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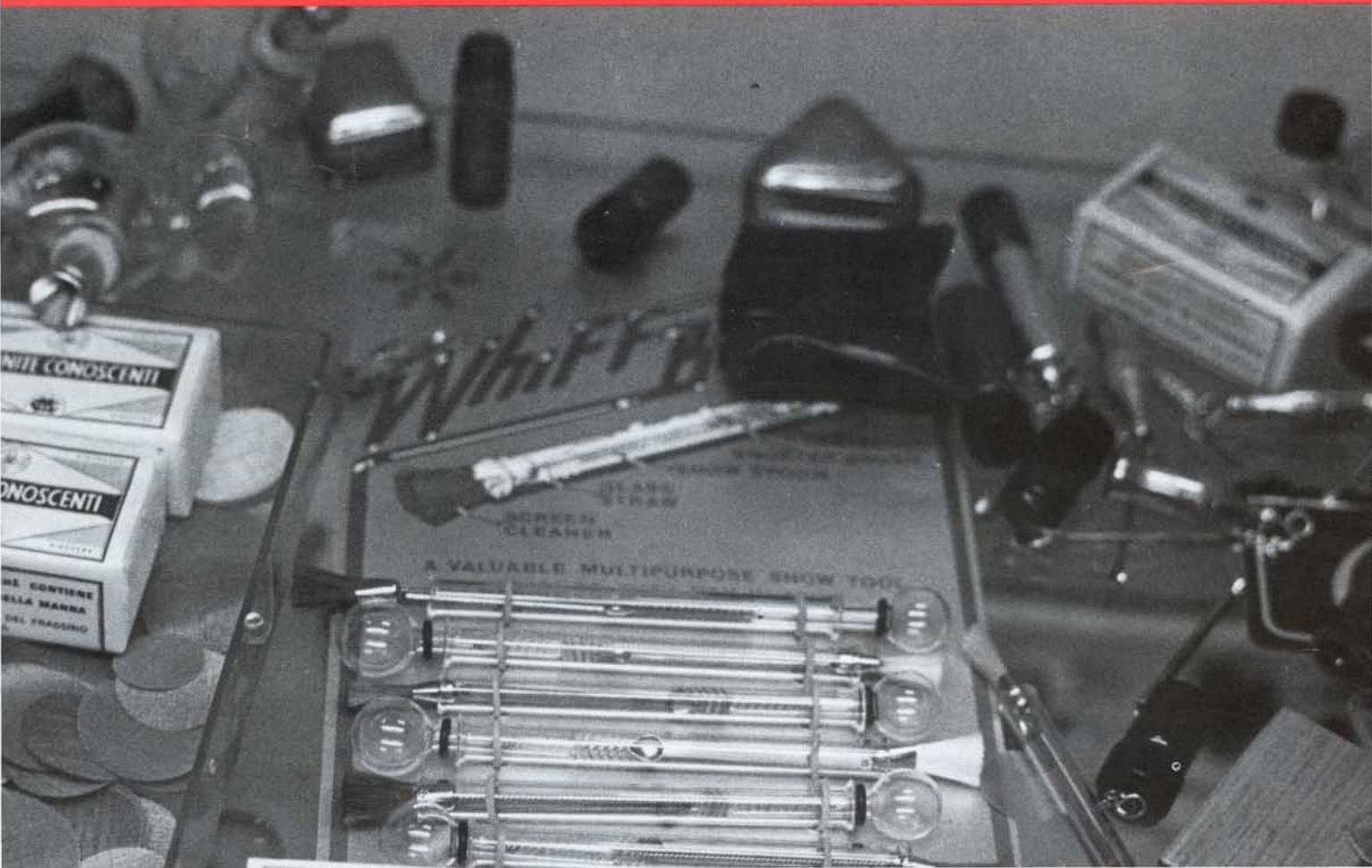
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## From the Editor

Not long ago, the front pages of the major U.S. newspapers were filled with multicolumn stories about new studies of the alleged threat of pesticide residues in fruits and vegetables. Credulous mothers were encouraged to spend the extra time and expense to travel to the nearest kooky organic food market in order to allay the remote potential of long-term neurological damage to children which these pesticides might cause. This and related hoaxes are debunked in this week's *Science & Technology* section.

Meanwhile, the allies of the same "environmentalist" quacks who spread such scare stories through the media, are conspiring openly to inflict truly dangerous toxins upon the nation's children and youth. I refer to the drug legalization lobby, which Lyndon LaRouche's allies set back at the end of the 1970s, but which today presumes to be on the verge of victory, thanks, above all, to the huge "free-market" financial interests which made sure that the war on drugs trumpeted under Reagan-Bush was never really fought. The details are in the *Feature*.

If you want to measure how seriously the drug-environmentalist counterculture has contaminated the U.S. national consciousness, just ask yourself how many citizens, or even policymakers, are aware of the real problems confronting the world. The most serious strategic threat centers around Russia and the former Soviet Union, as we report in the lead *International* articles, while our *Economics* lead shows the treacherous role of the U.S. Federal Reserve in increasing that danger.

The articles on Iraq, Somalia, Pakistan, and Sudan constitute a powerful exposure and refutation of the pretensions of the United Nations' "new world order."

In *Investigation*, we initiate the serialized translation of the key document affecting current history in South America: "The Truth about Carlos Andrés Pérez," Venezuela's former President and the favorite continental puppet of the same international banking clique. The best hope for the Americas lies in the complete political destruction of CAP, and this pamphlet—recently reprinted in the 90,000-circulation Venezuelan daily *Diario de Caracas*—is intended to advance that process.

Nora Hamerman

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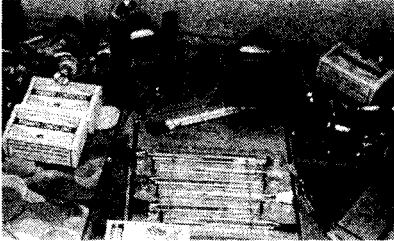
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## Feature



Drug consumption paraphernalia is flaunted at a New York City "head shop" in 1980, the year when the drug legalization lobby was being pummeled at the polls by the National Anti-Drug Coalition and its allies. Today, the drug lobby thinks it has a better chance.

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## Corrupt Fed runs economic warfare to prop up banks

by John Hoefle and Scott Thompson

E. Gerald Corrigan, the long-time president of the Federal Reserve Bank of New York, has resigned from that post and will join the board of the newly created Russian American Enterprise Fund, whose nominal aim is to increase U.S. investment in Russia, but which is actually a vehicle for further American looting of the Russian economy.

In this capacity, Corrigan will be again working with his friend George Soros, who along with his stooge, Harvard professor Jeffrey Sachs, has been the main instrument of U.S. economic warfare against Russia and the nations of the former East bloc.

As head of the New York Fed, which has secretly run Citicorp for the last two and one-half years, Corrigan was responsible for Citicorp's funding of Soros and his Quantum Fund, for which Citicorp is a custodian. Not only did Citicorp fund Soros, but it also participated with him in speculation against European currencies last September.

Corrigan's move demonstrates the utter corruption of U.S. financial and economic policy. Here you have a quasi-public official joining a private operation fronting for economic warfare to destroy the economies of Russia, Europe, and the United States. Having devalued the British pound and the Italian lira, Soros has now publicly stated his intention to sink the German mark.

Corrigan is not the only Fed official involved, either. Federal Reserve Governor Wayne Angell has been working on East bloc economic "reform" for several years, as has Citicorp Vice Chairman H. Onno Ruding, a recent member of the New York Fed's International Capital Markets Committee.

### Looting eastern Europe

The corruption involves not only currency manipulation, but also the related manipulation of raw materials prices. Western operators are buying large quantities of cheap Rus-

sian minerals and other commodities, and are dumping them on western markets—in the case of Europe, at about 50% of the price of comparable European products. The result is that cheap Russian labor is replacing more adequately paid western labor, and western companies are going bankrupt. Since most of these minerals are bought with dollars, the result is a huge dollar windfall for the Russians, primarily the *nomenklatura*. The dollar, which was worth about 200 rubles at the beginning of 1992, is now worth more than 1,000 rubles.

An example of how this works is the case of aluminum. Before the Berlin Wall fell, the Soviet Union exported an average of 250,000 metric tons of aluminum each year. This year, the members of the Community of Independent States (CIS) are expected to export 1.2 million tons, some 8% of western production. As a result, the price of aluminum ingot on the London Metal Exchange has dropped from a peak of \$1.65 a pound in June 1988, to around 53¢ a pound today, the lowest price for primary aluminum ever recorded. That means that virtually all of the world's major aluminum producers are losing money. The aluminum industry needs a minimum of 80¢ per pound to cover full costs and invest in new capacity.

The London Metal Exchange aluminum stocks are at a record of nearly 2 million tons, and there is also a substantial supply of off-grade aluminum sitting in western warehouses.

The situation is similar for nickel, where prices are at six-year lows and falling. Prices have fallen to \$2.23 a pound, and AME Mineral Economics expects the price to fall as low as \$2.18 a pound. Nickel sold at \$6 a pound in 1989. At the current price, many of the world's nickel producers are already losing money. New nickel imports from the CIS accounted for 18% of world production in 1991 and 1992, while primary nickel production in the West will fall by

30,000 tons from the 595,000 tons produced in 1992, according to Billiton-Enthoven Metals, a unit of Royal Dutch-Shell.

As a result of these depressed prices, major metals producers are cutting production, shutting down plants, and laying off employees. Inco Ltd., the Toronto-based nickel producer, is cutting production by 40 million tons this year, to 380 million tons. Aluminum Company of America, the Pittsburgh-based aluminum producer, announced June 28 that it would cut its U.S. production by 268,000 tons (nearly 25%) and lay off 750 people in five states. The Alcoa cuts are the biggest by any major producer since 1991, when the increased CIS shipments began. Canada's Alcan is threatening to close its Lynemouth, England smelter, and has closed its Aratú smelter in Brazil.

### Rich crooks

Coordinated by the highest levels of Anglo-American finance, these economic warfare operations are being run through the networks of carpetbaggers like George Soros and Marc Rich, both of whom have strong links to the Rothschild interests.

Rich, who fled the United States to Switzerland to avoid charges of income tax evasion, began trading with Russia in the 1980s and today is one of the largest traders, with an estimated \$1.2 billion in deals in that country. In 1991, Rich bought 500,000 tons of Russian aluminum—more than half of its total exports—and dumped them on the western markets, dropping the price on the London Metal Exchange by half. That action triggered strikes in the United States by the AFL-CIO, which demanded his extradition from Switzerland.

Soros is owned by two groups, most immediately by Jacob Rothschild and his cousin Sir James Goldsmith, and also by the Federal Reserve Bank of New York. Alfred Hartmann of the Zug, Switzerland-based Rothschild Continuation, the holding company for N.M. Rothschild of London, is the business partner who connects Soros to Rich.

### Citicorp, again

Citicorp, which serves as a custodian for Soros's Quantum Fund and has provided him with lines of credit during his currency speculation, as well as joining him in his speculative raids, is also involved with him in Argentina, where Soros has been making investments through Citicorp Equity Investments.

Soros began his operations in the country in 1990, and in 1991 bought up part of the IRSA real estate investment company. Since then, IRSA has specialized in buying up undervalued properties, remodeling them, and selling them for a bundle. Baring Securities, a subsidiary of Baring Brothers, arranged for IRSA shares to be sold on foreign stock markets, and placed 13 million among its own clients, including Merrill Lynch, Arnold and S. Bleichröder, and others.

When the Argentine branch of Citibank sold its shares in Citicorp Equity Investments (CEI) last year, Soros bought 2% of the shares through his investment funds. It is through CEI that Soros has moved into the purchase of privatized state companies.

CEI has already been involved in several privatizations in Argentina, including of such important companies as Altos Hornos Zapla (owned by the Army), the state-run telephone company, two large gas firms, and many others. Soros himself bought up 1 million shares in YPF, and CEI purchased another 3 million.

H. Onno Ruding, the Citicorp vice chairman in charge of the bank's derivatives dealings, also has close ties to Soros. Ruding, the former Dutch finance minister and chairman of the International Monetary Fund's Interim Committee, spent much of 1990 working with former Federal Reserve Chairman Paul Volcker, George Soros, and Jeffrey Sachs on the restructuring of the Polish, Hungarian, and Czech economies. Ruding and Soros met with Polish Prime Minister Leszek Balcerowicz on this issue.

In his book *Underwriting Democracy*, Soros claims that he and Sachs instituted International Monetary Fund (IMF) "shock therapy" in Poland with the help of Balcerowicz.

### Funny money

Meanwhile, the derivatives markets are providing huge profits for the banks. Citicorp reported \$572 million in income from trading in financial markets for the second quarter, compared to \$314 million one year earlier. That broke the quarterly record for U.S. bank trading income set just one week earlier by J.P. Morgan, with \$520 million. Chemical Bank also reported a sharp rise in trading income, which accounted for \$298 million of its \$381 million in profits.

"Citicorp and Chemical had huge trading results, virtually the only source of real revenue strength among money center banks," the *Wall Street Journal* observed on July 21.

Morgan had a trading income of \$989 million for the first six months, compared to a trading income of \$959 million for all of 1992. The bank reported a net profit of \$431 million for the second quarter, and a first-half income of \$726 million.

The "results in the second quarter, like the first, were exceptional," said Morgan chairman Dennis Weatherstone. "Trading performance stood out, with substantial gains in trading of debt instruments and strong results in swaps and other derivative instruments."

Weatherstone led a recent study of derivatives by the Group of 30 financial institutions, which argued against further regulatory oversight, and insisted that the derivatives players should be allowed to police themselves. But Morgan has the regulatory bases covered, too. Former Morgan managing director Douglas Harris, a derivatives specialist, has been appointed senior policy adviser to the U.S. Comptroller of the Currency, which regulates national banks.

# Soros out to devalue mark, attack U.S.

by Scott Thompson

"Golem" George Soros is still running amok, seeking to devalue Germany's deutschemark, then blow out the U.S. banking system. In the first phase of his operation, on June 9, Soros, who had already started a run on the mark, wrote *Times* of London economics editor Anatole Kaletsky, calling for a full-scale assault on Germany's currency, as well demanding that Bundesbank (German central bank) interest rates be lowered. Soros said that given the weakness of the German economy, the mark was grossly overvalued relative to the dollar.

In speaking to top bankers for the British-centered Rothschild family, who dominate the board of Soros's flagship, offshore Quantum Fund NV, *EIR* corroborated the second phase of Soros's plan. He is short-selling U.S. Treasury bonds, ostensibly to raise interest rates and thereby strengthen the dollar relative to the mark. But, the reality is, as Soros's partners admit, that this process of raising interest rates will "bust the major U.S. banks."

Jeremy Smouhar, an employee of Global Asset Management (GAM), whose chairman, Gilbert de Bretton, had been a 25-year employee of the Rothschild family, told *EIR* that Germany may have to be put through a year of austerity before a full-scale assault on the mark succeeds. GAM is partly owned by Lord Jacob Rothschild's St. James Place, which is represented on the board of Soros' Quantum Fund by Nils O. Taube.

"Soros has punctured the belief that the mark cannot be gone after," Smouhar told *EIR*. He has made it clear that there are other European currencies that are stronger. . . . Soros made the Germans and the world sit up to realize that Germany is not in the best shape. We do not project a full-scale attack on the mark now, but the mark is already near the floor of the European Rate Mechanism. There are serious questions being raised whether the French franc, as opposed to the mark, should not become the anchor of the ERM. In a year, after Germany has lowered wages, reduced expectations, and picked itself off the floor, then we shall see whether Soros, in combination with other financial interests, will force a major devaluation of the mark."

Smouhar said that Soros's statements about the weakness of the German economy showed how Soros used his "theory of reflexivity" in financial warfare. Soros is manipulating the

"perception" that the mark is weaker than in "reality," so as to cause a stampede against the German currency. This is a new name for an old con man's trick.

Nils Taube, supervisory director and chief executive officer of Lord Jacob Rothschild's St. James Place, told *EIR* in a July 7 interview that since Soros's June 9 statement on the German mark, there has been a significant percentage drop in the value of the mark to the dollar. Actually, Soros began to speculate against the mark before this statement, when the mark was 1.58 to the dollar.

However, Taube complained that the rate of devaluation of the mark to the dollar has been slowing. Taube said that one week after Soros's announcement, on June 16, the rate had fallen to 1.69 to the dollar. But, in the ensuing period from June 16 until July 7, the mark had only dropped to 1.70. Still, Taube said that Soros is convinced that the dollar will strengthen relative to the mark over the long haul. And, it appeared on July 20, when the rate stood at 1.71, that the rate of devaluation might be starting to pick up again; there had been an 8.7% devaluation relative to the dollar since Soros began speculating at a 1.58 rate.

## Busting the U.S. banks

Taube admitted that Soros is short-selling U.S. Treasury bonds and hoping that interest rates will rise, although he protested that "George Soros cannot manipulate the bond market," as it is "zillions of dollars daily." Soros appears to be bucking the policy of the Clinton administration—for a weak dollar and ever lower interest rates—which seeks to export the \$300-400 trillion annual derivatives market. Soros seems to hold to the monetarist belief that since rates have reached bottom, they have nowhere to go but up. While in the short term, high U.S. interest rates would strengthen the dollar relative to the mark, this policy would also threaten to pop the derivatives bubble.

Initially, Taube protested that major troubled banks like Citicorp/Citibank can withstand higher interest rates, having recovered through profits earned by participation in Soros's speculative devaluations of the pound, lira, mark, and so forth. However, Taube admitted: "If Soros's policy of higher interest rates prevails, then all the major U.S. banks like Citicorp will go bust in the foreseeable future. It is inevitable."

Amidst massive corruption, like the insider trading information Soros and Citibank got from operatives of outgoing New York Federal Reserve chairman Gerald Corrigan on central bank moves to defend their currency, "Golem" Soros is following a plan that will destroy what little remains of the world's economy. First, he is seeking to devalue the mark and the German economy, which he hates, as the British do. Second, he is taking steps that his own board members admit will bust U.S. banks, possibly exploding the \$300-400 trillion derivatives bubble in the largest financial bust in world history.



# Behind China's economic chaos lies boundless corruption

by Cho Wen-pin

By now, even the communist government of China can't deny that the country is facing an enormous economic crisis. The buzzword used to be "overheating," which polarized the supposedly authoritative opinions on China's economic disease. But, according to the July 4 issue of *China Times* weekly, the State Bureau of Statistics recently reported that China's "economic crisis is worse than just overheating."

The report reveals that among China's many problems, agriculture remains at the top of the list. Next in severity comes the infrastructure bottleneck (that is, if the bottle still holds water), followed by an excessive money supply, a real estate bubble, and stock speculation. What it did not report, of course, is the corruption among China's privileged power clique, corruption which goes far beyond the crisis people normally perceive.

## From farmers to finances

China's peasants account for 80% of the population in the mainland, or 20% of the entire world's population. But investment in the countryside has remained essentially moribund during the past decades. As a result, agricultural household income has increased only 6% each year, less than the nationwide inflation rate, which is predicted to be at 10% this year. In mid-July, the *China Daily* reported on a recent survey showing that 80% of the young peasants in Henan province want to give up farming and migrate to other areas. But there are no jobs waiting for them anywhere. "Some researchers say that the migrants could become a social problem," commented the paper—a gross understatement. And when the peasants are subjected to social injustice, their political consciousness and indignation can rise to levels far beyond what the communist regime would like to see.

The transportation crisis, caused by lack of basic infrastructure, is another never-ending headache for Beijing. From January through May of this year, China's railway department transported 631 million tons (mt) of goods—14.37 mt less than proposed for the period, and 1.48 mt less than the level for the same period last year. About 9.6 mt of much-needed coal was not transported, but was left sitting at railway stations flooded by a passenger overflow of 25 million migrating people.

The third symptom of China's economic crisis, as even the government now openly admits, lies in the financial sec-

tor. Excessive money supply is fueling inflation, which feeds back to create a demand for even more money supply, draining the local banks. All three government mints have been operating full throttle, overdosing the country with 28% more paper bills than were available last year. Up through May, China issued 150 billion more yuan (\$27 billion) than the previous year.

Much of the money from local government goes into pumping up the real estate bubbles in some 6,000 "special economic zones." In Shanghai, it is estimated that real estate siphoned off \$2 billion in foreign investment, much of which may actually come indirectly from Chinese financial resources. As for the funds invested into export-oriented assembly lines, capital is often wasted in redundant efforts to produce the same types of consumer goods. Interested in tax benefit policies from Beijing, these investors have to compete first with the real estate contractors for building materials; then, once they have completed construction and have emptied their bank accounts, they again face price wars over raw materials.

Corrupt government officials, along with thugs from outside the mainland, are fishing in these troubled waters of "financial reform." This has already sunk the former governor of the central bank, and has cast a cloud over Premier Li Peng around a recent bond scandal involving over 1 billion yuan (about \$180 million) and 100,000 victims. Another huge black hole that drains government capital and the blood of cheap labor, is the ever-accumulating offshore balances.

## Beijing's money-laundering scheme

One furious Chinese intellectual, reporting in the overseas Chinese newspaper *World Journal* July 7 on his recent visit back home, summarized four major problems that shocked him. Besides moral degeneration and the calamitous state of education, he mentioned the expanding power of Chinese managers of joint ventures or chiefs of state-owned group enterprises, who are either the next generation of the Communist Party founding members or government bureaucrats on leave. He saw such people spending \$100 for admission to enter an exclusive bar in Beijing; tipping an escort girl with \$200 in Guangzhou; or paying \$16,500 to join a nightclub in Shanghai, where a bottle of cognac may have a \$1,000 price tag; while some starving peasants in remote areas live on an annual income of as little as \$40.

On July 4, the *Sunday Morning Post* of Hong Kong reported that Larry Yung, chairman of China International Trust and Investment Corp. (CITIC), has spent at least \$7.5 million to purchase the family home of the late British Prime Minister Harold Macmillan. The new owner of this 14-bedroom country house in east Sussex, is the son of Chinese Vice President Rong Yiren—the famed “red capitalist.”

But where does this kind of capital come from? Co-authors Shang Hai and Wan Runnan tried to solve the puzzle in their report in the June 30 issue of *China Focus*, a monthly newsletter published by the Princeton China Initiative. They first examined the striking but often ignored question of why China’s yuan has depreciated 50% against U.S. dollar, while Beijing’s official statistics claim that the total foreign capital invested in China from the beginning of 1992 through the second quarter of 1993 has exceeded the total amount for the previous 12 years combined. Their investigation revealed that over the last few years, Hong Kong has become the “the Switzerland of China’s privileged clique—i.e., a money-laundering center,” and a springboard of China’s capital flight. Shang and Wan reported how mainland capital first lands in Hong Kong, and then magically gets back into the hands of Chinese empowered via various routes.

It works as follows: First, the value of export goods from the mainland is under-declared in order to evade controls

from the foreign exchange administration and Chinese customs. When a company trades with Hong Kong partners, it claims in China far less than the true value of its exports, and then gets kickbacks from its agents in the form of direct deposits, stocks, or bonds. The inverse form of the same trick is to over-declare on imported goods in order to earn commissions from Hong Kong, Taiwan, or Japan.

To determine the size of the “window” created by “mis-invoiced” import-export deals, one can evaluate trade balances between China and its major trading partners. For instance, China has publicly denied the \$18 billion trade deficit which the United States claimed to have with China in 1992. Research by a French investment bank shows that Chinese had under-declared at least \$10 billion in its trade with the United States. Much of this discrepancy was “captured” in Hong Kong. The *Far Eastern Economic Review* on July 15 quoted another source from Lehigh University in Pennsylvania which estimated this capital flight at \$15-25 billion in 1990, \$13-28 billion in 1991, while in 1992 it rose still further, at an accelerating rate of 23%—more than the boasted growth rate of China’s Gross Domestic Product. And this leakage figure would be much larger if China’s “invisible” military trade were also included.

Next, Chinese parent companies take this opportunity of privatization to obtain money from the state treasuries, and

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inject the capital into their Hong Kong subsidiaries at far below market prices. A large chunk of the difference becomes stock or deposits of the Chinese managers in their phony Hong Kong fronts.

Finally, part of the capital becomes re-invested back into joint ventures on the mainland, thus giving them a tax-free ride. The scheme reduces not only genuine foreign investment in the mainland, but also government revenues. Or, going beyond that, Hong Kong companies engineer deals to turn over ownership rights, and become the holding companies of mainland enterprises. This puts the managers of mainland companies on the boards of directors of both sides—with top job security, since, as long as the reform policy remains, no one is able to fire these communist bureaucrats.

This explains why the newly rich, corrupt communists are so zealous about joint ventures and privatization. It may be a true tale that in 1989 George Soros was accused of being CIA-connected and was kicked out of Beijing after the Tiananmen Square massacre; but now China has lured swindlers from Hong Kong—so-called “overseas Chinese patriots”—to skim and share the best part of the pie.

### ‘Malmarmaoism’ can’t save China

“Farmers may rebel!” This possibility has the Chinese Communist Party quaking in its boots, and they have issued a 36-point policy to try to ease tensions in the countryside. Many peasants live no better than their exploited grandparents did in the 1930s, and the enraged laborers, whom Mao led against the Nationalists, may become the major force for creating the potential to overthrow a regime which has already fooled them once before.

To counter this, Beijing is attempting to restore the system of militia among the workers and peasants on the one hand, and on the other hand claims it is combatting corruption and decadence among ranking party leaders—a move to stop those who trade in power now, but to allow their underlings to come into power later.

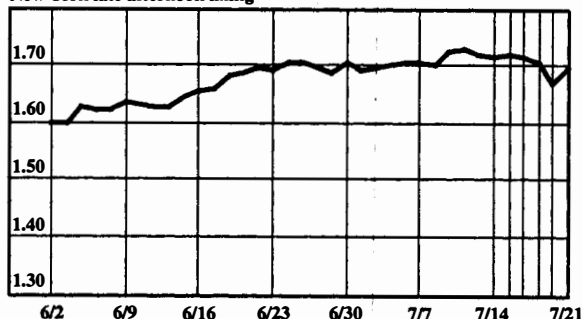
With the worship of money emerging as China’s new religion—based on the same corrupt image of man as that of the communists—China is doomed, whether it sticks with the communists or turns to the monetarists. The only difference between Mao Zedong and Deng Xiaoping, is that Mao claimed that “power comes from the barrel of a gun,” whereas Deng now believes that power can also come from a pile of cash. Deng’s regime makes deals with “red capitalists” and calls it a “socialist market economy” with Chinese characteristics—his unique modern blend of “malmarmaoism” (a mixture of Malthus, Marx, and Mao)—equivalent to the ancient Taoist legalism that ended many Chinese dynasties disgracefully in past centuries.

The drama of Chinese history of today is digging a gigantic grave for communism—but it could end in a terrible tragedy, sacrificing millions of lives, unless the Confucian “way of commonwealth,” in the tradition of Sun Yat-sen, prevails.

