated the removal of Sheikh Mujib. He said: "Anyhow, that was the end of Sheikh Mujibur Rahman and the beginning of a new era for Bangladesh. The death of Mujib changed the entire perspective of Bangladesh politics. The new journey began with a general sense of relief in the mind of the people."

The assassination moved Bangladesh out of India's orbit and placed it firmly in the U.S.-China-Saudi Arabia nexus which ensured more cash for the elites and more arms for the military. The "new journey," not completely different from Sheikh Mujib's as far as the economy is concerned, formalized the current system of foreign debt, foreign grants, and foreign diktats.

## LaRouche: 'I do know how to stop this depression'

An interview with Lyndon H. LaRouche, Jr.

*This interview was conducted on Sept. 20, 1992, by the Radio Todelar network of Colombia, and was broadcast on Todelar's 28 member stations. Luis Enrique Rodríguez López, of the Sunday program "Todelar Reports," was the interviewer.*

**Q:** Today we have a very special personality as the invited guest of our Sunday program. We are talking about Lyndon H. LaRouche, independent candidate for the presidency of the United States, and at the same time a political prisoner in a U.S. jail.

Lyndon H. LaRouche is a 68-year-old man, an opposition political leader in the United States, and he was sentenced to 15 years in prison in January 1989. He is married to Helga Zepp-LaRouche, a German citizen who is fully with him and supports him in his cause.

LaRouche, from behind bars, decided to run for President of the United States, to try to bring about profound changes favorable to that power, especially regarding the handling of the economy, and which would at the same time help the Third World countries beset with poverty and social stagnation, largely due to their growing foreign debt.

In this presentation of "Todelar Reports," we shall speak with Lyndon H. LaRouche about the foreign debt, the drug trade, coffee, the economic movements today being felt in Europe, the Maastricht Treaty, which in fact today is at the center of events in France—in short, we shall talk about various subjects of great interest to Colombians.

Of course, we shall also refer to the presidential campaign in the United States, to the views of Lyndon H. LaRouche regarding the most likely candidates for President, George Bush for the Republican Party, who is seeking reelection, and the Democrat Bill Clinton.

Lyndon LaRouche, the political prisoner and the independent candidate in the U.S. presidential elections which will occur next Nov. 4, is our personality on



A mass rally in Mexico City in support of President José López Portillo's nationalization of the banks, Sept. 13, 1982. It was this adoption of Lyndon LaRouche's policy recommendations that triggered the panic button among U.S. establishment circles, leading to the prosecution of LaRouche. Inset: LaRouche speaks at the congress of the Mexican Labor Party in May 1982, outlining his program for economic reform.

"Todelar Reports."

But before we begin our dialogue with Mr. LaRouche, who by the way will be speaking from a telephone inside the prison where he is being held, let us first listen to what *EIR*'s magazine *Resumen Ejecutivo* says about the status of the LaRouche case.

**Announcer:** "The LaRouche case has been presented to the Inter-American Commission on Human Rights of the Organization of American States, and was formally presented to the Human Rights Commission of the United Nations Organization, by the International Progress Organization (IPO) in February 1991. The IPO petition, numbered 1503, states: 'Documentation exists to suggest that those in government who want to eliminate the ideas of Lyndon LaRouche and his associates misused their access to state power in order to silence the spread of beliefs it judged to be "extreme" or "threatening" to the prevailing political trends.'

"At the meeting of the European Conference on Security and Cooperation—the so-called Helsinki Accord—held July 19 in Copenhagen, Denmark, former U.S. Attorney General Ramsey Clark presented LaRouche's case, and said that 'there was no intention of having a fair trial,' and that LaRouche and his co-defendants were tried for 'economic crimes that did not exist, because this was a political movement, it was not a for-profit activity and wasn't intended to be a for-profit activity, it was a political movement.'

"In an *amicus curiae* brief presented to the U.S. federal

Appeals Court, more than 1,000 legal experts and lawyers from throughout the entire world denounced the violation of LaRouche's constitutional right to an impartial trial. In a public statement signed by several of these, they said: 'We are troubled by the violations of due process and of fundamental rights which appear to have occurred in this case. We further believe if the rulings of the [District] Court are allowed to stand as precedent, this represents a potential threat to any politically-active citizen of having their voices be silenced by abuse of the prosecutorial and judicial systems.'

"Given the political and constitutional importance of the LaRouche case, and also given the importance of Lyndon H. LaRouche for Ibero-America, from his support for Argentina's fight for the Malvinas and for Panama's sovereignty to his concepts on economic integration of the Ibero-American nations and the fight against drugs, we call upon the OAS and the U.N.O. to investigate this violation of human rights in the United States and we stand in solidarity with the request of his attorneys for a new trial and for Lyndon H. LaRouche's immediate release from prison."

**Q:** This is the text of the position held by *Resumen Ejecutivo* regarding the freedom of Lyndon LaRouche, today a candidate for the presidency of the United States of America. . . .

Our first question to Mr. Lyndon LaRouche is the following: What were the charges that led to your conviction and jailing for 15 years in your country?

**LaRouche:** Yes, the charges that were made up involve \$294,000 in loans, but the charges are irrelevant. The purpose of putting me in jail was to put me out of circulation, after they had tried and failed to arrange my assassination. That is, they tried to assassinate me in October 1986 in an operation that involved several institutions of the state and federal government in Virginia. But the White House intervened to prevent them from conducting the assassination. So they stopped it. Therefore, after that they had to put me in prison as the alternative, because they could not pay the political cost of having me killed. Then they made up the charges, which are entirely a fraud, which were constructed with the purpose of putting me in prison, actually for 10 years. They think I would be dead or too old or something after those 10 years.

**Q:** Mr. LaRouche, the purpose of your imprisonment was so that you would not participate in politics; nonetheless, you are doing so as a United States presidential candidate.

**LaRouche:** Actually, they are not trying to take me out of politics. It's something more serious. As many people recall, in 1982, particularly the spring and summer, most of the countries of Central and South America were in trouble over the debt. In the middle of August of 1982, the Mexican debt blew up, and the entire international monetary system nearly collapsed that month. . . .

**Q:** Since when, and why, have you defended causes that apparently go against your country, such as the foreign debt, U.S. expansionism, etc.?

**LaRouche:** The problem is that the debt of these countries is not an honorable debt. Under natural law, the law of equity, this is not a honorable debt. These countries have paid the debt many times over. The debt grew because of unlawful and immoral policies of the international financial institutions. Now what's happening is this: In the past week, the international financial system has collapsed. Nothing can save the Anglo-American financial system centered on the International Monetary Fund [IMF]. It cannot be saved. It's gone, it's finished; what is left of it cannot be saved. Nothing can save it. The policies made by the United States government and others, especially in October and November 1982, crushing Mexico, and crushing the other nations of Central and South America, have led to the destruction of the United States itself. Now we have come to the point where my policies are vindicated and the policies of my competitors are discredited. I *do* know how to stop this depression, they do not. They are not willing to accept the policies that would stop it. I am running because I can stop this depression and no other public political figure in the United States could do it.

**Q:** . . . And what would happen if some countries, some groups of countries, would stop paying the debt as you

propose? What, concretely, would happen to the economy of the United States? And what would happen to the banks?

**LaRouche:** The banks are already dead. The commercial banks of the United States are already bankrupt.

**Q:** But, there are some people who say that you defend some interests that are foreign to the United States, and that your policy would directly affect the U.S. banks. Is this true?

**LaRouche:** This is a question of equity. If we continue to try to maintain this bankrupt banking system, we are going to murder hundreds of millions of people and we would collect interest payments against the lives of hundreds of millions of people. It would be more criminal than Hitler to

## Who is Lyndon LaRouche?

Lyndon LaRouche has been a controversial international public figure for two decades, because of his opposition to neo-malthusian economic and population policies; his campaign for global monetary reform based on equity for the Third World; and his role in exposing the powerful financial interests which control international drug-trafficking.

Since Jan. 27, 1989, LaRouche had been held as a political prisoner of the Bush administration, serving a 15-year sentence at the Rochester, Minnesota federal prison as a result of one of the most shocking judicial railroads in U.S. history. The United Nations Commission on Human Rights announced on Feb. 7, 1992 that it is investigating his case as a possible violation of human rights by the U.S. government.

LaRouche was born on Sept. 8, 1922 in Rochester, New Hampshire. He attended Northeastern University from 1940-42 and from 1946-47, and served in the China-Burma-India theater during World War II. He was married on Dec. 29, 1977 to German political leader and author Helga Zepp-LaRouche.

LaRouche describes himself as an economist specializing in physical economy, and lists as a leading accomplishment of his adult life his contributions to the advancement of economic science. He is the discoverer (1952) of what is today known as the LaRouche-Riemann method of economic analysis, the most accurate method of economic forecasting in existence. His work in economics is an advancement of the American System of Political-Economy (of Gottfried Leibniz, Alexander Hamilton, Friedrich



pay the debt in the present terms.

**Q:** Mr. LaRouche, there is European monetary disorder today; in fact, today, Sunday, they are deciding in France the future of the Maastricht Treaty. How would this European monetary disorder, that is the situation on the stock markets of London, Paris, all the major world markets, the situation in Italy and so forth, how does this situation directly affect Colombia?

**LaRouche:** What has happened in Europe is simply a result of the U.S. system. And the collapse of the U.S. system has led to the breakdown in Europe. The effect on Central and South America, if these countries accept these IMF conditions, and do not resist, then we will begin to see the condi-

tions of Ethiopia and Somalia, in one country after another.

**Q:** You have said, Mr. LaRouche, that the foreign debt is a bomb for your country, the United States, that could be triggered by the Third World nations. Please explain, for those listening today to Radio Todelar, what it would mean for some Latin American countries to stop paying the foreign debt.

**LaRouche:** What I proposed in 1982, in principle is correct today. The debt is injustice. We recall how this debt developed. The Argentinian debt is completely fraudulent. That agent of Henry Kissinger, Martínez de Hoz, created an illegal debt in Argentina. But in general, this debt was created, in the present form, beginning in 1974-75 with Eurodollar

List, and Mathew and Henry Carey). He is the author of the 1984 textbook, *So, You Wish to Learn All About Economics?* and the 1992 trilogy *The Science of Christian Economy*, written while in prison, among hundreds of other books, articles, and economic policy proposals.

In 1974, LaRouche founded and became an editor of *EIR*. In 1976, he was among the founding members of the Fusion Energy Foundation, a nonprofit scientific foundation which worked to achieve the rapid development of nuclear energy technologies, a revitalization of the space program, and increased American participation in experimental work on the frontiers of science.

In 1977, LaRouche first publicly proposed the U.S. crash-basis development of anti-ballistic-missile systems based on new physical principles, what later became the Reagan administration's Strategic Defense Initiative. In the months leading up to President Reagan's March 23, 1983 announcement of the SDI, LaRouche collaborated with the National Security Council in formulation of the policy.

LaRouche ran for the presidency in 1976, 1980, 1984, and 1988, and campaigned for northern Virginia's 10th Congressional District seat in 1990.

He names as a leading enemy the Anti-Defamation League of B'nai B'rith (ADL) and its collaborators within the U.S. Department of Justice and federal executive—a combination he has nicknamed the "Get LaRouche task force." This group's animus toward him developed following an April 1975 visit by LaRouche to Iraq, at the invitation of Saddam Hussein's Baath Party. LaRouche proposed a Middle East peace plan based on Arab-Israeli cooperation for the development of the region. En route back to the United States from this trip, LaRouche proposed his International Development Bank program for global monetary reform and development at a press conference in West Germany.

In 1978, LaRouche commissioned the book *Dope, Inc.*, which exposed the "citizens above suspicion" on the financial side of the global drug traffic, and traced ADL ties to the international drug cartel. A bestseller, *Dope, Inc.* is now in its third edition.

### Goals for America

LaRouche has emphasized the need for a return to classical art, music, science, and culture as an antidote to today's prevailing moral degeneration and cultural pessimism. He has outlined three goals for our nation: 1) eradicating poverty across the globe; 2) establishing a durable peace among nations; and 3) colonization of the Moon and Mars.

During February and March 1992, in two national television broadcasts, LaRouche presented to American voters his unique program to reverse the economic depression, with the creation of 6 million new jobs within the first year of his presidency. LaRouche's approach features the reshaping of the Federal Reserve System into a new National Bank of the United States, to direct \$300 billion of low-interest credit each year into government-funded infrastructure projects of water management, transportation, energy production, health care, and education services.

In conjunction with this economic recovery program at home, LaRouche urges deepened economic collaboration with western Europe and the nations now emerging from under the yoke of communism in large-scale development programs to end the famine and disease now engulfing the Third World. The Bretton Woods economic system which has enslaved the developing sector and created economic crisis in the West, and the Versailles system upon it was based, says LaRouche, are rotten beyond repair, and must be replaced with a just, new world economic order.

refinancing. Then the IMF forced the devaluation of the currencies of these countries. Debt was pyramiding by using fraudulent tactics . . . by using political muscle to force countries to take on this indebtedness, and then forcing the application of conditionalities that completely looted these countries. What we have to create today is an equitable system of economics and finance among the nations of the world. Not like a debt-collecting world system, but a system of friendship and cooperation among sovereign nation-states.

**Q:** Mr. LaRouche, in line with this response and given that you surely know the Colombian case very well, what relation do you see between the drug trade and the Colombian economy?

**LaRouche:** Yes, I know. Colombia was counted as an exceptional case, as was explained by former President Belisario Betancur in 1983 at the Non-Aligned meeting in New Delhi, India. The President and other people in Colombia thought that the Colombian situation was special and was not in the trouble that many countries in Ibero-America were in. But, since then, because of the drug problem, the collapse of the economy, the civil war conditions under narco-terrorism and so forth, Colombia has moved right into the same kind of problem, generally, that the other countries have, financially.

**Q:** During this period, Mr. LaRouche has spoken extensively of the efforts Colombia has made to eradicate the drug trade, and the lack of international support not only from the government of the United States but from the international community in general. Here, some specialists constantly say that Colombia makes the sacrifices while the United States and other countries do absolutely nothing to eradicate the drug trade. What has the United States government done, from your viewpoint, to combat the drug trade, this drug plague, as Colombia has done until now?

**LaRouche:** First of all, remember that drugs have no real value. When you produce drugs, you may collect money, but you produce nothing of value. To produce drugs, for example coca, means *not* to produce vegetables, not to produce food. So the people starve while the narco-traffickers collect money. Guns come in for the narco-traffickers to kill the people that have no vegetables. So, for the drug trade, there is no legitimacy. The drug trade is as evil economically as it is evil morally. And a country that tolerates it, as the United States has done—and we know that sections of the U.S. Defense Department adapt themselves to the drug traffickers, the Colombian traffickers—in that sense is responsible for the situation in Colombia, by helping the traffickers.

Drug traffickers take some \$600-800 billion a year out of the mouths of children around the world. Money that could not go to industry, money that could not go into farming, money that could not go into housing and development, goes to the profits of the narco-traffickers. That has looted the

economy in Colombia, as it has looted every other economy involved, including the economy of United States. If we do not ourselves get rid of the drug trade, the nations involved will not survive.

**Q:** If the United States has not yet done anything, then what is the way to halt the terrorism that Colombia is experiencing today, the violence and terrorism that Peru also is experiencing?

**LaRouche:** According to my informed opinion, the United States government has not fought against drug trafficking. The United States has done selected prosecutions for propaganda purposes, of a few celebrated cases, but the United States government has acted to *prevent* effective action against the drug traffickers. This is a matter of policy. Remember that during the late 1970 petroleum crisis, petrodollars were the world financial system. From the beginning of the 1980s, narcodollars and weapon dollars were the basis of the international financial system. And those in the United States government that may not be involved directly in drug trafficking, are otherwise involved in supporting a monetary system which itself depends upon narcodollars.

**Q:** . . . We have here the prologue to *The Power of Reason*, an autobiography which political prisoner Lyndon LaRouche has written; he says that it was on Jan. 27, 1989, scarcely a week after George Bush was inaugurated President of the United States, that he became an internationally known political prisoner.

**Announcer:** "In accord with today's civilized standards for legal frameups of political critics of those in power, my friends and I were charged and convicted on nothing but the customary allegations of 'conspiracy.' The case was tried before a judge who has been compared with the Nazi Roland Freisler, before a corrupt jury stacked with members of prosecutorial agencies.

"The rushed trial was a near-copy of France's notorious Dreyfus case of 1894. The Alexandria sentence of Jan. 27, was immediately the outcome of a 'get LaRouche' project set into motion by former U.S. Secretary of State Henry A. Kissinger, beginning August 1982. Kissinger collaborated in this project with several members of a powerful, corrupted President's Foreign Intelligence Advisory Board (PFIAB), and PFIAB's Vice Chairman Leo Cherne.

"1982-83 was not the first period Kissinger and Leo Cherne's cronies had conspired to terminate my existence. The released U.S. government records of such uses of the FBI, and other agencies of U.S.A. and foreign governments, trace practices back to the first year of Kissinger's stint at the White House. Nor was it the first time they had coordinated such activities with the Soviet KGB. Nonetheless, from 1982 on, there was a difference.

"The chief difference was that I had become much more

significant by 1982-83. As the New York Council on Foreign Relations' William Bundy said to a French journalist, in 1981, as paraphrased in that journalist's report: 'LaRouche is dangerous, he has infiltrated the corridors of power, he has spies everywhere, and one should not underestimate his influence!' referring to my activities around the nation's capital. Or, as President Reagan's National Security Council Economic Adviser, Dr. Norman Bailey, stated in an NBC-TV interview on March 4, 1984, LaRouche had 'one of the best private intelligence services in the world.'

"There were two very special issues which frightened Kissinger and Cherne, and which provoked Moscow to jump into Kissinger's bed on all four feet. The first was my book-length analysis and proposal for dealing with the 1982-83 debt crises, *Operation Juárez*. The second was my intensive 1982, international campaign to sell President Ronald Reagan what he later named the U.S. Strategic Defense Initiative (SDI). Kissinger, Cherne, and Moscow were my deadly enemies on the issues and implications of *Operation Juárez*, and, wherever Cherne stood, Kissinger and Moscow hated me because of the SDI.

"It may, and should be reported here, that during a period from January 1982 until April 1983, I was conducting private 'back-channel' discussions with an official of the Soviet government, on behalf of the U.S. government. The principal topic of these discussions had been my proposal for strategic ballistic missile defense based upon 'new physical principles,' an attempt to 'feel out' possible Soviet reactions to such a change in superpower relationships.

"Unfortunately, these discussions bridged the spring-summer 1982 period, when Moscow brought the 'Brezhnev period' of Soviet history to a close by nominating Soviet KGB chief Yuri Andropov as Leonid Brezhnev's designated early successor. Whereas Brezhnev might have welcomed President Reagan's March 23, 1983 offer, it turned out that Andropov saw that offer as a threat to the strategic master-plan he had developed in collaboration with Marshal Nikolai Ogarkov.

"So, my Soviet interlocutor informed me in early 1983—as I, in turn, so informed the National Security Council—that his government would regret my proposal for strategic ballistic-missile defense. He transmitted the following findings of his government, which, in hindsight, are key for understanding why Moscow classes me as Soviet enemy number one in the world today."

**Q:** And here are some footnotes to this same prologue of *The Power of Reason*, regarding what has been a difficult moment for our guest today on Todelar Reports, Mr. Lyndon LaRouche who, we repeat, is today a candidate to the presidency of the United States.

**Announcer:** "From his prison in Alexandria, Virginia where he was incarcerated from Jan. 27, 1989, until moved on July 14, Lyndon LaRouche conducted 233 interviews. Of these,

135 were radio interviews; 40 newspaper, magazine, and wire service interviews; 2 TV interviews; and 56 interviews with foreign media outlets, many of them Ibero-American.

"In December 1988, while the trial against LaRouche and his six co-defendants was being held, the famous violinist Norbert Brainin gave a benefit concert for his defense.

"In February 1989, the International Martin Luther King Tribunal was founded in Rome to hold hearings on the advance of totalitarian fascism in the free world, of which the case of LaRouche and his co-defendants is a very clear example. The Tribunal later held major international conferences in Paris, Washington and, again, in Rome, as well as national conferences in many nations of the world, among them Thailand and Peru, along with regional conferences in dozens of U.S. cities.

"Italian Senator Vincenzo Carollo of Italy and General Paul Albert Scherer, former head of military intelligence of West Germany, traveled to Washington to criticize LaRouche's treatment and to warn of Soviet motives in the affair. Two heroes of the French resistance, Marie-Madeleine Fourcade and Jean-Gabriel Revault d'Allonnes issued statements in defense of LaRouche's impeccable honor, whose cause they linked to their own sacrifices in the fight against the Nazis. Amelia Boynton Robinson, leader of the civil rights fight in the U.S. and collaborator of Dr. Martin Luther King, compared the conspiracy against LaRouche with that behind the King assassination.

"In February, Brigadier General (ret). Friedrich von der Heydte, professor of constitutional and international law at the Universities of Mainz and Würzburg, issued his analysis that there exist important parallels between the recent trial of LaRouche and that of the infamous Dreyfus case, from the last decade of the nineteenth century in France.

"In late April, more than 100 Ibero-American legislators signed a manifesto, which was published in several major U.S. newspapers, including the *New York Times* and the *Washington Post*, in which they demanded that the injustice against LaRouche and his companions be corrected."

**Q:** We hope that these excerpts from the autobiography of a political prisoner, *The Power of Reason*, give a little better insight into this individual; who is our invited guest today, independent U.S. presidential candidate Lyndon LaRouche. . . .

Let us now speak of the Peru case. In recent days, there has been the important news of the capture of Abimael Guzmán, leader of the terrorist group who was captured by the Fujimori government. How do you view this situation of violence in Peru, the capture of Abimael Guzmán, and the current situation facing President Fujimori?

**LaRouche:** I think that Fujimori has demonstrated what the solution is. This is like a very bad disease. When you postpone medical treatment for a very bad disease, the longer you postpone the treatment, the worse the disease becomes,

and the more radical the treatment you need. What you see in Peru, for example, you see a group of bandits, called Shining Path, whose pedigree goes back nearly a century. I know very well: These bandits are out to destroy Peru, and its people. They don't have a justification to exist as an organization. They are a criminal organization worse than the Nazis, worse than Pol Pot in Kampuchea. They are committed to destroying Peru. By waiting to destroy Shining Path, Peru has put itself in a precarious situation. But I have observed from reports, that the taking of the prisoner, the criminal Abimael Guzmán, who we all know to be a criminal, and has been for many decades, was seen with great enthusiasm and hope by the people of Peru. Hope among the poor peasants, even though they grow the coca, hope that they can be free from slavery to the narco-terrorists of Shining Path. Yes, the problem is a dangerous one. But, the very existence of society in these countries, like Peru and Colombia, depends on defeating the narco-Hitlers.

**Q:** What will happen if Bush is elected President of the United States? Or what would happen if Bill Clinton, the Democratic candidate, is elected? And, of course, Mr. LaRouche, what would happen if you defeated the candidates of the traditional U.S. parties?

**LaRouche:** First of all, I think we can now accept and recognize that Bush is a very sick man. It is possible that he could be reelected, but that's becoming increasingly doubtful, although it is not certain that Clinton would be elected. So, we have no final answer to those questions yet. What we do know is that both, George Bush, whatever his administration would be, and Clinton, whatever his administration would be, would be fascism, in the sense of Mussolini in Italy in the 1920s and the early 1930s. Mussolini fascism is the official program of the Democratic leadership behind Clinton and is essentially the official program of the kind of Republican forces behind George Bush. It was once the program of Ross Perot, who as a candidate was exactly what he was before. Ross Perot's program is also fascism.

So, if any of these come to power, one can expect that the United States would be worse under the next President than the previous President. If I were elected, or if my election campaign did have significant success—not total success, but significant success—that could change the situation. Because very few people in the United States want to vote for either Clinton or Bush. Clinton's support comes from the fact that people hate Bush, and support him not because they like him, but because they hate Bush more. If American people express this disdain for both candidates by voting for the LaRouche candidacy in a protest vote, that may help to bring about a new situation, a favorable situation in the United States. That is what I'm trying to do.

**Q:** Mr. LaRouche, let us return to Latin America. You have just defended Peruvian President Alberto Fujimori. But there

is much concern because he carried out certain actions which are not democratic, what is being called a self-coup. Do you support Fujimori despite the fact that he shut down the Congress, and do you believe that he is good for Peru, Colombia's neighbor?

