

# EIR

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Seineldín leads new Argentine movement  
Laith Shubeilat on show trial in Jordan  
Bush apparatus unraveling in Iraqgate coverup

**'Casino Mondiale' swindle  
runs world monetary system**



**Satanism is a criminal conspiracy, but it is also a political movement which bridges the separation between extremists on the left and those on the right. This report is your defense against it.**

# **SATANISM**

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### **of the**

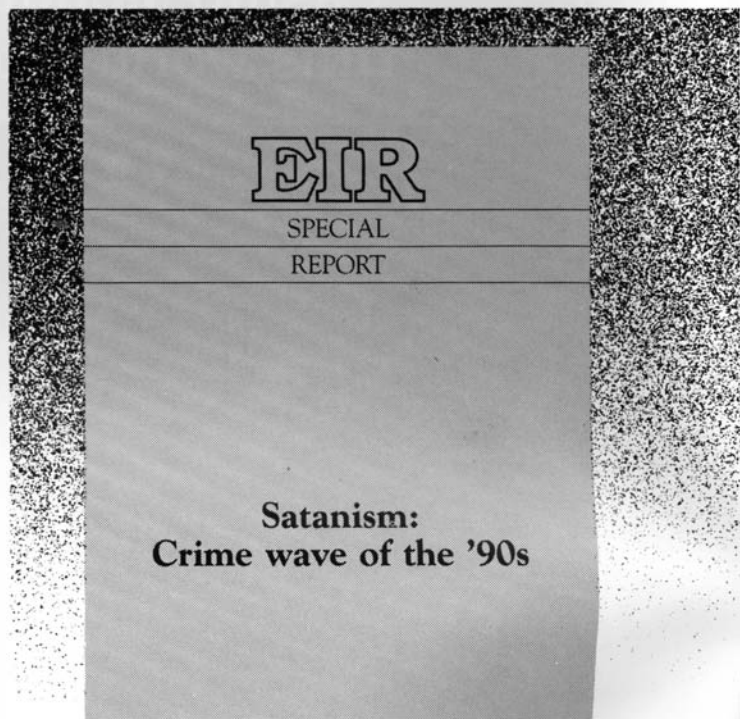
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## From the Editor

I take this opportunity to urge our readers who are American electors, to vote for Lyndon LaRouche for President in the Nov. 3 national elections. Those of you who read *EIR* regularly, and who have been exposed to the painful spectacle of political "debate" in the course of the current campaign, must realize that a major showing of electoral support for LaRouche candidacy is the only hope for the United States to pull itself out of its current morass.

Consider the fact that everything LaRouche warned against in his past presidential campaigns has come true.

In 1976 he warned that the backers of Jimmy Carter would create the conditions for world war, due to their genocidal policies. We are now in the foothills of World War III, in the Balkans, and courting the danger of uncontrollable conflagrations in the former Soviet Union, due to precisely those policies, which have continued under both Democratic and Republican Presidents.

In 1979 he warned that Paul Volcker's high interest rates would spin the world into a new Great Depression. In 1982 he cited the dangers of the "Ibero-America debt bomb," which if not solved constructively between the U.S. government and the governments of our Hispanic neighbors, would explode against the United States.

On Oct. 21, the LaRouche-Bevel campaign will have aired its latest half-hour nationwide television broadcast over the ABC network, addressing "The Crisis in Education." Once again, LaRouche offers the positive solutions glaringly lacking in his opponents. Just as LaRouche has been unflinching in naming the names of humanity's enemies, he has been equally bold in mapping out programs to inspire the United States with a national mission, which is not bombing some poorer nation to smithereens, but rather colonizing the Moon and Mars, greening the deserts and building new cities, defending and extending human life, and restoring the method of Beethoven to musical composition, to name but a few.

I am personally convinced that LaRouche was jailed, more than anything else, because he proposed such programs, which will free human beings from the deathgrip of the oligarchy. In the present *fin de régime* climate, jail doors could soon revolve. Bush and others who railroaded LaRouche may soon be in the dock. Your vote could help free LaRouche, and more importantly, yourselves.

*Nora Hamerman*

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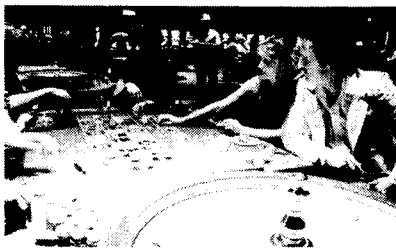
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## London decrees: U.S. must get no new infrastructure

by Marcia Merry

The Oct. 10 issue of the *Economist*, a London weekly business magazine, featured an article in its “American Survey” section, which all but orders leaders in Britain’s former American colonies to give up any ideas they may have, that economic infrastructure improvements should be put into place in the United States.

Within four days, the *Washington Post*—ever attuned to the mood in London—began a series of business page articles on “Debating Growth,” with the identical message. The first article on Oct. 14 focused on the proposals of Democratic presidential candidate Bill Clinton, whom the *Post* had endorsed just one week before. The article, “Building Bridges to Recovery; Critics Doubt Clinton’s Big Public Spending Plan Will Work,” featured a series of quotes from think-tank “experts,” panning the idea of government-backed infrastructure development.

Why is London so upset? Clearly not about the details of Clinton’s proposal, which proposes a measly \$20 billion a year, when it will take 50 to 100 times that amount to make a dent in the depression. Rather, London is terrified that the very *idea* that great infrastructural projects are beneficial to the economy, would once again become popular, after the Anglo-American establishment has labored for so long to brainwash Americans about the alleged joys of “post-industrial” life without adequate roads, canals, railways, bridges, water supplies, hospitals, and electricity.

Infrastructure, in short, is what keeps a growing population alive. Without it, people die.

The *Economist* is well-known as the mouthpiece of the City of London—the nexus of special financial interests and royal privilege, which traces back over the centuries to include such operations as the British East India Company, the Morgan bank group, and other entities including the U.S.

Federal Reserve. All these institutions have a long heritage of opposition to infrastructure. During the era of colonial America, the City of London viewpoint was expressed in the prohibitions against any manufacturing and infrastructure building in the colonies. In the 1860s, during the attempted wrecking of the United States by the Confederacy, the City of London favored the Southern slave-plantation system and sailing ships over steam engines and mechanized farming. During the Persian-Gulf war, the *Economist* cheered when the U.S. fighter jets systematically bombed power plants, water treatment facilities, and bridges along the rivers of Iraq. That’s what the *Economist* thinks of infrastructure.

The recent *Economist* piece, titled “Paved With Fuzzy Intentions,” argues along the same lines, and tries to convince you that there has already been more than enough construction of roads, rails, and sewers in the United States since the 1950s!

The *Economist* offers two graphs on the topic, prepared from Federal Reserve Bank of St. Louis and Congressional Budget Office data, purporting to show that from 1950 to 1990 the “capital stock” per capita of U.S. water, roads, and transport infrastructure has gone up, while federal capital spending in these areas has continued apace. In fact, the graphics are sleazy sleight-of-hand. The per capita “capital stock” graph is hokum, because, depending on how you figure valuation, you can place a very high dollar value on an antique outhouse; any ghetto slumlord knows chapter and verse of this crooked game. And the graphic on spending levels for water, roads, and public transport all show a decline—from which a reasonable person would infer that infrastructure spending should be increased.

So what does the *Economist* say? “John Tatum, at the Federal Reserve Bank of St. Louis, says that the baby boom



brought with it a demand for capital spending on roads and education *that no longer exists today*. Per person, the stock of public capital has risen quite sharply [citing the phoney charts]. . . . Besides, the greatest period of growth in public capital spending coincided with the building of the interstate highways, and, during the 1970s, with a surge in federally mandated sewage-work. These two tasks are all but complete, so slower spending is to be expected" (emphasis added).

The *Washington Post* follows suit, displaying the identical graph on spending levels. Mentioning Clinton's infrastructure proposal, the *Post* adds, "Critics, on the other hand, including some economists who support Clinton, said such a huge increase in federal public works spending is not needed because the neglect of the late 1970s and early 1980s had already been reversed, with the condition of the nation's highway system, airports and water and sewage treatment plants improving rather than declining."

The *Post* also asserts that providing jobs is no reason for the United States to launch infrastructure, because joblessness will diminish as a matter of course! It states that DRI/McGraw Hill analysts forecast "that the nation's unemployment rate, which was 7.5% last month, will fall to 6% by later 1994, without any added stimulus." (As *EIR* readers know, actual U.S. unemployment is at least 17.3%.)

## LaRouche responds

Now, anyone who follows the U.S. political situation knows that when you talk about infrastructure nowadays, you're talking about Lyndon LaRouche. LaRouche led off his presidential campaign this year with two half-hour nationwide television broadcasts in February and March on the crisis, and specified a workable infrastructure-based program, beginning with nationalizing the Federal Reserve, declaring a national economic emergency, and launching a package of programs with government credit (not debt). Low-interest loans of 2% or less, for 10-20 years, would be put out to local and state governments, private contractors, suppliers, and others involved in the designated projects, including high-technology research and development. Job creation would reach 6 to 8 million in a short time.

During the week of Oct. 10, the same time as the *Economist's* tirade, details of the LaRouche program were released in a 170-page book called *The LaRouche-Bevel Program to Save the Nation; Reversing 30 Years of Post-industrial Suicide*.

On Oct. 11, LaRouche made a radio statement ridiculing the *Economist*. "Now these jerks are saying—and I use the term advisedly—that infrastructure is not needed at this time. Now, I invite them to look at the case of Mrs. Thatcher's Great Britain. Mrs. Thatcher has probably been the greatest, most appalling disaster in United Kingdom history in the 20th century. She has turned England, which once had a remnant of an industrial base, and a literate population of

sorts, into the most notorious junkheap in Europe. The British people are being turned into Yahoos, as Jonathan Swift described them in *Gulliver's Travels*. . . .

"The problem is now, that some people who call themselves experts, but who definitely are not, are attacking my proposal, and the proposals of some others, for large-scale infrastructure projects. I want to emphasize to you that these people are dangerously incompetent. Dangerous, because their incompetence might influence government. We already have enough incompetence in the incumbent Bush administration, and incompetence in the Mussolini-style programs that won't work, on top of everything else, of Perot and Clinton."

## Infrastructure collapse

In reality, U.S. infrastructure is in a state of advanced decay, and a massive mobilization of resources and employment is required. Consider just water.

- **California:** The seventh year of drought has begun—to be expected in an area that is mostly desert—but the state is in a water supply crisis because new water infrastructure programs have been stalled or stopped for 25 years. These needed projects include nuclear-powered desalination of Pacific Ocean waters, and the massive North American Water and Power Alliance (Nawapa) for continental diversion of water from the Arctic Ocean.

- **U.S.-Mexico border zone.** Cholera is now in the Rio Grande River Valley, along most of the 2,000-mile border region, because the free trade policies of the City of London, the Federal Reserve, and collaborators have prohibited water treatment infrastructure development, while hundreds of thousands of new residents have poured in, desperate for work.

- **Florida.** Even before Hurricane Andrew hit this year, the state was facing a water supply crisis because of the lack of construction of infrastructure such as nuclear-powered desalination, to make up for the salt-water intrusion into the peninsula's coastal waters and aquifers.

In Britain itself, the state of infrastructure has reached such a state of neglect that during this autumn, dysentery has become a national crisis in British schools because poverty and lack of sanitation are so severe.

Thus, London has good reason to worry that the need for infrastructure might indeed politically catch on, even among the numbed American electorate.

The *Economist* view of LaRouche's traditional American approach is clearly stated. "True, a growing number of people claim that higher government spending brings enormous gains in private-sector output. They blame the drop in the annual rate of growth of infrastructure spending since the early 1970s (and an outright drop in real terms since 1980) for America's slower productivity growth over the period." But the *Economist* demurs, "Some sober researchers dismiss this view," going on to quote the unbalanced Mr. Tatum of the St. Louis Federal Reserve.

# Greenpeace begins terrorism against Japan

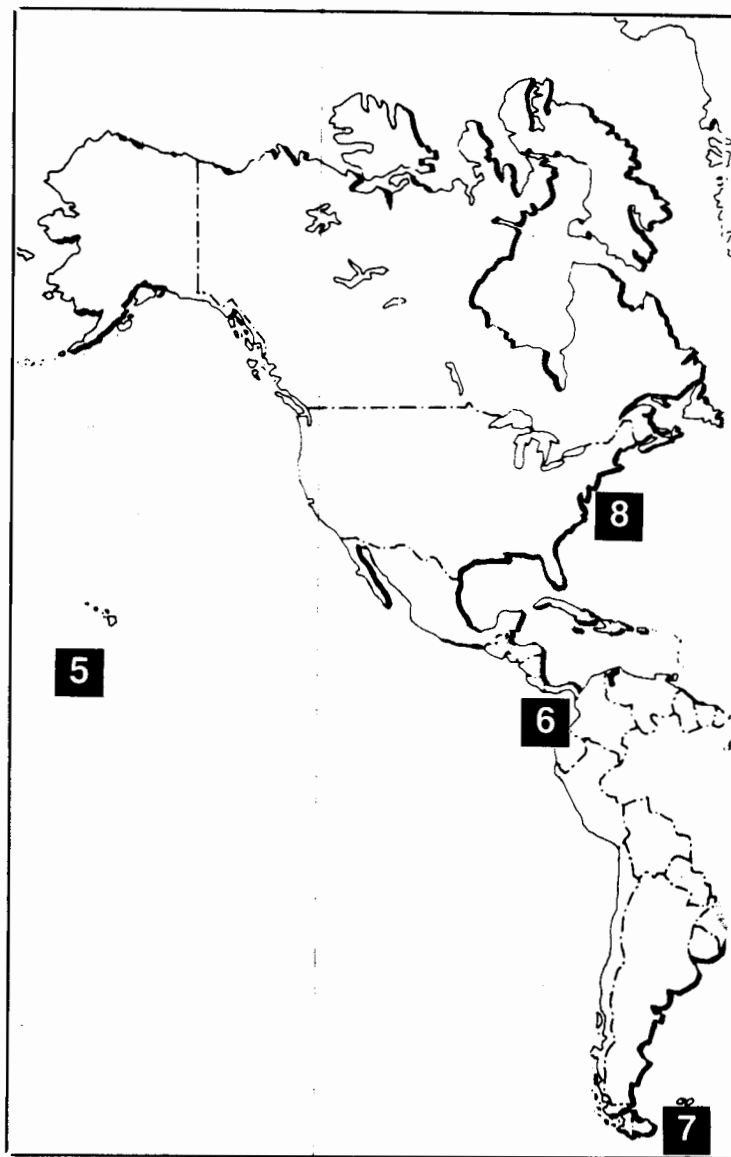
French naval police arrested five Greenpeace activists Oct. 12 protesting in Cherbourg against Tokyo's plans to return home Japanese plutonium reprocessed in France. The terrorists sailed their vessel *Beluga* into a high-security military area of the port, the French Navy said, and raised a banner reading "Stop Plutonium." When the boat anchored by a crane where the Japanese ship was expected to dock, the terrorists were taken into military custody. Japan's freighter *Akatsuki Maru* was due in Cherbourg by Oct. 19 with a military escort to pick up the plutonium. Japan depends on nuclear power for almost 30% of its electricity, and plans 50% nuclear electrical capacity by 2010, making it the world leader in nuclear power. Japan's brand-new breeder reactor program, starting this fall, needs the plutonium to function.

In the past two months, Greenpeace has organized press conferences which have led a dozen countries to bar Japanese ships from their waters. Greenpeace sources told *EIR* last March, "There are ways to be obstreperous about this. The plutonium is to be shipped on the high seas around the world. The Japanese need the French Navy escorts and the U.S. Navy. The French could withdraw escort. The U.S. Navy could withdraw. If no one in Washington does something, Greenpeace may have to do something about it."—*K. Wolfe*

**1. Cherbourg:** Greenpeace said Oct. 7 it will physically follow the ship carrying plutonium from France. Spokesman Damon Moglen told a news conference, "Greenpeace will take all measures to track the plutonium freighter in order to forewarn the countries which lie along the path of this extremely dangerous shipment."

**2. Cape of Good Hope:** South Africa said Sept. 24 it will ban ships carrying plutonium from sailing within 200 miles of its coast. "We would not like to see these ships anywhere near our coast," said Theuns van Rensburg, spokesman for the Department of Environment Affairs. The Communist-controlled African National Congress began the agitation against the shipments July 7.

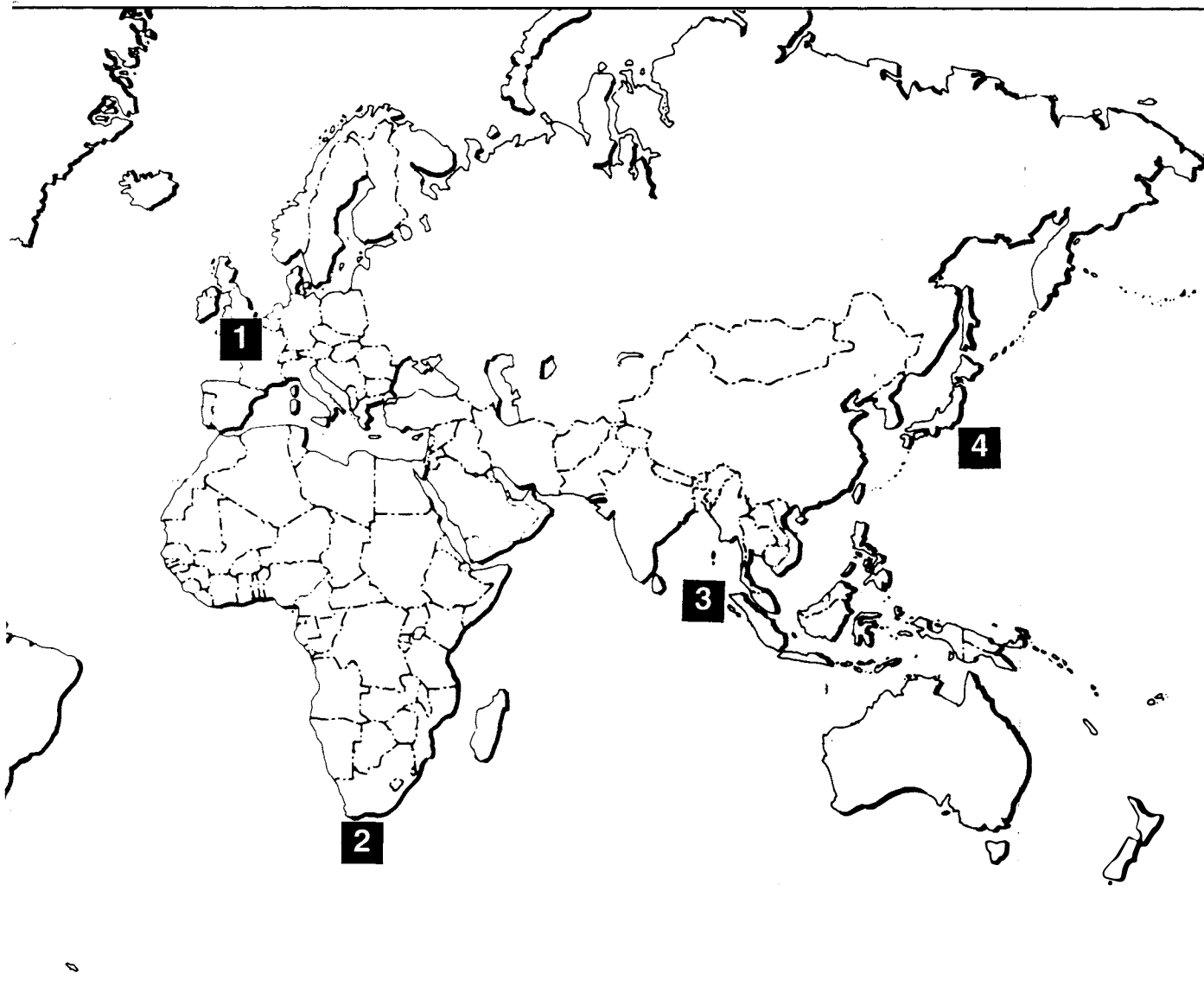
**3. Strait of Malacca:** Indonesia, Malaysia, and Singapore have declared Japanese use of the Malacca Strait illegal. Indonesian Foreign Minister Ali Alatas said Sept. 17 his ministry had demanded an alternative route. A Singapore Foreign Ministry statement Sept. 19 also demanded Japan change the route. Malaysian Environment Minister Law



Hieng Ding said on Sept. 24 that Kuala Lumpur has told Japan that international and local laws bar the ship's passage through the Malacca Strait.

**4. Tokyo:** Greenpeace Tokyo and the Citizens' Nuclear Information Center (CNIC) brought delegates from dozens of countries to an Oct. 4-6 conference, on the likely routes of the vessel, to demand the shipments be halted. Yurika Ayukawa of CNIC told reporters, "The Japanese nuclear program is a threat to the whole world." The meeting drew up a resolution demanding that France withhold an export license for the nuclear fuel, and asked the U.S. to withdraw its approval, as well as asking Japan's Science and Technology Agency to halt the shipment. "The Japanese government doesn't seem willing to abandon the shipment," said Jinzaburo Takagi, director of the CNIC, who threatened: "It will





find it difficult to carry out the second shipment.”

**5. Pacific:** Pacific island states at the Greenpeace Tokyo conference urged Japan to scrap the plans. Bernard Dowiyogo, President of Nauru, said, “We . . . call upon all involved countries—Japan, the U.S., and France—to desist. Our large and powerful neighbors impose upon us unwanted risks and burdens without our advice and consent.” Lorenzo De Leon Guerrero, governor of the Commonwealth of the Northern Mariana Islands, said the containers being used were not sufficient to stand up to the pressures of deep Pacific waters should they sink. One gram of plutonium can cause cancer in thousands of people, he said.

**6. Panama Canal:** The U.S.-puppet Endara government of Panama barred the use of the canal to Japan in August.

**7. Cape Horn:** The Foreign Ministry of Argentina proclaimed Oct. 10 that the ship “will not pass through waters under Argentine jurisdiction. This is a firm decision which is not subject to negotiation.” Greenpeace coordinator Juan Schroeder said in Buenos Aires Oct. 9 that the ship is “80-90% likely to pass through Argentine waters” around Cape Horn. He said the ship would carry enough plutonium to make 120 atomic bombs and could cause a tragedy of which “would make Chernobyl look like a minor mishap.”

**8. Washington:** The Congress Oct. 9 passed an energy bill which mandates a White House study within 60 days on the “safety risks” of Japan’s plutonium shipments. The study must consider the safety of the casks containing the plutonium, the risks to U.S. states and the adequacy of states’ emergency plans for an accident.

# Economic depression is causing political shocks in Britain

by Mark Burdman

When was the last time a leading British establishment daily denounced the policy of an incumbent Conservative government as “sadistic,” or when the elite civil servants of the hallowed British Treasury were subjected to daily denunciation? Such developments have become typical, marking how explosive the economic crisis has become.

The British elites are now in a giant dilemma, admittedly of their own making. The John Major government, through the policies of the Chancellor of the Exchequer Norman Lamont and his Treasury “mandarins” Sir Terence Burns and Eddie George, is carrying out the latest, and perhaps fatal, phase of Thatcherite *démontage*, forcing the closing of manufacturing plants and slashing public funding for infrastructure projects. Commentaries in the London *Times* and *Independent* dailies have not been able to suppress the word “depression.”

From the standpoint of the establishment, having an unpopular Conservative government in power at a time of growing popular resentment risks setting off unpredictable movements of social protest. In April, at the time of the Tory victory that kept Major on as prime minister, the *Financial Times* published a prescient editorial alluding to this problem, almost longing for a Labour Party victory, so that a leftist government could be in power that might better siphon off potential ferment in hard times. Unfortunately, the elites don’t have anything in mind, except how best to implement fascism.

A senior City of London source, during an Oct. 14 discussion with *EIR*, asserted that the “controlling group in the governing elite” would be seeking to “bring about structural changes in the way policy is formulated. . . . This could lead to a government of national unity, nominally under the Labour Party’s direction. Such a mechanism would enable this governing elite to push through its agenda, to set up a corporate state on the 1920s Mussolini model. They have now seen that the policies of the 1980s, the attempts to establish a post-industrial society, have failed, the society is now collapsing in on itself. They want to push aside the 1980s and set up a different organization of power, a corporatist framework.”

This source warned that such elites “want to make the country ungovernable, including by using terrorist activity and the like, to create here a version of what the Italians call a ‘strategy of tension.’” London has indeed been hit with an upsurge of terrorism that is being attributed to the Irish

Republican Army (IRA). The bombing wave began during the week of Oct. 5, and included the first IRA attack on a London pub since the 1970s. To some, it would seem that the atrocities have provided a convenient diversion from the Conservative Party’s woes, exactly as the previous such bombing spree, last March-April, occurred in the lead-up to a national election that the Conservatives appeared to be losing.

## ‘Hurricane Major’ leaves no industry unscathed

The question is not “if” but “when” Major will be out of power. As one British insider put the point negatively: “Major won’t be out before Christmas.”

Sept. 16 was “Black Wednesday,” when the British pound was taken out of the European Exchange Rate Mechanism (ERM), and the Major government lost its *raison d’être*. In late November 1990, the listless former bank clerk had been brought in to replace Margaret Thatcher as prime minister. Thatcher’s anti-European rantings had become a liability, undermining London’s ability to manipulate European financial and political events. With Major and his apparently pro-European views, the City of London could initiate its favored insidious approach, what one source called “get into the bank to rob the bank.” But once Major opted out of the ERM, that classic British method of trickery and manipulation was blown apart.

Major’s policy of “fighting inflation at all costs” is pushing Britain over the edge. If last month as a whole became known as “Black September,” October is even worse, especially when it comes to employment. An estimated 8,000 Britons are being laid off per week, and the British press warns about 3.4 million being jobless within a matter of months. Most ominous, the cuts are hitting high-technology or infrastructure-related sectors, including aerospace, engineering, construction, and energy production.

It was on Oct. 13 that 31 of Britain’s 50 coal mines were closed, throwing 30,000 miners out of work overnight, and threatening at least 100,000 layoffs in the already-depressed communities where the mines have operated. British Transport Union head Bill Morris said the closures were “part of the most serious attack on the British economy in the postwar period. Together with the catastrophic job losses in engi-

neering, vehicle-building, and construction over the last month, today's decision confirms that Hurricane Major is leaving no industry unscathed." Mike McGahey, former vice president of the National Miners' Union, declared, "The government are the modern Luddites, destroying the fabric of our society, the basis of our industry, destroying whole communities."

Lord Prior of General Electric Corp., formerly a minister in the Thatcher cabinet until he broke with her on economic policy, told BBC-TV Oct. 13 that the British Treasury was "very much discredited in the eyes of industry and a lot of people in politics. . . . The Treasury has very largely failed British industry."

Minister of Trade Michael Heseltine was unfazed. He told the press Oct. 13, "I must not allow my heart to rule my head." Pointing to imminent new cuts in shipbuilding and possibly other defense-related spheres, Heseltine blubbered: "A whole range of industries that helped to defend us in acutely difficult circumstances are now finding that the demand for their products has gone."

### **'Not just politically suicidal but sadistic'**

The arch-establishment London *Times*, in its lead Oct. 13 editorial, blasted the government's fixation on the single goal of "squeezing inflation." Because of this "obsession," the paper went on, "no other goal plays a part in economic policy: not recovery, not the reduction of unemployment, not the protection from bankruptcy of Britain's productive base. . . . When the economy is flat on its back, the Chancellor is kicking it in the head. To maintain tight fiscal and monetary policy in the depths of recession is not just politically suicidal but sadistic." The *Times* demanded an economic recovery program based on reviving "the most depressed areas of the economy: housing and construction. For each unemployed builder taken back into work, the government would save £8,000 in [unemployment] benefits and lost taxes."

In his current state of mind, and given the boys' boarding-school culture in which so many British figures have been nurtured, it is not certain whether Lamont would take the *Times'* charge of sadism as an insult or a compliment. One day earlier, before the House of Commons' Treasury and Civil Service Committee, Lamont affirmed pompously, "I don't believe in kick-starting the economy by some artificial stimulus or device."

On Oct. 9, the same London *Times* had argued that Lamont's policies were, of course, not only his own, but also Major's, in an editorial headlined, "On the Way Out." It accused the government of living in "a different world" than most Britons suffering from the economic collapse, and likened the insistence of Major and Lamont on fighting inflation above all other priorities, to "slay[ing] a dragon that already lies near-lifeless at [their] feet."

The paper went on: "The economy is mired in the deepest depression for 60 years. Now the Chancellor intends to cut

public spending savagely, without taking any counterbalancing measures to stimulate growth. Nothing could be better designed to turn recession into slump. Inflation may fall from 3.5% to 2.5%, but for many companies the price level will be irrelevant: They will have ceased trading altogether. The gain in competitiveness will be minimal; the cost to people's lives and to the health of the economy will be immense. Mr. Major says it would be irresponsible to risk inflation. What could be more irresponsible than this new policy, which risks permanent damage to the productive base of the British economy?"

The paper expressed the wish that Lamont would soon follow the path of David Mellor, a Major crony and Minister of National Heritage, who was forced to resign on Sept. 24, in the face of a number of damaging scandals.

### **More bore than roar**

Other nasty commentaries greeted the performances of both Lamont and Major at the Oct. 6-9 annual Conservative Party conference in Brighton.

Among the most trenchant was the Oct. 10 front-page London *Guardian* piece by political correspondent Andrew Rawnsley. Under the headline, "More Bore than Roar in Prime Minister's Darkest Hour," Rawnsley mocked Major's rhetorical efforts, during his Brighton speech the day before, to echo the verbiage and mannerisms of Winston Churchill addressing the British people during World War II. This, he stressed, was only an effort to use patriotism to divert attention from the reality of economic collapse in Britain now.

The Oct. 12 London *Independent* article by Britain's Lord William Rees-Mogg ripped Major's speech under the title, "Mr. Major Ignored the Real Economic Crisis." "The European crisis is worse than the government is prepared to admit. More alarmingly, it is far worse than the government understands," Rees-Mogg wrote. He said that Major and others had spoken in Brighton "as though Europe were still healthy. Unfortunately, that is not true." Rees-Mogg demanded that the Major regime "end the perverse process of deflating during a depression," especially as "the world economy is in the worst state since the early '30s," with the Russian and eastern European economies "still in virtual collapse," and the U.S. undergoing an economic crisis that will probably result in George Bush losing the next election. "The United States will not be able to lift the rest of the world out of depression."

"This is the reality," he continued. ". . . We are living through an economic storm that is shaking the prosperity of the whole earth. . . . How can one convince the prime minister that his world has changed?"

### **The sham panacea of Thatcherism**

Other influentials have been stressing that axiomatic flaws prevailing over a decade, rather than policy mistakes devised yesterday, are to blame for the present debacle. Writ-

ing in the London *Observer* Oct. 11, economics columnist William Keegan commented: "Seldom have I encountered such anger and frustration as has been apparent during the past 10 days, as a government that has lost all credibility struggles to get through the next 24 hours. . . . While Conservative cabinets past and present lay the blame at one another's door, the point to bear in mind is that they were *all* to blame. . . . The rot set in with the country's readiness to accept the sham panacea of Thatcherism way back in 1979, and it spread throughout the 1980s. It was madness to start the battle against inflation in 1979 by doubling it; it was madness to argue that possession of North Sea oil meant that manufacturing did not matter; and it was madness to obliterate up to a quarter of the manufacturing base in the attempt to conquer inflation (an attempt, what is more, which proved abortive)."

Keegan charged that Thatcherism has nurtured a society "in which people came to expect that the mere ownership of a house would bring a rapid rise in its value, and that consumption could be effortlessly financed; in which shares that the taxpayer had already paid for (when the companies were originally nationalized) were sold back at knock-down prices, suggesting that capital gains grew on trees, and in which neither manufacturing nor future planning mattered, because that great god 'the market' would provide. And, after all, Britain's future lay in services. . . ."

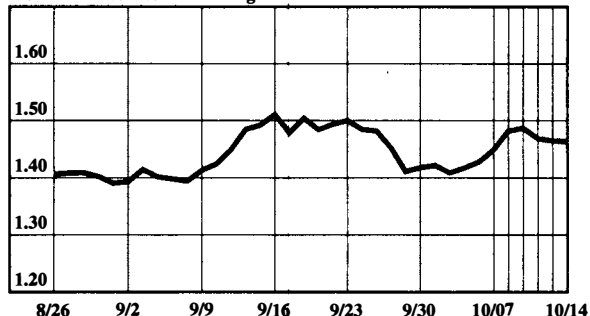
Keegan wondered if the monetarist madness may have gone beyond the point of no return: "My overseas contacts looked on in bewilderment as they saw this country commit one crazy economic or social action after another. What the pragmatic Japanese, Germans and French could never understand was the lack of balance and any sense of proportion in Britain, as the country lurched from one chimerical solution to another. . . . One thing I have noticed in recent weeks is that the crisis of confidence in the government's handling of the economy has coincided with another development: Suddenly, everybody has discovered the manufacturing base. I use the phrase loosely, because the issue of the manufacturing base is suddenly on everybody's lips; the problem is that they don't know where to find it. And the concern is: How can British industry profit from devaluation, if there is not enough industry to seize the opportunity?"

Not one influential spokesman has bothered so far to admit that every disaster that has resulted from Thatcherism was forecast by the American economist and statesman Lyndon H. LaRouche, Jr.—from the outset. This is not because the British do not know LaRouche. The City of London's own media have steadfastly been at the forefront of LaRouche's slanderers, including conducting the KGB-concocted lies against him which led to his frameup and jailing. The day some British figure confesses that this alleged "political extremist" who is slandered for "calling the Queen of England a drug pusher" has been right all along, and his attackers have been wrong, will be the day when there will be hope for reversing Britain's ruin.

## Currency Rates

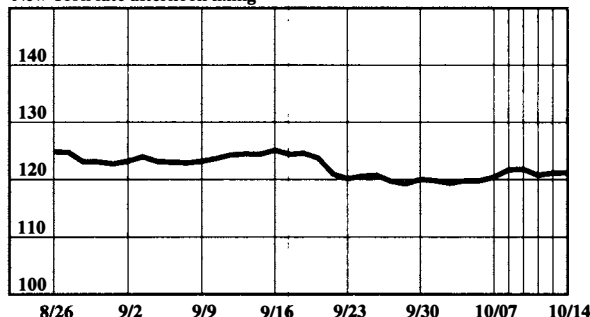
### The dollar in deutschemarks

New York late afternoon fixing



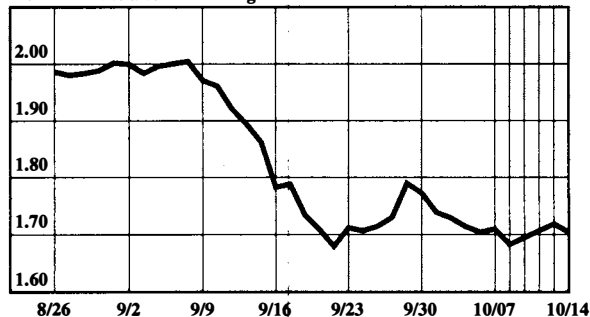
### The dollar in yen

New York late afternoon fixing



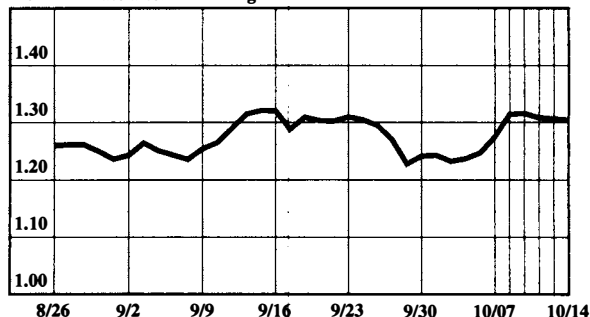
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



## Unregulated market leads to chaos

*Luciano Barca represents the Party of the Democratic Left (PDS) in the Italian Senate in Rome. Claudio Celani interviewed him by telephone from Wiesbaden, Germany on Sept. 25. The interview was translated from Italian.*

**EIR:** Senator Barca, you have taken a courageous stance against the Maastricht Treaty. Aren't you afraid of being accused of being anti-European?

**Barca:** I think European unity is more harmed by keeping mechanisms like the present European Monetary System and setting up mechanisms like the ones in the Maastricht accord, which have certainly failed. I think that when all is said and done, it was a miracle that the EMS accords held up for 12 years, and the time has come for revising these mechanisms too, if we don't want to run up against new, serious crises.

**EIR:** You refer to the monetarist policy which is behind these accords?

**Barca:** I refer to the monetarist policy which is behind these accords and I would say, the natural, almost objective, consequence of the way these accords are set up. Instead of starting out from the growth of political unity and from the common definition of democratic rules, they started from the currency, a monetary link, thinking that everything would follow. The rest—the convergence of economic policies and above all, democratic powers of direction and control—did not follow, and a new, very serious imbalance has been created. As I wrote in *Unità* [the PDS newspaper], in Italy a lot of people really thought that either the monetary system, the EMS, or Maastricht should work as an outside “whip” for Italy's parties and government, which by themselves would not have made changes in the social status and so forth.

Now, at a time when we have in one day movements of finance capital, currencies, and stocks of 1,000 trillion liras, it is clear that there is no possibility any more for this whip to stop anything.

**EIR:** At this point, to maintain monetary stability, would it not be better on the European level to define and launch investment policies to guarantee economic growth?

**Barca:** There can be no doubt that we cannot deal with the question of the EMS and Maastricht merely institutionally.

Here in Italy we are all sick of institutional engineering (just look at the electoral law). But I believe that one of the structural problems is the one that Germany ran into at the time of reunification.

That is, the failure to correctly define the relationship between regulation and the market. People thought that it would suffice to remove the dike between East and West for the East, at a certain point, to attain prosperity. Instead, the result has been that 70% of the East's factories, which even at low productivity could have continued to produce for a certain period and also kept a certain slice of the population employed, was immediately swept away, put “out of the market,” and shut down.

**EIR:** You say, therefore, that these industries should have been kept in order to maintain the trade with the other countries of the ex-communist bloc, and simultaneously start up a process of modernization, investment.

**Barca:** Exactly. The process should have been regulated. The market never operates in an absolute way: In every country there are regulations. Even the EMS, even Maastricht is a complex of regulations. So, on this point even American economists like Modigliani and Samuelson had seen the risks and the costs which east Germany would pay, especially because it would lose all the relations it had with the rest of the East, which in some way, as you said, was trade and therefore was useful. We talk about low productivity, low quality in the East: In respect to the demand in Russia, Ukraine, and other countries, undoubtedly the level of East German products was still superior.

**EIR:** Let's stay in the East for a moment. Unfortunately, for about two years now they have been applying so-called shock therapy to the East, totally opening up the economy to the so-called market and watching what happens next.

**Barca:** I am very worried about the Russian situation. On this road, of letting the market “do its thing,” things can only worsen. In the end what will be propelled into motion are both reactionary and generically nostalgic forces, which would have accepted a reformist approach but will not accept a neo-liberal approach. It is clear that the reforms had to be done and that there was a delay in doing them, that at first mistakes were made, steps forward, steps back, yet in some way a system of rules kept not just Russia, but a great union together.

It is clear that at this point, with everything broken up, the price to pay will be dramatic, also because there were reciprocal trade ties and integrations, such that some states which today declare themselves sovereign have steel, while others do not. Truly, the process should have been controlled. It gets back to the relations between regulation and market.

**EIR:** The situation in Europe, in the East, and in America

offers a picture of economic depression. There are no more markets for expanded production, domestically or abroad. So a guided intervention is needed. Representative Formigoni [European Parliament deputy and leader in the Popular Movement wing of the Italian Christian Democracy] and others have exhorted Europe to project itself eastward, superseding Maastricht, which was devised before the Wall fell. There are concrete projects for infrastructural development, roads, high-speed railways, communications, everything needed for allowing industrial plants. This could absorb unemployment and also would create a consumer market and work to pull along the rest of the economy. But the market won't finance it; special interventions are needed. How can it be done?

**Barca:** Keeping monetary management of currency and monetary liquidity separate from economic policy does not mean that the state should not make a policy of active intervention, not only by setting up investments, etc., but also setting up incentives, thus creating what can be called "demand blocs." I can even plan certain "demand blocs"; at the time I decide that all over eastern Germany there should be modern, well-equipped outpatient clinics with certain machines, technologies, and instruments, behold! I have created demand blocs in the economy. To create demand, I don't necessarily first have to build, other than improving the necessary streets and rail links with the industries I will create.

I do not use the phrase "infrastructure first"—sure, if there is no infrastructure you have to give it priority; let's not forget that the principal infrastructure is industry itself, and that demand blocs can be created not only by making streets, but by making schools, carrying out education, training the professions, raising the level of quality. If we create in East Germany a demand for all this—schools, universities, outpatient clinics etc.—we immediately give things a push and then factories and research centers would start springing up.