## Currency Rates

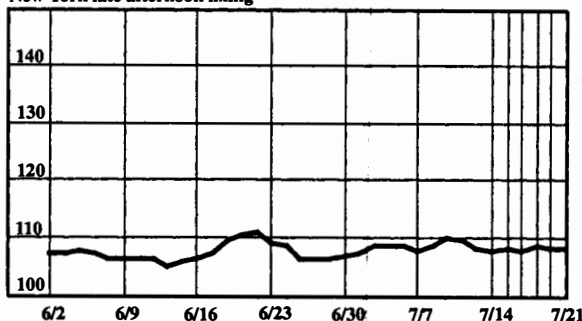
### The dollar in deutschemarks

New York late afternoon fixing



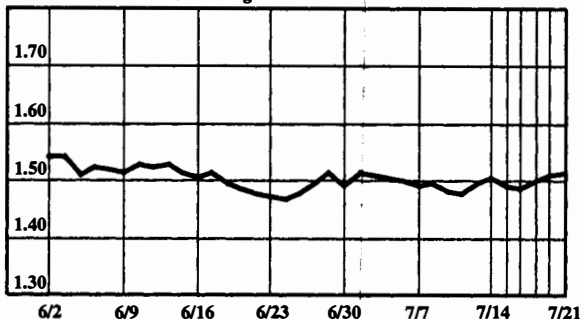
### The dollar in yen

New York late afternoon fixing



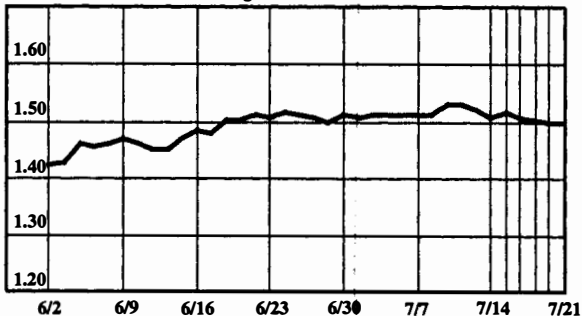
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



## German fertilizers for African farmers

*The urgent need to fight worldwide famines is addressed in Thuringian potash miners strike.*

With the speech Helga Zepp-LaRouche, chairwoman of the German Civil Rights Movement Solidarity (BBS), gave to a public rally of several hundred protesters in the Thuringian town of Bischofferode July 17, the weeks-long strike of 700 potash miners against the foreclosure of their Thomas Muentzer mine entered a new stage.

Zepp-LaRouche's address was in support of the 42 miners and wives who had been on a hunger strike for almost three weeks. The speech introduced a highly explosive aspect, when she linked the political thrust of that strike, which opposes the deindustrialization policy of the free market-oriented Berlin Treuhand agency and its backers in the banking sector and the government, to the efforts of two prominent Germans who wanted a return to a pro-industrial approach but paid with their lives for it: Deutsche Bank chairman Alfred Herrhausen (killed by a bomb in 1989) and former Treuhand agency chairman Detlev Rohwedder (shot dead in 1991).

The ideas these two stood for must be seen in the broader context of a worldwide struggle against the crimes of the free market ideologues, and are continued in the struggle of the potash workers today, she stated, to the applause of the audience (with the exception of a few leftist hecklers). She declared that German potash could help to fight famines in the developing nations.

The favorable response of most of the workers shows the moral commitment behind this strike, which was launched against the explicit "no" of the mine workers union.

Although many reporters attended the rally, neither the speech nor the essential demands of the hunger-striking miners have been reported by media since that strike began in early July.

It is well understood in the German establishment that this strike is different from previous labor protests, and that it occurs in a much broader social context. The political establishment, including the labor union bureaucracy, fears that the Bischofferode protest will become "a turning point in the social history of post-unification Germany," as numerous influential dailies such as *Die Welt* and the *Frankfurter Allgemeine Zeitung* warned in editorials published after July 17.

The press wrote that this strike set a new model for labor protests, notably in eastern Germany, where 900 companies still under the control of the Treuhand agency are slated for foreclosure because they cannot be privatized under prevailing free market conditions. This poses the threat of another 800,000 layoffs in the former state-run east German industry, which has already had to lay off 60% of the work force it had before unification.

The Bischofferode miners did not back down in the face of the usual empty promises made to them by bankers, phony investors, the Treuhand agency, and the government, but decided to continue their action until they had a written guarantee of jobs. Thus, they set a new standard of labor determination that may, as Regine Hildebrandt, the labor minister of Brandenburg (one of the five eastern German states), said on national Ger-

man television July 19, be repeated in "hunger strikes in virtually hundreds of other eastern companies that are awaiting the same fate."

From the start of the struggle of east German potash miners against having their jobs eliminated under the regime of "rapid privatization" in spring 1991, they have drawn the connection between the production of potash as a key component of fertilizer and its undersupply in nations of the developing sector. The slogan "German Potash Against World Hunger, Secure Jobs for Us Here" has played a prominent role in miners' mobilizations, and two years ago was still openly supported by the mine workers union.

German potash mining managers are now joining the propaganda of the cartels about an alleged "30% overcapacity in global production."

Yet only two years ago, on May 28, 1991, Otto Walterspiel of the Kassel Potash Company said: "The world needs potash to have food for a growing population," at the World Potash Conference in Hamburg. He attacked an absurd situation in which, although there are sufficient resources and production capacities, "the European Community is reducing its food production, sales are also down in eastern Europe, and the developing countries have no money to buy potash, an irreplaceable plant fertilizer."

"Providing food to a growing world population can only be guaranteed by a stable potash-producing industry," he said, calling for state intervention. The potash miners in Bischofferode have campaigned for just that, a state-funded program to save the mines from foreclosure, with the aim of using the potash for the production of fertilizer, which then would be shipped to underdeveloped countries to help them build up their own food production capabilities.

## Colombia oil find sparks policy brawl

*The IMF wants the revenues to go toward paying the debt, while some are arguing for a development program.*

Since 1982, many nations of Ibero-America have been subjected to a decade of virtual foreign rule over their economies, in the form of austerity policies dictated by the International Monetary Fund (IMF) to compliant Presidents and their administrations, which have wrecked the economies of Venezuela, Argentina, Mexico, Peru, Bolivia, and most of Central America and the Caribbean. Above all, virtually every country in the continent has been forced to decimate its expenditures for infrastructure (water, transportation, communications, and power production and transmission projects), all to supposedly "combat inflation."

Thus, when Colombia, which is in need of billions of dollars just to modernize its road system, and which went through a year of disastrous power shortages last year for failure to adequately invest in electricity generation, found itself early this year facing the prospect of an extra several billion dollars a year in government revenues from its new Cusiana oil field in the Amazon, which has just gone commercial, one might have expected strong national support for investing in the needed infrastructure and related programs.

While many voices were so raised, there is now a heated debate over what to do with the oil revenues, with the faction that favors IMF austerity policies for Colombia arguing strenuously that under no conditions should this money be invested in infrastructure or any other useful purpose. Many are arguing that the oil money would be best used for paying off the

country's foreign debt, even before it comes due. No recent debate has highlighted so clearly that the aim of the IMF and its sycophants is not fighting inflation or government deficits, but stopping development.

The line of those opposing investment is simple: Government expenditures are inflationary, by definition, and with inflation comes devaluation of the peso, which will hurt everybody.

The argument is bogus, as pointed out by *La Prensa* columnist Oscar Godoy, who in an early July article reviewed the development experience of Indonesia, which, with much more oil, managed to invest in development over a 20-year period without causing inflation or other unwanted side effects on the economy. Constructing needed infrastructure is actually anti-inflationary because productivity is vastly increased while productive jobs are created to build and operate the new installations, putting more earning power into the economy and stimulating industry to expand.

Perhaps the most amazing proposal came from Guillermo Perry, a researcher for a think-tank called the Foundation for Higher Education and Development and a former cabinet member, who argued in an article on July 9 that all the extra revenue from the sale of the oil from the Cusiana region should be deposited in a special fund outside Colombia, basically to lie there unused for the indefinite future. His idea is that the best way to avoid inflation is to just not spend the money! Perry's political godfather is Liberal Party presidential pre-candi-

date Ernesto Samper Pisano, who is rumored to favor Perry for finance minister should he win election next year, and who doesn't rule out investing in infrastructure, just making it the last priority.

Another proposal in this vein is the call of Colombian Central Bank board member Roberto Junguito Bonnet to simply leave the oil in the ground, and dribble it out so slowly it won't do anyone any good.

On the other side of the debate are several members of the cabinet and other nationalists. Foreign Trade Minister Juan Manuel Santos urged in a July 9 article in *El Tiempo* that the funds be invested in infrastructure, technology, and human capital. He debunked the notion that such investments would automatically be inflationary, saying that with careful management of fiscal and monetary policy, that could be avoided. He was backed up by the National Planning Department, which released studies it had done recommending that the oil money be reinvested in the oil sector and in public infrastructure.

Industrialist Fabio Echeverry Mejía, former head of the Colombian Industrialists' Association, wrote in a July 7 article that paying the foreign debt with this money would be "a grave error." He urged investing in the "social arena—health, education, infrastructure—with particular emphasis on the worst-off sectors of the population."

The most elaborated proposals for what to do with the funds are from the Ibero-American Solidarity Movement, associated with Lyndon LaRouche. Three years ago the movement put out a program proposing large-scale infrastructure projects, from roads and railroads to power, water control, and irrigation projects, and a new trans-isthmian canal through northwest Colombia.

# Business Briefs

## Petroleum

### U.S. oil production falls as imports climb

The American Petroleum Institute (API) issued its biannual report on July 14 on U.S. oil production, import, and consumption statistics for the first half of this year. The report shows that both domestic production and consumption continue to fall, while imports continue to rise. Production is now at a 35-year low, consumption is lower than in 1977, and imports have increased 9.2% from a year ago.

The API report was presented by Edward H. Murphy, the institute's director of finance, accounting, and statistics. Murphy said that domestic crude oil output had fallen to 6.9 million barrels a day, a 5.5% drop from a year ago, with the biggest drop recorded on Alaska's North Slope. North Slope production fell 8.5% from last year's levels. He attributed the falling production to lagging prices and restricted new drilling, according to the *Houston Chronicle*.

The *Chronicle* quotes Murphy: "Last year at this time, spot West Texas Intermediate was \$21 a barrel. Now it's around \$18. Ask anybody last year what they thought prices were going to be in July of this year, and they'd tell you it was going to be \$21 to \$22—and they expected stronger demand. . . ."

"It's very much a self-inflicted wound. It wouldn't be falling like this if we were allowed to drill where the oil is," he said, in reference to protected areas offshore and in Alaska.

## Health

### AIDS will absorb most of budget, says South Africa

The AIDS problem will absorb most of the future public health budgets of the Republic of South Africa, a new report by the state medical research council released in early July reveals. The report warns that 75% of the state medical

expenses will flow into the struggle against AIDS by the year 2000.

The report gives a devastating picture of the rise of AIDS infections among black youth (predominantly young females), the depopulation of entire regions, and the dramatic increase of AIDS cases among newborn children.

Half of the world's recorded AIDS-infected cases are Africans, especially in countries that are faced with grave economic problems, political unrest, and civil war, the report says.

## The Balkans

### Soros-Sachs 'reform program' caused war

In early 1990, a "Yugoslav reform program" drafted by Prof. Jeffrey Sachs from Harvard and approved by the International Monetary Fund, in the name of the Markovich government, and involving speculative financier George Soros, led to the dissolution of Yugoslavia and the ongoing war in the Balkans, the secretary of economics of the former Yugoslav government in Belgrade told a journalist in July.

Elements of the Yugoslav "shock therapy" program were even more draconian than the similar program imposed on Poland. When asked if the Yugoslav economy had begun to collapse under this Soros-Sachs "reform," as was happening in Poland, the official said: "This was the problem with Yugoslavia, which fueled dissolution and war, because of the decline in the economy. There had been zero or negative growth since the early 1980s . . . but with the reform program, there was an even greater drop that was followed by the breakup of the country, disruptions, and collapse."

In his Nov. 18, 1992 speech to the Harvard Club of New York entitled "Nationalist Dictatorships versus Open Society," Soros admitted promoting a Yugoslav reform program, but denied blame for the subsequent genocide: "The Yugoslav economic reform program was

introduced at exactly the same time as the Polish one in January 1990. I remember visiting Yugoslavia in April or May 1990 and the situation looked much better than in Poland." But, said Soros, Slobodan Milosevic felt threatened, stole the money from the National Bank of Serbia, and used it to get elected by promoting "Greater Serbia."

## Asia

### Three nations to map out development plans

A northern growth "triangle" plan is being pushed by senior economic officials and academics from Indonesia, Malaysia, and Thailand, the Australian *Financial Review* reported in early July. The idea for the project, encompassing northern Sumatra in Indonesia, the four northwestern states of Malaysia, and southern Thailand, apparently emerged three years ago.

Officials plan to meet in July to draft an agenda, pinpoint cooperative projects, and provide terms of reference for a feasibility study by the Asian Development Bank within eight months. "The necessary leg-work has been done, and the approaches to various government officials have been completed," said Ismail Muhammed Saleh, deputy director general of the Kuala Lumpur-based Institute of Strategic and International Studies.

## Demographics

### Russia faces disaster, warns parliament paper

*Rossiskaya Gazeta*, the publication of the Russian Parliament, warned in mid-July that Russia is facing a demographic disaster. The figures were more stark than those previously published, giving rise to accusations that they are exaggerated. However, the general trend is unquestionably accurate.

Last year, 200,000 more people died in Russia than were born, the paper reported. In Moscow and St. Petersburg, deaths outnumbered births by almost two to one. There is also mass migration from the countryside. In the past 10 years, over 3 million Russians have left the villages for the cities, leaving 51,000 villages empty. About 40% of marriages end in divorce and nearly one in five women of childbearing age have an abortion in any given year, because no other form of birth control is available. The number of suicides rose 15% in 1992.

## Poland

### Two-fifths of population living in poverty

Some 39% of the Polish population is living below or very close to the poverty level, according to a new report released on July 12 by the National Bureau of Statistics in Warsaw. Families with many children, single mothers, and the aged are the most affected. The report dealt with the year 1992.

The dramatic collapse of living standards under the International Monetary Fund-imposed regime of the past three years is characterized by the fact that 43% of all households can secure food only if other expenses are cut to a minimum or are not paid, such as rent and electricity—which 16% of all households are already doing. Some 20% of families have to borrow money to afford basic foods.

The fact that 20% of all low-income households do not have a supply of fresh water, and 50% of these households have no warm water, has public health officials alarmed, as does the fact that more and more children from low-income families are suffering from the effects of long-term malnutrition.

The French daily *Libération* reported on July 15 that the large majority of Poles abhor Jeffrey Sachs's "shock therapy" program. Coal production is only 60% of what it was in 1980. Steel production has gone down by one-half in four years. Factories manufacturing

trucks, tractors, and aeronautic equipment are producing material that is not being bought. Officially, unemployment is 2.6 million, but "nobody has any illusions: The number of those without work can only grow in the next years, to the rhythm of the closures of factories and plans of restructuring. Planning chief Jerzy Kropiwnicki speaks of 3.5 million unemployed by the end of next year. Concerned about the rise of unemployment, the population also sees its resources collapse from year to year. . . . Between 1989 and 1992, salaries have gone down 26.6% in real terms; this year, they should go down a further 5%."

## Biological Holocaust

### Antibiotic-resistant bacteria emerges

New York City Health Department officials report in the current issue of the British medical journal *Lancet*, that there is widespread emergence of antibiotic-resistant common bacteria. Dr. Thomas Friedan and his colleagues report that enterococci bacteria, which regularly live in the human intestines, are now resistant to the antibiotic vancomycin. This first appeared in New York City hospitals in 1989, but by 1991, there were 38 hospitals with cases of drug-resistant enterococci bacteria. Of 100 people infected with the drug-resistant bacteria, 42 of them died, half from conditions directly related to the new bacteria strain.

Conditions in New York City and many Third World cities are ripe for disaster, the *Lancet* piece said, according to the July 13 *London Times*. The combination of high-tech medicine sporadically administered in the midst of total social and economic deprivation, drug abuse, and AIDS, is deadly.

The discovery of antibiotics and the prevention of deaths by infection was the single most effective medical discovery in history; it added 10 years to the average human lifespan, and therefore, the development of antibiotic-resistant bacteria is extremely dangerous. Drug-resistant tuberculosis is the biggest worry.

● **GERMANY'S** electronics sector will eliminate 50,000 jobs this year, industry spokesmen announced in Frankfurt on July 13. Apart from a drop in consumer products, the crisis in the aerospace and power-generating sectors and in the automobile industry was cited as the main reason for the decrease.

● **J.P. MORGAN** Futures, Inc. was fined \$125,000 by the Chicago Board of Trade for a series of violations, UPI reported July 16. The company is accused of failing to have contract-grade Treasury notes at its bank in an acceptable form to meet delivery dates on five occasions.

● **INDIAN FARMERS** ransacked and partially damaged the manufacturing factory of the multinational Cargill Seeds Ltd. The Karnataka Rajya Ratha Sangha (KRSS) group is demanding a ban on the cartels in the seed sector and the maintenance of the status quo with regard to the Indian Patent Act of 1970.

● **FRANCE'S** government is refusing to increase allowances for families, despite a drastic drop in birth rates, according to *Quotidien de Paris*. One demographer told the daily that such an increase would "express confidence in the future."

● **YEMEN** started a two-day aerial spraying campaign on July 14 to combat invading swarms of locusts, Reuters reported from Aden. Yemen officials say crops could be destroyed by tens of millions of locusts carried by winds into the country from the Horn of Africa.

● **THE CANADIAN** commercial paper market could face an agitated or collapsed market situation similar to that which precipitated the collapse of the Olympia and York worldwide real estate giant, Moody's Investors Services warned in a report issued July 14, UPI reported.

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## Environmentalists gear up anti-pesticide hoax

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*The most stringent state surveys show pesticide residues far below EPA standards, which themselves are set far above the hazardous level. Why the scare then? Dr. Thomas H. Jukes reports.*

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*Thomas H. Jukes is professor of biophysics in the Department of Integrative Biology at the University of California at Berkeley. He was one of the featured authors in the June 19, 1992 EIR Feature "Population Control Lobby Banned DDT to Kill More People."*

On June 28, 1993, *Children and Pesticide Residues in the Diet*, a report by a committee of the National Research Council (NRC), was published together with a news release from the National Academy of Sciences, and an opening statement by the chairman of the report committee, Dr. Philip J. Landrigan, at a press conference in Washington, D.C.

The press conference was originally scheduled for June 29, but the date was moved up because an article by Marian Burros on the report appeared prematurely in the *New York Times* on June 27. Burros was formerly a writer on food for the *Washington Post*.

The news release and statement emphasized the vulnerability of children; indeed, Dr. Landrigan ended his statement with the remarkable prediction that "by taking the special steps we have outlined in our report the federal government could go a long way toward ensuring . . . that America's future is preserved."

The release and statement omitted all previous evaluations of the effect of pesticide residues in food. Some of these are as follows.

1) A National Cancer Institute spokesperson on Aug. 27, 1990 was "unaware of evidence that suggested that regulated and approved pesticide residues in foods contribute to the toll of cancer in the U.S."

2) Dr. Bruce Ames of the University of California, Berkeley, has pointed out that "Americans eat an estimated 1,500 milligrams of natural pesticides per person per day, which is about 10,000 times more than they consume of synthetic pesticide residues." The natural pesticides are produced by plants to protect themselves against pests. The natural pesticides, on the average, are no less toxic than the synthetic ones. Dr. Ames concluded that residues of synthetic pesticides in foods are a negligible hazard.

3) In analyses of pesticides in foods, carried out in 20 states, 1990-91, with 18,928 samples, no pesticides were detected in 70.2% of the samples. In the 1990 program by the Food and Drug Administration (FDA), samples tested were 6,602, no residues found; 58%, residues present but within guidelines; 41%, in violation: 1%.

The FDA has recently reviewed its six-year data from food analyses, 1985-91, among which are 10,000 samples of fresh apples, oranges, bananas, pears, milk, and fruit juices. There were also baked goods, infant cereals, infant formulas, and combination dinners. Less than 0.5% of sampled foods violated federally allowed limits. Raw foods tended to have the highest residues, but washing, peeling, and processing can reduce residues by as much as 99%. This was reported in the May-June 1993 *Journal of Official Analytical Chemists International*.

California has published the results of its own program. In 1988, there were 14,504 samples taken. More than 98.8% of the 9,293 samples of more than 200 different commodities were within the tolerance limits established by the Environmental Protection Agency (EPA). No residues were detected



in 76.1%. Residues less than 50% of tolerance were detected in 19.6%. Residues between 50% and 100% of tolerance were detected in 1.1%. Only 1.16% contained illegal pesticide residues. Of these, 0.94% had residues of a pesticide not authorized for use on the commodity. Only 0.23% had residues that were over the tolerance level. The small fraction (1.16%) that contained "illegal residues" were not necessarily hazardous because the tolerance level is set well below the level of actual hazard.

For the Produce Destined for Processing Program, samples are taken at or after harvest. Of the 997 samples of more than 50 different commodities, only one sample contained an illegal residue.

The results of the 1990 program were presented in the following summary (*Issues in Food Safety*, May 1992, California Department of Pesticide Regulation):

"California spends more than \$41 million each year for 'the nation's most comprehensive program to regulate pesticide use.' Results from the nation's largest state residue monitoring program, reported in 'Residues in Fresh Produce—1990,' again confirm that most fresh produce contains no detectable residues and that virtually all residues that are found are well below allowable levels, according to James W. Wells, director of Cal EPA's Department of Pesticide Regulation (DPR):

"The monitoring program includes the marketplace surveillance program, in which commodity samples are taken from throughout the channels of trade—at ports and other points of entry, packing sites, and wholesale and retail outlets.

"Of the 8,278 samples taken of 167 different commodities in the marketplace surveillance program, 8 out of 10 had no detectable residues. Only a fraction of 1% (0.17%) contained residues over the allowable limits. Another 0.62% had residues of a pesticide not authorized for use on the commodity. These detections, usually at low levels, are often the result from drift of a pesticide from its intended target, and do not necessarily indicate a 'safety problem' with the produce tested.

"The report also highlighted results of the DPR's Priority Pesticide Program, in which monitoring is concentrated on pesticides of special health interest. In this program only those crops known to have been treated with a targeted pesticide are tested. Because the crops are known to have been treated, DPR obtains the most accurate data on which to base estimates of dietary exposure.

' "Of the 2,598 samples taken in this program, 92% had no detectable residues,' said Wells. 'The Priority Pesticide program is a key element of our food safety program and we feel these results clearly confirm what scientists have said for many years: The "problem" of pesticide residues in fresh produce is more one of perception, than reality.' "

In short, the surveys show that a significant problem does not exist.

As Dr. Landrigan noted, the EPA tolerance limits for

pesticide residues are set by dividing the no-effect level by 100, and "EPA then divides this number again by 10 if studies have shown effects on the developing fetus."

Dr. Landrigan says, "We believe that EPA should consider using an additional factor of up to 10 when there is evidence of postnatal toxicity." This would not be applicable to samples with undetectable residues.

4) Perhaps most important of all, risk-benefit analyses have led public health authorities to the conclusion that the health benefits, including possible cancer prevention, from fruits and vegetables, far outweigh any deleterious effects of pesticide residues. This was emphasized in the case of children, by the California Department of Public Health at the time of the Alar apple scare. Indeed, Dr. Landrigan does not challenge the conclusion because he says "parents should continue to emphasize fruits and vegetables in their children's diet." So why does he call for a new program?

During the week preceding the release of the report, Natural Resources Defense Council (NRDC) and Environmental Working Group (EWG) issued statements that children are at risk from pesticides, and even revived the discredited claims made against Alar. Other participants in this campaign included Consumers Union, Audubon Society, World Wildlife Fund, and Mothers and Others for a Liveable Planet. The Clinton administration (EPA, FDA, and USDA) issued a joint statement on the same day, June 25, as the EWG, saying "We expect to use the upcoming reports of the National Academy of Sciences and the EWG on children and pesticides as a basis for formulating the legislation and regulatory policies."

It is unusual for comments to be made prior to the release of the report.

## Comments

Some main points of the statement and press release, together with my comments, are:

*Statement:* "The federal government's decision-making process for pesticides does not pay sufficient attention to the protection of human health, especially the health of infants and children. . . . Children are not just little adults."

*Comment:* The decision-making process is based on the protection of human health. The safety margins are sufficiently wide to allow for protection of consumers of all ages.

*Statement:* "We recommend that the government have as its clear goal the setting of tolerances that more fully protect human health."

*Comment:* This goal has been met. Pesticide residues in foods do not endanger human health, as noted by National Cancer Institute.

*Statement:* ". . . by taking the special steps we have outlined . . . the federal government could go a long way toward ensuring . . . that America's future is conserved."

*Comment:* This somewhat pompous prediction may be compared with the actual dangers to children. These include infectious diseases, nutritional deficiencies, parental neglect

and mistreatment, exposure to cigarette advertising, violence, and drugs.

The lack of immunization against childhood diseases is a major problem. This has been emphasized by the Centers for Disease Control, which estimate that vaccination of children is at a rate of only 60%. Immunization of many children is needed against whooping cough, measles, mumps, polio, diphtheria, tetanus, rubella, and hemophilus influenza type B. The vaccines for all these diseases are available from public clinics. However, access to them is limited, and the immunization rate for children below the age of 2 is low, especially in the inner cities (only about 10%).

*Statement:* "We believe that EPA should consider using an additional factor of up to 10 when there is evidence of postnatal toxicity."

*Comment:* EPA uses this additional factor if studies have shown an effect on the developing fetus (i.e., prenatal toxicity). This precaution would appear to be sufficient to protect against postnatal toxicity.

## Summary

1) Analyses of foods show that in most cases pesticide residues were not detected, and in nearly all other cases, the residues were within tolerance limits. These findings show that the problem is a very minor one, regardless of other circumstances.

2) A National Cancer Institute spokesperson on Aug. 27, 1990, states he was "unaware of evidence that suggested that regulated and approved pesticide residues in foods contribute to the toll of human cancer in the U.S."

The National Center for Health Statistics states that age-adjusted cancer mortality rates among white children ages 0 to 14 years have decreased by 35% between 1973-74 and 1985-86.

3) Various public health authorities agree that protection against cancer by fruits and vegetables outweighs any effect of pesticide residues.

4) Pesticides kill pests. Plant protectant chemicals (pesticides) include fungicides. These make a contribution to prevention of cancer by destroying molds that produce carcinogens in food. Organic foods are not protected against molds.

5) Major problems for infants and children, outweighing pesticide residues, are immunization against childhood diseases and the need for adequate protection against traumatic injuries and nutritional deficiencies.

6) Tolerance limits for pesticides are set with a margin of safety of one-hundredth of the no-effect level. This is wide enough to protect infants, children, and adults.

7) Natural pesticides are present in food at levels approximately 10,000-fold the levels of synthetic pesticides.

8) The existing programs to analyze foods for pesticide residues are extensive and adequate. The concern about pesticide residues has been blown out of all proportion.

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## Conference Report

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# U.S. health risk testing is 'worthless'

by Mark Wilsey

The legal and health issues arising from governmental regulations were the focus of a conference entitled "Hazardous to Your Health: Toxics, Torts, and Environmental Bureaucracy," hosted June 8-9 in Washington, D.C. by the Independent Institute. The conference highlighted government policies that the participants contend are "seriously flawed both economically and environmentally," which have helped create a situation in which an explosion of litigation threatens to cripple the "competitiveness of American business and labor." Topics ranged from Superfund cleanup to risk and liability.

Aaron Wildavsky, Professor of Political Science and Public Policy at the University of California at Berkeley, spoke before the conference on a panel on hazardous substances. He has written numerous books and papers on the subject. In his talk, Wildavsky described the nature and magnitude of the problem as it pertains to the use of animal cancer tests in determining human cancer risks. He said that due to the faulty methodology of animal cancer tests, the results will never be good enough to be considered a valid basis for predicting human cancer. The simple fact is that humans will rarely, if ever, encounter the same high dosage of suspected carcinogens that are given to laboratory animals.