**LaRouche:** First of all, remember that I have respect for the sovereignty of nation-states and I am very sensitive to the sovereignty of the states of Central and South America, especially because I know the recent experience. Therefore, I am very careful about criticizing, especially publicly, certain qualities of certain governments, because I think the sovereignty of the people under the nations is a prime consideration.

Now, for what Fujimori's government has done together with the military against the terrorists, I join with the Peruvian people in rejoicing at this action. Obviously I am critical of what the Fujimori's government has not done. I also understand that a nation of 20 million people, a very poor nation, a nation under great pressure, is unable to act alone in the present circumstances. What I look at is not so much the criticism of Fujimori that could be made; I look at a process which could be spreading throughout the sovereign politics of the hemisphere. I see Brazil, I see a transformation of Brazil, which I believe is in the process of sweeping throughout the hemisphere. I believe that this transformation of Brazil will unleash changes that have been waiting to happen over the last 10 years. I think that a great movement of hope from within the people of these countries is possible. I think that such a movement of hope among sovereign people would lead to the best kind of transformation in quality of government in that region. People who are inspired and inspire their own government, will bring upon themselves the necessary improvement in government. Where the governments must live under great depression, economic depression, and must live under terror, you cannot have a good government.

**Q:** Mr. LaRouche, you speak a little of self-determination, this phrase which has been so defended in states like our own. How is it that, in the name of self-determination, which has been defended by Latin Americans, and especially by the democratic governments such as that of Colombia, there can continue to be poverty, there can continue to be a situation of economic and social stagnation such as that which all the nations of Latin America have been suffering?

**LaRouche:** I don't use the term self-determination. That was a term introduced by certain sociologists whom I don't trust. I don't trust the word, because I don't trust them. I speak of sovereignty of the people, that is the participation of the people in the process of government through representatives who actually represent the people. It is very difficult to maintain the government if you have both grave poverty and the living conditions that you have in many countries today, and if you also have no hope. If people are very poor, but they know they are participating in the government

through their representatives, if they feel they are building that nation, they would make sacrifices willingly if they see that those sacrifices are necessary to realize a good result. However, if they have no hope and no reason to hope and they live under terrible and ugly conditions, then you have the conditions for dictatorship.

**Q:** Let us talk about coffee, Mr. LaRouche, an issue that is of great importance to Colombians, because coffee is the backbone of our country's economy. The United States did not collaborate in the renewal of the World Coffee Pact, and this has caused, in Colombia and in the coffee-producing countries in general, serious economic trauma. Why, in your view, did the United States not collaborate in this pact? Or is it that perhaps the United States seeks to definitely shatter the Colombian economy and the economies of the developing countries?

**LaRouche:** I would say the United States is trying to destroy the Colombian economy, and knows it is trying to destroy the Colombian economy. What has been done to the price of coffee? Any coffee grower, any economic official of the Colombian government, or any private economist or other specialist knows exactly what the effect is of this fall of the coffee price: that the farmer cannot afford to grow coffee. This means that the farmer may be able to afford to grow heroin for the Cali cartel, but not coffee. This means that coca will spread where coffee was, and that is the intention of the people in Washington.

There is another aspect that is not just that specific. Yes, we should have, as we had before, protection arrangements on agricultural products of various nations, including coffee. These protection agreements should be made orderly, so that various nations understand the other nations' protection requirements. And there should be protection, as there was before, for the price of coffee. That was just, and it was unjust to remove that understanding.

**Q:** But yesterday, the National Coffee Growers Federation in Colombia issued a communiqué for the meeting that will be held tomorrow between producers and consumers, in which it notes that a major portion of the coffee profits goes to the roasters and the U.S. and European traders. The National Coffee Growers Federation notes, for example, the fact that when the international coffee pact broke down in 1989, the price of coffee paid to producer nations like Colombia was approximately \$1.15 per pound; now it is \$.50 or less per pound, indicating that the prices have fallen substantially for the producer countries. But the same is not true in selling coffee to the public. In 1989 and today, the price for a pound of coffee sold on U.S. and European markets has been more or less the same. Those who trade it, who process it, and, finally, who sell it to the public, are those who in the end remain with all the profits. So, Mr. LaRouche, what do you propose so that the farmer who produces the coffee, who

gives all his sweat for a good coffee like the Colombian, can continue to earn money and so that this money doesn't remain in the hands of the intermediaries?

**LaRouche:** I know a little bit about the situation of agriculture in the Imperial Valley, and I know the production potential there. I also know the situation of agriculture in the United States. And I believe in protectionism. I believe we should not protect the international traders, but we must protect the individual farmer. I think every specialist knows, in this area, what the definition of the productive farmer is. For example, the definition of a productive farmer for a coffee grower in the high-altitude region of Colombia is different from the definition of a productive farmer in the grain district of the United States. But every country knows what that definition is in its own area. We need agreement on protective prices that go directly to the producers and make sure that these producers are able to continue to improve the production, in quality and quantity. And we will all benefit from such an agreement.

**Q:** Mr. LaRouche . . . do you have any special message for our Colombian people at this point, with less than two months to go to the United States elections?

**LaRouche:** Well, my best wishes. I have suffered in my spirit a great deal, because I know the conditions of the Colombian people, because many Colombians are my personal friends, and friends of my friends. I have suffered much because I know what is happening, and I wish a change for the better very soon. And I will do anything possible within my limited powers.

**Q:** Mr. LaRouche, what is going to happen with Colombia? How do you see the future of Colombia, and how can you help us, should you become the next President of the United States?

**LaRouche:** Everything that I can. For example, as you know, perhaps, I have tried to deal with the problem of narco-terrorism. I have tried to deal with the problem of the external enemies of the internal order of Colombia and other countries, to expose them. And politically I will use my influence, in policies in many countries, to bring about a just economic order which would afford to every nation-state economic growth, for better quality of life for people. In the case of Colombia, as some people know, there are certain development projects with which I have been associated, through my friends—canal projects and other projects that I believe are urgently needed to move the country on an industrial expansion basis. To accomplish this, I will do the most I can do, even in my circumstances. And I hope that would be helpful.

**Q:** Finally, Mr. LaRouche, do you believe you are going to go directly from jail to the White House?

**LaRouche:** If I am elected, I can. No question about that. The United States Constitution is absolutely clear on that. . . .

# More Europeans voice support of LaRouche

## Sen. Carmine Mancuso

*Italian Sen. Carmine Mancuso is the head of the Senate group of "Movimento La Rete." The senator's father, a police officer, was killed in the 1970s in a Mafia-organized bomb attack on the car of a courageous Palermo magistrate, Judge Terranova, for whom he was the bodyguard. Senator Mancuso has dedicated his life to the fight against the Mafia and its international sponsors.*

*La Rete ("Network") is a new party set up recently in Sicily and other Italian areas, in order to fight the Mafia. In the last national elections in April, they sent some 20 representatives to the national Parliament. The leader of La Rete, Leoluca Orlando, is the former mayor of Palermo. He has received more votes than any other politician in the history of Sicily. Although he lives under constant death threat, Orlando relaunched a few weeks ago a campaign against the connections between the Mafia and Freemasonry—a campaign on "the same wavelength" as that of Lyndon LaRouche, according to people close to the political leader.*

*On Oct. 6 Senator Mancuso sent the message below from Rome to the Rev. James Bevel, LaRouche's vice presidential running-mate, on the occasion of a march on Washington:*

I would like to express my full solidarity with the participants in this historic march against the death penalty and the corruption of the justice system of the United States, a country where justice is subordinate to political power and becomes thus an instrument of barbaric repression.

The battle of the LaRouche-Bevel movement for the defense of civil rights and the right to economic development represents the most important bastion of democracy. All those who participate in this battle draw inspiration from the principles and teachings of Martin Luther King and are determined to defend the only heritage worth passing on to posterity.

I want to express my solidarity with Mr. Lyndon LaRouche, who has been the innocent target of a bitter persecution by a perverse web of political, Mafia, and masonic interests that are promoting an ignoble, feudal, one-worldist, and neo-colonial design.

The only "crime" that LaRouche committed is to have challenged the powerful, usurious interests represented by the International Monetary Fund: neo-corporatist interests

that, through an improper and illegitimate use of the financial system, are carrying out the bloody slaughter of the countries of the Third World, have condemned Somalia to biological annihilation, are blowing on the coals of the war in former Yugoslavia to plunge all of Europe into a situation of un-governability and economic paralysis.

Faced with the LaRouche case, any true democrat cannot but be appalled and shocked; but as the battle of both your and our movements shows, the universal ideas and principles that we are defending do not stop at the prison walls. We can be certain that the extreme attempt of the butchers of justice to eliminate them will fail miserably. As a famous Latin American poet used to say: "They can cut all the flowers, but they cannot stop the return of spring."

## Pastor Michael Beer

*The following message, from the former Director of the Fatima Apostolate in Germany, was issued at Pfaffenhofen on Oct. 2, and was distributed at the annual, week-long Fatima pilgrimage in Louisiana which began Oct. 7:*

All of you present at this holy place on the great pilgrimage, are hearing again the message of the heavenly Mother of Fatima. In her appearance in 1917, she emphasized that all men should return to God and to His Ten Commandments. These remain in effect, all the way to Judgment Day. Back to the true Creator and Lord! The primary goal of today's warfare against culture, is to drive the holy, one, all-powerful God out of our world. In doing so, of course, it also rejects every aspect of the sanctity of life. For, when we no longer believe in a Creator to whom we are accountable, we thereby make ourselves into lords over life and death.

It is now only a few more weeks to the U.S. presidential elections. The best presidential candidate, however, is sitting in prison, an utterly guiltless political prisoner, Mr. Lyndon H. LaRouche, as the result of an evil judicial scandal. Half a year ago, LaRouche wrote on the subject of the science of Christian economy, on the scientific foundations of a new, just world economic order. He begins his book with the epoch-making encyclical of Pope Leo XIII, written in 1891, whose tenor is: "Away with greed and profiteering, so that the rich do not become richer and the poor poorer." LaRouche writes about the human being, the living image of God, and of his sovereign individuality which must remain inviolable, from the womb to the last dying breath. The death penalty must disappear. LaRouche further wrote about a world in which justice comes before power, and in which the "New Age" will be overthrown, because it is Godless.

The Pope's call remains more urgent than ever: "As human beings and as believers, we must never cease promoting the culture of life against the culture of death." We must proclaim the inviolability of the right to life (life with dignity) against abortion, an abnormal crime. We must also proclaim

this right against war. When man lives without God, he forgets the purpose of his human existence. He pursues fleeting idols, wants to exert power over other human beings and to acquire riches. He who knows not God, cannot view his fellow human beings as God's creatures. The Pope speaks about how we live in an era of "clouding of the conscience." Fatima shows the way: The world can only be saved by free human beings. Today it seems that there is hardly anyone who isn't dominated by the *Zeitgeist*, by today's popular values.

The fight against Catholic moral teachings already began decades ago. But now that believers are becoming an ever-dwindling minority, the pressure has become all the greater and the social discrimination all the more unabashed. Jesus says, "If they have persecuted me, so too will they persecute you." We are called upon to oppose this war against culture, starting with our own lives. From Fatima the call went out: "Do not continue to offend God, Who is already offended so much!" Mary calls us to pray for world peace. And it is high time. The terrible war in former Yugoslavia and the misery around the globe, show that the world is already very far gone. The world urgently needs prayerful and active Christians; otherwise still more could be lost.

What is now required of us, are virtues such as fidelity in faith, courage in truth, and love of our neighbor, put into practice. The re-evangelization of Europe and the entire world requested by the Pope can only be spread through our prayer and our own Christian lives. "For faith without works is dead," as the Apostle James writes. The hour of testing is come. The future is in our hands.

### **Ukrainian National Rukh/Moscow**

An address to our countrymen in America:

The Organization of the Ukrainian National Rukh (OUN Rukh, or the Moscow branch of Rukh) salutes our countrymen in America, and wishes you good fortune and well-being. Even though we may live in various parts of the globe, there is, for us, only one fatherland—Ukraine. All our efforts are for her, and to her we give our filial love.

More than one year has already passed since that unforgettable day when Ukraine began building a sovereign nation. Things are not easy, but a bitter cup has been dealt to Ukrainians over past epochs, and we will have hope for a better fate. In that year, we Ukrainians in Moscow felt ourselves to be in the diaspora in the full sense of that word, and perhaps, that is why we became more interested in the diaspora of other countries. In that year, in Moscow, were organized Ukrainian community organizations. Amongst them: the Association of Ukrainian Choirs, Slavytich, youth club, an association of Ukrainian officers, and others. The organization that is most oriented in the direction of the political sphere is OUN Rukh. Right now our organization is involved in the gathering of signatures for the referendum on

the right to private ownership of land. We consider this to be the most important question in Russia—so to speak the Achilles' heel of Russian history. Should this law pass the Russian perspective will truly become closer to the European model, and so will perish the socialist base of "the unique Russian way," and with it, such an uninviting idea for Ukrainians—"Russian messianism." And so, we shall overcome.

The reason we are turning to the American diaspora is connected to the presidential elections. We are carefully following the presidential campaign to the extent the news services here allow. We deeply respect your elections and remembering that your democratic principles are orienting the countries of eastern Europe, allow us to express our thoughts on the selection of a candidate, our point of view from Moscow.

It seems to us that George Bush, as also his opponent, Bill Clinton, do not reflect in their program, the new tendencies and new approaches of world politics. The new era that began with the fall of the Berlin Wall will be the era of a Europe united on a new basis, but eastern Europe will still go through the process of sovereignty, and, after that, it will rejoin this definite process.

The views of President Bush, who called Ukrainian nationalism "suicidal," and also the main position of both candidates are for a strong America which unfortunately resembles a global policeman—such an approach does not please us very much. Traditional geopolitical thinking, militarism, show of force—is this the quintessential new epoch? This too is Russian messianism, but with a different accent.

Much closer to our own thinking is the program of independent candidate Lyndon LaRouche. Demilitarization, supporting the physical economy through credits, development of infrastructure, support for farmers. In the social sphere—the change from an imperial ideology to precious European culture, an attempt to sharpen American individualism, which is a mirage of spirituality, concentration, and creativity, has began.

And his propositions for world development are no less interesting! Above all, is the idea of the "Paris-Berlin-Vienna Productive Triangle," which already is popular in Europe. We can add that Lyndon LaRouche's proposal for currency reforms in Russia and for leading the Russian economy out of the crisis has met with interest among Moscow's economists. Therefore, Ukrainian-Americans, turn your attention to this interesting and all-encompassing program. In a word: Its aim is a new rebirth of America, Europe, and the whole world.

To conclude our address, we want, once more, to wish all Ukrainian-Americans good luck, happy households, and blue skies over your heads. We believe that our traditional work ethic, and our fear of God will be an eternal source of good will and prosperity.

Glory to Ukraine!

Oct. 2, 1992

# Brazil's new President stands up to Wall Street

by Silvia Palacios and Lorenzo Carrasco

Upon assuming office in March 1990, President Fernando Collor de Mello claimed that his government would shoot the "tiger"—the endemic inflation that ravages Brazil—with a single bullet. Two and a half years later, the tiger has ended up devouring the carrion of a government infested by unrestrained corruption. As an added irony, the debacle of Collor de Mello's government can serve as the *coup de grace* for the Enterprise of the Americas initiative, upon which the success of the "new world order" depends in the Western Hemisphere.

For the past four months, ever since President Collor's brother Pedro exposed the scandalous conspiracy of government corruption, the Anglo-American financial elite has attempted to somehow keep the President's neo-liberal economic policies separate from his political future, which is now in the gutter. This explains why, at the same time that the media historically linked to Anglo-American interests, such as the Civita family's magazine *Veja*, were enthusiastically exploiting the corruption scandal for all it was worth, the international financial institutions were accelerating their debt renegotiation agreements with Brazil, in order to create an irreversible situation for the next government.

In the middle of the Collor government's collapse, International Monetary Fund (IMF) Managing Director Michel Camdessus, for example, expressed confidence in Brazil with the argument that his institution does not make deals with governments, but with states. Thus, by concentrating on the corruption scandals, international bankers were hoping to exonerate the destructive economic policies of Economics Minister Marcilio Márques Moreira, while conveniently ignoring the fact that the minister-banker's great "success" was in "stabilizing" inflation throughout the year at over 20% a month, with real monthly interest rates at 5% above the infla-

tion rate! Through this "successful" policy, Márques Moreira caused the virtual bankruptcy of the national treasury by provoking a collapse in tax revenues of more than 20%.

This is the real legacy that the IMF's policies are leaving to the new government.

## Two immediate tasks

Already heir to such economic devastation, the new government of President Itamar Franco is facing two essential tasks to guarantee the future existence of the country. On the one hand, it is clear that priority must be given to the reconstruction of the national economy. At the same time, the intelligence and security functions of the Brazilian state, damaged by policies of unconditional alignment with the new world order, must be rapidly restored.

President Franco's readiness to reestablish the country's national intelligence capability, which was gravely affected by the dissolution of the National Information Service (SNI), is thus very important. This commitment is clearly indicated by his naming of Gen. Fernando Cardoso, who has until now occupied the post of head of Army intelligence (CIEX) and who comes out of SNI ranks, to head the presidential military cabinet.

Franco's sympathy for the Armed Forces' program of developing the most advanced technologies possible is also manifest. The "point technology" policy had come under brutal attack during the Collor government, from such "technological apartheid" warriors as former minister José Goldemberg, who never disguised his desire to dismantle the Brazilian Armed Forces. It is significant that two of the military ministers already nominated by Franco come directly from the core group responsible for the Armed Forces' programs of autonomous development.



Newly appointed Navy Minister Adm. Ivan da Silveira Serpa is considered the kind of officer ready to fight for the resources required to develop a modern Navy, and for the continuation of the nuclear submarine program. The new Air Force minister, Gen. Lelio Viana Lobo, was head of the delegation which participated in a joint program with Italy for fabricating the AMX fighter jet.

Perhaps more significant still is the naming of the new Army minister, Gen. Zenildo Lucena. According to the daily *O Globo*, he comes out of the "ultra-nationalist" sector of the Army and has close ties to the circles around former President Gen. Ernesto Geisel, whose government favored the industrial development of the country based on major infrastructure, industrial, and agricultural projects.

### **Economic policy to be defined**

If the situation appears well-defined in the military area, unfortunately the same cannot be said for the economic and foreign policy areas. It is known that President Franco rejects the savage privatization program, especially the efforts to privatize the oil company Petrobras and other strategic sectors, initiated by the Collor government, and that he has serious reservations about the free market "opening" of the economy which is destroying national industry and, especially, the capital goods sector. Nonetheless, the pressures are immense and will grow, to force Franco to allow the IMF and its banker partners—both domestic and foreign—to maintain their "guardianship" of the national economy.

So far, Franco has resisted the first round of pressures through the apparent influence of former Vice President Aureliano Chavez, a nationalist who opposes liberal economic programs and has openly opposed IMF policies, and by naming to the Economics Ministry Congressman Gustavo Krause, an individual essentially unknown to the international bankers and to the powerful São Paulo business grouping.

Until the last moment, the Anglo-American establishment had Congressman José Serra, of the Brazilian Social Democratic Party (PSDB), as its candidate for the economic post in Franco's government. Serra's candidacy was rather unabashedly launched by former U.S. Ambassador to Brazil Lincoln Gordon, and backed by Luiz Ignacio Lula da Silva, president of the pro-communist Workers Party (PT). Gordon's endorsement of Serra was expressed in an interview published Sept. 1 in the daily *Jornal do Brasil*: "I had a long talk with the congressman [Serra] during my last visit to Brazil in 1990, and I was very impressed with him. The congressman has a good reputation and is recognized as an objective, intelligent, and capable professional."

The Anglo-American establishment's commitment to Serra's nomination to the cabinet was also signaled by the obsessive insistence of Sen. Fernando Henrique Cardoso, a fellow PSDB member, who even offered up his nomination to the Foreign Ministry in exchange for Serra's nomination to the Economics Ministry. So blatant was the scenario that the

PSDB was being sarcastically described in certain political circles as the Party of the State Department in Brazil (PSDB).

A member of the Inter-American Dialogue, Fernando Henrique Cardoso's concern is that, without an economic policy totally aligned with George Bush's Enterprise for the Americas initiative, the one-worldist policy of Brazil's Foreign Ministry could not long survive.

In the end, Franco's nomination of Krause to the Economics Ministry provoked widespread hysteria among Anglo-American financial circles and their domestic co-thinkers. According to Reuters, many Brazilian bankers and businessmen were "astonished" and "dismayed" by the news, and the São Paulo stock exchange fell 8% that same day. Nonetheless, in the face of criticism by several bankers that Krause didn't even speak English, considered by them an imperative in dealing with Brazil's creditors, Franco responded: "That's why there are interpreters. . . . It is time to ask ourselves if they [the bankers] shouldn't be speaking Portuguese."

Franco also said, "The stock exchange is not going to give me orders as to whom I can choose for the Economics Ministry."

Franco's resurrection of the Planning Ministry, eliminated by Collor, indicates the new President's intention to strip away the super-powers that Collor had given his economics minister. The naming of Paulo Haddad, a confidant of Franco, as planning minister, suggests that the President intends to maintain personal control over economic policy, which could create the conditions for a change in direction in that area.

### **Pragmatic alliances**

Franco's greatest weakness derives from the fact that he is obliged to rely on the support of the various parties represented in Congress, which in turn is forcing him to recreate the kind of pragmatic political arrangements that President Tancredo Neves was forced to make to forge some kind of political base for himself in 1985. That base of support was so broad—and so thin—that, after Tancredo Neves's sudden death and the inheritance of the presidency by José Sarney, it proved the greatest obstacle to firm or significant government action.

This is particularly relevant today, given that the urgent measures required to defend the Brazilian economy from the world financial hurricane will be difficult to get approved by such a heterogeneous base of political support. Thus, there is the danger that the enthusiasm that surged forth in the immense demonstrations against the corrupt Collor could dissipate in the face of a government politically immobilized and impotent to confront the economic depression.

The Franco government had best learn, and quickly, the bitter lesson of the recently liberated nations of eastern Europe, which freed themselves from communist dictatorships only to fall into the grip of economic liberalism and usury.

# Is the ADL concealing Collor's 'international connection'?

by Silvia Palacios and Lorenzo Carrasco

The publication of an *EIR Special Report* revealing a possible coverup of the international networks behind the "P.C." Farias affair—the centerpiece of the corruption scandal which has just overturned the Fernando Collor de Mello presidency in Brazil—and which circulated widely in the Brazilian Congress on the day of the impeachment vote, has provoked the fury of agents of the Anti-Defamation League (ADL) of B'nai B'rith in Brazil.

The *EIR* report was the focus of lengthy coverage in the Sept. 29 edition of the daily *Momento Político*, the widely circulated newspaper of the country's political elites. Under the headline "Kroll, Which Worked for the CPI, Covered Up Collor Connections" (the CPI is the congressional Commission of Inquiry which investigated the Collor scandals), the newspaper illustrates its report with a photograph of President Collor alongside photographs of Edgar Bronfman, Robert Vesco, and Kenneth Bialkin—all closely tied to the ADL. *Momento Político* observes that the Collor presidency not only sprang from provincial connections to the mafia in Collor's native state of Alagoas, but that also to be investigated are the international influences that could explain why decisions of the Collor government were so dramatically at odds with Brazilian national interests.

The *EIR* report speaks of "the near certain coverup operation by the U.S. investigating agency Kroll Associates, which was so precipitously hired by the Brazilian Congress to investigate precisely these ramifications." The report reveals Kroll's links with the ADL and CIA, and questions why it did not investigate "the only private individual with whom Fernando Collor de Mello met during his January 1991 visit to New York, Edgar Bronfman, president of the World Jewish Council and leading financier of the ADL, to which Kroll Associates is linked."

The ADL's response to *EIR*'s report came via the Oct. 2 edition of the newspaper *Folha de São Paulo*, with an absurd attempt to link *EIR* and its founder Lyndon LaRouche to gangs of street criminals which have recently appeared in São Paulo, Rio Grande do Sul, and other states, in imitation of the neo-Nazis and skinheads of Germany. According to the article's author Daniel Castro, who spoke with *EIR*'s correspondents in Brazil, the intellectual authors of the *Folha de São Paulo* article were Congressman Fabio Feldmann and

the ADL itself, whose leading representative in Brazil, Rabbi Henry Sobel, is an American based in São Paulo.