**EIR:** You spoke of "dirty" big capital (recycling of drug- and weapons-trafficking money) which, with the present financial deregulation, is inserted into the legal economy. Would not a currency reform, sprung of course by surprise, force this capital to come under scrutiny?

**Barca:** If it were done as it was done in Germany in 1948, it seems to me that this would certainly allow this capital to be checked. It would not be easy to do this on the European scale. Most of this dirty money is not in liras, but in marks and dollars.

**EIR:** But it turns out that such money has been invested in Italian Treasury bonds, too.

**Barca:** In Italy everybody who has liquidity but no possibilities to run operations through Swiss banks, invests in Treasury bonds, which give greater security.

For now, the anonymity of the bonds cannot be touched, because the whole public debt portfolio which holds every-

thing up would collapse.

**EIR:** Speaking of public debt, since in order to satisfy the demands of Maastricht and the International Monetary Fund (reducing the deficit 3-5%) we would need four times the Amato measures [austerity decrees of the Giuliano Amato government; see *EIR*, Oct. 9, p. 8] and it would not even suffice to sell all the state holdings, is not debt consolidation the only alternative, perhaps protecting the small investors?

**Barca:** This consolidation is not possible today, and anyone agitating for it only creates a flight out of the lira to the mark. . . . In the medium term we could consolidate, by which I mean in three or four years. It could not be done by taking the poor and rich into account, because they are all held anonymously. The moment you introduce [bond] registration—since in Italy there is deep distrust of the tax apparatus, and the stock market does not work at all, because the stocks are registered and are part of your total income—there would be panic. The Italian saver has no faith in the state. We have a finance minister who affirms, denies, contradicts himself, and reaffirms every 24 hours. . . . With a new tax every day, we have managed to create absolute uncertainty about the law. If it goes on this way, we'll be back to mattress economics. . . .

**EIR:** So we need an authoritative executive.

**Barca:** We must reestablish certainty in authority and certainty in the law. This law can even be used in the harshest, most severe way, but . . . I must not think that if I buy a house, the day after tomorrow a minister will wake up and slap a tax on the windows—which is a tax one minister actually proposed! Since, he said, Italy's tax assessments are behind, and we don't have time to recalculate them, let's put a tax on windows. . . . So we have to proceed with a government that has credibility and would first commit itself to enacting measures by normal means, which does not mean that there cannot be any extraordinary measures. . . .

**EIR:** The knot of the debt, which is not payable by normal routes, remains. One last question. What difference do you see, at the level of economic programs, between Clinton and Bush?

**Barca:** I see very little difference right now. The impression is that we are in a period of electoral promises in which more attention is paid to the impact on the voter, with promises of cutting taxes, than anything else. Then a lot will depend on the forces which will be organized around the two. The impression is that Bush is strongly tied to the past of the Republican Party and the policies of the Republican presidential period, and that there are fewer possibilities with Bush to aim at a change in economic policy, because the financial power groups, the lobbies close to Bush, are so many. That's the only sense in which I see a difference. At the programmatic level, it is very hard to distinguish a difference.



## Citicorp's coverup is cracking

*Little by little, the news about the secret 1991 bailout of America's biggest bank is coming into the public view.*

**T**he saga of bankrupt Citicorp, the United States' largest and perhaps most bankrupt bank, took another turn for the worse the first week of October, with the sudden resignation of Citicorp President Richard Braddock, and yet another admission of increased federal control over the bank.

Citicorp revealed, in a prospectus for a \$650 million stock offering filed with regulators Oct. 6, that the bank has agreed not to make any "significant" acquisitions or expansions of its consolidated assets, without the prior approval of either the Comptroller of the Currency or the Federal Reserve.

That announcement follows an Aug. 14 after-hours admission by Citicorp's embattled chairman, John Reed, that a "Memorandum of Understanding" had been signed with regulators in February 1992. Reed attempted to downplay the announcement by insisting that the memorandum was merely a formality, and that Citicorp was well on the road to recovery.

Nothing could be further from the truth, which is that Citicorp has failed and is being kept alive only by the infusion of huge amounts of federal and other monies.

The de facto federal takeover of Citicorp occurred near the end of the third quarter of 1991. At the end of July 1991, Rep. John Dingell (D-Mich.) had told a congressional hearing that Citicorp was "technically insolvent" and "struggling to survive." Dingell warned that the bank had been borrowing heavily from the Federal

Reserve's discount window. On Aug. 2, Standard & Poor's dropped its outlook for Citicorp from "stable" to "negative," citing the bank's deteriorating real estate loan portfolio and its low level of reserves relative to its admitted non-performing assets.

Within days of these events, Citicorp was hit with runs in Hong Kong and Pakistan, throwing the bank into a severe liquidity crunch and forcing it to borrow heavily from the Fed.

Faced with escalating losses, federal regulators secretly seized control of Citicorp, and began the hopeless task of trying to bail out the bankrupt bank, outside the public view.

One of the first acts of the new regime was to force Citicorp to eliminate the dividends it paid on its common stock for the first time since 1813. The bank was also forced to add nearly \$900 million to its vastly underfunded loan loss reserves, mostly for loans to less developed countries, giving it a loss for the third quarter of 1991 of \$885 million. But the amount fell far short of addressing the bank's overwhelming domestic loan problems, especially in real estate, where its \$13 billion portfolio included over \$3 billion in admitted non-performing loans, on top of \$1.4 billion of foreclosed properties held by the bank.

Faced with a depleted capital position and tens of billions of dollars of non-performing loans, the new Citicorp regime set out to raise capital through stock issues and asset sales, and through implementing an internal austerity program of further job and

spending cuts. The bank eliminated 9,000 jobs in 1991. The inability of the bank to admit its losses was demonstrated by the puny \$133 million in losses the bank reported for the fourth quarter, giving it a claimed loss for the year of \$457 million.

To help bring the bank's balance sheet under control, former Dutch Finance Minister H. Onno Ruding was brought in as vice chairman of corporate banking. Ruding, as a former chairman of the Interim Committee of the International Monetary Fund, is an acknowledged expert in implementing austerity measures. Ruding's appointment was also designed to attract foreign investors who had been scared off by the bank's former regime. The bank also brought in W. Neville Bowen, the former head of Hill Samuel Investment Management Group of Britain, to head its investment management arm, which invests money for wealthy individual and institutional clients.

To deal with its multibillion-dollar capital shortage, Citicorp engaged in a series of asset sales and stock issues. Citibank sold part of its 40% holding in the Saudi American Bank Corp. for a reported \$470 million, sold its credit card processing unit for \$175 million, sold an Indianapolis office building for \$115 million, and sold its Italian banking subsidiary and Ambac, its municipal bond insurer.

But the sales have not kept pace with the losses, especially the evaporation of the value of Citicorp's real estate portfolio. Citicorp has been devastated by a series of bankruptcies among major real estate developers, including Olympia & York, Randsworth Trust, Mountleigh, and John Portman. Approximately one-third of Citicorp's real estate loans are in California and other West Coast states, where the real estate crisis is rapidly reaching blowout proportions.

## Free trade policy takes a hit

*Itamar Franco's government appears to be re forging historic links between the state sector and the Armed Forces.*

To judge by the stated intentions of his ministers and by the nervous commentaries of representatives of the local oligarchy, the arrival of Itamar Franco in the Brazilian presidency is dealing a hard blow to the Anglo-Americans, who until now have managed, with few obstacles, to perpetuate their neo-liberal economic revolution under the rubric of "free trade" and "modernization" across Ibero-America.

During his inaugural ceremony on Oct. 5, President Franco gave a brief and succinct speech which showed little tolerance for the U.S. State Department-controlled propaganda merchants who usually dominate Ibero-America's government houses.

Said Franco, "The Brazilian people are taking the state back into their hands, after a turbulent period charged with uneasiness, indignation, and constraints. . . . For decades, millions of our children have been born deprived of all their rights, beings for whom life is but a short interval of sacrifice. I reject as criminal and cruel that notion of 'modernity' which denies the dignity of bread, of education, of honest labor, of health. A country cannot have modernity reserved for sectors of privilege, while the rest face hunger on a daily basis."

The first kick in the teeth to the Anglo-American establishment has been the Franco government's reform of Brazil's program to privatize state companies—a program which, under the Collor government, was synonymous with surrender of the national

patrimony. Nominated by former minister Aureliano Chavez, an old-guard nationalist, the new mines and energy minister, Paulino Cicero, accepted his post with a simultaneous criticism of the privatization program, and defense of the state oil monopoly Petrobras.

On the results of the privatization program, Cicero declared, "it is necessary to put an end to the numbers game," an explicit reference to the fraud committed against the nation with the sale of the first major state company, Usiminas; the government put it up for sale at \$1.7 billion, which was more or less its true value, but in fact only received \$450 million for it, the minister charged.

Perhaps the greatest fear of the international financial oligarchy is that the state companies, which under Franco have been "reinstated," are forming an alliance of historic interests with the Armed Forces. The military has, under the new Army minister, Zenildo Lucena, formed a homogeneous entity in explicit opposition to the Anglo-American policy of "technological apartheid" that has been imposed on Brazil from outside. In this context, the announcement that the military's aeronautic company Embraer is exempt from privatization, is exemplary of this conjunction of patriotic interests.

Petrobras and other resource-rich strategic companies were the final targets of the free trade neo-liberals, who sought to open those companies up to international speculators for looting.

The first hysterical reactions have already come from the liberal group which speaks for the "universalist" faction of Itamaraty (Brazil's Foreign Ministry), and which seeks Brazil's unconditional adherence to the so-called Agenda for Peace (read, "new world order") of U.N. Secretary General Boutros Boutros-Ghali.

The "universalists" have their mouthpiece in the daily *O Estado de São Paulo*; which, after Franco's inauguration, began to publish editorials blasting each and every one of his nationalist tendencies; one such editorial demanded preservation of a foreign policy based on the principle that "modernity also consists of replacing the obsolete concept of sovereignty with one of interdependency of nations."

Regarding Petrobras, *O Estado* on Oct. 7 lamented that Brazil was running the risk of the company "returning to military control under General Geisel's orientation. Everything suggests that in this change of government, in which Mr. Aureliano Chavez has much influence, there is a return to the time in which Petrobras will be considered a company of the highest strategic and national interest. A sacred monopoly."

The panic of this elite worsened, according to *O Estado*, when the rumor began to spread throughout Brasilia that the Franco government would soon be reopening its embassy in Iraq. Such an act would signify a dramatic change for the Brazilian nation, and a hard blow to the international Zionist lobby. It was with Brazil's sudden rupture with Iraq in 1990, to align Brazil with George Bush's new order, that then President Collor initiated a strategic change in foreign policy away from independence, and especially away from the construction of solid links with the Arab world, for which Iraq was the entry point.

## **Opposition to IMF austerity grows**

*With eastern Germany approaching Third World levels of poverty, when will Bonn walk out of the IMF?*

**O**n Oct. 12, Minister of Housing Irmgard Schwätzer called for partial debt relief for the east German housing sector and a freeze on all payments of old debt until the end of 1996. This initiative, which put Mrs. Schwätzer into a fight with the monetarist-minded finance minister, Theodor Waigel, is important in two ways: first, she is a member of the liberal Free Democratic Party, which has so far been a bastion of support for the free market policies of the International Monetary Fund (IMF); second, her move came after growing pressure from the five east German states to take the debt burden off their shoulders.

The initiative by the five state housing ministers, in turn, came in response to increasing ferment against debt payments from the municipal housing associations.

Bonn ruled in October 1990, when the two Germanys were unified, that the old debt of the housing sector of East Germany, an estimated 36 billion deutschemarks, was to be carried over. Bonn's meager concession, then, was to declare a grace period on repayment until the end of 1993. East German housing associations were to start paying the debt as of January 1994.

This decision was justified by Waigel as being in compliance with the "world debt situation and discussion about it." Debt forgiveness would, Waigel argued, "send out just the wrong signals."

It was clear even in 1990 that east

German housing associations would not be able to pay either the debt or the interest. Their income from rents is far too low to allow any repayment at all. Furthermore, essential investments in the rehabilitation of 7 million old homes, plus the construction of new homes, will cost around DM 200 billion (\$140 billion) over the next 18 years. The high interest rates imposed by the German central bank will drive the housing debt from DM 36 billion to DM 51 billion by early 1994.

The only way out of this crisis is debt forgiveness, and access to new, low-interest credit.

This is increasingly becoming the view of many east Germans. The municipalities report average tax revenues at 20% or even less of what they actually need for day-to-day operations. The tax revenues are so alarmingly low, because fully 55% of the industrial output and employment of pre-unification east Germany has been "phased out."

The shocking 55% official figure is even contested by east German industries as "far too rosy." Labor leaders in the state of Saxony report the following figures:

While the official jobless rate in the state is 30.7%, one has to add those who travel to work in the western states and those who have taken early retirement. This adds up to a total of 40%, which the labor leaders consider positive, by comparison to the 50% or more jobless rate in the four other east German states.

Of the 397,000 jobs reported in

Saxony in 1989 in the machine tool sector, there were only 69,100 (17%) left by May 1992. In the manufacturing sector as a whole, of 1.2 million workers, there were only 250,000 left by May 1992, and by January 1993, there will only be 200,000 (17.7% of the employed work force in 1989).

The situation is even more dramatic if monitored on the level of individual plants in crisis sectors, like firms that produce machines for the textile industries: The big textile-machine maker in Chemnitz, Textima, which formerly employed 21,000 people, now has only about 1,500. The firm "survives" by selling idle factory areas to department store chains and the like.

It has been from Saxony that the first direct attacks on the IMF and the Bonn cabinet's loyalty to the monetary fund have been launched. In a speech in Dresden on Oct. 5, Dieter Rudolf (Social Democrat), the second chief speaker of the Saxony state parliament, said that the effect of IMF conditionalities has been to freeze sales worth DM 2 billion in farming and other machines, which could have been sold to the industries of the former Soviet republics and other eastern clients, but are instead standing idle.

This has to do, Rudolf specified in a discussion with this author, with the practice of IMF experts, who blackmail the Russian government with the threat not to make loans for machinery imports, but only for imports of luxury consumer goods like brandy and cigarettes.

Rudolf called on the government in Bonn to pressure the IMF to modify its policy. The situation has deteriorated too far, however, to be improved by "modifications": Germany must walk out of the IMF entirely, launch a new system of industrial credit, and write off the old debt.

# Business Briefs

## Trade

### EC, Poland sign pact to deliver food to CIS

Polish Minister of Agriculture Gabriel Janowski and the European Commission in Brussels have signed an agreement to deliver food to former Soviet republics. The food will be bought with western money from Polish farmers and delivered to the East.

In the first phase of the program, Poland will get ECU 125 million (\$175 million) for its agricultural products; in the second, Poland will get ECU 625 million together with Czechoslovakia, Hungary, and Bulgaria.

Janowski also announced measures to improve the protection of Polish farmers against low-priced food imports from abroad. The government in Warsaw accepted his proposal to introduce customs duties on some imported agricultural goods "in respect to international agreements." Unofficially, Janowski said that sugar would be one of these goods. He also said the government will act to protect family farms with new tax and credit policies.

## Energy

### Nuclear power plans revived in Poland

The Polish energy development plan which includes a nuclear power option is still valid, Jerzy Niewodniczanski, the head of the state nuclear power agency, said in an interview in the Oct. 5 *Gazeta Wyborza*. Construction of the first nuclear power plant in Zarnowiec (near Gdansk) was abruptly halted a few years ago as a result of protests, but at the same time a plan for nuclear power stations was approved. This plan is still there and can be drawn upon, he said.

Niewodniczanski said he believes that the social climate is now better for investment in new energy sources, and that if the country is to have a nuclear power supply by the year 2004, which is the target date of the old government energy plan, construction of at least one power plant has to begin now.

Renewed discussion of the nuclear option comes as the government has just signed a contract with the U.S. oil firm Amoco, which allows the company to explore oil and gas in Poland. Drilling will take place in central and eastern Poland over 11,000 square kilometers.

Amoco has completed geological exploration for the Polish government at its own expense, and in return it was given the right to choose where it will drill. If the Americans find oil, they will get an exclusive concession to exploit the fields. In return, Poland holds the first option to buy gas or oil from Amoco, but at prices determined by the Americans.

Since the government wants to close most of Poland's coal mines, this policy means a high dependency on the goodwill of the United States—if Poland does not push ahead with nuclear power options.

## Monetarism

### Debate must begin on IMF dismal record, says prof

The International Monetary Fund (IMF) and the World Bank have caused massive human misery, directing capital flows out of, instead of into, developing sector nations, David M. Gordon charged in a column in the Oct. 4 *Los Angeles Times*. Gordon is an economics professor at the New School for Social Research in New York City.

"A virtual world government has emerged over the last 15 years, headed by the parallel international economic institutions—the IMF and the World Bank. During the 1980s and early 1990s, their policies have devastated the lives and livelihoods of hundreds of millions of people in the developing countries. And the U.S. government has close to a controlling interest in those two institutions," he wrote.

"The policies have almost uniformly contributed to dramatic reductions in workers' real wages, sharp cuts in the standard of living of the vast majority of households, and rising income inequality.

"Even more strikingly, by the mid-1980s, these policies were beginning to result in a massive net flow of resources out of developing countries back to the advanced coun-

tries. Rising trade surpluses have permitted substantial increases in debt repayment by the South to the North, while private bank lending . . . has continued to decline."

By the late 1980s, Gordon said, this transfer from South to North totaled \$20-40 billion a year. "The developing countries desperately need investment capital, but it's running the other way."

## Technology

### France refuses to buck 'new world order'

The French government of President François Mitterrand has made it clear to Indian Prime Minister Narashima Rao that France will not buck the "new world order" policy of "technological apartheid," to aid Indian space or nuclear technology development, the *Hindustan Times* reported Oct. 2. Rao, who was in France for three days, was only received by Mitterrand for a half-hour, and no reason was given for the short meeting.

"The hope seemed to be that France would continue the supply of uranium for the Tarapur nuclear power plant beyond the contracted period of 1993, and that it would be willing to part with advanced space technology. On both counts, France bluntly made it clear that cooperation in these spheres depended on India signing the nuclear non-proliferation treaty and missile control technology regime," the paper reported in an editorial.

Similarly, the Russian decision to apply full scope safeguards on supply on nuclear equipment to foreign countries will impact India. After the Canadians had left following the Pokhran explosion in 1974, India had arranged with the Soviet Union to receive heavy water for the 235 megawatt Candu reactor at Rajasthan atomic power station. The Soviets had also offered India two 1,000 megawatt VVER reactors at Koodnakulam in Tamil Nadu. But during a recent trip to Russia by Indian Atomic Energy Commission Chairman Dr. P.K. Iyengar, Russia rejected requests to supply enriched uranium for the Tarapur atomic power stations. He was told that since India is not a signatory of the NPT, the old safeguard ar-

rangement that New Delhi had with Moscow is no longer valid and more stringent safeguards will be required in order to continue with the old agreements.

## Health

### Disease holocaust sweeping Russia

The natural increase of the Russian population is being wiped out by disease, the Oct. 8 London *Guardian* reported, based on two reports commissioned by President Boris Yeltsin and just released by Ecology Minister Viktor Danilov-Danilyan. Ukrainian leaders report a similar situation.

Pollution is so bad, and health care has collapsed so totally, that in 29 areas in Russia, deaths outnumber live births. Toxic waste contamination and air and water pollution are so severe in vast areas of Russia, that almost one-sixth of the country is unfit for human habitation. Up to 2.7 million people are still living in the area affected by the massive radiation leak from the Chernobyl nuclear disaster, and 400,000 still live in areas officially declared unfit for human habitation. Some 1.3 million people have been registered at hospitals as suffering from diseases related to radiation exposure from Chernobyl.

Diphtheria is sweeping through Moscow and whooping cough through St. Petersburg. Infant mortality is soaring. Complications occur in 40-47% of all Russian births, and, if current trends continue, only 15-20% of all babies will be born healthy by 2015. Official infant mortality in 1991 is 17.9 per 1,000; by international standards, the report states, that rate would be three times higher. One-fourth of all intestinal diseases in Russia occur in children, due to the filthy conditions in kindergartens, where respiratory and intestinal diseases are rampant; 60% of Russian children are thought to be showing signs of rickets or allergies, and 10% show symptoms of anemia.

The Ministry of Health has calculated that only 25% of all 16-year-olds are healthy, and if international standards were applied to army recruitment, only 20% of young men would be considered fit for military service.

On top of this, the Russian health care system is collapsing. Some 40% of hospitals and 30% of outpatient clinics have no hot water; 18% and 15%, respectively, have no sewage system; and 12% and 7% have no water supply at all.

Water pollution is the worst. All the main Russian rivers have between 10 and 100 times the allowable viral and bacterial levels. Yevgeny Belyaev, a representative of the state committee for sanitation supervision, said that "even by our loose standards, over 20% of drinking water does not meet required standards in terms of its chemical composition" due to industrial dumping.

## Exploration

### Two U.S.-Russia space agreements signed

NASA Administrator Daniel Goldin and Russian Space Agency head Yuri Koptev signed two agreements in Moscow on Oct. 6 for U.S.-Russia cooperation in space exploration. One agreement is for U.S. participation in the Russian "Mars '94" mission to Mars, and another is for "Cooperation in Human Space Flight."

The Mars agreement provides for the flight of two U.S. scientific instruments, the Soil Magnetic Properties Experiment and the Soil Reactivity/Composition Experiment, on the Russian Mars '94 lander. The question of the magnetic characteristics of Mars is key and unanswered; only a faint magnetic field has been detected, which is an unexpected finding.

As part of the second agreement, two Russian astronauts are scheduled to begin training in late October at the Johnson Space Center to fly on the Space Shuttle. One of them will fly on a Shuttle mission in November 1993 as a mission specialist.

A NASA astronaut will also fly on a long-duration Mir space station mission of more than 90 days. This is scheduled for 1995 and will coincide with the docking of a Space Shuttle orbiter at the Mir station, though the astronaut will be flown to the Mir on a Russian Soyuz spacecraft.

## Briefly

● **JAPAN** will change its aid policy toward China to prevent the aid being used in military-related projects, Taiwan news service CNA quoted *Shan-kei Shimbun* on Oct. 2. Much of three Japanese loans has gone into the construction of railways and harbors that could be turned to military use. The shift will not take place until fiscal year 1996.

● **CHILD ABUSE** is now four times that of 1970; the number of children living in poverty has increased 33%, and teenage suicides have doubled, says Dr. Marc L. Miringhoff, director of the Fordham Institute for Innovation in Social Policy in Tarrytown, New York, which maintains "The Index of Social Health" in the U.S. The index began at 75 in 1970, and fell to 42 in 1990, the Oct. 5 *New York Times* reported.

● **RUSSIAN CENTRAL** bank head Viktor Gerashchenko said Oct. 5, "The International Monetary Fund is not an all-seeing God. Many of its officials and top world experts are starting to realize our problems are not as simple as the IMF leaders had imagined." The blast was reported by Reuters.

● **MOST POLES** support the labor protest actions in Tychy, at the FSM auto plant, according to a survey by the Polish Center for Analysis of Public Opinion. Over 60% of the population which does not work in the factory stated that the strikers' demands were justified.

● **'FISCAL OVERKILL'** was the term used by George Magnus, an economist at S.G. Warburg in London, to the Oct. 8 *Financial Times*, to describe how European governments may be trying to eliminate deficits. "If private-sector activity is going to be depressed for some time, this is the wrong time to cut back spending in private investment."

● **U.S. POVERTY** is growing among whites, too. Of the 4.2 million Americans added to the ranks of the poor in 1989-91, 51% were non-Hispanic whites.

## Casino Mondiale: A swindle runs the monetary system

*This report was prepared by Chris White, Marcia Merry, John Hoefle, Anthony Wikrent, and Laurence Hecht.*

The July 7 summit meeting in Munich, Germany of the heads of state, finance ministers, and central bankers of the Group of Seven industrialized nations proved the utter bankruptcy of the political leadership of the so-called developed world. The incompetents produced their verbal platitudes and reassuring noises. The result: The dollar went into free fall.

Similarly, the events culminating in the Sept. 16 collapse of the British pound, demonstrated for all to see that the so-called monetary authorities, the combined central banks of the developed world, are as impotent and incompetent as their political counterparts. That day it became transparently clear that the central bankers, and the system they subservise, has been destroyed, Frankenstein-style, by a monster of their own making.

During the September monetary turmoil, Germany's central bank spent \$65 billion worth of its foreign exchange reserves to defend the parities of currencies within the European Exchange Rate Mechanism. That was about one-third of the central bank's reserve position, as of the beginning of 1992. The French central bank exhausted all but 10% of its reserves in the same effort. Central banks of Italy and Ireland are out of reserves, with the Irish now forced to borrow from international markets to replenish what has been lost. Carlos Solchaga, the Spanish finance minister, now talks of the need for central banks to pool holdings of reserves. As for the British, whose currency took, and is so far taking, the biggest hammering from recent events, they are desperately trying to cover up the exhaustion of their central bank's reserve funds. Comparison of reported disbursements and bor-

rowings, with reserves available at the beginning of the year, indicates that if the Bank of England is not yet out of reserves, it will not be long before it is.

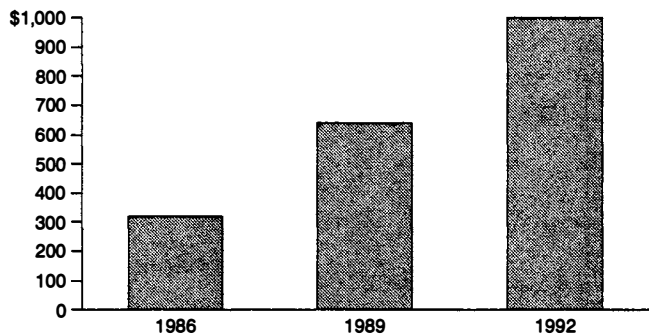
The exhaustion, or near exhaustion, of central bank reserves reflects the final breakdown of the international system of so-called floating exchange rates, which came into existence in the aftermath of Richard Nixon's momentous Aug. 15, 1971 decision to take the dollar off the gold standard. That was the day that Nixon ended the post-World War II Bretton Woods system. The exhaustion of the central bank reserves also reflects the end of the 1980s' orgy of deregulation and speculation unleashed by the international co-thinkers of Britain's Margaret Thatcher when she became prime minister in 1978. Strange it is indeed that John Major's opponents in Britain's Conservative Party are calling for a return to precisely those of her policies which produced the most appalling of disasters in Britain since the Black Death of the mid-14th century.

The breakdown of the central bankers' international operation is quite simply identified, on the surface at least. The volume of international transactions carried out every day on the world's foreign currency markets was, by early September, twice the available foreign exchange reserve funds of the world's major central banks. The monster that was created during the 1980s destroyed its nominal master.

Thus, the spectacle of officials from a variety of countries, like Britain's Chancellor of the Exchequer Norman Lamont, solemnly affirming before the world, "the pound will never be devalued," only to immediately do that which, he said, would never happen. The failure of his double interest rate increase Sept. 16 says it all. The resources no longer exist to continue the charade.



**FIGURE 1**  
**Growth in global currency trading**  
 (billions \$ per day)



Sources: Bank for International Settlements, U.S. Treasury.

The breakdown also points to the reality that these current political leaders and their companions in the central banks seem to have forgotten, assuming they ever knew, what money is actually supposed to be.

Beyond the exhaustion of the reserve position of the central banks, the financial side of what broke down Sept. 16 includes the following elements. Like Humpty Dumpty, it won't be put back together again.

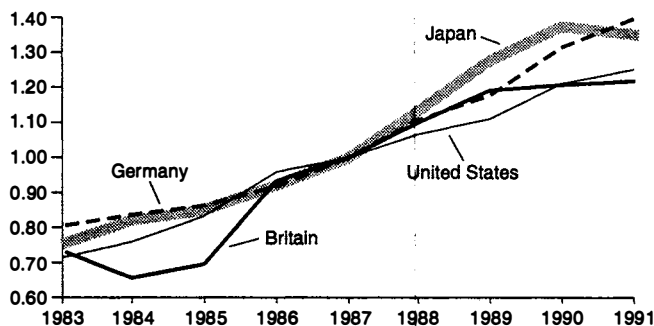
**Currency trading:** The volume of currency transactions in world markets is running at \$1 trillion per day, according to Nicholas Brady, the bumbling secretary of the U.S. Treasury. That cited daily volume was reached some time earlier this year. Brady's estimates are seconded by various European agencies. It has been reported in German and Austrian newspapers, that of this daily \$1 trillion throughput, more than \$300 billion is handled in the City of London, nearly \$200 billion in New York City, about \$130 billion in Tokyo, and \$57 billion in Frankfurt-am-Main, Germany.

Leaving aside weekends and holidays, when money markets are shut, there are about 250 trading days in the year.

**Figure 1** shows the growth of the daily volume of currency speculation since 1986. In these short six years, the volume has doubled, and nearly doubled again. In 1987, there was the "Black Monday" stock market meltdown in the United States and around the world. Note how this form of speculative activity has increased since that stock market collapse. The growth in the international volume of currency transactions can be compared with the growth of central bank reserves, shown in **Figure 2**, and with the magnitude of such reserves, by central bank, up to the end of 1991 (**Table 1**).

**Bond dealing:** Next in volume, after the currency markets, come the international dealings in the bonded debt of the U.S. government. In this case, it is estimated that about \$300 billion worth of transactions takes place, around the world, each and every day. At that level of activity, the whole of the \$4 trillion U.S. federal debt could be churned through

**FIGURE 2**  
**Central bank reserve index**  
 (index 1987 = 1.00)



Sources: International Monetary Fund, *EIR*.

Relative changes in central bank reserves, indexed to 1987. Lines show relative changes for each country but do not show relative sizes of reserves between countries. Each bank index computed on its own currency.

**TABLE 1**  
**Central bank reserves**  
 (billions of national currency)

| Year | Germany  | Japan   | U.K.   | U.S.A.* |
|------|----------|---------|--------|---------|
| 1983 | DM 160.6 | ¥26,385 | £13.41 | \$191.7 |
| 1984 | 166.7    | 28,627  | 11.95  | 203.8   |
| 1985 | 172.2    | 29,705  | 12.72  | 224.0   |
| 1986 | 182.9    | 32,119  | 13.97  | 257.4   |
| 1987 | 199.7    | 34,920  | 14.22  | 269.1   |
| 1988 | 221.1    | 39,462  | 15.28  | 283.9   |
| 1989 | 234.6    | 37,652  | 15.18  | 289.1   |
| 1990 | 239.0    | 47,900  | 22.02  | 325.1   |
| 1991 | 278.8    | 47,200  | 22.25  | 336.7   |

\* Average of last month in period.

Source: IMF, *International Financial Statistics*.

the world's bond markets in just 12 trading days, or 20 times every year (though it doesn't happen that way).

The annual throughput, under these two headings alone, comes to around \$325 trillion per year. For comparison, that is a factor of more than 50 times greater than either the U.S. Gross National Product, or the approximate total dollar value of all goods traded worldwide, in any one of the last few years. It is about \$60,000 worth of transactions for every one of the inhabitants of the globe—nearly three times the per capita income of an American—when two-thirds of the world's population is not assured of even an adequate daily supply of food. Then there is the \$25-30 trillion traded annu-

ally in futures markets, the \$6.5 trillion approximate volume of the futures market in U.S. Treasury Securities, and bringing up the rear, the stock markets.

U.S. stock markets do \$10-12 billion worth of business each trading day, apparently. So, the global activity in currency and U.S. government debt markets is more than 100 times greater than what goes on in the U.S. stock markets. Despite this, the Dow Jones post-industrial index is still taken to be the best indicator of the state of health of the U.S. financial system and economy.

### Money: a political creation

Is any of this actually money? Of course not. Just 10 years ago, hardly any of it existed. Twenty-five years ago it didn't exist at all, except for stock markets and holdings of government debt, then actually long-term instruments, held over years, rather than hours and minutes. It seems that we have been through another transition, in the jargon of financial specialists, from dollars to petrodollars to offshore dollars to narcodollars to non-money dollars and non-money narcodollars.

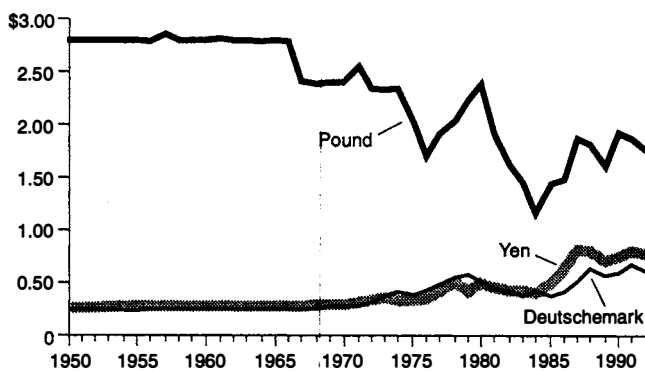
What is a dollar worth? Some point to the fact that among the United States' big foreign exchange earners are the products of the Coca-Cola company, and McDonald's Big Mac, often priced around the world at two to three times their U.S. levels, to argue that the dollar is undervalued. Russians, Mexicans, and Brazilians similarly assert the dollar is way overvalued, and are also right.

But, what if it isn't real money anymore, at least from the standpoint of the rest of the world? What can actually be done with a dollar? What does it buy, except more money, or U.S. government debt, or mob-like political protection from one or another provocation and destabilization, often as not organized by agencies of the U.S. government itself? What do such considerations about how much the currency is worth really mean? Maybe we have to start thinking again about what real money would be, or used to be.

Money, after all, is a political creation. You want money, you can print it. However, it is also a political creation of government. In the old days, a country's currency valuation in international markets used to reflect something of the reality of the productive power of the economy. That was in the days before Aug. 15, 1971, when foreign exchange transactions were primarily for the purpose of balancing and settling trading accounts, actually paying for goods that were being imported and exported.

This is shown in **Figure 3**, which plots the number of dollars and cents needed to buy a British pound sterling, a German mark, or 100 Japanese yen, since 1955. The relative stability, prior to Nixon's 1971 decision, can be compared with what looks like the steady decline of both the dollar and the pound since. Note the three-, almost fourfold collapse of the dollar against the mark and the yen since 1971. The valuation of the pound reflects a financial subsidy from the

**FIGURE 3**  
**U.S. dollars per foreign currency unit**



Source: International Monetary Fund.

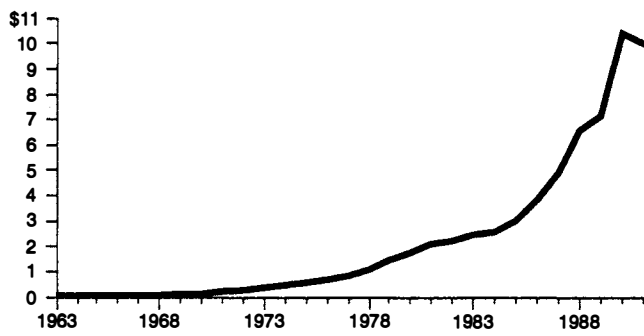
United States in the form of an overvalued exchange rate, a condition which has been allowed to persist over the entirety of the postwar period.

Such an economic function of money implies a relationship between the cost of producing output, and its price, in both internal and external so-called markets. The costs would include materials supplies and utilities, depreciation of plant and equipment, wages of production and administrative workers, plus a fair and reasonable profit to permit investment in upgrading activities. A government could take the whole economy in the same way: working backwards from what is required to reproduce another generation, qualified to work under foreseeable scientific and technological conditions, and also, to produce another successor generation; from this, to the rate of investment, under conditions of technological progress, needed to create and maintain the work places, and infrastructure needed to sustain the required healthy, forward momentum of the country's demographic profile, increased life expectancy, declining infant mortality, a longer time spent in education, upgraded employment, and so on. It is the kind of approach that farmers refer to as "parity pricing." Or, the kind of approach which used to govern electric utility and transportation administration, in the days before deregulation.

### Credit generation

Out of such calculations would be produced an estimate of the volume of credit necessary to accomplish the objectives. Of that estimated volume of credit, some portion, related to the combined estimated necessary rate of growth, and the productivity-enhancing, hence labor-cost-reducing and cheapening effects of the investment pathway chosen, would be issued as money. Then, what used to be called "the soundness of money," or "hard money," would reflect the adequacy of a nation's commitment to create the conditions for the

**FIGURE 4**  
**Deposit banks' foreign liabilities**  
 (trillions \$)



Source: International Monetary Fund.

future existence of itself and its population, through increasing the productivity of its labor force.

In this century, we've done it that way in wartime, as under Franklin Roosevelt. It also happens to be the intent of the Preamble and Article 1, Section 8 of the U.S. Constitution. It was the effective method chosen to build the United States, under the First and Second National Banks, and under Lincoln's "greenback" policy, against contemporary advocates of the kind of diseased approach which has now brought the world into disaster. Such is the tradition of the Confederacy.

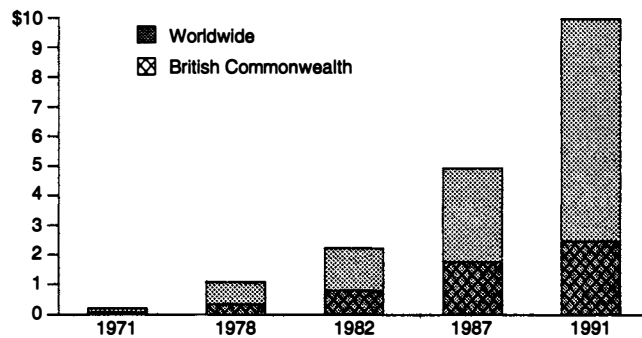
In this approach, government is the source of credit, issued into the banking system in the form of, in the case of the United States, Treasury notes, at low interest rates. Such credit is directed to financing economic functions, for example, capital investment in basic economic infrastructure, such as transportation systems, power generation and grid construction, water management, treatment, and distribution, and sewage systems. Credit issued for such productive purposes generates an economic multiplier effect through the economy as a whole in the form of rising employment, filling order-books for subcontractors on projects and so on.

### The debt multiplier, and other swindles

In the alternative version, now imploding, government does not issue credit, but rather finances its activities through issuance of debt, secured against future tax revenues. Absurdly, the government borrows in anticipation of its own future revenue from some private party, secured against its own tax revenue in the form of interest and amortization. The Treasury sells debt into "the market," to raise funds, supposedly to finance that part of the government's budget which is not covered by tax revenues or other receipts. "The market," in this case, is the investment houses and banks.

Since 1985, it has been possible to buy federal debt without providing proof of origin of funds, or documentation that

**FIGURE 5**  
**Deposit banks' foreign liabilities in selected key years**  
 (trillions \$)



Source: International Monetary Fund.

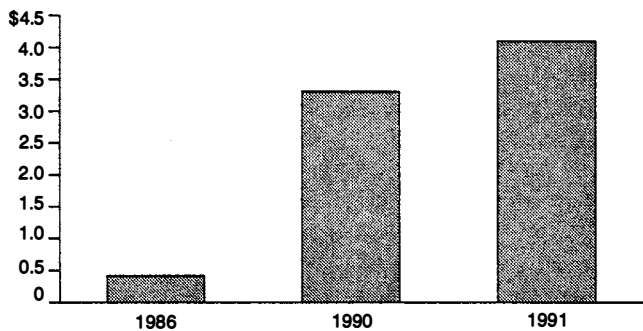
the money employed belongs to whomever it is supposed to. "The market" can then turn around and sell the debt to the Federal Reserve, in exchange for money. And the Federal Reserve can use its holdings of debt to drain money out of the market. This is supposed to regulate the money supply, and perhaps did in the days of real money. Bank and investment house holdings of government debt become the basis for a debt multiplier, spreading outwards from the banks and the Federal Reserve.

Ridiculous, to borrow what will in any case be one's own—future tax revenues—to repay with what is one's own—present tax revenues—to have 20% of the transaction skimmed off the top in the form of debt service claimed by the middlemen in the transaction. Under the Constitution, it is flatly illegal, because it is inimical to republican government. The only function served is a transfer of public revenue into private hands in the name of "sound financing practices." The giveaway swindle is running at \$200 billion per year in debt service.

It has transformed the U.S. Treasury into the house bank of the world currency and bond market casino, and the Federal Reserve into the employee who deals winning hands from a stacked deck to favored clients.