## Ludicrous extrapolations

To extrapolate from animal tests to humans, a number of assumptions must be made. It is assumed that the biology of the test animal is similar to that of humans, that an adjustment can be made for the huge human population compared to a limited number of test animals, and that the vast difference in dosage given to animals compared to human exposure does not render the results invalid. Depending on the assumptions made and the statistical models derived from them, the results can vary greatly.

Wildavsky observed that if at the end of this exercise all we know is that the exposure to a chemical given to rats is thousands of times greater than human exposure, then we know nothing of value. And regulations based on such results make little sense, except to provide a spectacularly large margin of safety. He notes that there are limited health benefits in eliminating tiny amounts of synthetic chemical resi-

dues, when you consider the human body's ability to deal with the low level of natural carcinogens we are exposed to every day in our diet.

In addressing ways to reshape regulations, Wildavsky suggests that chemicals should be discussed in terms of carcinogenic or toxic *doses*, rather than simply labeling the chemicals carcinogenic or toxic. Also, there are no guarantees that any chemical dose will be absolutely safe. But, we can make good estimates as to what dose would be insignificant compared to other factors.

Wildavsky asked, "How can a citizen tell the difference between sense and nonsense?" It is his belief that a citizen who is willing to put in some time and read the scientific literature can understand it. He adds that if garden clubs, veterans groups, retired persons, or those who run computer bulletin boards were to study different issues—global warming, DDT, or whatever—and become "citizen experts," they could become powerhouses. A hundred such groups in the United States would make a very large difference in creating a better-informed citizenry.

Wildavsky's well-footnoted paper will appear in the conference proceedings to be published by the Independent Institute, which is due out sometime before the end of the year. What follows is Wildavsky's speech to the conference, slightly edited for publication.

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## Wildavsky: Environmentalist agenda is insane

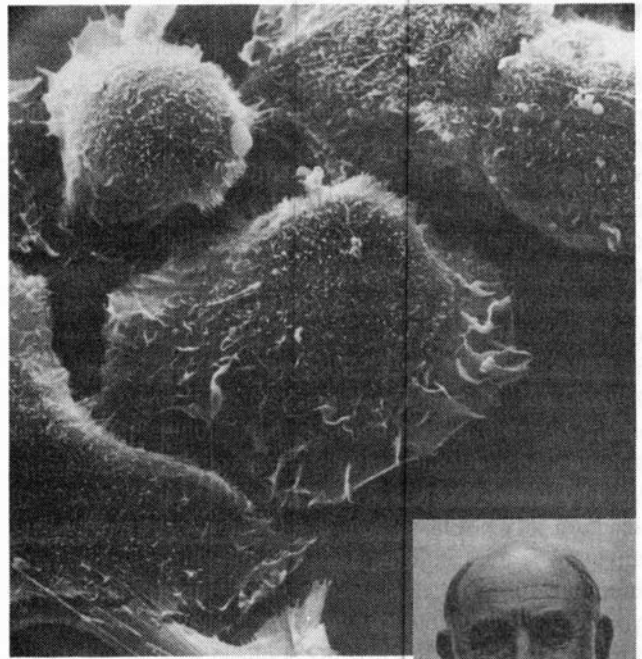
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I think we need to understand the enormity of what has occurred in order to answer the reasonable question of the gentleman from EPA [Environmental Protection Agency], "What should we do?"

A cup of coffee has, roughly, a thousand chemicals. Of these, we know something about 25 or 27 of them. It has been estimated that each cup of coffee—like the two I've had this morning—has, roughly, 15 grams of carcinogenic or poisonous material. How much is 15 grams? It's roughly equivalent to what each and every one of us would get from pesticide residues, from industry, in the food chain in one year. So, you want to make life safer, Mr. EPA? You want to show compassion for the poor SOBs who are getting cancer every 13 seconds? Tell them to drink one less cup of coffee each day.

The amount of natural carcinogens—in everything that grows and expects to survive evolution, most plants and vegetables being chemical factories—compared to the amount of synthetic chemicals we get from industry, the ratio between the two, natural versus synthetics, is roughly 99.99999 to 1. Put otherwise, the natural is 10-15,000 times greater by weight and potency per day than the synthetic.

The first question that every child should ask is not, how



*A malignant tumor in a rat. Government tests extrapolate from experiments with rodents who are fed enormous doses of a chemical, to the likelihood of cancer in humans. "Gentlemen from the EPA, loyal American citizens, this is crazy!" Inset: Professor Wildavsky.*

to kiss a whale this morning. It is, "What the heck are we doing?" This whole regulation business is a crock from beginning to end. There is no truth in it, because there is no harm in it at the very low levels of our concern.

What you should keep your eye on in this shell game is that technical thing called "risk assessment" or "criteria." It's the criteria that matter. If we could alter in a sensible way the criteria that EPA uses to regulate, or that our government in general uses to regulate, everything else would fall into place. We would greatly reduce abandoned hazardous waste sites. So if you say, "What is the one thing to pay attention to?" Pay attention to the criterion of choice. At the present time, EPA uses the following criterion: It regulates at 374,000 times below any damage to man or rodent.

EPA's standard is, you can't cause one in a million cancers. Where did we get one in a million from? I know where we got it from. Gentlemen, would you ever think of telling your girlfriend, "You're one in 10,000"? There's no more to it than that.

Go to your *Information Please*, or some other almanac. Don't let another day pass before you do that. Look at accident rates, morbidity, and mortality rates for the last 100 to 120 years. You'll see such an incredible example of progress. For black and white, for men and women, it's upward and onward in the most remarkable way.

## **We've been doing something right**

Conclusion: We must have been doing something right. It's one thing if the stretcher-bearers are carrying the youth of America away. I used to joke to myself, and say this is the only country in the world that has a simultaneous crisis of Social Security and early deaths. In other words, without understanding the sheer insanity and inanity of what is being done, neither you nor I nor EPA employees can make any progress whatsoever. . . .

The bulk, way over 90%, of governmental regulation of chemicals is based on animal cancer rodent tests. Like you, it never occurred to me that I should ever study such a subject, let alone write about it. But if you understand that the criterion for choice is the essential issue in all of this, and that rodent tests are the devices used, then you realize that either you have to claim ignorance or you have to go into the inner sanctum. My position is very straightforward. I don't want anybody to miss it. These tests are worthless—absolutely, unmitigated, worthless. Moreover, within the next few years you'll see that scientific opinion is moving irreparably and irrevocably against it. Now my students would say, "Well, maybe it's a second or third best." Say you want to go to Baltimore, and I send you by way of Beijing. Is that second best?

Most of you have heard of a few of the flaws of these tests, so I'll mention them, but I won't go into them in order to focus on things you haven't heard about that are more important. We know test animals are fed the maximum tolerated dose. This is very important because in comparing a mouse to a man, they are very small, we are very big. They get fed huge doses—tens of thousands of times larger, sometimes, than us—so you have to control for that. So they say, "Well, these are specially grown mice, they're supposed to have cancers." They consider a benign tumor just the same as a cancerous one because a benign one could become cancerous. But that is not the essence of the matter. Even the difference between the Food and Drug Administration (FDA) and EPA—whereas the EPA uses one criterion and the FDA uses another, they differ by a factor of four—that's not the essence of it. All the things you've heard about "megamouse" experiments are not the essence. The essence is the statistical argument.

In order to extrapolate from a rodent to a human, it is necessary to control for dose and size. Well, there are many dozens of statistical models that could fit the data, but unless you know how cancer is caused, unless you have a mechanistic explanation of cancer causations, there is no way to choose a statistical model. Immediately the small number of social scientists here should tell us, "Is this the case where the choice of the model over-determines the results?" You bet it is. EPA uses what it calls a default model. So I will give you my jaundiced view of this: It's a default of understanding. But I do them a disservice because they do know what they're doing, as I will explain. But

it's not something that we should support.

What difference does it make what model you choose? Roughly, it makes this difference: When you've gone through this \$1-3 million per chemical test, and you've followed the procedures punctiliously—which is not easy to do because you've got to slaughter the animals and put stuff on slides, and it's very long, and tedious, and expensive and, possibly, full of error. Even after all of this is done, what do you know? Well, I will give you my rough translation. You know within 4,000 to 4,000,000 times what's right. That's the margin of error. That's how we bound the uncertainties. Gentlemen from the EPA, loyal American citizens, this is crazy!

I need to say one more thing. Bruce Ames and Lois Gold have a theory called mitogenesis which goes like this: The tests we give these animals are creating the cancers we find. That is, you're poisoning the poor creatures with such high doses, they are engaging in tremendous cell division. It's well known among cancer specialists and in the literature that high rates of cell division lead to cancer. So, as we say, "You take out what you put in." And that theory, while not yet proven, is gaining adherents.

What's the rationale that EPA gives for these tests? "Well, it's the best we have." So, I have news for you: If the best you know is between 4,000 and 4,000,000, it's no good.

## **What should be done**

There are two other things we could and should do, some of which we do now. We could use epidemiology—the study of human subjects. We could have bigger samples and do it better by diverting some of the resources from rodent cancer tests. What's the objection to that? The objection is that epidemiology only catches bigger effects. I'd say that's what we want. We don't want to be chasing chimeras. If you look at the morbidity and mortality statistics—promise me you'll go home and look at the almanac, because unless you rub your nose in it and you see how brilliantly we have been doing—why are we looking for smaller and smaller effects? Why this romance with minuscule causes and infinitesimal effects? Well, we could expand epidemiology. But we're still going to miss some things. I stipulate that. But because we don't know what we're doing with animal cancer tests, we're missing things there, too. The only thing you get is, at random, you might find some cause of harm to human beings, but, otherwise, you haven't the foggiest. So it's not as if the preferred method is catching things that epidemiology won't.

The second alternative is called mechanistic studies, learning about the mechanisms of cancer causation as we have recently done with dioxins. If you know the mechanism, then you can choose much more appropriate statistical models. You can do real science.

In the work I've done, I carry on an argument with Leo Levinson, a student who wrote some stuff with me and who

was a former project director for EPA. . . . Leo says, "Let's go back to something less insane." In the olden times we didn't separate what caused cancer from what caused other things. If we had some reason to worry about a chemical, we would say, "Let's use whatever knowledge we have and let's increase that by a hundred as a safety factor." If there's some special reason to worry, we increase it by a thousand. And Leo said, rightly, "That would be better."

I am not in favor of idiot economics. I am not in favor of the argument that says, "Here is something stupid for which we are going to pay \$900 billion, I can get it wholesale for \$600 billion." There are things that ought not to be done. . . .

My objection to what Leo wants, to using the old rule of thumb which worked well for centuries, is that it doesn't get to the nub of the matter. It doesn't speak truth to power; it doesn't tell you what is right and what is wrong. It would cut way down on the craziness, but it's not what we should do. What should we do? The first thing is, we should reject the current system root and branch. Now, I don't mean I know how to get us to do that. I will confess immediately my great weakness. What I mean is intellectually, by whatever reason is left in our minds, we should reject it, because it is false. There is no truth in it and, therefore, there is no health in it. We can make our people sicker and poorer at the same time in the name of health. What sort of compassion is that?

What I prefer to do is to say, "Stop the romance with minuscule causes and infinitesimal effects." Replace it with what we know how to do, with mechanistic studies and with epidemiology. Now environmentalists are turning against mechanistic studies. How can you turn against studies of cancer causation? Not easy. But they've noticed something important. The more we know, the less dangerous everything appears. You say, "What's the result of all these studies?" Study, study, study, do less, that's anti-environmental, right? So we should focus on the key question, the question of the criterion of choice.

## The environmental paradigm

Now I want to end by placing my remarks in the context of the environmental paradigm. I placed this question to myself: Why is it that science seems so poor? I thought at first of scientists doing terrible work. But, it's not that. What it is, is that the environmentalists' paradigm has devalued science. Not directly; nobody says, "I'm doing this by witchcraft."

The first proposition is the replacement of probabilities with possibilities. Before, when you had to show probable harm, you had to show preponderant evidence. Now, possibility is it. If anything could possibly be harmful, then you have to regulate it. Well the only way to prove that something is not possible is through a scientific impossibility theorem, not your everyday cup of tea. So that's the first one, the replacement of probabilities with possibilities.

The second one is the replacement of positive evidence with negative evidence. Show me it *won't* do harm. That ain't so easy to do, as anyone who has ever tried to defend himself or herself against an accusation, like, when did you stop beating your mother up, or whatever.

Third, no dose response level. As I tell my students, in this business dose is everything. Never allow yourself to utter a sentence about contamination without saying "what" and "how much," compared to which. It's hard to discipline yourself but it is essential. The third environmental proposition is that every exposure is harmful.

There is a wealth of evidence in the history of toxicology, the study of science of poisons, that in the very large majority of cases there's a level below which there is no harm, and there may even be some good. This is denied by environmentalists.

By putting these propositions together, environmentalists have substituted assertion for evidence. What is the possibility? Science might say something like, "I think it likely that," or, "There's a high probability that"—that's no good any more. You have to show perfection. They've shifted the burden of proof. You have to have 100% knowledge.

What we have to do is reject these theses, especially the last one. The last thesis of environmentalism is the "precautionary principle"—don't be half safe. If there's any possibility that something will do harm, you have to stop it. In a book called *Searching for Safety*, I argued that this would destroy the progress of western civilization; make everybody sick and poor.

Why did the Greeks and Romans only live to 35? We have more than doubled that longevity because we didn't follow the precautionary principle. Then I realized that I've been foolish. We all know what this is. We all learned about it in school. Don't you remember? It's called "Pascal's Wager." Should you believe in God, or not? Well, if you believe and God doesn't exist, what have you lost? But if you disbelieve and God does exist, you have lost eternal life, so you should believe. . . .

This precautionary principle . . . is the nub of environmentalism which is used everywhere—it is fallacious in its whole, it is fallacious in its part, it can leave us in a devastated condition. Under capitalism, there is no chance we will have a situation where we run out of resources; that is, that we will not have a sustainable society. The only way we will create an unsustainable world is if we adopt the environmentalist paradigm. . . .

We must reject the environmental paradigm and the regulatory criteria that stem from it, and replace it with criteria like preponderant evidence. It's true that in some cases, evidence is evenly divided. But in most cases you see where science can come in and say, "Yes, it's likely that there's more danger or less danger one way or another." If we did that, we would be on the road to sanity, and we would improve people's health. There is a real place for regulation, but not when we deprive it of all sense.

## Drug legalization: It must be stopped, again

by Michele Steinberg

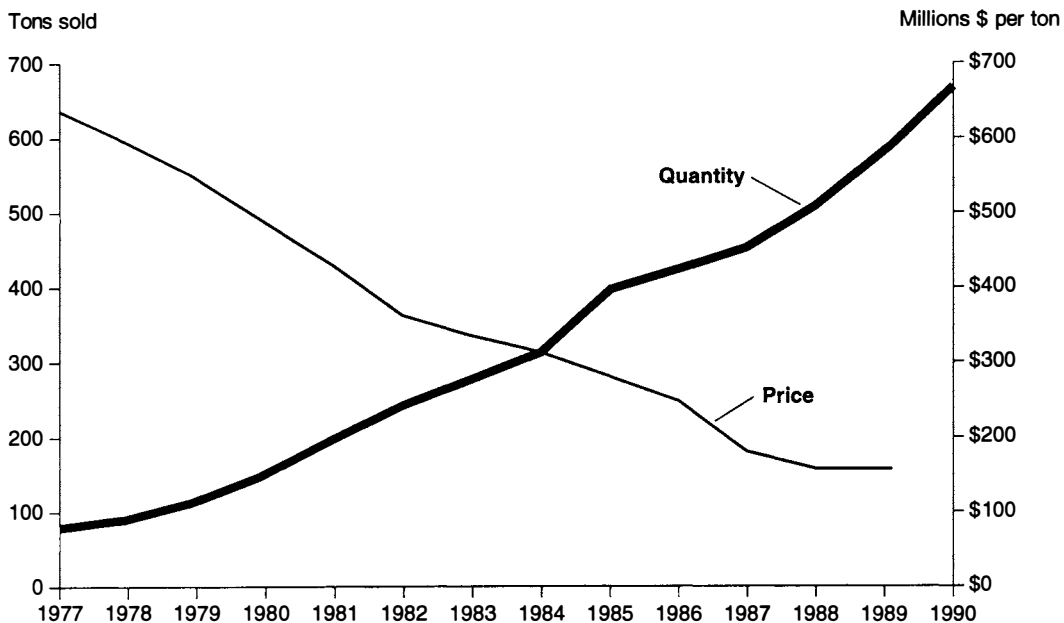
*The author is the former editor of War on Drugs, the magazine of the National Anti-Drug Coalition.*

With the information provided in this feature packet, the American people must engage in a spirited battle—once again—to stop the cock-sure drug legalization lobby from gaining another foothold in the destruction of the nation. From London to Washington to Bolivia, the drug legalizers, represented by the Inter-American Dialogue, the Drug Policy Foundation, and a network of private organizations affiliated with the United Nations, are on a drive to legalize the drugs that destroy the minds of children and the sovereignty of nations. Today, their campaign is being promoted under titles like “de-demonization” and “decriminalization” of drugs, and “harm reduction,” but the ultimate goal is the same: Legalize, and thereby spread, the drug trade.

The model for the successful fight against dope legalization is the work of the “Anti-Drug Coalitions” of the United States, Ibero-America, and Europe, which stopped drug decriminalization dead in its tracks in the United States in 1977-80.

At that time, collaborators of Lyndon LaRouche, the founder of *EIR*, uncovered the massive international plot to use drugs to usher in the “New Age,” a philosophical and cultural assault on western Christian civilization. Against great odds, including a President of the United States, Jimmy Carter, who openly proposed the federal decriminalization of drugs for “recreation,” the Anti-Drug Coalitions unearthed the real secrets of the drug trade. In the pamphlet “Get the Dope out of the White House” (1977), in the international bestseller *Dope, Inc.* (1978), and finally in the pages of *War on Drugs* magazines (printed in six languages in 1979-82 and still being published today in several European countries) of the Anti-Drug Coalitions, exposés were published which demonstrated that financial institutions, including every major bank in the United States, London, and Switzerland, were involved in drug money-laundering; that powerful

## Cocaine prices plummet as U.S. market is saturated with cheap supply



*The skyrocketing of cocaine consumption as the druglords deliberately reduced prices over the last ten years, gives the lie to the pro-legalization lobby's main argument. The figure is taken from EIR's Nov. 9, 1990 feature on "Dope, Inc."*

institutions like the Anti-Defamation League of B'nai B'rith (ADL) were funded with laundered drug money and had been the initiators of drug decriminalization; that the staggering growth of drug use was not a sociological phenomenon, but the result of MK-Ultra, a hideous secret intelligence project launched by British intelligence, Army intelligence, and the CIA in the United States, and the notorious Tavistock Institute of London in order to spread LSD.

The "war on drugs" was never won, because, as one of the articles below will show, it was never really fought. The dope interests fought back, assassinating leading drug fighters in Ibero-America, Italy, and elsewhere, and subverting the U.S. Justice Department, which followed the script of the ADL to frame up LaRouche and cripple the possibility of winning the war on drugs. The cost of that treason is only now being measured as the full story emerges of the spiritual molestation of children through school programs like "outcome-based education," the "Children of the Rainbow" curriculum, and the ADL's "World of Difference" program, which are spreading among youth profoundly corrupted by the deliberate spread of the rock-drug-sex counterculture. But, once again, American citizens can and must fight back.

### New Age equals new world order

The real aim of the drug legalization frenzy is to enforce an international policy of genocide—the "new world order" that began in 1989 with George Bush's population war against Panama, where civilians were militarily exterminated

in order to install a U.S.-puppet government of known drug traffickers.

On May 15 of this year, the London *Economist*, the leading pusher of the free-trade doctrine that justified opium traffic in the 1780s, launched a new drive for legalization. The *Economist* faithfully reflects the British establishment view, which has never accepted that mind-altering, hallucinogenic drugs should be illegal, nor that the globalist financial institutions like the International Monetary Fund should be prohibited from profiting from the drug trade in the name of free trade. As late as 1948, the British government refused to sign the Single Convention on Psychotropic Drugs, which prohibited production of such substances.

The *Economist* gloated that the kooks of the drug legalization lobby are again openly enjoying an audience at the U.S. White House, that the House of Representatives Select Committee on Narcotics and Drug Abuse (the strongest congressional forum against drugs) was shut down without a peep from the American people, and that the Clinton administration has "done what no American administration has dared do in living memory—set the scene for a proper debate."

The argument for the legalization of drugs amounts to one: genocide with a profit. This argument has been made by the British oligarchy for more than 100 years. In 1893, the British Parliament commissioned what turned into a nine-volume study on hemp (marijuana), then grown in India, Britain's largest colony. The study was an elaborate justification of an extensive hemp tax system, and the continued

subjugation of the coolie population by fostering their use of ganja (marijuana). Among the witnesses was a manager of a British-owned tea company in India who said, “. . . I cannot see any harm in the use of the drug. All of those who appear to use it are good, quiet and willing coolies.” The Indian Hemp Commission report concluded that legalized hemp was both not harmful, and highly profitable for the British Empire’s colonial treasury.

Every single argument by the 1990s drug lobby can be directly traced to the British Empire defense of their “coolie” program in India, and the brutal opium wars of the 1850s and 1860s in China. The latest variant is that drug legalization will “take the profit” out of drugs, reduce prices, and thereby solve the problem. But the simple facts show that, over the last 10 years, a threefold cocaine price drop has occurred as the deliberate policy of the drug mafia, and that this has caused a fourfold *rise* in consumption—as the graph above shows.

If there is to be any republic on this planet, the renewed opium war in the form of legalizing drugs must be stopped.

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## United States

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# Drug decrim is coming through the back door

by Kathleen Klenetsky

With the advent of the Clinton administration, and on the corpse of the utter failure of Bush’s so-called War on Drugs, drug decriminalization has jumped back onto the U.S. political agenda.

Although several influential Cabinet members—Office of Drug Policy (ODP) head Lee Brown and Attorney General Janet Reno among them—have recently asserted that the administration does *not* favor legalization, there is widespread optimism within the drug-legalizer networks that they can overcome such opposition, and that major changes in the direction of legalization are in the air. Key spokesmen for the drug lobby say they anticipate that the Clinton administration will usher in changes of policy that will move the United States in the direction of de facto decriminalization—as opposed to outright legalization—over the next few years.

“What we will see is a gradual process of ‘de-demonizing’ drugs,” predicts Prof. Ethan Nadelmann, who runs Princeton University’s drug policy working group, which is scheduled to produce a major report later this year that will

carve out a “middle ground” between current anti-drug laws and “extreme libertarianism.”

Nadelmann, who was cited as an authority in a recent article in the London *Economist*, which has long promoted drug legalization, identified some of the “back door” methods which the drug legalizers are promoting as seemingly innocuous ways of achieving decriminalization.

These include:

- Encouraging the spread into the United States of the “harm reduction” movement, which originated in The Netherlands and Australia, and which seeks not to stop drug use, but to prevent drug users from harming themselves by, for example, contracting AIDS, as though drug use in and of itself is harmless (see *Documentation* for more details);

- Forcing a shift in U.S. drug policy away from interdiction and eradication to treatment and “demand reduction” programs, an issue currently taking top place in the national debate over how the United States should change its approach to illegal drugs.

- Using the AIDS crisis to foster distribution of hypodermic needles to intravenous drug users.

## Propaganda for drugs

The “de-demonization” process hailed by Nadelmann is already well under way. Over the past several months, the question of whether drugs should be legalized has been given extensive play in the media—more so than at any time since the pro-drug frenzy of the mid- and late 1970s.

Not only have the usual suspects, e.g., the *Village Voice* and *Rolling Stone* magazine, raised high the pro-drug banner, but such “respectable” outlets as *American Heritage* magazine and *Daedalus* have staged prominently featured debates on the subject. CBS-TV’s widely viewed “60 Minutes” recently provided what one pro-legalizer hailed as a “surprisingly objective” view of LSD, while Peter Jennings, ABC’s national news anchor, did a segment on the narcotics trade in Bolivia, allegedly proving that drug interdiction as a policy does not work.

The London *Economist*, representing the financial powers in the City of London which ran the nineteenth-century Opium Wars against China and to this day control large portions of the \$700 billion annual trade in illicit drugs, set the tone for the latest legalization drive with its May 15 issue, which featured a cover story bluntly titled “Bringing Drugs within the Law.”

In an editorial and two accompanying articles, the *Economist* argued strenuously that the only effective way of handling the drug plague is to have governments manage the distribution of drugs and ensure “quality control.” Not only should drugs be legalized, said the *Economist*, but scientists should be encouraged to discover psychoactive drugs that could be used to provide “pleasure” without the adverse side effects of cocaine or heroin—similar to the drug “soma” in Aldous Huxley’s novel *Brave New World*.





*A Drug Policy Foundation press conference in 1989 announced a \$10,000 award to Baltimore Mayor Kurt Schmoke: Left to right are DPF president Arnold Trebach, Richard Dennis, and National Organization for the Reform of Marijuana Laws director Kevin Zeese.*

### **The Clinton administration: changes ahead**

While no member of the Clinton administration has publicly called for legalizing drugs, it is hardly lost on the legalizers that the new administration is largely composed of the yuppie byproducts of the 1960s counterculture, who are far more personally familiar with, and sympathetic to, the drug culture, and that there are strong parallels between both the outlook and personnel of the Clinton regime and the pro-drug Carter administration.

Nadelmann pointed to the presence of such people as Morton Halperin, formerly of the American Civil Liberties Union and now in the Defense Department, as indicative of the "new thinking" on drugs within the administration.

Furthermore, the top layers of the Clinton administration are peppered with members of the Inter-American Dialogue (IAD), a collection of leading members of both the U.S. and Ibero-American financial and political establishments, which has publicly called for legalizing drugs, so that Ibero-American countries can use the proceeds to pay back their debts to the New York City and other money-center banks.

Secretary of State Warren Christopher, Interior Secretary Bruce Babbitt (a close personal friend of Richard Dennis, the major moneybags behind the pro-drug Drug Policy Foundation), HUD Secretary Federico Pena, Richard Feinberg, the National Security Council's Latin American policy adviser, and Peter Tarnoff, the number-three man at State, were all long-time members of the IAD.

The Clinton administration has taken several actions on

drug policy issues which are being interpreted by the pro-legalization lobby as good omens. These include not only Clinton's decision to cut the staff of the ODP by 75%, leaving a skeletal staff of approximately 25 people, many of them clerks, but also the very obvious avoidance of the use of the term "war on drugs" by administration officials. In addition, the National Security Council has reportedly demoted drugs from third place to last, on a list of 29 national security priorities.

Legalization proponents cite several other administration decisions as indicative of "new thinking" on drug policy, among them, the fact that Clinton's new AIDS czar designee, Kristine Gebbie, favors needle-exchange programs.

In a June 28 television interview, Gebbie commented that the idea of needle distribution programs for addicts, "as a part of a comprehensive strategy to deal with the intersection between AIDS and substance abuse . . . deserves careful attention." "We're looking forward to a major review of needle exchange programs that is due out within a very short period of time. As soon as I have a chance to see that coming out, I will be starting some additional conversations with people about how we respond."

Additionally, the fact that key administration officials have placed heavy emphasis on drug treatment and demand-reduction programs, while criticizing interdiction policies, is seen as a sign that, given budgetary constraints, a significant portion of federal spending on narcotics control will be diverted away from interdiction.



Drug legalization advocate Ethan Nadelmann.

Speaking to the 1993 National Summit on U.S. Drug Policy, which took place in Washington, D.C. on May 7, Attorney General Reno questioned the effectiveness of interdiction programs, citing a government report which asserted that, in Reno's words, "to have any impact on drugs in America, you would have to interdict 75% of the stuff, and that would be economically prohibitive."