The article presents as proof of *EIR*'s supposed anti-Semitism two articles by correspondent Lorenzo Carrasco, reproduced in facsimile in the newspaper. The articles 1) expose the connections of Congressman Feldmann to international financial interests which sponsor environmentalist causes, and 2) the relations of José Goldemberg, former minister of science and technology and *éminence grise* of the Collor government, with the "technological apartheid" warriors of the new world order and their plans to dismantle the Armed Forces.

While the *EIR* report only raises the suspicion of a coverup of the international connections of the "P.C."-Collor alliance, it mentions nothing of Fabio Feldmann nor of José Goldemberg. The *Folha de São Paulo* coverage thus unintentionally places a rather unwelcome spotlight on the two, especially because their ideas were so very much in fashion during Collor's regime.

*Folha de São Paulo*'s attacks on LaRouche and *EIR* can be added to the monotonous repetition of slanders originating from the ADL and written by scribbler Algemiro Ferreira in the pages of the mercenary rag *Tribuna de Imprensa*. The originality of "former" communist Algemiro Ferreira is such that his columns against Lyndon LaRouche are exact replicas of those which appeared on July 18, 1989, and were reproduced repeatedly—on March 21, 22, 23, Aug. 15, 18, 27, and Sept. 25 of this year—without changing so much as a comma.

Perhaps it is no accident that Algemiro Ferreira maintains close ties with the family of businessman Israel Klabin, who is himself linked to the international networks of the ADL. The Klabin family, at least since the 1950s, has been closely associated with the Zionist networks around Chaim Weizmann and William "Intrepid" Stephenson, then head of the Special Operations Executive of British intelligence which, in close collaboration with the U.S. FBI's Division Five, controlled the deployments of the communist, Trotskyist, and Maoist organizations in the United States into Ibero-America.

It is to these networks that journalist Algemiro Ferreira belongs. It should come as no surprise that while Ferreira

does not hide the fact that he has been a member of the Brazilian Communist Party's central committee, he also fully defends the interests of Israel Klabin, while spreading ADL slanders against LaRouche and his collaborators.

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## Documentation

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### 'Stop spreading slanders against LaRouche'

*The following is a letter of response to Folha de São Paulo by EIR's correspondents in Brazil.*

In its Oct. 2, 1992 edition, your prestigious journal gives space to a vulgar attempt to draw a connection between Brazilian neo-Nazi groups and the U.S. magazine *Executive Intelligence Review*, of which we are the representatives in this country.

In the name of the truth and of journalistic ethics, values which *Folha de São Paulo* is said to defend, we request the publication of this letter for the purpose of clarifying the fact that *EIR* magazine, founded by Mr. Lyndon LaRouche, does not have and has never had connections with any neo-Nazi or like group, either in Brazil or in any other country.

Regarding the label "neo-Nazi" as applied to Mr. LaRouche, please note that it is but one of various slanders that are frequently spread by his detractors. As an example of these, we remind you of another slander, similarly given voice in the March 18, 1986 issue of *Folha de São Paulo*, linking members of Mr. LaRouche's organization in Europe to the assassination of Swedish Prime Minister Olof Palme. Recently, former members of the Stasi, the intelligence agency of the now defunct East Germany, revealed to the Swedish press that the accusations against LaRouche's group were part of a successful counterintelligence operation carried out in coordination with western agencies such as the Anti-Defamation League of B'nai B'rith (ADL). Despite the fact that this information was sent to the international editorial office of your newspaper last Sept. 4, requesting the appropriate rectification of your previous report, it has lamentably not been published as of this date.

Regarding the ADL and its leading sponsor Edgar Bronfman, we offer to make available to *Folha de São Paulo*, in the event of your interest, information from the public domain which shows his ties to high levels of international organized crime, as well as to the U.S. intelligence community.

## Argentines found new nationalist movement

by Cynthia R. Rush

The Anglo-American bankers aren't too happy these days. Adding to all of their other problems, on Oct. 3 over 2,000 patriots from military and civilian groupings gathered in Buenos Aires, Argentina to found a nationalist movement committed to doing away with the International Monetary Fund's usurious policies and defending the "inviolable universal rights" of the individual.

The Movement for National Identity and Ibero-American Integration (MINeII) is inspired by nationalist Army Col. Mohamed Alí Seineldín, a hero of the 1982 Malvinas War, and Capt. Gustavo Breide Obeid, both currently jailed because of their opposition to the policies of the Carlos Menem government. The two men addressed the gathering through messages taped at the Magdalena Prison. The meeting acclaimed Seineldín as its "sole commander" and Breide as its secretary general.

Such a movement, whose goals are similar to those of the Ibero-American Solidarity Movement (MSI) founded in May of this year in Tlaxcala, Mexico, is urgently needed. Argentina is in an unprecedented economic and moral crisis, as a result of years of IMF austerity and free trade policies. As seen in recent developments in Brazil, Ibero-America is in a volatile situation. People around the continent are rejecting politicians and governments identified with the old corrupt structures and monetarist policies, and are seeking moral leadership which can defend their interests and those of their nations.

The MINeII proposes to do just that. In his speech to the conference, Captain Breide explained that the MINeII "is not a political party, but a national movement, inspired by the Social Doctrine of the Church and the sense of life of the Argentine people from within the country's deepest traditions." The purpose of the MINeII is to carry out "national revolution . . . not to be associated with the use of force or violence . . . but to produce necessary structural change, to find solutions to the grave moral, social, political, and economic crisis of our republic."

The movement's founding principles state that "the economy will be subordinate to the well-being of the *individual* and of the *community* and not the inverse. . . . We therefore condemn *usury* and the *manipulations* of high international finance which enslaves people, because we seek a society of free men." Breide emphasized what the founding principles also state: that "economics, which is inseparable from social questions, has a clear objective: that man lives, and lives

well. Therefore, economic activity cannot be understood as separate from morality and social justice.”

### **An international coalition**

The fact that the founding conference of the new movement received 90 messages of support from 25 countries is testimony to the commitment of patriots internationally to these principles. At least three of the messages from outside Argentina came from individuals who are imprisoned because of their opposition to the policies of the Anglo-American establishment: Panama's Manuel Noriega; U.S. independent presidential candidate Lyndon LaRouche; and Lt. Col. Jesús Ortíz Contreras, a member of Venezuela's Bolivarian military movement. The reading of each message was met with thunderous applause and shouts of slogans such as “the Malvinas are Argentine,” “the Canal is Panama's,” “Viva the Great Fatherland,” “Viva Argentina.”

In his speech to the conference, Colonel Seineldín called for the very thing that most frightens the international banking community: “Our nation must integrate itself with Ibero-America's brother peoples, and those of the world. . . . In our America, today submerged in the tragedy of anarchy and political corruption, economic catastrophe, and a narco-terrorist war which expands daily . . . the only hope for survival is the desired revival, from among the ashes, of authentic nation-states, supported by their people and their historical culture.”

The National Movement, the colonel insisted, “is the vital force of the nation. . . . [It] must be for the Fatherland what the soul is to man. Without it the body, materialized as political action, cannot sustain itself or live.” In Argentina's history, he explained, this movement has inspired heroic deeds. Today, “because of intrigue, treason, and the subsequent aggression it suffered,” the movement is weakened, “but latent.”

Colonel Seineldín warned those present that “our forefathers, history, and all men and women of good will in Argentina are watching us. In our hands is the power to give life to the movement which reflects the national being, in its fight to rescue the Fatherland. . . . Know that the task we begin today together is not easy, but as the founder of the Fatherland said, ‘It is for men and women of courage that such enterprises were made.’ ”

The significance of such a nationalist movement being founded in the midst of profound international crisis, was not lost on the Anglo-American establishment and its friends. A particularly hysterical attack came from the Buenos Aires leftist daily *Página 12*, known also to convey the views of the U.S. Embassy. Under the headline “The Cross and the Sword,” the paper ranted that the MINeII possessed an “apocalyptic and conspiratorial view of the world” and retailed slanders against Lyndon LaRouche, describing him as an “obscure personality” with undue influence on the MINeII's founding.

# How the communists with slanders against

Part 1, by Anno Hellenbroich

*In our Sept. 11, 1992 issue, EIR urged readers to demand a full retraction from every media outlet that circulated the scurrilous lie that “LaRouche was involved in the assassination of Olof Palme.” To date, although the true story has appeared in some international press, no U.S. media have printed or broadcast retractions. The following article provides more information to put the media on the spot, where they belong.*

At the end of August, a bomb blew a hole in the international psychological warfare operations. In Sweden, Herbert Brehmer, a former officer of the communist East German Ministry for State Security (the Stasi), six years after the Feb. 28, 1986 assassination of Swedish Prime Minister Olof Palme, revealed that he had personally invented the web of lies according to which Lyndon LaRouche and the political movements associated with him—the European Labor Party (EAP) in both Sweden and Germany, and the LaRouche wing of the Democratic Party in the United States—had been involved in the assassination. For eight years, this Stasi lie has been trumpeted throughout the world's media.

This lie was an essential preparation for the political trials against LaRouche and his movement in the United States. As LaRouche's defense lawyer, former U.S. Attorney General Ramsey Clark, has repeatedly emphasized, before he could be thrown into prison, LaRouche first had to be publicly branded by the media as a “non-person.” The special “Get LaRouche” task force inside the U.S. government, and such hate groups as the Anti-Defamation League (ADL), were only too glad to pitch in with this worldwide defamation campaign.

Immediately after Palme's assassination, thousands of news wires, radio reports, and newspaper reports rushed to allege that LaRouche and the EAP were the “right-wing circles” out of which the assassination had been planned and carried out. Immediately following the first two waves of this worldwide slander campaign, LaRouche stated repeatedly that this was in fact a campaign of political defamation deliberately launched by the KGB and other eastern European intelligence services. The opening shot was fired at the famous press conference given by Georgi Arbatov in Moscow on March 1, 1986, at which he said that people in the Soviet

# poisoned the West

## LaRouche

Union know that the murderers are to be found among western “reactionary” circles.

And now, following the collapse of the communist system in the East, former Lieutenant Colonel Brehmer comes into the light of day for the first time, with a piece of the truth about this targeted slander campaign.

News media in Mexico and Peru have taken up these admissions of a Stasi disinformation specialist, as a unique instance in postwar history. On Sept. 14, the Mexican magazine *Diez* published a detailed report about the statement of the ex-Stasi officer to the Swedish journal *Journalisten*, on how on the third day following the assassination, he had laid down a false trail. *Diez* added a comment on the dirty role played by the ADL and the NBC television network in the slandering of LaRouche. Angel Palacios Zea wrote in *Diez*: “Two years later, in October 1988, Erich Honecker, leader of the communist government of former East Germany, awarded a medal of honor to Edgar Bronfman, honorary vice president of the ADL. The ADL . . . played a central role in the operations of the U.S. intelligence services against LaRouche. . . . The slanders were an integral part of the secret intelligence war launched by the Bush administration with a number of politically motivated trials, leading to the imprisonment of LaRouche on Jan. 27, 1989.”

### Functions of a ‘psywar’ officer

In order to measure the significance of Dr. Brehmer’s statements, and of the *modus operandi* of Department X of the HVA (Hauptverwaltung Aufklärung—the “Main Bureau of Enlightenment”) in the Stasi, the little brother of the Soviet KGB, let us take a brief look at Brehmer’s career.

After military service, Brehmer was promoted to the position of historian, specializing in military history. Beginning in 1961, he worked with the military intelligence service of the German Democratic Republic (G.D.R.). After the formation of Department X (“Active Measures, Disinformation”) in 1966, he soon switched over to the Stasi, later becoming active in Section 5 (“Intelligence Services”) until shortly before the collapse of the East German communist regime in late 1989. In interviews with the German weekly magazine *Der Spiegel*, Dr. Brehmer and his colleague, Lieutenant Colonel Bohnsack, reported a few more details on the

work they did (although the truth of these descriptions is of course difficult to ascertain).

Bohnsack reported the following about his “active measures,” when they concocted the so-called Kohl-Biedenkopf wiretap affair in 1975:

**Der Spiegel:** That had to do with an illegally recorded telephone discussion between Helmut Kohl, chairman of the CDU [Christian Democratic Union] and his secretary general at the time, Kurt Biedenkopf. The text was anonymously leaked to *Stern* magazine, which unleashed a storm of controversy. The true culprits have never been identified.

**Bohnsack:** They’re sitting in front of you! Our bugging experts gave us the transcript. We doctored it to look like a transcript made by a U.S. intelligence service, and let someone at *Stern* run across it. It was supposed to look as if top German politicians were being bugged by American intelligence services. *Stern* printed our version. Kohl and Biedenkopf later confirmed their telephone conversation.

**Der Spiegel:** The contents had been correctly reported?

**Bohnsack:** Yes; we only falsified the source.

So, it was a typical “dirty trick” in the worst Stasi tradition. From these interviews, the mission orientation of this disinformation department emerges clearly:

- exposure and defamation of other states, governments, political groups, and individuals;
- inciting the population against state institutions, and disrupting and influencing the political policymaking process in specific countries;
- disruption of the relations among non-communist states, especially between countries of the so-called advanced and developing sectors;
- keeping western intelligence services off balance, and discrediting them.

One crucial task of the disinformation department consisted in approaching journalists, politicians, and economists as cleverly as possible and turning them into “unconscious manipulators” or “useful idiots,” by having them run across such “cribbed” material.

Two examples cited by Brehmer and Bohnsack are particularly noteworthy in connection with the political witchhunt launched against the LaRouche movement. In the words of the Stasi colonels, the concept of such “psychological warfare” was relatively simple: For example, secret information coming from the West (through bugging, covert reproduction, etc.) underwent an “expert reworking” and was then played back into the West, functioning there according to the “time bomb principle.” Provided the “trajectory, timing, and favorable circumstances” were calculated correctly, the “moral impact” of such “information” was tremendous.

In the news media, special efforts were made to give strong support to the daily *Berliner Extradiens*. “Its founder,

Carl Guggomos (code name 'Gustav'), who had worked at the SPD's [Social Democratic Party weekly paper] *Vorwärts*, soon got into both editorial and material difficulties. Via numerous already available eastern contacts, Guggomos then came across the G.D.R. Association of Journalists, and thus came into contact with us. Without our editorial contribution, and without our funding, Guggomos and his *Extradienst* would have never survived."

In light of these admissions, it is no longer surprising that in 1975 the *Berliner Extradienst* was one of the first publications in Germany to pick up the U.S.-fabricated characterization of the LaRouche movement as "violent" and "right-wing," after Stasi chief Erich Mielke had pointed the paper in the right direction.

Other channels of influence ("legal covers") emerge in relation to the Stasi's association with phony "Nazi-hunter" Beate Klarsfeld. According to Brehmer and Bohnsack, Klarsfeld, while working many years ago as the contact person of one of the Stasi's legal fronts, received incriminating material on Chancellor Kurt Georg Kiesinger. So it is no surprise that the Stasi's relations to such ostensibly Jewish organizations as B'nai B'rith or the ADL, and also to the U.S. Justice Department's Office of Special Investigations (OSI), were frequently utilized to feed out such "doctored" reports. One demonstration of this is the German Association of Those Persecuted by the Nazi Regime (VVN) and its newspaper *Die Tat*, which was always ready with new smears against LaRouche.

"Such useful left-wing tools would line up at our door, and, whenever possible, they would always receive material from us."

But the "business" they had with the EAP in Germany had quite different motives, since Brehmer confirms that at that time he was working in Section 5 ("Western Intelligence Services"), whereas normally this particular "business" would have been handed over to Section 2.

The following portion of his *Der Spiegel* interview sheds some light on this: "Another action, under the code name 'Flanke,' was directed against strategic and military policy efforts of NATO, with special attention to the northern and southern flanks." Indeed, it was in March 1983 that LaRouche's proposals to construct a cordon of beam weapon defenses, resulted in President Reagan's famous speech inaugurating the Strategic Defense Initiative. The speech set off alarm bells in Moscow, East Berlin, and elsewhere. A flood of grotesque slanders was unleashed against LaRouche and his wife Helga Zepp-LaRouche. Corresponding U.S. circles played a supporting role.

That, in any case, is the reason that, from Moscow's side, the assassination of Palme was the moment to achieve "the greatest moral impact," with a well-planned campaign of character assassination against LaRouche.

Following the recent arrest of Baader-Meinhof "lawyer" Klaus Croissant and the revelation that his client Brigitte

Heinrich, from 1982 until her death in 1987, had been simultaneously employed by the newspaper *tageszeitung* and the Stasi, its editors really ought now to clearly distance themselves from such lies as those which came from Mr. Brehmer's Stasi pen about the suspected "participants in the Palme assassination."

### 'Tageszeitung': Stasi's 'leftwing tool'?

What did Brehmer himself have to say to the Swedish journal *Journalisten*, about what happened three days after the Palme assassination, when Department X had been directed to intervene into the police investigations? "On my desk I drafted plans about how the EAP theory could be convincingly injected into the Swedish police investigation. The plan consisted of having a Swedish daily paper receive an anonymous telephone call. This was to occur during the first week following the murder."

And then, Andreas Juhnke, in a report datelined Stockholm appearing in *Tageszeitung* on March 3, 1986, became the first in Germany to report about alleged rumors that the Swedish police were concentrating on "right-wing extremist circles, all the way to the 'European Labor Party, EAP.'" As his source, Juhnke cited the Swedish newspaper *Expressen* (misnamed *Express* in his article), even though it was only on the following day that the latter paper published its own story on the EAP. It would be interesting to find out more from Juhnke and Brehmer about how the interplay among the Stasi, *Tageszeitung*, *Expressen*, and the Swedish police actually functioned. Today, six years later, *Tageszeitung* seems to have undergone a perfectly smooth transition from unabashed recipient of Stasi-launched news reports, to the recipient of similar "information" from U.S. intelligence circles—at least insofar as LaRouche is concerned, as is shown by its most recent article slandering the work of the Schiller Institute in Poland.

The next great wave of international slander was set off when a certain Willy Silberstein was allegedly the first to "find," among the signers of a petition circulated by the Swedish EAP, the name Victor Gunnarsson, thus bringing one of the people who had been under investigative arrest directly into connection with the EAP. On March 27, 1986, the pro-LaRouche German newspaper *Neue Solidarität* wrote the following about the interplay of these "useful idiots" (who are constantly termed so by the ex-Stasi psychological warfare experts) in this KGB-steered campaign: "Willy Silberstein, who is connected to the ADL and who wrote the slander article in *Svenska Dagbladet* along with Lindquist, is also a good friend of Folke Schimanski, a communist radio journalist. Schimanski maintains quite good contact with Bruno Storm, the Stockholm correspondent of the G.D.R.'s news bureau. The sister of the communist Schimanski, Vera Oredsson, is chairman of the official Swedish Nazi Party (NRP)." Interesting connections indeed! Perhaps Brehmer or Storm might like to say more about them.

# Shining Path launches terror to free Guzmán

by Gretchen Small

On Oct. 7, a Peruvian military court sentenced Abimael Guzmán, the mastermind of the genocidal terrorist group Shining Path, and 10 other of its leaders, to life imprisonment. The court ruled that “the terrorist Shining Path is a criminal organization that seeks by every means to destroy the Peruvian state and establish a totalitarian regime,” and imposed a \$25 billion fine, roughly equivalent to the damage which Shining Path is estimated to have done to Peru in its 12 years of war, which the government may seek to collect by seizing Shining Path’s foreign banking accounts, enriched through its participation in much of the cocaine traffic from Peru.

For years, arrested Shining Path terrorists walked out of jails, released by judges corrupted by bribery and terror. As recently as September, the terrorists had killed a judge who had dared give life sentences to two terrorists. Guzmán and his cohorts, therefore, were given top-secret, summary military trials, the identity of the judges protected by hoods and electronic voice distortion, and the verdict signed in code.

Within hours of the decision, Shining Path set off five bombs in Lima and hijacked a Navy bus with civilians aboard, to hold as hostages for prisoner exchange. Annihilation squads murdered four Air Force men and two policemen in a public market; machine-gunned a police captain as he dropped off his children in front of a packed schoolyard; held a “people’s trial” of three opponents, and forced townspeople to watch as they burned one alive, bludgeoned another to death, and shot the last.

As for the government, terrorists handed a message to the international press in Lima which warned: “We will freeze your smile. . . . Learn to suffer. Learn to die.”

Shining Path combined its bloody terrorism inside Peru with an international mobilization, seeking to generate attacks upon the Peruvian government. Western nations, including the United States and Great Britain—the German Parliament joined in by holding October hearings on alleged “human rights violations” by the Peruvian government—continue to play this Shining Path game, by withholding aid to the Peruvian government, saying that waging war on Shining Path is “undemocratic.”

Shining Path quickly established an “International Emergency Committee (IEC) to Defend the Life of Abimael Guzmán,” headquartered in London, with some 30 members from the United States, Canada, Britain, Italy, Germany, Spain, France, Mexico, Kenya, South Africa, Sri Lanka, Australia, and Nepal. In an *Emergency Bulletin*, the IEC

called it urgent “that voices from all over the world be heard to demand that the life of Dr. Abimael Guzmán be guaranteed”—before Guzmán’s speedy military trial succeeds in “stunning the people of Peru as well as supporters of Dr. Guzmán in other countries.”

Most members of the IEC are known Shining Path advocates. Among those now openly joining the Peruvian Maoists’ war, however, are longtime U.S. leftist lawyers Leonard Weinglass, William Kunstler, and Peter Erlinder, the president-elect of the National Lawyers Guild.

The IEC called for “progressive forces” around the world to initiate “vigorous, bold, and rapid” actions on behalf of Guzmán, including a “worldwide day of mass actions on Oct. 7.” What kind of “actions” this means was seen in Ecuador Oct. 1, when a Maoist group bombed a TV station in Quito, and justified it as an act “in defense of Guzmán’s life.” Leaflets found at the scene also threatened Peruvian President Alberto Fujimori when he visits Ecuador in October, and called for armed rebellion to establish “a Popular Republic of Ecuador.”

Bolivia, like Ecuador, has been designated “a zone of conflict” by Shining Path, the head of the Lima metropolitan committee, “Comrade Thomas,” threatened in an interview which Peru’s *Sí* weekly published for Shining Path in early October. “The Bolivian state, like all states, is condemned to be demolished”; this is the goal of the Maoist group, Revolutionary International Movement (RIM), of which Shining Path is a part, he said.

## Guzmán’s legal game

The IEC sent a delegation of U.S., German, and French lawyers into Peru on Sept. 30. While they did not succeed in attending Guzmán’s trial, they provided Shining Path prominent press coverage inside Peru, and their findings were broadcast internationally as objective legal opinion raising “questions about the fairness” of Guzmán’s trial, the Oct. 6 *Christian Science Monitor* reported.

What the *Monitor* refused to tell its readers, however, was that this delegation was a Shining Path operation: the lawyers from France (Anne Blanchet Parodi) and Germany (Martin Heining, said to be a lawyer for the German Baader-Meinhof terrorists) are members of Shining Path’s Committee to Support the Peruvian Revolution; the delegation was hosted in Peru by Shining Path’s Association of Democratic Lawyers; and the translator was Herberito Ocasio, a Shining Path spokesman in the United States who works with the Revolutionary Communist Party. The lawyers issued statements hailing Guzmán as “the recognized leader of millions of peasants, workers, students, intellectuals and others” in Peru, justified his advocacy of “selective assassination,” and argued that Shining Path’s war cannot “be dismissed as ‘acts of terrorism.’ ” In the words of the German lawyer, any court which introduces “the word terrorism to denounce Shining Path has lost all sense of reality”!

# 'Indigenism' is an assault on Indians and national sovereignty

by Carlos Méndez

Using exactly the same "indigenist" arguments of the narco-terrorist Shining Path of Peru, a number of so-called indigenous groups have intensified their protests and threats of violence against the Oct. 12 celebration of the fifth centenary of Columbus's voyage to America.

So far, Shining Path poses the greatest immediate threat, but other groups, such as Colombia's Simón Bolívar Coordinating Group, and Bolivia's Tupac Katari Guerrilla Army and Tupac Katari Indian Movement (whose leader has threatened to take up arms to defend "indigenous" rights), have demonstrated that they share Shining Path's terrorist methods.