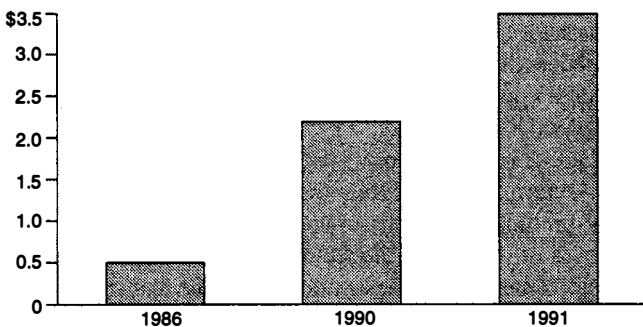
The multiplier effect is aggravated by the existence of offshore funds. **Figure 4** shows the growth of deposit banks' foreign liabilities as an approximation of such offshore funds. This captures the almost \$400 billion socked away in the Cayman Islands by the end of 1991, and the almost \$300 billion stashed in the Bahamas, along with equivalent funds in Hong Kong, Singapore, and other places. This was rightly considered a threat to the entire world system back in 1971, when it was estimated that there were about \$200 billion of such stateless funds in circulation; there were \$10 trillion of such deposits in existence at the end of 1991, a fiftyfold increase in 20 years (**Figure 5**).

**FIGURE 6**  
**Growth in over the counter instruments**  
 (trillions \$ outstanding at year end)



Sources: Futures Industries Association, International Swap Dealers Association, Bank for International Settlements.

**FIGURE 7**  
**Growth in exchange rate instruments**  
 (trillions \$ outstanding at year end)

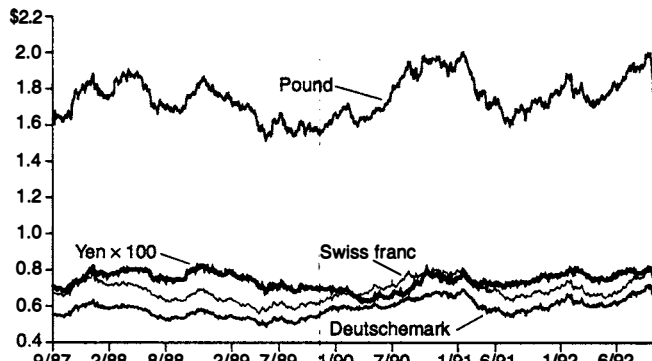


Sources: Futures Industries Association, International Swap Dealers Association, Bank for International Settlements.

These funds are not only not real money, since they are stateless; they are also more or less criminal, the proceeds of capital flight, tax evasion, and of drug and weapons dealings, and so on. Since the difficulties of First National Bank of Boston in the winter of 1991, offshore liabilities, in the form of deposits in foreign operations of U.S. banks, have been covered by the Federal Deposit Insurance Corp. (FDIC).

The internal multiplier and the offshore black funds combined to become a kind of monetary sorcerer's apprentice during the 1980s. Foreign exchange and bond trading (Figures 6 and 7), in significant portions, are organized through so-called off-balance-sheet liabilities. These really did not exist before the middle of the 1980s. Now, there are about \$4 trillion of such transactions held off the balance sheets of U.S. banks: The explosive growth of these off-balance-sheet liabilities is similar to that of foreign currency trading. In

**FIGURE 8**  
**U.S. dollars per foreign currency unit**



Source: EIR.

1984, U.S. banks had \$1.4 trillion in off-balance-sheet liabilities; by 1985, that figure had risen to \$1.8 billion. By September 1991, the 20 largest U.S. banks had \$6.1 trillion in off-balance-sheet liabilities, or 697% of their \$899 billion in reported on-balance-sheet assets. Citibank alone had slightly more in off-balance-sheet liabilities in 1991 than the entire banking system had in 1984.

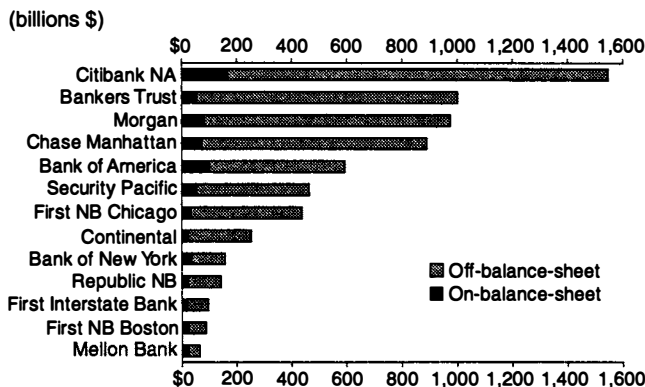
The transactions take the form of "hedges." Movements, or volatility, of one currency are compensated by trading in the contrary direction in another currency or group of currencies, or in futures markets. Interest rate swings in bond markets offset movements in currency markets.

Figure 8 shows the pattern of increasing volatility which has been introduced into currency markets as the daily volume of trading reached toward \$1 trillion, from its level of 1986-87. Note how over the succession of intervals indicated in the time line, there are increasingly wilder swings from peak to trough. The standard 15-20% fluctuations, in almost any six-month period, are sufficient to wipe out the profits of any company that is engaged in trading goods, unless that company joins in the speculative binge to "protect" itself. Hedges, between and among currencies, and between currencies and interest bearing instruments, are supposed to tame and conquer such volatility.

Through such means, it is claimed by some that 77% of the after-tax profits of the 10 largest U.S. banks were, in 1991, the result of those banks' currency-trading activities. Federal Reserve-supervised Citibank will confirm this trend in the next days, when it announces its third quarter 1992 results. Currency trading gains in August and September are expected to help rebuild Citibank's balance sheets. Figures 9 and 10 show the volume of "off-balance-sheet liabilities" of the 13 largest U.S. banks, and their "off-balance-sheet" exposure compared to their paid-in capital.

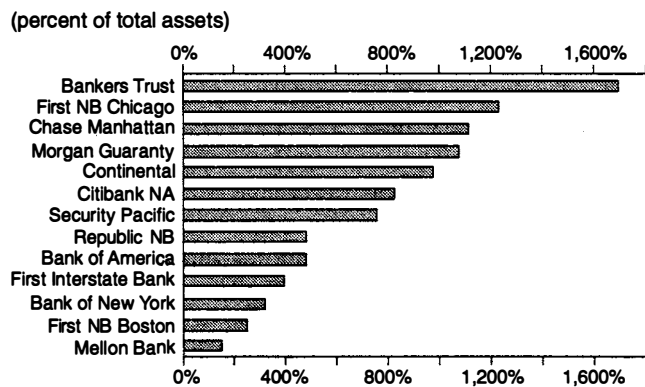
Investment in the stock market, as Nicholas Brady never tires of saying, represents more of a commitment than most

**FIGURE 9**  
**Off-balance-sheet activities of the largest U.S. banks**



Source: Weiss Research.

**FIGURE 10**  
**Off-balance-sheet activities of the largest U.S. banks**

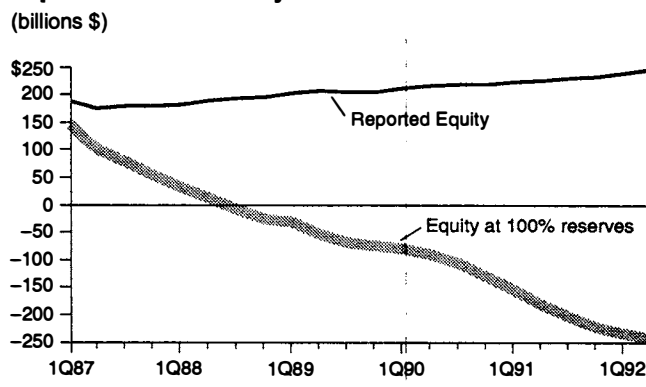


Source: Weiss Research.

other types of investment. You have to use money. One dollar buys \$1 worth of stock, whether the market is up or down on that particular day, whether the money is yours or borrowed.

The currency and bond markets don't work that way. For a little over \$2,000, the bond market player leverages \$100,000 worth of U.S. government debt. In that market, 2¢ buys one dollar's worth of action. So the \$300 billion traded every day is the dollar volume leveraged by a mere \$6 billion or so. In the currency markets, it is different again. There, margins can be as thin as 0.5-1%. So, half a cent to a cent buys \$1 worth of action, and the whole \$1 trillion of daily transactions is backed by a mere \$5 to 10 billion each day. And thus, central banks are hemorrhaging away their reserves, by the tens of billions, to fend off flows leveraged by mere billions of dollars. Insane, isn't it? And considering the

**FIGURE 11**  
**Equity capital at U.S. commercial banks, reported versus adjusted for 100% reserves**



Sources: Federal Deposit Insurance Corp., EIR.

real economic crisis ravaging the world, it's criminal.

Wait a minute. Wasn't that supposed to be one of the lessons of the 1929 stock market crash? Weren't margin calls against uncovered positions supposed to be one of the causes of the crash? Weren't trades on margins banned in the aftermath? The leverage, you see, works both ways. Yes, the \$2,000 margin leverages \$100,000, but a swing of 2% and more which wipes out the margin, and produces a call for cash settlement, can also bring down the 98% of the transaction which is unsecured.

Then look again at what happened on Sept. 16, and in subsequent days. Behind the daily convulsions of the currency markets, what happens to the hedging positions of the currency traders when a currency is removed from trading, as was the Italian lira, or when exchange controls are imposed, as they have been in Spain and Ireland, and interest-free deposits have to be placed before certain currency trades can be made, or when overnight interest rates go to 500%, and then down to 40%, as was done in Sweden?

The hedging positions get knocked out. And, as that happens, the off-balance-sheet liabilities, which are the core of the \$1 trillion per day currency markets, come unglued, and the currency trading earnings of the banks disappears. **Figure 11** shows the equity capital position of the U.S. banks adjusted to write off losses sustained in all areas of their activities, and what the FDIC claims to be their equity capital. The difference between the two at the end of the first quarter of 1992 was \$500 billion of unaccounted losses, from dead real estate loans, etc. Even without the collapse of the international speculative pyramid, the whole U.S. banking system is dead. Such a chain reaction collapse is now under way. It is the proverbial Belshazzar's Feast for the \$320 billion daily currency volume of the City of London, sure not to survive in its present form. And also, for the bankrupt core of the U.S. financial system.

# Non-money: How the deficit is created

by Chris White

The federal government's debt has been transformed into the "house bank" of the worldwide speculative casino. Twenty-six times, Alan Greenspan, chairman of the Federal Reserve, has lowered interest rates over the last two years. The liars have it that the sequence of reductions has been intended to reverse the deepening recession. Greenspan isn't one of those liars. He's different. He says that the reductions have been designed to rebuild balance sheets after the debt-bloated years of the 1980s.

He and his pals in the Bush administration and banks have created conditions in which the Federal Reserve will lend (and it only lends to banks and similar outfits) at 3%, while permitting the banks to turn around and re-lend the same funds to the U.S. Treasury at rates up to 7% and over. The 4% difference is being taken out of the hides of U.S. taxpayers. This is the swindle by means of which Greenspan, Brady, and company, respectable financial managers all, stacked the deck for the biggest speculative boom in human history.

Figures 1 and 2 show the course of interest rates in the United States in recent years, and among the United States, Germany, Japan, and Britain. The so-called spread between German and U.S. rates is what all the fuss has been about in

recent weeks. The U.S. crowd is demanding that Germany, and by extension Japan, lower interest rates such that the U.S. commercial banks can borrow in those countries on the same terms that they do from the Federal Reserve, and re-lend to the U.S. Treasury on the same terms. They are demanding that "Casino Fed" take over the world.

This is what is going on behind the biggest suckers' game of recent years, namely the one that is played out around the question of cutting the burgeoning U.S. deficit. Who actually believes the heart-wrenching tales that are circulated by Ross Perot, Warren Rudman, Paul Tsongas, and others, to the effect that we are stealing our grandchildren's money, and that the only way to stop it is to cut the federal deficit? It is indeed being ripped out of the hides of grandchildren, grandparents, and all. Cuts and tax increases will make it all much worse.

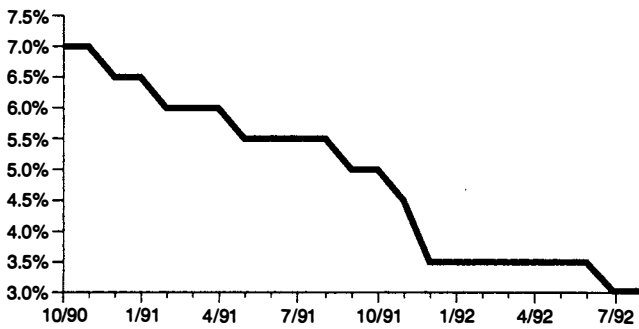
Four trillion dollars, the total debt of the U.S. government, is a lot of money. Compared to the flows of funds in currency markets and bond markets on an annualized basis, it is quite small. Are cuts and tax increases the only way to solve the problem? Not on your life. The cuts that are being discussed—one year's budget to be completely cut out of the next five—are insane.

## What the deficit is made of

The people who want to cut the federal deficit should be put on the spot about the real problems. If they don't want to deal with those, they should be told to shut up. There are two problems to consider: one financial, the other economic.

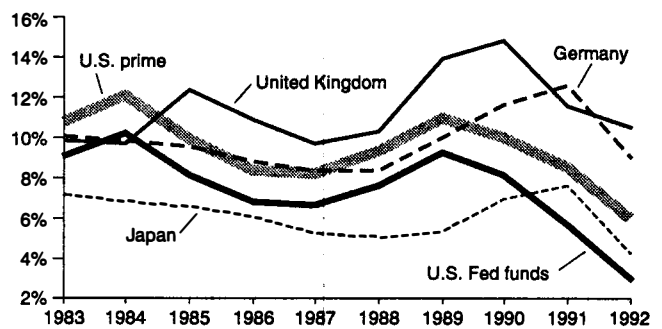
As we have seen, the federal deficit is actually helping to keep the bankrupt U.S. banking system afloat, and has been transformed into the house bank of the biggest floating crap game in human history; this via the relationship among the Treasury, the Federal Reserve, and the so-called "market." Are the people who propose to cut the federal deficit also proposing to bring that crap game to an end? If they are not,

FIGURE 1  
Federal Reserve discount rate  
(percent)



Source: EIR.

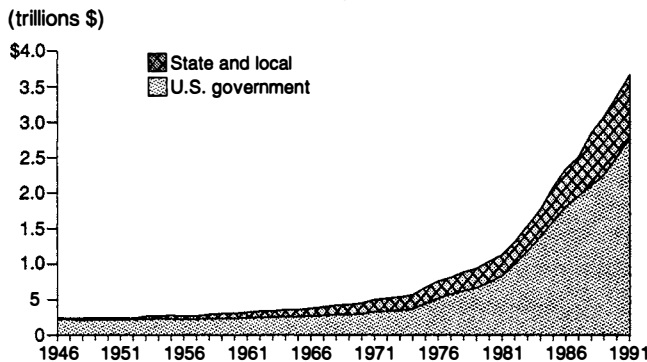
FIGURE 2  
World interest rates  
(percent)



Sources: Federal Reserve, EIR.



**FIGURE 3**  
**Total government credit market debt of federal, state, and local governments**  
 (trillions \$)



Source: Federal Reserve.

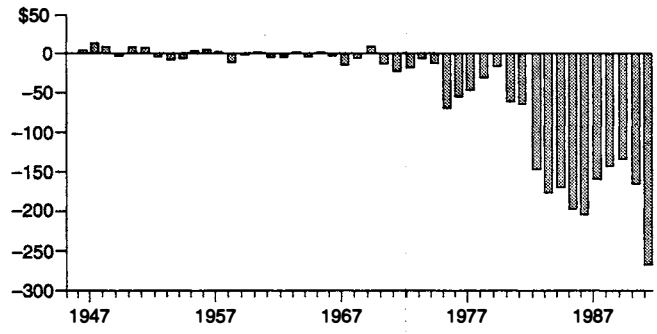
then what they are actually proposing, in the name of deficit reduction, is to transfer revenues larger than \$200 billion per year, the present annual interest on the federal debt, to participants in the crap game, and to cut essential government services, such as health, education, and defense, to do it. They are also proposing to increase the deficit by increasing the numbers of those thrown onto welfare and unemployment rolls, among other things. The idiocy is that cuts reduce revenues by increasing unemployment, for example, and, at the same time, also increase expenditures, by increasing the numbers of those in need of relief. Therefore, cuts increase the deficit. This increases, as a consequence, the amount the federal government has to borrow. It also increases the interest paid on the federal debt. This makes all the talk about "stealing from grandchildren" either the most cynical, manipulative kind of demagoguery, or the stupidest kind of ignorance.

Remember Little Red Riding Hood? "What big teeth you've got, Grandma." These swindlers have already eaten Grandma, donned her clothes, and plan now to devour her children and grandchildren.

### Why not increase employment?

The charts show the growth of federal, state, and local government debt over the entire post-World War II period (Figure 3), and the growth of the budget deficit over the same period (Figure 4). You will see that where the federal debt is concerned, the first doubling took about 25 years, from 1946 to 1971, the second 9 years, the third 5 years, and in the 7 years since 1985, we have almost added a fourth, from \$2 trillion to \$4 trillion. The same pattern shows with the deficit. It might be added that any time one of the recent administrations has adopted a program to reduce the deficit, the deficit has doubled shortly thereafter. It happened with Reagan after 1981; it happened after the Gramm-Rudman-ultimate budget cutting sequestration law; it happened

**FIGURE 4**  
**Federal budget surplus or deficit**  
 (billions \$ per year)



Source: Federal Reserve.

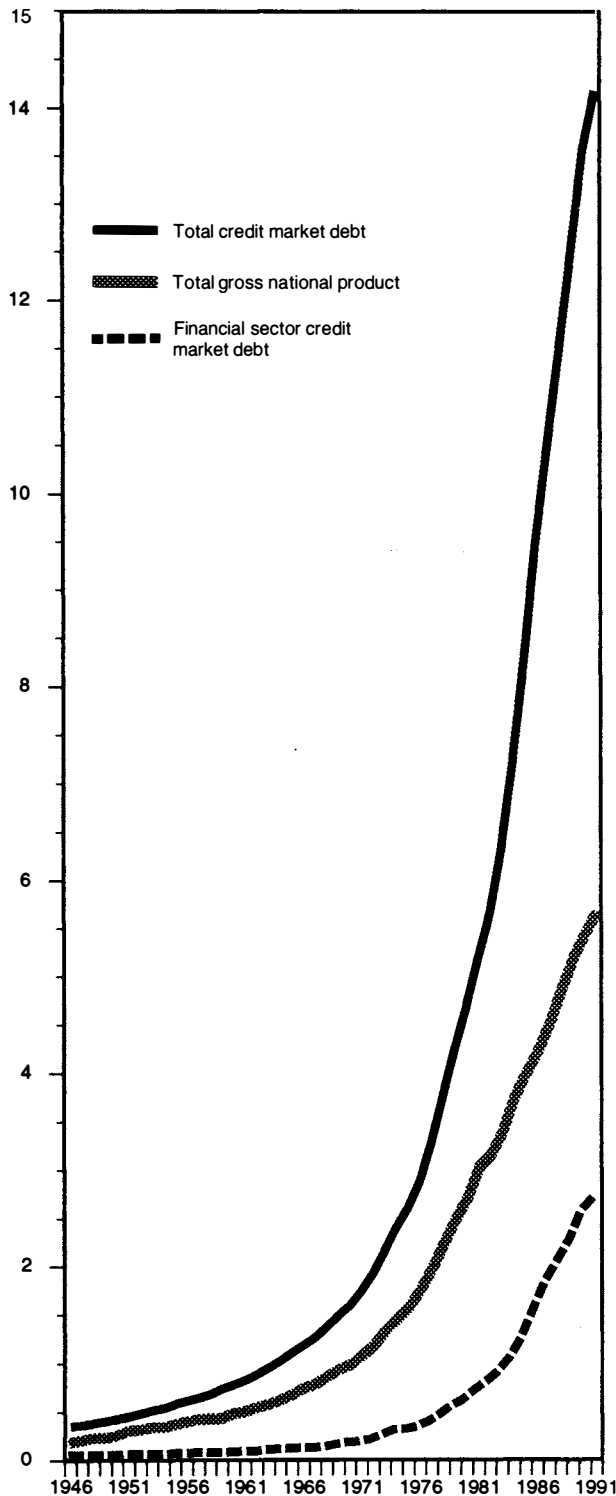
again under George Bush. The record ought to tell us that there is something wrong with the method of reducing the deficit by cutting the budget.

The increase of the deficit ought to tell us that the problem is an economic one. Revenues are not sufficient to cover government expenditures. How to increase revenues? The same people who want to cut the deficit insist, "Raise taxes." Seems obvious doesn't it? It is equally absurd. The one approach that would work has been automatically ruled out of order: that is, create new employment, thereby increasing the number of taxpayers—and the tax revenues will increase without raising taxes.

Why is the government unwilling to create employment? One reason is that the federal government's debt is by no means the entirety of the problem. Figure 5 shows the Federal Reserve's figures for total credit market debt outstanding. The numbers include debt of government at all levels, debt of financial and non-financial businesses and farms, debt of households, mortgage and consumer debt. Total debt outstanding has increased sevenfold since Nixon took the dollar off the gold standard in 1971, against a three-and-a-half times increase in the debt of government. If total debt has increased twice as fast as government debt, it ought to tell us that there's more involved than the matter of government debts and deficits (Figure 5). Then compare those rates of increase with the increase of the debt of the financial sector, over the same period. This sector's debt has increased more than tenfold since 1971, faster than the increase of the whole debt by almost 50%. The bankruptcy of the banks has pulled down the economy, which has, in its turn, bankrupted the federal government. This will not be reversed by further gutting of government revenues.

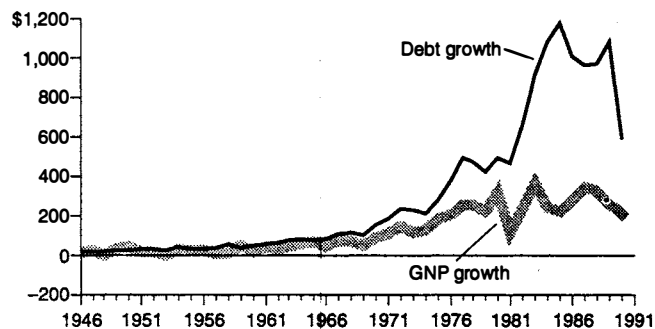
Gross National Product is supposed to be an indicator of how the economy is functioning. Actually, it isn't. It is the net of all "sales" transactions in the economy. It includes transactions which, in a proper cost-accounting system,

**FIGURE 5**  
**Total credit market debt, financial sector credit market debt, and total gross national product**  
 (trillions \$)



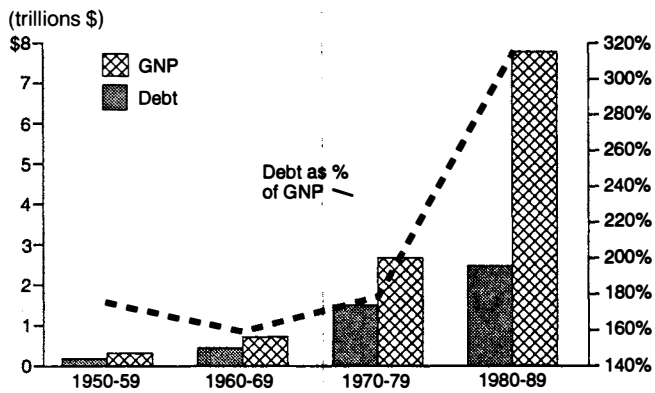
Source: Federal Reserve.

**FIGURE 6**  
**Yearly growth of credit market debt versus yearly growth of GNP**  
 (billions \$ per year)



Sources: Federal Reserve, *EIR*.

**FIGURE 7**  
**Growth of debt versus growth of GNP, by decade**  
 (trillions \$)



Sources: Federal Reserve, *EIR*.

would end up on the liability side of the balance sheets, as well as including transactions which represent assets. The liability side includes transactions which encompass debt service, which is loot taken out of the economy by usurious means, especially if debt service is re-invested into more debt, or speculation, and not put back to productive use through physical capital improvements. Figure 5 shows the growth of the so-called GNP over the postwar period, and of course since 1971. Here we have a sixfold increase since that time. Less than the growth of financial sector debt, less than the growth of the total debt, more than the growth of government debt.

Since approximately 1978 we've been adding \$200-300 billion of debt, up to a record of \$600 billion in 1986, for every \$100 billion of growth in the measure known as Gross National Product (Figures 6 and 7). The rate of increase in the debt began to slow after 1986, and began to collapse

precipitously after 1990. The collapse is what Greenspan refers to as “rebuilding balance sheets.” The collapse in the rate of growth of debt coincides with the expansion of speculative activity in currency and bond markets. Greenspan, Brady, and the banks have attempted to offset the decline in debt, by moving an ever greater portion of so-called financial assets into short-term activity, increasing the velocity of throughput of speculative funds to offset the decline in absolute volume. Three-quarters of the \$4 trillion federal debt will mature during the next five years. To retire, or roll over \$600 billion per year, while running deficits in the range of \$400 billion, is to usher in the era of trillion dollar deficits, all in the name of “bringing the deficit under control.”

To do this is to safeguard the claims of debt against every other area of economic and human activity. Employment is cut for “cost containment,” or to meet interest payments. Investment is reduced. Research and development expenditures are eliminated. Education budgets are axed. All to maintain this sacred cow of debt. That’s why sanity is eliminated in the discussion of the federal deficit in favor of casino financing and the claims of debt. To permit sanity to enter in, in the form of job-creating, revenue-enhancing, changes in policy, is to destroy the present casino swindle, and the cancer of debt from which it grew.

## World trade declines as speculators rush in

by Anthony K. Wikrent

Most people assume that foreign exchange trading is largely generated by foreign trade—imports and exports of actual goods and services. They’re wrong.

According to the most recent estimates, cited by U.S. Treasury Secretary Nicholas Brady at the annual meeting of the International Monetary Fund (IMF) in late September, currency trading around the world has reached the unbelievable sum of \$1 trillion every day, or around \$300 trillion a year.

By comparison, the dollar value of the world’s total foreign trade in goods and services in 1990 was, according to the IMF’s “Direction of Trade Statistics,” \$6.55 trillion. That’s the sum of both imports and exports for every country in the world. In other words, the total amount of foreign exchange trading is now about 45 times larger than the value of actual foreign trade.

### Tonnage decreases

But even that comparison is misleading, because the dollar volume of world trade masks a real decline in the world’s trade of physical goods. According to the annual report *Maritime Transport*, by the Organization for Economic Cooperation and Development (OECD), the total annual tonnage carried in the world’s seaborne trade fell from a high of 3.714 billion metric tons in 1979—the year the Tokyo Round of the General Agreement on Tariffs and Trade (GATT) was implemented—to 3.090 billion metric tons in 1983, and did not surpass the 1979 level until 1989, when 3.877 billion metric tons of freight were carried on the world’s ships.

Indications from the maritime industry now are that the tonnage carried is again shrinking. The formation, in the middle of September, of a capacity-limiting agreement by shipping companies on the Europe-Asia trade lanes, leaves the intra-Asian shipping lanes as the only maritime trade routes where ship owners and operators have not attempted to cut back capacity to raise freight rates in the face of declining traffic. Twelve carriers on the North Atlantic, which have suffered up to \$400 million in losses in the past year, agreed in August to reduce shipping capacity by 20%. On every other trade route—North America-South America, North America-Asia, North America-Africa, Europe-Africa, Europe-Asia, etc.—ship owners and operators have been forced up against the wall by a decline in demand for their services. That means that there is not as much freight being carried as there was before.

It may be argued that seaborne trade reflects only part of total world trade, since significant overland movements of freight, such as occurs in North America and Europe, are not covered. However, freight movements in Asia are overwhelmingly by water, and intra-Asian trade has been the fastest-growing area of world trade. What is missed in overland freight movements in North America and Europe is probably almost entirely made up for by the relatively disproportionate use of seaborne trade in Asia.

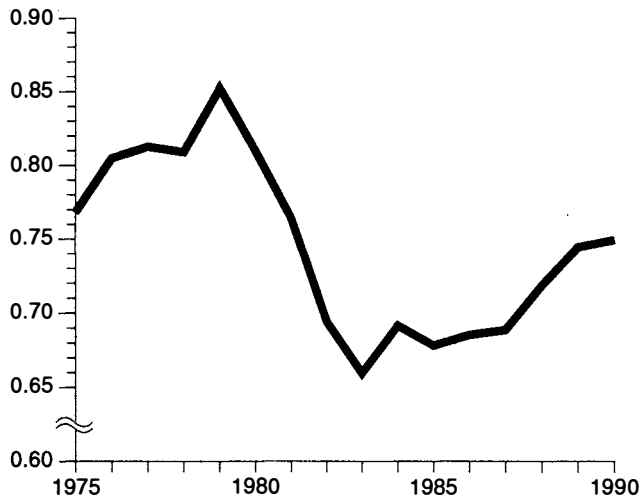
The real collapse in actual movements of physical goods around the world is made even clearer by converting the OECD’s figures into tonnage carried per capita of world population (see figure). By this measure, world seaborne trade collapsed absolutely throughout the 1980s, as GATT “liberalized” world trade, and the U.S. Federal Reserve under Paul Volcker implemented a “controlled disintegration” of the world economy. In fact, *the per capita volume of world trade has never recovered to the levels of the mid-1970s*, and in fact continues to stagnate at levels around 12% below what it was before 1979.

### Air cargo down

A major reason airlines have suffered huge losses in the past two years, is that air cargo is declining also. Airlines typically derive most of their profit from carrying cargo,

## World seaborne total trade volume

(metric tons per capita of world population)



Sources: OECD, *Maritime Transport* 1989, 1990, 1991; U.S. Department of Commerce, *Statistical Abstract of the United States*.

since most of the costs of a flight are incurred in carrying passengers. Air freight is used to move very high-value cargo. Apple Computer, Inc., for example, moves 20% of its inventory by air freight. But, from a record 10.275 billion ton-miles in 1990, the amount of freight carried by U.S. airlines in 1991 declined to 10.204 billion ton-miles—and that's at the same time that U.S. airlines have expanded rapidly overseas.

### The capital goods sector

This atrophy of world trade is all the more remarkable, considering the enormous amounts of capital goods the developing-sector countries need to help them build the electrical generating and transmission systems, water management systems, sanitation systems, transport systems, and industrial base they so desperately need.

Examine, for example, U.S. exports of capital goods. The United States exported nearly 30,000 farm tractors a year in the 1970s, with 38,092 recorded in 1977. By 1983, the number of farm tractors exported had fallen to 10,609; by 1987, it had fallen by half again, to 5,731. Meanwhile, exports of crawler construction tractors—bulldozers—fell from 6,902 in 1979, to 3,111 in 1982, to 1,913 in 1986. In 1990, only 1,660 crawler tractors were exported from the United States.

For most of the 1970s, the United States exported 500 to 700 rail locomotives a year. In 1981, the U.S. exported only 195 locomotives. After struggling back up to 504 locomotives exported in 1986, the number collapsed again, to 106 in 1988.

## LaRouche: 'There's no recovery, anywhere'

*Independent presidential candidate Lyndon H. LaRouche made the following comments in a campaign statement on Aug. 5, 1992, released at the National Press Club on the occasion of the announcement of the Rev. Jim Bevel as LaRouche's vice-presidential running mate:*

It is an understatement to say that what is happening presently and what has been in process since 1987—October 1987, to put a specific date to it—has been the worst economic depression worldwide in the 20th century.

People talk about recovery. There is no recovery. It is occurring *no place*. What there has been and is, is a resistance to this depression in western continental Europe and in Japan and in a few other spots in Asia, such that these countries are collapsing at a much slower rate so far than have been the English-speaking countries which have been leading the collapse outside of the former Soviet empire. . . .

There's no solution to these problems unless one speaks of a high-tech industrial recovery based on large-scale investment in infrastructure. We're talking about \$600 billion to \$1 trillion a year, not of debt, but of credit issued through the mechanisms of Section 8, Article I of the U.S. federal Constitution, to state and federal authorities, and to vendors to those state and federal authorities, for large-scale water projects, for large-scale transportation projects, for large-scale energy projects, for improvements of our medical system and facilities, for improvements of our school facilities, and in addition to that, large-scale credit for vital sections of industry, to push ahead with new technologies and to diversify their industry, such as the auto and aerospace complex, in order to save what the United States is losing most essentially in the tool-making industry.

We no longer have the ability, or are rapidly losing the last vestige of the ability, to produce new technology. We will be importing technology if we can get it, if we can afford it, from Europe and from Japan, and even from some Third World countries, at the present rate.

*From an Aug. 12 statement:*

We are now, this month, in a new downturn of an ongoing worldwide economic depression, which has been in progress since the October 1987 stock market crash. While the stock prices on the New York Stock Exchange still tend to go up or float at a fairly high level above the so-called 3200 Dow Jones Index level, the fact is that U.S. financial instruments are worth less and less every day—and because also the depression is spreading through every part of the world.



*Lyndon LaRouche and his wife Helga Zepp-LaRouche tour the Goddard Space Center in Maryland, in 1981. "We are rapidly losing the ability to produce new technology. We will be importing technology, if we can get it, if we can afford it, from Europe and from Japan, and even from some Third World countries, at the present rate."*

*From a Sept. 17 statement "On the Breakup of the Currency Blocs":*

On Sept. 16, 1992, sixty-one years after the opening of the Great Depression in 1931, nearly to the day, the British government once again plunged the world officially into a catastrophic global economic depression. Simply said, what happened was, it became impossible to continue to defend the inflated value of the British pound even until the 20th of September, when the Maastricht European monetary agreements were scheduled to be voted up or down in France. Every effort, every resource available, or politically available, was used to try to pull these currencies of Europe into their existing Exchange Rate Mechanism system. Resources did not exist; it could not be done. It failed. We are now officially in a new world depression, as we were through the British floating of sterling in September 1931, sixty-one years ago. . . .

And so far, most of the governments of the world, and most of the political parties, including the leading political forces in the United States, are still making the same kind of silly mistakes which were made 61 years ago, which plunged us into the depths of a depression then, and will assuredly do so now, unless those policies are changed. . . .

What we must do is to put aside every lunatic who proposes that the solution for this situation is austerity. Those

who propose to increase taxes and cut budgets are dangerous lunatics whose proposals, if implemented, will drive us into who knows what—a pit of despair. . . .

*From an Oct. 7 campaign statement, "The Fed and Banks Swindle":*

Unlike George Bush, Clinton, and Perot, I intend to reform the Federal Reserve System, to bring it back into conformity with Article I of the Constitution.

What is happening today, for those who think the Federal Reserve System is a model of competence, is the following. Major banks, many of which I believe to be bankrupt, and to have been virtually bankrupt for a year or so, and other financial institutions which are either bankrupt or on the verge of it, in point of fact, are borrowing large sums of money from the Federal Reserve System on short term, at a 3% interest rate. They are taking this money, turning around and loaning it to the federal government in the form of long bond U.S. debt, at 8% or higher. Thus, they are getting 5% on Federal Reserve money, for which they did not pay, out of your government and out of your tax dollar and off the backs of your grandchildren, if things go on this way.

I propose to bring that swindle I just described to a screeching halt. And I dare any of my competitors—Bush, Clinton, or Perot—to say that they are willing to do the same.

# Crack-up of dollar era institutions, June-October 1992

## Event

1992

## What they said

June

July

**June 2:** Danes vote down Maastricht Treaty for financially unified Europe.

**June 1-30:** Scandinavian crisis mounts: Finland rocked by capital flight.

**July 6-31:** Italian financial crisis: Government unable to place its treasury bills; huge capital flight; Italian central bank has spent 27.5 trillion liras in 10 months trying to stanch flow; government imposes austerity policy.

**July 16:** German Bundesbank increases interest rates.

**July 20:** World stock market values plunge—down 7% in Italy and Sweden; down 4% in Japan; 3% in Germany and France; 2% in Britain.

**July 20:** Federal Reserve chairman Alan Greenspan cuts U.S. interest rates for the 23rd time in two and a half years.

**July 31:** U.S. unemployment crisis: 22.4 million unemployed or underemployed. Business failures hit record rate, numbering 50,582 in first six months. One million on welfare in New York City alone—one in seven people. State budget crises hit; California issues over \$1 billion in scrip. Commerce Department figures say "growth rate" dropped to 1.4%.

August

**Aug. 10:** Dollar plunges in value. Federal Reserve intervenes five times, along with Bank of Canada.

**Aug. 11:** World stock market values plunge. Dollar again falls. London FTSE falls to 2,325—lowest since Persian Gulf war. Frankfurt exchange falls to lowest since February. Oslo hits a low. Milan hits a low. Japan Nikkei average falls below the critical 15,000 level to 14,822, lowest since 1986.

**Aug. 13:** Italy's credit rating downgraded by Moody's Investor Service.

**Aug. 15-31:** Scandinavian financial crisis: Sweden hit by capital flight of 9.976 billion kroner (\$2 billion) week of Aug. 20; Denmark's second largest insurance company, Hafnia, announces bankruptcy (Aug. 20); Norway's largest insurance company, UniStorBrand, fails (Aug. 24); Denmark's second largest bank, Unibank, discloses huge loss of 4 billion DKroner, and chairman resigns (Aug. 20).

**Aug. 18:** Tokyo's Nikkei average falls another 620 points to 14,309. Japanese Finance Ministry announces a 10.7 trillion yen economic stimulus package (Aug. 28).

**Aug. 24-25:** Dollar in free fall. Hits record low of 1.3990 to the deutschemark, below postwar low of 1.443. Repeated interventions by Federal Reserve and central banks. British pound and stock values plunge worldwide.

**July 6-8:** Group of Seven heads of state official communiqué agrees "to support the upturn without rekindling inflation. . . . Taxpayers' money should be used more economically and more effectively. . . . Each of us faces somewhat different economic situations. . . . But we should all gain greatly from stronger, sustainable, noninflationary growth."

**July 23:** Federal Reserve chairman Alan Greenspan called for "rebuilding balance sheets" for U.S. banks, by using interest rate reductions in combination with lowered reserve requirements, to enable banks to borrow at low rates, take on government debt at high returns, and gain the difference.

**July 23:** U.S. Treasury Secretary Nicholas Brady declares "economic recovery" is continuing. "While second quarter growth may slow slightly, it will be positive and consistent with a sustained recovery. . . . Inflation is still under control and interest rates are down. . . . The economy will continue to improve this year."

**July 30:** Secretary Brady: "What makes me optimistic about the rest of this year is a lifetime in business. You cannot have interest rates at the lowest level in 20 years, inflation down, productivity up, production costs in this country very, very favorable with regard to the rest of the world, and not have economic activity. . . . One of the most honest barometers is the stock market, because people have to pay to vote."

**Aug. 14:** Ross Perot calls for economic austerity. "Let's put the pain in there. There's got to be shared pain because we have so overspent our capacity."

**Aug. 20:** George Bush features "economic program" in his presidential nomination acceptance speech at the GOP convention.

**Aug. 27:** British Chancellor of the Exchequer Norman Lamont makes pre-dawn speech on steps of London's Treasury Building, saying there should "not be a scintilla of doubt" that Britain will back the pound, so speculators had best not speculate against the British currency.

**Aug. 28:** Financial officials of the European Monetary System meet in London and announce defense of Exchange Rate Mechanism.

**Aug. 31:** White House spokesman Marlin Fitzwater: "The United States is not seeking a decline in the dollar and does not believe that a lower dollar is necessary for its export competitiveness. . . . German interest rates are at traditionally very high levels, while the United States has reduced its interest rates to the lowest levels in roughly 25 years."



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**Event****1992****What they said**

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**September**

**Sept. 1:** Dollar sinks to DM 1.3977 in Frankfurt. Stock values fall worldwide.

**Sept. 1-17:** Lira falls through floor of European Exchange Rate Mechanism (ERM). Government devalues the lira by 7% on Sept. 13, first ERM realignment since 1990.

**Sept. 1-20:** Riksbank of Sweden hikes overnight interest rate to 500% on Sept. 16. Norwegian Investa declares bankruptcy, causing shares of Den Norske and Christiana Bank to plunge by 32%.

**Sept. 14:** German Bundesbank lowers Lombard emergency funding rate by 0.25%, cuts discount rate by 0.50%.

**Sept. 16:** Pound falls through ERM floor. Britain announces two-stage rise in interest rates from 10-15%; then suspends the pound from the ERM, and cuts interest rate to 12%. Cuts rate again by 1% Sept. 22.

**Sept. 16:** Italian lira and Spanish peseta fall through ERM floors. Lira suspended from ERM; peseta devalued by 5%.

**Sept. 17:** Fierce austerity budget slapped on Italy of 93 trillion liras (\$75 billion) in budget cuts and tax levies.

**Sept. 20:** French voters approve Maastricht Treaty by 51% to 49%, no real mandate.

**Sept. 20-30:** Fierce budget cuts announced for Sweden (Sept. 20). Swedish Riksbank drops key lending rate from 500% to 50% (Sept. 21.) Capital flight out of Sweden hits Skr 15.1 billion (about \$3 billion) Sept. 25-30.