There is no question that a critical dearth in effective treatment programs exists in the United States. Currently, a substance abuser wishing to get into a treatment program must frequently wait for two years before a slot is available, making a farce of the treatment process. Once treated, as Reno has pointed out, these people will require extensive followup, including provision of a decent job, to kick the drug habit for good.

Nor is there any question that the billions which the Bush administration lavished on interdiction failed to put a dent into drug flows.

However, there cannot be an effective strategy for reducing the availability of narcotics unless that strategy involves destroying the *source* of drugs, the *distribution* of drugs, and, most importantly, the "respectable" financial networks which control the profits of the drug trade, such as the Bank of Boston and the Hongkong and Shanghai Bank.

### Decrim through the back door

The May 7 Drug Policy Summit reflected the sea-change now taking place in U.S. drug policy. According to the *Econ-*

*omist*, the meeting was held "to rethink the country's failed drugs policies." Reno "started the day by describing her doubts about America's current approach," the magazine reported, adding that the conference "ended, significantly, with a discussion of the merits of legalisation."

"Neither Mr. Brown nor Ms. Reno, and certainly not their boss Mr. Clinton, has so far supported legalization," the *Economist* went on. "But they have done what no American administration has dared do in living memory—set the scene for a proper debate."

Although there were very strong arguments made against legalization by a number of participants (see *Documentation*), the conference was notable for the fact that leading spokesmen for the drug lobby were invited to attend, including Princeton's Ethan Nadelmann and the Drug Policy Foundation's Arnold Trebach. Moreover, many other attendees who do not fall into the legalization category, nevertheless voiced openness to certain policies that the drug legalizers are promoting as "back door" methods to decriminalization.

The conference was presided over by Congressman Charles Schumer (D-N.Y.), an asset of the rabidly pro-drug Anti-Defamation League (ADL) who has taken over most of the responsibility for drug policy in the House of Representatives, after anti-legalizer Rep. Charles Rangel's (D-N.Y.) House Select Committee on Narcotics Abuse and Control was shut down in January (another "positive step," according to the drug lobby).

In his opening statement, Schumer listed some of the "controversial conclusions" he has reached concerning the shifts required in U.S. drug policy. Among these, he said, were that "international eradication and interdiction has been a near total failure," which means "we should seriously consider eliminating most of the spending on foreign eradication and overseas interdiction. . . . It is clear that we cannot eliminate the drug supply at the source," Schumer stated. "The nearly \$3 billion we spend annually on foreign interdiction . . . would be far better spent . . . on demand-side treatment programs. . . . If many of us on the Hill have our way . . . we would switch allocation of drug funds dramatically from its present distribution. . . . We should be moving toward a funding distribution that [allocates] 50% for treatment and prevention, 40% for law enforcement, and no more than 10% on international interdiction and eradication."

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## Documentation

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*From The Economist, May 15, 1993 editorial, "Bring Drugs within the Law":*

Done properly, [legalization] would allow governments to take control of the distribution and quality of these substances away from criminals. Quality control is decisive,

because much of the damage done by drugs bought on street corners is caused by adulterated products; in much the same way carelessly distilled hooch can cause blindness.

Supply would be regulated by a system of government licences analogous to those already in force for tobacco and alcohol (and which would serve, among other things, to keep drugs out of the hands of children), backed by strict policing and heavy penalties. . . .

Such legalization would not magically dispense with the need for policemen, but it would make the needed policing more manageable. Particularly in the business of softer drugs, where the taxes can be lower and the restrictions less onerous, and where the first trial steps toward legalisation should take place, it would undermine the "risk premium" that provides drug cartels with their profits. Taxes raised on what is reckoned to be the world's largest untaxed industry would help governments spend money on treatment and education, which would do more good than the billions currently spent on attempting to throttle the criminal supply of drugs of all sorts.

There is another consideration. . . . Progress is being made by scientists in understanding both what causes the pleasure of drugs, and what makes the pleasure so hard to give up. . . . Addiction research should be encouraged to . . . move beyond devising better therapies for those who wish to kick the drug habit, into the invention of safer, more effective, and less habit-forming highs. At the moment it cannot, for a safe drug equals a "substance abuse" equals a crime.

*Dr. Arnold Trebach, president, Drug Policy Foundation. From a presentation to the 1993 National Summit on Drug Policy (May 7):*

. . . There are two types of change. One would be legalization; one would be harm reduction. Now harm reduction is, I think, the path to go now, because I do believe that under harm reduction, we could make major moves without fundamental change in law. . . .

What are the bases for this? . . . I start out quite differently from most people here in that I have a different view of the nature of drug users. I think most people here probably look at drug users as utterly irresponsible people who have to be controlled and who really are a threat, in and of themselves, by taking the drugs.

My view is that drug use is almost like being gay. It is merely a status. Behavior is what counts. You can be absolutely abstinent and a horror, or you can be a drug user and a decent person. . . .

Most of my daily work right now in the Drug Policy Foundation is centered around harm reduction. The Frankfurt Resolution from Europe is an essential part of the new international harm reduction movement. That resolution has been signed by 15 European cities, calling for harm reduction

approaches. The European group has asked the Drug Policy Foundation to help spread the Frankfurt resolution ideal to the United States and to other continents.

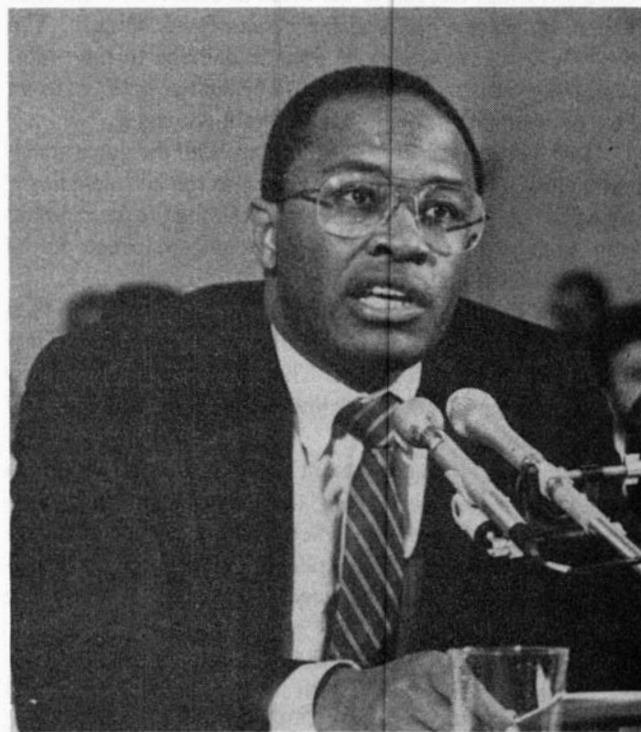
Mayor Kurt Schmoke of Baltimore is working with us. . . . We intend to hold the first major meeting of the harm reduction group in Baltimore November 16th and 17th, and the harm reduction principles will be featured in the Drug Policy Foundation Conference that will follow [in Washington] from the 17th to the 20th.

Here are a couple of the major principles of the harm reduction approach: Tone down the harsh rhetoric which dominates the American approach to drugs. We have already started to do that. To hear the Attorney General [Janet Reno], to hear Congressman [Charles] Schumer, we are starting to think more calmly and more rationally. . . .

Third, start talking about AIDS. . . . We have got to face up to the fact that there is a nexus between illegal drug use and AIDS, and we've got to start embarking on programs that have some impact on that. The main one is needle exchange. We have started to do that, and that is absolutely crucial.

Finally, I think we have to develop new and more positive roles for the police and prosecutors. Police and prosecutors should say that their job is to help make treatment and harm reduction work. . . .

*From "Thinking Seriously About Alternatives to Drug Prohibition," (Daedalus, Summer 1992), by Ethan Nadelmann,*



*Mayor Kurt Schmoke, who will host a "harm reduction" conference in Baltimore next November.*

Assistant Professor of Politics and Public Affairs, Princeton University:

To legalize or not to legalize? That . . . is not really the right question. The appropriate question is much broader, and it is one that incorporates the "legalize or not" question with respect to particular psychoactive drug products. What, simply stated, are the best means to regulate the production, distribution, and consumption of the great variety of psychoactive substances available today and in the foreseeable future?

. . . There are better and worse types of drug prohibition, with the Dutch "harm reduction" approach epitomizing the former and the American "war on drugs" the latter. Indeed, for many of those characterized as advocates of drug legalization, the Dutch model offers an alternative that is preferable not only to current U.S. policies but also to the extreme liberation model.

Judge Stanley Goldstein, presiding judge, Miami Drug Court, to May 7 Drug Summit:

I do believe that legalization is a cop-out. It is based primarily on frustration, because judges are getting to the point where they don't believe in what they are doing.

I do know, from personal observation, of the people who come before me and from the study done at Brigham and Women's Hospital in Boston, that cocaine causes blood vessels that [bring] oxygen to the brain to constrict; brain cells denied of oxygen die; cocaine causes brain damage. The longer you use it, the more you do damage to the brain. Legalizing cocaine means it would be sold or given to users who are becoming more and more brain-damaged.

How would these drugs be distributed? If the government markets the drugs and forces the users to rob and steal to get money to buy cocaine, we are simply casting the government in the role of the street dealers today who contribute to the crime problem and homelessness.

If the government distributes the cocaine free, then more and more people will become brain-damaged. They will not be able to function. They will become homeless and depend upon the government for food, housing, and hospitalization. . . .

Why should the government spend millions of dollars to create zombies who are totally dependent upon the government to spend more money when we have proved in Miami that the vast majority of these people can be saved and transformed into contributing citizens. What effect is that going to have on your brain?

The vast majority of people in this country are law-abiding. They don't experiment with cocaine, crack, heroin, and other drugs simply because it is illegal. If you make it legal, I believe you are going to triple or quadruple the number of junkies that are roaming the streets today.

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## Ibero-America

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# Drug legalization back on the agenda

by Valerie Rush

The past few months have seen a dramatic resurgence of the so-called drug legalization debate in several Ibero-American countries key to the drug-trafficking chain, among them Colombia and Mexico. In both of these countries, the debate is

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## EIR warned of drug legalization push in 1991

*The following are excerpts from a 150-page EIR Special Report published in 1991, entitled "Bush's Surrender to Dope, Inc." In it, the story is told of how the nation of Colombia has been subverted by the combined forces of the drug cartels and pro-legalization forces inside the United States.*

When George Bush toured Ibero-America at the end of 1990, he unabashedly boasted that his Andean anti-drug strategy had been one of his three major foreign policy "successes," along with Panama and Nicaragua. And when his drug czar William Bennett resigned that post one month earlier, he told an incredulous public that his work was done, and that the United States "was on the road to victory" in beating the drug plague.

Bush and Bennett lied; the reality is quite the opposite. Not only is consumption of mind-destroying drugs like marijuana and cocaine *not* declining, or even leveling off, it is skyrocketing. . . . The official U.S. government statistics that claim that drug use is declining are based on absurd polling methodology and deliberate falsifications. . . . Drug production in Third World nations is also on the rise. According to conservative calculations based mainly on official production statistics supplied by the U.S. Drug Enforcement Administration (DEA), *EIR* has

no longer limited to an esoteric exchange of opinions among a handful of economists, professors, and radical journalists. It is now a "policy option" on the agenda of presidential candidates—and even Presidents.

On June 6, Gonzalo Sánchez de Lozada was elected head of state in Bolivia. A millionaire oligarch with a *gringo* accent, Sánchez's first policy statement before even taking office was to argue the futility of a war against drugs. In an interview with Spain's *Tiempo* magazine, Sánchez insisted, "Prohibition has never achieved anything. . . . It is terrible to say it, but taxes should be placed upon the drug trade."

It is no accident that Sánchez should be the first President on the continent to endorse drug legalization. He is a member of the Washington-based Inter-American Dialogue, the Establishment's premier think-tank on Ibero-American affairs which has advocated drug legalization for years. The Inter-American Dialogue has members "on loan" to several gov-

ernments in the Americas in addition to the Clinton administration, but this is the first time it has owned a President.

It is equally significant that in Peru, another major drug-producing country, drug legalization advocates have failed to get to first base, perhaps as a result of the Alberto Fujimori government's unyielding offensive against narco-terrorism.

### Colombia: anti-drug resistance fades

Efforts by mafia-allied financial interests to force a debate on drug legalization back in the late 1970s in Colombia were a dismal failure. The nation still had its dignity, and citizens were outraged at the proposal. After more than a decade of targeted narco-terrorism on the one hand, and an appeasement policy "made in the U.S.A." on the other, moral resources have been significantly eroded, giving corrupted elements of the political elites their opportunity to revive an issue no longer considered taboo. Ernesto Samper Pizano,

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calculated that the drug trade is growing so rapidly—over 15% a year—that it is effectively *doubling* every five years. . . .

Smelling defeatism in the air, the lobbyists for drug legalization have gone into a frenzy of activity, in the United States and abroad, to convince people that the war on drugs is unwinnable. What was once considered morally reprehensible to the majority of U.S. citizens—that our children should have access to mind-killing narcotics—is now being openly published by such prominent U.S. establishment figures as former secretaries of state George Shultz and Cyrus Vance.

The legalizers have already made significant inroads. In the name of adapting to the "new realities," free hypodermic needles are now being offered to heroin addicts in American cities. Free condoms are being distributed to school children, while Satan worship is the ever-popular theme of rock music. In this bestial "counterculture" of satanic music and sexual promiscuity, drugs are presented as just another part of the "new reality" with which Americans must learn to coexist.

The drug lobbyists in the developing sector are working hand-in-glove with their colleagues in the United States. In a major drug-producing country like Colombia, legalization advocates point to the uncontrolled drug abuse in the United States as the primary justification for legalizing the drug trade at home. "Why should we spend money we can ill afford and sacrifice our finest citizens to wage a war that is not ours?" they argued. It were better to "control" the violence through legalization. . . . And so, morality gives way to the pragmatic politics of the free market ethic, and the negotiations are launched, the deals struck. . . .

President Bush is fully complicit in the legalization strategy. He has stated that his government's official policy is to *reduce* drug consumption by 50% over the next decade—not eliminate it. The problem begins with Washington's economic policies. Virtually every U.S. administration since [after] that of John F. Kennedy has premised its economic and financial policies on strict adherence to the anti-growth dictates of the International Monetary Fund (IMF) and the international banking establishment. This system has placed a premium on investment in speculative activities, and not in real production. What has happened as a result, is that the international financial system has become progressively more addicted to the flow of drug monies, to the point where today, the banking system is as hooked as a junkie on heroin. Not surprisingly, the international financial establishment is opposed to any serious war on drugs. . . .

Getting absolute control of Dope, Inc.'s billions means legalization. In practice, this has meant working with certain groups of drug runners to control or eliminate others. In the case of Colombia's drug cartels, the U.S. government has maintained a working alliance with the so-called Cali Cartel against the Medellín Cartel. . . .

The western financial Establishment's current timetable is to achieve a global legalized narcotics "industry" before the end of the 1990s. A difficult proposition? Yes, but at this point not an unlikely one, if the American people continue to tolerate discussion of legalization as a viable "option," continue to elect increasing numbers of legalizers to public office in the United States, and continue to tolerate policies which for more than 20 years have *deliberately* fomented drug use and the drug trade at home and abroad.

the man whose name has been synonymous with proposed drug legalization in Colombia since 1978, is today the front-running presidential candidate of the ruling Liberal Party.

Last May's police discovery of an illegal cache of marijuana in the briefcase of Bank of Colombia co-director Carlos Ossa Escobar served as an important testing of the waters by the legalizers. Instead of a public outcry and demands for Ossa Escobar's resignation, voices from the Congress, the political parties, and the media were raised *in praise* of the drug-abusing banker. Sen. Gabriel Muyuy said, "I admire [Ossa's] courage." Sen. Pedro Bonner: "The Senate should thank Dr. Ossa for the privilege of hearing him tell the truth forcefully and courageously." Enrique Santos Calderón, a prominent editor of the newspaper *El Tiempo*, declared that Ossa's only "crime" is that he is a product of the 1960s; after all, argued Santos, since time immemorial mankind has sought "artificial paradises and self-stimulation."

As the Ossa Escobar scandal was breaking, a London-based think-tank calling itself the Andes-Amazon Foundation surfaced to announce a series of international forums on drug decriminalization, to be held in London, the United States, and Bogotá over the next 12 months. The foundation argues that only the international decriminalization of drugs can assure the moral preservation of the world's political and social institutions. The foundation's purpose, according to its own literature, is to secure "universal blessing" and "generalized approval" for such a move.

Discussion over how to deal with Ossa Escobar's case was rapidly turned into a nationwide debate on drug legalization, with the weekly magazine *Semana*—owned by the family of the mafia-linked former President López Michelsen—taking the lead. Its June 19 edition contained interviews with influentials from the whole spectrum, ranging from an archbishop, to the gamut of presidential candidates, to respected political commentators. The nearly unanimous sentiment, with a few tepid exceptions, was that drug legalization—now that repression had proven a "failure"—was the sole policy option remaining to the government. The "debate" came down to whether it should be imposed unilaterally or multinationally, and whether it should be focused on decriminalizing consumption or whether the drug trade in its entirety should be legalized and taxed.

The fact that only three of the eight or nine presidential pre-candidates have publicly voiced their opposition to drug legalization—and one of those is a cleaned-up Samper Pizano!—shows how tainted the Colombian presidential campaign already is. Will 1994 see the legalizers take over another Andean government?

### The Catholic Church equivocates

The inroads made by the legalizers in Ibero-America are perhaps best indicated by the Catholic Church's factionalized position. A February 1993 seminar on drugs held in Bogotá and sponsored by the Latin American Bishops Conference



*The huge bust of a cocaine laboratory dubbed Tranquilandia, in Colombia, occurred when the nation was still fighting narco-terrorism. Insets: Ernest Samper Pizano in 1979, when he toured the United States stumping for drug legalization (right), and a recent photo of him as the leading Liberal candidate for President, pretending to be more "moderate" on the drug issue.*



(CELAM), released a series of conclusions which open the door for an eventual endorsement of legalization. One of those conclusions queries "whether total prohibition is the solution, given the experience of failure of this policy, or if it might not be better and more efficient to design a wiser guideline for the whole process, ranging from production through consumption." CELAM also urges "a pastoral dialogue with the drug traffickers."

At least two Colombian archbishops, Msgr. Augusto Trujillo Arango of Tunja and Msgr. Pedro Rubiano of Cali (also the president of the Colombian Bishops Conference), have called for a national debate on legalization. A Colombian source within the Catholic Church informed *EIR* that the majority view still opposes legalization, but that the "consensus politics" dominating the CELAM seminar provided the would-be legalizers their platform.

Some churchmen in Mexico appear to have accepted the legalizers' terms of debate as well. Javier Lozano Barragán, Bishop of Zacatecas, is quoted in the June 1 issue of the magazine *Siempre* that "if we decriminalize the consumption of drugs, we would break the threat of power which makes the drug traffickers so terrible." Just weeks earlier, the outspoken anti-drug Cardinal Juan Jesús Posadas Ocampo was murdered by mafia assassins in what many Mexicans view as an explicit warning to the church.

### Legalization debate spreading

The high-level debate over drug legalization in Mexico has reached frightening proportions. In May, Foreign Minister Fernando Solana told the press that legalized drug consumption in the United States would help to discourage drug trafficking. President Salinas de Gortari said to *Time* magazine in early June that decriminalized drug consumption "is a very delicate matter" and not something he would advocate for Mexico. And yet, *La Jornada's* pro-legalization columnist Miguel Angel Granados Chapa wrote June 6 that although Salinas has "for the moment" rejected legalization, "we cannot close the debate on this issue."

On June 16, former Finance Minister and ex-Ambassador to Washington Hugo B. Margain declared that "only a continental liberalization of drug consumption can eliminate the bestial profits of the drug cartels." The leading Mexico City daily *Excelsior* devoted an editorial to urging legalization, with the proviso that the initiative must come from the United States. Support for legalization has also come from the Salinas-linked Cardenista Front of National Reconstruction (PFCRN) and National Action Party (PAN), as well as from the Party of the Democratic Revolution (PRD).

According to the bimonthly Argentine newspaper *El Consultor de la Salud*, there is a campaign afoot to present drug legalization as a viable option in Argentina, too. Yet according to Dr. Juan Alberto Yaria, the secretary of Prevention and Rehabilitation of Addictions for Buenos Aires province, who is interviewed by *El Consultor* April 23, legaliza-

tion would cause "a disaster," given that a legalized drug supply would increase the number of addicts in the country by 50%, raising to nearly 18 million the population that would be at risk from such a policy.

Yaria ridiculed the arguments of Milton Friedman and other legalizers who insist that the state's job is merely to educate the population on the potential danger of consuming narcotics, as it already does regarding tobacco or high-cholesterol foods. "They are proposing that the state administer the chaos," says Yaria, who goes on to note that "Friedman's eminently economic theory [of legalization] would merely expand the drug market to include laboratories and banks."

Yaria concludes: "I think [legalization] is a way to lubricate social conflicts. If we have many people who seek drugs as an escape from their problems, they will find only one escape through legalization, and that is death. Thus, legalization is an aberration given that people are being educated to drug themselves."

The same publication interviewed numerous politicians and think-tankers for their positions on drug legalization. While every individual involved in rehabilitation of drug addicts came out squarely against legalization of drugs as tantamount to legalizing death, there were others who came out in favor of legalization. Among these is Luis Moreno Ocampo, a former prosecutor and the founder and current president of "Poder Ciudadano," a non-government organization financed by the U.S. State Department's Agency for International Development and with an agenda strikingly similar to that of the Inter-American Dialogue.

Moreno says, "Argentina should follow the path of decriminalizing drugs for consumption, because we all know that sending a person to jail is just sending them to another center of consumption." Moreno Ocampo told *El Consultor de la Salud* that a bill proposing drug decriminalization will soon be introduced into the Argentine Congress.

## Bush's phony war on drugs paved the way

by Jeffrey Steinberg

When Vice President George Bush rode into the White House in the November 1988 election on the coattails of his boss, President Ronald Reagan, he made the "war on drugs" one of the main themes of his campaign. Bush's "tough on crime, tough on drugs" campaign rhetoric was brought home to the American voter through a stream of Madison Avenue attacks on his ultra-liberal opponent, Massachusetts Governor Mi-

chael Dukakis. Some of the most shamefully memorable of the Bush election propaganda ploys centered around the case of Willie Horton, a Massachusetts convict who committed a brutal rape while out of jail on a weekend furlough.

Four years later, when President Bush ran for reelection, his vaunted "war on drugs" was nowhere to be seen. Throughout the 1992 Bush-Quayle reelection drive, not a word was spoken about the drug plague and the incumbent's track record in combatting narcotics. And for good reason.

George Bush never had any intention of conducting a serious war on drugs. The tens of billions of dollars in taxpayers' money funneled into the Bush anti-drug effort was not simply wasted. The Bush war on drugs, as *EIR* warned early on, was never intended to succeed. Whether President Bush personally sought to further the cause of drug legalization by running a no-win effort is not clear. What is clear is that the advocates of drug legalization within the U.S. establishment were ecstatic over his phony war on drugs. And in the wake of its abysmal failure, the climate was to be set for the eventual legalization of mind-destroying drugs.

Both Bush's hypocritical anti-drug rhetoric and the propaganda of the drug legalizers were directed at the same target: wearing down the resistance of the American people—who still want the drug epidemic to be eradicated by competent and constitutional means.

### **Bush: drug lobby's best asset**

Midway through the Bush presidency, the pro-drug lobby gathered for an international strategy session in Washington, D.C. On Nov. 3, 1990, at the Drug Policy Foundation's annual convention plenary session, Ira Glasser, executive director of the American Civil Liberties Union (ACLU) and a longtime legalization advocate, gloated that Bush's failed anti-drug effort had put drug decriminalization back on the strategic agenda after having been severely discredited by efforts in the late 1970s, spearheaded by Lyndon LaRouche, to defeat a string of marijuana decriminalization laws.

Glasser urged his listeners to steer a careful course, passing off legalization as "drug reform" while harshly criticizing the draconian police state measures directed against America's urban poor that had been implemented by the Bush administration under the guise of fighting drugs.

Dr. Andrew Weill, a Drug Policy Foundation director, predicted that the Bush administration's brutality against inner-city minority residents could trigger civil warfare. (This prognosis was delivered 18 months before the Rodney King case triggered stage-managed riots in Los Angeles and in a dozen other cities.) Weill added that he welcomed such civil unrest "because changes in lifestyle only occur when people are scared. A social catastrophe is needed to force the present policies of the drug warriors to be abandoned." If "social catastrophe" was what the legalizers needed to kick their drive into high gear, it was social catastrophe that Bush delivered—compounded by a degree

of hypocrisy that added further fuel to the fire.

### **The Bush track record**

In the early years of the Reagan presidency, George Bush was appointed to spearhead the administration's anti-drug effort. The vice president was placed in charge of the National Narcotics Border Interdiction System (NNBIS), a well-funded effort advertised to seal America's borders from drug smugglers. Instead of bringing to bear the most advanced surveillance technologies and devising cooperative programs with other nations of the hemisphere, which might have drastically reduced the flow of illegal narcotics across the nation's borders, Bush chose to concentrate nearly all the NNBIS resources on one entry point: the southern Florida coast.

The South Florida Task Force, as it came to be known, did succeed in cutting off a good deal of cocaine and marijuana traffic into the south Florida region. However, the concentration of forces in that one area drained resources from other equally vulnerable border penetration points. The net effect: serious increases in the overall flow of illegal narcotics into the United States. While south Florida showed a marginal decline in illegal drug infiltration, southern California, New York, New England, and the entire southwest border area were flooded with illegal imported drugs. Caribbean smuggling routes up from Colombia were abandoned in favor of the Pacific border region between the United States and Mexico. Countries along that route—like Venezuela, Panama, Guatemala, and Mexico—found themselves faced with an invasion of narco-traffickers.

Today, even many serious law enforcement officials are convinced that drug interdiction is an impossible dream. Their reasoning? The Bush effort, which poured billions of dollars into interdiction, was a resounding flop, as evidenced by the increasing flows of illegal drugs into the United States every year over the past decade.

### **Policing the ghetto, ignoring the bankers**

If the Bush-led border interdiction program was a calculated flop, the domestic war on drugs was an even bigger fiasco. By the last year of his presidency, Bush was funneling over \$12 billion a year into the war on drugs. A good deal of this was diverted to local law enforcement agencies, which found themselves increasingly absorbed into joint task forces with federal agencies like the FBI and the Drug Enforcement Administration. These joint task forces set their sights on small-fry trafficking organizations, usually made up of black and Hispanic dealers—ignoring the pivotal role of commercial financial institutions in laundering the drug profits. Under new mandatory sentencing guidelines steered through the Congress by the White House, hundreds of thousands of inner-city young men and women were thrown into the prison system for drug-related crimes. By the time George Bush left office, one out of every four black males under the age of 25 had spent time in jail.



With each new drug bust and jailing, fresh blood was drawn into the drug dealing trade. The entire process was accelerated during the pre-Christmas period of 1985 with the introduction of crack cocaine. Crack, a highly addictive form of cocaine which can be manufactured with little technical skill, hit the ghetto streets of America like a shock, as the result of a top-down marketing strategy by the executives of Dope, Inc. Soon, violent street gangs, often linked to prison-based gangs, were running the street-level crack trade. The spread of urban drug-related violence only increased the focus of the Bush team upon the bottom of the drug trafficking pyramid. As the prisons filled up with narco-gang members, the vicious cycle grew into a nightmare of unprecedented proportions.