According to press reports, the Tupac Katari Guerrilla Army (EGTK), sympathizers of Shining Path, had planned to attack the Spanish and U.S. embassies in La Paz, the capital of Bolivia, on Oct. 12. Felipe Quispe, leader of the group, was arrested at the end of August.

Indigenous members of national legislatures from 17 countries of Ibero-America, the United States, and Canada met in La Paz the week of Sept. 28 for the Fourth Meeting of Indigenous Parliamentarians. Former Bolivian congressman Constantino Lima, head of the Tupac Katari Indigenous Movement, called for all indigenous peoples of the hemisphere to "rise up in arms to demand that Spain pay \$10 billion for the devastation and death Spain brought to Latin America."

In Colombia, the Simón Bolívar Coordinating Group, composed of the communist FARC and the ELN, have been intimidating peasants into joining protest actions against the Oct. 12 celebrations. The "Indigenous Summit," held in Panama the week of Sept. 21, called for a "continental indigenous strike" on Oct. 12, including blocking highways. In demonstrations in Santo Domingo, Dominican Republic, one person has already been killed. Santo Domingo is the focus of the celebration because Columbus first touched land on that island in 1492.

## The fraud of indigenism

This campaign against celebrating the 500th anniversary of Columbus's voyage is the beginning of an international offensive, backed by international organizations such as the Inter-American Development Bank (IADB), and above all the United Nations.

For example, the *New York Times* of Aug. 24 reported

that the U.N. and the IADB were discussing the creation of an "indigenous fund" of \$40 million "to aid indigenous groups in Latin America." The U.N. is also planning to declare 1993 "the International Year of the Indigenous Peoples of the World," as contained in U.N. Resolution 45/164 of Dec. 18, 1990. The International Labor Organization (ILO, part of the U.N. system) is working to get Convention 169 on Indian Peoples and Tribes approved, and since 1982 the Working Group on Indigenous Peoples (WGIP) of the Human Rights Commission based in Geneva, Switzerland, has been pushing for a Declaration of the Rights of Indigenous Peoples.

The indigenous movement is nothing but a fraud, part of Bush's "new world order"—as supported by the U.N.—to impose a world government upon sovereign nations, as well as to eliminate the indigenous peoples themselves through hunger and disease.

This reality was demonstrated by the program voted by the World Conference of Indigenous Peoples Concerning Land, Environment, and Development, held in Rio de Janeiro, Brazil, June 25-30 as the "indigenous" part of the Eco-92 Conference on the Environment. The program was contained in the so-called Kari-Oca Declaration—Kari-Oca being the indigenous name for Rio de Janeiro.

The Kari-Oca Conference, as the meeting is known, was formally organized, with U.N. support, by the Coordinating Body of Indigenous Organizations of the Amazon Basin (COICA), a group dating from 1984, whose present head is the Peruvian Evaristo Nugkang, who, among other things, calls for "debt for Indian land swaps, with which resources we can restore our lands."

## Human sacrifice and ending nation-states

Among the most relevant points contained in the Kari-Oca Declaration are:

"(16) We maintain our right to our traditional way of life," which means in practice to condemn the indigenous peoples to extinction in the near term through hunger and disease. For instance, Venezuelan anthropologists have reported that the Yanomami Indians inhabiting the Venezuelan Amazon region have an average life-span of 30 years.

"(17) We maintain our right to our spiritual way of life." These and related demands are tantamount to a call for the return of the human sacrifice of the Aztecs, and to other



aberrations that form a substantial part of the cultural, religious, social, and political life of the ancient and primitive indigenous cultures.

"21) The United Nations should have a special procedure to deal with issues arising from violations of indigenous treaties. 22) Treaties signed between indigenous peoples and non-indigenous peoples must be accepted as treaties under international law. 23) The United Nations must exercise the right to impose sanctions against governments that violate the rights of indigenous peoples."

As can be seen, the aim is supranational legislation and the supranational supervision of the U.N., which is totally in step with the Bush administration's efforts to eliminate national sovereignty, and with plans to make the U.N. into a world government.

At the beginning of July, U.N. Secretary General Boutros Boutros-Ghali proposed that the United Nations force its members to provide troops for a permanent international army under U.N. command. Said Boutros-Ghali, "the era of absolute and exclusive sovereignty . . . has passed."

The indigenous movements are thus serving as a battering ram against governments that oppose the imposition of supranational world rule.

## Separatism

Points 31 to 42 of the declaration deal with the question of supposedly Indian lands, and amount to a call for separatism. For example, Point 34 says, "We assert our rights to demarcate our traditional territories. The definition of territory includes space (air), land and sea. . . ." And Point 36 says: "Indigenous peoples reject the assertion of non-indigenous laws onto our lands. States cannot unilaterally extend their jurisdiction over our lands and territories."

This is one of the central demands of the president of the COICA, formally organized at the Kari-Oca Conference. It is also a central demand of the World Council of Indian Peoples (CMPI), based in Canada and founded in 1975 with the support of the U.N. Educational, Scientific, and Cultural Organization (Unesco) and the International Center of Human Rights and Democratic Development, headquartered in Montreal. One of the CMPI's three basic tenets is called "The Bases of the New Relations," which translates, according to Mexican anthropologist Lucina Jiménez L., as, "We must change the treaties between the Indian peoples and the nation-states."

The Council of All the Lands (based in Mapuches, Chile), a participant in the Kari-Oca Conference, and the Mapuche Foreign Committee, also of Chile, are the vanguard today of the separatist indigenous movement. For some time, the Mapuche Indians have been demanding their own territory on lands now part of Chile and Argentina.

The *New York Times* featured the Mapuches' demands in a front-page article on Aug. 24, where it reported that "more than 200 representatives of the more radical Mapuches in Chile and Argentina met recently . . . to discuss how to

create a new nation and recoup large amounts of ancestral territory," adding that the Mapuche movement "is perhaps one of the best examples of a growing trend in the last five years in Latin America of Indian groups trying to assert their rights, reclaim territory, and challenge existing laws and government policies."

The *Times* article called for international protection for the Indians, stating that "their cultures, religions, and languages are under constant pressure from the westernized world," and that this began 500 years ago, with the arrival of Europeans.

The Declaration of San Cristóbal, which emerged from the International Amerindia Seminar toward the Third Millennium, which took place the second half of June 1991 in San Cristóbal Las Casas, Mexico, said that "the America of our hearts, Amerindia, has been and will continue to be indigenous in its essence, because the original peoples here constitute the nucleus of its identity." Referring to the "accelerated global change" that the world is experiencing, the declaration affirmed that "this challenge can only be confronted in the framework of the profound reform of states and of international relations," and added that among the fundamental rights of the indigenous is "the special means of conserving, recovering, and increasing the lands and territories that they have traditionally occupied."

The conference of San Cristóbal was organized by the National Commission of Justice for the Indigenous Peoples of Mexico, along with Unesco.

The former Soviet Union also promoted all of this from the standpoint of an Ibero-America reorganized around ethnic groups, a perspective that continues to be carried out by communist and liberal anthropologists such as the Brazilian Darcy Ribeiro, who has often said that "the indigenous peoples must get a response to their demands, which are: juridical rights and restitution of their lands." In an interview published by *El Día Latinoamericano* on July 8, Ribeiro stated that "what is happening with the Basques [in Spain] could happen with the Mayas of Chiapas [southern Mexico]. They could lose patience and explode. In Mexico, as in the Andean high plateau and in Guatemala, the region could be transformed into tinderbox where 'ethnic wars' begin."

## Against development

The attack on development, technology, and industry is unmistakable, and means condemning the Indians to misery and death. Point 44 of the Kari-Oca Declaration says, "Indigenous peoples should encourage their peoples to cultivate their own traditional forms of products rather than to use imported exotic crops which do not benefit local peoples." Point 66 says, "The concept of development has meant the destruction of our lands."

And to ensure no shortage of pretexts for foreign interventions, Point 87 says, "We need to have foreign observers come into our indigenous territories to oversee national state elections to prevent corruption."

# Power shift against IMF takes effect, but imperial danger grows

by Konstantin George

A power shift in Moscow, leading to a break with International Monetary Fund-dictated policies but also to an overt Great Russian imperial policy, began to take effect in the first week of October. The tone was set by Russian President Boris Yeltsin in his address to the Russian Parliament on Oct. 6. Although he pledged to keep his pro-IMF acting prime minister, Yegor Gaidar, he also made it clear that Gaidar's team would be purged, giving Russia a cabinet committed to ignoring IMF conditionalities and pursuing industrial protection policies as demanded by the Russian Civic Union, the industry lobby headed by Arkadi Volsky.

Such a break with the IMF's disastrous "shock therapy" is absolutely necessary to prevent the economy from plunging beyond the point of no return, with unpredictable political and social consequences. But the situation is fraught with tremendous danger, as the more western governments insist that Yeltsin go along with IMF dictates, the more likely is a fascist-imperialist backlash that could lead down the road to World War III.

Along these lines, Yeltsin belligerently asserted "the rights of Russians" which are being "trampled on" in the Baltic republics, above all in Estonia, and in the Georgian region of Abkhazia. He heralded Russian military intervention on behalf of "endangered" Russian minorities in any state, regardless of whether or not they are a member of the Community of Independent States (CIS).

## 'Corrections must be made'

The Yeltsin speech was a funeral oration for the Gaidar team. The Russian President told the Parliament that "corrections must be made in the reforms. That is a demand from the President." Yeltsin blasted Gaidar, the "Gaidar team," and singled out Economics Minister Aleksandr Nechayev and Foreign Economic Relations Minister Pyotr Aven by name for not considering the proposals of Volsky's Civic Union: "These ideas must be used and not rejected only because they were devised and proposed by people other than Gaidar." Yeltsin declared that he was "profoundly dissatisfied" with Aven's ministry, which "lacks competence, promptness and resolution, and consistency in defending Russia's interests."

Yeltsin stopped just short of accusing the Gaidar group of

working for western interests to sabotage Russia. He denounced the takeover of Russia by "the dollar" and the destruction of the ruble. Turning to the Gaidar government, Yeltsin declared that "it must finally be made clear" whether "we support the ruble or foreign currencies. . . . We must stop paying for goods and services in foreign currencies. The ruble must become the sole means of payment in Russia. . . . The conditions for a realistic exchange course must be created."

The anti-Gaidar forces immediately acknowledged the power shift in their favor. Speaking to factory workers in the Ukrainian capital of Kiev later that day, Civic Union head Volsky commented: "It is pleasant that Mr. Yeltsin echoed our views." But, he demanded, Yeltsin must follow up with deeds if he wants Civic Union support.

## Imperial rebirth

The imperial thrust of the Moscow power shift was marked by Yeltsin's announcement that Russia was sending additional troops to the Georgian region of Abkhazia, to "protect" the "railroad line" and "the coastal region." These formulations were tantamount to announcing that Abkhazia had become a Russian protectorate, as every city and town of any importance lies either along the rail line or in the coastal region.

The imperial restoration policy was also symbolized in a very Russian manner by the second major Yeltsin appearance on Oct. 6, carried live by Russian TV, and, in contrast to the importance of the event, ignored by nearly all western media. In the Kremlin, Yeltsin gave a state reception on the occasion of the 600th anniversary of the death of St. Sergius of Radonezh, the Russian Orthodox monk who led the anti-western Hesychastic movement and the monastic revival in 14th-century Russia, and its companion political policy where the monks of the lands to the north and east of Kiev supported the ascendancy of Muscovy and the unification of all the Russian principalities under Moscow in the successful overthrow of the Tatar yoke. The Kremlin ceremony, where Yeltsin was flanked by Moscow Patriarch Aleksii II, exile Russian Orthodox Patriarch of America and Canada Feodosius, and the Holy Synod ruling group of the Russian Orthodox Church, stressed the role of St. Sergius, renowned in the Muscovite Russian Chronicles as the "builder of Russia" and

for having united "all the Russias," i.e., all the eastern Slavs, Russians, Ukrainians, and Belorussians, and having liberated Russians from foreign rule.

### **Some of Georgia may be seized**

The first Russian military intervention that will lead to an area bordering on Russia being incorporated into the Russian state, is under way in the Georgian region of Abkhazia, an ethnically mixed region which includes non-Russians and Russians. As Yeltsin was addressing the Parliament, Abkhazian irregulars, backed by thousands of Muslim tribal "volunteers" from the Russian North Caucasus and several hundred Russian Cossack "volunteers," and all liberally supplied with weapons, armor, and ammunition from the Russian Army, in astonishingly well-coordinated attacks for "irregulars," administered the second crushing defeat to Georgian forces in northern Abkhazia within five days. In the first defeat on Oct. 2, the key city of Gagra was taken in heavy fighting and over 100 Georgian troops were killed.

On Oct. 6, all other towns and villages between the Abkhazian capital of Sukhumi and the Russian border had fallen to the Abkhazians. In addition to the 200 Georgian troops killed in the several days of fighting, between 800 and 1,000 Georgian civilians living in and around Gagra were massacred. The atrocities produced their intended effect—a mass exodus of the Georgian population, who made up 40% of Abkhazia's inhabitants, out of Abkhazia. Hundreds of Georgian troops and thousands of Georgian civilians fled in panic across the border into Russia, while others fled south into Georgia. In Sukhumi, where overland escape routes were either blocked or dangerous, thousands streamed to the airport awaiting Russian and Georgian planes and helicopters to fly them out. By Oct. 8, the "Abkhazian" forces were just outside Sukhumi, and its fall was imminent.

The situation has reached the point where a Russian-Georgian war is imminent. This danger was clear on Oct. 3, after the fall of Gagra, where Georgian planes bombed the town as part of a failed attempt to retake it. Yeltsin emerged that day from a meeting of the Russian Security Council, warning that any attacks by Georgians on Russian forces or civilians in Abkhazia or anywhere in Georgia would produce a Russian military intervention, and one not confined to Abkhazia. Yeltsin announced that Russia "reserved for itself" the right to take "appropriate measures" to protect Russians in Abkhazia.

The Georgian State Council, in a meeting on Oct. 4 presided over by Defense Minister Ioseliani, responded to the Yeltsin warning by ordering a general mobilization in Georgia of some 40,000 reservists, and placed all military hardware of the Russian Transcaucasus Military District on the territory of Georgia under Georgian jurisdiction. The State Council further announced that it was considering demanding the expulsion of all Russian troops based in Georgia. Any such attempt, or move to enforce the hardware decree could easily trigger an all-out war between Georgian forces and the

100,000 Russian troops based there. The Georgian statement produced a blunt warning later that day from Russian Defense Minister Gen. Pavel Grachev, that if Russian bases were attacked, the troops would shoot back.

Moscow made sure that the Georgian leadership had gotten the message that the Russians were not bluffing. On Oct. 3, a helicopter carrying Georgian President Eduard Shevardnadze to a meeting with Russian Deputy Foreign Minister Yuri Vorobyov in the border town of Gantiadi, was shot at by a Russian Mi-24 helicopter gunship.

From the Abkhazia conflict, Russia will gain territory and Georgia will be truncated—the only question is by how much. Georgia could even break apart into several mini-states, which would become Russian protectorates.

### **Baltic states next**

The next Russian conflict with a small former Soviet republic neighboring state will be with Estonia in the Baltic region. The die for this was cast through the election—by Parliament, not popular vote—of Estonia's new nationalist-populist President, Lennart Meri. In the presidential elections in late September, Estonian incumbent President Arnold Ruutel received nearly half the vote in a multi-candidate field, with Meri coming in second with less than 25% of the vote. Had Estonia practiced the same popular runoff procedure used in every western democracy, Estonia's new President today would be Arnold Ruutel, and this on the basis of the popular vote where only ethnic Estonians are allowed to vote. But, under the Estonian Constitution, if no one attains 50% in the first round, the Parliament decides who will be President. Since the nationalists command a majority in Parliament, they voted in "their man." Through this de facto coup which played straight into the hands of the imperialists in Moscow, disaster now looms over Estonia.

The Yeltsin statement during his Oct. 6 speech, that Russia would not allow Russians in the Baltic states to be "trampled on," was directed above all at Estonia and Lennart Meri, who is a proponent of "ethnic cleansing." Meri, both during the campaign and notably following his election by Parliament, declared that he would "expel 200,000 Russians" from Estonia, or about half the ethnic Russian population residing there. While leading forces in Moscow clearly have the goal of eventually retaking the Baltic states (certainly Estonia and Latvia, at least), there is still no popular Russian support for such policies. Should popular Russian support for imperial restoration in the Baltics materialize, then the independence of the Baltic states would be doomed.

Should Meri expel the Russians, Moscow will have a pretext and immense popular support to militarily intervene in the Baltics. During the election campaign, allegations appeared that Meri's father had worked for the Soviet NKVD, the KGB predecessor. True or not, no one knows. But a KGB plant could not do a better job to pave the way for Russian action against the Baltics than Meri is doing with his ethnic cleansing program.

# An appeal from the government of Bosnia and Hercegovina

*This statement, received Sept. 29, is being circulated internationally by the government of the Republic of Bosnia and Hercegovina.*

## **The facts about the war**

The Republic of Bosnia and Hercegovina, as an independent and internationally recognized state, has been established after the dissolution of former Yugoslavia. Unfortunately, the dissolution process is developing neither in a civilized manner nor peacefully. The war option, started in Slovenia, rapidly spread over Croatia, and then over Bosnia and Hercegovina.

In multinational, multireligious, and multicultural Bosnia and Hercegovina, war terror culminates in the aggressor's aspiration not only to conquer the territories, but also to cleanse them of non-Serbian population. This is happening despite the fact that the Republic's official authorities have persistently advocated a civilized and peaceful way of breaking up the former Yugoslavia.

The authorities of Bosnia and Hercegovina have entirely fulfilled the procedural requirements for international recognition explicitly defined by the European Community and other international bodies during the process of dissolution of the former Yugoslavia. The developments in Bosnia and Hercegovina as such did not fit into the scheme for creating the "Great Serbia" opted for, among others, by the complete almost one-national, well-armed former Federal Army (JNA) and extreme Serbian forces, under the militant leadership of the Serbian Democratic Party (SDS).

Great concentration of military forces and equipment of the former JNA on the territory of Bosnia and Hercegovina, strengthened by military effectives withdrawn from Slovenia and Croatia, planned armament of a part of Serbian population in Bosnia and Hercegovina by the former JNA, and strategy and tactics of aggression prepared in detail, enabled the aggressor to blockade, within a comparatively short time, all the towns and larger settlements, roads, telephone, TV and radio communications, etc. On the defending side stood unarmed people confronted with the national deceit and treason committed by their own armed forces. It is estimated that the aggressor (Serbia, Montenegro, the former JNA, and the militant part of the SDS) has concentrated on its

side:

- approximately 100,000 soldiers and officers of the former JNA;
- over 2,400 armored vehicles, out of which 600 [are] tanks;
- 50 aircraft, fighters;
- 1,800 guns of various large calibers;
- a rocket-equipped brigade;
- almost unlimited quantities of infantry weapons and ammunition of all calibers;
- additional forces from Serbia and Montenegro, specially trained in applying genocide to the non-Serbian population; and
- complete logistics, including airports and combat aircraft from Serbia and Montenegro.

The purpose of the aggressor's strategy is to conquer and get under its control more than 70% of the territory of Bosnia and Hercegovina, cleanse it of the majority Muslim population and the Croats, and to come forward with a request for recognition of the newly created situation by the international community.

After more than five-months-long aggression against Bosnia and Hercegovina, the impression is that the lonely unarmed people are left by the international community. The international forums seem to try to present a war of aggression and conquest as a civil war, and ease their conscience through some humanitarian aid providing for a limited number of displaced persons.

However, it is to be hoped that the world will finally get to the heart of the matter and give help necessary for the liberation of the whole territory of the Republic.

The liberation of the entire territory of the Republic from the aggressor is a prerequisite for starting the creation of a legal state, with the predominant role of the private sector and a market-oriented economy. This is again a prerequisite for more generous international financial and technical assistance in reconstruction of the country destroyed by war, which is the topic of this paper.

## **Victims and horrors of warfare in Bosnia and Hercegovina**

The brutality and inhumanity of the aggressor during the

previous five months of war can hardly be compared with anything in the past. According to current reports:

- over 80,000 people have already been killed, of which more than 70% [are] civilians, including an extremely great number of children;
- more than 1.8 million people (42% of the total population) have been left homeless, of which about 400,000 persons escaped to Croatia and a great lot of displaced persons are wandering about the West European countries;
- more than 100 concentration camps have been reported on the occupied territory of the Republic where civilians are confined, brutally tortured, and killed.

Snipers and machine-guns have been tactically placed in all the towns and larger settlements with the purpose of terrorizing the whole population and paralyzing all vital activities. Children, women, old people, medical and humanitarian organization staff, and other citizens are everyday victims of this crime.

Schools, universities, and child-care centers are closed; students and children are either displaced, gone to war, or are taking refuge in cellars.

Numerous families are under great stress, [forced] to endure aggression and all it brings; innumerable are the human dramas, disappointments, and frustrations; many family ties, ties of friendship and business relations have been broken off, which all give rise to doubt about the possibility of living together in these regions.

## **Destruction and devastation of material property**

The aggressor's aim to rob, or to destroy all he fails to or cannot rob, is evident at every step in this Republic devastated by war.

The extent and structure of the destruction, as well as the methods and means being used, will be the subject of special investigations. Below are some illustrative examples.

- Literally complete towns are being torn down. Sarajevo, the capital of the Republic, has been exposed to more than four-months-long destruction by bombing and blocking of communications; it is being starved, water and electricity supply has been cut off.
- Mostar is virtually destroyed, including its bridges, industrial plants, churches, mosques, and other urban facilities.
- All bridges on the rivers Sava and Nereva, as well as dozens of bridges on other rivers, have been demolished.
- Railway bridges have been destroyed, wagons demolished or looted, locomotives ruined or looted.
- Postal and telecommunications systems have been disconnected, main telephone centrals burnt down, TV and communication towers destroyed or controlled by the aggressor.
- Airport equipment has been looted from most airports; airports in Sarajevo and Bihad have been damaged by

shelling.

- Headquarters of major companies in Sarajevo have been burnt down or destroyed, and most of the equipment [has been] stolen.

- Very few factories have evaded robbery of equipment, raw materials, finished products, technical documents, or complete destruction.

- Many agricultural estates have remained without livestock, agricultural machinery, and provisions. Tens of thousands of private village holdings have been condemned to a similar fate: Houses, farm buildings, cattle, and machinery have been destroyed.

- Urban transport facilities in several cities have been completely demolished or stolen; Sarajevo is most directly affected by this, being the most populous city. Buses, trolley buses, and trams have been completely destroyed, the electrical system and garages demolished, which, in addition, makes life in Sarajevo almost unbearable.

- Documentation relevant to cadaster, geology records, and water power engineering has been destroyed and it will take years of strenuous work to restore it.

- Schools, libraries, hospitals, child-care centers, various institutes, museums, cultural and sacred buildings are subject to systematic destruction and robbery.

All the aforesaid, along with everyday fighting, have paralyzed economic activities throughout Bosnia and Hercegovina, so that the authorities are faced with the serious problem of how to provide food, heating, and power supply for the coming winter, and how to organize the recovery of the economy devastated by war.

## **What must be done**

With the coming of winter in Bosnia and Hercegovina, which is typically very demanding, the risk to life is growing dramatically. If exponentially greater quantities of humanitarian relief are not provided, including food, medicines, clothing, and shelter, the potential loss of life due to hunger, exposure, and disease may exceed 300,000, according to the U.N. estimates. Vast new numbers of refugees could be created and head toward Europe. This does not include additional casualties and refugees caused by the ongoing fighting.

Besides bringing an end to, or at least minimizing the level of aggression, the only way to mitigate the suffering and loss of life is to:

- 1) distribute relief to all regions of Bosnia and Hercegovina (and not just Sarajevo);
- 2) establish several secured land corridors (especially Ploce to Sarajevo as well as Zagreb to Sarajevo);
- 3) repair promptly bridges and roads to facilitate travel;
- 4) build temporary shelters and repair existing ones; and
- 5) insure the flow of adequate supply of water, fuel, and electricity.

All this needs to be done without delay.