**Sept. 22-23:** Run on French franc; other currencies fall. Huge central bank support expenditures during month of September: Bundesbank spends 92 billion marks (\$65 billion); Bank of England, \$7.7 billion; Bank of France, 80 billion francs; Bank of Canada, Can. \$4.5 billion.

**Sept. 29:** Dollar hits record low of 119.25 yen.

**Oct. 5:** "Black Monday." World markets plunge. London FTSE index falls 4.1%, or 103 points, lowest since 1987 crash, wiping out 20 billion pounds from British shares. Massive wipeout of values—3-4% drop in Paris, Frankfurt, Tokyo, Spain, Zurich, Milan, Vienna, Stockholm.

**Sept. 16-17:** European Community Monetary Committee meets at midnight in Brussels; after six hours, releases communiqué: "Member states of the EC have taken note of" the U.K. suspension of the pound and the Italian abstention from intervening in foreign exchange markets. "They all stress their unanimous commitment to the European Monetary System as a key factor of economic stability and prosperity in Europe."

**Sept. 17:** Italian Prime Minister Giuliano Amato on new budget: "The government's life depends on this budget. On it hangs the recovery of credibility of our currency which I expect in the next few days."

**Sept. 18:** U.K. Chancellor of the Exchequer Norman Lamont: "We want to be satisfied that German policy, which has produced many of the tensions within the ERM, is actually going to have some changes and be able to operate within a more stable environment."

**Sept. 18:** German Chancellor Helmut Kohl to Lamont: "Such a remark is inappropriate for a minister."

**Sept. 18:** U.S. Deputy Treasury Secretary David Mulford: "We have for a long time taken the view that it would be desirable for Germany to reduce rates."

**Sept. 19:** Group of Seven ministers and central bank heads meet in Washington, D.C., and release communiqué: "The ministers and governors reaffirm the commitment made by their heads of state and government at the Munich summit to strengthen world growth without rekindling inflation. Since then, measures to reinforce economic recovery have been taken, including interest rate reductions in a number of countries. . . . These measures will strengthen the global economic recovery and foster greater stability of exchange markets. . . . [We] will take appropriate additional actions as needed to achieve sustained growth and greater currency stability."

**Sept. 20:** Swedish Social Democratic leader Ingvar Carlsson, in support of Prime Minister Carl Bildt's austerity budget: "I regret this. But Sweden is in the worst economic crisis for many decades."

**Sept. 28:** European finance ministers meet in Brussels on shattered ERM, defend it as "a key factor for economic stability and prosperity in Europe."

**Oct. 2:** Spanish Finance Minister Carlos Solchaga: "The ERM is almost absolutely broken. Interest rates are so high that they cannot last for long without creating real problems for economic recovery."

**Oct. 5:** U.K. Prime Minister John Major: "These things happen from time to time. . . . I don't think people should get unduly panicked about it."

**Oct. 15:** U.S. President George Bush said that Helmut Kohl and John Major told him "there is something going on worldwide, not only in the ugliness of politics, but in terms of the economy."

**October**

# From worker to yuppie: What happened to America's labor force?

by Laurence Hecht

The effect of the long-term decline of the dollar system on the U.S. economy is nowhere more evident than in the collapse of the standards of living of working people, and the growth of a large population of permanently or chronically unemployed.

The collapse of real wages (that is, the real buying power of the weekly paycheck) has been scandalous. When measured in terms of the buying power of the dollar in constant 1957-59 dollars, we see a long-term decline in the gross weekly earnings of nonsupervisory workers, dating from about 1972, to below 1959 levels (**Figure 1**). From the prosperous years of the 1960s and 1970s, when the weekly gross wage reached over \$90 in 1957-59 values, the gross wage declined steadily. Its peak was \$93.59 in 1972. From there it fell to \$86.95 in 1975, recovered slightly in 1978 to \$89.27, and then began a steady descent to present levels. In 1991 we went below the 1959 level of \$77.62.

To pin the collapse on one party or another, as the electorate is presently being encouraged to do, is only an exercise in childishness. The problem has been the policy outlook of *post-industrial society* adhered to by every administration, Democratic or Republican, since John F. Kennedy.

Today's depression had its roots in Lyndon Johnson's Great Society program, with its phaseout of the space program, the high-technology science driver of the 1960s industrial boom, on the pretext of helping the poor. It continued with the Phase I, II, and III austerity policies of the Nixon administration, which lacked even pretext. It accelerated with the high-interest rate policy of Jimmy Carter's Federal Reserve Chairman Paul A. Volcker, who defended the Council on Foreign Relations' *Project 1980s* proposal for the "controlled disintegration" of American industry. Under Carter, the industrial economy collapsed, while the narcodollar replaced the Eurodollar and petrodollar as the leading force in world financial markets.

By 1982, what remained of American industry was in collapse and the entire financial system in a state of bankruptcy. Though Reagan at that crucial juncture looked briefly at the proposal for international financial reorganization and industrial recovery, put forward in Lyndon LaRouche's *Operation Juárez* proposal, saner heads did not prevail. Instead,

under advice from Henry Kissinger and the London and Wall Street interests allied with Kissinger's piggybank David Rockefeller, an orgy of speculation, which came to be known in banking circles as "creative financing," was unleashed.

What Reaganomics meant in practice was the elimination of every regulative barrier against financial speculation which had been legislated in the wake of the last Great Depression. Virtually every one of the "built-in stabilizers" which economics texts of the postwar period had taught would protect us against another depression were eliminated or made dysfunctional. What followed was a wave of speculation in real estate, in junk bonds and margin purchasing, in off-balance-sheet liabilities and offshore boondoggles, and in every conceivable form of financial instrument and secondary and tertiary markets.

The resulting financial boom carried the Dow Jones to new highs, and even created a new sociological class, the "yuppie" ("yumpie," "guppie," or "grumpie"), the greedy, upwardly mobile, middle-class professional, whose desire for a new BMW with quad sound, outweighed morality or other trivial concerns such as the well-being of his fellow man. But not all yuppies were young. Yuppie morality came to dominate political and economic decisionmaking at all levels.

While the yuppie, with his concern for the environment, at least his own, became the "reality" of the marketplace, the industrial worker was fast becoming an endangered species. Over 1 million industrial jobs disappeared just in the course of the 1970s, while the labor force grew by over 20 million.

## Assault on the unions, science

The aggravated assault on the trade unions, symbolized by Reagan's crushing of the air traffic controllers union, PATCO, in 1982, meant the end of any organized resistance to the deindustrialization and austerity policies from the organized labor movement. Not that the Trilateral Commission's Lane Kirkland, at the helm of the AFL-CIO, had made much of an attempt to rally even his own union members in a fight against the policy which was destroying their livelihoods as well as the rest of America's. Union membership, which had fallen from 28.4% of the work force in 1965 to 21.9% in

1980, collapsed to 16.4% in 1989. The steady erosion of real wages went with it. Many people were thinking like yuppies, but few were living like them. What had gone wrong?

The way had been paved for an open assault on scientific progress, industrial society, and modern industry itself, by the institution of the Environmental Protection Agency in 1969 and the passage of the Clean Air Act of 1970. Rather than promote the modernization of America's aging industrial base, which had always led to the introduction of cleaner and more efficient production methods, science—and its fruits, modern industrial technology—became the enemy. The new laws put some industrial concerns into bankruptcy, and forced the channeling of investment capital and engineering know-how into cleverer smokestacks and combustion systems.

Meanwhile, through well-publicized scare scenarios, and an insidious infiltration of malthusian ideology into the school systems, the American people were organized into a "green" mob. As the Jacobin leader had said on leading France's great scientist Antoine Lavoisier to the guillotine under the Reign of Terror, "The revolution has no need for science."

In 1972, Environmental Protection Agency Administrator William Ruckelshaus banned DDT, after seven months of hearings had been unable to establish even one iota of scientific evidence against the lifesaving pesticide. "DDT is not carcinogenic, mutagenic, or teratogenic to man [and] these uses of DDT do not have a deleterious effect on fish, birds, wildlife, or estuarine organisms," the EPA hearing examiner concluded. But Ruckelshaus overruled the recommendation of his hearing examiner to not ban the chemical, announcing unabashedly that his decision was made for "political reasons." Thus began the pattern of administrative decisions on environmental policy made on the basis of public perception—itsself carefully manipulated by the anti-science mob in foundations and media—not scientific evidence. From asbestos to alar, the environmental hoaxes proliferated, each one targeting a particular branch of U.S. industry or agriculture.

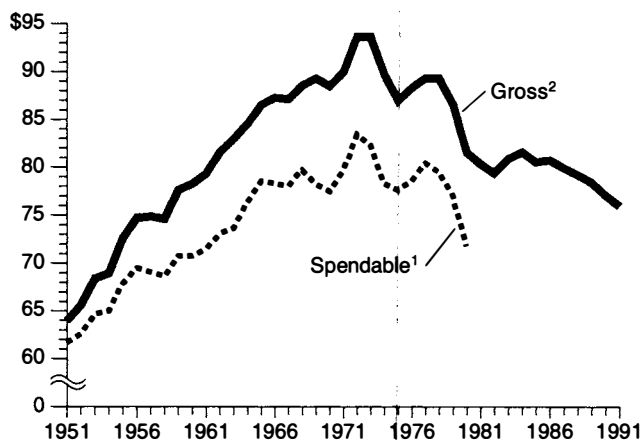
There followed the great oil hoax of 1973. The alleged threat of shortage of fossil fuels became the watchword for the assault on the automobile and utility industries. The 1975 Energy Policy and Conservation Act attempted to rewrite the laws of physics itself. Overturning decades of sound transportation engineering which had measured vehicle performance in *ton-miles per gallon*, the energy misers mandated a drastic improvement in average fleet performance for each automaker, to be measured only in *miles per gallon*.

To meet the legal requirement, Detroit downsized and turned out a vehicle which year by year became flimsier, less durable, and more deadly to its occupants in a crash situation than comparable large cars. The proportion of large cars declined. To meet the fleet average performance standards, the manufacturers had to sell more smaller autos. But even

FIGURE 1

### Average weekly earnings of production or non-supervisory workers on non-agricultural payrolls

(constant \$)



<sup>1</sup> In 1958 dollars, for worker with three dependents (series ends 1980).

<sup>2</sup> In 1957-59 dollars, adjusted for overtime.

Sources: U.S. Department of Labor, Bureau of Labor Statistics, computer data; *Economic Report of the President*, 1968, Table B-32, Table B-45; *Ibid.*, 1992, Table B-42.

the dwindling population growth rate—which fell below breakeven in the 1980s—could not keep pace with the legislated decline in car size. And no one could figure out how to squeeze a family of five into one of the new cars and still keep the marriage intact on a long trip. So the family car or station wagon became a "passenger van." Since the proliferation of this new type of vehicle had not been contemplated by the legislators, it was exempt from certain of the performance—and safety—requirements earlier imposed.

### Energy utilities in the cross-hairs

The assault on the utilities was more blunt. For the coal-burning plants there was the never-proven threat of "acid rain," allegedly converting the lakes of the Adirondacks and New England region into funeral homes for the fish and aquatic life. Though the high acidity in many lakes was shown to be due to peat bog soil, beaver dams, and local sources, the cure, which should be comprehensible to any high school chemistry student, is application of lime or other alkaline agents. At a few dollars a sack, the method is effective and economical. Instead, expensive scrubbers and other pollution control devices became required equipment on coal-burning plants and factories as well. Many steel producers responded in Darwinian fashion: They went belly up.

To the extent that coal burning is unpleasant, environmentally sound solutions were available. In the early 1970s, the U.S.A. had a lead in two technologies that were relevant



In 1980, author Laurence Hecht (right) conducted a series of interviews with homeless men in New York City's Bowery district. "Even the average Bowery bum knew that Volcker's policies were going to put everybody on Skid Row," he said.

to the problem. Magnetohydrodynamics, or MHD, is a means of extracting electricity from coal, among other sources, at twice the efficiency of the old-fashioned method of boiling water to produce steam. The coal is fully combusted at high temperature, and the electrical energy is extracted directly from the ionized gas. The technology was a spinoff of research on thermonuclear devices in the postwar period. In 1966 Avco Everett Research Laboratory and American Electric Power Services Corp. raised \$13 million to begin construction of a 14 megawatt (MW) pilot plant. But the Johnson administration Department of the Interior failed to come through with an additional \$10 million, and the project collapsed.

After the 1973 oil embargo, government attention turned again to MHD. In 1974, President Gerald Ford signed into law a bill introduced by Sen. Mike Mansfield of Montana to begin plans for an MHD Engineering Test Facility. A June 1975 report of the federal Office of Coal Research called for a commercial demonstration in an Engineering Demonstration Plant to be connected to a utility grid by 1985. Under the leadership of Dr. William Jackson, the Energy Research and Development Agency (ERDA), planned a development facility for testing key components, which was to be on line in Butte, Montana, by 1978. A 250 MW thermal Engineering Test Facility was planned for 1982, and a 1,000 MW Com-

mercial Demonstration Plant, delivering power to a utility system, was planned for 1989. Electric utilities could then start to order MHD power plants. Just as momentum was building, the Carter administration's first secretary of energy, James Schlesinger, in one of his first acts, removed Dr. Jackson as manager. Review followed review, and the program stalled out, never to be revived at a viable level of funding. Japan now leads the world in a bold approach to MHD applications, with development of an MHD-powered ship well under way.

The nuclear industry was the next target. In 1979, a non-life-threatening mishap at the Three Mile Island nuclear generating station south of Harrisburg, Pennsylvania, was turned into a World War III scare story by the obliging media. Headlines proclaiming the release of "radioactive gas clouds" proliferated. Local populations were evacuated. Analysis showed that exposure to the minute amounts of radioactive material released through the plant's smokestack would be significantly less than the dose from one chest X-ray, for a hypothetical person standing outside, 24 hours a day, in the restricted area immediately around the plant, for the entire duration of the incident. Diffusion through the air would make the exposure for a nearby resident immeasurable. An independent blue-ribbon panel of physicists, nuclear engineers, and safety experts which formed to investigate the mishap found a high likelihood of premeditated sabotage to be a probable cause.

Very few Americans heard of these results. But the U.S. nuclear industry was dead. With it, the most immediately available source of clean, abundant, and cheap energy to power an industrial recovery was also killed. France, Japan, and other nations where more rational policies prevailed took the lead in nuclear power development away from the country which had developed the peaceful application of atomic energy out of a wartime crash project.

### Industrial worker, an endangered species

Downsized, greenwashed, and, in many cases, impoverished, America's formerly industrial work force swallowed the bitter pill of deindustrialization and sought jobs elsewhere.

Some found work in the newly growing "service-producing sector," as the Labor Department's oxymoron categorizes that portion of the labor force which sane national accounting includes in the category of overhead costs. From 1961 to 1989, the goods-producing portion of the non-farm work force declined from 36.8% to 23.4% of the total civilian labor force. Over the same time period, the service sector increased from 63.2% to 76.6%. The goods-producing sector, as tallied by the U.S. Department of Labor, includes jobs in manufacturing, mining, and construction. The service sector includes: transportation and public utilities; wholesale trade; retail trade; finance, insurance, and real estate; services; and government.

Another way of looking at it is to think of the work force in the goods-producing industries, plus the farm population, as those who produce the food, clothing, shelter, and other tangible wealth that keeps people alive and allows families to grow. Counting in the agricultural work force, the division between goods production and services comes to about 25% production to 75% services for 1989. So, discounting imports, only one-quarter of the population is producing the tangible goods which they and all the rest consume. Twenty years earlier, in 1968, it was about 35% production to 65% services.

If we look at the manufacturing sector, the picture is worse. In 1968, the manufacturing work force was about 19.1% of the total. By 1989 it had slipped to only 11.3%. The cause was rarely modernization of the factories and introduction of new labor-saving technologies. In most cases, the factories just shut down. Over the two decades, 1.2 million manufacturing jobs disappeared, though the American population had grown by almost 50 million. The only portion of the goods-producing work force which grew over the period was construction, which increased by 1.2 million workers. However, the greater portion of these workers were not building homes or factories, but office buildings and commercial space to house more service workers—or to build up the huge glut in unrented office space that we find in our large cities and suburban shopping centers today.

## Statistics and 'politics'

But not everyone found a new job, or kept it. While this change in the nature of the American work force from producer to servicer was going on, a few economists and statisticians in government offices were finding new ways to hide the decline from public view. It might seem as if it would be difficult to hide from a person the fact that he doesn't have a job, or can't support his family properly. If you think so, you obviously don't understand "politics."

"Politics" works like this: A voter is hit by a car. Bleeding and in pain from broken bones, the voter drags himself home and into his favorite easy chair, where he is able, with great pain and exertion, to reach the remote control tuner for the television set. After a few of his favorite late-afternoon shows, it comes time for the news. Upon seeing the tragic report of his accident presented by his favorite anchor man, the voter concludes that it is time to call an ambulance.

In September, the official unemployment figure reached 9.5 million, which is a lot of people. But over 6 million more people were out of work, hoping to find a job. And the government knew it. The Bureau of Labor Statistics finds out this number four times a year from household surveys, and reports it in the monthly statistical report, *Employment and Earnings*. Another 6.3 million people had only part-time jobs, because they couldn't find full-time ones, or because their full-time positions were reduced to part-time. Altogether there were over 22 million people either out of work or

forced into part-time work in September, according to the Labor Department surveys. This total never fell below 21 million in all of 1991.

How does the government fail to count as unemployed over 6 million people who show up in surveys saying that they "want a job now"? This is nothing new. It has been going on since 1970, though the number has been steadily increasing. To qualify as unemployed, a respondent in the sample group of 57,000 surveyed each month must mention a specific effort he or she made to find a job in the last four weeks. (Prompting by the survey taker is explicitly forbidden. And you do not get to speak for yourself—the survey taker gets the information from whoever in your household happens to be home at the time.)

That's the outright fraudulent part of the government's statistics. Other factors mask the severity of the situation. The largest hidden factor in both the unemployment and wage statistics is the size of the labor force. As a percentage of the total working age population, the labor force is larger now than at any time in history. About two-thirds of the total population is included in the total civilian labor force. The unemployment rate is calculated as a percentage of the total civilian labor force, so if the total is larger, the percentage of unemployed appears smaller.

## 'Latchkey' families

The huge size of the civilian labor force reflects a number of things. The decline in real wages over the past two decades has meant that very few families can support themselves adequately with only one person working. The number of working wives has increased steadily since the 1950s, and especially markedly in the past two decades. In part, this masks the decline in real wages since the 1972 highpoint, since the two incomes may add up to more than a family was making when only the husband was working. Or it may not.

Though income may be higher, the need for both parents to work puts obvious strains on the family. A growing number of people have to work two jobs to make ends meet, if they can find them. Some of the people losing jobs are people with second jobs. This can create a situation where statistics show more jobs being lost, but not more unemployment. Families are also breaking up at a rapid rate. Therefore, there are more single-person households than ever before.

All these elements increase the size of the total civilian labor force and mask the problem. More people are working, but at what? Are their jobs producing more wealth for the nation? The steadily declining buying power of their wages does not suggest it, nor does the state of most of our cities and towns, our roads and bridges, or our disappearing factories and farms. So, we have tolerated a wrongheaded policy of de-industrialization for most of the past two decades. What do we do now? The answer is surprisingly simple. There are only two ways to go after de-industrialization. Either you re-industrialize, or you collapse.

## Argentine patriots meet to 'rebuild the nation'

by Cynthia R. Rush

In the midst of an extraordinary national and international crisis, over 2,000 nationalists from Argentina and from several Ibero-American countries gathered in Buenos Aires on Oct. 3 to found a new movement, the Movement for National Identity and Ibero-American Integration (Mineii). The principles of the Mineii, which explicitly condemn "usury and the manipulations of high international finance which enslaves people," stand in stark contrast to the free market policies imposed on Argentina by President Carlos Menem at the behest of the international bankers.

From the bankers' standpoint, the new movement poses a real danger. Its founding was inspired by Col. Mohamed Alf Seineldín, the nationalist Army officer jailed by Menem because he is a rallying point of opposition to Anglo-American policies in both the economic and military spheres. Seineldín was named the "sole commander" of the Mineii, and his fellow political prisoner, Capt. Gustavo Breide Obeid, the secretary general.

Military and civilian patriots attended the meeting from almost all of Argentina's provinces, as well as from Colombia, Ecuador, Venezuela, the Dominican Republic, Chile, and Peru. Moreover, the audience joyfully applauded the messages of support sent to the event from 90 patriots representing 25 countries, including independent presidential candidate Lyndon LaRouche from the United States, and his wife Helga Zepp-LaRouche, president of the Schiller Institute in Germany.

As both Seineldín and Breide emphasized in the messages sent to the event from the Magdalena prison where they are jailed, the Mineii is a political *movement*, not a party. Addressing the phenomenon visible throughout Ibero-America, in which populations have rejected corrupt "party-ocracies," both men proposed to rebuild the nation by recreating the "National Movement," as Seineldín put it, "at a time of real and anguished crisis and confusion." The Movement for National Identity "must be for the nation, what the soul is to man," Seineldín underscored. "Without it, the body, materialized as political action, cannot maintain itself or live." Although this movement has been battered by treason and intrigue in recent years, he





*A view of the hall in Buenos Aires where over 2,000 Argentine patriots gathered to found the Movement for National Identity and Ibero-American Integration on Oct. 3.*

said, "it is *latent*" and can be rebuilt.

That task is premised on attacking what Pope John Paul II has called "the structures of sin," the twin evils of economic liberalism and Marxist materialism, and seeking integration "with the brother nations of Ibero-America and of the world." As Breide emphasized, "hedonist capitalism" as well as Marxism are "the two modalities of the same subversion of the Natural Social Order and each disseminate anti-national doctrines." Seineldín specifically attacked the "fictitious regional and international integrations" being offered developing nations, as represented by the North American Free Trade Agreement (NAFTA) or the Southern Cone Common Market (Mercosur). These, he said, "don't respond to the genuine interests of each nation, but only to the same old powerful interests which, through weakening states, intend to suppress them to their own advantage."

In contrast to this outlook, Captain Breide told the audience, "We are proposing an exciting experience," one in which military and civilians can unite to "conceive of a nation." This is nothing less than a revolution, he explained, not a violent one, but one which represents "the only alternative not compromised by the corrupt system installed in the nation for so many years."

Displayed on the podium during the founding ceremony was a replica of the painting by Italian Renaissance master Raphael of the Archangel Michael, traditionally considered to be the leader of the celestial militias which combatted Satan.

### **Minei's opponents nervous**

When asked about the new movement, President Menem immediately dismissed it as unimportant, claiming that it had "no chance of success." Others were not as confident.

Mariano Grondona, a prominent Argentine journalist who is a close friend of former U.S. Secretary of State Henry Kissinger, interviewed Seineldín shortly after the Minei's founding to ask about the movement's nature and goals. Seineldín pointed to recent developments in Brazil and the impeachment of President Fernando Collor de Mello, to give an idea of what the new nationalist movement might accomplish. "I think that what happened in Brazil, where in the demonstrations against corruption, people went out with their faces painted" like Argentine Army nationalists who are called "painted faces"—this is a symbol of what a well-oriented society can achieve." A nervous Grondona, clearly fearful that the new movement has the potential to overturn Argentina's corrupt government and party apparatus, hastened to explain that developments in Brazil had occurred "within the system," and went on to insist that Seineldín was really a voice in the wilderness, "a last of the Mohicans type," who is out of step with the rest of society.

At least this is what the corrupt politicians of Argentina hope. However, the Anglo-Americans aren't taking any chances. In November, Kissinger will participate in a seminar praising Argentina's so-called economic miracle. He will try to ensure that the situation is under control.



# The movement's founding principles

*The following are excerpts from the Declaration of Principles of the Movement for National Identity and Ibero-American Integration (Mineii), founded Oct. 3, 1992 in Buenos Aires.*

## Justification

There is in Argentina a law which is almost inexorably fulfilled: Each government leaves the country worse off than it found it.

In either “de facto” or “de jure” governments, and with either good or bad faith of the rulers, there is always a constant: the application of mistaken ideologies which diminish human nature.

Without a higher conception of man and of life, any political, social, or economic creation is nothing more than one of the many utopias which mistaken ideologies have created throughout history.

As a result of a long series of disasters, Argentina today is on the brink of extinction.

For it to be rescued, there are not several options to choose from. There is only one: Build the National Project upon a correct understanding of the Argentine being.

In the face of socialist or liberal systems, conservative or racist proclamations; in the face of communist or anarchistic manifestos, which are all transplanted copies, we offer a synthesis of the National Doctrine.

Our National Dogma attempts to synthesize the work of thousands of Argentines who have dedicated their lives to *conceiving of the Fatherland*. Thus they belong to no particular group or sector, but rather to all Argentines.

## I. Our country, our people

1. Argentina is an amalgam of the Criollo and his land, making up a nation which, with its own style, has a higher historical mission to fulfill.

Contrary to what some ideologies maintain, our National Doctrine understands that the existence of nations is not the result of a pact among groups of inhabitants. It is not a contract based on convenient relations among families or regions to protect certain values—property, status, well-being—in cooperation with established authorities.

The nation conceived of as a voluntary creation, which can therefore be rescinded, to protect material values which are more or less circumstantial, although important in themselves, fails to recognize that the link between man and his nation goes beyond mere utility or comfort—“feeling good”—to become a mystery upon which only poets may

shed some light. . . .

2. Argentina belongs to Hispano-American civilization and is rooted in the Greco-Latin-Catholic world. *Argentinidad* has its roots in Greek philosophy and in the laws and institutions of Rome which, with the seal of Christianity, engendered *Hispanidad*.

We recognize ourselves as western, then. But to which West do we refer? Certainly not to the current hedonistic, materialist, decadent West, which has lost the meaning of man and the world.

Argentines are the inheritors of traditional western culture. *That is why we know what we know. We know* that philosophy is the highest expression of human reason, and not worthless chatter. And *we know* that material factors are not the beginning and end of human actions. Or at least, they should not be.

And *we know* that we can know, and know with exactness. And *we know* that there are perennial values, and that there is an order in the world and that man can discover it.

We also *know*, by virtue of being western, that there are things that are and things that are not. *We know* that truth and error exist, and we know the difference between them.

We also *know* that good and evil exist, and that the two cannot be confused.

Moreover, *we know* that by using reason, we can develop science and technology to dominate nature, and *we know* that that power has moral limits.

As a natural defender of the highest values—Faith, the transcendent nature of man, spirit, the heroic sense of life—our nation today has something to say to humanity in crisis.

Without doubts or ambiguities, the Argentine response to the modern world must be a spiritual one.

3. The Argentine is not an American aborigine, or a Spaniard or European. The Criollo is a mestizo reality, a fusion of races in which the primitive lineage makes up his particular mode of being.

By virtue of being a new nation, the task of seeking distinctive characteristics is unavoidable. Although lacking definitive results, amidst sometimes incomprehensible and changing controversies and hesitations, nonetheless, the Argentine essence exists.

It is clear that it is necessary to know our genesis, because we will be, at least in large part, the expression of what we have inherited from our ancestors—both the good and the bad.

For sure, we do not propose a nostalgic—or utopian—return to the past. We seek only to articulate our own model. Only in this way shall we arise from the prostration of which we justifiably complain.

We are Argentine and this includes the Indian, the Hispanic, the European, the Criollo. This is the native Argentine and the universal inherited; it all contributes to a substantial Argentine originality.

While recognizing ourselves to be sons of Spain, we

cannot be Spanish. *We shall be Argentine, or shall be nothing.*

## II. The individual, rights, and duties

4. We conceive of man as *person*. Lord of himself and of things, the subject is the bearer of an unsubstitutable load of transcendent values. As a "being who decides," he is free, and therefore "responsible" for his conduct and his life.

To be a *person* means "*to be a free moral being*," understanding human freedom as a means, not an end.

We conceive of freedom as an *instrument* which allows the subject to inquire about the meaning of life, and as a *capability* which permits, through the healthy exercise of the intellect, finding adequate responses which lead man to higher ends.

The notion of the person is one of the exalted fruits of western Christian thought, and upon that truth our entire vision of reality is built.

At the center of our political, social, cultural and economic affirmations, is the person, beginning and end of the National Doctrine.

5. By his very nature, the *person* is endowed with inviolable *universal rights*. Given that the exercise of those rights guarantees the individual's integral realization, they must be protected by the state against any assault from any totalitarianism, whether it be tyrannical, collectivist, technocratic or financial in nature.

Man must be assured sufficient goods, not only material but also moral and spiritual, so that he can easily perform any activity leading to his happiness. He thus possesses fundamental and unrenounceable rights, among them the following:

- Right to life, which must be respected from conception.
- Right to profess religion.
- Right to form a family and educate his children.
- Right to work.
- Right to education.
- Right to health.
- Right to property.
- Right to associate toward useful ends.
- Right to the juridical protection of the State.

In sum, nothing and no one can take from the Criollo his right to live fully on his land, if he has previously worked to deserve this.

6. The Argentine, owner and servant of his nation, has an unavoidable commitment to express solidarity with his compatriots. To the community which protects him, he owes steadfast duties of justice and charity which he will generously perform, even at the cost of effort and sacrifice.

A fraternal co-existence is only possible in a society based on mutual respect. A truly human political life built upon Christian principles demands a sense of justice and a

vocation of service in all members of the social body.

Civic duties conscientiously carried out by the majority of the citizenry constitute a secure base for the consolidation of a healthy community order. Our National Dogma demands of each Argentine the complete fulfillment of his social obligations. Thus, those who have and can do more have the moral obligation to act on behalf of those who have and can do less.

The generous effort to protect, house, and feed the dispossessed and needy is a manifestation of fraternal love, and will be well rewarded through the knowledge that one's duty to God, country, and those who live under the same skies, has been fulfilled.

## III. Labor, trade unions

7. We recognize *labor* as a universal means of service to the community and as the pillar of a just social order.

Our National Doctrine, which in its own way reflects the 2,000-year tradition of western peoples, understands *labor* not as something mechanical, but rather as an expression of the uniqueness of the person. In its *individual aspect*, it is a creative act and serves as a means of sustenance. In its *social aspect*, it produces goods and services for the community; moreover, the natural coming together of workers in defense of their common interests, leads to the creation of the indispensable *trade unions and professional associations*.

The trade union and professional organizations exist to integrally defend the *job* and the *profession*. The improvement of the work place—the company—is also sought, guaranteeing the perfection of the worker and ensuring that working conditions are healthful.

We cannot, of course, forget that the union's essential function is to *obtain just remuneration*, according to the needs of the worker's family. The *just wage* must not only cover food and clothing, it must cover *health, education, and tourism*, and access to personal *housing*. It must also ensure a *dignified retirement*. And it must permit *genuine savings*, which implies the possibility of obtaining *private property*.

Only if these conditions are defended, can the worker consider himself totally free.

For the National Doctrine, the *trade union* is a free organization of the people, never a dependency of the state, or a political party, or of supranational organizations.

The trade union organization is a creation of the workers in a branch of production, born of the principle of professional solidarity, and which is directed to *defend the worker's* social, political, cultural, economic and vital interests, thus participating in the national common enterprise.

## IV. Economic and social order

8. The economy, which is inseparable from the *social question*, has a clear objective: *that man live well*. Therefore, economic activity cannot be understood as unconnected from

morality.

We conceive of the Argentine economy as the result of the *cooperation* of the protagonists of the *economic-social reality*, that is, the *job*, the *company*, and the *profession*, which within the regulatory framework of the state, has as its aim materializing conditions for the development of the social body. This shall be achieved through the establishment of harmonious, rather than conflict-laden relations between *capital and labor*.

In its diverse aspects, economic activity has as its goal to serve the person. Economic facts—efficiency, profit, interest, consumption, production—are not ends in themselves, and will not prevail over the essential rights of men. The economy will be subordinate to the well-being of the *individual* and of the *community*, and not the inverse.

Our bishops have stated: “An economic system which does not seek justice, food, work, and freedom for all Argentines is *damaging, is mistaken, and goes against man.*”

We therefore condemn *usury* and the *manipulations* of high international finance which enslave peoples, because we seek a society of free men.

We seek a *responsible, private free enterprise* and aspire to a policy of full employment, dignified wages, and just prices as the basis for the desired and necessary *harmonious development* of the different social groups.

Because, in the end, only a *just distribution of the fruits of labor* among those who *truly produce*, will bring us to the kingdom of Social Justice.

## V. Community life

9. By virtue of his social dimension, man lives and develops in community entities of various types. The National Doctrine favors all types of association whose aims imply the defense and promotion of human values.

In fact, man lives in relation with his fellow men. He lives in society. Throughout his existence, he belongs to several social entities. Some are natural, others are voluntary. All lead to an improved social self-regulation. Therefore a density of healthy community organizations has a beneficial effect, as they act to safeguard the social corpus in its entirety.

Therefore, together with trade unions, neighborhood groups, cultural and sports entities, the National Doctrine especially protects the family, as it is the source from which we receive life, and where we learn to think. For our unpopulated Argentina, it is a priority to stimulate everything which enhances the family's *unity, stability, fertility, and prosperity*. . . .

## VI. The state

10. The state is the higher communal organism necessary for government to work. In it resides the *power* and the *authority*; it participates in diverse political, social, cultural and economic matters, in the domain which is its own: *con-*

*trol, arbitration, and assistance*. The state's supplemental, integrating, and orienting force guarantees the people's total fulfillment and the nation its splendor.

Our National State protects the physical, moral, and spiritual well-being of all Argentines and defends the nation's integration, by affirming its essential and permanent ends in its historical mission.

We reject the political—ideological—vision which conceives of the *subject* as antagonistic to the state, to which there are two “solutions”: If the decision is “in favor” of the subject, the state is neutral, dispensable, and man egotistical and isolated—typical of individual liberalism—lacking responsibility. If the decision is “in favor” of the *state*, the result is collectivist totalitarianism, made up of “robots” deprived of their essential freedom.

Our National Doctrine is opposed to the materialist internationalisms, whether they be collectivist or individualistic, because any conception which counterposes man to the state, leads to a human model deprived of its essential components.

We conceive of *man* simply as living in harmony with the “state,” this being an active means for the integral fulfillment of human society.

## VII. Defense, culture, and education

11. The National Doctrine aspires to full self-determination and attempts to preserve the “vital interests of the nation.” This is achieved with the necessary support from a society educated and attuned to the great national goals and sufficient and harmonious development of *national potential*.

By virtue of its existence, a nation possesses the hypothesis of conflict. It therefore needs sufficient protection. National Defense is built on the basis of the armed forces, which have specific, fundamental, and irreplaceable functions. But it would be utopian to build a structure of protection made up only of military elements. A firm support from the community is also required.

Just as the country's geographical borders are defended, so must its cultural-educational borders be defended. Today, more so than by arms, domination is achieved through cultural penetration.

Only a strong people, with a superior idea—the *National Dogma*—can defeat foreign ideologies, neutralizing and dissuading our aggressors, regardless of the method of domination they use.

12. We defend the Argentine cultural singularity which, in distinctive fashion, expresses the values belonging to all of humanity. National culture, as an authentic manifestation of the Criollo's *commitment* to truth and goodness, is *the origin and pillar* of Argentine independence.

To fulfill his human dignity, man must improve the world he inhabits. Every material or spiritual action which tends to humanize the world is culture. This is true for all men, and of course, for Argentines. With our characteristic—we are



Above the stage at the MINEII founding conference is the coat-of-arms. The left two-thirds is occupied by a map extending from the southern United States to the southern cone of South America, including the Caribbean islands, the Malvinas, and the Argentine part of Antarctica, marked with the evangelizing cross. On the right is a furling Argentine flag; this part can be adapted by using the flag of any country which wishes to become part of the movement.

inveterate rebels—we assimilate universal values—we are Catholically western—we generate our own cultural expression. In other words, “the universal spoken in Argentine.”

Our current cultural abyss is the result of our having imbued ourselves with materialist ideologies—individualistic or collectivist—unduly separating us from that humanism which derives from the vision of traditional Christianity.

The modern world as a whole, and particularly Argentina, have gradually discarded the human being’s superior values, exalting the sensual and material to the detriment of the authentic development of the intellectual life.

The knowledge and experience of legitimate perfection have been removed from our official education. A supposedly impartial education, a neutral school, was imposed on us. It has reached a type of indifferentism, a harmful egalitarianism. Today, everything is equal. There are no truths or certainties. “Everything is equal, nothing is better . . . no one fails, there is no ranking . . . immorality has equaled us.” Everything is mere opinion, of equal value. What future awaits us if the principles which justify one’s life have disappeared?!! If human existence is, above all, commitment, how can we propose an impartial education? Such neutrality is unnatural and suicidal. Schools “should teach children love of virtue and hate of evil.” Manuel Belgrano said this, and he was not neutral.

There is no room for relativism on crucial matters. When life, faith, or fatherland and truth are at stake, there is only

one of two roads: You recognize and defend them, or you deny and reject them. So as not to be fertile ground for mistaken ideological adventures, our education must include as a priority true religion, philosophy and history. . . .

### VIII. Foreign policy

13. Our foreign policy is based on two notions. On the one hand we *affirm as natural* the existence of *sovereign nations*, which make up universal society. On the other hand, we *maintain* the principle of juridical equality of different nation-states.

We know that an international juridical order is necessary. This should arise from the conciliation of each country’s interests.

The creation of international—not supranational—entities, should be done without interference or subordination. The moral and material independence of nations must be guaranteed, along with the safeguarding of each particular state’s legitimate aspirations.

Today’s world is crumbling by virtue of its having been built on bases which counter the human condition. In fact, it has been built on a principle of disorder.

Upon the inevitable ruins of the modern world, we must build another, based on reciprocal cooperation and aid among different states. Because, together with the undeniable rights, states have unavoidable obligations to other states. Their fulfillment tends to improve the conditions of

life and defense of the spiritual values which are the patrimony of all men.

The *international order* which Argentina proposes to other nations of the planet implies non-intervention in the internal affairs of other nations; peaceful co-existence—but not only co-existence—and the consensual solution of disputes. This order is not possible if the principle of sovereignty and juridical equality of nations is not accepted. . . .

Our foreign policy affirms total sovereignty over the Malvinas Islands, and those of the Antarctic and South Atlantic.

We propose moreover the rebuilding of what was the Viceroyalty of Rio de la Plata, in a community of independent nations. The revival of this ingenious geopolitical conception of the Spanish Crown will be done with the obvious agreement of the corresponding states, on the basis of our common roots and for the purpose of protecting our mutual interests. A balanced development of member countries will make up what we shall call the Great Fatherland.

## Colophon

Despite the growing revulsion and disbelief to which incessant frustrations have brought us, we Criollos love our country. We wish to live in dignity in a “free,” “great,” and “respected” nation.

We Argentines have a higher commitment to that truth which is our fatherland. We feel that Argentina is everything, and we have a duty to her. We know that not to fight for our nation’s emancipation is a crime against our brothers.

That is why the instinctive love which the Criollo shows to his native land, which in another era witnessed the campaigns of San Martín, *shall be reborn*, despite two centuries of effort to suppress it, when we are called upon to join ranks behind the greatest political enterprise ever: *national independence*.

Action for a *culturally authentic, politically sovereign, economically developed, and socially just* nation is a sacred duty and collective task for all Argentines of good will.

## Who is Col. Seineldín, and why is he in jail?

For many years, Argentine Col. Mohamed Alí Seineldín has been an object of hatred for the Anglo-American political establishment and the Washington, D.C.-based apparatus which goes by the name of Project Democracy. The hero of the 1982 Malvinas War, who earned the loyalty and devotion of his men because of his determination to fight and defeat the British enemy, has been vilified by the Anglo-Americans because he refuses to bend to their agenda of dismantling Ibero-America’s armed forces to facilitate implementation of the International Monetary Fund’s free trade economic policies.

Seineldín, a devout Catholic, is an uncompromising defender of national sovereignty and of the Armed Forces as an institution which must “provide for the common defense and at the same time collaborate in national development.” He is imprisoned today because of his role in the Dec. 3, 1990 military uprising which protested the anti-national policies of the Carlos Menem government. As he explained in his statement before the Buenos Aires federal court on Aug. 7, 1991, “I base myself on the thinking of General San Martín, from whom I have derived inspiration in my military training. He said, “When the Nation is in danger, everything is licit, except allowing it to perish.”

The 1990 book *The Military and Democracy: The Future of Civil-Military Relations in Latin America*, a manual for destroying Ibero-America’s armed forces,

warns that the thinking that Seineldín typifies among some factions of Ibero-America’s military is extremely dangerous—to the Anglo-Americans. The book complains that especially in South America’s Southern Cone, the armed forces conceive of their mission as defending the values of “the Christian West . . . honor, dignity, loyalty . . . [and] to guard and guarantee the development process.”