Like drug interdiction, drug enforcement was also branded a dismal failure and worse. Bush's war on drugs came to be known as "war on blacks," "war on urban America," etc. Today's drug lobbyists cynically hide their opium war agenda behind the call for less enforcement and more medical care, and many people, scarred by horror stories of drug gang warfare and police brutality, fueled by out-of-control drug flows, listen.

In the meantime, free trade zealot George Bush peddled the further deregulation of America's banking system through measures that ensured that no steps would be taken to curb the role of the big financial institutions in laundering narco-dollars into the looting of the American economy. When President Reagan's Commissioner of Customs, William von Rabb, attempted to make a big deal out of the role of the Tampa branch of the Bank of Credit and Commerce International (BCCI) in Colombian cartel money-laundering, and sought the records of nearly 40 other big American banks that were dealing with BCCI, he marked himself as a candidate for replacement as soon as Bush stepped into the White House in 1989.

As early as 1978, *EIR* and Lyndon LaRouche warned that no anti-drug effort could succeed without concentrating top down on the role of the international banks in laundering narco-dollars. President Bush's policy of diverting his administration's war on drugs effort away from the banks pre-ordained that the program would fail.

### **Compounded by flagrant corruption**

Instead of taking the advice of LaRouche, who was known worldwide as the leading U. S. anti-drug fighter, President Bush let LaRouche be railroaded into prison within days of his January 1989 inauguration. For many around the world, the jailing of LaRouche was the clearest sign of all that the war on drugs was, at least for the time being, dead on arrival in Washington. Then Bush filled his anti-drug hierarchy with individuals of such checkered backgrounds, as to promote cynicism.

In August 1988, after Bush had effectively taken over the Oval Office from a tired Ronald Reagan, Richard Thornburgh replaced Edwin Meese as attorney general. The

highest law enforcement post was filled by a man who had surrounded himself with drug-tainted criminals. Henry Barr, one of Thornburgh's top aides from his days as Pennsylvania governor, was forced to resign from the attorney general's personal staff when he was identified as a cocaine user and dealer. Richard Guida, who had been chief criminal prosecutor of Pennsylvania under Thornburgh, pleaded guilty to cocaine trafficking, and pointed the finger at Barr. In late 1990, Gov. Bob Martinez of Florida, a Bush political crony who had enjoyed the backing of suspected drug traffickers in his failed bid for reelection as governor, became the Bush presidency's "drug czar."

### **Thornburgh doctrine and genocide in Panama**

Thornburgh's name soon came to adorn the Bush administration's outlaw "doctrine" authorizing the use of American military force anywhere in the world, in violation of national sovereignty, under the pretext of the "war on drugs." This doctrine was applied in December 1989 with the U.S. invasion of Panama—ostensibly to arrest Panamanian Gen. Manuel Noriega on phony charges of drug trafficking. Noriega had aided the U.S. anti-drug effort on countless occasions and had been a key fighter in the war on drugs. Seven thousand Panamanians died in the invasion, which led to the installation of a U.S. puppet regime run by Panama's most notorious drug traffickers and money launderers. The same pretext of a supposed war on drugs was subsequently used to justify the deployment of U.S. forces elsewhere in Ibero-America as well, including Bolivia and Peru.

Then there was President Bush himself. In addition to heading up the NNBS under Reagan, Bush had been in charge of the administration's covert anti-terror and Central America programs. Although he denies it, the facts show that Bush was the man in charge of the entire Iran-Contra fiasco.

Key to the covert funding of the Nicaraguan Contra rebels was the funneling of cocaine and other dangerous drugs into the United States. Dozens of references in the personal notebooks of Col. Oliver North identified known narcotics traffickers as key players in the Contra supply program. Medellín Cartel pilot Barry Seal served as a trainer of Contra flight crews and ran a covert arms-for-drugs route as part of the Central America program. Syrian narcotics trafficker Mansur Al-Kassar was brought into the secret Iran hostage negotiating team as the "second channel" for obtaining the release of the American hostages in Beirut. Al-Kassar was still working for the White House in December 1988 when his name came up repeatedly as being among the suspected controllers of the terror team that blew up Pan American airlines flight 103 over Lockerbie, Scotland, killing 270 people.

Programs designed to fail; billions of taxpayer dollars wasted; corruption publicly flaunted. This was the legacy of the Bush war on drugs. Without it, and the demoralization and confusion it generated, the current drive to legalize drugs would have been impossible.

## Russian nuclear missiles can still destroy the world

by EIR's Editors

While German television viewers watched in astonishment, the 20 ICBM hatches opened on board a Russian Typhoon-class nuclear submarine, showing the nuclear missiles, each armed with six MIRVed warheads. "With this submarine, I can destroy the world," the ship's commander explained. He said it would take some 20 years for Russia to achieve democracy, but in the meantime, he would hold the keys to the nuclear weapons, and would follow whatever orders he were given. A Russian military man responsible for firing the missiles said that in the event of war, he would, of course, be killed, but this would only take a "nano-second," while the agony of the enemies of Russia would be protracted in time.

The 45-minute documentary was jointly produced by a Franco-Russian television team, and was shown on Germany's ARD TV network on July 16. For the first time, western journalists had been allowed into the top-secret submarine base at Murmansk.

The show's producers pointed out that the statements by the ship's commander were obviously intended as "psychological warfare," but that nevertheless facts are facts: Russia is still a nuclear superpower. The producers also reported that a truck driver who worked on the ship, who reported sensitive information to the TV crews about lapses in ship-board security, died three days later. They speculated that he may have been punished for opening his mouth in the way that he did.

This flamboyant display, orchestrated by Moscow, confirms what *EIR* has been reporting for some months: the emergence of a faction in Moscow determined to reinstitute a Russian Empire, a "Third Rome," with Moscow as its capital. This ominous development entered a new phase on May 22, when President William Clinton signed on to the

British-French policy of doing nothing to stop Serbian aggression in the Balkans. At that point, the Moscow imperial faction concluded that the West would do nothing to thwart its plans.

### LaRouche's response

Lyndon LaRouche, in his weekly "*EIR* Talks with LaRouche" radio interview on July 21, was asked by interviewer Mel Klenetsky for his view of the situation. Here is his reply:

"This is something which I can assure people I know very well. I forecast this as a likely possibility back in the spring of 1983 if the SDI [Strategic Defense Initiative] were not implemented. In June 1983, there were several things published by me, after some work by my collaborators on this study, during the month of May, warning that it should have been obvious that since the 1960s, there was a change in progress in Russia, away from bolshevism, toward something else.

"I warned those who were very happy about this change away from bolshevism around the U.S. government (the CIA and the National Security Council) that this was not as simple as they thought it was, and that what they were looking at, was a turn toward an old Russian matrix, the so-called Third Rome matrix, which had dominated Moscow many times since the middle of the 15th century, but which had been official since about 1510. This is the idea that Moscow would become the capital of a Third Roman Empire. I said that the Russians would go through a period of crisis, and that if what I proposed in connection with the SDI were not implemented, we would see the collapse of communist Russia, but followed by a new Russian imperialism which would inevitably go

in the direction of ideas of people like Dostoevsky, to an Orthodox ideology-pivoted new Russian Empire, which would develop an adversarial policy toward the western countries, more virulent, in many respects, than had been the case under communism.

“What we are seeing with that broadcast from the Typhoon-class submarine and the statements of its commander, is that the Russian ability to destroy the West, is true. Russia today is a superpower. Each of these submarines has the capacity of hitting 120 different targets in its initial shot, without reloads. There are numbers of these Typhoons and there are other weapons. We can still have thermonuclear World War III under certain conditions.

“Look at what is happening inside Russia generally, particularly since Clinton backed down to the British monarchy-French operation to protect the Serb operation in the Balkans.

“The Russians have now considered that the United States is a paper tiger which may still have a little sting in its tail, but which is headed for a deep crisis, a deep economic crisis, in which the United States’ sting in the tail will be lost.

“Under those conditions, certain forces in Russia, with the encouragement of some people in Britain, France, and the United States, are moving to establish a post-Yeltsin Great Russian/Russian imperial power which will become adversarial, as it is already in the process of becoming so, to the United States. This is a demonstration; and the film is a shocking symptom.

“Look at what is happening today along the border between Tajikistan and Afghanistan, where Russian forces are now moving in with hot pursuit operations across the border into Afghanistan in reprisals for British-directed (and in part American-directed) Afghani military excursions into Tajikistan. We are now at the beginning of what could become World War III, unless we come to our senses.”

### **Will the West wake up in time?**

While the leading political figures of the West are, in general, acting as though they were asleep at the helm, there are some who are beginning to sound the alarm.

An important inflection point was the vote on July 16 by an enclave of native Russians in Narva, Estonia to support a referendum that would separate their region from Estonia and affiliate it with Russia. Estonian Defense Minister Hans Revas, speaking from Narva to Swedish Radio as the referendum was taking place, warned that “we are two years behind the Balkans.” He said he was sure war would break out, and that there would be a “Balkanization of the Baltics.” While this might not happen immediately, it would happen, at the latest, in his view, within one year.

In a discussion with *EIR* on the significance of the Estonian referendum, a well-informed European expert on Russian affairs described Moscow’s strategy as “to gather unto Muscovy what Muscovy once had.” The source continued: “I have an assembly of evidence which shows that there is a

definite pattern of Russian behavior, a pattern that I formerly was reluctant to believe existed. They have now begun a strategy based on the implantation of Russian enclaves outside Russia. Stage one in their strategy is to define such enclaves, whether it be in Estonia, or eastern Ukraine, or Moldova. Stage two is to start linking them together. Stage three is to gather unto Muscovy what Muscovy once had.”

Such a “restorationist” push, he noted, made it credible that a new state could be formed, called Novorossia (“New Russia”), linking the enclave of Trans-Dniestr in Moldova to Russia itself via a network of “Russian enclaves” in Ukraine.

This idea was the theme of an article in the London *Economist* of July 16, which reported on the growing militancy of the hardline Russian commander in the Trans-Dniestr, Gen. Aleksandr Lebed. According to the article, Lebed is trying to forge an alliance with ethnic Russians in three parts of Ukraine—Odessa, Crimea, and the Donbass coal-mining region around Donetsk—in order to form a new state of Novorossia.

Our source also foresaw a very nasty Russian move to neutralize what Moscow claims to be a “Ukrainian nuclear threat”: “The Russians will fix the Ukrainians, they will not tolerate this.”

According to the source, “The Europeans will close their eyes to these developments. They will mouth words like ‘stability,’ ‘respectability,’ ‘democracy,’ to characterize Russian moves that actually have none of these characteristics. The Europeans won’t, and can’t, do anything about this. This is already shown by what they haven’t done in response to Russian threats to the Baltic states.”

The growing strategic threat, and the western inaction in the face of it, was pointed out sharply in an editorial in the influential French journal *Le Monde Diplomatique* in mid-July, under the headline “The Russian Volcano.” Ignacio Ramonet complains that the West has been transfixed, for too long, by the power struggles between Boris Yeltsin and his opponents, as if this were the main issue confronting Russia. In reality, the population is living in a “state of shock” after the political earthquakes since the fall of the Soviet Union. At this moment, Russia itself is rocked by “centrifugal, nationalist, and separatist” trends. The majority of the population is faced with pauperization, as prices of goods and services have multiplied by 26 times in a year.

In the face of all this, the West shows itself “stricken by immobility,” as was clearly evidenced by the totally inadequate response of the West to the Russian problem at the Group of Seven summit in Tokyo. Concludes Ramonet: “The egoistical West seems, yet again, incapable of forecasting the nonetheless foreseeable fires that threaten to engulf Russia, and which threaten to undermine the pursuit of democracy in this country, and to put in danger the security of the world. Why does the western world remain so deaf to the jolts, the rumblings, and the detonations which announce the imminent explosion of the Russian volcano?”

# The Russo-Tajik agreement and its political effects on Central Asia

by M. Babur

*On July 15, the Russian Parliament ratified a Russian-Tajik Agreement on friendship, cooperation, and mutual aid which had been signed in the Kremlin on May 25. Up to the point of the signing, little mention had been made in the Russian or international press about this agreement. In the article that follows, M. Babur provides crucial background on the circumstances of the agreement, as seen from Moscow by a veteran Russian observer and writer on Central Asian and Oriental affairs who has had five decades experience in the field.*

*The ratification occurred soon after the well-publicized incident of July 11, in which Border Post No. 12 along the Afghan-Tajik border was attacked from two directions, the main attack mounted across the Pyandzh River by 400 armed refugees supported by soldiers of the 55th Infantry Division of the Afghan Army. The attacks resulted in the deaths of 25 Russian border guards, after two days of heavy fighting. Immediately thereafter, Russian Defense Minister Pavel Grachev and Deputy Defense Minister Konstantin Kobets rushed to the combat zone, and ordered heavy reprisals. To enforce this, President Boris Yeltsin, acting on Defense Ministry recommendations, immediately dispatched thousands of Russian troop reinforcements, plus combat aircraft and attack helicopters, to the border area.*

*M. Babur's analysis follows:*

On May 25 in the Kremlin, President of the Russian Federation Boris Yeltsin and Chairman of the Supreme Soviet of Tajikistan E. Rakhmonov signed an agreement on friendship, cooperation, and mutual aid between the Russian Federation and the Republic of Tajikistan. At the same time, a package of seven documents was signed, providing for official Russian and Tajik institutions to collaborate militarily and economically, as well in the defense of the state border. These documents, and the agreement in particular, are of extreme political and strategic importance for both states, and for the other countries of Central Asia and the Middle East.

Given the dire political, social, economic, and military situation that Tajikistan found itself in—after a year of bloody civil war, after the deaths of over 60,000 of its people and the exodus of another 250,000 to Uzbekistan, Kyrgyzstan, Russia, and (especially dangerous) Afghanistan; and after a series of serious earthquakes and floods—signing an

agreement with the Russian Federation offered the country a real chance of saving itself from impending disaster and from the destruction of its native population. One must remember that, at the time of the signing, there was no civil peace. In some areas, especially the Pamirs, battles raged pitting government forces against both the “Democratic-Islamic” opposition, supported by the Afghan *mujahedin*, and detachments of fighters, recruited mainly by force in the Tajik refugee camps in the Afghan border provinces of Balkh, Kunduz, Samangan, and Takhar, where they receive defense training from Afghan and foreign specialists working for fundamentalist groups in Afghanistan. One must also bear in mind, that as a result of the civil war and natural disasters, upwards of 150,000 homes and 80% of all businesses had been burnt or reduced to rubble. In autumn 1992, only one-seventh of the cotton harvest was brought in. The damage inflicted on the republic's economy, transport, and housing, was put at 350 billion rubles.

During the signing of the agreement, Rakhmonov said: “The presence of the 201st Russian Division in Tajikistan is a guarantee of peace. If it had not been here, the number of people killed would have been not thousands, but about a million.” This was no exaggeration. Indeed, he added: “If it had not been for Russia and Boris Yeltsin personally . . . Tajikistan would already have ceased to exist.”

This is not to say that the efforts of Emomali Rakhmonov and Prime Minister Abdulmalik Abullodzhanov have been unanimously supported in Tajikistan. The Russian newspaper *Moskovsky Novosty* somehow came across a copy of a secret letter to Yeltsin from the leaders of the Tajik opposition, and published it, literally, on the eve of the signing of the agreement (issue No. 22, dated May 23-30). In this letter, the opposition strongly protested against Russia's support for the current leadership in Tajikistan, where all kinds of murder and torture were going on. *Moskovsky Novosty* considered the letter so important, that it printed it on its front page, together with a photograph showing how terrible conditions are for Tajik refugees in Afghanistan.

## ‘Outdoing Goebbels’

However, even in the Tajik government there was no unanimity over the question of an alliance with Russia. On May 19, the official organ of the Communist Party of Tajikis-



*Keldash Madrasah, a Muslim monument in Tashkent, the capital of Uzbekistan. It was in Tashkent that CIS leaders signed an Agreement on Collective Security in May 1992, and leaders in Tashkent are monitoring the situation in neighboring Tajikistan now with considerable worry.*

tan, which is still the only legally operating political organization in the republic, published, in issue No. 20, an article titled "Outdoing Goebbels." In it, the Russian government was called a "criminal clique" and "followers of Goebbels." Referring to the clashes in Moscow on May 1, and to the Russian President's conduct during the collapse of the U.S.S.R., the author of the piece, A. Ziborov, even said: "Yeltsin has betrayed his presidential oath and should be put before a court." Similarly, in recent months, the *Voice of Tajikistan* and other Tajik government papers (all newspapers there are government ones) had conducted a bitter campaign against the Russian press for reporting gross abuses of human rights and democratic freedoms in Tajikistan.

So the Tajik opposition, which maintained its positions in the Pamirs and isolated border areas, together with the underground groups in the cities and towns, criticized the Russian government for signing the agreement and sending more troops, charging that this would shore up the government of Rakhmonov-Abullodzhanov. Meanwhile, the Communists supported the latter's domestic policy, but at the same time echoed the slogans of the Russian Front for National Salvation, and criticized their leaders for signing an agreement with the "followers of Goebbels in the Kremlin."

### **Russia's national interests**

There can be no doubt that the agreement signed in the Kremlin on May 25 is very important from the point of view of Russia's national interests.

First, it sets the scene for preventing two potential war zones—Tajikistan and Afghanistan—from merging into one. It therefore averts the danger of a massive conflict that would undoubtedly have spread across a large part of Central Asia and the Middle East.

Second, the agreement strengthens Russia's military and political positions along the Amudar'ya and Pyandzh rivers, thus creating the conditions for preventing fighters and arms from being infiltrated from Afghan territory into Tajik territo-

ry. The Russian Ministry of Defense newspaper *Red Star* published on May 27 an article entitled "Russia and Tajikistan Are Back Together Again," which gave an extremely positive assessment of the agreement between the two sovereign states and emphasized that "the agreement stipulates a joint policy on defense and military technology, including financing military programs and buying arms. If an act of aggression is committed against one of the parties to the agreement, the other will offer the necessary assistance." The article pointed out that the agreement provides for keeping Russian armed forces on the territory of Tajikistan for a transitional period, while focusing attention on the border problems: "The agreement says that for a transitional period, and until Tajikistan has its own border troops, it is delegating the right to guard its borders and those of Russia and the Community of Independent States (CIS), to Russian border troops." It is quite specific, though, that "the Russian border troops will carry out their duties in accordance with agreements with neighboring Afghanistan and China, which remain in force."

Third, the agreement guarantees the inviolability of Tajikistan's borders. During the signing, Yeltsin remarked that the borders of Tajikistan, which are simultaneously the borders of the CIS, must be guarded through their joint efforts. "Especially," he emphasized, "because Afghanistan is not indifferent to Tajikistan, I mean territorially speaking." So, true to the commitments it entered into in the Agreement on Collective Security signed by the leaders of the CIS in Tashkent in May 1992, Russia had taken responsibility to defend the borders of the states of Central Asia and prevent terrorists, arms, and drugs from finding their way through the CIS into the countries of Europe. All of this indicates that the agreement of May 25, 1993 had increased Russia's authority in the Russian Federation and CIS, and particularly among the Central Asian states.

Fourth, the agreement improved the situation for Russians inside Tajikistan, who have been in an extremely dan-

gerous position during the civil war and have often been persecuted. Over 150,000 Russians were forced to leave the republic, and this not only turned them into refugees, but also deprived Tajikistan of highly qualified personnel it badly needed. In his Kremlin speech, Yeltsin made a point of referring to the problem of the Russians in Tajikistan and expressed the hope that now their situation would improve.

## A second Afghanistan?

However, some sections of Russian public opinion have been seriously worried about the implications of the agreement. On May 27, *Nezavisimaya Gazeta* published an article headlined, "Is Russia Being Drawn into Another Unnecessary War? The Agreement with Dushanbe Could Turn into a Second Afghanistan." The article continues: "Russian military figures consider that the situation in Tajikistan risks becoming a carbon copy of Afghanistan, with Russian troops in the valleys and partisans, some of whom are Afghans, in the mountains. Russia's war with Afghanistan shows what would happen. Having signed a document for joint military action, Russia is being drawn more and more into another war that is totally alien to it." Moreover, the article concluded, the signing of the agreement would strengthen the position of the Tajik government, which would hardly improve the state of human rights in the republic.

Radio Teheran and a number of other eastern radio stations pointed out that the Russo-Tajik Agreement of May 25 was not received with much enthusiasm in Tashkent, the capital of Tajikistan's neighbor Uzbekistan. The President of Uzbekistan, Islam Karimov, was extremely displeased with Rakhmonov's statement in the Kremlin, that "if it had not been for Russia and Boris Yeltsin personally, there would be no Uzbekistan and no Islam Karimov either, and Tajikistan would already have ceased to exist." After all, this was said by the same chairman of the Supreme Council of Tajikistan who, in November 1992, as he was being elected at a session of the Supreme Council in Khodzhen, called Karimov the "father of all the Tajiks"!

Indeed, the Uzbek leadership and Karimov in particular have done a great deal to help smash the "Democratic-Islamic" opposition in Tajikistan and to bring Rakhmonov and Abdullodzhanov to power in Dushanbe. According to reports in the Russian press, especially *Nezavisimaya Gazeta*, *Rossiyskiya Vesti*, *Izvestia*, and *Novoye Vremya*, at the end of 1992, the Uzbek high command put a large quantity of arms at the disposal of the Tajik leadership, including field guns and twenty T-62 tanks, followed by an entire armored unit that had previously served in Afghanistan and was then stationed in Termez. Moreover, the Tajik Armed Forces and units of the Popular Front fighting the opposition included quite a few Uzbek advisers. Uzbekistan began to play a more active part in events in Tajikistan after the appointment, as Tajikistan's defense minister, of A. Shisklyannikov, who had previously worked in the Uzbek Ministry of Defense,

and before that had served in the Russian 40th Army in Afghanistan. He arranged for a helicopter regiment stationed in Kagan (near Bokhara) to be transferred to Tajik command. The facts about Uzbek armed involvement in the civil war in Tajikistan were published by the *Nezavisimaya Gazeta* on Feb. 23, 1993 in a piece entitled "Uzbek Aircraft Bomb the Tajik Opposition."

## Leninabad mafia

In Tashkent, of course, the situation in Tajikistan has been carefully monitored. In a press conference for foreign journalists back in May 1992, President Islam Karimov kept returning to the subject. He accused then-President Rakhman Nabiyeu, who has since died, of reducing the people to poverty. In answer to a question about the inhabitants of Leninabad Oblast in Tajikistan wanting to set up an autonomous territory inside Uzbekistan, Karimov said that the oblast (region) was basically peopled by Uzbeks, who wanted to become part of Uzbekistan. He stated firmly, however, that "to talk about borders in the current situation would be to tear Central Asia apart." Many newspapers used this statement as the headline for their report of the whole interview. The reference to Leninabad Oblast, which is the largest region in Tajikistan and until the beginning of the civil war used to supply the party and state apparatus with key personnel (so much so that people used to say "Leninabad runs Tajikistan"), is rather interesting. Leninabad Oblast is the most fertile and densely populated part of Tajikistan, and occupies a vital strategic position on the approaches to the Fergana Valley bordering Kyrgyzstan. Its center, which was recently given back its ancient name of Khodzhen, was known for 2,500 years as one of the largest transfer points on the famous "Silk Road." From 1917 to 1929, Leninabad and its environs formed part of Uzbekistan, and it was only after the formation of the Tajik Soviet Socialist Republic that they were handed over to the young republic at its insistence. As compensation, the Uzbek S.S.R. retained Samarkand and Bokhara Oblasts, which were mainly populated by Tajiks, who insisted, right up until 1992, that they should be handed over to Tajikistan. Thus, there are territorial differences between the two republics. Moreover, about a million Uzbeks live in Tajikistan, and approximately the same number of Tajiks in Uzbekistan.

With all of this, as well as events in Afghanistan, in mind, Karimov announced in the interview that Russia should become guarantor of the security of the Central Asian republics. He also stressed that "Tajikistan is an inalienable part of Central Asia, and there are absolutely no grounds for suggesting that it could suddenly come within the sphere of influence or under the protection of the *mujahedin* of Afghanistan."

In an interview that he gave to foreign correspondents 10 months later, on March 12, 1993, and which has been published in full only in Tashkent newspapers, Karimov said he was extremely worried by the situation in Tajikistan. He

confirmed that Uzbekistan had given active assistance to the legitimate rulers of the republic, on the basis of the Agreement on Collective Security signed in May 1992, and the Tajik-Uzbek treaty of friendship and cooperation signed in January 1993. However, he pointed out, whereas the international community was devoting an enormous amount of attention to the situation in Bosnia-Herzegovina, it seemed totally uninterested in the Tajik tragedy. He referred to Afghanistan's role in events in Tajikistan, and to the fact that there were more than half a million members of various military units in Afghanistan, equipped with the most up-to-date weapons, and continued: "Someone wants Afghanistan to be a kind of smoldering fire, from which embers can be plucked and cast into the independent states of Central Asia, and pressure put on them. It is no secret that certain dark forces cherish such dreams. . . . In Afghanistan, Pakistani and Iranian groups of terrorists are being trained to carry out subversive activity in our region." In conclusion, Karimov repeated his view that Russia must become the guarantor of security in Central Asia, but he stressed that the sovereignty of each republic must be strictly maintained.

Clearly, the Russo-Tajik Agreement on friendship, cooperation, and mutual aid (the last point was absent from the Uzbek-Tajik friendship treaty), in combination with the Tajik leaders' statements in the Kremlin, have led to a certain wariness in Tashkent, as a number of radio stations in the East (especially Iran) have suggested. To this must be added the provocative and ambivalent article entitled "Asian Gas Will Go to the West: The New Alliance Will Harm Russia's Interests," by two responsible officials from the Russian Ministry of Foreign Trade, published in *Nezavisimaya Gazeta* on May 13, 1993. This stated that a Central Asian Regional Union was going to be formed by forces allegedly believing in a Greater Turkestan, who intended to include in it not only the five republics of Central Asia, but also the Muslim republics that are part of the Russian Federation. It was claimed that the scenario for the Osh tragedy in Kyrgyzia in 1990 [in which ethnic Uzbeks living in Kyrgyzia were attacked] was worked out in Tashkent, with the aid of the Turkish secret service; that the leader of the Afghan Uzbeks, A. Dostum, was receiving great support from Uzbekistan and Turkey; and that the leaders of the planned Central Asian Regional Union (by implication, principally Uzbekistan) had far-reaching designs against the "Persian-speaking bloc" (Iran, Afghanistan, and Tajikistan) and presented a serious threat to Russia's economic and strategic interests. All this was published less than a fortnight before the signature of the Russo-Tajik Agreement!

### **Uzbek indignation**

On May 25, i.e., the day when the agreement was signed, the editor of *Nezavisimaya Gazeta* published a long letter from the Embassy of Uzbekistan's press office, expressing indignation at the attacks and wild claims contained in the

article by the two officials from the Russian Foreign Trade Ministry. The letter, which was longer than the original newspaper article, concluded: "The publication of this article a day before the heads of state and heads of government of the CIS met in Moscow [May 14] to discuss the question of setting up an economic union, was politically provocative, a blatant attempt to stir things up and set the leaders of the CIS countries against one another." In a footnote to the letter, the editor of *Nezavisimaya Gazeta* offered his apologies, which is an extremely rare occurrence.

In Tashkent, however, they are not only unhappy about the Russo-Tajik Agreement. Immediately after the meeting in Moscow of the heads of government of the CIS, the Tashkent newspaper *Narodnoye Slovo*, which is the organ of the Supreme Council and government of Uzbekistan, published an article headlined "Sudden U-turns Resemble Revolutions: They End in Tears," which was signed by the Uzbek Information Agency. At the center of the article was an attack on Nursultan Nazarbayev, the President of Kazakhstan, for allegedly attempting at the Moscow meeting to revive the Soviet Union!