# International Intelligence

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## ***Mossad recall underlines Middle East war threat***

All station chiefs from around the world of the Israeli intelligence service Mossad were called home to Israel over the weekend of Sept. 26, a Europe-based intelligence insider told *EIR*. The report provided additional evidence for the alert issued by U.S. independent presidential candidate Lyndon LaRouche (see last week's *EIR*) that the arrest of Jordanian parliamentarian Laith Shubeilat portended the danger of a "Temple Mount" incident and a broader Middle East crisis.

"LaRouche might be right. All I can tell you is that there is a lot of activity in Jerusalem and Tel Aviv right now. Something big is in the wind. All Mossad station chiefs from around the world have been called home to Israel. It happened this weekend," Sept. 26-27, the source said. "I don't know what it means, but things like that, in the past, have happened only before very big developments, like the 1967 Six-Day War. It could mean anything, from an imminent change in government in Israel, to a major assault being planned. Or, it could be what you're warning about. Or, something else. In any case, the Israelis are obviously not taking any chances."

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## ***Partition of Lebanon being pushed by U.S.***

The United States is proposing to Lebanon that it take part in multipartite negotiations between Syria and Israel, the only outcome of which would be the partition of the country, according to Lebanese sources. The U.S. policy is consistent with the implementation of the Bernard Lewis Plan for the dismemberment of nation-states in the Middle East.

Syria, after the recent elections in Lebanon, instead of withdrawing to the northern part of the country in September as stipulated by the Taif Accords, has increased its stranglehold on that country.

In the context of overall negotiations, the Israelis, according to these sources, would settle for letting Syria take the Bekaa

Valley and the north of the country. The Israelis, for their part, want to keep southern Lebanon because of their need for water from the Litani River—which they are already pumping into Israel through secret subterranean conduits, sources report. What would be left of Lebanon would then be the small Christian enclave in the central part of the country.

The other major issue of negotiations concerning Lebanon, is the naturalization of some 400,000 Palestinians who have been living illegally in Lebanon for years. The Taif Accords called for their naturalization, a step which many world powers backed in order to turn a million Palestinians into Lebanese, leaving that many less to be part of a Jordan-Palestinian confederation.

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## ***Savimbi issues threats over Angolan election***

Jonas Savimbi, the head of the Angolan rebel group UNITA, in a statement issued on Oct. 3, charged the ruling communist-backed Popular Movement for the Liberation of Angola (MPLA) with vote fraud, and hinted at a new war, according to U.S. press accounts. "It is the duty of us freedom fighters, those who through their blood and sweat brought about democracy to this country, to tell you that the MPLA is not winning and cannot win," he said.

Results have the MPLA ahead by 55% to 25% for UNITA. International observers have not reported fraud. The bulk of the UNITA support was expected to come from the countryside, but preliminary vote totals had shown the MPLA getting a smaller margin in the cities than expected. The vote is still coming in.

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## ***Normalize relations, Vietnam urges U.S.***

Vietnamese Foreign Minister Nguyen Manh Cam said in a speech to the U.N. General Assembly that "the normalization of relations between Vietnam and the United States will benefit not only the Vietnamese and the American peoples but also peace

and stability in Southeast Asia," Reuters reported Oct. 2.

Cam said Vietnam had "turned the page of past history" and looked forward to the future. "We have done whatever possible in cooperating effectively with the United States to settle the question of Americans missing in action during the Vietnam War."

The issue of missing U.S. servicemen has blocked the normalization of relations, and the United States still maintains a trade embargo against Vietnam. It is quite possible that the current Senate hearings on the POW-MIA issue were designed to clear the POW-MIA issue from the negotiating table.

On human rights, Cam said that every state and nation strove for the ideal of democracy and freedom in its own way rather than through a "stereotyped or dogmatic approach and still less through the adoption of models imposed from outside." In a reference to the United States, he added: "It is unacceptable that one nation may impose its own standards of democracy and human rights upon another nation. And it is all the more unacceptable that one nation may stand as judge above another nation."

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## ***Japan warns China against military buildup***

Japanese Vice Foreign Minister Koji Kakizawa has sharply criticized Beijing's recent purchase of a fleet of Russian Sukhoi 27 fighter aircraft, and its plans to buy a Ukrainian aircraft carrier. This means that "the number of countries which feel a threat from China will increase," Kakizawa told a Tokyo symposium, entitled "Twenty Years of Japan-China Relations," in late September.

"Our aid to China over six years is \$5.6 billion and the aircraft carrier costs \$2 billion," Kakizawa told reporters.

Former Japanese Foreign Minister Saburo Okita told the symposium that China's carrier purchase violates Japan's "Four Principles" of foreign aid, which say that Tokyo will cut aid to countries spending too much on weapons. Okita is a top Trilateral Commission collaborator and Sinophile, indicating the extent of the anger in Tokyo over the Chinese military buildup.

## Spanish defense head resigns over budget cuts

Spanish Secretary of State for Defense José Miguel Hernández resigned in late September in the face of the biggest budget cuts in 20 years. The defense budget will be cut overall by 1.5%.

In May before the latest cuts, he had said, "First they told us to tighten our belts. Now they want us to drop our trousers." The latest defense cuts include 9% less for investment, which means that the Bazán state shipyards at Cartagena will be shut down along with the military satellite program and the radar program for the airplanes on the carrier *Príncipe de Asturias*. These planes, at present, cannot fly at night.

Speaking to Congress, Economics Minister Solchaga also announced that transport subsidies will be cut by 7.5%, the housing budget by 0.4%, and industrial investment by 4%.

According to Solchaga, "everything that can be cut from the budget will be cut," except debt payment. Payments for interest on public debt are to increase by 20%. The debt burden is such he said, that "budget growth for 1993 will be nil, leaving aside expenditure for interest rates. The accumulation of the public deficit, and debt to pay that back, along with the high interest rates, has forced us to increase by 400 billion pesetas the budgetary provision to cover this."

## Belgium debates partition scheme

The Belgian Parliament is debating a project to create relatively independent regional parliaments and governments for both major Belgian regions: Flanders, in the north, which is Dutch-speaking, and Wallonia in the south, which is French-speaking. While the project is officially to counter the so-called "separatist virus," it is in fact fueling it. Although approval requires a two-thirds majority vote, the fact that the Oct. 3 French daily *Le Monde* covered the story on its front page demonstrates the seriousness of the situation.

Opinion polls in Flanders show that the number of those in favor of partition has risen to over 30%, the highest ever. This shift in sentiment has been accelerated by studies done at the University of Louvain, popularizing the idea that each (rich northern) Flemish family is paying the equivalent of one car to a (indebted southern) Wallonian family every four years.

Similar stories are coming out on the Wallonian side. The summer cover issue of the weekly *Le Vif-L'Express*, for example, was entitled "What If Belgium Were about to Fall Apart?" The report was obviously intended to plant the "separatist virus" in people's mind along the line expressed by the leader of a newly created "Wallonian movement," Maurice Lebeau, who expressed his enthusiasm for the "adventure for Walloons; the independence would be in the case the acceleration of the process of regionalization would lead to partition." The article mooted 10 scenarios for the case in which Belgium would simply be attached to France, in the event that Wallonia couldn't repay its enormous debts, expecting France would help.

## Germany to approve 'out of area' deployments?

French Defense Minister Pierre Joxe and German Defense Minister Volker Ruhe announced at a colloquium on the "New Strategic Debate" in late September in Paris that negotiations between the founders of the French-German Eurocorps and the NATO Supreme Allied Command, Europe (Saceur) will begin in December. The Atlantic Council will mediate the talks on what the Eurocorps could contribute toward allied defense.

"What is decisive," stated Ruhe, "is that the creation of a European defense identity not be perceived as being in competition with NATO."

The announcement came amid pressure on Germany to authorize NATO "out of area" (out of Europe), deployments for use against the Third World. Ruhe predicted that German military forces could be authorized by the Parliament to participate in out of area deployments as early as autumn 1994.

● **MIKHAIL GORBACHOV**, the former Soviet President, has been barred from leaving Russia by the Constitutional Court because he has refused to testify in a trial to determine whether the Communist Party should be outlawed. Gorbachov was forced to cancel a trip to South Korea.

● **INDIA** plans to invite Indonesia, Malaysia, Thailand, Singapore, and possibly other Southeast Asian countries to participate in joint naval exercises in the Indian Ocean planned for the spring of 1993, Navy chief Adm. L. Ramdas told a seminar in New Delhi, organized by the Naval Foundation, a government-supported think-tank.

● **THE NEW SOUTH WALES** synod of the Uniting Church of Australia, which claims 1.2 million members, voted Sept. 27 to support the legality of abortion, without limiting it to medical necessity, rape, or defect in the fetus, according to Reuters. The Uniting Church, formed in the 1970s, embraces the Presbyterian, Congregational, and Methodist churches.

● **IRAN** and the United Arab Emirates broke off talks over the Iranian occupation of the island of Abu Musa at the entrance of the Persian Gulf on Sept. 28. The immediate reason talks broke down was the inclusion by the U.A.E. of two other disputed islands, the greater and lesser Tumbs, seized by Iran in 1971.

● **THE UNITED NATIONS** Security Council impounded most of Iraq's oil-related assets on Oct. 2, the first time the U.N. has ordered the seizure of a nation's money. One provision in the resolution forbids states from allowing Iraq to use some of its frozen funds to buy food and medical supplies.

● **BULGARIA** is the center of interest of dirty money launderers, said Bulgarian Foreign Affairs Vice Minister Valentin Dobrev on Sept. 30 at the First International Conference on Laundering Money, held at the Council of Europe in Strasbourg, France.

## Austerity will drive next administration, say elites

by Kathleen Klenetsky

With less than a month to go before the presidential elections, it is becoming increasingly apparent that the U.S. policy elite has chosen to respond to the country's economic collapse with a regimen of austerity measures lifted straight from Adolf Hitler's finance minister, Hjalmar Schacht.

It is also becoming increasingly apparent that, unless the U.S. electorate decides to elect a President who is willing to buck the establishment, throw out the current bankrupt financial system, and restore the "American System" of economics that made the United States the world's economic powerhouse, they will soon find themselves subject to a 1990s version of the Nazis' "final solution."

Over the past few months, the think-tank circuit has been churning out one study after another positing the same tired theme: Solving the depression depends first and foremost on reducing the federal budget deficit, which can only be accomplished by the wholesale gouging of social spending programs.

But this slash-and-burn mania hasn't been limited to the "inside the Washington beltway" policy factories. Although most elected officials still shy away, at least publicly, from embracing deep cuts in Medicare and the other principal austerity measures that are being promoted, a political "austerity vanguard" is on the march, with its sights set on determining economic policy for the next administration.

In Congress, for instance, a group of senators that includes Budget Committee ranking member Pete Domenici (R-N.M.), Bill Clinton adviser Sam Nunn (D-Ga.), and Warren Rudman (R-N.H.), has been holding regular strategy sessions on how to ram through a cap on entitlement programs (Social Security, Medicare, farm price

supports, veterans' benefits, etc.).

Rudman, in turn, is collaborating with former Democratic presidential candidate Paul Tsongas, Washington attorney Lloyd Cutler, and Council on Foreign Relations Chairman Peter Petersen on an initiative called the Concord Coalition, whose purpose is to propagandize the electorate on the need for deep cuts in entitlement programs. And Ross Perot has stated flat out that the main reason he got back into the presidential race is to force the issue of the deficit to the top of the electoral agenda.

### The 'Sabotaging America' commission

These various elements in the austerity lobby have now converged on a new study, which is being hailed far and wide as the "painful solution" to America's economic crisis. Since its release on Sept. 30, the study has been given widespread favorable media coverage, typical of which was columnist George Will's paeon in the Oct. 4 *Washington Post*. It's "a breathtaking proposal," wrote Will, because it focuses on the "core dilemma": "The population is aging, and the elderly are the disproportionate consumers of transfer payments, particularly pensions and medical care."

Produced by the "Strengthening of America Commission," a project of the influential Washington think-tank, the Center for Strategic and International Studies (CSIS), the report recommends slashing federal deficit spending by an astounding \$2 trillion over the next 10 years, via a combination of vast tax hikes and huge cuts in social spending, so as to balance the budget by the year 2002.

The report has been in the works since early 1991, when the CSIS established a bipartisan panel composed of repre-



sentatives from government, the business and investment communities, labor, and a few of the better-known policy “wonks,” with a mandate for cooking up recommendations on how to improve the United States’ economic performance, with an emphasis on making the country more competitive in the international arena.

Co-chaired by Senators Nunn and Domenici, the commission’s members include Sen. Warren Rudman; Dwayne Andreas of Archer Daniels Midland; former Carter ambassador Richard Gardner, an adviser to Bill Clinton and a proponent of letting the International Monetary Fund (IMF) extend its surveillance activities to the U.S. economy; Joshua Lederberg, president emeritus, Rockefeller University; Trilateralist John Sawhill, president of the Nature Conservancy; Bush supporter and former Treasury Secretary William Simon; and former Defense Secretary James Schlesinger.

Although the report calls for more investment in research and development, proposing specifically to create a \$160 billion Endowment for the Future through increased federal investment in education, children, research and development and technology (this averages out to a paltry \$16 billion a year), and creating a network of high-speed rail transport, its focus is on how to drive down Americans’ “consumption” (i.e., living standards) sufficiently to balance the budget, or, in other words, pay off debt.

With debt repayment as its driving concern, it should hardly be surprising that the CSIS report would treat the United States like a Third World debtor nation, or that its recommendations bear a remarkable resemblance to those suggested by IMF Managing Director Michel Camdessus on Sept. 9, when he demanded that the United States hike taxes and reduce spending to bring down the deficit.

The study’s principal proposals include the following:

- Reducing federal spending by 8%, which translates into \$1.5 trillion. The report states that a “critical part of this effort” will be to slap a ceiling on entitlement expenditures, with Medicare and Medicaid special targets. The report exempts Social Security, but, since slashing Medicare will send the death rate among the elderly soaring, Social Security spending will be cut.

- Launching an “unprecedented determination to implement cost control” over the entire U.S. health care system. The report stresses that “comprehensive health care reform will not be complete without a social consensus on care for the terminally ill,” and sternly points out: “Approximately 30% of total Medicare dollars are spent on patients in the last year of their lives.” In other words, the elderly and terminally ill must be hurried to their graves, so as to reduce the budget deficit.

- Hiking taxes by \$376 billion.

- Abolishing the current income tax system in favor of a “consumption-based income tax system,” which will penalize spending, including spending on such essentials as health care. The study traces this proposal back to the bestial British

philosopher Thomas Hobbes.

- Spending an additional \$100 billion on infrastructure.
- Reducing defense spending from 20% of the federal budget to 13%.
- Creating a National Economic Council, headed by a national economic adviser, on a level co-equal with the National Security Council and the national security adviser.

## Recipe for disaster

Not only does the CSIS study mimic the budget-slashing approach employed by the IMF in its treatment of developing-sector countries, it will have the same disastrous effect. Every country that has been subjected to IMF conditionalities and “structural adjustment” policies has ended up in far worse condition; it may be able to scrounge the payments on its foreign debt a little faster—at least temporarily—but at the cost of destroying its labor force and, thus, its future economic potential.

The CSIS study exemplifies the lunacy of the budget-cutting approach to economic crises, which independent presidential candidate Lyndon H. LaRouche has repeatedly warned against. Attempting to budget-cut your way out of a depression leads to disaster, LaRouche has stressed, since all it leads to is loss of jobs, shutdowns of business, and plummeting tax revenues, demanding even further cuts, in an endless downward spiral.

The solution is to overhaul the U.S. economic and financial system, getting rid of the speculation and usury which have sucked the economy dry, and restoring the American System of economics of Alexander Hamilton and Henry Carey, which places the production of real wealth at the center of economic activity.

## Shaping the agenda

The CSIS commission states flat-out that it intends to shape the policies of the next administration. “We are releasing our first report now, in the heat of the political season, because we hope that it will influence the political debate in the weeks ahead,” by helping to “shift focus to the important, long-term issues which confront the nation,” the report asserts.

While they may differ on details, neither George Bush, Bill Clinton, nor Ross Perot among the presidential candidates has exhibited any principled objections to such a program.

In fact, although Perot’s platform comes closest to the CSIS recommendations, Bush and Clinton have already embraced some key policies set forth in the study. Bush recently agreed to capping Medicare and other entitlement programs, while Clinton urges drastic spending reduction in health care. The day before the CSIS report came out, Clinton’s top economic policy adviser, Wall Street banker Felix Rohatyn, called for the next President to create a bipartisan National Economic Commission to force through the “hard choices” needed to reduce the deficit.

# D.C. rallies led by Bevel have powerful impact

by Patricia Salisbury

An unprecedented coalition of civil rights activists and other political forces held rallies in Washington, D.C. on Oct. 7, signaling that a movement potentially larger and more powerful than the 1960s civil rights movement is being built in the United States. The actions—which brought together fabled leaders of the civil rights era such as the Rev. James Bevel, Amelia Boynton Robinson, and Hosea Williams, with spokesmen from the Nation of Islam, former Washington mayor Marion Barry, and presidential campaign organizers for Lyndon LaRouche—began at the U.S. Supreme Court building.

The court was scheduled to hear the case of Leonel Herrera, in which the court will decide whether it violates the constitutional prohibition of cruel and unusual punishment and guarantees of due process to execute a person, such as Herrera, who has been convicted of a murder but may be innocent.

Demonstrators numbering around 150 rallied to demand that the death penalty be abolished in the United States. Speakers joined in denouncing the death penalty from a variety of perspectives. James Bevel, the running mate of jailed presidential candidate Lyndon LaRouche and former direct action coordinator for Martin Luther King, stated that “life is an inalienable right, not a privilege.” He told the crowd that judicial murder to establish the principle of revenge makes society barbaric and encourages violent crime. Michael 3 X, speaking for the Nation of Islam-Howard University branch, warned white Americans that the death penalty is a hypocritical cover for killing young African-Americans and challenged citizens favoring the death penalty on religious grounds to realize that one who believes that God favors the death penalty had better consider whom a just God would wreak vengeance upon: surely not the victims of an unjust society but rather the organizers of the crimes of that society, “Dope, Inc.” and its associated banks and political figures.

Former Mayor Barry vowed to build a coalition to defeat the referendum reestablishing the death penalty in the District of Columbia which Congress has decreed be put on the Nov. 3 ballot. Juanita Kennedy Morgan, who chairs the National Black Women’s Political Leadership Caucus, criticized Sen. Richard Shelby (D-Ala.) for initiating the death penalty referendum only after his white aide was murdered despite the high number of blacks murdered in the district. She pointed to the disproportionate statistics of young African-American men on death row. Other speakers included: civil rights activ-

ist Lawrence Guyot, who worked with the Student Non-violent Coordinating Committee Mississippi Voters Project; Jerry Brentar, an activist from Ohio who is demanding justice for Cleveland auto worker John Demjanjuk (who faces hanging in Israel for alleged Nazi war crimes after a Soviet-rigged frameup); and a member of the Peace and Justice Committee of the Catholic Church.

Speakers addressed the throngs of tourists and federal employees near the Supreme Court building. Around 150 people, some of whom had traveled from Alabama, Tennessee, Ohio, Pennsylvania, and New Jersey, marched in a picket line, challenging the court, “If you’re going to kill people, put on your hood and robe”—a reference to the fact that the court is meting out “justice” no different from the terrorist Ku Klux Klan, who hide under white sheets and hoods. During the rally, nine figures dressed in hoods and robes and representing the nine Supreme Court justices strode through the crowd. Civil rights leader Hosea Williams told the rally that the current court behaves no differently than the Klan in Georgia and throughout the South.

## Pike statue must come down!

Later that day most of the demonstrators and many of the speakers assembled for a second rally at the site of a statue of Albert Pike, a Confederate general who became a KKK founder and chief organizer of Klan terrorism against blacks in the late 1800s. The demonstrators demanded that this obscene 50-foot-high, bronze cast monument to brutality and injustice, which is designated a national monument by the U.S. Congress, be torn down immediately. They explained to astonished onlookers that the statue is maintained at taxpayer expense by the Department of Labor in the middle of the District, which has a predominantly black population.

Erected (and still protected) by the Scottish Rite of Freemasonry, which helped Pike in founding the Klan, the statue remains despite demands to the relevant government agencies and challenges to both the Bush and Clinton campaigns to demolish it. How long it will stand remains to be seen. While the demonstrators renewed chants of “put on your hood and robe” and “Albert Pike take a hike,” two of them used mountain climbing gear to scale the statue and garb its obese figure in a full-scale hood and robe. When D.C. police moved against the two, the crowd closed ranks and they were lost from sight. These events were videotaped by camera crews for the LaRouche-Bevel presidential campaign, which has announced plans to air the footage—and LaRouche’s demand that the statue come down—on a half-hour television broadcast in October. The Oct. 26 issue of *The Final Call*, the Nation of Islam newspaper, quotes Bevel’s demand that the statue come down by Oct. 23, the anniversary of its erection.

The issue has become so hot that the rally at the statue was covered in much of the major Washington media, including the *Washington Times*, *Washington Post*, the local ABC television affiliate, and CNN.

# Bankrupt states turn to short-term loans

by H. Graham Lowry

With no economic upturn in sight, the major industrial states of the United States are increasingly resorting to massive short-term borrowing to sustain budget outlays that have already been drastically cut back. Over the next three to nine months, billions of dollars in short-term notes will come due, plunging state governments into fiscal crises which could lead to complete breakdowns.

In a single two-week period beginning late September, the money markets were flooded by \$7.5 billion in short-term notes from just four states, led by a staggering \$5 billion sale by depression-wracked California. Generally priced to yield a tax-free return of between 3.1% and 3.5%, the notes were grabbed up on Wall Street as a lucrative alternative to taxable Treasury bills yielding barely 3%.

The California sale of short-term revenue anticipation notes was the largest tax-exempt note offering ever recorded, and came barely one month after adoption of a \$10.7 billion budget cut. Pennsylvania—which lost nearly a third of its blue-collar work force during the 1980s and placed the bankrupt city of Philadelphia under receivership last year—had to raise \$600 million in nine-month tax anticipation notes Sept. 22. The next day, New Jersey floated \$1.6 billion in short-term notes. Two weeks later, the state laid off 1,500 public employees and transferred thousands more into lower pay classifications. Illinois, which earlier this year imposed emergency budget cuts of over \$300 million, had to turn to short-term borrowing for another \$300 million at the end of September. New unemployment claims shot up 16.7% the next week.

## California: looming disaster

This desperate resort to a short-term fix may push some major government breakdowns past the November elections and into next year, but current economic policies will only continue to flatten the revenue base needed to pay off the notes.

The most dramatic proof is the case of California. State revenue collections have fallen by \$25 billion in the last two years. State Treasurer Kathleen Brown expects a further shortfall of up to \$2 billion by next June—an extremely modest estimate, given the current rate of collapse of the California economy. Yet on the \$4 billion in fixed-rate notes in California's \$5 billion sale, \$500 million will come due

in January, another \$1 billion in April, and \$2.5 billion in May. Another \$1 billion in notes is also due in April. The question no one wants to answer is, where will the money come from?

A recent private forecast projected the loss of 30,000 more jobs in California's already devastated aerospace sector over the next year, and the elimination of 37,000 public employees through budget cuts by next June. Then, on Oct. 6, the Commission on State Finance projected that cuts in federal defense spending, which cost California 180,000 jobs in the last two years, will eliminate 60,000 more aerospace workers by 1994. Outright shutdowns and cutbacks at U.S. military bases in California are projected to eliminate 21,000 civilian workers as well. California is already suffering its highest unemployment rate since the Great Depression, with nearly 1.5 million workers officially unemployed.

The state's construction industry continues its biggest plunge since World War II. Construction loans fell again in August by 4.2% from July, and are down more than 75% from their August 1989 level. Against August of a year ago, such loans have declined by more than 52% in Los Angeles, nearly 54% in San Diego, and almost 41% in Orange County. The number of California's construction workers has dropped by 190,000 over the last two years.

The state budget cuts for the current fiscal year are beginning to reduce local payrolls as well, further collapsing the revenue base. Education cuts have left the Los Angeles school system with a \$400 million deficit, and its Board of Education adopted a budget Oct. 2 that eliminates 1,334 jobs and slashes the payroll for remaining employees by \$178 million. Most of the district's teachers face a pay cut of 12%.