The book names Colonel Seineldín as a representative of this current, which it characterizes as “fundamentalist” and “authoritarian.” The same terms have been used to describe Panama’s Gen. Manuel Noriega, whom Seineldín has described as “an outstanding patriot and an excellent Latin American soldier.” During four years in Panama, and at Noriega’s request, Seineldín founded the Military College, the Superior War College, and the Center for High Military and Political Studies. As he told *EIR* in an interview published in the Aug. 30, 1991 issue, he was especially proud of the fact that “I dedicated the greatest part of my time [in Panama] to resolving the hypothesis of conflict involving drug trafficking and terrorism.”

Spokesmen for the Anglo-American establishment have repeatedly tried to portray Seineldín as a supporter of the March 1976 military coup which ousted then President Isabel Martínez de Perón from power, and put Rockefeller intimate José Martínez de Hoz in charge of the Argentine economy. This is a lie. As he explained before the federal court, in early 1976 he personally tried to “prevent the rupture in the constitutional order, because we knew that we were heading straight for political containment and a trap” whose purpose was to destroy the Armed Forces.

—Cynthia Rush

# Seineldín: 'a job for men of courage'

*The following are excerpts of the message sent by Col. Mohamed Alí Seineldín to the founding conference of the Movement of National Identity and Ibero-American Integration (Mineii).*

Dear brothers in Christ, comrades of the Fatherland, companions in battle, and friends of my bosom:

This is Col. Mohamed Alí Seineldín speaking to you.

Today, Oct. 3, 1992, under the protection of Saint Teresa of the Child Jesus, a group of distinguished men and women are meeting in this honorable assembly to declare themselves a part of this founding event of our Movement for National Identity and Ibero-American Integration.

Seeking to revive the patriotic will in these moments of genuine and anguishing crisis and confusion, we reaffirm that: the national movement is the vital force of the Nation, concretized in the testimony of honest individuals who, through constant effort, uphold the Argentine flag.

The Movement for National Identity must be for the Fatherland, what the soul is to man. Without it, the body, materialized as political action, cannot sustain itself or live; for it preserves the body from those deviations and appetites which corrupt it. . . .

Compatriots, this challenge we face today, to rescue the vital force of the Nation and of the Fatherland, forces us to consider certain laws which I propose as principles, which must never fail to guide our actions:

First law: this rebirth of the national spirit should be inspired by the Symbol of the Cross, upon which Man-God was crucified and which we could interpret thusly:

- The vertical bar expresses the alliance of God with each one of us as individuals.

- The horizontal bar represents the place occupied by our brothers. Looking at it from the front, the *left part*, coinciding with the wound Christ received from the spear, embraces the brothers who suffer pain: the elderly, the infirm, the orphans, the impoverished, the oppressed, and the marginalized. Thus there are material needs which we must make the center of gravity of our efforts. The *right part* represents those who, while not suffering material needs, are often deprived of something worse than these physical wants: *spirituality*. . . .

- The crosspoint of the two bars represents the Father-

land, whose master is God, and we, its simple administrators. . . .

The Sign of the Cross does not distinguish among creeds nor beliefs, but extends its arms magnanimously to all the inhabitants of our soil. . . .

Second law: the consolidation and development of our conscience as a Nation and of a sense of sovereignty, should be the takeoff point for the project to define, to make viable, the recovery, development, and well-being of the Fatherland. . . .

Third law: our nation should integrate with all the brother nations of Ibero-America and of the world, as members of a neighborhood, that is, without losing one's own identity and the sovereignty of one's home.

That is how our forefathers conceived of the Greater Fatherland, naturally integrated by a common heritage of culture, religion, history, and tradition. When this great enterprise began to fail, patriots of the nature of Gen. Don José de San Martín and a group of soldiers and illustrious citizens launched their great emancipatory exploit, for the purpose of preventing the disintegration of the continent.

Unfortunately, the harmful Anglo-Saxon policies of the period, seconded by local personalities, managed to break up the San Martín project, fragmenting the continent into isolated republics and bringing them thusly into a situation of crisis and dependency.

Continuing with this great swindle, today they offer us fictitious regional and world integration, since the very identity of each nation is no longer respected; they give us integration based on simple commercial interchanges which do not respond to the genuine interests of each nation but rather to the interests of the ever-powerful, who by weakening the states hope to subjugate them. . . .

## 'If we fail, we will be dominated'

Ladies and gentlemen, we are only a few years away from the year 2000, and the new face of the Revolution has already implanted itself in the Argentine Republic, promoted by international financial imperialism: the new world order which, in utopian fashion, hopes to rule the next millennium. . . .

Comrades, the Patron Virgin, our forefathers, history, and Argentine men and women of good will are watching us. In our hands lies the power to give life to this movement, which reflects the National Soul, in its fight to rescue the Fatherland. If we fail, "the year 2000 will find us dominated."

Know that the task we begin today is not easy, but as the father of our country said, "It is for men and women of courage that such enterprises were made."

Finally, I remind you all that, without God and the Fatherland, there is the void, there is nothing, there is the abyss, there is darkness, there is death.

Therefore, friends of my bosom, I call on you to accompany me in this cry of hope: Long Live the Fatherland!

# Breide: What we mean by 'revolution'

*The following are excerpts of the message sent by Capt. Gustavo Breide Obeid to the Oct. 3 founding conference of the Movement for National Identity and Ibero-American Integration.*

Dear Friends: Never before has it been less important to know how many are out there listening to these words; there could be hundreds or even thousands of compatriots. What is truly important is this: Who are you and what feelings do you hold which spurred you to adopt the decision to do something for our tormented Fatherland? That is why I care nothing for numbers.

What I am sure of is that I am addressing Argentines of honor who are determined to say, "Enough!" to the miserable state of things which threatens to definitively bury the values which make life worth living.

You have gathered here for no other reason than to seek a means of realizing the National Revolution so promised, so debased, and so repeatedly betrayed. We speak of revolution without fear of the word, because what we propose is based on profound change needed to reestablish the Natural Order.

National Revolution, which should not be linked to use of force or violence. Revolution, in its truest meaning, consists of producing the necessary structural changes to permit solutions to the serious moral, social, political, and economic crisis facing our Republic. It is our duty to present ourselves as the only alternative that is not compromised by the corrupt system which installed itself in the Nation years ago.

We seek National Revolution to rescue our identity, which has been perversely negotiated by corruption become power. We are the *real Argentina*, a country which is invisible to the media and to those who think they rule; we are the hungry retiree; the provincial resident who sees the regional economy swept away by the golden calf of "savage capitalism"; the worker about to become cheap labor in a fifth-rate enterprise; . . . finally [we are] the military officer who watches indignantly as the armed institutions . . . are destroyed, and sovereignty marketed.

Argentine society, afflicted by an unending succession of failures, has begun to doubt itself, its capacity, and to lose its sense of solidarity. This Argentina, so weakened and in the depths of its degradation, impotently tolerates the cunning suggestions of those, in certain sectors, who propose that foreign agents manipulate national power. . . .

The economic policies applied today in Argentina are based entirely on the spirit of profit and upon the meanness of those who implement them. The result is that misery is spreading beyond the limits of human dignity, to assault the entire productive system and, in consequence, the common good. . . .

Our doctrine rejects liberalism because, by making individual freedom the highest principle of social life, it turns society into a jungle and man into the victim of a pitiless capitalism, making him the easy captive of the international financial powers.

Our doctrine rejects Marxism, because that ideology, by deifying the state, transforms the community into an anthill, and makes man defenseless against the agents of a depersonalized bureaucracy. . . .

To preserve the national identity, we must return to our source, defending the values and principles that upheld the civilizing enterprise of Spain. This search for identity should not and cannot remain in the hands of the enlightened few, but is the task of all Argentines. . . .

## **A movement, not a party**

Thus, we have conceived of a *movement*, and are not content to become one more political party.

The Movement for National Identity and Ibero-American Integration is not a political organization, but is a national movement. It does not represent sectarian nor partisan interests, but seeks to represent only national interests. . . .

Our movement aspires to full self-determination, and seeks to preserve the vital interests of the Nation. This is obtained with the necessary backing of an enlightened society, fully informed of the great national objectives and of an appropriate and harmonious development of our national potential. . . .

Our concept of international policy is based on recognizing the existence of "sovereign nations" as natural, and therefore we uphold the principle of juridical equality for all different national states and the right to self-determination of all peoples. We promote an Ibero-America solidly integrated behind common interests and ideals. . . .

In sum, we are proposing an exciting experience. To unite—civilians and military—to jointly conceive of a Nation. The enterprise is so enormous that it will be similar to re-founding the country, for virtually nothing remains of that with which we identified and which was our pride.

I have but one question: Aren't these ideas sufficient to justify a Revolution? I am not speaking of a coup d'état or of a popular uprising. I am referring to something more profound, to something more transcendent, to something which irrepressibly beats in all of our hearts and which no one can stop. . . .

A final promise and rallying cry: For God our Lord; For our beloved Fatherland; For the future of our children; Not one step backward!



# Worldwide messages of support pour in

## Europe, Russia, and Georgia

*From Helga Zepp-LaRouche, founder of the Schiller Institute and the Club of Life, Germany.*

The founding of your organization takes place at a moment of apocalyptic crisis for human civilization. Never before in history was the threat to the very existence of mankind so fundamental, because never before were the problems so interlinked and affecting humanity so globally—like AIDS, nuclear weapons, world hunger and the perspective of mass migration of hundreds of millions of people fleeing disease, war, and hunger.

The problems of the world are such that there is no more a solution on a local or even continental basis.

It has been my deepest conviction for a long time, that we will only overcome this global crisis if we bring the political and economic order into cohesion with the laws of creation, that we make natural law the guideline of social and political activities.

This means that the only alternative to global irregular warfare, the takeover of mafias, chaos and the death of entire continents is the immediate realization of a just new world economic order, where the development of all nations on this planet will be guaranteed.

The center of this effort must be an image of man where each individual is respected as *imago viva Dei* and where his or her inalienable rights are derived from that conception.

There is hope, because it is on this basis that a coalition of many positive forces in the world have come into being, who are working together to overcome the structures of sin which are the cause for the present catastrophe.

I pledge on behalf of the international Schiller Institute and this growing world coalition to support your efforts in all possible ways.

Today is a very joyful day for Argentina!

*From the Schiller Institute in Moscow.*

We are glad of the opportunity to address the participants in a conference, which has the goal of uniting patriotic and progressive forces for struggle against oppression by international financial organizations, the unjust world economic order, and corrupt government officials. All of these problems are very close and understandable for us, and we are trying to oppose them to the extent of our abilities. Without a doubt, movements with similar convictions should coordinate their efforts, for the sake of common goals, and strive to mutually

support each other. Our goal is a sovereign state, free from any dictates, as well as the creation of conditions under which the creative and productive capacities of man may truly flourish.

*From Dr. Tibor Kovats, director of the Hungarian Association of Former Political Prisoners, director of New Europe.*

From a stay in Düsseldorf, I am sending my best wishes from the Schiller Institute. As Hungarian spokesman for the “New Europe” group of parliamentarians, which unites parliamentarians from Hungary, Poland, and Germany in the fight for the realization of a European-wide program for economic development, I wish your movement good work, and send my best wishes of solidarity to all participants of the conference.

If anyone in Europe knows what “national identity” and true democratic independence means, then it is we Hungarians—after our revolution in 1956 was beaten down. We wish you all the best.

*From Guram Chakhvadze, executive committee member of the National Democratic Party of the Republic of Georgia.*

Warmest greetings to those attending the conference. From the former Soviet Republic of Georgia, we want to let you know that after getting rid of the communists who oppressed our nation for more than 70 years, we are now threatened by a new danger: the radical neo-liberal policies known as shock therapy, which are promoted by the International Monetary Fund. Therefore, for the defense of our nation, we need a broad coalition with like-minded forces throughout the world such as you, who are fighting for the same principles of defense of national sovereignty and Christian values and against Godless communism and equally Godless liberalism.

*From Sen. Vincenzo Carrollo, Christian Democracy, Palermo, Italy.*

I wish to express my firm solidarity to the Movement for National Identity and Latin American Integration, which shows the will to free Latin America from the danger of an economic and political subjugation to American power. The International Monetary Fund is not respecting its institutional duty if it continues to act as a blackmail bank instead of being a source of help for needy countries. The Latin American economic integration will be useful and necessary for the common good of the people in your continent if it will be harmonized with the economic power of the European continent.

*From Helmut Eichinger, president of the Association of German Farmers (VDL-West), Aufhausen, Germany; co-signed by Oswald Heftrig, vice president of VDL-West, Hessen.*

I am very glad to have heard about the fact that you are founding a new movement in Argentina to defend the



interests of your country against the New World Order. As I understand, this means for your country to fight against drugs, terrorism, poverty and against the takeover by the Anglo-American IMF forces. Our own organization, the VDL-West has just been founded to defend the interests of the family farmer against the free trade policy of GATT, not only in our country, but worldwide, through parity prices for agricultural products. I think it is decisive to have a force in every nation that fights for the right for development of every individual, and to establish on a worldwide basis a movement for a just world economic order; in which every individual can live in dignity.

Therefore, all the best for your initiative.

*From Alan Clayton, Glasgow, Scotland.*

To Colonel Seineldín: Congratulations on forming your new movement, from the Scottish Liberation Movement.

Many years ago, as a young merchant seaman, I was in Argentina several times and loved your country. The Malvinas War angered and enraged me. I wrote many letters to Scottish newspapers, critical of British imperialism. My younger son, who was 10, used to wear an Argentinian football strip at school games to show his contempt for Mrs. Thatcher's war. I was proud of him.

After the war the submarine *HMS Conqueror* which sunk the *Belgrano* sailed up the Clyde flying the Jolly Roger—the skull-and-bones. I managed to arrange a meeting with the captain in the town of Greenock to express my loathing for him and his works. He was shocked and horrified as he had thought I was coming to congratulate him.

I know a former officer of the submarine. He is a broken man now who has a job sweeping bus shelters in the town of Kircaldy. Most nights he wakes with a nightmare: the screams of the dying seamen on the *Belgrano* they heard on the submarine's electronics.

Do not doubt: one day both our countries will be free from the British curse.

## **Political prisoners**

*From the statement of U.S. presidential candidate Lyndon LaRouche. LaRouche's full English-language greeting appeared in the weekly newspaper New Federalist (No. 38, Oct. 12).*

. . . The time has come to act, not merely because the opportunity to act is presenting itself, a window of opportunity as it might be called, but because if we fail to act, if we lose this opportunity, we may lose humanity over a period of a couple of generations or even more to come. . . . And so it begins again today, the great new movements which will sweep a continent and continents, begin in the most unlikely circumstances, but they begin at a point where some see clearly that this is a window of opportunity where we must initiate action now, or risk the plunge of humanity as a whole into a New Dark Age.

*From prisoner of war Gen. Manuel Noriega of Panama.*

From within the belly of the Empire which insists on destroying our nationalist, patriotic, and sovereign roots, I send my most fraternal greetings to this excellent conference of patriots fighting for a just, free, healthy and pure Ibero-America.

Times are difficult, but the divine and sacred providence of the Lord places you in these moments on the altar of the Fatherland.

Our "Patria Grande" is, and continues to be trampled on by Empire without respect for human dignity, but our people already have a consciousness of an Ibero-American identity and unity.

Empires such as those of Babylon and Rome fell like the Berlin Wall. Only God is the ruler of eternity.

No armed invasion can kill an idea; no sentence can silence Panama's cry of liberation, to be a single territory, under a single flag, without foreign troops.

*From Lt. Col. Jesús Ortíz Contreras, one of the five Bolivarian commanders arrested as a result of the coup attempt in Venezuela last February. Ten other jailed Bolivarian officers also sent messages.*

San Carlos Prison, Caracas, Sept. 30, 1992

To the men, women, elderly, and children united in the Movement for National Identity and Ibero-American Integration, meeting today in Buenos Aires, Argentina.

From our prison of dignity which today imprisons bodies but frees minds, we wish to send you our message of faith, optimism and solidarity. Today, circumstances lead us to the embrace of a United America; the project which occupies us causes us to reflect on the commitment of integration rooted in the people—the people who today suffer under a corrupt leadership, of leaders committed to international organizations lacking conscience and ideas, which have brought us to the current circumstances posing a terrifying picture. But in us are found the voices which can awaken the silence and pose the integration of the people and not of the capitalist oligarchs who ignore the human being. However short it may be, this message brings to you the chorus of a people who refuse to be domesticated and today fight to build the present.

Brothers: let us hold high our banners and seek to consolidate the real independence left incomplete by our forefathers; yet in them can be found the open book of teachings, of sacrifice, of enthusiasm—let us seek their path and look together toward the horizon of a different America. Let us unite our wills; we have everything to achieve this. From our Venezuela, we play the *maraca, cuatro* and harp and say to you: We are with you our Argentine brothers in the search for the potential Fatherland, for now and always.

## **Ibero-America**

*From Marivilia Carrasco de López, president of the Ibero-American Solidarity Movement, Mexico.*

I am infinitely grateful for the invitation to be with you in this historic meeting, and profoundly regret not being able to do so. . . . We affectionately remember your words, Mohamed Alí Seineldín, sent to the founding meeting of the Ibero-American Solidarity Movement held in Tlaxcala, Mexico. . . .

In the name of my colleagues of the Ibero-American Solidarity Movement and for myself, I enthusiastically salute the founding of the Movement for National Identity and Ibero-American Integration.

We pray to God and the Holy Virgin for the success of your historic meeting. The Malvinas are Argentine, the Canal is Panamanian! One united force from the Rio Grande to Patagonia! Long live our common Fatherland! Long live Mexico! Long live Argentina!

*From J. Jesús González Gortázar, president of the National Confederation of Rural Landowners, Guadalajara, Mexico.*

We cordially greet the delegates to this congress and we support you because your success will accelerate the desired creation of our greater Fatherland.

*From Jasmell Muñoz Córdova, former Peruvian senator.*

. . . This movement arises precisely when the absence of nationalist identity is being taken advantage of by the profit-making institutions like the International Monetary Fund to impose economic policies contrary to the rights of human beings, whom they seek to submit to the exploitation of man by man, or of man by the state. It is my hope that this movement may become a foundation of hope for a battle that must be waged with great faith for social justice of our peoples.

*From the Permanent Forum of Rural Producers of the State of Sonora, signed by Jaime Miranda Pelaez, Mario Gallegos, Adalberto Rosas, José Mendivil, Ramón Morales and Alberto Vizcarra.*

. . . The announcement of the constitution of this movement is an act that brings hope for all the peoples of Ibero-America who exist between life and death caused by the economic conditions of looting imposed by the International Monetary Fund.

We, as agricultural producers in the most productive agricultural valley of Mexico, are waging a battle to prevent economic liberalism from destroying our enterprises and with them the capacity of our country to achieve food self-sufficiency. Your movement, like ours, faces a common enemy: the usury of the IMF; and it has a common program: integration and unity of our peoples.

*From Brig. Hugo de Oliveira Piva, Brazil.*

I send my congratulations and my support for your efforts to revive the feelings of national identity and Latin American integration at a time when forces foreign to our society attempt to weaken our will and make our progress more difficult.

*From Carrion Junior, federal deputy, Brazil.*

At a time when a new neo-colonial pact is being restructured under the sponsorship of the great powers, which have the United Nations and its armed branch the Security Council as their instrument, we offer solidarity to our comrades in the fight to guarantee our national sovereignty and the ever greater importance of our Latin American integration.

*From Mario Carrea Bascunan, rector, Bernardo O'Higgins University, Santiago, Chile, Oct. 3.*

. . . I am pleased to send you my most cordial greetings with the desire that we may be able to join efforts in the common task of preserving our respective nations, the principles and superior and permanent values of our tradition, in terms of the ideas of God, Country, and Family, which make up our Hispanic cultural heritage, thanks to which we belong to western Christian civilization.

### **Asia and Australia**

*From P.P. Gurung, member of the political commission of the Congress Party of India.*

The vast distance between the southern Asia region and Latin America has kept us physically separated. However, I find that countries of that subcontinent are engaged in a battle which is similar to ours. The economic injustice brought upon us, first through colonialism and later, through imposition of an unjust monetary system by a coterie of nations, is as evident here as it is over there. . . . The unjust monetary system, imposed through the diktats of the IMF and the World Bank, has further weakened each country's leadership. . . .

I fully believe that the integration of Latin America will not only bring prosperity in your subcontinent but also will pave the way to others for similar successes. There is no question in my mind that you will find obstacles placed on your way, but I am also confident that you will push aside these obstacles to usher in an economic system which will be just and moral.

So, my friends, though I am not there physically with you, I will remain there in spirit. Your success is our success and we will pray to the Almighty for it.

*From Craig Isherwood, co-founder and secretary of the Citizens Electoral Councils, Australia.*

. . . We congratulate your efforts in forming your new institution, and look forward to working with your people in the time ahead.

Our country is very similar to Argentina, and we share many of the same industries which are being systematically destroyed by IMF conditionalities and austerity. In order to defeat the evil New World Economic Order of Destruction, we must join together and share the resources found in the God-given abilities of all our peoples, in order to lift and improve the quality of life for all of humanity.

## Pope rejects pre-Columbian 'anti-culture of death'

by Carlos Wesley

Defying an all-out offensive against his participation, Pope John Paul II presided over celebrations of the quincentennial of Christopher Columbus's arrival in the New World and of the evangelization of the Americas, held in the Dominican Republic on Oct. 11-14. There the pope met with the Ibero-American Catholic bishops, and called upon the continent's Roman Catholics to rally against what he called the "anti-culture of death"—the pagan, malthusian rabble which is condemning Columbus and those who followed for having replaced indigenous cannibalism and ritual human sacrifice with the principle of man in the living image of God.

The pope called on the leaders of Ibero-America to move rapidly toward the economic integration of the hemisphere, taking advantage of those factors they already have in common: religion, geography, language, and history.

During a mass for hundreds of thousands of the faithful before the Columbus Lighthouse monument in Santo Domingo on Oct. 11, John Paul said that "although the Church does not purport to offer technical solutions," it "supports the creation of an economic program at the continental level so that Latin America, overcoming isolationism, can present itself as a strong player in the international and world scene."

The next day, during the opening of the Fourth Conference of the Latin American Conference of Bishops (CELAM), which will be meeting for the next few weeks in the Dominican Republic, the pope said, "That one factor that can contribute noticeably to overcoming the pressing problems affecting this continent, is the integration of Latin America." Among "the great many factors in favor of integration," he said in another speech, "first and foremost is the Catholic religion, which is professed by the majority of Latin Americans. It is a component that by its very nature is on a different and deeper plane than mere socio-political unity."

The pope decried the tremendous proliferation of sects

and what he referred to as "pseudo-spiritual movements." While in many cases their spread is due to inadequate attention on the part of those in charge of the Catholic Church, "one cannot underestimate a certain strategy whose aim is to undermine the links that bind the countries of Latin America, and thus to undermine the strength that comes from unity," he said. In a what was believed to be a dig aimed at the United States, he added that "significant economic resources are allotted to underwrite proselytizing campaigns that attempt to break this Catholic unity."

### Fake indigenism

The same could be said about the aims of the marches, violent demonstrations, and even terrorist activities in the Dominican Republic and elsewhere in Ibero-America before, during, and after the Oct. 12 celebrations of Columbus's landing. For weeks prior to the pope's arrival, the Dominican branch of a group calling itself Five Hundred Years of Indigenous, Black, and Popular Resistance, marched to protest against the alleged "ethnocide" and "genocide" committed against the indigeneous populations by the Spaniards five centuries ago. Among the signs carried by the protesters was "Long live the people's war! Free Comrade Gonzalo!"—a reference to Abimael Guzmán, the jailed leader of the Peruvian narco-terrorist gang Shining Path, responsible for the murder of 26,000 people, most of them Peruvian Indians.

One of the marches ended in a confrontation with police and the death of one of the protesters, which focused a good deal of attention on the protests. But the protests were in any case getting an inordinate amount of attention from the U.S. establishment media, particularly the *New York Times* and the *Washington Post*, supposedly upset that the celebrations were too costly for a poor country. One issue was the \$70 million the *New York Times* claims was spent to build the

Columbus Lighthouse (which also houses the admiral's remains). But the Dominican government said it only cost about \$12 million—about what was spent for the four-course dinners champagne and caviar at the mid-September annual meeting of the International Monetary Fund (IMF) in Washington, D.C.

### **U.S. newsmen caught inciting riot**

On Oct. 12 Dominican police arrested three reporters from the U.S. Spanish-language network Univision. They were charged with paying slum youth to stage violent riots against the pope. A Dominican congresswoman leveled a similar charge against a correspondent for Ted Turner's Cable News Network and Telemundo, the other U.S. Spanish-language network.

Across the continent, similar coalitions of ecology kooks, New Agers, Marxist Theology of Liberation ideologues, indigenists, avowed communists, and others who openly support Peru's Shining Path and the Cuban regime, also mobilized against the quincentennial celebrations. Most of the demonstrators argued explicitly against western Judeo-Christian culture, and for a return to primitive, pagan, "indigenous" practices, as is argued by the death-cultists of Shining Path.

Counter-celebrants in Mexico re-created "ancient rituals at the pyramids of Teotihuacán," reported UPI, although it was not reported if this included the tearing out and eating of human hearts—a common practice among the Aztecs and others before the Spaniards helped the indigenous populations to achieve their liberation from their indigenous oppressors.

The marches, as well as the outright terrorist actions—such as the protests led by Colombia's M-19 and Communist FARC, which imposed fines of 10,000 pesos and issued death threats against those peasants and Indians who refused to participate, or the bombing of public buildings and statues in Bolivia by Shining Path's clone, the Tupac Katari—were all spawned under the umbrella of a single coordinated operation working out of the United Nations: the Working Group on Indigenous Peoples. To fund these divisive operations in Ibero-America, a \$40 million kitty is being established out of the Inter-American Development Bank.

Hence there is nothing "indigenous" about these operations. They were created by the same people in the United States and Europe who sponsored the bloodthirsty Khmer Rouge of Pol Pot in Cambodia, and its equally genocidalist "indigenist" gang in Peru, the psychotic Shining Path.

The United Nations is drafting a "Universal Declaration of Rights of Indigenous Peoples," to be issued in 1993, which has been proclaimed the International Year for Indigenous People. The declaration will recognize the right of "self-determination" for indigenous people, "the right to pursue their own way of life," according to the Greek chairman of the U.N. group, Erica-Irene A. Daes. Without realizing the irony, the Oct. 15 *New York Times* reported that the others represented on the five-nation U.N. Working Group on Indigenous Peoples are Nigeria and such paragons of the rights

of indigenous people as communist Cuba, China (which still squats on Tibet), and "Yugoslavia" (i.e., Serbia), which is pursuing its own indigenous way of life by the "ethnic cleansing" of the Bosnian population, while those overseeing the new world order mumble mealy-mouthed platitudes.

### **Terrorist gets Nobel Peace Prize**

The awarding of the Nobel Peace Prize to terrorist Rigoberta Menchú, envoy to the U.N.'s various indigenist bodies during the 1980s for the URNG, the umbrella group for Guatemala's four guerrilla organizations, should make it clear that these "indigenist" operations are intended to promote the disintegration of the nations of Ibero-America—and other nations—making them easier targets for looting and depopulation on behalf of the IMF, the World Bank, and other institutions of the new world order.

If the stated aims of these "indigenists" were achieved—that is, if the "indigenous" people were forced to remain in a state of perpetual backwardness as "natives," instead of being allowed to develop as human beings—that would condemn millions in Ibero-America to death. Nothing shows the genocidal intent more clearly than the case of the Yanomamis, a Stone Age people who live in Brazil and Venezuela. To preserve the purity of the Yanomamis, autonomous territories are being established and isolated from the mainstream culture, even though the average Yanomami life expectancy is 35 years, while that of Venezuelans overall is 70 years. In other words, if they weren't isolated, their life expectancy could double.

John Paul II rejected the silly notions of those who blame Columbus for the current plight of millions of Ibero-Americans, including its "indigenous" people, instead of the flea market economic policies of IMF and other institutions of the new world order. Columbus was "a great admiral" who "planted the cross of Christ" in the New World, the pope said. He also rejected the proponents of population control: "It is not a matter of reducing at all costs the number of guests at the banquet of life; what is needed is to increase the means and to distribute with more justice the riches so that all can equitably participate in the goods of the creation," the pope said at the Columbus Day meeting of CELAM.

"Life, from its conception in the maternal womb until its natural end, must be defended, decisively and bravely," he said. "It is necessary, then, to create in the Americas a culture of life that counteracts the anti-culture of death, which—through abortion, euthanasia, war, guerrillas, kidnaping, terrorism, and other forms of violence and exploitation—intends to prevail in some nations."

His last comment was a clear reference to the death-dealing URNG of Nobel laureate Menchú and like groups, particularly Shining Path. This was made even more explicit when the pope said, "In this spectrum of threats against life, drug trafficking occupies a place in the first ranks, which the appropriate authorities should counter with all the available legal means at their disposal."

# 'Christ is the measure of all culture, work'

*During his visit to the Dominican Republic to commemorate Christopher Columbus's voyage to America, Pope John Paul II addressed many of the most pressing social and religious problems besetting Ibero-America in particular. The following excerpts are from his homily during the mass at the Columbus Lighthouse on Oct 11. and from his speech to the opening session of the Fourth General Conference of the Latin American Conference of Bishops (CELAM) on Oct. 12. The text was translated by EIR from the Spanish.*

### **Mass at the Columbus Lighthouse**

#### **On the harmony of interests:**

The commemoration of the Fifth Centennial of the beginning of the evangelization of the New World is a great day for the Church. . . .

To workers and entrepreneurs—from your respective responsibilities to society—I can no less than exhort you to a real and efficient solidarity. Your challenge in the current circumstances is to have as your common aim to help Latin American man to meet his unpostponable needs: to fight against poverty and hunger, unemployment, and ignorance; to transform the potential resources of nature with intelligence, industriousness, and constancy; to increase production and promote development; to humanize labor relations, always placing the human person, his dignity and rights, above selfishness and special interests. Looking over the current panorama of Latin America and, more so, the perspectives for the future, it is necessary to set the basis for an economy of solidarity. One must feel the poverty of the other as if it were one's own and become convinced that the poor cannot wait.

For their part, the powers that be must face up to the unjust differences that offend the human condition of men, who are brothers and sons of the same Father and partake of the gifts that the Creator has placed in the hands of everyone. . . .

### **Address to Latin American Bishops**

#### **On the foreign debt and the economic crisis:**

Despite the advances in some fields, poverty persists and even increases. The problems are aggravated by the loss of purchasing power of money because of inflation, sometimes uncontrolled, and the deterioration of the terms of exchange, with the consequent diminution in the prices of some raw materials and the unbearable weight of the international debt,

from which derive tremendous social consequences. The situation becomes even more hurtful with the grave problem of growing unemployment, which does not permit bread to be taken to the home, and denies access to other fundamental goods.

Feeling deeply the gravity of this situation, I have not ceased to press in favor of a more active, just, and urgent international solidarity. This is a duty of justice that falls upon all humanity, but especially upon the rich countries that cannot evade their responsibilities toward the developing countries. This solidarity is a demand of the common universal good which ought to be respected by all the members of the human family. . . .

Solutions must be sought at a world level, instituting a true economy of communion and participation of goods, both in the international order, as well as the national. For this purpose, one factor that can contribute noticeably to overcoming the pressing problems that affect this continent today, is the integration of Latin America. It is the grave responsibility of the rulers to favor this already initiated process of integration of peoples which the same geography, the Christian faith, language and culture have definitively united in the path of history.

Closely connected to the problems noted, there is the grave phenomenon of the children who live permanently in the streets of the great cities of Latin America, undermined by hunger and disease, without any protection, subject to so many dangers, not excluding drugs and prostitution. Here is another issue that should quicken your pastoral concern, recalling the words of Jesus, "Let the children come to me" (Mat 19:4).

#### **On the new evangelization:**

The new evangelization does not consist of a "new evangel," which would always stem from us ourselves, from our culture, from our assessment of the needs of man. That would not be an "evangel," but a mere human invention and there would be no salvation in it. It does not consist either in cutting from the Gospel all that seems hard to assimilate by today's mentalities. Culture is not the measure of the Gospel, but Jesus Christ is the measure of all culture and all human work. No, the new evangelization does not rise from the desire "to please men" or to "seek their favor" (Gal 1:10), but of the responsibility toward the gift God has given us in Christ in whom we access the truth about God and man, and the possibility of true life.

#### **On population control, abortion, and euthanasia:**

It is a fallacious and unacceptable solution which advocates the reduction of population growth without regard for the morality of the means employed to achieve it. It is not a matter of reducing at all costs the number of guests at the banquet of life; what is needed is to increase the means and to distribute with more justice the riches, so that all can

equitably participate in the goods of the creation. . . .

Life, from its conception in the maternal womb until its natural end, must be defended, decisively and bravely. It is necessary, then, to create in the Americas a culture of life that counteracts the anti-culture of death, which—through abortion, euthanasia, war, guerrillas, kidnaping, terrorism, and other forms of violence and exploitation—intends to prevail in some nations. In this spectrum of threats against life, drug trafficking occupies a place in the first ranks, which the appropriate authorities should counter with all the licit available means at their disposal.

### **On liberation theology:**

. . . We cannot forget that recent history has shown that when, under cover of certain ideologies, the truth regarding God and the truth regarding man are denied, it is impossible to construct a society with a human face. With the collapse of the regimes of so-called “real socialism” in eastern Europe, it is to be expected that also in this continent the appropriate conclusions are reached regarding the ephemeral values of such ideologies. The crisis of Marxist collectivism is not one rooted solely in economics, as I have highlighted in *Centesimus Annus*, because the truth concerning man is intimately and necessarily linked to the truth concerning God. . . .

There exists no authentic human advancement, no true liberation, nor preferential option for the poor, if one does not start from the very foundation of the dignity of the person and the environment in which he must develop, according to the project of the Creator.

### **On the proliferation of sects:**

Following the example of the Good Shepherd, you must graze the flock entrusted to you and defend it from the rapacious wolves. A cause of division and discord in your ecclesiastical communities—as you well know—are the sects and the “pseudo-spiritual” movements referred to by the Puebla document, whose expansion and aggressivity it is urgent to confront.

As many of you have pointed out, the advances of the sects underscores a pastoral vacuum that frequently has as its cause the lack of formation, which undermines the Christian identity, and which leaves a great mass of Catholics without the proper religious attention—in many cases, due to a lack of priests—at the mercy of serious and very active proselytizing campaigns. But, it can also happen that the faithful cannot find in their pastors the strong sense of God that they should communicate in their lives. . . .

On the other hand, one cannot underestimate a certain strategy with the aim of undermining the links that bind the countries of Latin America, and thus undermine the strength that comes from unity. Toward that objective, significant economic resources are allotted to underwrite proselytizing campaigns that attempt to break this Catholic unity.

## Seoul-Beijing ties portend instability

by Lydia Cherry

South Korea opened official diplomatic relations with the People's Republic of China (P.R.C.) on Aug. 24, an action which will redraw the political configuration of Asia. This was followed by a high-profile trip to Beijing by South Korean President Noh Tae Woo over Sept. 27-30. During the trip, cooperation was begun or intensified in numerous economic fields. The two countries concluded a trade agreement, and agreements to guarantee investment, on science and technology, and on establishing a joint committee on economy, trade, and technology. A banking link was also finalized, following earlier talks in Washington, D.C. between the chairmen of the South Korean and Chinese central banks. The delegation from the South Korean side to Beijing was large, including officials of several dozen multi-national Korean businesses.

Equally important, China, conducting an undisputed military buildup and flexing its military muscle to assert its territorial claims, reportedly held discussions with South Korea on military cooperation. The South Korean daily *Hanguk Ilbo* reported on Sept. 29 that discussions in such areas as exchanges between field grade officers were held.

### **China, the last gateway**

South Korean polls reported wide-ranging support for the visit, which was viewed as President Noh putting into place the final plank of his “Northern policy” for the eventual reunification of Korea, prior to his retirement. Noh's plan, including the China leg, was first spelled out in a speech at the United Nations in 1988. Noh reiterated on Sept. 30 upon returning to Seoul: “To open the door widely on the road toward Pyongyang, I opened the door, first of all, leading to the former Soviet Union, many East European nations, and the United Nations. I have now opened the door to Beijing, the last gateway.”

With the collapse of the Soviet Union, China is being placed in the role to broker Korean reunification. In marked contrast to the earlier North Korean reaction to South Korea establishing close links with the Soviet Union in the Gorbachov era, North Korea has been totally silent about Noh's trip to Beijing.

China offers South Korea new markets and natural re-

sources, and there is strong support in Seoul for greater economic links. "China is the sixth largest oil producer in the world and is rich in coal, antimony, tungsten, and vanadium," noted South Korea's Energy and Resources Ministry on Aug. 29. "As it wants technology and capital, bilateral cooperation would prove lucrative for both countries." The first concrete commercial benefit for South Korea appears to be in steel, and it is expected to be at the expense of Japan. Pohang Iron & Steel Co., South Korea's largest steelmaker and the third largest in the world, has signed a \$100 million joint venture to produce tin-plate in Shanghai.

As the new broker for Korean reunification, China's already quite hefty role in the region will be enhanced. But the reason China had little hesitancy in moving toward Seoul is also connected to the country's internal problems. A British area specialist, who predicted the breakup of China in the longer term, told a reporter: "The central government in Beijing has been becoming increasingly weaker. The state budget has been shrinking in relative terms as the economy has been growing; people in the poorer provinces no longer look to Beijing to help them to catch up with Guangdong" and other provinces on the southeast coast of China, where there has been heavy investment from Hong Kong and Taiwan.

Beijing's strategy over the last two years, according to this source—though he admits that "Beijing very definitely has mixed views" on the subject—has been to encourage the poorer regions to look outside China for additional sources of revenue, investment, and so on. "The northeastern provinces obviously look toward Korea," and relations between Seoul and Beijing will encourage South Korea to attempt to develop this destitute region, he said.

Might not this strategy also tend to bolster separatist tendencies in China? Might not this northeastern province area turn out to be an economic sinkhole for South Korea, in light of the financial resources that Seoul has sunk into the former Soviet Union over the last two years, and the need to bolster the North Korean economy that achieved a -5.2% growth rate last year? the source was asked. "Very possibly; it certainly could turn out that way," he responded.

Another benefit for China in the new arrangement involves edging out Japan. Although little has been said publicly, it is known that Japanese leaders responded to the warming of relations between South Korea and China with a sense of disquiet. Remarks from the Korean side fill out the picture. The South Korean daily *Choson Ilbo* on Aug. 28 interviewed No Chae-won, who handled much of the diplomatic work with the P.R.C. He was asked, "Because of the establishment of diplomatic relations between the R.O.K. [Republic of Korea] and China, are there now options that a structure will be formed to restrain Japan?" The Korean leader responded: "It is true that we are worried about Japan . . . [but] I do not think it is a situation yet in which it is necessary for the R.O.K. and China to unite to deal with this matter."

## Balance of power games

Why is it that well-placed Korea experts in the West—many of whom were not that fond of President Noh's "Northern policy" earlier, nor that happy with a close South Korean alliance with the former Soviet Union—are quite pleased with this latest diplomatic hookup? Henry Kissinger touched on the subject in a Sept. 23 address on the Asia Pacific region to the Washington, D.C.-based Freedom Forum.

Concluding that Korea "will become much stronger" in the coming period, as will Russia, Kissinger insisted that the United States "must prevent hegemony in Asia" at all costs. Kissinger made clear that he was referring to Japan: "Japan has survived 2,000 years; it has a special culture," it cannot be "part of any global structure," it doesn't have the ability "to think in terms of a world community." Japan has a "heavy nationalist component . . . the necessity for consensus is a problem." The United States, he continued, must have a close relationship with Japan, but "we must also accept [that] it is a very different kind of society."

On China, Kissinger said, "Because of the weight China carries, our foreign policy would be difficult" were there a break in relations.

## Don't encourage Japan

The British area specialist spoke in a like manner. He first noted that the view in Britain has been that Japan in general should be encouraged to play a more prominent role in world affairs. However, he qualified this: "This has always seemed to me a slightly short-sighted view. . . . This might lead Japan then to adopt positions which were different from those of Britain or the United States, or the West—for instance as they are over Russia." This same "difference," he continued, might occur with respect to Japan's policy toward China.

The analyst then embarked into a discussion of how British strategists were operating from a "more Machiavellian view." The view is that "if you encourage the Japanese to play a more prominent role of some kind in the region, they would then be forced to confront . . . some of the unfinished business of the Second World War," i.e., the hostility against Japan in the region. So, he continued, what the British were actually doing by encouraging Japan to play a larger role was to "force the Japanese to spend a lot more time in coming to terms with that. And if they were busy doing that, they might not have much time to deal with other parts of the world. If you cause trouble in somebody's backyard, they tend to concentrate on it first."