### **Central Asia split looming?**

Nazarbayev, of course, is a figure whose authority extends far beyond the borders of Central Asia. In an article entitled "Integration Not in the Cards: Anti-Nazarbayev Article in Uzbek Newspaper Confirms Presence of Differences Between Regional Leaders," *Nezavisimaya Gazeta* of May 28 commented on this attack on him: "A political split is obviously opening up inside Central Asia. . . . Kazakhstan and Kyrgyzstan are leaning toward democracy and market reforms, whilst Uzbekistan and the somewhat kindred political regime in Tajikistan are blatantly trying to preserve the features of Soviet totalitarianism, 'flavoring' it with a national revival." This was *Nezavisimaya Gazeta's* revenge for the trouble it had with its article, "Asian Gas Will Go to the West." It was also expressing its displeasure at the Kremlin's support for the government of Rakhmonov-Abdullodzhanov, and warning of a split amongst the leaders of Central Asia, at a time when the fundamentalist threat was increasing, and the civil war in Tajikistan fanned from Afghan territory was still burning.

Meanwhile, the bloody, drawn-out conflict among the leaders of the *mujahedin* in Afghanistan has been settled for the time being, by an agreement in Jalalabad on May 20 among the leaders of the warring factions. The popular Minister of Defense Ahmad Shah Masoud, who is a Tajik by nationality and supports a political settlement in Tajikistan, is also to retire. A government has finally been formed in Kabul headed by the leader of the "Islamic Party of Afghanistan," G. Hekmatyar, who is well-known for his support of the Tajiks who are fighting their government. All of this does not bode well for peace on the banks of the Amudar'ya, and it indicates the importance and timeliness of the May 25, 1993 agreement.

# Iraq three years after the war: genocide in a test tube

by Muriel Mirak-Weissbach

On July 16, the Food and Agriculture Organization (FAO) and the World Food Program issued a paper reporting on the findings which a mission of the two U.N. organizations had completed in Iraq. "The vast majority of the Iraqi population lives in absolutely deplorable conditions," it read, and is condemned to "a struggle for survival." The country as a whole is in a "pre-famine" situation. The mission estimates that, in order to feed its population, Iraq would have to import 5.4 million tons of basic foodstuffs, at a cost of \$2.5 billion. "This significant sum cannot be covered by the international community," the report comments tersely.

Translated into plain English, the report says that a country of 18 million people, as a result of its having been subjected to three years of a hostile blockade, is about to enter the spiral of starvation. Because the U.N. Security Council reiterated on July 22 its commitment to uphold the embargo, Iraq will not be able to sell oil or any other commodity to any trade partners. Therefore, although food and medicine are officially excluded from the embargo, Iraq will not be allowed to generate the income which it requires to finance food purchases. The "international community," which, translated from bureaucratese, means the United Nations, is bankrupt and will not put up the funds for humanitarian shipments. Even those deliveries of food and medicine which have been authorized by the U.N. Sanctions Committee, have been subjected to systematic harassment, or even piracy, by the fleet of "sanctions enforcers" stationed in the Red Sea. The U.S.-led multinational force has intercepted 17,000 ships, boarded and searched 5,000, and has diverted at least 400, according to U.S. Central Command data, since August 1990.

## The cynical politics of oil

A compromise formula elaborated by the U.N. has been tossed back and forth across the negotiating table since September 1991, whereby Iraq would be allowed to sell \$1.6 billion worth of oil, solely to finance such imports (after having given about half to the U.N. for its excellent services on the ground and for reparations to the cash-strapped Kuwaitis); but even this trick, meant to fill the U.N.'s empty coffers, might have undesired effects on the price of oil. Already in June, the mere rumor that the sanctions might be lifted, allowing Iraq to start pumping oil again, sufficed to

bring the North Sea Brent price down \$5. A Gulf study, published in the United Arab Emirates Oil Ministry magazine *Oil and Industry News*, worried that Gulf states' oil earnings projected at \$81.3 billion in 1993, compared with \$77.2 billion in 1992, "could decline in case Iraq is allowed to resume production."

Furthermore, in the negotiations on U.N. Resolutions 706 and 712, which reopened July 7, Iraq demanded that the oil exports be shipped through the northern Persian Gulf terminal of Mina Al Bakr, and not only through the Turkish pipeline, as the U.N. desires. Baghdad demanded, in addition, that it be allowed to sell more than the \$1.6 billion worth of oil, and that it be able to use the \$4-6 billion in frozen assets abroad for purchase of food and medical supplies.

Regardless of the outcome of the talks on a one-shot sale, U.N. policy is that the sanctions will remain in place. No matter that the original condition set with the U.N. resolution introducing sanctions on Aug. 6, 1990, that Iraq withdraw from Kuwait, has been met. Since the end of the military confrontation, ever more onerous conditions have been invented to justify the continuing blockade: Saddam Hussein was to "step down"; Iraq was to "fulfill all the U.N. resolutions," even as new ones were being formulated and rammed through; Saddam Hussein was to "behave," to eliminate weapons of mass destruction, to allow long-term surveillance of industrial activity, and so on. Most Americans, whose whims are periodically shaped by the public opinion polls, express their feeling that the sanctions are "right" because Saddam Hussein is a "bully," a "dictator," "intractable," or simply, still in power.

## The toll of the embargo

The Iraqi people are being subjected to genocide of a unique type. It can be compared to the same processes unleashed by financial speculation, usury, and austerity, associated with the International Monetary Fund (IMF), for example, processes which have led over 10 or 20 years, in the cases of Ibero-America and Africa, to genocidal conditions. The difference is that in Iraq's case, this process has been put into motion by military attack, which knocked out the economic infrastructure, followed by economic strangulation, which is killing the population, undermining its ability to reproduce itself. In Iraq, the drama is unfolding at a highly





*An infant formula factory destroyed in Iraq during the war. According to an unpublished cited UNICEF report, "more than 100,000 additional children (above expected rates) have died since the beginning of the Gulf war."*

accelerated tempo. The destruction which it has taken the IMF one or two decades to accomplish in most Third World countries has been wrought in Iraq in three years.

How this happened is straightforward: The embargo stopped all air traffic to and from the country, leaving one main land route through Jordan as the connection to the outside world. It grounded the entire civilian airplane fleet. Trade was halted, except for medicines; even food was not allowed in until March 22, 1991. Food became scarce in a country which had used its oil revenues to import 70% of its food needs. Despite deliberate increases in internal food production by bringing more land under cultivation, which increased the 1991 wheat acreage planted by 80%, the embargo limited this by blocking imports of fertilizer, seed, and spare parts for agricultural vehicles. According to an unpublished report for Unicef written in April 1993, this meant that the harvest was reduced "to an estimated 25-30% of the previous year's level."

Agriculture was further damaged by reduced irrigation, due to irregular electricity supplies. The predominantly agricultural economy in the northern Kurdish region has been decimated by "acute shortage of certified seeds, fertilizers, herbicides, pesticides and fuel." The lack of veterinary services and supplies has led to epidemic among herds, including rinderpest. Lack of feed and electricity have virtually eliminated poultry and dairy production. In Erbil, out of 300 functioning poultry farms in 1990, only two remain.

Food prices skyrocketed. The same report calculates that the market price for a food basket of 3,000 kcal per person for a family of six rose from 500 Iraqi dinars in January 1991 to 1,000 dinars in January 1992, and to 2,500 dinars in January 1993. In the same period, the average monthly salary rose only from 250 dinars to under 500. Thus, "Food prices have increased by more than 50-fold since August 1990, while salaries have risen by only 1-2 fold," according to the report. In addition to the devaluation of the currency due to the cancellation of trade—whereby the Iraqi dinar no longer was recognized abroad—financial speculation targeted the dinar. Since Iraq could not import, it produced its own banknotes, with the result that foreign speculators hoarded foreign-produced 25-dinar notes, and traded them outside the country. This drove down the value of the domestically produced banknotes, further eroding buying power, until the government in May 1993 declared the foreign-made notes null and void, and closed the border to Jordan temporarily, to reestablish control over currency.

The combination of monetary devaluation and scarcity-induced inflation of basic goods prices has resulted in a fall in per capita income. According to the unpublished Unicef report, "Per capita income was estimated at \$335 in 1988 (using the free market exchange rate) and fell to \$65 in 1991, and \$44 in 1992. This is far below the international poverty line of \$100 established by the World Bank. Dreze and Gazdar ('Hunger and Poverty in Iraq,' 1991) found that, in terms

of private income, the prevalence of poverty is now greater in Iraq than in India, with the majority of Iraqi households earning below the poverty line." In 1988, only half of family income was used for food purchases, but by 1993, every dinar was needed for food, and that does not suffice. Except for the tiny percentage of very wealthy Iraqis, the population depends on food rations, which provide 1,550 kcals per day per person, or about two-thirds of daily energy requirements.

### Effects on the population

To make up the difference between rations and real needs, families are forced to seek any kind of income-generating activity for purchases on the black market. In the first year after the war, reports abounded of wealthy and middle-class women selling jewelry and dowry items for cash, to cover bare necessities. This cushion is largely gone. As a result, thousands have been forced to enter the illegal economy. The London *Financial Times* on May 6 reported on the common sight of Iraqi women sitting on the curbstones in Jordan's capital Amman, selling black market cigarettes. To do so, they must travel 14-17 hours by car or bus from Baghdad to Amman every couple of weeks. Other women have resorted to prostitution. Inside Iraq, child labor, once unheard of, has become commonplace, and school dropouts, particularly among girls from families headed by a widowed mother, have increased correspondingly. Ministry of Education statistics cited by the Unicef report indicate that 2.5% of students dropped out of primary school in 1989-90, 3% in 1990-91, but 14% in 1991-92. Street children, who did not exist before the war, have appeared, especially in the cities, begging.

The impact of pauperization and insufficient caloric intake has been massive on the physical and psychological condition of the population. First, in outright mortality, the cited Unicef report calculates that "more than 100,000 additional children (above expected rates) have died since the beginning of the Gulf war." The International Study Team estimated that mortality rates for infants and children under five were 2.4 and 2.7 times their pre-war levels, respectively. Infant mortality begins at birth or before. Due to dramatically reduced medical services since the embargo, pre-natal care has suffered. Increases in miscarriages, abortions, premature births, and low-birth weight babies are the result. The percentage of babies born below 2.5 kilograms rose from 4.5% in 1990 to 10.8% in 1991 and to 16.8% in 1992, according to a study presented at an international conference in Baghdad in 1992. In addition, the lack of general anesthetics led to massive increases in deaths of both mother and child, particularly in cases where the mother required a caesarean section.

The rise in infant and under-five mortality derives also from malnutrition, diarrhea, infectious diseases like cholera, typhoid, and measles. Vaccines have been blocked by the embargo, as have medicines required for treatment. Water

supplies have been contaminated, leading to the rapid spread of infectious diseases. Although in 1992, the government made significant progress in repairing water and sanitation installations, the often makeshift repairs could not endure without new spare parts. Prevented by the embargo from receiving spare parts, the water systems have broken down. "In Basra, a visit by Unicef in January 1993 revealed that of 135 sewage pumps, only 25 were operational. Of the 27,000 liters of sewage pumped into the Tigris River every second, 17,000 are discharged untreated. The team found that garbage collection services had virtually collapsed due to lack of spare parts and vehicles. Overflow of raw sewage had caused flooding in many residential areas."

If the physical toll of the embargo can be calculated in crude percentages, the psychological cost is far more difficult to express. One indicator is a poll taken in 1992 among primary schoolchildren, which recorded the highest levels of psychological stress and pathological behavior ever set down by specialists, in a decade of such investigation in areas marred by conflict. According to this report by Raundalen and Dyregrov, 62% of the children questioned answered affirmatively to the question, "Do you worry you may not live to be an adult?" Seventy-nine percent said "yes," when asked, "Are you afraid of losing your family?"

A vast majority of women questioned also indicated psychological problems, ranging from insomnia to headaches and depression.

In August 1991, a task force headed by Sadruddin Aga Khan, who was Executive Delegate for the United Nations secretary general at the time, in charge of humanitarian aid to Iraq, concluded that unless some arrangement were made to allow Iraq to generate income with which to purchase food and medicine, the country would enter a dramatic crisis. The U.N. official said that what was threatened was a process which, if not reversed, would lead to famine. Now, in 1993, that specter of famine has appeared on the horizon. Over the last three years, the Iraqi population has been progressively stripped of its ability to produce. Physically, its resistance has been undermined by malnutrition, and in physical-economic terms, its ability to reproduce itself is being threatened. Now it may starve, as the FAO admits.

Yet, in 1988, Iraq was ranked as a relatively wealthy country. Its average caloric food intake was 3,340 kcal, well over the allowance recommended by the World Health Organization. Iraq was a take-off economy, about to enter a fully industrialized stage of its development.

Despite a moral resistance that defies comparison, which has been shown by the Iraqis since 1990, it is clear that the only way that the country will survive and its people flourish, is through the lifting of the genocidal embargo. Whether or not the U.S. administration prefers a healthy, growing Iraqi economy and people, or another moral catastrophe to chalk up to foreign policy failures, will be seen in the attitude it assumes vis-à-vis this horrendous human drama.

# Italy challenges 'new world disorder' in Somalia

by Claudio Celani

On July 12, an obscure United Nations official, Kofi Annan, took the unprecedented step of ordering the government of a NATO country, Italy, to recall the field commander of its military contingent in Somalia, Bruno Loi, because he was guilty of "disobeying U.N. orders." The Italian government, with wounded pride, firmly rejected what Foreign Minister Beniamino Andreatta called a "diktat," thus opening the most serious crisis between Italy and the United States since 1985, the time of the terrorist hijacking of the luxury ship *Achille Lauro*.

The conflict is not only a question of sovereignty between the Italian national government and the U.N. supranational authorities; given that orders in Somalia are formally given by the U.N., but in reality by retired U.S. Navy Adm. Jonathan T. Howe, the policy conflict is between the Italian line of a dialogue with Somali leaders, opposed to a policy of indiscriminate bombing of the civilian population, such as U.S. forces demonstrated on July 12 by killing 78 people in the action supposedly aimed at capturing warlord Mohamed Aided.

The crisis between Italy and the U.N.-U.S. "has enormous ramifications," the *Baltimore Sun* recognized on July 18. At stake, the paper correctly observed, is the "authority—make that sovereignty—[U.N. member states] are willing to relinquish to a U.N. military command that has yet to attain the capability of a quick response." The reality is that there exists a deep contradiction between the U.N. stated goals (in the case of the Restore Hope operation, feeding the Somali population and preventing the total disintegration of the country) and the real U.N. policy, which promotes the disintegration of national structures.

This contradiction exploded when the Italian contingent (the second biggest after the Pakistanis, but much better equipped and more effective) realized that the U.N.-U.S. policy was delivering the situation into the hands of those same warlords whom they ostensibly were fighting.

As Gen. Domenico Corcione, the Italian defense chief of staff, declared on July 16, "A peace mission is turning into a war operation. And we don't like it anymore." "When we arrived there," Corcione explained, "there were 28,000 Americans, and we had food to distribute, potentially a source of strong pressure. There were conditions to impose disarmament. Instead, the task of feeding the population was fulfilled, but disarmament was neglected. Now the machine

is weaker. Therefore, when we were strong we made peace. Now that we are weaker, we make war."

The allegation of having pulled out U.S. forces without finishing the job of disarming rival hands is shared by international commentators, who name this as one of the main reasons for the present escalation of the conflict in Somalia. But the Italians have even more reason to complain about U.N.-U.S. conduct. At the beginning of the Restore Hope operation, the U.N.-U.S. indicated that they preferred General Aided as their interlocutor. Then, without explanation, they dropped him in favor of Ali Mahdi. Suddenly, Aided became "Public Enemy Number One." Despite this about-face, Italian commander Bruno Loi twice offered to capture Aided, since the Italians were able to pinpoint his whereabouts, thanks to their wide intelligence networks. Inexplicably, the U.N. command refused the offer.

Then came the episode which escalated the violence. On June 5, after having rejected the Italian offer to capture Aided, and not even having issued a warrant against him, the U.N. command sent Pakistani troops to search a weapons depot in the headquarters of Aided's radio station. During that search, the U.N. troops reacted to a provocation by opening fire against a group of civilians. It was a massacre, with 23 dead on the side of the U.N. Had the Italian troops not intervened, thanks to their good relations with the local population, losses would have been bigger.

On July 3, a column of 800 Italian paratroopers was ambushed during a similar search operation. Despite the violent fire (Somali fighters used anti-tank weapons), the Italians refused to return fire on women and children who were hugging Kalashnikov machine-guns and throwing hand grenades. As a result, they left three dead and 23 wounded. While the ambush apparently seemed to challenge the Italian strategy of avoiding conflicts by establishing friendly relations with the local population, Italian commanders insisted that it was the result of the escalation provoked by the violent behavior of Pakistani and U.S. troops on June 5. To demonstrate their point, the Italians announced that they would take back the lost checkpoint without firing a shot.

On July 11, they did just that. But only 24 hours later, U.S. forces began bombing a Mogadishu district where leaders of the Aided faction were meeting. As a result of the 17-minute bombardment, 78 died, many of them civilians. This

ignited a popular uprising, in which four western journalists were stoned. That same evening, U.N. vice-director Kofi Annan announced arrogantly that Italian commander Bruno Loi had become *persona non grata*, because he had consistently disobeyed U.N. orders.

### Laboratory for the rest of Africa

The enraged U.N.-U.S. reaction can be explained only if one understands that the Italian initiative not only demonstrated that you can achieve results by engaging in dialogue with Somali factions; it also threatened to collapse the entire structure of war economy which the U.N. is supposed to be fighting, but which in reality is a pillar of the U.N.'s world-government project for Africa. In fact, the U.N. is using the Somalian "laboratory" as an experiment for replacing existing nation-states with tribal units, and replacing all economic activity with export of drugs and import of weapons. This scheme already partially works in Somalia, where each warlord has a band working like a company, the "blue-collar" being the guerrilla fighters. Such a societal organization would guarantee that the "world government" (i.e., the U.N.), is not hindered by national interests, while at the same time guaranteeing a constant flow of money, as drug revenues, into the coffers of international banks. Witnesses report having seen U.N. planes loading drugs in Somalia, and point to the fact that each warlord was given initial capital to start his activity. Aided, for example, is rumored to have been financed by the oil company Conoco, while his rival Mahdi is backed by Egyptian financiers, friends of U.N. Secretary General Boutros Boutros-Ghali.

The weak flank in such a structure is represented by Somalia's elders—local leaders who still have some authority among the citizenry, although decreasingly so. Therefore, the warlords, in search of legitimacy, have had to come to terms with them. This was the Italians' point of intervention. By contacting every level of Somalian society, the Italians have been able to partially dismantle the war structure. Of course, dialogue is not enough; what is urgently needed is infrastructural investment. But by offering, for example, a small wage for a police job, the Italians have already enrolled youth who otherwise would be toting a gun under a warlord.

As far as the U.N. accusations of insubordination against General Loi, the behavior of the Italian commander was totally correct. Loi accepted orders from the only agency which is supposed to issue them: the Italian government. "By the way," commented military expert Luigi Caligaris, calling the bluff, "don't the Americans in Somalia also take orders from their own government?"

At present, given the Italian government's unyielding support for Loi, the conflict between Italy and the Anglo-Americans has no perspective for a solution. The Italian government is forced to take a nationalist stand under the pressure of public opinion. Surprisingly, a sort of patriotism has surfaced among political forces (less surprising among the people at large, for whom General Loi has become a

national hero), and is motivated by several factors. One of these is the very open criticism against the Anglo-Americans coming from the Catholic Church. On July 4, the Vatican newspaper *Osservatore Romano* accused the United States of "interference" in changing the scope of the U.N. mission from a peaceful one into a war. On July 12, the Pope himself made it known through his spokesman that "if humanitarian interventions are not linked to a moral permanent value, they are no good." The Pope accused Clinton of ordering military operations in Somalia to improve his opinion polls.

### 'Quelli del Britannia'

The Italian challenge to the Anglo-Americans, however, cannot be understood unless it is seen as the manifestation of a new consciousness which has been developing over the past six months. Italian political leaders have come to understand that Anglo-American power centers are playing a major role in the destabilization of their country. More and more, warnings and analyses to that effect, written by Lyndon LaRouche and his associates and published by *EIR*, have found their way into the media (see box), up to the point that today the "Anglo-American destabilization of Italy" has

## All Italy knows who the enemy is

*Excerpts of an article appearing in the July 8 magazine L'Italia, entitled "Attack Against Italy—or Rather, Against Europe":*

"Italy is victim of a systematic destabilization from forces which are coordinated internationally and internally. The usually less-understood component is the foreign one, represented by a cartel of foreign speculators committed to destroying the country with borrowed money." Is this the thesis of the Great Conspiracy against this poor, battered Italy? It seems so; and this time it was not a more or less official representative of the state who sounded the alarm, but an economic expert, and an American to boot. His name is William Engdahl, and he gave the introductory speech at a meeting recently held [June 28] in Milan and diligently censored by the national press. Yet, the theme of the meeting was an intriguing one: "Is there a plot to destabilize Italy?"

Attracted by the theme proposed by the organizers, the American magazine *Executive Intelligence Review*, businessmen and economic operators, as well as a varied brigade of parliamentarians, participated. . . .

At the center of the analysis by Engdahl and his colleague Claudio Celani, is the attack which they say the

become a fundamental parameter of any serious political analysis made in public.

A document published in January by *EIR*, denouncing a secret meeting which took place last year on board the British royal yacht *Britannia*, has made the plot into almost a household word. "Quelli del Britannia" ("the *Britannia* guys") has become synonymous for the group which is destabilizing Italy. A conference held by *EIR* on June 28 in Milan drew spokesmen from almost all political parties, from left to right, who agreed on the necessity of facing the economic and political destabilization by re-establishing full sovereignty on monetary and financial power. (See "Movement Launched to Save Italy," *EIR*, July 16, 1993.) Such a coalition of forces had never been seen in Italy, except during the time of Enrico Mattei, the founder of Italy's oil giant ENI, who rallied support for his nationalist enterprises among traditionally opposed parties.

Even Freemasonry seems to be split along a nationalist line, a phenomenon which brought the British Mother Lodge to "suspend relations" with the Italian Grand Orient last month. An unnamed high official of the Grand Orient was quoted in the weekly magazine *Il Sabato* on July 3, substan-

tially supporting *EIR*'s allegations of a "British freemasonic plot" against Italy. A representative of the "excommunicated" Grand Orient, former Grand Master Armando Corona, told this news service on July 7, "It is beyond doubt that the British—and the Americans—launched economic warfare against Europe." The other worrying aspect, Corona said, referring to the activities of financier George Soros pointed to by *EIR*, is the prevention of autonomous monetary and financial life of European nations, through speculation against currencies. Corona said his friends in the Italian government (not including Prime Minister Ciampi, who is close to "quelli del Britannia"), will launch a fight to prevent "wild privatizations," i.e., the sellout of state companies to international financial circles.

Will American leaders prove themselves more stupid than Italian freemasons? Not if they act like Sen. Robert Byrd, who strongly attacked U.S. behavior in Somalia, requesting a congressional debate. The next step is to launch a large-scale reconstruction program like the one which Lyndon LaRouche indicated at the beginning of Operation Restore Hope, when everyone had good reason to believe that George Bush could not have suddenly turned into a pacifist.

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Anglo-political-financial world has unleashed against Europe and against Italy in particular, which is considered to be a weak link in the European front. "An economically stable Italy," Engdahl observed, "connected to a continental Europe strengthening itself around a reunified and prosperous Germany, was no longer useful to a global Atlanticist hegemony—rather, it represented a threat." The American expert clearly refers to the Anglo-American establishment, accused of pursuing the "globalization of the markets," that is, the realization of a single world economic system without any control over the circulation and creation of capital. . . .

The remedies? Given the economic approach of the meeting, the *EIR* experts insisted on the necessity of containing the "derivative" phenomenon, maybe with an ad hoc tax. The spreading of this financial malpractice has transformed the world stock exchange system into an "immense gambling house, now almost totally disconnected from the real economy. Derivative transactions amount daily to almost a thousand billion dollars, enough to defeat any central bank." . . .

The most interesting aspect of the meeting was maybe the emergence, among the leftist representatives, of an unsuspected receptivity for a national policy that defends the economy and Italian independence. Ugo Gaudenzi, a Social Democrat, went so far as to wish an alliance among all national political forces to defeat the Anglo-American strategy of hegemony in Europe. If the Milan meeting has a followup in the Parliament and among political forces,

we will really see some fun.

*Extracts of an article appearing in the Italian Catholic weekly Il Sabato on July 5:*

. . . [According to Senator Carmine Mancuso of the La Rete party,] "In the banking world everybody knows that nobody is admitted in the high financial circles in New York or London, if he is not a member of a masonic lodge. . . . Powerful Anglo-Saxon masonic circles control a fundamental aspect of the international narcotics traffic, a business that some international police authority estimate in 600 billions a year." . . .

But when did it start, this thick air of suspicions between Italians and British that even overthrew links between brothers? There is a date: On June 2, 1992. . . . On that day, the yacht *Britannia*, owned by the British Crown, lands on the Italian shores. On board, the magnates of the City's financial and banking world. Under the auspices of Queen Elizabeth herself, they meet the leaders of the Italian financial elite, of ENI, AGIP, Crediop, COMIT, Generali, Società Autostrade. The sophisticated meeting remains secret, until last Jan. 14, when *Executive Intelligence Review* in Wiesbaden makes the scoop. . . .

Fantasies, or reality? Difficult to say. On March 3, Treasury Director General Mario Draghi, in a parliamentary hearing, admits to having been on the *Britannia*, but of having read his speech without participating on the cruise that followed, different from *some who today have ministerial responsibility and who then stayed on board.* . . .

# Somalia: a bad end for the U.S. empire

by Leonardo Servadio

July 12 might be chosen by posterity as a meaningful day to mark the end of the U.S. empire. On that day, the helicopters of the Marine expedition corps bombed warlord Gen. Mohammed Aideed's headquarters in Mogadishu, killing 80 Somalis. They were killed to strike a blow against Italian diplomatic "mediation" attempts among different factions fighting in Somalia and the U.N. expedition.

For the first time, all the Italian political parties (save, for the moment, the Northern League), have widely criticized U.S. behavior; national unity has been reached for the first time in the postwar period, from the left to the right of the political spectrum. The government stood firmly behind Gen. Bruno Loi, publicly rejecting U.N. Secretary General Boutros Boutros-Ghali's request to recall him for not following the U.N. (U.S.) line.

## The case of Mozambique

An example of the way Italy has been acting recently in its policy toward the Third World is the case of Mozambique. On Oct. 15, 1992, an agreement was reached in Rome between the former Marxist regime of Frelimo (National Liberation Front of Mozambique) and the guerrilla Renamo (National Resistance of Mozambique), which put an end to a 12-year-long internal war, which had made of Mozambique one of the poorest countries on earth (\$80 annual per capita income). The agreement came about as a consequence of the years-long efforts by the Comunità Sant'Egidio, a Catholic community which operated in concert with the Italian Foreign Ministry. The fundamental element moving the efforts of Sant'Egidio Community was humanitarian—a moral attitude. The agreement still holds, while a group of international donors, led by Italy, is starting to channel aid, which is delivered to the population by a U.N. military corps in which the Italian presence is predominant. The economic situation is still desperate, and there is no guarantee that peace will hold in the future; yet so far, the situation is improving.

Mozambique Catholic bishops report that the Christian community (some 2.5 million persons, approximately 20% of the population) and the Islamic community (more or less the same size) get along well together. When a Catholic bishop reaches a village dominated by Muslims, he is hosted fraternally.