## Legislature mired in failed policies

In the face of this economic disaster, California's legislative leaders have declared it a crisis, but have offered no solutions beyond the usual fatal remedies. Assembly Democrats released a 125-page report Oct. 6 entitled "Toward an ADEPT California," with the clumsy acronym standing for Assembly Democratic Economic Prosperity Team. Echoing most of the absurdities in Washington, the report urges tax breaks for multinational corporations which expand in California, a reduction in the capital gains tax, making businesses in the state more "cost-competitive," reducing school dropout rates, and improving vocational training.

It points to the need for greater investment in transportation, water, and other infrastructure projects, but doesn't address the massive flow of low-interest, federal credit which would be needed to carry that out. State Treasurer Brown is calling for a "comprehensive economic plan" to attract industries to California, but doesn't identify what ruined so many of the ones it had. Instead, she says, "we should be hustling. We have a lot of hustling to do." Especially when all those short-term notes come due.

# Grand jury indicts 'Get LaRouche' kidnaping ring

One hour before a scheduled preliminary hearing on Oct. 6, a federal grand jury in Alexandria, Virginia handed down an indictment for conspiracy to kidnap against Donald L. Moore, Edgar Newbold Smith, Galen Kelly, and Robert Point. The indictment also contains a second count of solicitation for kidnaping against Moore.

The four are charged with plotting to kidnap Lewis du Pont Smith, a 36-year-old man who is an heir to the du Pont chemical fortune, as well as his wife Andrea Diano Smith, and to spirit them to an offshore yacht belonging to Newbold Smith, his father. There, the two were to be drugged and forcibly "deprogrammed" to break their loyalty to the ideas and policies of Lyndon LaRouche. The grand jury action obviated the need for a preliminary hearing. Present in the courtroom were John Markham, representing E. Newbold Smith; Mira Boland of the Anti-Defamation League (ADL), who sat next to Don Moore and his wife; and many reporters. Not present was Don Moore's lawyer, Mark Rasch.

## History of lawlessness

The accused (Moore, Kelly, Smith) and their lawyers (Markham and Rasch) and helpers (Boland) are the guts of the "Get LaRouche" concert of action. Markham and Rasch were the prosecutors in the notorious 1988 railroad trial of LaRouche and six associates. Moore, fired earlier this year as a sheriff's lieutenant in Loudoun County, Virginia, had boasted that he "led" the 1986 raid against LaRouche's residence and LaRouche-affiliated companies—a raid intended to result in LaRouche's death. Kelly claims to be a "deprogrammer" of religious cult members. Boland is a key operative for the powerful, tax-exempt, organized-crime front known as the ADL, with an inside track in all the prosecutions of the LaRouche movement. All of these people work with the Cult Awareness Network (CAN), which uses slander and intimidation to keep LaRouche supporters from giving money to the political cause of their choice. The indictments suggest CAN is willing to go even further to suppress democracy.

## Violent crime was planned

According to the indictment, it is alleged that on June 26, 1992, Moore went to the residence of Doug Poppa, also a former Loudoun sheriff's deputy, to recruit him to assist Moore, Smith, Kelly, Point, and others whom "Moore described as Green Beret and CIA types, in kidnaping of a mem-

ber of the Smith family." The indictment alleges a three-month plot between Moore, Smith, Kelly, Point, and others in which they conspired and planned the kidnaping of Lewis du Pont Smith and his wife. An arraignment was set for Oct. 13.

The magistrate held a detention hearing for Kelly. The government argued that Kelly should be held without bond because he is a violent threat to the community and poses a risk of flight. They presented evidence that on the day of their arrest, Kelly was in Moore's house in Virginia where they were plotting a new kidnaping plan to overpower Lewis du Pont Smith with a motorcycle gang which would violently kidnap him in a "paramilitary operation." The magistrate said that it appeared from the indictment that Moore was the main ringleader, and that Kelly should be let out on the same conditions as Moore.

Galen Kelly's lawyer presented the magistrate with letters attesting to his upstanding character. One letter was from Herbert Rosedale, the founder of the American Family Foundation and the Cult Awareness Network, and a funder of the ADL—the private institutions at the heart of the conspiracy to silence LaRouche. Rosedale wrote that he had known Kelly for 10 years. Rosedale was present at a Paris meeting in May 1990, with Cynthia Kisser, the executive director of CAN, where further actions against the LaRouche movement were designed.

## Lewis du Pont Smith rips media

On Oct. 5, Lewis du Pont Smith released a comment which reads, in part, "I believe that, as a citizen of the United States, I have the right, protected under the First Amendment, to politically associate with and financially support causes that I believe in.

"The criminal charges which were brought against my father and three other individuals by the U.S. government in the Eastern District of Virginia are very serious.

"The media generally have portrayed these events—the arrests, the government's criminal complaint, and legal proceedings—as a family soap-opera-like feud between myself and my father. The issue is not between my father and myself.

"The real issue, which the government makes clear in its criminal complaint and which is revealed elsewhere by the government's chief informant, is that there is a national kidnaping-for-hire criminal ring, the Cult Awareness Network (CAN), of which my father, Galen Kelly, Don Moore, and others who oppose presidential candidate Lyndon LaRouche are a part.

"I am shocked, but not at all surprised, that my wife and I were the targets of the Cult Awareness Network and its alleged plot to kidnap, torture, and use drug-induced mind control techniques to break our wills.

"I am relieved that federal law enforcement agencies and the U.S. Department of Justice are finally beginning to round up the alleged perpetrators of this alleged criminal kidnaping thought-police ring."

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## Documentation

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# U.S. complaint targets LaRouche persecutors

*The following complaint was filed with the United States District Court, Eastern District of Virginia on Sept. 30, 1992, in Alexandria, Virginia.*

United States of America  
v. Donald Moore  
Galen Kelly  
Edgar Newbold Smith  
Robert Point

Criminal Complaint  
Case Number: 92-1250M

I, the undersigned complainant being duly sworn state the following is true and correct to the best of my knowledge and belief. . . .

Scott Salter Special Agent Federal Bureau of Investigation

. . . From on or about June, 1992 through on or about the present time, in the Eastern District of Virginia and elsewhere, the defendants, **Donald Moore, Galen Kelly, Edgar Newbold Smith and Robert Point**, did willfully, knowingly and unlawfully combine, conspire, confederate and agree with each other to willfully, knowingly and unlawfully seize, confine, inveigle, decoy, kidnap, abduct and carry away, in the special maritime and territorial jurisdiction of the United States, two adult persons, to wit: **Lewis du Pont Smith and Andrea Diano Smith**, in violation of Title 18, United States Code, Section 1201(a)(2).

### Overt Acts

In furtherance of the conspiracy, and to effect the objects thereof, the defendants committed diverse overt acts in the Eastern District of Virginia and elsewhere, including but not limited to, the following:

1. On or about July 7, 1992, in the Eastern District of Virginia, coconspirator **Donald Moore** traveled from Loudoun County, Virginia to the home of coconspirator **Edgar Newbold Smith** in Radnor, Pennsylvania for the purpose of acquiring intelligence information on the day-to-day activities of **Lewis du Pont Smith and Andrea Diano Smith**.

2. On or about Aug. 18, 1992, in the Eastern District of Virginia, coconspirator **Donald Moore** traveled from Loudoun County, Virginia to the home of **Edgar Newbold Smith** for the purpose of meeting and discussing the kid-

naping plans with **Edgar Newbold Smith** prior to proceeding to New Jersey where **Moore** planned to meet and discuss the kidnaping with **Robert Point**.

3. On or about Sept. 15, 1992, in the Eastern District of Virginia, coconspirator **Donald Moore** traveled from Loudoun County, Virginia to the home of **Edgar Newbold Smith** in Pennsylvania as the first leg in a trip to the law office of coconspirator **Robert Point** in New Jersey for the purpose of meeting with coconspirators **Robert Point and Galen Kelly** to discuss the plans to kidnap **Lewis du Pont Smith and Andrea Diano Smith**.

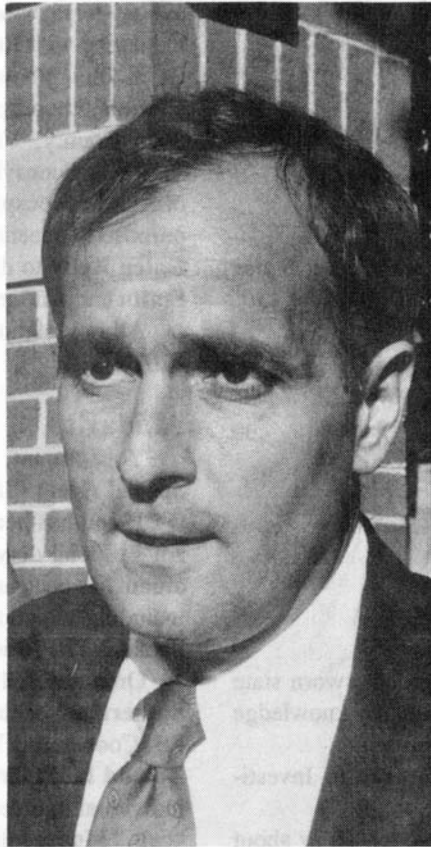
All in violation of Title 18, United States Code, Section 1201(c).

### Affidavit

Your affiant, Scott Salter, is presently employed as a Special Agent (SA) for the Federal Bureau of Investigation (FBI) and has been so employed for three years. Your affiant's official duty station is at Washington, D.C. and your affiant has been assigned the investigations of violent crimes including violations of Title 18 of the United States Code, Sections 1201 (kidnaping).

On June 29, 1992, your affiant was advised by SA **Scott Sutherland** of the FBI that an individual described as an FBI Cooperating Witness (CW) advised SA **Sutherland** that **Donald L. Moore, Jr.**, is involved in a plan to abduct an individual in order to "deprogram" him of the influence of a "cult." **Moore** told the CW that the individual to be abducted is a member of the **du Pont** family and that the individual lives in the Philadelphia, Pennsylvania area. **Moore** told the CW that he and others involved in the plan are associated with a group called the Cult Awareness Network. They plan to use a female to lure **Lewis du Pont Smith** to a hotel room where he will be given a drink containing a sedative which will render **Smith** unconscious. Once unconscious, the plan calls for **Smith** to be taken to a yacht waiting off the United States Coast where he will be held until he is "deprogrammed." **Moore** told the CW that he planned to travel to Philadelphia on or about June 29, 1992 in order to meet with another involved individual and further discuss the plan.

On July 2, 1992, your affiant was advised by SA **Sutherland** that the CW met with **Moore** following **Moore's** trip to Philadelphia. **Moore** told the CW that in Philadelphia he met with **Galen Kelly** and the two discussed plans to abduct **Lewis du Pont Smith**. **Moore** advised that **Lewis du Pont Smith** is the son of **Edgar Newbold Smith** and that the planned abduction and deprogramming is sponsored by **Edgar Newbold Smith**. **Moore** reiterated to the CW that the plan calls for **Lewis du Pont Smith** to be lured to a hotel room by a female where he will be given a sedative to render him unconscious. The plan calls for **Lewis du Pont Smith** to be taken to a yacht owned by **Edgar Newbold Smith** waiting 60 miles off the United States Coast where he will be deprogrammed. **Moore** told the CW that he and **Kelly** are



*Left: "Deppity Dawg" Donald Moore leaves the federal courthouse in Alexandria, Virginia after his indictment on kidnaping charges on Oct. 6. Included in the cheering section for him and the other alleged conspirators were: (center) attorney John Markham, representing E. Newbold Smith. Markham was one of the prosecutors in the frameup conviction of Lyndon LaRouche in 1989. (Right) Mira Lansky Boland of the Anti-Defamation League, a top operative of the "Get LaRouche" task force.*

concerned as to what to do about **Lewis du Pont Smith's** wife after he is abducted. **Moore** then explained to the CW that **Moore** and **Kelly** are considering abducting **Lewis du Pont Smith's** wife prior to abducting **Smith**.

On June 30, 1992, the affiant was advised by SA **Michael Reith** of the FBI's Wilmington, Delaware Resident Agency, that **Lewis du Pont Smith**, a 36-year-old male is the son of **Edgar Newbold Smith** and **Margaret Smith**. **Lewis du Pont Smith** was identified as residing in Philadelphia, Pennsylvania with his wife **Andrea Diano Smith**. SA **Reith** advised that in the past several years **Lewis du Pont Smith** had been involved in civil litigation against his parents in Philadelphia, Pennsylvania over control of **Lewis du Pont Smith's** trust fund.

On July 6, 1992, your affiant was advised by the CW that **Moore** planned to travel to Philadelphia on July 7, 1992 and remain in that area until July 10, 1992. **Moore** invited the CW to go with him on the trip and assist **Moore** in conducting surveillance of **Lewis du Pont Smith** in order to determine **Smith's** daily routine and further devise the abduction plan.

The CW agreed to travel with **Moore**.

On July 7, 1992, the affiant was advised by the CW that **Moore** was scheduled to pick the CW up in **Moore's** vehicle and that they would travel to the Philadelphia area on July 7, 1992 at approximately 8:00 p.m. On that date, at approximately 8:15 a.m., in Loudoun County (which I know to be in the Eastern District of Virginia), FBI agents observed the CW enter a 1980 Oldsmobile Cutlass bearing Virginia license tag JQF-445, registered to **Donald L. Moore, Jr.**, and travel from Loudoun County, Virginia to 871 Leslie Road, Radnor, Pennsylvania, a residence the CW later identified as the home of **Edgar Newbold Smith**. On July 8, 1992, SA **Daniel Murphy** of the FBI's Philadelphia Field Office advised your affiant that telephone subscriber information identified 871 Leslie Road, Radnor, Pennsylvania as the home of **Edgar Newbold Smith**.

On July 8, 1992, FBI agents in Philadelphia observed **Moore** and the CW apparently surveilling **Lewis du Pont Smith** in Philadelphia and at **Lewis du Pont Smith's** place of employment in Upper Darby, Pennsylvania.

On July 10, 1992, the affiant was advised by SA **Gregory Auld** of the FBI's Philadelphia Field Office that he interviewed the CW on July 9, 1992. The CW advised that, prior to departing Leesburg, Virginia, **Moore** paid the CW \$400.00 for the upcoming four days work in Philadelphia. The CW advised that at **Moore's** direction, the CW and **Moore** surveilled **Lewis du Pont Smith** on July 8, 1992 in order to determine **Smith's** daily routine. They located **Smith's** vehicle at his place of employment in Upper Darby, Pennsylvania and observed **Smith** enter a restaurant after work on July 8, 1992. Moore instructed the CW to conduct the same type of surveillance of **Smith** on July 9, 1992 (the CW instead traveled to the FBI Office in New Town Square, Pennsylvania). The CW advised SA **Auld** that he and **Moore** are staying at the home of **Edgar Newbold Smith** while **Edgar Newbold Smith** is staying in Maine. On July 9, 1992, **Edgar Newbold Smith** called his residence and spoke with **Moore**. The CW was present and heard **Moore** tell **Edgar Newbold Smith** that they had conducted surveillance of **Lewis du Pont Smith**. . . .

On July 10, 1992, your affiant was advised that on July 10, 1992, monitoring agents in Philadelphia overheard an incoming call received by **Donald Moore** (who was at telephone number 215-688-7664) from **Edgar Newbold Smith** (who was at telephone number 207-276-3765). During the call the two mentioned **Galen Kelly** twice, indicating that they needed **Kelly's** guidance. **Moore** told **Edgar Newbold Smith** about a surveillance of **Lewis du Pont Smith** conducted by **Moore** at his place of employment. . . .

On July 15, 1992, **Edgar Newbold Smith** placed a call from telephone number 215-688-7664 to **Donald Moore** at telephone number 703-822-5580. The call was intercepted and monitored by FBI agents in Philadelphia and in Washington, D.C. During this conversation **Moore** and **Smith** discussed the plot to abduct **Lewis du Pont Smith**. They agreed that the plan for the abduction could not be finalized until they speak with **Galen Kelly**. **Moore** and **Smith** assured each other that their telephones are "safe" and then **Smith** told **Moore** that one problem they will have after **Lewis du Pont Smith** is "lifted" is that **Lewis du Pont Smith's** wife will bring a great deal of attention to the disappearance of her husband. They tentatively agreed that it is preferable to "lift" **Lewis du Pont Smith** without taking his wife, however **Moore** stated that **Galen Kelly** would be the best person to ask, and he speculated that if the wife were taken she could be "turned" also.

During the course of this investigation the CW maintained contact with **Donald Moore** through in-person contacts and through telephone conversations. The CW consensually recorded in-person contacts when possible and all telephone conversations were recorded by the CW. Your affiant has listened to all tapes made by the CW. During a conversation between **Moore** and the CW on Aug. 11, 1992, **Moore** discussed the plan to abduct **Lewis du Pont Smith**,

bluntly referring to the operation as a "kidnaping."

On Aug. 17, 1992, **Moore** told the CW that they are to travel to Radnor, Pennsylvania on Aug. 18, 1992 to meet with **Edgar Newbold Smith** at his residence. **Moore** also stated that they would travel to South Amboy, New Jersey on Aug. 19, 1992, in order to meet with **Robert Point** and perhaps **Galen Kelly**. **Moore** described **Point** as a lawyer and a friend of **Galen Kelly**. **Moore** told the CW that the purpose of the trip is to discuss the plans to abduct **Lewis du Pont Smith**.

The CW has advised me of the following. On Aug. 19, 1992, at the direction of **Donald Moore**, the CW and **Moore** traveled from Loudoun County, Virginia to the home of **Edgar Newbold Smith**. On that date, **Smith**, **Moore**, and the CW discussed the plan to kidnap and deprogram **Lewis du Pont Smith**.

The CW has advised me of the following. On Aug. 19, 1992, the CW and **Moore** traveled from Radnor, Pennsylvania to 111 North Broadway Street, South Amboy, New Jersey, the law office of **Robert Point**. While in **Point's** office **Moore**, **Point**, and the CW discussed the plan to abduct **Lewis du Pont Smith** and **Point** discussed other abductions and deprogrammings in which he and **Galen Kelly** have participated. **Moore** and **Point** openly discussed the abduction of a woman in New York City which occurred in September 1991. **Point** stated that that operation went badly largely because it was handled poorly by **Tony Russo**, a police officer who was put in charge of the actual abduction. They also discussed an abduction which occurred in Washington, D.C. and which also went badly. They described that abduction as a situation in which they mistakenly abducted the wrong woman. **Point** told **Moore** and the CW that he and **Galen Kelly** are in the process of planning the abduction of an individual who is involved with a "cult" in New York City. **Point** stated that he has maintained contact with the individuals who want that person abducted and deprogrammed. During the conversation **Point** directed his secretary to bring the file on that case and she delivered a folder to **Point** (which the CW believes contained information on that planned abduction).

The affiant is aware that **Galen Kelly** is the subject of an ongoing investigation being conducted by FBI agents in Washington, D.C. concerning the abduction of a female, hereinafter Jane Doe, in Washington, D.C. on or about May 5, 1992. In that case, Jane Doe was the roommate of a woman whose mother has persistently encouraged her (i.e., Jane Doe's roommate) to leave the homosexual relationship in which she now lives with Jane Doe and another female roommate. Jane Doe advised that she was forcibly abducted by two men and two women as she left work in the early morning hours in Washington, D.C. on May 5, 1992, and taken in a van to an unknown location, believed by Jane Doe to be in Virginia. While being transported, Jane Doe asked one of her abductors his name; he replied "Galen Kelly." Eventually

the van stopped and an older woman entered and told the abductors that the victim was not "my daughter." Jane Doe was transported back to Washington, D.C. and released; as her abductors left, they threw Jane Doe's thermos (which she had been carrying) out of the van. The thermos was provided to the FBI and subsequent analysis identified a latent fingerprint on the thermos as belonging to **Galen Kelly**. An analysis of telephone toll records showed that the mother of Jane Doe's roommate (the intended victim's mother) placed calls to the Cult Awareness Network in Chicago in the three months prior to the May 5, 1992 abduction.

On Aug. 25, 1992, the CW advised your affiant that during the return trip from South Amboy, New Jersey, **Moore** told the CW the specific details of the May 5, 1992 abduction in Washington, D.C. **Moore** told the CW that he (**Moore**) had done the surveillance and planning for the abduction. He provided **Galen Kelly** with the information as to where the target of the abduction could be found and he provided photographs of the intended victim. **Moore** explained that the woman who was abducted had cut her hair and was driving the intended victim's vehicle which resulted in **Kelly** and the three other participants abducting the wrong woman. **Moore** explained that while **Kelly** and the other three abductors went to commit the actual abduction, he waited in the parking lot of a hotel in Leesburg, Virginia with the mother of the intended victim. **Kelly** and the others brought the woman to that location and the mother stated that the woman they brought was not her daughter. **Moore** then showed the CW a photograph of the two white females. **Moore** explained that one of the women in the photograph was the woman they intended to kidnap and the other woman is the one they actually abducted.

The affiant was advised by SA **Richard Fanelli** of the FBI's New York Office that **Galen Kelly**, **Anthony Russo** and others are the subjects of an investigation regarding the kidnaping of an adult woman in New York City in September, 1991. In that case an adult woman was abducted from her home in New York and taken to Pennsylvania and later to New Jersey. The abduction was sponsored by the woman's parents who wished to have their daughter "deprogrammed" of the influence of her boyfriend with whom she resided. The "deprogramming" was not successful and the woman was eventually released. . . .

On Sept. 15, 1992, your affiant was advised by SA **Thomas Flosnik** of the FBI's Washington Metropolitan Field Office that the CW provided information on Sept. 15, 1992 regarding items located within **Moore's** vehicle. The CW stated that within **Moore's** Oldsmobile, which bears Virginia license tag JQF-445, are papers and photographs pertaining to the abduction of the woman in Washington, D.C., on May 5, 1992, including pictures taken of the intended victim, papers and photographs pertaining to **Lewis du Pont Smith**, including pictures of his home, place of business, and pictures of him with his wife; and a Rolodex card

file which contains the names and telephone numbers of other persons who participate in kidnaping plans. SA **Flosnik** provided the CW with an electronic transmitter device and instructed the CW to utilize the transmitter during the Sept. 16, 1992 meeting in South Amboy, New Jersey.

Later on Sept. 15, 1992, the CW telephonically contacted your affiant and advised that the CW and **Moore** departed Leesburg, Virginia (which I know to be in Loudoun County in the Eastern District of Virginia) at approximately 2:00 p.m. on Sept. 15, 1992 and traveled to 871 Leslie Road, Radnor, Pennsylvania, arriving at approximately 6:00 p.m. The CW stated that they would travel to South Amboy, New Jersey on the morning of Sept. 16, 1992.

On Sept. 16, 1992, your affiant was advised by SA **Andreas Stephen** of the FBI's Newark Field Office that at approximately 1:00 p.m. on Sept. 16, 1992, FBI agents in South Amboy observed the CW and another individual, who fit the description of **Donald Moore**, enter the office at 111 North Broadway Street, South Amboy, New Jersey. The agents also monitored the CW's electronic transmitter and overheard the CW in conversation.

On Sept. 16, 1992, at approximately 7:45 p.m. the CW telephonically advised your affiant that on Sept. 16, 1992 at approximately 1:00 p.m. he met with **Moore**, **Kelly**, and **Point** at 111 North Broadway Street, South Amboy, New Jersey. During the meeting the four discussed the planned abduction of **Lewis du Pont Smith**. The CW stated that **Moore**, **Kelly** and **Point** discussed several options available to abduct **Lewis du Pont Smith** which included using force and violence. The CW advised that the meeting concluded at approximately 5:15 p.m.

On Sept. 17, 1992, your affiant was advised by SA **Ronald Butkowitz** of the FBI's Newark Field Office that he and other FBI agents observed **Donald Moore's** vehicle arrive in the vicinity of 111 North Broadway, South Amboy, New Jersey at approximately 1:00 p.m. on Sept. 16, 1992. The agents monitored the CW's electronic transmitter and overheard four individuals in conversation, which lasted until approximately 5:10 p.m.

Based on the above facts and circumstances, the affiant believes probable cause exists to believe that **Donald Moore**, **Galen Kelly**, **Robert Point**, and **Edgar Newbold Smith** have violated Title 18, United States Code, Section 1201(c) in that they have conspired to kidnap **Lewis du Pont Smith** and **Andrea Diano Smith**, and that, in furtherance thereof, the defendants have committed overt acts in the Eastern District of Virginia, including the travel by Donald Moore from the Eastern District of Virginia (which I know to be the judicial district encompassing Leesburg and Loudoun County, Virginia) to Pennsylvania on July 7, 1992 and to New Jersey on Aug. 18, 1992 and Sept. 15, 1992, respectively.