This analyst is convinced that the overall situation is "highly unstable," despite a Kissingerian balance-of-power policy. "The warming of relations between Korea and China may be directed partly against Japan, but in that kind of triangular relationship, I think there is a lot of basic instability. The players could move sides fairly quickly. . . . We are talking about temporary and shifting alliances."

# In Jordan, eyes are on the show trial of popular Muslim leader Shubeilat

by Muriel Mirak-Weissbach

In the month of October, Jordanians have been preoccupied with two events of great moment: the safe return of His Majesty King Hussein from the U.S.A., where he had successfully undergone surgery to remove a kidney and precancerous tissue, and the trial of Islamic parliamentarian Laith Shubeilat, accused of crimes ranging from slander (against the Parliament and king) to possession of weapons and conspiracy to overthrow the state by force.

King Hussein, with his 40 years' rule, is the longest reigning monarch; Shubeilat, whose father served as a trustee to the king until he came of age, is a maverick Muslim who has succeeded in attracting the highest number of votes in parliamentary elections, including from Christian voters. As the last session of Parliament was drawing to a close in August, and Shubeilat's committee to investigate corruption was naming the names of past ministers allegedly involved in kickbacks, many political analysts whispered their opinion that the energetic Islamic politician might be in line for the prime minister's position himself.

Shubeilat had all the qualifications for the post, and his policy outlook would have reflected that of the majority of the population. By the same token, he was shaping up as enemy number one of the Anglo-American establishment. He not only spoke out against Operation Desert Storm, but assailed the anti-Iraq embargo. Although his rejection of usury derived from deep religious conviction, his denunciation of the International Monetary Fund's policies was shared among secular layers in Jordan and the Third World. He had gone on record opposing the U.S.-led Mideast "peace conference" because it would ignore Palestinian rights. All admirable positions, one might say from a regional standpoint. All good reasons for the United States to want him out of the way.

## The making of a trial

Jordan prides itself on its relatively liberal political life. Since 1989, the highly politicized Jordanian intelligentsia has been looking forward to the full introduction of democracy, as political parties were to be allowed. Now, whether or not parties will be formally introduced into the electoral system has become irrelevant in the wake of the Shubeilat case, which has made a mockery of the democratic process.

The trial, which was begun on Sept. 29, opened four weeks

after Shubeilat had been detained without bail. In that period of time, he had had virtually no private discussion with his lawyer, Ibrahim Bakr, despite the fact that the seven counts against him included conspiracy to organize an armed insurrection against the state, a charge carrying the death penalty.

There was and is no evidence against Shubeilat. Therefore, the State Security Prosecution of the military tribunal had to weave together various separate threads, and present the resulting fabric as a conspiracy. For instance, the authorities first arrested Ahmad Ramzi Al Ayoubi, 45, and Abdul Hamid Sadeq Dkedik, 44, on Aug. 17, two shopowners who, after lengthy interrogation, admitted to weapons possession. Jordanian press sources reported off the record that the two had been beaten. Their confession, which turned into a guilty plea, included the assertion that Yacoub Qarrash, an Islamic parliamentarian, had provided the weapons, in his capacity of leader of the Shabab Al Nafeer Al Islami group, a hitherto unheard-of organization. Qarrash was then arrested and questioned on Aug. 27. Arab press sources reported, again off the record, that Qarrash was a Mossad agent, tooled for use in framing up others. Through Qarrash, who knew Shubeilat, the latter was implicated and promptly arrested on Aug. 31.

The indictment states that the group had been set up to overthrow the Jordanian state and install a Khomeini-style Islamic dictatorship. Since there was no evidence of the existence of the group, outside of the two confessions, and no indication that Shubeilat was associated with it, if it did exist, the ruse was developed that he was the "secret" leader of the group.

The presentation of the prosecution's case was punctuated by so many crude blunders, it was embarrassing for the small group of onlookers, which included two international observers. First, as Ayoubi and Dkedik pleaded guilty to charges of weapons possession and association with an illegal group, they stated their political aim was to fight in the Palestinian Intifada, in the Occupied Territories, not in Jordan. Shubeilat and Qarrash pleaded not guilty to the charges against them.

Witness after witness for the prosecution walked into the small courtroom and, after a loud order from a military man for all present to rise, swore to tell the truth, on a copy of the Koran. Each was asked to look behind him at the four defendants in the dock, and identify his relation, if any, with each of them. Then, witnesses were forced to keep their gaze





*Refugees from the Gulf war lined up in Jordan to receive water, days after the outbreak of hostilities in January 1991. Shubeilat spoke out courageously against Desert Storm and the anti-Iraq embargo.*

riveted on the State Security Prosecutor, Maj. Muhammed Hijazi, who sat, his eyes shifting constantly behind tinted eye-glasses, directly across from the witness stand, or on presiding judge Lt. Col. Yousef Faouri, who leaned with an air of bemused boredom on one elbow, toying with a ball-point pen in the other hand, while two other military judges flanking him watched expressionless. Major Hijazi would pose the questions, reading from a script, and Colonel Faouri would repeat the answers of the witnesses, phrase by phrase, for the benefit of the court stenographer, who wrote everything down in longhand.

Most witnesses spoke in barely audible tones, as if scared stiff.

The gist of the first days' testimonies was that a group existed in Jordan, under the leadership of Qarrash, involved in the Intifada, with backing by Palestinian groups. None of the witnesses named Shubeilat as in any way associated with the group!

Then, when the prosecution tried to implicate Shubeilat in transport of weapons allegedly made in his car, witnesses testified that a) Shubeilat lent his car out readily to friends in need; b) the trunk of his car, with a broken lock, could be opened without use of a key; and c) the parliamentarian could not see what was going on in his garage from the windows in his office. Conclusion: Weapons could have been planted in his car unbeknownst to him.

As if to illustrate the ability to plant weapons, Major Hijazi made the surprise announcement at the conclusion of the opening session, that—lo and behold—a new cache of weapons had been found just two days earlier, in the home of Ayoubi. Not only weapons, but photographs of the French, American, and British embassies had been found. Major Hijazi explained proudly that Ayoubi, interrogated again

right after the discovery, had readily confessed that the foreign diplomatic missions were targets of the group. Just days later, when the prosecution found itself in difficulties, another such surprising discovery was announced; this time, the story went that Ayoubi's father-in-law, present at the trial, left the courtroom in mid-session to go home and search his residence again. Lo and behold, he found weapons hidden on the roof, immediately called the prosecutor, etc.

The most curious development regarding the arms emerged during the testimony of Mohammed Abboud, a weapons expert working in the General Intelligence Department (GID). After holding up pipes and illustrating how the simplest explosives can be homemade, he made the startling statement that what he had in the courtroom were only "samples," because "most of the [seized] explosives were destroyed since they posed a grave danger." The thought that popped into the mind of one international observer was: "Maybe that explains why 'new' evidence has to be furnished daily!"

### **Dramatic retraction**

The highpoint of the carefully planned, but rather clumsily performed, drama came on the third day of the prosecution's case. Taking the stand was Mohammed Moghrabi, one of two brothers who had provided ample testimony during the investigation alleging that, not only Qarrash, but also Shubeilat were leaders of a group called the "Islamic Liberation Front." Since Moghrabi appeared very exhausted and quite reticent in the courtroom, Prosecutor Hijazi took his written deposition and proceeded to read it aloud to the court. Moghrabi, it appeared, was in prison for having spied for Israel. After the text had been read, Colonel Faouri asked the perfunctory question, whether these statements were his.

Moghrabi shocked the court by answering, no, that it had all been lies. When asked to explain, he said that the testimony he had given (which implicated Shubeilat) was deliberately false. Again, he was asked why. "I lied because of a promise that my sentence would be reduced from 15 years to 10 years." He neglected to name the person or persons who made the promise, and did not explain why he had decided to reveal this in court. He was whisked away, and is to be prosecuted for lying. (The next day, bright and early in court, however, Major Hijazi announced that Moghrabi had yet again changed his mind, in prison, and had upheld his original deposition!)

The prosecution had overruled objections by Shubeilat's defense lawyer Bakr, that the witness, being imprisoned for a capital offense, might not be the most credible. Now, whatever credibility the prosecution's witnesses had, was being ripped to shreds by the witnesses themselves.

The overall conduct of the prosecution was under attack. The day after the Mossad agent's dramatic retraction, the prosecution introduced 13 audio cassettes containing recordings of wiretapped telephone calls, plus two public speeches by Shubeilat. The defense argued eloquently against the introduction of the tapes, on the grounds a) that the bugging had been done on orders of the GID, not the prosecutor; and b) that wiretapping was a violation of constitutional rights. Another lawyer on Shubeilat's defense team, Zuhair Abu Ragheb, produced extensive material from Jordanian and international law to uphold his contention. He also noted, "Jordan does not have experts who are capable of analyzing voices," indicating the fragility of any testimony regarding the tapes. To justify the use of material illegally taped, Major Hijaz used the sophistic argument that since there was no law on the books which explicitly rejected the use of wiretaps, it was legal. He went further, citing as precedent an article in the legislation of Syria (hardly a model of democracy) permitting both telephone bugging and interception. As for the fact that intelligence agencies rather than the court had ordered the taps, Major Hijaz said a "specialized prosecutor" had been involved. Earlier, the court had said that the GID officer concerned was simultaneously a prosecutor of the State Security Court.

### **Inaudible, static-filled tapes**

One would have thought that the material on the tapes were crucial, with damaging content for Shubeilat. When, however, the controversial evidence was finally played to the court days later, what was revealed was ludicrous. Technically, the tapes were so badly disturbed by static at times as to be inaudible. Defense objections that they could have been doctored, cut or spliced were brushed aside with the explanation, were it so, then the expert Khaled Maqdadi, a sound technician from Radio Jordan, would have said so.

The tapes included "proof" such as the following: Qarrash and Shubeilat discuss which would attend a meeting in

Libya. Qarrash wants to go, as "deputy secretary general"—of what, is not said. Or: Qarrash speaks to someone named Khaled and says, "Laith is working in Jordan—me and Laith, but Laith is essential"—to what, is not said. And: "Laith has information" and "All information is with Laith." Another tape has a voice of Shubeilat swearing against the Parliament, after he had left the body in protest over a political matter. This tape was to substantiate charges of slander against the Parliament. In another bugged phone conversation, Shubeilat is heard objecting to statements made by Mr. Chalabi (former banker, now Iraqi opposition figure); Shubeilat's position is in defense of Iraq and Jordan. This tape was supposed to substantiate charges that Shubeilat had undermined relations between the two countries.

The most revealing statements on the tapes are those taken from public speeches attributed to Shubeilat. Talking on May 12, 1992 to the University of Jordan Alumni Club, he is quoted as criticizing "the new world order and the Arab regimes which endorse it." He attacks the West, especially the United States, for "exploiting the resources" of the Third World. "Our leaders will not be part of the new world order, if there was pressure from the people," he is heard saying. "Our leaders monitor all those who oppose the new world order." Furthermore, he says, "Everybody who remains silent over this new world order is a partner in the crime."

The possibilities are two: Either the statements are not those of the defendant or, if they are, they constitute no crime.

The final piece of material evidence presented by the somewhat shaky prosecution was a photo album. This was to prove the charge against Shubeilat that he slandered His Majesty the King. The photo is of a destroyed house, with a well-known quote of the king, regarding "building the nation." It is signed by "Sami Al Ajrab," but the court's hand-writing expert testified it was in Shubeilat's script. The expert said he had not tried to find the person, since the handwriting elsewhere in the album was all Shubeilat's. The expert made one further, very revealing statement. He said, "If I like a poem, I would write it down and write the name of the poet." In other words, if the handwriting were the defendant's, it was a quote made by a person from the Jordan Valley, whose name is penned underneath. The person, according to earlier statements by Shubeilat, was a citizen from the Jordan Valley who was thus lodging a protest.

Again, regarding the evidence, it either does not belong to the defendant or, if it does, constitutes no crime.

The prosecution takes up its case on Oct. 18, after which the defense may have a chance to present witnesses and evidence. Shortly thereafter, the case will be wrapped up. Convictions are expected for all, especially Shubeilat, the main target of the operation. What will happen thereafter is an open question, one which is occupying the minds of the politically excitable Jordanian elite. Will His Majesty the King intervene, to declare a pardon? If so, the magnanimity of the reigning monarch would again be celebrated.

# Will the Communist Party take China down with it?

by Mary M. Burdman

The world's biggest secret society, the Chinese Communist Party, is holding its 14th Party Congress the week of Oct. 12 in Beijing. There is one issue dominating the proceedings, which is how the party, led by the "Gang of Ancients," the octogenarian survivors of the 1949 Maoist revolution, is going to keep its stranglehold control over the 1.2 billion people of China.

The "reform" faction led by 88-year-old Deng Xiaoping thinks this can only be done by allowing a small percentage access to more food and consumer goods; the "hardline" faction of 87-year-old Chen Yun fears that Deng's loosening of state control will bring the whole edifice down. For historical reasons, with implications far broader than the dictatorial ambitions of either, Chen Yun is probably right.

The power struggle between these two factions broke out into the open in January of this year, when Deng Xiaoping, officially retired from all party and government positions, suddenly emerged to make a trip south to the "Special Economic Zone" of Shenzhen, next to Hong Kong, and later visited the Zhuhai SEZ near Macao and Shanghai. Deng's method of intervening in China's national politics was not unique; Mao Zedong launched the 10-year holocaust of the Cultural Revolution by going to his radical power base in Shanghai to outflank his party opponents in Beijing.

## Can Dengism survive Deng?

Although Deng's "reform and opening up" forces appear to have taken over for the moment, it is well to remember the last Party Congress in 1987. At that time, then-Party Secretary Zhao Ziyang, Deng's protégé, spoke of opening up and political reform; two years later, Deng ordered troops to slaughter China's students protesting the corruption of the brutal party aristocracy in Tiananmen Square. While "Dengism" may prevail for the moment, the real issue is if Dengism can survive Deng.

Although the old revolutionaries have not hesitated to shower privilege and position on their families, official political heirs tend to meet bad ends. Current Party Secretary Jiang Zemin, who replaced the ousted Zhao in 1989, has already been denounced by Deng as an inadequate leader; Deng's earlier heir apparent, Hu Yaobang, was ousted in disgrace before his death in 1989.

Prime Minister Li Peng is too well known as the enforcer of the Tiananmen Square massacre to survive long without Deng's patronage. Deng has no successor.

Meanwhile, the Gang of Ancients is aging fast. Only six remain: Deng, Chen Yun, Yang Shangkun, 86, Bo Yibo, 85, Peng Zhen, 90, and Wang Zhen, 85. Already this year the relative youngster Li Xiannain died at 83, along with the last of the revolutionary marshals, Nie Rongzhen; Deng Yingchao, the widow of China's long-term Premier Zhou Enlai; and one of the biggest liars of the Communist Party regime, 81-year-old re-writer of history Hu Qiaomu.

The comment of one observer, the *New York Times's* Nicholas Kristoff, on the Congress was that "it looked like a nursing home behind the podium; but that is traditional for a Chinese Party Congress." The youngest delegate, an Olympic swimming gold-medal winner, wrote energetically during Jiang Zemin's two-hour speech, but most of the delegates, far older, were not able to match his level of activity, Kristoff noted.

They sat there reading the speech—which they had all already read—along with Jiang; when it came near to a point where they must applaud, their brows all furrowed together with the effort to get the timing right, but all seemed to succeed in applauding on cue.

The Ancients suffered a setback: Three Congress delegates were so old, they died after being elected, so that instead of having 1,992 official delegates to match the year, the Congress has, curiously enough, 1,989—a number not likely to please Deng Xiaoping: To prevent further such unfortunate events, three ambulances and a fire truck are parked outside the hall, fully equipped with oxygen tanks and cardiac defibrillators in case of heart attacks.

## China on the brink

Where does this leave China? On the edge of the abyss, wrote journalist Zhang Weiguo of Shanghai, now under house arrest there, in an article published in the Paris daily *Libération* Oct. 13. Political reform is essential now if China is not to lose perhaps its last chance to avoid total social chaos and breakdown, Zhang wrote. While the former U.S.S.R. has lost its central government and been dismembered, those who visit the Community of Independent States agree that

civil society remains intact there, because the changes in the U.S.S.R. did not destroy the social order. This happened because of the raising of the civil consciousness of the population, and the ongoing strengthening of social institutions and the (relative) freedom of the press. Would this be true of China?

No, say those few who dare to speak in private about the future. In China, the collapse of the government and division of the nation would plunge the nation into chaos; society would collapse at the same time as the state. In Zhang's view, this is because, since 1949, the successive campaigns against China's intellectuals have snapped the chain of traditional culture, and 10 years of Cultural Revolution systematically perverted moral values. Chinese society rests entirely under the Communist Party and the traditional Chinese family; all independent social institutions are lacking.

Those who are informed think that Mao Zedong held the entire nation hostage in order to impose his personal dictatorship. His words, "Without the Communist Party, there would be no new China," means actually, "without the direction of the Communist Party, the body of Chinese society will disappear." It is thus that the population is inhibited from their search for political reform, and gives the CP the "legitimacy" of its power.

If events similar to those in the Soviet Union in 1991 were to unexpectedly happen in China tomorrow, according to Zhang, the country would lack the civil and religious resources and social institutions to deal with them. Today, one can say that the CIS nations, if they can survive the throes of conversion to a market economy, see the light at the end of the tunnel. Not so China.

The CP refuses to accelerate political reform for basic liberties and creation of social institutions, which could provide the nation's intellectual elite with a podium from which to reestablish the national direction and moral values; it once again is risking that a golden opportunity will have been lost.

The opportunities for political reform are becoming more and more rare, and briefer and briefer. History will not give China another 5,000 years. There is no time to wait, Zhang concluded.

### **'Free market' chaos**

It is to this life-and-death crisis, that Deng Xiaoping proposes Thatcherite "free market" lunacy as a solution, the same lunacy that is now destroying Great Britain. Although China's free marketeers, fearful of social unrest in a nation of 1.2 billion people, are extremely cautious—there has been no overnight imposition of "shock therapy" as was done in Poland, in Deng's China—continuation of the current "reforms" will spell disaster.

Deng's free market means, in short, opening up coastal "concessions" to build cheap-labor, cheap-export light industries, in a nation whose infrastructure is so primitive that it wastes a full 30% of its annual grain crop due to lack of

storage, transport, and distribution capabilities. Even the Dengists are getting worried that the economy is "overheating"—which means choking on its inefficiency and lack of infrastructure and raw materials.

While China's industrial output value is rising in the range of 20%, what this really amounts to is tons of shoddy, unsaleable junk piling up in warehouses.

Yet, Jiang Zemin proclaimed at the Party Congress Oct. 12: "Practice in China has proved that where market forces have been given full play there the economy has been vigorous and has developed in a sound way. We must continue to intensify the market forces." But while Jiang called for a "socialist market economy," his statements on political control made clear why he emphasized the "socialist."

The party must reign supreme. "It would be absolutely wrong and harmful for anyone to doubt, weaken or negate the party's position in power and its leading role," Jiang said. "Without political and social stability, any attempt to carry out reform . . . and to promote economic development would be out of the question. . . . We must adhere to the Four Cardinal Principles [of Chinese communism] and resolutely eliminate all factors that might lead to unrest or turmoil."

In September, the CP Politburo distributed its "Document Number Seven" to provincial and military leaders. The plan demands much-heightened security in China's cities, to prevent any demonstrations or even any gatherings by university students, and to ensure that discontent among workers is held in check.

It is an irony, that Document Seven demands that the authorities focus on the Special Economic Zones, which Deng so proudly patronizes, as places where there is a "chaotic security situation," which must be attended to this year and next.

### **Security problems**

There have been many reports from China in the past months of industrial workers striking, occupying their factories, assaulting and even killing their bosses, and staging violent protests as "reforms" of the run-down state heavy industries threaten them with unemployment and homelessness. In China, housing, health care, and adequate food all depend on having a workplace; kicking redundant workers out of their jobs means they lose all.

Document Seven states that China must "prevent security problems from turning into political events." Security must be strengthened in factories, mines, and oil fields, the document states, and riot squads, fast-response units, and new command centers for security forces must be set up in all large and medium-sized cities. "The legal authorities must strongly support enterprises as they deepen their reforms and change the structure of their management. . . . [We must] be alert to the appearance of factors that could lead to instability and prevent people with ulterior motives from stirring up workers to riot," the document said.

# Bosnia expires under the British knife

*What motivates a policy to let Bosnians be killed en masse, and to engulf Germany, Austria, and Italy with refugees? Katharine Kanter reports.*

A year or two back, Lyndon LaRouche remarked that the difference between a common criminal and a satanist, is that the criminal will steal or kill because he wants money. The satanist will commit a crime because he actually gets pleasure from doing evil. That is exactly how the British ruling classes have dealt toward Bosnia.

When Bosanski Brod fell in early October, the London *Guardian's* diplomatic correspondent Hella Pick spoke with "senior sources" close to Cyrus Vance and Lord Owen, at the so-called peace talks in Geneva. It was understandable, these aides said, that "the Serbs would want to secure a corridor to Krajina before winter sets in. If it *makes the Serbs feel more secure*, possession of Bosanski Brod might act as a spur toward political settlement." Vance and Owen, they said, did not express "any special concern" when the city fell. Owen's qualification for the job, according to the *Daily Telegraph*, is that at 21, he toured "Yugoslavia" in a Land Rover named "The Bugger," an insider's term of contempt for the Bosnians which relates to their Bogomil past.

Now, what actually happened when Bosanski Brod fell? It, like Slavonski Brod across the river Sava, lay under pitiless bombardment from the Serbian Air Force and heavy artillery for several months, although the world's press, and also the Croatian government for some reason, said nothing of this. Ninety percent of the population fled before the rout, into Croatia over the Sava. During the last hours of Bosanski Brod, there was hand-to-hand fighting in the desolate, bombed-out streets. Hundreds of Bosnian and Croatian men and youths fell defending the city within those few hours. As disaster loomed, old people and women emerged in rags from the cellars, half-starved after months of siege, and ran alongside fleeing soldiers over the bridge into Croatia, carrying nothing but a kerchief with a few belongings, a birdcage or a small dog. Then the Serbs blew the bridge up. Thousands more were trapped on the Bosnian side of the Sava. What will happen to them only God knows.

## The farcical 'no-fly zone'

When it was proposed in September in the United Nations, by the Muslim nations, that a no-fly zone be imposed to protect Bosnia from Serbian air raids, after much Anglo-French obstruction a resolution was passed to that effect, but

with *no enforcement clause*: England and France claimed that were the resolution enforced, the Serbs would retaliate upon British and French convoys—i.e., although the Republic of Bosnia could be saved by an air blockade, this is not worth the life of one British soldier.

Throughout the "peace" farces at London and Geneva, Bosnian President Alija Izetbegovic pleaded in vain for the right to buy weapons, whereas, as Prof. Dr. Ulrich Fastenrath of Cologne University wrote on Aug. 11 in the *Frankfurter Allgemeine Zeitung*, to deny Bosnia the *right* to defend herself is a grave breach of international law. When it was proposed in the U.N., again by Muslim states, that the arms embargo against Bosnia be lifted so she could defend herself, the British and their American friends blocked it, to the degree, that the Croatian government has been forced, after the Americans leaked to the press that they had "tipped off Tudjman," to impound aircraft landing in Zagreb with weapons to be transhipped to Bosnia.

But what about the blockade against Serbia? Well, according to a *Guardian* front-page story Oct. 8, an erase button on a Whitehall computer is activated every 28 days to delete all information on those Brits who break the sanctions against Serbia! Customs and Excise officials told the paper: "We don't keep the information on sanctions breaking because our principal client, the Central Statistical Office, intends to *keep Yugoslavia as a single country until next year*. Figures will be available from *next year* when the office will have a new computer system to record *permanently individual republics*." The Labour Party's trade spokesman, Robin Cook, was told by the Department of Trade that British imports from Serbia jumped from £9.7 million in June to £10.89 million in July, fully two months after "sanctions" were imposed. By August, British *exports* to Serbia of what is, in fact, logistics for the war effort, i.e., telecommunications equipment and gasoline, had risen sharply.

On Sept. 12, the *Guardian* reported on its front page that in the last year alone, thousands of Serbian businesses have moved to the "former" British protectorate Cyprus: "Serbian government, business, and private funds have flooded to the offshore banking haven," in the order of several hundred million dollars. "Exploiting the island's financial secrecy, trade from Cyprus to the countries bordering Serbia is now

worth about \$10 million a week." One European banker told the press that every time his bank tried to stop a transaction they suspected would involve breaking sanctions against Serbia, within 48 hours the Serbian client would demand the relevant amount be sent to a Cypriot bank. In August, Foreign Secretary Douglas Hurd said Cyprus should be "watched," but London has given no recommendations to the Cypriot Central Bank since that speech.

The head of Serbia's biggest offshore operation in Cyprus, Beogradska Banka, is Borka Vucic, 66, described by a prominent London banker as a "dear little soul." A fervid Communist, she is said to be thick as thieves with Serbian dictator Slobodan Milosevic. Before moving to Cyprus in 1988 to take over Beogradska, she was head of the bank's London office, and then became chairman of the London-based Anglo-Yugoslav bank. In 1988, Beogradska's balance sheet showed a mere \$126 million in assets. It now shows \$634 million.

In May of this year, the Croatians and Bosnians signed a defense pact. Forthwith, England and France made it known to the Croatians, that unless Croatia withdrew her regular troops and tanks from Bosnia, sanctions would be slapped down on her. The Croatians pulled out. By July, Carrington was openly saying that peace would not come to Bosnia unless the republic were "de facto partitioned . . . there must be a stalemate, such as if the Serbs thought they had seized enough land, or exhaustion when one side, probably the Muslims, can no longer fight. We are not at the stage of exhaustion yet" (Carrington to the *Telegraph*, July 24, 1992). By September, northern Bosnia was lost.

### **'If you want a Bosnian, go to Yugoslavia'**

Those few in England who oppose the policy have been shut up. The best-known is Lady Miloska Nott, wife of the former defense minister. A Slovenian by birth, she, in August, had given the leading dailies a series of interviews attacking British policy; it was then intimated to her that funds would "become unavailable" for her Balkans charity unless she stop the polemic. This news service learned from prominent British-born Croatians, that the editors of the leading papers will no longer print their letters protesting British policy; the Balkans war has become a "page 9 story." Foreign Office sources quoted in the *Guardian* gave as the reason for the blackout, that the Serbians had "reacted very angrily" to British press reports from Bosnian eyewitnesses of what was done to them in the Serbian camps. Dixit the *Guardian*: "This led the Foreign Office to conclude that it would be unwise to publish details of further atrocities."

This past August, a well-known woman journalist, Lynne Reid Banks, called the Foreign Office and the Home Office and asked whether she could put Bosnian refugees up in her country home. "We are not encouraging refugees to come here," said one high official. "If you want a Bosnian, you'll have to go to Yugoslavia [sic], and get one yourself."

Fact is, that in the last 12 months, Germany has taken 400,000, perhaps 500,000, refugees from Bosnia and Croatia; the two tiny nations Austria and Switzerland have taken between 70,000 and 100,000 each. Official figures for "Yugoslavians" in Great Britain are 1,300, but British journalists who investigated believe even that figure is a fraud: About half are probably Serbians in the United Kingdom for business or tourism. The British government, the only one not to sign the Open Borders clause of the 1993 European customs agreement, has been invoking the Dublin Agreement on Immigration to send back Bosnian and Croatian refugees to Germany and Austria. Under that pact, a European state can lawfully return refugees to the first country they arrived at and demand they seek asylum there. The clause was plainly written for and by the British, as theirs is the only major European country on an island.

The British are proceeding according to plan, and part of the plan is for Germany, Austria, and Italy to collapse under the burden of "ethnically purged" Bosnians, Albanians, and Croatians. It is estimated that at least 5 million people will have fled into western Europe by early next spring, if the war proceeds into Kosovo and Macedonia as Fitzroy Maclean would have it.

Is there any chance, at least, that we may judge the Serbian leadership for war crimes? The Bosnian Ministry of Defense, from its embattled HQ in Sarajevo, has set up an Institute to Investigate War Crimes, led by Gen. Mahir Zisko and is demanding trials on the Nuremberg model against Serbia. When this was raised Oct. 6 in the U.N. Security Council, England, and France quashed it, on the grounds that "communication has to be kept up with the Bosnian Serb leadership." The British government has just refused to make public its official report to the U.N. on Serbian war crimes as the Foreign Office feels "this would only precipitate further atrocities" by irritating Serbia.

Although the French government has shown itself keen to polish the British boot, the chief instigator of this war designed to engulf all of Central Europe is England. In recent months, the *Daily Telegraph* has taken to publishing commentaries on the Balkans by one Antony Roberts, the biographer of Lord Halifax. "Britain owes nothing to Yugoslavia," he writes. "No matter how hideous the massacres, neither Croatia nor Serbia are worth the healthy bones of a single British Grenadier. . . . It is hard to see after the self-destruction of the Yugoslavian tourist industry what possible interest, other than academic, Britons could have in what goes on there."

Or, as the *Telegraph's* editorialist begged the question on Aug. 4, 1991: "A civil war in Yugoslavia may be bad for part of Europe, but would it be bad for our part?"

The writing is on the wall for continental Europe. If we still refuse, in the name of "consensus politics," to recognize the specific quality of evil in the British elite, and crush it, we will go the way of Bosnia and be destroyed.

# Disinformation from the Stasi's psywar kitchen: the KGB and HVA

Part 2, by Anno Hellenbroich

In his explosive interview with the Swedish journal *Journalisten* at the end of August, Dr. Herbert Brehmer, a specialist in disinformation who used to work for the communist East German intelligence service, the Stasi, says: "Three days after the assassination of [Swedish Prime Minister] Olof Palme [on Feb. 28, 1986], Department X [of the HVA, the Stasi's Main Reconnaissance Administration], received orders to intervene into the investigations being conducted by the Swedish police. The department was to determine, from the standpoint of marxist social analysis, who the murderer or murderers of Palme could have been." Without leaving his desk, Lieutenant Colonel Brehmer had proceeded to draft the thesis "that only right-wing extremists could possibly have committed the murder," and then launched the lie in the international press, that Lyndon LaRouche and his European co-thinker party, the European Labor Party (EAP)—which in the meantime had been labeled "right-wing extremists" by the media—were responsible for the murder.

Brehmer went even further: "There were various advantages to taking particular aim at the EAP." First, in order to steer attention away from certain "innocent left-wing groups." "But beyond this, the media and the police would mutually influence each other to more closely scrutinize the EAP and other right-wing extremist groups. And it would also be possible to tie the West German security police, the Verfassungsschutz, into the murder plot. The head of the Verfassungsschutz happened to be a close relative of one of the EAP's West German leaders." Brehmer is referring to Heribert Hellenbroich, who until 1985 was president of the Bundesamt für Verfassungsschutz (BfV), and who for six weeks was president of the West German foreign intelligence service, the Bundesnachrichtendienst (BND), before the government of Chancellor Helmut Kohl sent him into retirement because a highly placed BND colleague of his, Tiedje, had defected to the communist German Democratic Republic (G.D.R.).

## KGB versus LaRouche

This assignment to spread disinformation about the EAP, was entirely in keeping with the policies of the HVA's "big brother," the Soviet KGB. Already at the end of the 1970s, the Moscow center had seen to it that LaRouche's policies—especially his proposal that the United States and the Soviet

Union jointly build a defensive shield against nuclear missiles, what became known as the Strategic Defense Initiative—was given due commentary in the East bloc press. This led to increasingly crude smears and slanders, all the way to Moscow's outright demand in 1986, that the U.S. prosecutorial authorities take up the "LaRouche case."

Hence it is not surprising that such disinformation campaigns were being cranked up by the HVA.

Brehmer's statements afford us a rare inside look at the way *desinformatsia* operates. For even now, three years following the collapse of the East German communist regime, and one year after the upheavals in the former Soviet Union, documents and statements relating to cooperation between the HVA and the KGB, especially in the field of disinformation, are still very difficult to come by. One reason for this, is that the HVA was "permitted" to dissolve itself, so that today only a small quantity of documentary material is available; even the HVA's electronic data banks were destroyed with the consent of the authorities who dissolved it. Moreover, one repeatedly finds that when the question of collaboration with the KGB comes up in the course of discussions with individual HVA officers, the discussion partner usually falls silent.

But in fact the Stasi, officially known as the Ministry for State Security or MfS, was practically an identical twin of the KGB. In the immediate postwar years, the Soviet military administration vigorously backed the formation of the Stasi. The MfS security apparatus, which came into existence in 1950, was closely intermeshed with the KGB's outposts. Everywhere, on the most diverse levels, one could find KGB liaison officers who automatically received on their desks all the materials gathered by Stasi operatives.

It has been said that at least 80% of the information which the Warsaw Pact procured in West Germany was the result of the HVA's espionage work. In early 1990, competent observers estimated that the greater proportion of the HVA's 4,000-5,000 agents had found new employment with the KGB, following transfer negotiations conducted through HVA chief Markus Wolf. Others spoke of 400-500 spies who were still undercover in Germany, and who had offered their services to the KGB.

The fact is that, in addition to those "reconnaissance specialists" who were still active in early 1990, many more



of the 1,000 ex-G.D.R. citizens who are still active in other countries, and who were only allowed to travel abroad after the most intense scrutiny by the MfS, must now look around for new employment. Some of them have offered their talents to western intelligence services. A few have gone into early retirement or are currently unemployed. (It may be of no small importance for understanding the KGB's role in the period of the collapse of communism, that in 1988 it appointed a new chief for the KGB's operations in the G.D.R. to replace Shumilov: Gen. Lt. Gennadi Titov, who as a general major in 1984 was reported by the world press to be the controlling officer of the exposed Norwegian KGB spy Arne Treholt.)

### Foreign exchange operations

A large portion of this information has been covered up again. It concerns an operation which the German public had previously known almost nothing about: the international network of firms built up as a top-secret mission by HVA "Special Operations Officer" (OibE) Alexander Schalck-Golodkowski, the G.D.R.'s top procurer of foreign exchange. Schalck-Golodkowski jumped over to the West just in the nick of time, in order to tell the BND and the CIA a few things about the collapsed G.D.R. But the inability, and also the unwillingness which has been shown to put Schalck-Golodkowski on trial, shows that he is still holding a trump card: Because of their own personal involvement, western politicians have been apparently unable or unwilling to put before the public the truth about western collaboration with the East German communist party (SED) leadership. To that extent, the title of a recently published book, *The Schalck-Golodkowski Empire Lives On*, is all too true. A few things, for example, have become known about the East German firm IMES, such as its arms shipments to Iran as part of the Iran-Contra affair, in which U.S. Vice President George Bush participated.

The West's dealings with the Schalck-Golodkowski empire is a symbol of its dealings with the entirety of the HVA's espionage activities. The virtually complete destruction of all documentation of the HVA's activities was apparently one of the secret conditions agreed upon in the "four-plus-two" talks on German reunification, because it was felt that an intact account of the activities of the MfS's secret service would reveal too much of the postwar political architecture.

### Moscow's best espionage jobs

On top of this comes the fact that in addition to the HVA's direct ties, the former G.D.R. exhibited the greatest dependence abroad on the KGB and the GRU (Soviet military intelligence). In Berlin-Karlshorst, one KGB branch office employed an average of 1,000 people, most of them engaged in western reconnaissance. In Potsdam-Cecilienhof, there was a KGB counterintelligence unit with about 100 staff. Some 100 KGB agents also worked directly with the Red



*Swedish Prime Minister Olof Palme and his wife participate in a May Day rally in 1983. Three years later, Palme was assassinated, and the KGB and Stasi blamed it on Lyndon LaRouche and his associates.*

Army's military intelligence service. We have very little hard information on this, even now. KGB liaison officers were working at the MfS headquarters on Normannenstrasse and in its 15 state administrative offices. Much collaboration resulted from the official agreements made in the 1970s between Moscow and its "fraternal socialist countries."

A high point was reached in 1979, when Moscow set up its SOUD central computer, which the HVA continuously fed with personal data. Aside from the G.D.R. and the U.S.S.R., six other "fraternal socialist countries" were hooked into the system: Bulgaria, Hungary, Cuba, Mongolia, Poland, and Czechoslovakia. Romania's Securitate was not considered reliable enough, and was excluded. The 1980 Moscow Olympic games were used as a convenient pretext for establishing this data base: It would aid in "averting the danger of terrorist attacks." In the course of its last 10 years, the MfS fed personal data into this computer on 15 categories of people, such as collaborators and agents of opponent intelligence services (ca. 17,600), collaborators with centers of ideological diversion (ca. 3,000), hostile correspondents (ca. 3,750), terrorists, hostile diplomats, hostile activists, and undesirables (ca. 20,600). By the time of the revolution in 1989, approximately 75,000 of such personal profiles had been fed into this computer (which is still available to the KGB today) and have been neither destroyed nor revealed to the Bonn government.

This has great significance, because the indictment handed down by the federal prosecutor's office on Sept. 25 against



Markus Wolf accuses him of having committed treason and bribery, over the many years he functioned as head of the HVA, during which time his close collaboration with the KGB played a special role. We must assume that the overwhelming majority of the personal data input by the MfS into the Moscow computer relate to people who are currently residing in Germany.

### **The model: KGB 'desinformatsia'**

Department X was created in 1966 at the behest of Markus Wolf on the Moscow model, and in the following years, under the resourceful Colonel Wagenbreth with his 60 agents, it caused much evil mayhem in West Germany. Under KGB chief Aleksandr Shelepin, the "Desinformatsia" section had been reorganized into Department D. Defectors report that after Stalin's death, many had wanted to develop a new "information strategy" toward the West. This in fact occurred, under the close supervision of the Information Committee of the Communist Party Central Committee, the GRU, and the two main KGB departments for "active measures" (Reconnaissance and Counterintelligence).

Colonel (later General) Agayants was appointed head of the new "Disinformation" Department. His deputy was Colonel Grigorenko, a specialist in domestic counterespionage and in operations inside emigré organizations. Another important specialist for Germany, Austria, and NATO was Col. Vasily Sitnikov. An important arm of the Central Committee's political direction was the International Department, led at the time by Boris Ponomaryov.

One year after Yuri Andropov's accession to power in 1968, Department D was transformed into Department A. In the early 1970s, its status as a "department" was upgraded to that of a "service." At the same time, Department V, responsible for "networks"—murder, kidnaping, and sabotage—was reorganized and made into an adjunct of the "illegal" arm of the KGB, the Main Administration S. Department A (Disinformation) and Department V (Murder) were now brought together under the First Main Administration of the KGB.

One prominent player in the disinformation campaign against LaRouche and the EAP, as was reported in an October 1986 *EIR Special Report* on the Palme assassination, was Boris Pankin, the Soviet ambassador to Sweden. From 1973-82 Pankin was director of the Soviet "copyright agency" VAAP. His deputy was the above-mentioned Colonel Sitnikov. This post was a convenient location from which one could spread falsified information into the West via legal front organizations, without any fear of disruption. It was no coincidence that during the stormy phase of the past few years, Pankin was appointed ambassador to Prague, an important foreign outpost in the current efforts to reshape the former Soviet empire.

Insiders report that down to the present day, Pankin harbors great animosity toward LaRouche and his political

movement. Pankin, along with his close friend and erstwhile head of the Soviet news agency TASS, Sergei Losev, constituted the central coordination point for disinformation against the West. Typical of this was a book authored jointly by Losev and Vitaly Petrusenko in 1975 entitled *A Dangerous Game: CIA and the Mass Media*. Six pages of this book are devoted to LaRouche and the philosophical organization founded by him, the National Caucus of Labor Committees (NCLC). Citing the German newspaper *Die Tat*—a regular pipeline for Stasi disinformation—the NCLC was presented as anti-communist and CIA-controlled. The Soviet disinformation specialists went so far as to claim that former CIA director William Colby and his assistant Ray Cline had "admitted" that they had financed the NCLC's newspaper *New Solidarity* to the tune of \$90,000, and that 80% of its editorial staff were CIA or FBI agents. From then on, this counterfeit report was rehashed over and over, especially in news media with "left-leaning" readerships.

### **HVA propaganda against the SDI**

Some of the documents found during the breakup of the MfS graphically reflect the ultimate objectives of the Stasi's political reconnaissance, especially regarding what the Soviet Union was demanding of it. For example, a commentary on the February 1979 guidelines on the scope of the HVA's operational work reads in part: "in order to prevent any surprises, smash opposing bases in the G.D.R., gain knowledge about enemy centers and carry out countermeasures, support the policies of the SED . . . to let greater support arrive from the U.S.S.R."

Workbooks of trainees in Department XV (Espionage) show the following goal orientation: In 1982, the trainees were informed that there existed "a heightened war danger" and that therefore top priority should be given to the fight against disarmament treaties. The socialist camp was being endangered "by the use of laser beam weapons."