The aim of the U.N. mission there is to help the country re-start its economy and establish a democratic process. The U.N. functionaries in charge have let it be known that there is no hurry to set up elections: These should take place when all the weapons of the conflicting parties have been given back, and there is an established concept of general peace, and national institutions have started to work. U.N. Program for Development functionary Aldo Ajello has said that it will take between 18 and 24 months before national elections are called. There can be no hurry when people came out of years of internal fighting.

Nearly 30 missionaries are involved in the peace effort. The Italian troops are defending the railroad, which cuts through the country, connecting the capital, Maputo, to Zimbabwe. Peace in Mozambique will hold if the foreign mission is able to maintain its moral purpose, since in this way people will soon experience actual economic development and, in a context of peace, jobs will expand rapidly. Couldn't a similar approach be taken in Somalia?

## An asinine foreign policy

People remember the day when the U.N. mission in Somalia began: U.S. Marines landed during the night on the Somali shore, heavily armed and with their faces painted black, to conceal themselves in the darkness. As soon as they took hold of the terrain, they were surrounded by journalists and were blinded by the camera floodlights.

In an interview published July 16 in *La Stampa*, U.S. strategist Edward Luttwak said that President Bush wanted the Somali operation to deflect the mounting pressure pushing the U.S. to intervene and save the Bosnian people. Somalia was chosen, according to Luttwak, because the Marine Corps had a new, expensive amphibious landing craft which was to be tested, and the Somali beach was an ideal place for that. While such statements probably do not tell the whole story, they contribute to revealing the level of stupidity involved in U.S. policy deliberations.

## Continuing the Iraq tragedy

When the "U.N." operation against Iraq was decided in July 1990, *EIR* warned that it was an operation aiming at establishing a firmer U.S. control over Europe, by consolidating the Anglo-American hold on the Middle East; yet few in Europe believed it, and even fewer opposed the U.S. "surgical strikes." Now the Food and Agriculture Organization is warning that in Iraq a famine of catastrophic proportions is developing as a consequence of the war waged by the United States in order to "free" Iraq of its dictator Saddam Hussein.

What is happening in Somalia now, where the U.S. has targeted Aideed as the bad guy, is the continuation of the policy established by the Anglo-American interests in Iraq. It is a policy which has no future, and if the United States keeps pursuing it, it will be digging its own grave.

# Washington's handprints found in Pakistan crisis management

by Susan B. Maitra and Ramtanu Maitra

The three-month crisis in Pakistan, which took a full-blown form on April 18 with the President dissolving Parliament and sacking the prime minister, has gone into a temporary lull, with both the President, Ghulam Ishaq Khan, and the prime minister, Nawaz Sharif, agreeing to step down. A caretaker prime minister and a caretaker President have assumed control at the center and four provinces of Pakistan, and preparations for the Oct. 6 national assembly and the Oct. 9 provincial assembly elections have begun.

The crisis had turned into a sordid drama and the country was increasingly ungovernable. During this period, the duly-elected Nawaz Sharif government and the National Assembly were dissolved by the President, who was already engaged in a bitter feud with the prime minister. Five weeks later, the prime minister and the National Assembly were restored, under the order of the country's highest court. Within days, the provincial governments became involved in the bitter fight and within two days (May 29-May 30), the two provincial governors, both presidential appointees, hit back with the dissolution of the provincial assemblies. Although the Lahore High Court overturned the governor's decision to dissolve the Punjab Provincial Assembly on June 28, within minutes of the court's decision, the Punjab governor dissolved it again. Prime Minister Sharif, whose political strength lies in Punjab, gave direct control of the province to the federal government, in a bill which never took effect.

On July 11, the opposition, led by former Prime Minister Benazir Bhutto, who had openly sided with the President before the latter's sacking of the prime minister and dissolution of the National Assembly on April 18, called for a "long march" into Islamabad on July 16, with fresh elections. At this point, the Army Chief, Gen. Abdul Waheed Kakar, handpicked by the President against the wishes of the prime minister, moved in and began talks among the President, prime minister, and the opposition leader to bring the crisis to an end. On July 2, General Kakar gave Prime Minister Sharif two weeks to resolve the crisis, although both the Army and the government denied this officially.

Following the resignations, Senate chairman Wasim Sajjad was appointed acting President and Moeen Qureshi, a former senior vice-president of the World Bank, was named to head the caretaker cabinet. Provincial heads, many of

whom are retired Army men, have also been named.

## U.S. meddling

Prior to and throughout the crisis, one major player remained in the shadows, namely Washington. Prime Minister Sharif got on the wrong side of Washington when Arab leaders, allies of the United States, began complaining early this year about the training of Muslim guerrillas in Pakistan by the Pakistani Inter-Services Intelligence, under the tutelage of Javed Nasir, an orthodox Muslim and a close follower of the prime minister.

Although Nawaz Sharif had supported the U.S. role in the Gulf war and bent over backwards to accommodate the World Bank and the International Monetary Fund (IMF), Sharif is an industrialist and not a part of the feudal establishment. And it is Pakistan's establishment with which Washington has close cooperation. It really does not matter whether any particular feudal leader is pro-democracy, as the Bhuttos nominally are; he or she belongs to the establishment and hence is fully manageable from Washington. Sharif is not a part of the establishment, although he did his best to get in, and even today takes pride in having been handpicked by the late Gen. Zia ul-Haq, who was as much a part of the establishment as any other military ruler in Pakistan.

On the other hand, Benazir Bhutto, who is strongly backed by the Project Democracy crowd in the United States, was always part and parcel of the establishment. After she was sacked by President Ghulam Ishaq Khan in August 1990 from the prime ministership, she made peace with the two most important wings of the establishment—the Army and the bureaucracy, the same two wings which were involved in hanging her father for defying the establishment. Later, Miss Bhutto even became the messenger of President Ghulam Ishaq Khan to implore Washington not to label Pakistan a terrorist state.

Her sudden switch from being a virulent opponent of the President's extra-constitutional power to a co-conspirator with the President in bringing down the Sharif government was motivated by two basic designs. First, she was given the signal by Washington and the Army that she is acceptable, and hence wants to seize the opportunity to become prime minister again. The second reason, equally important for the

feudal class to which she belongs, was to save herself and her husband, who was slapped with criminal charges by the President.

At the center of the sordid drama stands President Ghulam Ishaq Khan, the 78-year-old bureaucrat par excellence. Having risen from a revenue officer to become President and having served in the highest office for the last two decades, Ghulam Ishaq Khan (known as the BABBA—Best and Biggest Bureaucrat Alive) has been a towel boy of the United States for decades. Pakistan's nuclear weapons program, the open-armed invitation to World Bank-IMF conditionalities, and umpteen coups in Pakistan—in all this Ishaq Khan remained a central figure, acting cunningly, secretly, and listening carefully to what Washington wanted. On the one hand, he bent with the slightest breeze, but on the other, in domestic affairs particularly, he was the cantankerous old man who refuses to listen and change. Of the 12 prime ministers so far in Pakistan, nine were dismissed, one assassinated, and one hanged after a sham of a trial.

In Pakistani politics, the winner takes all. The winner has the right to vilify, jail, and destroy the loser. President Ghulam Ishaq Khan is a highly successful product of such a system. But the bottom line always was his obedience to the United States; that kept him alive. Nawaz Sharif said recently that the reason the elections would be held in October was because the President's term expires on Dec. 12, and even after all this, he is thinking of seeking a fresh term once a new government and new National Assembly are in place. It is more than likely that Ishaq Khan expects this little benevolence from Washington. After all, he has served his masters well.

### **Toward an Army takeover?**

It is widely acknowledged that Washington has gotten back control of the Pakistani Army after almost a decade. It was Washington's man in Islamabad in the latter part of the seventies and earlier part of the eighties, Gen. Zia ul-Haq, who began to defy the United States, dreaming of Pakistan's control over Afghanistan. During the period that Soviet President Mikhail Gorbachov was steadily bringing the Soviet Union closer to the United States, General Zia, however, against Washington's expressed wishes, had continued to back the Afghan rebels and even picked his favorite, Gulbuddin Hekmatyar, with the hope of controlling Kabul from Islamabad.

General Zia paid dearly with his life for this misadventure, but his replacement, Gen. Mirza Aslam Beg, a Zia protégé, was no different. His dream, however, was a little more grandiose, thinking out loud of a strategic Islamic alliance with Turkey, Iran, Afghanistan, and the Central Asian countries. He probably did not realize that the winds of change were already blowing across the Pakistani Army. His support to Iraq's Saddam Hussein and his mistaken belief that the Iraqi Army would defeat the U.S.-allied forces made

him redundant to both Washington and President Ishaq Khan. It was a foregone conclusion that General Beg would not be given an extension, and he did not get one.

Since then, President Ishaq Khan veered the Army leadership toward a pro-U.S. and so-called professional line. General Kakar, like his predecessor Gen. Asif Nawaz Janjua, is favorably inclined toward rebuilding ties with Washington. It is no surprise, then, that on July 7 a news item appeared in the *Independent* of London which said that the western world is favorable to an Army takeover in Pakistan. "Democracy has been derailed and it appears that only the Army can do a repair job," one western diplomat is quoted saying. "We will back the Army to put the train of democracy back on the rails," the diplomat added.

Subsequent reports carried by the *Washington Post*, which said that the United States does *not* want the Pakistani Army to take over, were patently a sham. The article appeared on July 16, at a time when General Kakar had already worked out the formulation, with Washington's help, which led to the resignation of the prime minister and President. The news was propagated to "reconfirm" Washington's "faith in democracy" and opposition to military rule. However, the fact remains that on July 2, when both the President and the prime minister were insisting on hanging on to power, General Kakar had issued an ultimatum to the prime minister, and the reason that Miss Bhutto had called off her "long march" was that General Kakar, who had met her on the night of July 15, told her that the adopted formulation was in place.

### **Qureshi, the World Bank's man**

But all the evidence cited here is convoluted, compared to what happened next. Following the resignation of the President and the prime minister, Moeen Ahmed Qureshi, a senior vice-president of the World Bank who had spent a good part of his career in Washington, was flown in from Singapore to be the caretaker prime minister of Pakistan. Qureshi, who is reportedly ailing from cancer, is an economist, and observers believe that his selection as the country's interim chief executive was dictated by Washington, in order to get Pakistan's balance of payments support through his contacts in the IMF and the World Bank.

In other words, Moeen Qureshi's job is similar to the one that was carried out by another World Bank vice-president, Dr. Mahbubul Haq, in 1988, following the death of General Zia. At that time, Dr. Haq, in collusion with President Ghulam Ishaq Khan, had signed the IMF conditionalities during the interim period, so that the new administration could not dilly-dally in signing those "important" documents once it was in power. It was the signing of those conditionalities which tied the hands of the Bhutto administration, and forced Benazir Bhutto to adopt the austere economic policies demanded by the IMF.

Pakistan now has a break from a three-month old crisis, but the pieces are in place to create new instabilities.



# Corrupt French elites launch new McCarthyite inquisition

by Mark Burdman

In early June, the outgoing head of France's DSGE secret service, Claude Silberzahn, gave an extraordinary retirement speech. Addressing intelligence officers at DSGE headquarters in Paris, Silberzahn warned that France, and the West more generally, are heading toward a "civilization of chaos," caused in large part by the "corruption of the elites." He insisted that the way in which economic and political issues are discussed has lost almost all connection with the situation in France.

That these words characterize the problem in France is evident from the behavior of French elites. The deeper the economic, strategic, and philosophical-cultural crises in the country become, the greater becomes the tendency for leading members of the French policy establishment, driven by a form of moral and political corruption, to exhibit symptoms of acute paranoia and hysteria. Rather than admit that the prevailing policy axioms of the recent period have been absurd and self-defeating, the elites are lashing out at scapegoats, manufactured by themselves, as supposedly responsible for France's problems.

The state of things, as of mid-July, can be summed up by certain tell-tale economic-demographic facts. French unemployment is among the highest in all of Europe, second only to Spain, and the French press has begun to use the word "depression" to characterize the economy. Bankruptcies are at a record level. Forecasts are that industrial production will collapse by 6% this year. During the week of July 5, the INSEE national statistical agency forecast that overall Gross National Product would decline by 1.2%. Meanwhile, the *Quotidien de Paris* July 9 highlighted that France is now becoming, like many other countries of Europe, a "demographic desert," as the country faces an historically unprecedented collapse of births, a problem made worse by the Balladur government's austerity-dictated cutbacks in family allowances.

## Vigilante atmosphere

In this environment, segments of the French political class have decided that they have discovered the cause of their problems: an amorphous entity called "the extreme right." To divert attention from their own responsibility for failures in the domain of economics, policy toward former Yugoslavia, the former Communist sector, and so on, French

spokesmen have launched a virulent campaign that can only be likened to the era of McCarthyism in the early-1950s United States, with the McCarthyite buzzword "communist" being replaced by "extreme right."

Representative of this, the July 12 daily *Le Monde* carried an "Appeal to Vigilance" by 40 professed intellectuals, who claim to be alarmed about the threat posed by "the extreme right." "Extreme right" is never defined, but is known to include, on the one hand, such admittedly dangerous types as unrepentant followers of the old pro-Nazi Vichy regime of the 1940s and advocates of "national bolshevism" and anti-Christian paganism, and, on the other, supporters of the current pope, advocates of a vigorous "war on drugs," and followers of *EIR* founder Lyndon LaRouche. LaRouche and his collaborators are routinely defamed in the French media as "extreme right," a slander which is circulated by French agencies, but which emanates from the Anti-Defamation League in the United States, from the British intelligence-run magazine *Searchlight* in the United Kingdom, and from what was known in the years of the Soviet Union as the "Comintern."

The statement might better be titled "Appeal to Vigilantism." Issued by a newly formed committee for an "Appeal to Vigilance," it began: "We are preoccupied by the resurgence, in French and European intellectual life, of extreme right anti-democratic currents. We are worried about the lack of vigilance and reflection on this subject. This is why some among us have begun, since the month of January 1993, to meet regularly, in order to exchange information and to deepen our understanding of these questions."

They claim that "ideologues of the extreme right" are more visibly involved than in earlier years in propaganda within "anti-democratic and neo-Nazi networks." The new danger, they claim, is that such individuals are falsely portraying themselves as having changed their nature, and, to make that change credible, are now conducting "a large operation of seduction aimed at democratic personalities and intellectuals," many of whom have agreed to write signed articles in magazines "edited by these ideologues. Once trapped, the signatories, of course, give credence to the idea that the pretended change is a reality."

This effort at duping well-meaning democrats is key to "the current strategy of legitimization of the extreme right. This strategy takes advantage of the multiplication of dia-

logues and debates on subjects as, for example, what is called the 'end of ideologies,' or the supposed disappearance between the left and right, or the presumed renewal of the ideas of nation and cultural identity." Those sucked into such "dialogues and debates" with the "extreme right," the signers claim, either suffer from "a lack of information or vigilance, from being too scrupulous in defense of liberty of expression, or from a concern for unlimited tolerance." Therefore, they "play the game today, without wanting to do so, of this operation of legitimization."

The appeal's "democratic" signers are apparently not comfortable with "liberty of expression" or "tolerance," and would be more comfortable with a police state. Indeed, they go on to complain that the "involuntary complicity" of those duped by the "extreme right" contains within it a greater danger, since "we cannot, in effect, forget that the words of the extreme right are not simply ideas among others, but are incitements to exclusion, violence, and crime." In other words, to be a member of the "extreme right" is in and of itself a criminal form of behavior.

To combat such dangers, the signers have decided to form a kind of intellectual gestapo. Hence, they have assigned themselves "the task of collecting and circulating as widely as possible, all information useful for understanding the networks of the extreme right and their alliances in intellectual life (publishing, press, universities), and to take a public position on all matters relative to these questions. We are committed to refusing any collaboration to magazines, collective works, radio and television broadcasts, colloquia directed or organized by individuals whose links with the extreme right would be proven."

They conclude: "France, from all the evidence, is not the only European country where such diverse strategies are unfolding. This is why we call for a Europe of vigilance, by asking any person who approves our initiative to sign this manifesto."

## **Derrida the Nazi**

Among the signers of the appeal are France's Jacques Derrida and Italy's Umberto Eco, two of the leading cultural purveyors of gnostic, fascistoid irrationalism in Europe. Eco, the linguist and author of the *Name of the Rose* and other works, is one of the intellectual godfathers of the terrorist scene in Italy.

Derrida, were he to be logically consistent about his demand for the elimination of the "extreme right," would have to hang himself. He is the father of "deconstructionism," a radical irrationalist philosophy that has provided the impetus behind such destructive movements as "political correctness" in the United States. By his own admission, his theories derive from the writings of the Nazi-precursor German irrationalist philosopher Friedrich Nietzsche, and from the Nazi-era supporter of Hitler's regime, Martin Heidegger. The connection between his philosophy and that of the Nazis has

been the subject of much discussion in U.S. and British intellectual circles, including articles in the *New York Review of Books* earlier in the year.

## **'So many words for nothing'**

How the appeal exemplifies the "corruption of the elites" that former DSGE head Silberzahn was pointing to, is underscored by a commentary by Roger-Pol Droit in the same day's *Le Monde*, entitled "The Confusion of Ideas."

Droit wrote that "the alliances that are being renewed today between several communist militants and neo-fascists must be taken seriously," even if the number of individuals involved in forming such alliances is small. "But," he went on, "it signals, as a small revelatory fact, a form of confusion, more vast and more diffused, that has overtaken intellectual life in the course of these last years, and which is increasing in strength in recent times. We must certainly not underestimate the risk that is developing in Europe of such convergences, which are seizing the opportunity represented by the chaos which reigns in Russia, by the racist murders that are multiplying in Germany, by the unpredictable consequences of the war in ex-Yugoslavia. . . . There exist in our intellectual life perilous tendencies." Droit outlined how various French socialists and leftists have opened up a dialogue with such "extreme right" pagan ideologues as Alain de Benoist.

Tinged with hypocrisy and intellectual dishonesty, Droit is turning reality on its head, and trying to blame this amorphous "extreme right" for the policy failures of the predominant faction of the French political class. As noxious as the ideas of an Alain de Benoist may be, it is absurd to hold him responsible for the abysmal policy of the French government. Respecting the Gulf war confrontation of 1990-91, it must be said, to de Benoist's credit, that he co-signed a declaration opposed to the war, other signers of which included dissident Socialists, Gaullists, Communists, and Catholics. By contrast, the majority faction in the French political class supported that genocidal adventure.

French intellectual and political activist Bernard-Henri Levy, in a commentary in the July 18 Italian daily *Corriere della Sera*, polemicized that if someone were really worried about "national bolshevism," he would mobilize against Serbian leader Slobodan Milosevic and his growing array of allies in the former communist sector. Levy, who has been active in organizing support for the besieged Bosnians, knows he is hitting a raw nerve, given France's flagrantly pro-Serbian policies.

He wrote: "The real national-communist danger is Slobodan Milosevic, a red-black synthesis, from Sarajevo to Moscow, from Sofia to Kiev to Vilnius." Levy advised intellectuals to "not forget priorities. . . . I'm afraid that, in those strange laboratories in the East, products of a really new synthesis are coming out . . . which will make retrospectively pathetic our ritual gesticulation against 'fascism' and its 'ghosts.' "

# One doesn't need the IMF or World Bank to survive

*Dr. Ali Elhag Mohamed, Sudan's minister of economic planning and investment, has just been named Sudan's federal affairs minister. He led the Sudanese government delegation at the peace talks with SPLA rebels in Abuja, Nigeria, which went from April to June. Dr. Ali Elhag presented the results of the talks at a press conference in Bonn, Germany on July 13.*

*In his briefing to the press, Dr. Ali Elhag explained that the Sudanese government had sent a high-powered, ministerial-level delegation to the Abuja II talks, which represented the first face-to-face talks with SPLA rebel leader John Garang's group, without mediation. The Nigerian government had invited the Sudanese government April 6, when Garang was in Abuja; at that date, Garang was not prepared to meet, and suggested April 26.*

*However, when the talks opened on April 26, Garang left for Europe and the United States, and was received by the Dutch government.*

*In the United States, where he met twice with the State Department and once with the secretary general of the United Nations, he tried to organize foreign support for an intervention, and the creation of "safe havens." This, Dr. Ali Elhag characterized as "sabotage"; "Here we are with ministers to discuss, and John Garang is in Holland calling for intervention."*

*Garang arrived back in the Nigerian venue of the talks to block a final communiqué; the talks were adjourned, on the suggestion of the host country, until June 19, after Nigeria's elections.*

*Following those elections, however, Nigeria entered an internal crisis, and the talks have not been continued since. Dr. Ali Elhag rejected the proposed "safe havens" on the grounds that Garang, who has lost militarily, is supporting foreign intervention to shore up his position.*

*In talks held in Nairobi with another rebel faction which has split from Garang, agreement was reached on a number of issues and included in a communiqué. Following his discussion with the press, Dr. Ali Elhag granted the following interview to EIR.*

**EIR:** Regarding the peace negotiations, one issue has been the application of *Sharia* (Islamic law) in the South, where the population is Christian, animist, and Muslim. Has there been progress made in the negotiations on this point?

**Dr. Ali Elhag:** I think that in Abuja II we solved some of these issues, because we acknowledged that the problem in the South has been there for years—in 1955 when the war began, in 1983 when it was started again—so we have to address these issues first. It is important, because people discuss the problem in the South as if it were all related to the *Sharia*.

We have the view that even if *Sharia* were abrogated today, that would not solve the problem. So we said, as far as *Sharia* is concerned, our projection is that they fear that with application of *Sharia*, the non-Muslims will be second-class citizens. Now we said, if that is your fear, let us put it categorically in the Constitution, that our criteria for holding any post—President, [minister of] defense, anything—is citizenship, not religion. So that solves a lot of the problems as far as political rights are concerned.

We came to the question of penal law. Regarding personal law, everybody has the right in North and South, regardless of religion, to apply the personal law he likes, he believes in. So personal law is not a problem. If you are a Christian, you can bring up your children Christian in the way you like.

**EIR:** By "personal law," what do you mean?

**Dr. Ali Elhag:** Law relating to marriage, education, belief. This is personal law. Whether to drink or not, for example, is a question of personal law.

When it comes to penal law, there's an area, where you say, in the South, if one commits a crime, theft for example, he will not be subjected to the *Sharia* penal code, but will be subjected to other punishment (according to custom), imprisonment, or whatever.

Between you and me, that seems to be acceptable to most of the people. But because of the outside world and the media, who are saying that *Sharia* is the problem, they themselves, the rebels, are hostage to that media. The media come

and ask them, do you accept *Sharia*, and they say no. But we have, I think, reached a breakthrough, because in the past they were talking about abrogation, and now they discovered that no government will abrogate *Sharia*.

In Nairobi [in talks with the other rebel faction], we made a lot of progress. We wrote it down in a way that in the North, there is *Sharia*; in the South, people can have customary law, or any other law. We left it loose. The fact remains, even during the reign of *Sharia*, it has never been applied in the South, and it was applied wrongly in the North; but if the law is applied wrongly, that does not mean that the law is wrong. We think the breakthrough in the discussions is there, though it has not been nailed down in writing fully.

**EIR:** Peace in the region is not only an internal Sudanese matter. There have been serious tensions with Egypt, around the Halaib issue, as well as around Egyptian allegations of Sudanese support for Islamists. In this light, the meeting between Sudanese President General al-Bashir and Egyptian President Hosni Mubarak in Cairo, at the opening of the Organization of African Unity conference, came as a pleasant surprise. Can you tell us more about these talks?

**Dr. Ali Elhag:** I think that the discussions were very frank, because most of the things the Egyptians think about us were not brought up. The question of the Iranians, the [alleged] so many thousand Iranians in Sudan, is not true. The President told Mubarak, "It is not true, if you think there are groups, show us the photographs."

Even the question of terrorism, this is also not true. After all, Sudan does not export anything; if anything we are recipients. We do not export Islam, we are recipients. Where did we get it from? From Saudi Arabia and Egypt, this is a fact. The question is that there is a real problem inside Egypt. . . .

**EIR:** One real problem for all the countries in the region is the economy, and specifically the policies demanded by the International Monetary Fund (IMF). Can you tell us how Sudan is facing this?

**Dr. Ali Elhag:** The recipe of the IMF is not workable. Take Sudan, for example: The IMF had been supporting all military governments, the last one was [Gaafar] Numayri's military government, which received a lot of money, nobody dared to say that it was military. Now the IMF, in spite of all that, all they knew about the corruption, all the schemes that were financed, were directed by the IMF, eventually nothing came out of them. That applies to elsewhere in Africa. Now we have declared our policy to be that we are depending on ourselves as far as the economy is concerned.

In the last four years, we have not received a single penny from the IMF or World Bank or anybody, and we are very proud, because we think this is the only way you can develop a country, and now it has proved to be so. We are proving to the whole world that the illusion that if you don't have a dollar or the World Bank or IMF with you, you will perish,

that that is not true. If you take our GDP [Gross Domestic Product] today, it is more than what it was. [Our growth rate] was 4%, now it is 13%, by the IMF standards. We have a food surplus, so we are quite satisfied with our program. We think that the way the IMF is behaving might turn out to be a blessing in disguise, as far as our government is concerned. If you take a place like Egypt, Egypt is still dependent on wheat from America, France, and Australia. That is a very big invoice, to import up to 6 million metric tons of wheat every year from the outside. That is a real problem. We have solved that problem.

The economic situation in Egypt is also one of the factors, but also the suppression of the Islamists is a problem. The thing is a problem of the western countries' approach. If there were free elections in Cairo, the situation would be better in the sense that probably President Mubarak would not be there. But in the final analysis it is the choice of the people, not the choice of America. We are living in a very different world; when it comes to America, you want the Americans to choose what they want, when it comes to Algeria, you want the Americans to choose for them, the same applies to Sudan. This is very ironic. That's the real situation.

And now you take the United Nations Security Council, that's not democratic. In the U.N., the Security Council with its 16 members, they have the power, while the General Assembly, which represents the whole world, has no power. It's not democratic at all. We in Sudan are free to talk, and we are free because no one is giving us anything. Even if they gave us something, we are not going to stop talking. That's the most important message. Look at what is happening in Somalia and Bosnia-Herzegovina, and nobody talks. That's not acceptable, by any standards.

**EIR:** Do you see any possibility for a change, an improvement in relations between Egypt and Sudan, particularly regarding economic cooperation?

**Dr. Ali Elhag:** I think that the political situation might improve a lot and the question of Halaib, etc., I think all will come to a solution. But for Egypt to have real economic change depends on political will. The Egyptian people are very capable, very able, they are enlightened, better educated, more sophisticated, they don't have any tribal problems, they have more than 7-8,000 years of history, they are more capable. But unless they have got the political will, it cannot improve. Political will can not be acquired, it has to be there, and that is the challenge.

Because if there is political will, then you can tell your people, forget about the wheat. We told the Egyptians, come and have 1 million acres of land from Sudan, along the Nile, and you can cultivate wheat, take 2 million, because we have 200 million acres of arable land in Sudan. But they don't because they are afraid of the Americans. That's not our problem, it's their own problem. So I think it all depends on political will, when it comes to the economy.

## NGOs assault Brazil on environment

*Non-governmental organizations are trying to brainwash Brazilians and dictate the government's budget.*

**D**issatisfied with what they consider to be Brazil's slowness in implementing environmental protection measures promised during last year's Eco-92 conference, national and international non-governmental organizations (NGOs) are trying to broaden their influence in the country.