Scott Salter, Special Agent Federal Bureau of Investigation



## Billington goes to jail facing 77 years

LaRouche associate and *EIR* contributor Michael Billington, who reported on Sept. 28 to begin serving a 77-year prison sentence for political organizing in the Commonwealth of Virginia, has become a *cause célèbre* in cities around the world.

The most dramatic event was his appearance, by speaker phone, at a Sept. 25 press conference in Lima, Peru. It was attended by the country's top newspapers, as well as a Mexico-based TV station which broadcasts throughout Ibero-America. The Peruvian media were especially intrigued by the contrast which Billington drew between the U.S. government's defense of the "human rights" of Shining Path narco-terrorists, and its persecution of him, Lyndon LaRouche, and others for their political activities against the drug trade.

Billington was also interviewed for a half-hour on *La Voz de Bogotá*, a "drive-time" news show in Colombia's capital city, the station's second interview on the LaRouche movement in two weeks (see *Feature*). The two journalists interviewing Billington asked how old he was and followed up: "What does a man who is 46 years old, who is facing 77

years in jail, say to the world? How do you face it?" He replied that he could have gone free if he had been willing to sell his soul and accept a plea-bargain deal offered by the government. But that would not have been true freedom, for it would have been confessing to a crime he didn't commit.

A small, noisy rally was held in Mexico City Sept. 25, outside the American embassy. It was led by a "KKK member," complete with hood and robe, who was aiming a toy axe at passersby—and who symbolized U.S. "justice."

The newspaper *La Voz de Sonora*, in northern Mexico, printed a long letter on Sept. 26 by Ignacio Mondaca of the Ibero-American Solidarity Movement (MSI), on the mobilization to free "a collaborator of the American economist and political prisoner Lyndon LaRouche. On Monday, Sept. 28, Billington will begin serving a 77-year jail sentence." The letter denounced the Anti-Defamation League's role in persecuting LaRouche and his associates, and its collaboration with the former East German Stasi.

### European rallies

A day of protest against Billington's imprisonment was held Sept. 28 throughout Europe, but open-air rallies took place already on Sept. 26 in Denmark and Sweden as well as in Munich, the largest city of southern Germany. In three big French cities—Paris, Lyons, and Strasbourg—the fight was taken to the private radio stations.

In Copenhagen, a demonstration downtown featured picket signs saying, among other things, "Release Bush's Political Prisoners: Mike Billington—77 years; LaRouche—



Michael Billington addressed marchers against the death penalty at a rally near Richmond, Virginia on Sept. 28, and then turned himself in at a state prison in Powhatan to begin serving 77 years for "securities fraud"—a trumped-up charge designed to cover for the fact that he was being jailed for political organizing.

## LaRouche program is under scrutiny in Russia

*The Russian weekly New Times at the end of September (issue no. 39) carried the following unsigned article on U.S. independent presidential candidate Lyndon LaRouche, entitled "He Is Not Yet President." The magazine circulates worldwide.*

For the fourth year now, *New Times'* old acquaintance, the American political activist Lyndon LaRouche, is serving a sentence in federal prison in Rochester, Minnesota. Regular readers of our journal will recall, that in the summer of 1987, Lyndon LaRouche and the French European Workers Party [sic] sued *NT* in a Paris superior court. The pretext for the suit was an article which had called the LaRouche groups in Europe and America "Nazis Without the Swastika." In September 1987, the Paris court declared the suit by LaRouche and his supporters groundless and rejected the accusations on all points. The decline and inglorious demise of the EWP commenced from that time on.

A year and a half later, Lyndon LaRouche himself landed in the dock. At first he was accused of machinations with credit cards, and then of conspiracy to confuse

the Internal Revenue Service. In January 1989, he was sentenced to 15 years in prison.

LaRouche's supporters consider him a victim of official caprice, and insist that he is a political prisoner. They maintain that LaRouche is dangerous for the American Establishment, because of his views and his widespread (quite scandalous) international fame. Also, he has participated in five presidential campaigns. The main theses of LaRouche's program have been struggle against the International Monetary Fund and private banks, and for a ban on narcotics and resuscitation of America's sick society. For more than one decade, he has been propagandizing his Napoleonic *idé fixe*, the Productive Triangle program: an economic upsurge of united Europe, during an economic depression in the U.S.A.

In order to upset life for "the worldwide usury of the banks" a little bit, LaRouche advises Third World countries to freeze payment on their debts and is surprised that these revolutionary views are not to the liking of the American authorities.

In the Rochester prison, where in September Lyndon LaRouche marked his 70th birthday, he is not wasting any time: He is again taking part in the electoral campaign for the presidency, he has written five books on economics, philosophy, and science, he is fighting for a reconsideration of his case, and he is already giving thought to how he might help Russia.

15 years; Shelley Ascher—10 years; Shubeilat—death sentence?" (a reference to imprisoned Jordanian leader Laith Shubeilat—see *EIR*, Oct. 2, p. 47.) Another poster said: "If the U.S. wants to preach human rights, it should clean up its mess at home."

In Frankfurt, Germany on Sept. 28, a large international delegation gathered around the banner "Stop Death Penalty in the U.S.A." and posters of LaRouche and Mike Billington. The revival of the death penalty in the United States is particularly repugnant to Europeans, whose countries have all banned it a long time ago as a relic of a bygone and more barbarous age.

That evening, a banner "Freedom for the Political Prisoners," was spread out on the ground at a crowded site in the city of Hanover, and about 50 candles were placed around it plus smaller signs with the names of the political prisoners and the years of their sentences. Some people reacted, "This is worse than McCarthy," especially when they heard of the 77-year sentence.

In Cologne, in the heart of the Rhineland, at a busy area in the city center, a similar banner bore the slogan "Stop the Death Penalty in the U.S.A." and was flanked by a makeshift electric chair with life-size manikin strapped into it. The

picket sign, "77 Years and Innocent," referring to Billington's prison term, drew a particularly shocked response from those who passed, among them not only Germans, but also many Americans and other foreigners.

### **Bush lies about communism**

Billington appeared at a rally in Richmond, before surrendering at the state prison in Powhatan, Virginia. The press statement released there noted that he has already served a three-year federal sentence for political fundraising, and added:

"There is a particular irony in this regard. Billington has dedicated his recent years—including those in prison—to work on China, to the purpose of contributing to the defeat of the communist tyranny in that once-great nation. He often expressed his outrage at the lie spread by both Bush and the Democratic Party leadership that communism had vanished from the Earth with the fall of the Soviet Union. Not only does the United States continue to support Beijing, but the United States has effectively supported the Maoist fanatics who are threatening to spread this hideous form of communist tyranny throughout the world, while condemning the leaders of the fight against drugs and terrorism in the United States to longer-than-life prison sentences."

# POW-MIA coverup exposed despite Senate hearings

by Edward Spannaus

A fierce battle is taking place behind the scenes in the U.S. Senate in connection with efforts to bring to a conclusion the 20-year coverup of the abandonment of prisoners of war (POWs) by the Kissinger-Nixon administration in 1972-73. Although the creation of the Senate Select Committee on POW-MIA Affairs, chaired by Sen. John Kerry (D-Mass.), was supposed to air the issue, and then bury it once and for all, the recent hearings appear instead to have brought to the surface longstanding bitterness at Kissinger's betrayal of the POWs, and at the ensuing coverup conducted by five administrations.

The public revival of the POW-MIA issue is also being fueled by a continuous stream of rumors that off-again, on-again presidential candidate Ross Perot is planning a dramatic maneuver in which one or more live POWs would be extracted from Indochina before the November elections.

## Bush administration under attack

Two news stories appearing on Oct. 7, which were reportedly based on leaks from the Senate POW-MIA committee, show that the Kerry hearings have not succeeded in putting the POW issue to rest.

Rowland Evans and Robert Novak cited "anger boiling up inside the Senate Select POW-MIA Committee" which is aimed at the Defense Intelligence Agency (DIA). The syndicated columnists reported on a secret meeting on Oct. 5 between committee members and Defense Secretary Richard Cheney and National Security Adviser Brent Scowcroft, apparently intended to "tie up loose ends" and head off any further inquiry into the DIA's handling of intelligence reports on POWs who were left behind after the end of the Vietnam War.

Senator Kerry and Sen. John McCain (R-Ariz.), who is himself a former POW, are skeptical of reports that there may still be live POWs in Indochina, say Evans and Novak, but committee vice chairman Bob Smith (R-N.H.) believes that POWs are still alive, and this disagreement has flared up in the course of the hearings.

On Oct. 5, Charles Grassley (R-Iowa) took to the floor of the Senate to raise his doubts as to whether Congress could "trust the DIA to competently evaluate evidence of possible survival" of POWs and men listed as missing in action (MIAs). Grassley pointed out that DIA did not follow up reports that POWs had been left behind, and said that the intelligence community all but stopped looking for distress signals

in Indochina. "This was consistent with official policy that all our men are home," charged Grassley.

(For *EIR's* exclusive analysis of how Kissinger betrayed the U.S. POWs and MIAs in the spring of 1973, see *EIR*, Oct. 9, p. 26.)

The existence of a Senate staff memorandum charging that the Bush administration misled the committee about the survival of POWs in Southeast Asia was disclosed in the Oct. 7 *Washington Times*. Recent testimony of Bush administration officials is "misleading at best," and contradicts testimony by former Nixon administration officials which established a strong case that U.S. servicemen were knowingly left behind when U.S. troops withdrew from Vietnam in 1973, argued the staff memorandum.

The *Washington Times* also cited another secret memorandum from Senator Smith to Kerry, saying that Pentagon officials tried to cloud the issue in a recent briefing to committee members. "In my opinion, the briefing was the culmination of years of doubletalk, misinformation, and obfuscation by officials responsible for the POW-MIA issue," wrote Smith, according to the *Washington Times* account.

## Kissinger role is well known

Senate Foreign Relations Committee documents reviewed by *EIR* indicate that committee staffers are well aware of the treacherous role played by former Nixon National Security Adviser Henry Kissinger in betraying the POWs and MIAs at the conclusion of Vietnam War.

Internal memoranda prepared by staff members clearly identify Kissinger's responsibility for the Nixon administration's policy statement in April 1973 that all prisoners in Indochina were on their way home—a declaration that at least 350 known prisoners were dead despite overwhelming evidence to the contrary. Defense Department memoranda cited in last week's issue of *EIR* show that as late as March 28, 1973, Pentagon officials believed that 350 POWs were being held in Laos; nevertheless, by April 12-13, 1973, the U.S. government's official, stated policy was to write off these 350 POWs as dead, and announce that the repatriation of prisoners was complete. By some mysterious process, these 350 known POWs were "converted" to missing in action, thus declaring them unaccounted for—and therefore as good as dead.

## Helms staff purged over POW-MIA report

The fight within the Senate Foreign Relations Committee over the POW coverup and exposure of Kissinger's role is a long-standing one, which has resulted in some dramatic eruptions within the committee staff.

Numerous sources have confirmed to *EIR* a story which has been circulating for over a year: that following the May 1991 publication of an explosive minority staff report on the POW issue, nine staff members who had prepared the report were summarily fired. The firings were ordered by Adm. James "Bud" Nance, a former National Security Council staff member who took over Sen. Jesse Helm's (R-N.C.) staff last year.

The controversial report was entitled "An Examination of U.S. Policy Toward POW/MIAs," and was prepared by the Republican staff of the Senate Foreign Relations Committee. The report became the equivalent of a commercial "best-seller," with well over 100,000 copies distributed. Its publication triggered the creation of the Select Committee on POW-MIA Affairs.

The staff report opened with a letter of transmittal signed by Senator Helms, which states that his staff has concluded, after examining the conduct of those U.S. government agencies which have the responsibility for determining whether any POW-MIAs are still alive, that "the real, internal policy of the U.S. government was to act upon the presumption that all MIAs were dead." As a result, the staff found, "any evidence that suggested an MIA might be alive was uniformly and arbitrarily rejected."

The minority staff report covered the entire history of the POW issue vis-à-vis the Soviet Union from World War I through what it termed "the Second Indochina War" (Vietnam)—the first being fought by communist forces against the French, and with which there were many parallels as regards the treatment of POWs.

The report suggests that the U.S. government "knowingly left men—perhaps thousands of men—in the captivity of communist forces in Southeast Asia." Although the Paris peace agreement signed in January 1973 provided that all POWs were to be returned, the North Vietnamese and their Laotian allies took the position that the peace accord did not cover prisoners held by the communist Pathet Lao forces in Laos.

Kissinger had announced at the time of the signing of the Paris agreements that all American prisoners held in Laos "will be returned to us in Hanoi." Whether Kissinger actually believed this or not is not known, but it is clear that this was never done, and Kissinger, in his rush to accomplish the withdrawal of U.S. troops, never held the North Vietnamese to this alleged agreement.

The minority staff report includes a section entitled "The Kissinger Hand-carried Letter" dealing with Kissinger's secret agreement to provide postwar reconstruction aid to North Vietnam. The Kissinger letter, from President Nixon, detailed the administration's alleged commitment to contribute

over \$4 billion in aid for reconstruction. It also called for the creation of a U.S.-North Vietnam Joint Economic Commission to be formed within 30 days.

However, says the staff report: "The letter, and the commitments it implied, were not revealed even to the highest-ranking senators and members of Congress. . . . Congress knew nothing of the Kissinger commitments."

In the interpretation of the minority staff, payment of such funds to North Vietnam "would have been an admission of culpability" for the war. "Congress realized full well, if Kissinger did not, that the soothing word 'reconstruction' actually meant 'reparations.' The American people would never pay reparations when no crime had been committed. Congress saw Kissinger's plan as a betrayal and an admission of guilt."

However, the report continues, "there is no doubt that the North Vietnamese concluded that the President's emissary had pledged billions of dollars in reparations to the Democratic Republic of Vietnam."

The report implies, but does not make explicit, that the North Vietnamese had consistently linked the release of POWs to the payment of the reparations. Thus when Kissinger promised, but failed to deliver the promised payment, he sealed the fate of hundreds, if not thousands, of POWs and MIAs.

## How many were left?

The total number of U.S. prisoners returned by North Vietnam during "Operation Homecoming" in March 1973 was 591. The staff report reaches the following conclusions about the total number who were left behind:

"At that time [April 1973] the U.S. government listed 2,538 [as] missing in action. However, sources interviewed by the committee staff stated that this official number did not include MIAs assigned to covert or black operations. They estimated the number of covert MIAs at another 2,500, making a total of over 5,000 MIAs—over twice the official number."

It is highly significant that these estimates and conclusions are coming from the *Republican* staff of the Foreign Relations Committee. While they tend to put a good part of the blame for the initial abandonment on the United States' weak negotiating position due to internal dissension and the desire to end the war, they hit Kissinger's secret negotiations very hard for the initial abandonment, and the Reagan-Bush administrations for the continuing suppression of evidence.

While it seems clear that the Kerry hearings were intended to finally close the door on the POW issue, there is a growing outrage in both the U.S. population and among Senate personnel themselves, which may prevent this from being carried out. Critical elements that Kerry and company may not have taken into account, are the growing isolation of George Bush and his administration, as well as long-simmering hatred of Henry Kissinger by those whom he stabbed in the back during his White House years.

## The emperor's new clothes

Henry Kissinger stands more exposed than ever before, like the emperor with "new clothes." Amidst a world economic crisis and intensifying global conflicts, there are two factors that have contributed to friends parting company with Henry, realizing that his supposedly oracular prognostications have been pure sophistry.

The most explosive development was Kissinger's testimony before the Senate Select Committee on POW-MIA Affairs, which even led the *New York Times* on Sept. 26 to write: "Mr. Kissinger offered only sophistry, self-justification and counterattacks." This, in response to partial exposure of how Kissinger abandoned an estimated 350 POW-MIAs in Laos alone.

Another development with a long fuse was the almost simultaneous appearance of Walter Isaacson's book, *Kissinger*.

Taken together, these two items have touched off a deluge of attacks, including in publications that formerly treated Kissinger as "untouchable."

## Der Spiegel: a public execution

Henry Kissinger was characterized as "painfully amoral" in the Oct. 5 issue of the German news weekly *Der Spiegel*, which ran a five-page review of Walter Isaacson's new book. The review, a démontage of the longtime positive image of Henry in such Anglophile German media as *Der Spiegel*, is the more interesting, as the founder and publisher of the magazine, Rudolf Augstein, has been a close friend of Kissinger for many years.

The review started off by describing Kissinger's obvious paranoia dur-

ing the Senate hearings on the POWs issue. *Der Spiegel* then gave devastating quotes from key colleagues of Henry's, from Isaacson's book. There was Helmut Sonnenfeldt, saying: "Henry does not lie because it is in his interest. He lies because it is his nature."

Or, Lawrence Eagleburger, declaring of Kissinger that "Henry does not have an intrinsic feel for the American political system, and he does not start with the same basic values and assumptions."

Or, James Schlesinger, who told *Der Spiegel*: "Henry's style of cheating may be less condemned in Europe than here. Anglo-Saxon countries have little preference for someone who is exceptionally manipulative."

*Der Spiegel* reported what *EIR*'s readers have long known: that Kissinger was implanted into U. S. political life by the oligarch Fritz Kraemer, who called Henry "my little Jew"; the report adds that nobody really knows why Henry's 1954 book, *Nuclear Weapons and Foreign Policy*, became famous. The magazine also quoted an old campaign manager of Nelson Rockefeller, Oscar Ruebhausen, who comments on Kissinger joining Nixon's camp as soon as Rockefeller lost out in the primaries in 1968: "We were shocked. There was a sense that he was a whore."

At the high point of tensions between Nixon and a mentally unstable and disloyal Kissinger in the White House, Nixon insisted that he would fire Henry if he didn't agree to seek psychiatric care. This tale from Isaacson's book had also been reported in the Sept. 28 *Washington Post* by Mary McGrory, who tells how Nixon set up a "Handle Henry Committee" to approach the "psychotic" Kissinger, with the proposal to seek psychiatric care. Said Nixon: "Just tell him; don't

ask him. Either he sees a psychiatrist or he's out."

On Sept. 29, Germany's largest popular daily, *Bildzeitung*, downgraded Kissinger as "the bad guy of the day." *Bild* reported that on the surface, Kissinger played the confidant of Nixon, but behind his back, he gave him names like "drunkard" and "hamburger brain."

*Der Spiegel* also pointed to Henry's sado-masochistic personality. When he once met Israeli Prime Minister Golda Meir, who told him that her policy was to do to others what they would do against her, Kissinger is said to have responded that one should add 10%.

Kissinger may have made good money with his consulting firm, Kissinger Associates, Inc., *Der Spiegel* wrote, but he never did what he did while in office for the money, as much as out of a totalitarian bent—such as his support for Red China's regime. As New York Rep. Stephen Solarz put it: "Dr. Kissinger has always come out in defense of repressive dictatorships, whether he had a financial interest or not."

## Pouting

Kissinger has not taken this exposure well. The Sept. 15 *New York Post* carried the report in its gossip column, that Henry planned to boycott an affair at the Council on Foreign Relations. Apparently Henry threw a fit when longtime associate William Hyland wrote a one-paragraph favorable review of Isaacson's book in the latest issue of *Foreign Affairs*. Kissinger was reputed to be so miffed, that he boycotted the gala dinner celebrating the 70th anniversary of the premier magazine of the eastern liberal establishment.

## Roybal asks GAO to examine pension funds

Rep. Edward R. Roybal (D-Calif.), chairman of the House Select Committee on Aging, announced on Sept. 21 that he was requesting the General Accounting Office to examine the status of public pension plans, including funding and contribution levels. Roybal said that he would be holding more hearings to investigate the health of the funds.

Roybal's committee hearings last year revealed that a number of state and local governments were engaging in a variety of methods to divert public pension funds, including delaying or reducing contributions to the funds, changing the actuarial assumptions that determine contribution levels, taking loans, or even withdrawing money from the funds, to alleviate their own budget crises.

Roybal said that the committee would be hearing from the GAO as well as from public employees, public pension fund trustees, and "others with expertise in this area. I remain concerned by the impact of this continued trend on the financial retirement security of public workers and retirees, as well as the impact on all taxpayers, who may have to eventually make up any shortfalls in the funding of public pension funds through additional taxes."

## Hastings wins House primary in Florida

Former federal Judge Alcee Hastings, whose impeachment was reversed in September, won the Democratic nomination to Congress in the 23rd C.D. of Florida over state Rep. Lois Frankel with 58% of the vote on Oct. 1. The district, which is centered around Fort Lauderdale, is heavily Democratic, and Hastings is pegged to easily

beat his Republican opponent in November.

Hastings was the first black federal judge to be appointed in the state of Florida. Accused of bribery and corruption, Hastings was acquitted in a 1983 criminal trial. The U.S. Senate, however, convicted him anyway. The impeachment and conviction were then overturned on Sept. 17 by federal Judge Stanley Sporkin, who ruled that the full Senate, not just a panel of 12 senators, should have tried him.

## Simon attacks Germany over 'anti-Semitism'

Sen. Paul Simon (D-Ill.), the darling of the Anti-Defamation League, attacked the German government for permitting what he called "anti-Semitism without Jewish people," referring to neo-Nazi attacks on foreigners in Germany, and for doing "little to soothe the tensions."

Simon criticized the German government for not doing enough to stop the activities of the neo-Nazis in Germany. Simon also criticized Chancellor Helmut Kohl's attempts to reform the German immigration law, one of the most liberal in all of Europe, in order to stem some of the violent outbreaks.

## Senate approves START treaty

The Senate approved the Strategic Arms Reduction Treaty (START) on Oct. 2 by a vote of 93-6. Despite the lopsided vote, the debate was intense, as conservative Republicans tried to scuttle the treaty. Opponents warned that the treaty would allow Russia to modernize and maintain unlimited amounts of non-deployed weapons.

Objections were also raised against the "permissiveness" of the treaty in allowing the Russians to retain their nuclear warheads (START is focused on the destruction of launchers, rather than warheads), the shoddy record of the Soviets in keeping arms control agreements, and the extreme difficulties in monitoring the treaty (on-site inspections would be limited to assembly facilities and not production facilities).

Several "killer amendments" offered by Sen. Malcolm Wallop (R-Wyo.) were easily defeated. Some senators expressed concern about the speed with which the United States, for economic more than military reasons, was dismantling its military facilities, far beyond the level required by the START treaty.

## IMF quota increase passed by House

The House passed the Freedom Support Act, which contained a \$12 billion quota increase for the International Monetary Fund (IMF), by a vote of 232-164 on Oct. 3. Although only a part of the \$12 billion will be going to countries of the former Soviet Union, the controversial measure was squeezed onto the bill authorizing U.S. aid and given the misleading name in order to make it more palatable to legislators.

An alliance of liberal Democrats and conservative Republicans opposed the bill. Liberals, like Rep. Maxine Waters (D-Calif.), opposed it as a drain from "limited resources" which they believe should be applied to domestic needs.

Conservatives objected to anything being given to the former Soviet republics, given the tenuous nature of the political situation there, and because of recent sales of diesel subma-

rines to Iran by Russia. "I think we ought to put this bill on hold," said Rep. Henry Hyde (R-Ill.), during the debate on Oct. 3, "until our State Department or the National Security Council clarifies the issue as to whether this sale is part of a pattern of the transference of weapons of war to the most irresponsible countries in the world."

Rep. Jon Kyl (R-Ariz.) said that this was not a "support act" for Russia at all, but rather an IMF quota increase bill. "Part of the problem here," said Kyl, "is that this IMF quota business is really for the purpose of raising the U.S. share of money to the IMF. It is not to help Russia." Kyl noted that only half of the sum was to be spent in "assistance" to the former Soviet republics.

## **A**bstion veto stands, but cable veto nixed

The House failed on Oct. 2 to override President Bush's veto of a bill to eliminate the "gag rule" at federally funded family planning clinics. The House vote of 266-148 was 10 votes short of the two-thirds needed to override. It is the second time that the Congress has failed to override the President's veto of this particular legislation, and it was Bush's 35th straight veto to be upheld by Congress.

The "gag rule" prevents abortion counseling at federally funded family planning clinics except by physicians. The Senate had succeeded in overriding the veto in a vote of 73-26 on Oct. 1.