### **Target: EAP**

Thus, no one should be amazed to find that a 1986 directive on the HVA's upcoming priorities shows the European Labor Party near the top of the list, along with the Greens and the Council for an Undivided Germany. This task was assigned to Department II of the HVA, Responsible for Political Parties, Organizations, and Churches in the Federal Republic of Germany, under the leadership of Col. Dr. Kurt Gailat.

Those who worked with the EAP and its leaders such as Mrs. Helga Zepp-LaRouche were not only victims of a worldwide disinformation campaign around the Palme assassination; they were also victims of the espionage which Wolf's spooks from Department II were carrying out on Moscow's behalf.

*Next: Schalck-Golodkowski and his empire today.*

# Iraq's dying children: 'If this is the new world order, what is Hell?'

by Lydia Cherry

At a press conference in Rome on Oct. 3, former U.S. Attorney General Ramsey Clark and Muriel Mirak-Weissbach of the Committee to Save the Children in Iraq accused the Bush administration of war crimes and the killing of hundreds of thousands of innocent children. The well-attended press conference was convened to publicize a two-day "war crimes" tribunal that followed in Naples, Italy. Clark made the case that the Bush administration and Henry Kissinger had initially set up the conditions which led to the Gulf war, and had then consciously pursued an embargo policy, still in effect, to kill more innocents. Mirak-Weissbach warned of the danger of a Thirty Years' War in the Middle East—an eventuality which the war against Iraq and new operations against the Kingdom of Jordan are designed to unleash.

A third speaker was Mr. Cornu of the U.N.'s Food and Agriculture Organization; he detailed the present crisis in Iraq from the standpoint of the food supply situation and health care.

The tribunal followed an investigatory visit to Baghdad in September by six Italian parliamentarians, led by Roberto Formigoni, a Christian Democrat. Eighty-eight members of the Italian Parliament have signed a resolution against the Iraq embargo. Formigoni has announced that the issue of the embargo would be placed before the Italian Parliament later in October.

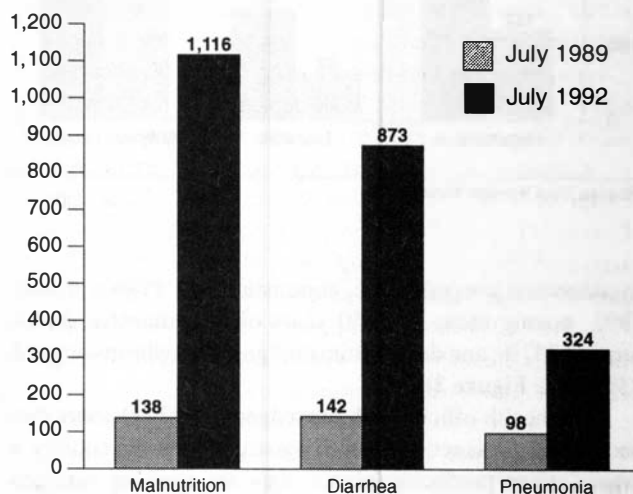
The tribunal opens during the same week that the Anglo-American-controlled U.N. Security Council apparently decided that not enough Iraqis had been killed, and made the decision to impound most of the country's oil-related assets. Iraqi leaders said the action would prevent them from buying any food supplies.

## The view from Iraq

"Life, or rather daily dwelling, is getting harder and harder; we are in terrible need for blood administration sets with filters, sterile, and solution sets, sterile—in any quantity possible, but urgently!" Hisham Tabaqchali, Iraq's ambassador to Malaysia told *ÉIR* on Oct. 12. "About 1 million children now are severely affected by malnutrition, according to a report I have just received," the ambassador continued. "Now out of every 1,000 live births, 128.8 die [in the first year]; if the embargo is not lifted, it is expected that this figure will rise to 200 by the end of this year."

FIGURE 1  
**Mortality in children under 5, before and after the embargo**

(number of deaths during given month)



Source: Iraqi Foreign Ministry.

Also from the Iraqi Foreign Ministry comes the news that "within the past two years of unjust sanctions, many diseases, such as kala azar, toxoplasmosis, brucellosis, and hemorrhagic fever, which are common diseases in animals, have infected a large number of the population in Iraq and have escalated in numbers of cases due to lack of immunizations and severe shortages in vaccines. These diseases have created an epidemic and are of grave concern."

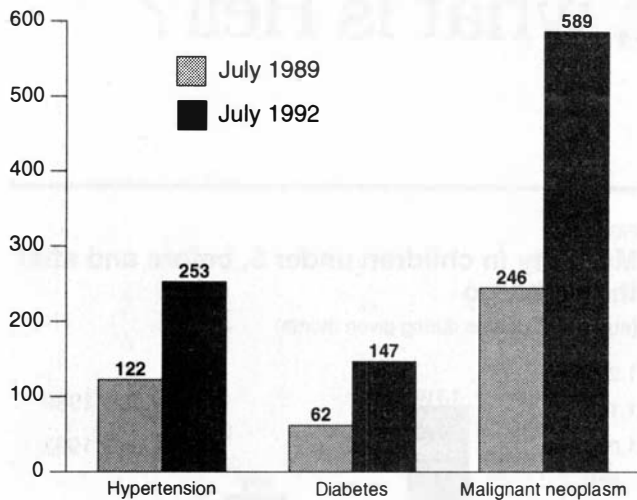
As **Figure 1** shows, mortality figures contrasting July 1992 with July 1989 indicate an 808% jump in deaths from malnutrition among those under five years of age. Deaths from diarrhea increased 515%, with 142 deaths in 1989 contrasted with 873 deaths last July. Pneumonia statistics reveal a 337% jump in mortality.

The older generation in Iraq is not faring much better. "It is the lack of medicine, the ability to perform operations, but also the state of anxiety, the state of horror, and such helplessness," Hisham Tabaqchali surmises. Deaths from

FIGURE 2

## Mortality in adults over 50, before and after the embargo

(number of deaths during given month)



Source: Iraqi Foreign Ministry.

hypertension jumped 207%, contrasting July 1989 with July 1992, among those over 50 years of age; diabetes deaths jumped 337%; and deaths from malignant neoplasms jumped 239% (see **Figure 2**).

Iraqi health officials acknowledged in early October that because of the sanctions and the destruction of the country's main syringe-producing plants, they are re-using syringes and steel needles, even though this may expose patients to disease and infections. "In view of the chronic shortages in disposable syringes, we have turned to the traditional method of disinfecting by boiling water," Iraq's Health Ministry Undersecretary Dr. Shawqi Murqus told newsmen. He noted that Iraq had a modern syringe-manufacturing plant, 60 miles south of Baghdad, but it was destroyed by bombing from the anti-Iraq "coalition." "Iraq needs 30-40 million syringes a year. What we have received in the past two years is a drop in the ocean," Dr. Murqus said. He called what was happening a "health war."

On Sept. 24, the *New England Journal of Medicine* published a study conducted by Dr. Alberto Ascherio of the Harvard School of Public Health and other independent researchers from the United States, Jordan, United Kingdom, and New Guinea, paid for by the United Nations Children's Fund. The most ambitious such study conducted thus far, its conclusion was: In the first seven months of 1991, about 46,900 more children died than would have been expected to die on the basis of earlier statistics. In classic understatement, the doctors concluded: "War is never good for health. But the full effect of war and economic sanctions on morbidity

and mortality is difficult to assess, and the number of civilian casualties caused indirectly is likely to be underestimated. . . . During the Gulf war, it was suggested that by using high-precision weapons with strategic targets, the Allied forces were producing only limited damage to the civilian population. The results of our study contradict this claim."

The study was given 15 lines of type in a wire service report, and wasn't deemed newsworthy by major U.S. press. "But, then, it's old news . . . the parades have ended; the yellow ribbons have been taken down," noted syndicated columnist Mike Royko. Baseball and football stadiums have seating capacities of about 46,900, he notes. "So we might try picturing one of these stadiums with every seat occupied by a child five years old or younger. . . . Now, imagine that somebody pulls a switch and sends a jolt of electricity into the seats and every one of those 46,900 noisy kids dies." "Forty-six thousand nine hundred kids—give or take a few tots," he concludes. "So what color ribbon do we wear for that triumph?"

Hisham Tabaqchali concludes that there is almost no government in the world trying to intervene to keep this ancient country from being razed to the ground. One exception is Sudan, "not a rich country; the Sudanese are having serious problems of their own, but they are trying." U.S. State Department spokesman Richard Boucher on Oct. 7 blasted the Sudanese for exporting beef to Iraq. "We think the government of Sudan should reconsider its transaction in light of the needs of its own people," he said.

"But it is the western countries and the continued actions of the United States whose behavior is unfathomable," Tabaqchali insists. "The U.S. participated in the [U.N.] Summit of the Children two years ago; they adopted the resolution to protect, to take care of, to help children all over the world. What are the Americans doing? It was supposed to be credible. What kind of a new world order are we seeing? If these are the signs for this order—Iraq, Bosnia—what is Hell?"

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## Documentation

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### Harvard team documents devastation of Gulf war

*The most extensive study thus far on the effect of the Gulf war on infant and child mortality in Iraq, was conducted by Dr. Alberto Ascherio of the Harvard School of Public Health and paid for by the United Nations Children's Fund. The following report on the study is excerpted from the New*

Little objective information is available about the effect of the economic sanctions, war, and civilian uprisings on the health of civilians. . . . All previous estimates of the effect of the war on health have been based on studies of selected population groups that may not represent the entire country. We report here the results of a survey of mortality conducted in a nationwide sample of households between Aug. 25 and Sept. 5, 1991. The survey was made independently of the Iraqi government by a team of international researchers. . . .

When the period after the onset of the war was compared with that before 1991, the relative mortality was 1.8 for neonates in the first month of life, 4.1 for infants 1 to less than 12 months of age, and 3.8 for children 12 to less than 60 months of age. When these figures are extrapolated to the entire population of Iraq, a similar increase in mortality would have resulted in approximately 46,900 excess deaths among children under five years of age during the first eight months of 1991.

The probabilities of dying in the first year of life or in the first five years were 32.5 and 43.2 per 1,000 live births, respectively, before January 1, 1991. In a cohort of children who were hypothetically at risk from birth to the age of five years, given the mortality rates prevailing after the onset of the war, the probabilities of dying in the first year of life or the first five years would have been 92.7 and 128.5 per 1,000, respectively.

An increased risk of death in 1991 as compared with the previous years was seen for each region and each level of maternal education, except for children under one month of age in the central region. Regional differences in mortality that were present before the war were maintained or exacerbated by the conflict. . . .

Information on the cause of death was available for 583 children (75.9%). The age-adjusted mortality rate from diarrhea rose from 2.1 per 1,000 person-years before the onset of the war to 11.9 per 1,000 person-years after the onset of the war. The age-adjusted mortality rate from injuries rose from 0.55 per 1,000 person-years before the war to 2.25 per 1,000 person-years after the onset of the war. Before the war, 20.7% of deaths were due to diarrhea and 8.8% to injuries; after the onset of the war, the comparable proportions were 38.0% and 7.2%.

In this survey conducted in a representative sample of Iraqi households, we found that infant and child mortality increased more than threefold in the period from January through August 1991, as compared with the average rates during the previous six years. This increase corresponds to an excess of about 46,900 deaths among Iraqi children under five years of age. . . .

Our data demonstrate the link between the events that occurred in 1991 (war, civilian uprising, and economic em-



*Medics bring a wounded Iraqi child to Germany for treatment, through the initiative of the Committee to Save the Children in Iraq. As the Harvard research team reports, the casualties of the war extend "far beyond those caused directly by warfare."*

bargo) and the subsequent increase in mortality. The destruction of the supply of electric power at the beginning of the war, with the subsequent disruption of the electricity-dependent water and sewage systems, was probably responsible for the reported epidemics of gastrointestinal and other infections. These epidemics were worsened by the reduced accessibility of health services and decreased ability to treat severely ill children. Increased malnutrition, partly related to the rising prices of food, may also have contributed to the increased risk of death among infants and children. The effect of the war has been greater among groups that had higher base-line mortality rates, suggesting that poverty and lower educational level increased children's vulnerability to the crisis. . . .

The hypothesis that the excess mortality caused by the war was due to infectious diseases and to the decreased quality and availability of medical care, food, and water is consistent both with the increase in the proportional mortality from diarrhea and with the shift in the age pattern of mortality, characterized by a lower proportional contribution of neonatal deaths to mortality among persons under the age of five years after the onset of the war. This pattern resembles that observed in the less-developed countries, where diarrhea and respiratory infections account for most deaths in infancy and childhood.

War is never good for health, but the full effect of war and economic sanctions on morbidity and mortality is difficult to assess, and the number of civilian casualties caused indirectly is likely to be underestimated. . . . During the Gulf war, it was suggested that by using high-precision weapons with strategic targets, the Allied forces were producing only limited damage to the civilian population. The results of our study contradict this claim and confirm that the casualties of war extend far beyond those caused directly by warfare.

## After Guzmán, the 'moderates'

*State Department agent and Senderologist David Scott Palmer says the government can negotiate with the "new" Shining Path.*

**O**n the same day that Peruvian authorities announced the life sentence of Shining Path's Abimael Guzmán, the U.S. "Senderologist" David Scott Palmer said in Lima that Guzmán's capture "could lead to the emergence of a more moderate Shining Path, which works more broadly among the population without resorting solely to terror." In other words, Palmer is proposing that President Alberto Fujimori make the same type of deal with Peru's narco-terrorists as Colombian President César Gaviria has cut in his country—an arrangement approved by the U.S. State Department.

Palmer, a former State Department employee, even went so far as to suggest that Julio César Mezzich, whom he knew when he lived in Peru in the late 1960s, might be the person to head up the new Shining Path (SL) "moderate" tendency.

Invited to Lima to address the Sixth National Private Enterprise Congress of the business association Confiep, Palmer took the opportunity to deliver the State Department's threat to the Fujimori government: The country must return to "democracy"; otherwise, he warned, there might be a "revival of subversion."

But subversion is already "revived." On the same day that Palmer made his remarks, SL killed four members of the Air Force, and one civilian and two policemen in Lima. It set off several bombs at the University Park and another at the Camino Real shopping center, killing eight people. Moreover, on Oct. 12, it massacred

47 people in Huayllao, in the province of La Mar. The target was the town's self-defense militia, but they indiscriminately assassinated men, women, and children, in many instances beheading and hacking them to death with axes. SL continues to commit the very atrocities for which Guzmán and his cohorts were sentenced to life imprisonment:

- conscious and premeditated use of children from 7 to 10 years of age as "child-bombs";
- assassination of Peruvian and foreign priests, nuns, and ministers, for the "crime" of preaching Christian values;
- physical elimination, by the cruelest methods, of thousands of defenseless peasants for refusing to join them, and systematic destruction of their few worldly goods;
- holding of "people's trials" to physically eliminate their political enemies;
- methodical and cold-blooded use of explosive devices, such as car bombs, in indiscriminate acts of terrorism in urban areas;
- use of so-called annihilation squads against businessmen and public officials.

On Oct. 9, *La República* reported charges by Archbishop Luis Bambarén of Chimbote, that over 200,000 Peruvian children had been abused and killed by SL. Speaking in Geneva, Switzerland at a meeting of the U.N. Convention on the Child, the archbishop reported that SL had set up youth committees "using children for

acts of terrorism. . . . We've had cases . . . of children killed because they were sent into mined areas to detect mines, or children used as bombs." Bambarén warned that under no circumstances must the government give in to the "diabolical" plan to kidnap children to be exchanged for Guzmán.

This evidence of genocide notwithstanding, Palmer repeated the sociological argument peddled by the State Department and others that SL recruits only because Peru is so poor, and dominated by a "white oligarchy," neglecting to mention that those who resist recruitment are terrorized or assassinated.

His line is the same as that of the various indigenous groups that are organizing terrorist activities against the quincentenary of the discovery of America. Shining Path, he says, is "the most recent manifestation of a historic tendency" of indigenous resistance to the Spaniards. In his 1972 doctoral thesis at Cornell University, Palmer wrote that the "Hispanic tradition" of Ibero-America is "authoritarian, traditional, elitist, patrimonial, Catholic, stratified, hierarchical and corporativist." One of Palmer's thesis advisers was State Department fixture Luigi Einaudi, currently U.S. ambassador to the Organization of American States.

Palmer's solutions to Peruvian poverty, as he explained in his address to Confiep, are the labor-intensive "micro-enterprises" which, he said, are the only type of economic entities the "World Bank, and other international organizations" will support. Except for a few loans recently disbursed by the Inter-American Development Bank and World Bank (only to guarantee that Peru continues to pay its debt), the United States continues to veto all economic and military assistance to this besieged country, under the charge that Fujimori has not yet restored "democracy."

## PAN party splits

*The dissidents opposed the "infiltration" of their party by Project Democracy and neo-liberalism.*

In early October, some of the most influential leaders of the National Action Party (PAN) of Mexico resigned because, under its present leadership, "the PAN is no longer the party of humanist leadership that used to defend human rights against the abuses of authority, that used to strive for a just distribution of wealth, that used to oppose with bravery and spirit its freedom and independence from the regime, and that used to move people's wills with ideas, inspiration, principles, and its own programs, inspired by its own doctrines. Today, the PAN is pro-Salinas, pro-liberal, and pragmatic."

Among those who left are those such as Pablo Emilio Madero (twice party president and twice candidate for President of Mexico), José González Torres, José Angel Conchello (PAN leader in the Federal District), Bernardo Bátiz, and Jesús González Schmal (leader of the Doctrinal and Democratic Forum, the group inside the PAN to which the dissidents all belonged).

Discontent with party president Luis H. Alvarez has been growing for some time, because of the alliance he established with Mexican President Carlos Salinas de Gortari. An example, dissidents say, is that the majority of the PAN deputies have voted in favor of Salinas's bills presented to the Congress.

The leaders who left the PAN maintain that the party has fallen into pragmatism, liberalism, and "Salinism" due, above all, to "infiltration" of the PAN by an organization belonging to the U.S. establishment known as

Project Democracy. This is the "secret government" apparatus in which Oliver North, among others, participated, and which represents the interests of Wall Street.

This infiltration could also explain why PAN ideologue Carlos Castillo Peraza, a collaborator of Alvarez, was one of 18 Mexicans who met on April 21, 1991 with the president of the genocidal Club of Rome, Ricardo Díez Hochleitner, to found a Mexican chapter. Notwithstanding the fact that the explicit objective of the Club of Rome is birth control and population reduction, which conflict totally with the principles of the PAN, the present leadership of the party has not disapproved of the affiliation of Castillo Peraza with this organization. Worse still, Castillo Peraza is a strong contender to succeed Alvarez as PAN president.

Alvarez and the dissidents are also split over the North American Free Trade Agreement (NAFTA). José Angel Conchello has strongly criticized NAFTA and recently published a book against the treaty entitled *Mexico Can Say No. Is NAFTA a Dead-End Street?* in which he says: "Why should we facilitate the advent of an era in which Washington will be the gendarme of the universe?" By saying no to NAFTA, "we will be saying yes to something more precious: the dream that we have of realizing our destiny together with the rest of the countries of Latin America."

In the Aug. 20 *El Universal*, Conchello said that the Mexican government asserts, as if this were a great victory, that under NAFTA "Mexico will

reserve the right to withhold from international bidding a percentage of the purchase of government goods and services, etc. Do you know what this means? That 50% of government purchases, or of Pemex or the Federal Electricity Commission, have to be made from U.S. companies *a fortiori*. It does not matter if Mexican companies could have supplied the goods or services more cheaply, half of all purchases have to be made from the Americans."

Conchello added that "the fact that quotas for the export of textiles 'that fulfill the rules of origin specifications' is presented as 'one more step,' is a further affront. With textiles, the so-called 'from the thread on' rule is applied. Everything must be purchased from one of the three countries party to the treaty, and therefore we must stop buying thread from China and Taiwan, Germany or France, and must buy it only from the United States. Trade will now not be free, but Americanized."

Schmal says that the government seeks "an anchor, the force and immutability of an economic policy line inspired by the doctrine of free trade, by the individualist capitalist liberalism that inspires it, despite the fact that the government now seeks to camouflage itself with social liberalism."

The exit of the Doctrinal and Democratic Forum, observers believe, could be the start of a mass exodus of PAN rank and file. For example, in the state of Puebla, where elections for governor will take place shortly, the Salinist PAN members expelled a large group of PAN leaders because they opposed Alvarez.

The dissidents see three options: constitute themselves as a forum for analysis and criticism; found another political party, which according to some would be based on social-Christian thought; or become a civic movement.



# International Intelligence

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## ***Israeli Army chief foresees war danger***

"As long as the peace negotiations continue . . . I think the chance of a Syrian-initiated war is very slim," Israeli Army chief Lt. Gen. Ehud Barak told Israeli television in early October at the end of Yom Kippur, on the 19th anniversary of the 1973 Arab-Israeli war. However, "a deadlock in the negotiations with the Arabs could serve us as a strategic warning for the possibility of a . . . violent confrontation." In six rounds of negotiations in the last year, no agreement has been reached.

Meanwhile, Israeli soldiers shot and wounded at least 90 Palestinians in the occupied Gaza Strip on Oct. 7, during marches in support of a hunger strike by prisoners. Reuters quoted medical sources as saying. Soldiers fired live ammunition, plastic bullets, and tear gas to disperse several thousand demonstrators outside the Red Cross headquarters in Rafah refugee camp, witnesses said. The clashes were the fiercest in the Gaza Strip in five months. Nearly 3,000 people demonstrated in Gaza City, and smaller marches took place in the West Bank towns of Nablus and Jenin. The protests were to back an 11-day-old hunger strike by thousands of Arab prisoners demanding better treatment and conditions.

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## ***Kosovo threatened with bloody war***

"This could easily develop into war, it could be even bloodier and more tragic than the war in Bosnia," warned Adem Demaqi, the father figure of Kosovo Albanian nationalism, on Oct. 4, amid signs of a dramatic deterioration of the situation in Kosovo.

Recently, there has been a spate of shootouts between Albanians and Serbian police. In the first on Oct. 1, several Serbian policemen were reportedly killed. At the same time, a trial has begun in the western Kosovo city of Pec of 19 Kosovo Albanians, charged with illegal possession of weapons. More than 1,000 Serbian troops were flown into the capital, Pristina, Oct. 3-4, reflecting

the confrontational mood of the authorities in Belgrade.

With the mood becoming increasingly angry and impatient among younger Albanians, Kosovo Albanian leader Ibrahim Rugova told the Oct. 5 London *Independent* that "a war in Kosovo depends on the outcome of the power struggle in Belgrade, and whether [Serbian President Slobodan] Milosevic uses Kosovo as his last card." Rugova called on the international community to warn Serbia "not to open up another front."

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## ***Support for Great Russia by U.S. worries Europe***

Romanian government circles are alarmed by the U.S. support for Russian imperialist policies at the expense of the non-Russian nations of the Community of Independent States (CIS) and eastern Europe, Viktor Meier, the Balkans correspondent of the *Frankfurter Allgemeine Zeitung*, reported Oct. 6.

Romanians are deeply shocked and concerned that the Great Russian strategy of reconstructing the Soviet empire even has the support of the West, "especially from the side of the Americans."

The concessions from the West represent, Meier pointed out, the reaffirmation of the Hitler-Stalin Pact, at the expense of the Romanians, who will never get back the Bessarabian territory once taken by Stalin and recognized by the West in the Yalta agreements.

Meier's findings are corroborated by the Oct. 6 *Frankfurter Rundschau*, which reported on concern in Latvia that it will be reincorporated into a new Great Russian empire. Janis Dinevics, the Latvian negotiator in the talks with Moscow on Russian troop withdrawal, said he was shocked by the rude behavior of the Russian negotiator, Sergei Sotov, who declared that all talk about the Hitler-Stalin Pact was nonsense and that it is a historic fact that Latvia joined the U.S.S.R. voluntarily.

Mavriks Vulfsons, foreign policy adviser to the Latvian government, said that the most scandalous thing about the Russian intentions toward the Baltic states is that the

West seems to support them. There is a new fixation on Moscow by the West recently, similar to the earlier Gorbymania, he said.

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## ***Hong Kong future bleak as Chinese rule nears***

Reactions to the proposals of Hong Kong Gov. Chris Patten on Oct. 7, which outlined an agenda for the next five years for the British colony before it comes under the control of the People's Republic of China (P.R.C.), epitomize the bleak future Hong Kong faces as Chinese rule is scheduled to begin in 1997.

Patten proposed governmental restructuring involving such things as having the 230 seats of the Hong Kong district and urban councils elected democratically (one-third now are appointed), and that these 230 persons form an electoral college which will elect 10 members to the legislature in 1995. Chinese leaders called the proposal "extremely irresponsible." The official New China News Agency issued a statement denouncing the proposals because, it said, they were put forth without prior agreement by China. Britain has also recently been pushing China on the issue of more democratically elected seats in 1995, to which the P.R.C. is reported to have answered with an emphatic "No."

Pirate-style attacks by Chinese security forces are adding to the unease. In recent months, there have been at least five attacks, and analysts say many southern Chinese officials are already flouting British rule. Reuters reported Sept. 27. In the most recent attack on Sept. 25, a Hong Kong police launch was held up at gunpoint until British Royal Navy ships rushed to the scene and the Chinese ship withdrew.

"If Chinese gunboats can plunder Hong Kong vessels when Britain is still nominally in charge, what will they do after 1997 when there is no British government to protest?" asked Norman Miners, a politics lecturer at Hong Kong University. "The choices are pretty stark. The only way to stop it is if the British Navy fires a few shots. If they're acting as pirates then they should be treated according to the international rules against piracy."

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## ***Pakistan breakup closer to reality***

The Pakistan Army has decided to quit Sindh province, where it had been deployed to keep order against the warring Mohajir Qaum Movement and Pakistan People's Party.

MQM chief Altaf Hussain, who is based in London, has told the Pakistan government that unless the Army leaves the province immediately, Sindh is fast approaching a situation similar to Bangladesh in 1971—i.e., liberation from the Pakistan government in Islamabad.

The major city of Sindh, Karachi, is the premier dope depot in Pakistan, which has been targeted to be financially upgraded under an independent Sindh.

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## ***Is Turkey moving to annex parts of Iraq?***

An official declaration of the Turkish government on Oct. 8, as reported in the Oct. 10 Paris daily *Le Monde*, is fueling speculation that Turkey is preparing to annex the Mosul and Kirkuk provinces of Iraq.

The statement read, "We are against all moves that will open the way to the disintegration of Iraq," but also declared that "Turkey is the principal guarantor of the security of the people of northern Iraq, including the Kurds, the Turkomans, Arabs, and Assyrians."

According to *Le Monde*, the statement must be seen in the context of current military cooperation between Iraqi Kurds and the Turkish military in joint operations against the Turkish Kurdish Workers Party (PKK) insurgents who have bases in the Kurdish region of Iraq. The Turkish military is giving the Iraqi Kurds air support and the Turkish chief of staff said that Turkish troops would reinforce the Iraqi Kurds if necessary.

The internal debate inside Turkey is also reportedly moving toward a general agreement on the annexation of Iraq's oil-rich provinces. President Turgut Özal, from the beginning of the Gulf war, expressed great interest in the Iraqi provinces, which had

been given to Iraq in 1926 by the young republic of Turkey. Although he was attacked for such statements at the time, now almost everyone in Turkey accepts the idea.

Turkish Prime Minister Suleyman Demirel is quoted as saying that the best solution would be that "Iraq make peace with the world." While reiterating his support for the territorial integrity of Iraq, he said that peace in the region is impossible as long as Saddam Hussein is in power, and that "an initiative from a federal state in the north of Iraq to seek a federation with Turkey" might be a solution since, after all, "Mosul was once an Ottoman province."

*Le Monde* pointed out that 1.5 million Turkomans live in the region of Kirkuk and look toward Turkey for security. It quoted M. Muzaffer Arslan, chief of the Iraqi Turkoman party, who claims that the Iraqis have imprisoned 2,500 Turkomans. Arslan declared, "Turkey has a conservative policy, she will only offer humanitarian help, but I hope that she can guarantee our security."

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## ***Masons have vast influence in France***

The vast influence of Freemasonry over French politics was exposed in a feature on France's TF-1 television. The broadcast documented that 100 out of the 577 French deputies, and 30 of the 200 French senators, are Freemasons. At least 11 members of Prime Minister Pierre Bérégovoy's cabinet are "under orders of the Grand Master." These include Defense Minister Pierre Joxe and Foreign Minister Roland Dumas, the Italian daily *Corriere della Sera* reported on Oct. 8.

The French television program also indicated that there is massive freemasonic manipulation of the French left and right, and of key social issues in France, including abortion and genetic engineering.

Also documented, is the power the Freemasons had over former President Valéry Giscard d'Estaing, who had wanted to have a freemasonic ceremony in his presidential office, but was instead prevailed upon to hold the ceremony at the lodge headquarters.

# *Briefly*

● **IRAN** has nuclear warheads from former U.S.S.R. arsenals, the *Moscow Times* reported recently. Two warheads of 40 kilotons each reportedly can be mounted on Scud missiles.

● **PAKISTAN** Prime Minister Nawaz Sharif left Islamabad for a five-day visit to China on Oct. 6, Reuters reported. The 40-man delegation included Finance Minister Sartaj Aziz. "Our emphasis . . . will be to break new ground for furthering economic cooperation between the two countries, besides discussing international, regional and bilateral issues," Sharif said.

● **KAZAKHSTAN** President Nursultan Nazarbayev called for the formation of an Asian security pact, in a speech to the U.N. General Assembly on Oct. 7.

● **THAILAND'S** Parliament unanimously overturned the amnesty granted to generals who ordered soldiers to open fire on demonstrators last May.

● **INDIA AND PAKISTAN** agreed on Oct. 7 to a meeting of defense secretaries in New Delhi on Nov. 2-4 to discuss pulling back troops from the disputed Siachen glacier in Kashmir, Reuters quoted an Indian High Commission source as saying. They also agreed that experts would meet on Nov. 5-6 in New Delhi for talks over a disputed creek.

● **WASHINGTON** will cut back troops in Korea in the next 10 years to no more than a 3,000-man brigade, according to a policy paper released by the South Korean Foreign Ministry. The report, cited by Reuters on Oct. 9, said the U.S. will maintain its troop levels in Japan "to prevent Japan becoming a major military power."

● **WILLY BRANDT**, the former mayor of West Berlin, chairman of the Social Democratic Party, and chancellor of West Germany from 1969 to 1974, died Oct. 8 of intestinal cancer at the age of 78. Brandt's last significant political intervention was his opposition to the war against Iraq.



## Bush apparatus unraveling over 'Iraqgate' coverup

by Edward Spannaus

In one what prominent columnist called a "total collapse" and the *"fin de régime"* for the Bush presidency, the administration fell into open warfare among the Department of Justice (DOJ), the FBI, and the CIA over the Oct. 10-12 Columbus Day weekend.

The first stage saw the outbreak of feuding and finger-pointing between the CIA and the DOJ over the "Iraqgate" coverup, with the FBI called in to investigate. On Monday night, news media were reporting that FBI Director William Sessions was under investigation. By mid-week, it was being widely reported that the DOJ's investigation of Sessions had expanded from an in-house "ethics" inquiry into a full-scale criminal investigation. The internecine warfare erupted in the heart of Bush administration—the police-state apparatus which has been carefully put into place in recent years, and which has targeted numerous adversaries and potential adversaries of the Bush regime. This is the true base of Bush's power.

### The BNL coverup

The disclosure of the DOJ investigation of Sessions was widely interpreted as an escalation of the open conflict between the the FBI and the DOJ over the conduct of the investigation of the Bush administration's coverup in the case of the Banca Nazionale del Lavoro (BNL), part of the "Iraqgate" scandal. Senate Intelligence Committee chairman David Boren (D-Okla.) immediately linked the leaks about Sessions to the BNL dispute, and warned that it "raises serious questions about the pressure that can be brought to bear against an independent FBI investigation" of the Justice Department and the CIA.

The dispute between the FBI and the DOJ came on top of an already-raging battle between the CIA and the DOJ over who was responsible for misleading prosecutors and the

court in the BNL case. The case involved allegedly illegal loans to Iraq made by BNL's Atlanta, Georgia branch; the underlying political issue is the Bush administration's provision of agriculture credits and other aid to Iraq before Bush suddenly discovered in 1990 that Saddam Hussein was the "new Hitler."

In the BNL case, government prosecutors had taken the position that BNL branch manager Christopher Drogoul had conducted the alleged loan scheme entirely on his own. However, Drogoul's sentencing hearing unexpectedly turned into a prolonged exposure of higher-level complicity by BNL officials, as well as by both the Bush administration and the Italian government. The sentencing hearing was becoming such an embarrassment to the Bush administration that the DOJ succeeded in shutting it down on Oct. 1.

Acting on information that had emerged in the sentencing hearing, the Senate Intelligence Committee held hearings on Oct. 8-9 on the administration's withholding of information from local prosecutors in Atlanta. CIA officials testified that it was at the urging of the DOJ that they deliberately withheld the information, which included CIA source reports which the CIA had obtained in 1989, the existence of which contradicted CIA assertions that the agency only had public-source information such as newspaper accounts about the BNL case.

One focus of inquiry is a CIA letter sent by DOJ headquarters to the Atlanta prosecutors in September, which said that the CIA had no independent sources of information in late 1989 about the alleged bank fraud scheme. In fact, both the CIA and the DOJ had information from CIA sources in Rome months earlier than December 1989.

Among the DOJ officials called to testify was Fraud Section chief Lawrence Urgenson. Reports identified Urgenson as directing the CIA not to change their account of events in

a Sept. 17 letter to Atlanta prosecutors. Robert S. Mueller III, the assistant attorney general in charge of the DOJ Criminal Division and Urgenson's boss, has been identified by the DOJ as the official who discouraged the CIA from issuing a statement on Sept. 18, which would have given a more accurate picture about what the CIA knew about BNL and when they knew it. DOJ spokesman Paul McNulty said on Oct. 10 that Mueller had "rejected this draft statement as being inadequate and unacceptable" in a discussion with a CIA official.

(Mueller, incidentally, is a protégé of former Boston U.S. Attorney William Weld, and played an important role in the failed prosecution of Lyndon LaRouche and various associates in that city. Mueller was head of the criminal division of the U.S. Attorney's office in Boston, and was the immediate supervisor in Boston of John Markham, the lead prosecutor in the LaRouche trials in both Boston and Alexandria, Virginia. Mueller later replaced Weld's successor, Edward Dennis, as head of the Criminal Division at DOJ headquarters. The Fraud Section of the Criminal Division was the section with direct responsibility for the LaRouche case. DOJ attorney Mark Rasch was deployed from the Fraud Section as Markham's co-prosecutor in both the Boston and Alexandria cases.)

After two days of hearings, Boren apparently urged Attorney General William Barr to open an FBI investigation of the coverup. This led to sparring over who was in charge of the investigation. Boren said that Sessions had told him that "Justice will not participate in the inquiry and the FBI will not share information" until the inquiry is complete. But DOJ spokesman Paul McNulty said that the DOJ is in charge. "The Public Integrity Section of the Justice Department is in charge—working with the FBI." Boren's account of the investigation "is entirely inconsistent with what I know," he said.

It may not be mere coincidence that the DOJ Public Integrity Section was also identified in press reports as the unit conducting the criminal investigation of FBI Director Sessions.

### **Calls for a special prosecutor**

The controversy over the administration's BNL coverup escalated on Oct. 13, when both Sen. Howard Metzenbaum (D-Ohio) and Rep. Henry Gonzalez (D-Tex.) called for the appointment of an independent counsel to take over the investigation. Metzenbaum said that this is the only way to ensure "that the Executive branch is not covering up major misconduct in its handling of the affair." On Oct. 14, Boren also called for a special prosecutor, saying that "a truly independent investigation" is needed.

Gonzalez, who initiated the exposure of the coverup, also called for the resignation of Attorney General Barr because of "repeated, clear failures and obstruction" by the DOJ in the BNL case. Gonzalez charged that the White House and the National Security Council were stonewalling Congress on its requests for documents and witnesses.

Barr had earlier rejected calls for a special prosecutor on the grounds that the DOJ didn't believe that senior adminis-

tration officials were involved. Gonzalez's letter to Barr on Oct. 13 said, "The evidence is that high levels of the Justice Department were in regular contact with the Italian government concerning the BNL case," and that these same officials "were aware of the Italian government's desire for some 'kind of damage control.'"

On Oct. 14, Boren called for the appointment of a special prosecutor—something he had resisted doing up to that point. *Washington Post* columnist Jim Hoagland described Boren's "surprise" move as "a clear indication of how rapidly things are moving." Boren's move was apparently triggered by the disclosures that FBI Director Sessions was under criminal investigation by the DOJ. "That just seems too coincidental," Boren told Hoagland.

In his statement, Boren pointed to the opinion issued by Judge Marvin Shoob in Atlanta stating that decisions were made "at the top levels of the U.S. government and within the intelligence community to shape this case." Boren reviewed the CIA's withholding of information, and the DOJ's "strong advice" to the CIA to forward a "misleading public letter" to local prosecutors in Atlanta. Boren stated: "I do not believe investigations by CIA, Justice, or by FBI . . . are sufficient."

### **The Sessions investigation**

The investigation of Sessions for alleged ethics violations was first reported by ABC News on Oct. 12. Later that night, Sessions confirmed the fact of the investigation. ABC reported that sources close to Sessions said that the investigation was aimed at forcing him out as FBI director for resisting "Bush administration efforts to politicize the FBI."

Various matters are apparently at issue in the Sessions "ethics" probe, including tax evasion and misuse of government facilities, including planes and telephones, for personal use. Another charge is that Sessions's wife improperly used FBI identification to gain access to secure FBI facilities, and that she attempted to steer a \$100,000 government contract for security at their home to a family friend, the husband of Sessions's executive assistant Sarah Mumford. It is also alleged that Mumford used FBI credentials to avoid a traffic ticket in Texas.

There are apparently two DOJ probes against Sessions: the ethics investigation being conducted by the Office of Professional Responsibility, and a more serious inquiry by the DOJ Criminal Division's Public Integrity Section. The DOJ officially will neither confirm nor deny either probe.

The actions against Sessions may also reflect dissension within the FBI. Senior FBI officials are reportedly unhappy with Sessions, saying that he is aloof from day-to-day operations and that he fails to stand up for Bureau interests. Sessions's advocacy of affirmative action has won him support of liberal Democrats in Congress, but has angered many FBI agents. Sessions's wife has told the author of a forthcoming book on the FBI, Ronald Kessler, that she believed senior FBI officials who oppose her husband had wiretapped their home.

# Senate report exposes 'mother of all scandals'

by Mark Burdman

A huge amount of publicity has come out about such scandals as the Iran-Contra affair, and, more recently, the devious pre-Gulf war Bush administration transactions with Iraq through the Atlanta branch of an Italian public bank, Banca Nazionale del Lavoro (BNL), or "Iraqgate." These have tended to appear as discrete affairs, each with its own cast of evil characters. Now, the U.S. Senate subcommittee on Narcotics and International Terrorism headed by Sen. John Kerry (D-Mass.), which has been probing still another seedy affair, the doings of the collapsed Bank of Credit and Commerce International (BCCI), has come up with convincing indications that *all* of these scandals are part of one and the same scandal.

The Kerry investigative team's findings, if read correctly, show how the Anglo-Americans and their friends in Israel have systematically used underhanded intelligence operations and tainted monetary transactions as their *characteristic* (rather than exceptional) means to carry out policies, to the extent that the policy and the means to reach it have become interchangeable. During the past several years, many individuals on several continents have been murdered in order to protect the architects and coordinators, the so-called citizens above suspicion, who have used intelligence agencies, banks, arms merchants, drug traffickers, and terrorist organizations in this way. The victims range from prime ministers, like Sweden's Olof Palme, to scores of intelligence officers in many countries.

A case especially worth mentioning is that of the Italian magistrate Giovanni Falcone, murdered on May 23, 1992 in Palermo, Sicily. Falcone had been one of the world's experts on that complex of activities and individuals which bring together the big organized crime families, shady political deals, intelligence services' operations, money laundering, drug trafficking, terrorism and political-masonic arrangements. While looking into yet another scandal, the mess of corruption in Milan, Falcone had reportedly been honing in on the "Swiss connection" to what Italians call "Milangate." One day after his death, Judge Carlo Palermo, another top investigative magistrate, stated, "Uncovering what is going on in the Swiss banks would bring down the whole system. It is not by chance that Falcone was killed at the moment the Milan inquiry moved to Switzerland."

## 'Mindboggling network of international crime'

The Kerry report focuses on BCCI, a bank set up some two decades ago by a Pakistani named Agha Hasan Abedi, and used over the years by a number of governments and intelligence services to finance their activities. On July 5, 1991, bank regulators in a dozen countries moved to shut down BCCI's operations, on the basis of audits that showed over \$11 billion in bank assets were missing (the amount was later found to be substantially larger), and that depositors were being robbed blind. Soon after, stories appeared in the international press accusing the bank of drug-money laundering, financing terrorism, and funding shady intelligence activities.