On Oct. 5, Congress did override the President's rejection of the cable regulation bill. The vote was 74-25 in the Senate and 308-114 in the House. The margin in the House was bigger than that by which the House passed the bill in September, as Democrats made a major effort to create the impression that President Bush is a lame duck.

## **S**upreme Court okays retrial for Rep. Ford

The U.S. Supreme Court on Oct. 5 upheld without comment the ruling of a federal judge that another trial on conspiracy, mail fraud, and bank fraud charges against Rep. Harold Ford (D-Tenn.) should be held in Memphis, Tennessee, but that jurors would be selected from Jackson, Tennessee. The ruling was a setback for the Ford defense.

Ford had been tried in Memphis, but the trial was declared a mistrial when the predominantly black jury found it impossible to reach a verdict. Because many observers saw the charges as stemming from a government vendetta against Ford, the judge ruled that the retrial jury would be selected from the Jackson area. After a U.S. Court of Appeals upheld the ruling in March, Ford appealed to the U.S. Supreme Court, arguing that the judge was wrong in arguing that black residents of Memphis could not serve as fair and impartial jurors.

## **S**udan targeted for 'international monitoring'

A Senate Concurrent Resolution introduced by Paul Simon (D-Ill.) and Nancy Kassebaum (R-Kan.) would effectively place Sudan under the same type of U.N. "receivership" as that suffered by Iraq. The crime of Sudan: refusing to cave in to the "new world order" of President Bush.

During the Persian Gulf war, Sudan sided with Iraq. On Oct. 5, Sudan came under attack when it proposed to export 20,000 tons of frozen beef to Iraq—shipments which are allowed under the U.N. sanctions.

The U.S. press has been full of stories about the killing of a U.S. AID worker—allegedly for treason—in

the city of Juba in the south of Sudan, which is besieged by rebels. Although the details are still unclear, it is alleged that the killing was carried out by the Sudanese Army. The government of Sudan has been engaged in a civil war in the south, in which foreign non-governmental organizations have been helping rebel groups under John Garang. Garang receives much of his financial and political support from the United States.

The legislation would allow the "Red Cross, U.S. officials, and other relief organizations" to have "unrestricted and unconditional access to all parts of the country." The resolution calls upon President Bush to work toward the convening of the U.N. Security Council to "consider further means" to deal with the situation in Sudan.

## **O**ctober Surprise probe gets funds, GOPers' goat

Over Republican protests, the House voted on 221-181 Oct. 2 to provide approximately \$1.3 million to fund the investigation of the "October Surprise," in which the Reagan-Bush campaign is said to have delayed the release of hostages held by Iranian fundamentalists until after the 1980 election.

Rep. Lee Hamilton (D-Ind.), chairman of the bipartisan committee responsible for the probe, has said that it will still take weeks, possibly until next January, before the investigation will be completed. It began in February 1992.

House Minority Leader Bob Michel (R-Ill.) opposed the probe, calling the charges "libelous and unfounded." Michel also said that the audacity of the Congress to ask the taxpayers "to fund an investigation into these fantasies was beyond the pale."

# National News

## ARGUS, U.S. Marshals under investigation

At least two different formal investigations are now ongoing against the founder of the private military group ARGUS (Armored Response Group United States), which was instrumental in the Oct. 6, 1986 military raid against Lyndon LaRouche in Leesburg, Virginia. One investigation is by the Department of Justice and another by the District of Columbia Police, according to the Oct. 3 *Washington Post*. The object of the investigation is to determine how ARGUS co-founder J.C. Herbert Bryant used his links to the U.S. Marshals Service to avoid an arrest for carrying illegal guns in his car when he was detained on Sept. 2 at the Mayflower Hotel in Washington. Bryant also heads the Marshals Service Association.

Henry Hudson, the U.S. Attorney for the Eastern District of Virginia who ran the LaRouche railroad in 1988 and the illegal bankruptcy against companies and publications associated with him in 1987, is currently the head of the U.S. Marshals Service. D.C. Police say that Bryant "represented to us he was a U.S. marshals deputy."

## Rock singer rips pope photo on NBC program

Bald Irish rock singer Sinead O'Connor called for people to "fight the enemy" and ripped up a photo of the pope on "Saturday Night Live," Oct. 3, in a shocking display of satanic hatred, which took even the cynics at NBC network by surprise. O'Connor, in a later interview, blamed child abuse on the Catholic Church. In her appearance on "Saturday Night Live," she performed the song "War" written by the late Jamaican marijuana advocate Bob Marley. When she reached the final refrain, "We have confidence in the victory of good over evil," she pulled a photograph of the pope out from behind her back and ripped it into four pieces, flinging them into the face of the audience. "Fight the real enemy," she spat.

Joseph Zwilling, a spokesman for the New York archdiocese, where NBC and "Saturday Night Live" are based, told press: "To me what she did was an act of hatred and promoted intolerance. Pope John Paul is a tireless advocate for peace." A spokesman for Bishop Daily said, "I'm sure the Holy Father would be the first one to say a prayer for her to come to grips with whatever is angering her."

O'Connor's action comes at the same time that Madonna, another former Catholic and rock star who has viciously attacked the church, has come out with a so-called "music video" that displays such explicit hetero- and homosexual activity, that even the hard-core MTV will only air those portions of it late at night. MTV had earlier placed strictures on the video "Erotica" that Madonna could not "desecrate" the cross or show sexual relations with animals or minors.

## Cisneros takeover of network gets FCC okay

The Federal Communications Commission approved the sale by Hallmark of Univision, the largest Spanish-language TV network in the U.S., to a consortium headed by Mexican TV magnate Emilio Azcárraga, Venezuela's Gustavo Cisneros, and Norman Lear's partner Jerrol Perenchio, according to UPI. The FCC approved the deal on Sept. 23, but it was not reported until Oct. 1. The approval process was expected to take up to a year; instead, the FCC rushed it through in five months.

Approval was granted without a hearing, although several objections had been filed against the transaction. One of the objections was filed by *EIR*, which, among other issues, noted that Cisneros does not believe in free speech and has a proven record of squashing dissent, and that he does not meet the U.S. character qualifications to run a broadcast company, given several instances in which his name and/or the name of his companies and associates have been alleged to be linked to corrupt activities, including drug-trafficking and drug-money laundering.

## Royko roasts blackout of Iraqi child mortality

In a most trenchant column, which was printed in the Virginia *Winchester Star* on Sept. 30, syndicated columnist Mike Royko takes up the theme of the recent study on deaths of Iraqi children, which was published in the Sept. 24 edition of the *New England Journal of Medicine*. The study by the Harvard School of Public Health, a followup from last year by the Harvard team that visited Iraq, attributed the high child mortality to the U.N. embargo and the U.S. bombing of non-military-related infrastructure, and found this year that 46,900 more children under the age of 5 had died as a result of the continuing hardship inflicted on Iraq by the "allies."

Royko lampoons the media for not considering this story newsworthy, and puts forward dramatic ways in which the story could be tailored to media tastes: If 46,900 children were put in a football stadium, and then it were blown up, or if a giant meteor were to hit Disney World some afternoon.

## Local Mich. candidate blasts Kevorkian backers

Following Dr. Jack Kevorkian's fifth murder, state representative candidate for the 28th District in Michigan Karen Roberts, of Warren, blasted the death lobby in the state legislature. "How is it that in the last two years Dr. Kevorkian got away with five murders?" she asked in a statement on Sept. 30.

She singled out for condemnation House Judiciary Committee Chairman Perry Bul-lard and Rep. Lynn Jondahl of the Judiciary Subcommittee, who prevented Senate Bill 32 from reaching the floor: "While Senate Bill 32 is highly inadequate because its penalty for so-called physician assisted-suicide, or killing the sick . . . falsely distinguishes between euthanasia and murder, and therefore promotes euthanasia; nonetheless, it starts right by classifying assisted-suicide as a felony offense.



"More than simply killing people, Kevorkian is consciously assaulting the most important values of Judeo-Christian civilization, and thus opening the door to even more horrible crimes, the way the Nazi practice of euthanasia opened the way to the concentration camps. . . . Is it not obvious," Roberts asked, "that once the principles of the sanctity of life have been eliminated, the state, to reduce its expenses, will be more and more tempted to look at some lives as being a burden and to see their elimination as a relief? Perhaps Mr. Bullard and Mr. Jondahl's stalling tactics have just such a goal."

## DOJ covers for Bush in Iraq bank loan case

In an unexpected move which surprised both the judge and the defense team, federal prosecutors in the Atlanta, Georgia case involving the Banca Nazionale del Lavoro moved Oct. 1 to withdraw a plea bargain agreement with defendant Christopher Drogoul and allow the case to go to trial. The government had previously opposed allowing him to withdraw his guilty plea, but made an about-face when CIA documents implicating the White House's involvement in illegal loans to Iraq surfaced at Drogoul's sentencing hearing. The newly discovered evidence that Drogoul was not acting as a "rogue" banker, as the DOJ had contended, but had approval from the Bush administration, led Drogoul to withdraw his guilty plea, which the government opposed. The threat of more hearings, with more evidence of government involvement being aired this close to the election changed prosecutors' minds, and the unexpected Department of Justice move now shuts the BNL case down until well after November.

The *New York Times* said Oct. 2 that the hearings "provided a daily reminder of the administration's policy of aiding Mr. Hussein before the Persian Gulf war, and spawned charges of an administration cover-up." Under pressure, from this "daily reminder" in both the courtroom and hearings by Texas Rep. Henry Gonzalez's House Banking Committee, CIA director Robert Gates ordered a belated internal investiga-

tion into why the agency made "incomplete statements" to the Justice Department about the affair on Oct. 7.

Judge Marvin Shoob stated that, based on what he had heard, "I have concluded that the substantial financing of Iraq by BNL-Atlanta was well known in international banking circles, that it was well known in the United States, and by U.S. intelligence." On Sept. 30, Drogoul said that two front companies with U.S. intelligence agency connections used BNL in connection with the loans to Iraq. Drogoul said that the Iraqi minister of industry and military production had told him, "We're all in this together. The intelligence service of the U.S. works very closely with the intelligence service of the Iraqi government."

## Slaves of Saudis ask for U.S. asylum

Defense lawyers for two Asian women kept as slaves by the older brother of Saudi King Fahd in the Ritz-Carlton Hotel in Houston, filed a summary with immigration authorities in the women's deportation proceedings, according to the Sept. 29 *Houston Chronicle*. The summary states that domestic workers have been tricked into signing employment contracts.

"We have actual written confirmation of the agreement between the Saudi and Philippine governments requiring the return of slaves who escape," said defense lawyer Jerry S. Payne, who is trying to win political asylum in the United States for his clients. Payne made public an internal report sent in 1987 to the Philippine government from its embassy in Riyadh which said: "The Kingdom's concept of domestic helpers is that of a slave, having no rights whatsoever. They can be given away as presents. They can be maltreated and when they complain they are under the police jurisdiction and immediately land in jail, even if they are the complainants."

After "strong recommendations" from the embassy in Saudi Arabia, Philippines President Corazon Aquino instituted a temporary ban on the deployment of Filipino workers to Saudi Arabia in 1988, but later the ban was lifted under a Saudi threat to ban oil sales to the Philippines.

## Briefly

● **DONALD PHAU**, an associate of independent presidential candidate Lyndon LaRouche convicted in Virginia for his political organizing activities, had his appeal denied by the state Court of Appeals. Phau has been sentenced to 25 years in prison. The trial judge, Clifford Weckstein, had been caught secretly communicating with the LaRouche-hating Anti-Defamation League about the "LaRouche cases" he was hearing.

● **A KEY CHARGE** in the Iran-Contra indictment against former Secretary of Defense Caspar Weinberger was dismissed. Federal Judge Thomas Hogan struck down the charge that Weinberger obstructed Congress by withholding his notes and diaries from congressional investigators in 1987.

● **THE NEXT VICTIM** Virginia Attorney General Mary Sue Terry has lined up for the Virginia electric chair is wheelchair-bound paraplegic Charles S. Stamper. He is scheduled to be executed on Oct. 28, and a clemency petition has been submitted to Gov. Douglas Wilder.

● **THE U.S. NAVY** officially changed its strategy from preparation for deep-water war to dealing with regional hot-spots. "It is a fundamental shift from open-ocean warfighting," said Defense Department spokesman Pete Williams on Oct. 3. The Navy said it was forming a new Naval Doctrine Command to develop details of the new strategy which cohere with the exigencies of the "new world order."

● **'NEW YORK'** magazine's Oct. 5 issue attempted to debunk the theory that the Central Intelligence Agency was involved in the downing of Pan Am Flight 103 in 1988 as a "LaRouche hoax." The article follows the format of an earlier article in *Time* magazine which claimed that the "October Surprise" was concocted by LaRouche investigative journalists.

## Editorial

### *Will LaRouche get justice?*

On Oct. 6, 1986 a federal, state, and local task force conducted a raid against the offices of Lyndon H. LaRouche's associates, and planned an assault on the place he was staying. This was the first step in an escalating campaign which included illegal actions by the government the following spring, to shut down *New Solidarity* newspaper and the Fusion Energy Foundation. Then, there were the railroad trials of LaRouche and several of his associates.

It had begun to seem that there was no longer a possibility of getting justice in the United States, when a very welcome turn of events occurred. One of the key actors in the "Get LaRouche" task force, Don Moore, has now been arrested, for conspiring to kidnap Lewis du Pont Smith and his wife Andrea. This was an activity carried out in coordination with the Cult Awareness Network (CAN), which has served as the extra-legal center for Anti-Defamation League (ADL) activities against LaRouche.

As we have documented, the ADL—which could be known more appropriately as the American Dope Lobby, for its activities in support of drug traffickers, pornographers, and in some instances outright Satanists—has been deployed against LaRouche since at least 1978. Using the fraudulent claim that LaRouche and his collaborators are anti-Semites for publishing the book *Dope, Inc.*, which traces drug trafficking back to the networks behind the British Opium Wars, the ADL launched a vicious campaign against them.

While much press coverage of the arrest of Moore and CAN operative Galen Kelly (a private investigator with a record of kidnappings of which he boasts) has been fairly objective, some media have sympathized with the father of the intended victim, E. Newbold Smith, also indicted for this crime. Newbold Smith had employed these thugs to kidnap and brainwash his 36-year-old son, an heir to the du Pont family fortune, who has already suffered greatly at the hands of a father who had him declared incompetent and deprived him of access to his trust fund.

It is good to see the justice system deployed against this apparatus, which has up to now seemed to be able to conduct illegal acts with virtual impunity. Most im-

portant, we hope that the criminal Cult Awareness Network is also to be brought before the bar of justice. There is no place in a democratic republic for a group which can kidnap and brainwash individuals for hire. These are crimes which carry sentences ranging from 20 years to life in prison.

As this case against Moore, Kelly, and Smith proceeds through the court, we can expect that a good deal of material relevant to the railroading of LaRouche and his associates, on false criminal charges, will come to light.

It should be noted that the operation run by the Cult Awareness Network and the "Get LaRouche" task force, in conjunction with the ADL, which operates as an unofficial part of the U.S. Justice Department, dovetailed with Henry A. Kissinger's vendetta against LaRouche. There is documented evidence of Kissinger's efforts to have LaRouche "put away," beginning no later than 1982, when it appeared that LaRouche might be successful in forging an Ibero-American alliance against the bankers' dictatorship which Kissinger represented.

At that time, LaRouche was urging that the nations of Ibero-America deploy the weapon of a debt moratorium, or, as he then called it, a "debt bomb," in order to protect themselves against the fate which unfortunately did overtake them, at the ruthless hands of the consortium of usurious bankers led by Kissinger's crony David Rockefeller.

By no later than 1983, task force operations were in place, which surfaced during the 1984 election campaign, when the bank account of LaRouche's presidential campaign committee was seized in order to prevent him from appearing on prime-time television on election eve. This was followed by the sequence of events which, for almost four years now, have kept this 70-year-old patriot in federal prison under what amounts to a life sentence.

Now is the time for renewed efforts by all those—both within the United States and internationally—who are concerned at the wanton abuses of justice in the U.S. courts, including abuses against LaRouche and his associates.

# SEE LAROUCHE ON CABLE TV

## ALASKA

- ANCHORAGE—Anchorage Community TV Ch. 46  
*The LaRouche Connection*  
Wednesdays—9 p.m.

## CALIFORNIA

- MODESTO—Public Access Bulletin Board Ch. 5  
*Rev. James Bevel's Struggle for America's Future*  
Thurs., Oct. 22—6:30 p.m.
- MOUNTAIN VIEW—MVCTV Ch. 30  
Tuesdays—4 p.m.

## DISTRICT OF COLUMBIA

- WASHINGTON—DCTV Ch. 34  
*The LaRouche Connection*  
Sundays—12 noon

## ILLINOIS

- CHICAGO—Chicago Cable Access Ch. 21  
*LaRouche's Economics I*  
Thurs., Oct. 22—8:30 p.m.  
*Who Owns Your Congressman?*  
Tues., Oct. 27—9:30 p.m.

## MARYLAND

- MONTGOMERY COUNTY—MCTV Ch. 49  
*The LaRouche Connection*  
Thursdays—2:30 p.m.  
Saturdays—10:30 p.m.

## WESTMINSTER—

- Carroll Community TV Ch. 55  
*The LaRouche Connection*  
Tuesdays—3 p.m.  
Thursdays—9 p.m.

## MICHIGAN

- TAYLOR—MacLean-Hunter Ch. 3  
*The LaRouche Connection*  
Tuesdays—7:30 p.m.

## MINNESOTA

- MINNEAPOLIS—Paragon Ch. 32  
*EIR World News*  
Wednesdays—6:30 p.m.  
Sundays—9 p.m.
- ST. PAUL—Cable Access Ch. 35  
*EIR World News*  
Mondays—12 noon  
Wednesdays—6 p.m.

## NEW YORK

- BUFFALO—BCAM Ch. 32  
*The LaRouche Connection*  
Tuesdays—6 p.m.
- DANVILLE—Cooney Cable Ch. 6  
*The LaRouche Connection*  
Wednesdays—afternoon  
Fridays—afternoon
- MANHATTAN—Manhattan Neighborhood Network Ch. 17M  
*The LaRouche Connection*  
Fridays—6 a.m.

## ROCHESTER—

- Greater Rochester Ch. 12  
*The LaRouche Connection*  
Thursdays—7 p.m.
- Greater Rochester Ch. 19  
*The LaRouche Connection*  
Sundays—11 a.m.  
Mondays—7 p.m.

## STATEN ISLAND—

- Staten Island Community TV Ch. 24  
*Rev. James Bevel's Struggle for America's Future*  
Sat., Oct. 17—6:30 p.m.  
*Who Owns Your Congressman?*  
Tues., Oct. 20—9 p.m.  
Sun., Oct. 25—12:30 p.m.  
*Lincoln's Enemies Must Still be Defeated*  
Mon., Oct. 26—8:30 p.m.  
Tues., Oct. 27—4:30 p.m.

## TEXAS

- HOUSTON—Public Access Channel  
*The LaRouche Connection*  
Mondays—5 p.m.  
*LaRouche Speaks*  
Wed., Oct. 14—4 p.m.  
Thurs., Oct. 15—11 p.m.  
Tues., Oct. 20—1 a.m.  
Tues., Oct. 20—10:30 a.m.  
Wed., Oct. 21—1 a.m.  
Thurs., Oct. 22—1 a.m.  
Tues., Oct. 27—12:30 a.m.  
Fri., Oct. 30—7:30 a.m.

## VIRGINIA

- ARLINGTON—ACT Ch. 33  
*The LaRouche Connection*  
Sundays—1 p.m.  
Mondays—6:30 p.m.  
Wednesdays—12 noon
  - CHESAPEAKE—ACC Ch. 40  
*The LaRouche Connection*  
Thursdays—8 p.m.
  - CHESTERFIELD COUNTY—Storer Ch. 6  
*The Schiller Institute Show*  
Tuesdays—9 a.m.
  - FAIRFAX COUNTY—Media General Ch. 10  
Wednesdays—6:30 p.m.  
Fridays—2 p.m.  
Sundays—6 p.m.
  - LEESBURG—MultiVision Ch. 6  
*The LaRouche Connection*  
Mondays—7 p.m.
  - RICHMOND & HENRICO COUNTY—Continental Cable Ch. 31  
*The Schiller Institute Show*  
Thursdays—6:30 p.m.
- ## WASHINGTON
- SEATTLE—Seattle Public Access Ch. 29  
*The LaRouche Connection*  
Sundays—1 p.m.
  - SPOKANE—Cox Cable Ch. 20  
*The Genocidal Roots of Bush's New World Order*  
Tues., Oct. 13—3:30 p.m.

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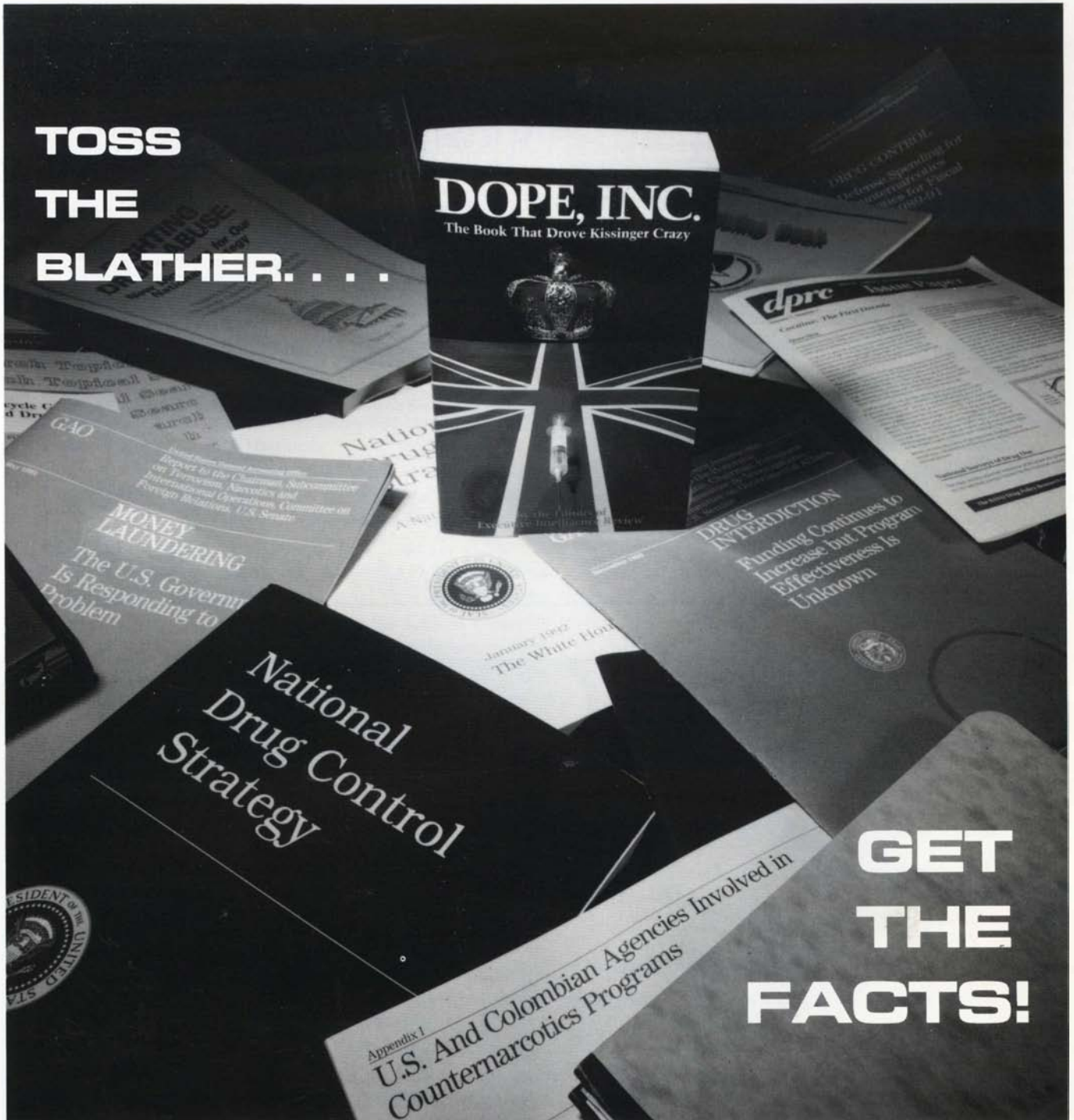
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