Both before July 1991 and after, various investigators had pointed to BCCI's links to British and Israeli financial institutions, but such trails were covered up by Bush's U.S. Department of Justice, the Bank of England, and related agencies. Some elements of this coverup have been pointed to by the Kerry subcommittee, which criticized the Bank of England and British government's negligence in cracking down on the obvious misdoings, and questioned the nature of the CIA's involvement with the bank.

In most accounts, BCCI has been called an "Arab" bank. New York District Attorney Robert Morgenthau, a well-known Israeli agent-of-influence, has played a key role in shaping this misperception. BCCI was in fact a playground for western intelligence agencies and Israeli interests. Senator Kerry's report contains much evidence of this in its details, but its emphasis is on the more dramatic aspects of the case. Kerry states that his subcommittee's work has uncovered a "mindboggling network of international crime," while the written report talks of a "panoply of financial crimes limited only by the imagination of its officers and customers." Documented crimes involving the bank include, in the words of the authors: "support of terrorism, arms trafficking and the sale of nuclear technologies, management of prostitution, the commission and facilitation of income tax evasion, smuggling and illegal immigration and the illicit purchases of banks and real estate." Moreover, the report identifies 20 areas for further investigation, including the bank's involvement with secret U.S. arms sales to Iran in the 1980s (Iran-gate), and its possible role in the pre-Gulf war arms buildup in Iraq (Iraqgate).

Concretely, the report's investigators have substantiated the close links between BCCI, the Atlanta branch of the BNL, and the flow of Iran-Contra funds. This is highly significant. It was through BNL-Atlanta that sensitive transactions were made between U.S. and Iraqi government agencies, in the period right before the holy war on Iraq conducted by the same Bush administration that had been wheeling and dealing with it. What has emerged in hearings in Atlanta, beyond the transactions themselves, is evidence of massive U.S. government misconduct—ranging from falsifying in-

formation to obstruction of justice—to suppress the truth. The government had originally hoped to scapegoat BNL-Atlanta branch manager Christopher Drogoul, absurdly claiming that he had been solely responsible for the illicit actions, and had arranged with Drogoul that the case against him would be dropped as part of a “plea bargain.” But this deal has fallen apart; Drogoul’s defense lawyer and the judge (who since removed himself from the case) both raised the issue of U.S. misconduct. Drogoul’s lawyer insists that it was U.S. and Italian agencies or influential personalities who had concocted the scheme of financial transactions with the Iraqis. Even with U.S. government obstruction, it has always been impossible to cover up the international dimensions of the scandal: Leading BNL figures in Rome have been fingered, and one senior Italian defense official killed himself, as the story began to surface. Here, too, a reopened “Falcone dossier” might shed some light on this operation.

### The case of Switzerland’s Alfred Hartmann

According to the Kerry report, BCCI and BNL-Atlanta are closely linked, engaging in what the authors call “interlocking activities” and both involved in “criminality.” Subcommittee investigators claim that transactions between BCCI and BNL-Atlanta “amounted to billions of dollars a year,” with BCCI regularly moving funds from its overseas branches into BNL-Atlanta. The report further asserts that “BNL also maintained half a dozen or more accounts at BCCI’s offices in Miami.”

Where matters get truly intriguing is in the report’s identification of a key individual who was with both banks, the Swiss banker Alfred Hartmann. Hartmann, says the report, “was on the board of directors of both banks, [and was] the head of BCCI’s secretly controlled Swiss affiliate, Banque de Commerce et Placements.”

This is only the tip of the iceberg. Hartmann would appear to *embody* the overlap of financial-intelligence operations and important banking operations. Indeed, he has been the president of the Swiss branch of BNL—Lavoro Bank AG—and has been not only the head of BCCI’s Swiss subsidiary, but reportedly also the chairman of the BCCI Holdings, SA, the Luxembourg-based holding company of the BCCI banking octopus. Hartmann sits on the board of no less than five Rothschild family banks, and maintains his central office, down to this day, at the Rothschild Bank in Zurich. He is on the board of the Banque Privée Edmond de Rothschild, SA, in Geneva; Rothschild Holding AG in Zurich; Rothschild Concordia AG in Zurich; and Rothschilds Continuation Holdings AG in Zug. This, of course, places Hartmann right in the middle of some of the most sensitive banking operations worldwide. Recently, there was a big shakeup of senior personnel at Rothschild Bank in Zurich; it is not known, at this point, if this is in any way related to Hartmann’s implication in the BCCI-BNL spiderweb.

Hartmann is also the vice chairman of an entity known as Bank of New York-Inter Maritime Bank, in Geneva, a post he was appointed to by the Swiss-based operative Bruce Rappaport. Rappaport is a story unto himself, with impeccable ties into the Swiss, American, and Israeli elites, and vast operations in shipping, banking, trade, and other activities, many of them not exactly “kosher.” Rappaport, say numerous sources, controlled the accounts which received \$10 million in Iran-Contra funds for the Col. Oliver North-Gen. Richard Secord “Enterprise” operation, funds arranged by former U.S. Assistant Secretary of State Elliott Abrams to be provided by the Sultan of Brunei.

One section of the Kerry report reads: “Bruce Rappaport, an Israeli-born Swiss businessman who was investigated in 1987 by Independent Counsel Robert McKay for certain activities he engaged in on behalf of former CIA director [William] Casey, had several connections to important participants in the BCCI affair. For example, he placed one of BCCI’s key ‘rent-a-faces,’ Alfred Hartmann, who headed BCCI’s secretly held Swiss affiliate . . . on the board of his Inter Maritime Bank of Geneva and New York.”

Closing the circle, Hartmann is on the board of the Banca del Gottardo, based in Lugano. According to reliable sources, Banca del Gottardo was at the center of Judge Falcone’s investigations into the “Swiss connection” into Italy’s “Milagate” scandal.

## GEORGE BUSH THE UNAUTHORIZED BIOGRAPHY

If you thought Dukakis’s mental health was an issue, read *George Bush: The Unauthorized Biography*. The truth about George Bush—in print for the first time: “Bush’s health, and most especially his mental health, must be considered a decisive issue for his presidency—however long that lasts.”

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# CAN nervous as trial date set in kidnap plot

Appearing before Federal Judge James Cacheris in Alexandria, Virginia on Oct. 13, the conspirators who allegedly plotted to violently kidnap Lewis du Pont Smith and his wife Andrea Diano Smith and “deprogram” them from their political association with Lyndon LaRouche, all pleaded “not guilty” and asked for a jury trial.

The government presented a superseding indictment, naming as a fifth conspirator Anthony Russo, a former New York City police officer. He joins self-styled “cult deprogrammer” Galen Kelly of New Jersey; former Loudoun County, Virginia Sheriff’s Lt. Donald L. Moore; Robert “Biker Bob” Point, a New Jersey lawyer; and the alleged paymaster, E. Newbold Smith.

Meanwhile, the heat is on the Cult Awareness Network (CAN), which steers the national campaign of lies smearing the LaRouche movement as a “cult.” In an AP interview widely published on Oct. 11, a jittery CAN executive director Cynthia Kissler admitted that Newbold Smith was a “member” of CAN. She claimed that Moore, Kelly, and Biker Bob were not members of CAN but were “merely associated” with the organization through discussions on cult issues.

In the weeks since the du Pont Smith kidnap arrests, 19 new lawsuits were filed against CAN by members of the Church of Scientology, bringing to a total of 30 the number of such lawsuits in multiple jurisdictions. Kissler, who said CAN is the target of a “harassment” effort, protested, “We are not a criminal group. We don’t engage in kidnaping.”

Yet in seven separate lawsuits filed in Glendale, California, seven Scientologists, who had joined the Cult Awareness Network, charge that CAN, “despite its purported goals . . . is actually engaged in unlawful and evil conduct, in ‘mind control,’ and [has] hired persons with criminal backgrounds to kidnap, sexually abuse, mentally abuse, intimidate and coerce persons by depriving them of food and water and forcing them to take drugs against their will, all under the guise of educating them about their religious . . . freedoms.” The Glendale lawsuits name as defendants, besides local CAN officials, Kissler and three other national officers of CAN: Rachel Andres, Corey Slavin, and Herbert Slavin.

In Loudoun County, Virginia, the Sheriff’s Department has formally expanded an internal investigation of its employees to find out if any of them illegally passed information to ex-cop Don Moore after he was fired last February. According to a front-page article in the *Loudoun Times-Mirror*

on Oct. 14, the Sheriff’s Department announced that it is involving Virginia State Police to determine if Moore was illegally given confidential computer information. FBI agents searched Moore’s house for several hours on Sept. 30, the day of his arrest, but did “not confirm or deny” that any teletype documents (from the state and federal crime information computer) were found.

## New charges added

John Markham, the former co-prosecutor of Lyndon LaRouche in Boston and Alexandria, and currently in private practice, made a formal entrance to represent E. Newbold Smith at the Oct. 13 arraignment. The Radnor, Pennsylvania socialite is the father of kidnap target Lewis Smith, an heir to the du Pont chemical fortune through his mother, née Margaret du Pont. Newbold Smith in 1985 moved to have his son declared incompetent, in order to take away his control of his trust fund, after Lewis contributed generously to a pro-LaRouche publication. While a corrupt Pennsylvania court went along with that maneuver, apparently Newbold was not content. According to a *Washington Post* story on Oct. 14, his lawyer will try to convince the jury that his plans to use ex-Green Berets and motorcycle gangs to kidnap Lewis were motivated by “love.” Judge Cacheris has set a trial date for Dec. 14 and a pre-trial motion day for Nov. 20.

The superseding indictment presents further facts which date the start of the conspiracy back to September 1991. All five co-conspirators are charged with the federal felony of attempted kidnaping. Smith and Moore face a second felony count, soliciting for kidnaping. According to the *Philadelphia Inquirer*, the superseding indictment states that Moore had illegally entered Lewis Smith’s home last month for surveillance. A woman was paid to join the target’s health club in order to spy on him there, as well.

In the county where Newbold Smith resides, *Delaware County Daily Times* columnist Gil Spencer published an editorial column on Oct. 9, printing in full a written statement by Lewis Smith defending his right to his own political beliefs. Spencer adds: “This is the United States of America and in this country no one, not well-meaning parents, not benevolent friends, no one is legally permitted without due process of law to physically abduct, drug and attempt to ‘deprogram’ another person. As for the danger ‘cults’ pose in this society, I am very skeptical. Here, according to cult expert Dave Clark of Swarthmore, is how to know if you’re in a cult: Your group requires absolute loyalty; it might alter your diet (no proteins, lots of carbohydrates), and deprive you of sleep to make you easier to hypnotize. It will isolate you from the community at large; make you emotionally dependent; give you no privacy from the group for intellectual reflection; operate on severe peer pressure; encourage chanting; and teach you not to question the authority of the leader. Now, to me this sounds like the studio audience of the Oprah Winfrey Show.”

# U.S. Supreme Court to allow execution of the innocent?

by Anita Gallagher

On Oct. 7, the U.S. Supreme Court heard one hour of oral argument in the monumental case of *Leonel Herrera v. Collins* (State of Texas), which posed the question to the Court: "Does it violate the Eighth and Fourteenth Amendments to execute a person who has been convicted of murder but who is innocent?"

Even worse than its very consideration of such a proposition, the U.S. Supreme Court is expected to rule by July 1993 that it would be legal to execute someone proven innocent after trial, provided that his trial was conducted according to the legal procedures obtaining in his state. It is widely believed that the Court previewed its ultimate decision last February, when Justices Harry Blackmun, John Paul Stevens, Sandra Day O'Connor, and David Souter provided the minimum four votes needed for the Court to take the case. However, they could not muster the fifth vote needed to stay Herrera's execution while the case was heard—a fifth vote that would be needed to win. Fortunately, the Texas Court of Criminal Appeals then stayed Herrera's execution throughout the Supreme Court's proceedings.

Leonel Herrera's attorneys tried to present proof of his innocence which emerged long after Texas's legal time limit for introducing new evidence had expired. Under Texas law, this period extends only 30 days after a defendant is sentenced. Thus, procedure, and running executions on time, is placed above the discovering of truth in the state's law.

At the oral argument on Oct. 7, Justice Anthony Kennedy asked Herrera's attorneys: "Suppose a videotape shows that a man convicted of murder by a jury is really innocent. Would it violate the Constitution to allow the man to be executed?" Texas Assistant Attorney General Margaret P. Griffey promptly answered, "No Your Honor. It would not be a violation of the Constitution, under those circumstances."

The Eighth Amendment prohibits "cruel and unusual punishment." The Fourteenth Amendment states that a person shall not be "deprived of life . . . without due process of law."

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## Documentation

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*Petitioner's brief to the U.S. Supreme Court, Talbot D'Alemberte and Mark Olive, Esqs.:*

Leonel Herrera, the Petitioner, is innocent of the charge

for which he was convicted and sentenced to death. . . . In Part I, Petitioner details how the circumstances and atmosphere of his pre-trial and trial proceedings presented the opportunity for a wrongful conviction and sentence of death. Part II describes the inconclusive evidence of guilt presented by the prosecution at trial. In Part III, Petitioner sets out the post-trial evidence that supports his claim of innocence. It discloses that police involvement in the drug trade in the Rio Grande Valley along the Mexican border led to the death of two police officers. Police knew but kept silent about Petitioner's innocence rather than reveal the unseemly and incriminating police-shared responsibility for these offenses. Furthermore, the actual killer's son witnessed the killings, and has sworn that his father Raul Herrera, not Leonel Herrera, committed them. A former judge and now practicing attorney in the Valley has stated under oath that his former client, Raul Herrera (Leonel's brother), confessed to him that he, not the Petitioner, committed the crimes. This new information is in all detail consistent with the story contained in the trial transcript with respect to how the offense occurred, consistent but for one fact—it was Raul, not Petitioner, who was at the scene.

*Petition for Writ of Certiorari to the U.S. Court of Appeals for the Fifth Circuit, by Mark E. Olive, Esq.:*

The Court of Appeals accepted as a matter of fact that [Herrera] is indeed innocent of the crimes for which he is scheduled to be executed, and so no evidentiary hearing was necessary to prove his innocence. The Court accepted as a matter of fact that Petitioner could prove his innocence. The Court of Appeals then held that executing a person whom everyone, including the Courts, knows to be innocent did not run afoul of the Constitution.

The rule of law scribed by the lower court in order to vacate the stay of execution is one which, as far as petitioner can tell, has never been embraced by any federal court under current death penalty statutes. According to the lower court, Texas has no procedure available in post-conviction proceedings to prevent the execution of a person convicted in state court but who proves to everyone that he or she is innocent, and *habeas corpus* [post-conviction appeal] provides no mechanism for protecting that person. This is wrong.

If states are perfectly free under the Eighth and Fourteenth Amendments to execute persons who can prove beyond a reasonable doubt their innocence, then this Court should take the responsibility of saying so and then explaining how it is that the death penalty is reliable, reserved for the most deserving, and does not strike like lightning, in conjunction with such a rule.

The importance of vindicating claims of actual innocence has special force in the death penalty context. As Justice [Thurgood] Marshall emphasized in *Ford v. Wainwright*. . . "[i]n capital proceedings generally, this Court has demanded that factfinding procedures aspire to a heightened standard



*"Life is a right, revenge is not. No death penalty," reads the banner at a demonstration in Washington, D.C. on Oct. 7, the day on which the U.S. Supreme Court heard the case of Leonel Herrera, a man scheduled to be executed for a crime that even the Court of Appeals admits he did not commit.*

*After a rally at the Supreme Court, demonstrators assembled at the statue of Alfred Pike, the Confederate general and Freemason who was a founder of the Ku Klux Klan; they demanded that the statue be torn down, and dressed it in hood and robes, pending that happy day.*

*The rally was led by the Rev. James Bevel (second from the speaker's right), running-mate of independent presidential candidate Lyndon H. LaRouche. At the microphone is historian Anton Chaitkin, who unearthed the true story of Pike's role.*

of reliability. . . . This especial concern is a natural consequence of the knowledge that execution is the most irremediable and unfathomable of penalties; that death is different."

With respect to this claim in Petitioner's case, the constitutional violation *is* that his execution, as an innocent person, would violate the Eighth and Fourteenth Amendments. If it would violate the Constitution to execute someone who was 12 years old at the time of the offense, or someone who was insane at the time of an execution, then, *a fortiori* it would violate the Constitution to execute an innocent person. . . . [emphasis in original]

*"Friend of the Court" Brief of U.S. Solicitor General Kenneth P. Starr, in support of Texas:*

[Herrera] claims that the Cruel and Unusual Punishments Clause bars his execution because he has a colorable claim of actual innocence. But that Clause only limits the penalty imposed on a convicted defendant. . . . Because Petitioner's claim goes to his conviction rather than his sentence, the Eighth Amendment is inapplicable.

[Herrera] challenges his sentence on the ground that he is innocent of the crime, not on the ground that a specific constitutional provision was violated at his trial. The only constitutional provision that could be relevant to such a claim is the Due Process Clause; the issue therefore ultimately reduces to whether that Clause guarantees Petitioner relief

on his claim of newly discovered evidence. In our view, due process does not entitle a prisoner to a judicial remedy for newly discovered evidence. Even if it did, however, a State can fix a reasonable time limit for such motions.

Rather, [Herrera's] claim is that even if the verdict was not infected by constitutional error, or indeed, any *legal* error at all, that verdict is factually inaccurate, as new evidence reveals. Federal courts lack supervisory power over state courts and cannot vacate a state conviction absent a constitutional violation. . . . [T]he review contemplated by [the] *Jackson* [case] is not to determine whether the trier of fact has made the *correct* decision; it only forbids the trier of fact from making an *irrational* decision [emphasis in original].

*Petitioner's Brief to the U.S. Supreme Court, by Talbot D'Alemberte and Mark Olive, Esqs.:*

The Court of Appeals did not quarrel with Leonel Herrera's evidence that he did not commit the murder for which he was convicted and sentenced to death. The panel held that "Herrera's assertion of 'actual innocence' presents no . . . claim for relief." Petitioner contends that the promises made by the Eighth and Fourteenth Amendments should not be so empty. Nothing is more barbaric . . . than gratuitously to execute an innocent person. This Court should not countenance such an affront to human dignity.



# Letters to the Editor

## *Fairness to Baha'i*

I was surprised by the gross inaccuracies contained in the article by Mark Burdman concerning the Baha'i faith [*EIR*, Aug. 28, 1992, "Pagan Baha'i Cult Plays Leading Role in U.N.'s Human Rights Meeting"]. A reading of the article indicates Burdman to be very unfamiliar with the Baha'i faith or that he was intentionally making an effort to knowingly discredit Baha'i. Considering Lyndon LaRouche's dilemma, it would appear that your writers should be careful to represent or present others with the fairness and justice which Lyndon espouses.

People who have kept up with world religious trends know that Baha'i is recognized worldwide as a religion—not a cult—and that it is the fastest growing religion in the world. If Burdman has an opinion other than this (in fairness) it should be stated, by you the editor, that his opinion flies in the face of what is widely accepted all over the world.

In the first place, Burdman misses the core tenets of the Baha'i faith and focuses on peripheral activity and attempts to equate George Bush's "one world" with the Baha'i "one world." Actually there is no connection or any intention of there being a connection.

It is not my purpose here to lecture on the tenets of the Baha'i faith. I would rather suggest that Burdman ought to have studied Baha'i in some depth before writing the article. . . .

Ray Minert  
Springfield, Oregon

*The author replies:* Mr. Minert fails to respond to the main point of my article. What the article documents, in significant part from Baha'i literature, is that the faith massively and enthusiastically worked for the success of the June 1992 Rio Earth Summit. My article presents a tiny fraction of evidence available to demonstrate that point. It is my view, and certainly Mr. LaRouche's view as well, that the Rio Summit was an abhorrent event, promoting values that are antithetical to humanity. Rather than question my understanding of the Baha'is, I would hope Mr. Minert would question the Baha'i leadership as to its activities in this respect. Worse, as my article documents—from Baha'i literature itself—the faith promoted the views of a man, Arne Naess, who openly supports the reduction of the human

race to somewhere around 1 billion people. Evidence of that is amply available in the public domain, i.e., from Naess's own writings. Similarly, the "anti-anthropomorphic" ideas of the cited Robert White are put forward by the Baha'is themselves as representative of their worldview.

Baha'i activity, as advertised by themselves, has been in the service of an outlook, a worldview, expressed by the abhorrent neologism "sustainable development." As *EIR* has frequently documented, the concept of "sustainable development" is the polar opposite to the political economy of Mr. LaRouche, and the promotion of that idea has caused many of the malthusian horrors to which our human race is today subjected. If other Baha'i activity and advocacy promotes more positive values, that should be made known. But in view of the overwhelming evidence of their leading role in the Rio event, I hold that a retraction is not in order.

## *Conspiracy theories*

Leif Johnson's review of John A. Stormer's updated version of his original *None Dare Call It Treason*, 20 years later, was well written, but is essentially, a first-class hatchet job [*EIR* of June 26, 1992]. I was shocked, and forced to consider it, and ask: Why?

The original work written in 1963 and published in 1964 with 11 additional printings in the same year totaling 1,400,000 units. Seven years later in 1971 Gary Allen wrote and published in 1972 *None Dare Call It Conspiracy*, which in three printings sold 1,800,000 units. These books, written in plain everyday language, were discussed on campuses and [in] the many places where the people discuss and attempt to evaluate such information. Gary Allen's book had two advantages; he followed Stormer, and he did not use religious morality to point [out] his arguments. . . .

I believe that my own experience has been duplicated by a great number of people who were alerted to the dangerous direction our esteemed leaders were, and are, continuing to take our country. Messers. Stormer and Allen spurred me to continue my investigation to determine in greater depth the causes for the obvious deterioration of western civilization. Thus, once I discovered him, I became an advocate of the philosophy and policies of Mr. LaRouche. Twenty

years ago many more of us ordinary people could read!

The review by Mr. Johnson follows the classic pattern of the hatchet-job. Character defamation succeeded by a hysterical denunciation of the text, "out of context quotes, fallacies of composition, sheer falsehoods, bespeak a pathological disregard for truth." Mr. Johnson seems to be imitating the most blatant experts who do the reviews for the *New York Times* and the *Washington Post*. . . .

I have in my library a dozen volumes by well-qualified historians and journalists, which collectively and individually validate the assertions made by Stormer with the mass of information available from 1976 to 1987 through declassification and the Freedom of Information Act—the period most of these books were written. Stormer's documentation covers ten and a half pages of fine print in the back of the book. Where is yours, Mr. Johnson?

Les Bosley  
Homestead, Florida

*The editor replies:* Mr. Johnson did not question John Stormer's facts. He questioned his interpretation of those facts, noting the strange fact that Stormer expressed great admiration for George Bush and Oliver North, who stand out for their roles in abetting the subversion of Central America and South America by drug-running, pro-communist terrorists. Johnson pointed out (among other things) that Stormer never even mentions the role of the drug trade as the most effective destroyer of our nation!

How is it that millions of well-meaning Americans have been taken in by such a swindle? The problem is *populism*. Writers like Stormer appeal to the justified rage of many Americans against the corruption they see all around them in government and social life. But when it comes to the deeper issues, of how one is to govern, in coherency with the Christian notion of man in the living image of God, they fail—or as Leif Johnson pointed out—they turn out to share the same degraded, bestialized image of man as the Marxists they otherwise attack.

Populism's historical record is frightening. Consider the difference in outcome between the French and American Revolutions. France's uprising was captured by populist demagogues, and culminated in the tyranny of the mob, followed by the tyranny of Napoleon, a tyranny which then spread out all over Europe.



# National News

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## Washington Post: vote 'no' on death penalty

The Oct. 9 *Washington Post* editorially urged Washingtonians to defeat the death penalty initiative forced by Congress onto the District of Columbia's Nov. 3 ballot. "The real impetus behind any such new law is retribution, which is a powerful motive, but an unworthy one," the Post declared. "It puts the state in the position of sanctioning a killing as a penalty for a killing and authorizing the very conduct on the part of society that is judged reprehensible on the part of an individual.

"There are penalties short of execution for dealing with murderers, and a civilized community can protect itself and reinforce the rule of law without resort to killing offenders. The initiative should be defeated not only because of the process by which it was placed on the ballot, but because the penalty it authorizes is wrong."

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## Real democrats endorse LaRouche

While Bush, Clinton, and Perot roll in lukewarm endorsements in the U.S., leading members of democracy movements in former communist countries are calling for Americans to take a good, long look at Lyndon LaRouche.

On Oct. 7, the Polish rural trade union Samoobrona's president, Andrzej Lepper, issued a statement describing the crisis that Poland faces this winter as the worst in its history. The International Monetary Fund "is as bad as Russian Army tanks," he wrote, and the U.S. "is promoting exactly the IMF strategy of looting our economy in the same way it happened with Africa or Latin America. . . . I cannot speak for the American nation, but I also think that Mr. LaRouche is the right President for this great nation."

The Media Service Center of the Armenian Constitutional Party released a statement on Oct. 7, on the return of the party's vice president Hike Babookhanian from an official visit to the U.S. "During his visit,

Mr. Babookhanian had numerous meetings with organizations, newspapers, and communities of the diaspora.

"Mr. Babookhanian had a meeting with U.S. presidential candidate Lyndon LaRouche. After discussing numerous questions with Mr. LaRouche, Mr. Babookhanian concluded that among all the candidates's programs, Mr. LaRouche's program is the most favorable for the solution of problems of the Armenian people and Armenia."

A message from the Schiller Institute in Moscow urged American voters: "At a moment when we are painfully deciding questions of our own life . . . it seems to us that Mr. LaRouche, as a man who understands the problems of Russia and eastern Europe, and knows current world problems, would be able to enunciate new approaches and solve the most pressing problems if he were President."

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## Reverend Boone garners support in Alabama

Lyndon LaRouche associate the Rev. Richard C. Boone, who is running for Congress in Alabama's 2nd C.D., was officially endorsed by the Alabama New South Coalition at its Oct. 3 endorsement convention in Mobile. The ANSC is one of two black Democratic organizations in the state, with over 2,000 members. The endorsement came as a surprise to many, who expected George Wallace, Jr. to win the vote easily. The younger Wallace, like his father, has become a close collaborator of various black political machines, in a reversal of his previous flamboyant segregationism.

The other major upset was the endorsement of Gwen Patton for U.S. Senate, even though she was not on the ballot, over incumbent Richard Shelby, the senator who forced a death penalty referendum onto the Nov. 3 ballot in Washington, D.C. and who had attempted to buy ANSC's endorsement with a \$50,000 contribution. The issue of capital punishment played a decisive role at the convention. During the senatorial screening committee meeting, Boone told the Shelby representative, "If you're going to support the death penalty, you have to put on the uniform," at which point Boone demonstrated by putting on a makeshift Ku

Klux Klan hood. The group gasped, and then burst into laughter.

Independent presidential candidate Lyndon LaRouche came in second behind Bill Clinton during the presidential endorsement screening. The presidential candidates were scored on a point system that included electability, record, position on the issues, candor, honesty, and willingness to work with the ANSC. LaRouche, a political prisoner, won in all categories except "electability."

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## Pottinger used 'graymail' CIA documents show

Newly released CIA documents show that George Bush's friend J. Stanley Pottinger successfully "graymailed" the CIA and State Department in 1982 to block his own appearance before a federal grand jury investigating New York-based Iranian banker Cyrus Hashemi. As *EIR*'s Special Report on the "October Surprise" detailed, Pottinger was both Hashemi's lawyer, and his partner and co-conspirator in illegal arms shipments to Iran, and in efforts to delay the release of the American hostages there.

*EIR*'s Special Report cites Department of Justice documents showing that a high DOJ official ordered a grand jury to be postponed "because of national security considerations" on Jan. 26, 1982. The newly released CIA documents now provide the background.

A CIA memorandum dated Feb. 3, 1982, says that on Jan. 26 the CIA Near East Division was told by the State Department that Hashemi was about to be indicted; a Near East Division official immediately briefed the CIA's Office of General Counsel on the "[deleted] sensitivities that surround this case." The CIA deputy General Counsel quickly called the State Department, who told him that Pottinger, a former assistant attorney general, had called State to inform them that he would be appearing before a federal grand jury the next day. The CIA memo continued: "The Department of State and, of course, NE Division immediately drew the correct inference that the purpose of Pottinger's call was to let the government know that he, Pottinger, had some useful gray mail material."

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## 'Suicides' stalk black Miss. inmates

Civil rights activists in Mississippi are charging that young black men are being systematically slaughtered in the state. The charges were made most recently in the case of Andre Lamond Jones who allegedly committed suicide in the Simpson County Jail on Aug 22. Jones, 18, the stepson of local Nation of Islam Minister Charles X Quinn and son of Jackson NAACP President Esther Jones-Quinn, was found hanging by frayed shoe laces in the bathroom of the jail. At a press conference announcing that an independent autopsy had indicated that Jones was murdered, the family's attorney also charged that investigators have uncovered some 20 mysterious deaths of young black men in the state since 1990. "The same people, the same pathologists, the same system has ruled it suicide every time. Obviously something is very wrong here," said attorney Chokwe Lumumba.

Family and supporters of Andre Jones have formed the Mississippi Coalition for Justice, which is planning a rally and march on Oct. 29 to demand that a special prosecutor be appointed to conduct an independent investigation.

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## U.S. cure rates for TB below Third World

The Oct. 11 *New York Times* carried the first in a series of five articles on its front page on the epidemic of drug-resistant tuberculosis: "The United States has stumbled into its first preventable epidemic, a wave of tuberculosis with strains so virulent they threaten to return pockets of American society to a time when antibiotics were unknown. The resurgence has been swift, forceful and for many of America's largest cities, it has come after two decades of searing budget cuts in public-health programs. Without those cuts, experts say, the disease could have been all but eradicated and new, deadly strains would never have been able to flourish."

The *Times* quoted the president of the American Lung Association, Dr. Lee B.

Reichman: "I'm scared. Here we are in 1992 with cure rates lower than countries like Malawi and Nicaragua. We can't keep track of our patients, and all evidence suggests more and more of them have TB that is resistant to our best drugs. We have turned a disease that was completely preventable and curable into one that is neither. We should be ashamed."

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## Hentoff blasts Calif. euthanasia referendum

Writing in the Oct. 3 *Washington Post*, syndicated columnist Nat Hentoff revealed that the official wording of California's "death with dignity" initiative, as written by the state's attorney general, flatly declares: "This measure would result in some unknown savings due to decreased utilization of the state Medi-Cal program and other programs, including country programs." This amounts to an "invitation" by the state to kill off the terminally ill, Hentoff charged. "Savings will also result, of course, for overburdened families of the chronically ill," since so many feel they are an overwhelming financial burden. "If California becomes the first place in the world to license its physicians to provide aid in dying and thereby relieve this guilt, the state will indeed have created a stunningly steep slope."

Hentoff pointed out that under Holland's legalized system of euthanasia, which is frequently cited by ethicists as a model for "voluntary euthanasia," over 1,000 victims have been involuntarily killed. "Their physicians were so consumed with compassion that they decided not to disturb the patients by asking their opinion on the matter," despite the law. "The slope has become more slippery in the Netherlands," he added, now that the Dutch Pediatric Association's panel on neonatal ethics has asked the government to permit euthanasia for infants whose "quality of life" is low."

"The American Civil Liberties Union of Southern and Northern California is supporting the euthanasia initiative," Hentoff wrote. "I wonder how members of that ACLU feel about also legalizing the dispatching of handicapped infants."

## Briefly

● **MIKE BILLINGTON'S** 77-year sentence for political organizing with Lyndon LaRouche was featured during rush hour on Sept. 25 on Venezuela's Radio Rumbos which reaches the entire nation. One Caracas parish dedicated the Oct. 3 mass to Billington and the U.S. fight against the death penalty.

● **THE STATE DEPT.** announced on Oct. 9 that Acting Secretary of State Lawrence Eagleburger and Secretary of Defense Richard Cheney had held a previously unannounced meeting with Vietnamese Foreign Minister Kam. They discussed normalizing relations and the POW-MIA issue.

● **JONATHAN POLLARD** was denied an appeal to withdraw his guilty plea by the Supreme Court on Oct. 13. Pollard, a Navy intelligence analyst, had pleaded guilty to stealing secrets for Israel, and is serving a life sentence for espionage.

● **ALBERT PIKE'S** statue should not be maintained by taxpayer funds, a spokesman for Democratic presidential candidate Bill Clinton said in response to a question from the LaRouche-Bevel campaign, which is fighting to have the statue of the Ku Klux Klan founder removed in Washington. The spokesman at Clinton's Little Rock, Arkansas headquarters did not support removing the offensive memorial, however.

● **SINEAD O'CONNOR** the bald Irish rock singer who labeled Pope John Paul II "the enemy" and tore up his picture on NBC comedy program "Saturday Night Live," was characterized as "clearly a very troubled young woman," by a representative of the New York Archdiocese in comments to *EIR*.

● **ARKANSAS'** educational system was recently rated in its national standing by the University of Arkansas: 47th in per capita state and local spending; 49th in teacher pay; 43rd in spending for higher education; 5th in adult illiteracy.

## Editorial

### *The great debate that wasn't*

Despite all the hoopla about the first presidential debate of this U.S. election campaign, most voters admitted that, while they gave the "victory" to Ross Perot, nothing they had heard led them to change their vote. In other words, the so-called great debate was a great yawn.

The major issue to be addressed, the economic crisis, was the subject of a certain amount of rhetoric, but so far no candidate except Lyndon H. LaRouche has pointed to a solution which can take the United States out of the drastically worsening depression, which is tearing apart the U.S. economy and throwing more and more Americans out of work.

Both Perot and Clinton talk about the need for infrastructure development, but the sums which they would deploy to this are paltry—in the tens of billions—where trillions of dollars are needed in order to create something on the order of 6-8 million new jobs. Furthermore, they accept the belt-tightening premises of the International Monetary Fund. This is particularly true of Perot, who sees austerity as the path to recovery.

The truth is that the United States can only deal with the huge government budget deficit by expanding the role of the government; however, this can only be financed by nationalizing the Federal Reserve System, and using the new National Bank as the source for expanded credit. More debt financing is not the answer, as Alexander Hamilton understood 200 years ago.

When each was asked what he would do about the Federal Reserve bank, were he elected President, none of the three great debaters was willing to deal with the question. LaRouche, on the other hand, has vowed to take immediate measures to federalize the Fed, should he be elected.

LaRouche announced that he did not plan to watch the debate, because it had been signaled in advance that no serious issues would be addressed seriously. Those Americans who did not follow his course, but sat before their television sets on Oct. 4, could not think otherwise, in retrospect. Many Americans who have watched the LaRouche presidential broadcasts this

campaign and those of previous presidential campaigns, have an absolute point of comparison.

It is well to remember that the debt structure which now afflicts the U.S. federal government began to take off in 1978-79 when Federal Reserve Chairman Paul Volcker, appointed by President Carter of the Trilateral Commission, instituted the double-digit interest rates which led to the current debt crisis. These policies were continued in the Reagan and Bush administrations, and the errors of Volcker's high interest rate policy were compounded by changes in the tax law to favor speculation over investment, and runaway deregulation of major sectors of the economy.

The Federal Reserve System has been the agency for the introduction of a bankers' dictatorship in the United States, which is only slightly less devastating than the associated International Monetary Fund dictatorship which has destroyed the economies of eastern Europe and the former Soviet Union. It is on a par with the Bank of England, which has played a similar role in completely destroying the economy of Great Britain. This is the legacy of Lady Margaret Thatcher.

It is really no rhetorical device to say that it was Lyndon LaRouche who won the presidential campaign debate, because he is the only candidate who has been willing so far to tell the truth about the problem, and to offer real solutions. For this, he is a political prisoner in a Minnesota federal prison. Unless the American people wake up to this truth and vote for LaRouche, whatever the immediate outcome of the election, then they will have shown themselves not qualified to be the voting citizens of a republic.

Just as the government of Margaret Thatcher's handpicked successor, John Major, is about to collapse in Britain, so, too, a Clinton presidency has little chance of surviving four more years of crisis. A vote for LaRouche is not a futile gesture, even though in this election, he stands little chance of winning. It is a rallying call to the American people to oppose the destruction of the United States by four more years of misgovernment.

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*The LaRouche Connection*  
Tuesdays—6 p.m.
- DANSVILLE—Cooney Cable Ch. 6  
*The LaRouche Connection*  
Wednesdays—afternoon  
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Thursdays—7 p.m.  
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*The LaRouche Connection*  
Sundays—11 a.m.  
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- STATEN ISLAND—Staten Island Community TV Ch. 24  
*Who Owns Your Congressman?*  
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*  
Tues., Oct. 27—12:30 a.m.  
Fri., Oct. 30—7:30 a.m.  
Sun., Nov. 1—1 a.m.  
Mon., Nov. 2—1:30 p.m.  
Tues., Nov. 3—3:00 p.m.  
Wed., Nov. 4—5 p.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  
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- 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  
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Sun., Oct. 31—5:30 p.m.

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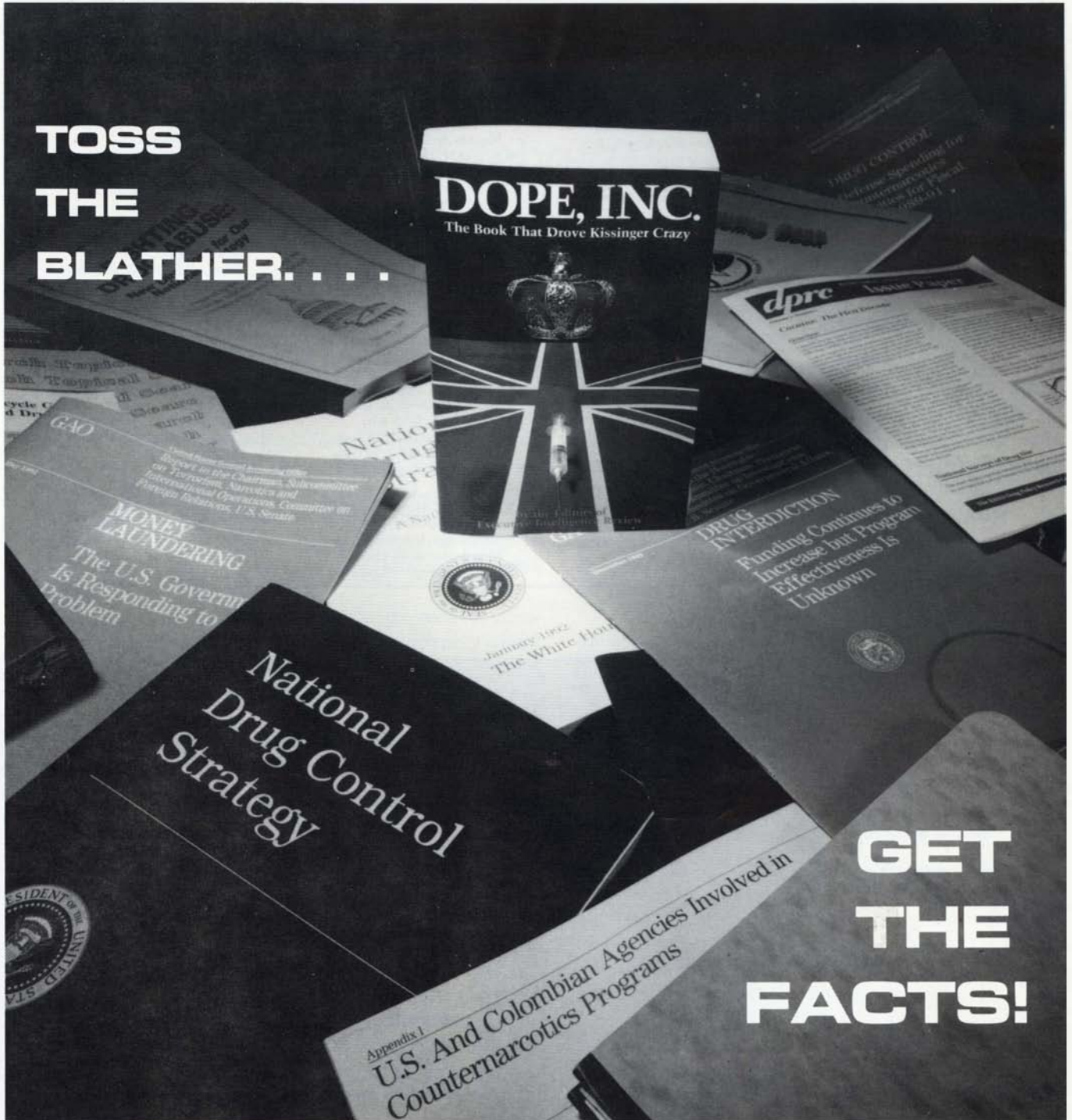
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