NGOs' dissatisfaction became evident in mid-June when the U.S.-based Natural Resources Defense Council (NRDC) released a report at U.N. headquarters in New York entitled "One Year After Rio: Keeping the Promises of the Earth Summit." The report said that Brazil was one of the worst offenders in its failure to comply with the agreements signed at the conference. NRDC director Jacob Scheer told *O Globo* that Brazil's poor record "is our worst disappointment. We had hoped that it would lead the developing countries in areas relating to respecting the environment. But Brazil has done nothing: It hasn't ratified the biodiversity treaty nor will it ratify the climate treaty before 1994."

The growing influence of the NGOs was seen in a survey by the Museum of Astronomy and Related Sciences of Rio de Janeiro, which revealed that 41% of 3,650 people surveyed pointed to the burning of the rain forest as the country's major environmental problem; another 25% pointed to nuclear energy. Survey coordinator Samyra Crespo said the results show that the population "is being influenced by the opinions of the ecologists from the wealthy nations, publicized by the Brazilian media." But answers from 72 people consid-

ered "opinion-makers" (businessmen, politicians, government workers, scientists, and leaders of social movements), produced the opposite result. This group identified the major problem as lack of basic sanitation.

The NGOs are also attempting to participate in the decision-making processes for projects financed by the World Bank. At the end of June, a meeting between bank representatives and some of the major Brazilian NGOs laid the basis for that. At the meeting, the director of the bank's department for Latin America and the Caribbean, Rainer Steckhan, affirmed that "the factor limiting involvement of institutions in seeking resources for Brazilian environmental projects is conditioning approval of the project and the loan to the participation of an NGO in the process." As *Jornal do Commercio* reported June 25, Steckhan said, "I'm making that observation because in the advanced countries, the NGOs participate in up to a third of the process, an example which could be followed in Brazil."

According to Steckhan, the NGOs want to negotiate the government budget, something he said would be "very difficult," since the bank only deals with national governments.

Those who participated in the meeting with Steckhan included Jairo Costa of the Brazilian Foundation for the Conservation of Nature (FBCN); Roberto Klabin of the SOS Mata Atlantica Foundation; Eneas Salati of the Brazilian Foundation for Sustainable Development; and Claudio Padua from the U.S. organization The Na-

ture Conservancy (TNC).

The Nature Conservancy has just launched an international campaign to "adopt an acre" to raise funds to "purchase" a part of Mata Atlantica in the state of Paraná for the purpose of "preserving it." In statements published in the July 14 *Gazeta Mercantil*, the director of TNC's Development Program, Jeanne C. Pen, said that other areas of interest to TNC in Brazil include the "threatened" ecosystems such as the Cerrado, the Amazon, and the Pantanal. Perhaps it is a coincidence that these regions are of vital strategic interest for any plans to develop the country's interior.

Contributors to the campaign include Coca Cola, J.P. Morgan, Dow Chemical, Smith Kline and Beecham and other multinational corporations, and the John D. and Catherine T. MacArthur Foundation, one of the most active sponsors of the Anglo-American establishment's campaigns against Ibero-American nations, particularly Brazil. The foundation is one of the primary backers of the World Resources Institute in Washington, which in 1990 accused Brazil of being the world's third largest contributor to the greenhouse effect, because of the gases emanating from the burning of the Amazonian rain forest.

The foundation also helped to finance the book *The Military and Democracy: the Future of Civil-Military Relations in Latin America*, known in Ibero-America as the "Bush Manual," which calls for the virtual dismantling of the continent's armed forces.

TNC, founded in 1951, is one of the most powerful of the U.S. environmental NGOs. It is organized like a corporation, with 1,200 employees, and offices throughout the United States and abroad, particularly in Ibero-America and Asia. Several Brazilians are on its payroll, and it plans to open an office in Brazil next year.

# International Intelligence

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## **Lord Owen spouts Serbian propaganda**

Britain's Lord David Owen, the European Community's "mediator" in the Balkans war, openly spouted Serbian propaganda in interviews on July 11 with the British *Sky News* and the French *Le Journal du Dimanche*. Owen was asked whether what is happening in Bosnia is not ethnic cleansing. "Ethnic cleansing?" he replied. "If we talk about ethnic cleansing, then we ought to talk about the ethnic cleansing the Serbs suffered in the '40s of this century, the worst after that suffered by the Jews."

When asked about the five-power "peace plan" that would confirm Serbia's territorial aggrandizement, Owen said, "You are now discussing a map, and when you say, 'This is a Muslim village,' a Serb will tell you: 'This was not a Muslim village in the '40s.'"

As the Bosnian press has pointed out, these statements are factually inaccurate. During World War II, 6% of the Serbian population died, but the percentage of Muslim casualties in former Yugoslavia was higher. The Serbian authorities proudly presented Belgrade to the Nazis as the first European city "free of Jews."

Owen also said that in his negotiations he had found that "they all lie . . . with two exceptions, but I do not want to name names." One of the names is believed to be Serbian dictator Slobodan Milosevic, for whom Owen has publicly declared his personal sympathy several times. As to the second, the Bosnian press speculated that it is Bosnian Serb leader Radovan Karadzic.

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## **Carrington blames Germany for Balkan war**

Lord Carrington, the former British foreign secretary, charged in an interview that Germany ruined "all efforts at peace" in ex-Yugoslavia by insisting on the recognition of the independence of Slovenia and Croatia.

In an interview with the French daily *Le*

*Figaro* on July 14, Carrington arrogantly asserted that, as former European Community mediator in the Balkans, he was well on the way toward some kind of arrangement for former Yugoslavia, under the condition that there would be no recognition of any of the former Yugoslav republics until some kind of "global accord" had been reached among them. But the foreign ministers of the European Community, under German prodding, "proposed the recognition of Croatia and Slovenia," making a negotiated solution impossible. "I warned European leaders against this decision, which ruined all efforts at peace."

Rejecting any measures to end the arms embargo, Carrington said blandly that the war will end at some point, since "even the most atrocious wars have an end."

Asked whether there will be war crimes tribunals for war criminals, Carrington objected to designating this or that person as a "criminal," since trying this or that person will depend on the outcome of the war. "Does anyone seriously believe that the international community will put Slobodan Milosevic on trial for war crimes?" he asked.

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## **King Hussein warns of religious conflicts**

Jordan's King Hussein warned on July 15 of growing tension among the three great monotheistic religions, which is becoming particularly dangerous because of the West's efforts to demonize Islam.

Speaking to the Royal United Services Institute in London, the king stated: "A rift is developing which threatens the cohesion . . . and the tolerance between the three great monotheistic religions, not only in the region but in the world." He said the rift was leading to a lack of understanding, particularly where Islam was concerned. He pledged to defend Islam against an increasingly negative image in the world.

He stressed that many Muslims saw the U.S. bombing of Iraq as a hypocritical use of power, which only caused suffering to the people of Iraq, and which did little, if

any, damage to the Iraqi leadership. Any change in Iraq, he insisted, must be made by the Iraqi people themselves. Cautioning against any further use of force, he said, "If further strikes occur, people are only getting angrier. Why? they ask. Who suffers? What is achieved?"

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## **Mexican church told to stay out of politics**

Mexican Government Secretary Patrocinio González Garrido issued a sharply worded warning to the Catholic Church to drop its campaign against the government around the case of the assassination of Cardinal Juan Jesús Posadas Ocampo. The cardinal was murdered in May, and the government immediately announced that it was a case of mistaken identity: that he was killed by drug lords who thought he was somebody else. The Catholic Church, among others, has been highly skeptical of this verdict.

Without mentioning Posadas by name, and camouflaging his attack in a letter addressed to "the churches," the government secretary said that "the function of the church is to spread the Gospel," and that it must respect the judiciary, the institutions of the republic, and "not intervene into areas reserved exclusively for the state and political society." He specifically asked the Catholic hierarchy to renounce "its revanchist and irresponsible attitudes, as well as lack of confidence [in the government version] and resentment."

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## **Japan's ruling party loses absolute majority**

After a tumultuous two-week election campaign, Japan's national election on July 18 resulted in the Liberal Democratic Party losing an absolute majority for the first time since 1955. The LDP now has only 223 seats in Japan's 511-seat Lower House.

The party lost only 4 seats in the election itself; but it lost its majority because, of its original 274 members of parliament, 47 quit the party to vote with the Socialist opposi-

tion in a no-confidence vote which brought down the government of Kiichi Miyazawa on June 18.

The Socialists, which had the next largest number of seats, actually lost a large number of seats, going from 134 to 70. Other parties had in the range of 30-60 seats, making the LDP still the largest party by a huge margin.

Japan's public TV station NHK reported on July 19 that a likely scenario was that the LDP would form a weak, minority government, making Japan like Italy, as this next government would be short-lived and another election held within a year. Voter turnout was the lowest since World War II at 67.3%.

## ***Bosnian ambassador: 'Stop the deception'***

Bosnia's U.N. Ambassador Mohamed Sacirbey said in a speech in Washington, D.C. on July 15 that the United Nations should either fulfill its mandate in Bosnia, or get out.

"Sarajevo is being strangled," said Sacirbey, "and there are only two alternatives for survival. Either the international community, under the leadership of the European powers and the United States, must honor the mandate it already has, or it must stop the deception that it is addressing the problem or even the symptoms in Bosnia-Herzegovina."

Sacirbey proposed that two draft resolutions should be presented before the U.N. Security Council. "The first should call for an ultimatum to the Serbian forces besieging Sarajevo to lift the siege, cease the shelling, and to restore the flow of humanitarian relief and other essential services. If not, then the already-mandated U.N. forces would undertake air strikes against the Serbian position that enable the siege and the blockade to continue." Sacirbey noted that these mandates already exist under U.N. Resolutions 770, 836, and others.

"The other resolution should authorize the lifting of the arms embargo with respect to the government of the Republic of Bos-

nia-Herzegovina, and should authorize coordinated air strikes against Serbian supply lines, arms stockpiles, and heavy weaponry besieging Bosnia's cities—the so-called 'lift and strike' option. . . .

"We say, withdraw if you do not [have] the commitment to fulfill your mandates properly and fully. We cannot instill you with the will and courage. Sarajevo is not the 'Land of Oz' and we can no longer afford your half-hearted, symptomatic approach. This is the appeal of Sarajevo and the Bosnians."

## ***Columnist foresees 'turbulence' in Britain***

"A uniquely turbulent phase in British history" is likely soon to begin, because of the discrediting of the leading institutions and policies of the British establishment, wrote commentator Martin Jacques in the *Sunday Times* of London on July 18.

In an article entitled "The End of Politics," Jacques wrote that the British have "lost confidence in politicians. We don't believe in them any more." That is not true just of Britain, but of western nations as a whole, all suffering from a "crisis of credibility."

The combination of economic collapse and mediocrity of political leadership has become "almost a universal condition of the western world." More and more people are turning to non-governmental, private organizations for action, and, comments Jacques sardonically, "we now await only the League for the Revival of the Dinosaur."

What is happening now, he wrote, is not like other crises of recent years, but much more profound, since "this is a crisis of the old paradigm, with no new paradigm yet in view."

As for Britain, Jacques wrote that the country's "precipitous decline and the failure either to reverse it or find a new role and identity is placing a quite new strain on our major national institutions and fostering a growing disillusionment with the establishment. . . . This growing disenchantment with our establishment and its institutions can only exacerbate the crisis of politics."

● **ISRAELI** Prime Minister Yitzhak Rabin warned that Israel is preparing military actions in southern Lebanon. "The Israeli Defense Force," he said, "is ready with reinforced troops to defend towns and residents of the north. It will act against those who hit its forces in the security zone."

● **AUSTRALIAN** Foreign Affairs Minister Gareth Evans is working on "a comprehensive plan to revamp the world's peace-keeping functions," according to the *Australian Financial Review*. The "Blue Book" will cover "everything from how and when the U.N. or other groups should intervene, to the amount of force that should be used, and the command system that should control troops."

● **CHINA** will deploy People's Liberation Army troops in Hong Kong, including its downtown areas, when the territory reverts to Chinese sovereignty in 1997, said the PLA's deputy chief of staff, Gen. Xu Huizi. "Troops are already being trained in Guangzhou province in preparation for the June 30, 1997 takeover," he said. A figure of 10,000 troops has been reported.

● **VENEZUELAN** Supreme Court justice Alirio Abreu Burelli was the target of a bombing attack on July 19, although the explosive device delivered to his office did not go off. Another letter bomb delivered to the Supreme Court building did explode, injuring one office worker. Observers in Caracas say the environment is extremely tense.

● **TURKEY'S** top military officer, Commander in Chief of the Armed Forces Gen. Dogan Gures, warned in an interview July 11 that martial law could be implemented, if necessary to wipe out the terrorist guerrilla forces of the Kurdish Workers Party (PKK). "We're very determined," he said. "If we cannot render the PKK ineffective by the end of winter, the possibility of martial law will be seriously considered."

## The truth about Carlos Andrés Pérez

On May 19, two days before Venezuelan President Carlos Andrés Pérez (known as "CAP") was forced to step down and stand trial for corruption, the Venezuelan Labor Party and the Ibero-American Solidarity Movement (MSIA) jointly published a pamphlet entitled "The Truth About CAP." Beginning with this issue, EIR will publish the text of the pamphlet in installments. It is divided into six chapters: 1) "CAP Destroyed the Productive Economy and Strengthened the Narco-economy"; 2) "CAP, Washington's Man, and the New World Order"; 3) "The Drug Trade in Venezuela under CAP's Mandate"; 4) "Corruption and CAP's Financial Inner Circle"; 5) "CAP and Terrorism"; and 6) "The Caribbean Legion: CAP's Sinister Roots."

"The Truth About CAP" is not only important for Venezuela and Ibero-America, but also for the United States. President Bill Clinton has continued to apply the major elements of George Bush's policy toward the continent, for which Pérez—currently suspended from the presidency—considered himself the spokesman.

For years, Washington kept Pérez in office no matter what, against the will of the majority of Venezuelans. In October 1992, U.S. Ambassador to the Organization of American States (OAS) Luigi Einaudi declared that "what happens in Venezuela is absolutely vital for our collective regional future. . . . If there is any interruption [in Pérez's government], let me assure you that there will be a number of reactions."

Pérez was key for the U.S. State Department's operations on behalf of the Nicaraguan Sandinistas, El Salvador's communist guerrillas, and he presided over the conversion of Venezuela's financial sector into one of the world's largest drug money launderers.

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### Chapter 1: CAP destroyed the productive economy

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Venezuela's Social Democratic President Carlos Andrés Pérez (CAP) promised that he would solve the problem of the foreign debt by renegotiating with the International Monetary Fund (IMF) the economic package which he was imposing against the will of the majority of Venezuelans. But the whole thing was a demagogic farce. The debt renegotiation did not provide, as CAP described it on March 20, 1990, any "great relief" from the burden of the debt. Instead, it increased that burden and plunged the majority of Venezuelans into unemployment and misery, destroying the economy, generating massive unemployment, and turning the reins of the economy over to usury, drug trafficking, and speculation.

The debt service—that is, the interest payments above the annual amortization—has meant that throughout CAP's administration, one-third of the budget of the central government has been allocated to honor this usury. One out of every three bolivars spent by the national government goes to the creditors. It thus comes as no surprise that all public services are lacking, beginning with water, public health, transportation, etc.

That is the cause of the chronic deficit in the public sector. While the illegitimate debt is paid on time, the government continues to divert the resources necessary for public services into the coffers of usurious creditors.

The 1990 debt negotiation committed the Venezuelan state to pay debt service to the bondholders for the next 30



years (as elaborated by Miguel Rodríguez, then planning minister). In the event of default, the bondholders may go to any court in the State of New York, in the United States, to sue the Republic of Venezuela as if it were any commercial entity.

CAP also sank the national currency under the pretext of "economic freedom," and promoted a campaign against exchange controls by presenting it as the equivalent of "corruption." What hypocrisy! The first crime CAP committed against the state during his second administration was precisely to loot the last dollars available at the preferential exchange rate, for speculation and for use in a secret "black bag" account. The truth is that an unregulated exchange rate, permitting systematic currency devaluations, served as an expeditious looting mechanism. Consequently, the value of our foreign debt in bolivars increased 600%.

Of course, that did not help Venezuelan exports, either, as CAP had also claimed. That was just another fraud perpetrated on the citizens by CAP, who promised that free exchange, trade openings, and the elimination of controls on foreign investment would help to promote Venezuela's non-petroleum exports. The opposite occurred: The domestic products Venezuelans could no longer afford to buy, were simply auctioned off abroad, thanks to the devaluation. But not even this increased exports.

The financial policy of high interest rates, promoted by then Central Bank (BCV) director Pedro Tinoco, was the other perverse mechanism used to accomplish the proposals of CAP and his political cronies. This caused disinvestment in industry and agriculture, to the degree that for the first time in 80 years, Venezuela's installed productive capacity (the entirety of fixed capital) shrank. That caused high unemployment in the areas most critical to any country, such as the production of tangible goods, manufactures as well as agricultural products.

The net result was a deformation of the Venezuelan social structure, concentrating income in a reduced percentage of families, while 80% of the people were reduced to poverty, half of them well below the poverty line.

Productive employment was dramatically reduced, to the degree that during the years of CAP's second administration (1989-93), some 40% of all workers were employed in the so-called "informal economy." Upon losing their jobs, the unemployed have sought to find some way to earn a living; most obviously, in the business of peddling—selling whatever they can to whoever may still have some buying power.

But most dramatic has been the increase in drug trafficking, the growth of gangs of children, and the social dissolution that the economic package has caused. The billions of bolivars circulating through the Venezuelan financial system—the only sector that has grown enormously—in the middle of a collapse of national production, can have no other origin than drug trafficking.

## The public debt

According to Finance Minister Pedro Rosas, the public foreign debt since 1992 is \$27.1 million, calculated at an exchange rate of 80 bolivars to the dollar, or 2.172 million bolivars. The internal public debt is about 286 billion bolivars. That is, after the famous renegotiation of the debt by Pedro Tinoco and Miguel Rodríguez with Chase Manhattan Bank (which Tinoco has officially represented in Venezuela!), CAP increased the foreign debt by \$2 billion. This, after the Venezuelan government disposed of the most valuable state assets, such as the state telephone company CANTV and others, in order to pay interest on the debt.

But aside from the public foreign debt, there is the private foreign debt which, according to the World Bank, is some \$7.3 billion. That is, the total foreign debt that Venezuela's economy owes is \$34.4 billion.

Given that the Venezuelan economy is valued in its national currency, and that the Finance Ministry does the national accounting in bolivars, we can report that Venezuela's total public debt is 2.458 trillion bolivars. This represents 70% of the total national product of 1992. In relation to the foreign debt in 1989, it represents an increase of nearly 600%.

While the public internal debt is today estimated at 286 billion bolivars, during the first year of CAP's administration it was 98.021 billion; that is, it increased 192%. However, this does *not* include zero coupon bonds issued by the BCV, which the Finance Ministry does not count as part of the internal public debt, although in the final instance they rest entirely upon the Venezuelan state's capacity to pay. In total, the public debt during CAP's administration has increased 500%.

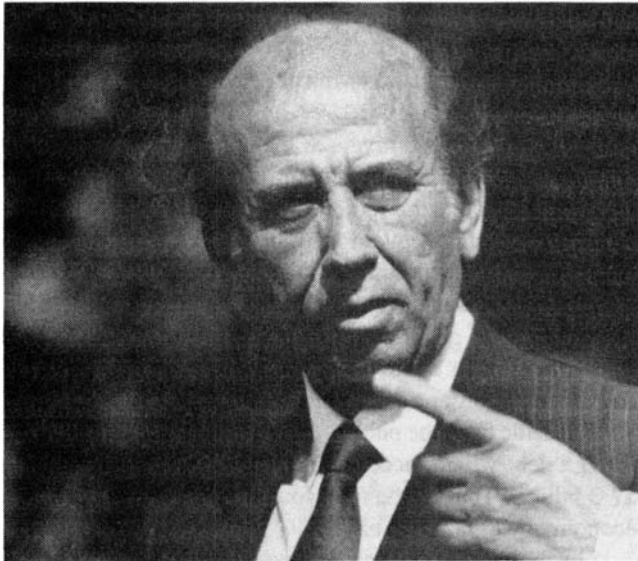
## Unemployment and marginality

Yet, for the last 10 years, the world has considered Venezuela "a middle-class country," meaning that the majority of the populace supposedly enjoyed an income that enabled them to meet their needs easily. Although that characterization was always a deceptive generalization, in comparison with the current situation, there is nostalgia for better days.

The fact is that from 1989 onward, the CAP economic model destroyed the middle class, concentrated income in the hands of 8% of the population, and plunged 80% of Venezuelans into poverty, half with an income less than 40,000 bolivars per month per family, and the other half with an income of less than 10,000 bolivars per month.

According to a report by the Center for Growth and Development Studies published in 1990, the middle class comprises 12% of the population, 36.3% of Venezuelans subsist in relative poverty, and 44% are in critical poverty. The highest class of the population comprises only 1.1%, and the upper middle class only 6.6%.

This income structure matches that of employment. Only 50% of the working-age population have a relatively stable



Bankers' boy Carlos Andrés Pérez, who is facing trial on corruption charges.

job in the "formal" sector of the economy. Ten percent of the working-age population are unemployed, and 40% are employed in the "informal economy," whose situation is impossible to know statistically.

The "market economy" imposed by CAP and his financial coterie serves only 7.7% of the population. This is the new social class that has established itself through profits derived from speculative and parasitical activities on the stock market, as well as from other less transparent services.

### Trade imbalance

In 1992, the IMF package collapsed completely, even in its famous "macro-economic indices." For the first time in many years, Venezuela had to take dollars from its reserves to pay for imports and debt service. The imports, mostly luxury consumer goods, were some \$12.4 billion, according to the BCV. Moreover, the payments for debt service, combined with other services the country paid abroad, added up to \$4.9 billion. In order to pay this, the country only had the income coming from oil and other exports, equalling some \$14 billion.

At the same time, the BCV lists an unexplained \$415 million outflow—capital flight which they couldn't hide under any other category.

In sum, all of this left a deficit of \$3.7 billion, for which the government did not get even the \$2.67 billion borrowed from the IMF and Rockefeller. And so they had no choice but to take it from reserves.

As we noted, the devaluations have not helped to increase non-oil exports from the private sector. Nor have they helped to reduce imports, because those who import are the few who have high income and access to dollars, regardless of the exchange rate. The only effect of devaluations is to increase domestic prices and thus to reduce national consumption, at

the same time that they cheapen our products abroad, in order to make them more "competitive."

The reality is that the private sector has not significantly increased its exports, because there have not been investments in productive plant.

Basic industry contributes approximately two-thirds of all the country's non-petroleum exports. In 1991, exports of aluminum, iron, and chemicals generated 64% of non-petroleum exports. In 1992, that percentage dropped to 62%, primarily because of the drastic 26.4% decline in exports of aluminum that year. Sales of aluminum and iron in 1991 constituted 52% of the total, and in 1992 this dropped to 48%.

Exports from other sectors, the majority of which are private, have also fallen systematically, and have not increased their participation much beyond one-third of the total. This explains CAP's and the creditors' interest in "privatizing" the state's basic industries, despite the fact that they are supposedly unviable financially.

### The narco-economy

The monster of the narco-economy has grown all-powerful, with the destruction of the nation's productive plant and the ruin of families by unemployment. Through the stock exchange and concentration of banking power, the drug trade began taking over the Venezuelan financial system, converting the country into the principal money-laundering center in Ibero-America, attested to by the most recent report of the United Nations Commission on Narcotic Drugs. But it is not just drug money laundering; Venezuelan territory has been turned into a drug transshipment route to the United States and Europe. It has also been turned into a source of drug-related jobs, and the drug traffickers and drug launderers have begun to champion themselves as a paradigm of behavior through the mass media.

With the headline "Venezuela Is the Major Money Laundering Center in Latin America," the daily *El Nacional* on Feb. 15, 1993 played up its coverage of the U.N. Commission on Narcotic Drugs report, which was presented that day in Vienna. According to the report, a U.S. anti-drug agency, the Drug Enforcement Administration (DEA), estimates that in 1992 some 200 tons of cocaine bound for the United States, Canada, and Europe passed through Venezuela, of which only seven tons were interdicted in the first months of the year. It is estimated that billions of dollars are laundered annually. In all of 1991, only nine tons of drugs were seized. In the commission's opinion, because of the anti-drug offensive in Colombia, Venezuela has turned into a key distribution center for narcotics produced in the Andean countries.

Berenice Gómez, a reporter for *El Nacional*, consulted various anti-drug experts in the Technical Judicial Police, National Guard, and Disip (Interior Ministry security police) concerning the U.N. commission report, and the unanimous opinion was that "Venezuela is a fiscal paradise" for drug money laundering. "The fiscal facilities that the country offers for large capital deposits are comparable to those existing

in the Cayman Islands and Bahamas,” stated *El Nacional* on Feb. 16. One example of this, according to the consultants, is the absence of obligatory notification or reporting of suspicious deposits by the banking system to anti-drug authorities. There is no amount beyond which one must justify the origins of the deposit; to this, one would have to add banking secrecy, which makes any type of financial investigation impossible.

The experts noted that since 1987, construction of luxurious tourist centers has increased in Venezuela, while the cost of living has increased in an exaggerated manner, reaching millionaire levels.

Investigators stated that there is really no political or financial will to confront the problem, and suggested that those businesses which conduct large financial transactions have their books investigated, to determine the derivation of the transactions, because “the mere review of income taxes would identify the existence of front men.”

They also made reference to Finance Ministry statistics concerning the invasion of imported luxury automobiles in the middle of a depressed economy, and indicated that under Decree 727, the Pérez administration eliminated controls on foreign capital, which can now leave the country without paying taxes or giving explanations.

According to the daily *Ultimas Noticias* of April 2, Gen. Aner García Monagas (ret.), president of the National Commission Against the Illegal Use of Drugs (Conacuid), admitted at the Vienna meeting that the international drug trade has penetrated the country’s basic institutions. García Monagas said that “Venezuela is being used as a drug-transit country,” but he rejected the reports that presented Venezuela as a big dollar-laundering center.

According to the Caracas press of April 16, the international pressure reached such a point that, at the April 12 meeting of the economic cabinet, it was agreed to instruct Foreign Minister Fernando Ochoa Antich to convoke a meeting with the finance minister, the president of the BCV, and the Banking Association, in order to determine the true magnitude of dollar laundering in the country. On the same day, the press carried statements by Deputy Gabriel Niño, vice president of the Chamber of Deputies Anti-Drug Commission who, after meeting with CAP, confirmed that drug-laundering in the country equaled more than \$4 billion a month, a figure that struck the government as exaggerated. Niño added that “there are individuals who have entered the country offering companies, and even religious institutions, millions of dollars worth of deals, and no one knows what is going on,” except that it is not outlawed.

Commissioner Guillermo Jiménez, chief of the Organized Crime Division of the Technical Judicial Police, suggested that there is much more than \$4 billion worth of drug money laundering going on, because “our financial system is used by the drug traffickers or by those persons who are involved in money laundering, which can well be said to be money from administrative corruption.”

## More usury and more opening

As if all this were not enough, on March 11, the BCV decided to make the regimen for determining interest rates “more flexible,” meaning that from that date on, rates would be determined by the return on zero coupon bonds, which in those days were yielding 50.9%. According to the BCV decision, the active rate cannot exceed 20% above the return on zero coupon bonds, which put interest rates at 70%.

On March 23, at the 24th assembly of the Latin American Bishops Conference (CELAM), Cabimas Bishop Msgr. Roberto Luckert declared that “usury is a sin, and the government has legalized it by authorizing the bankers to charge 70% interest.”

On March 17, the eight foreign members of Venezuela’s Foreign Investment Advisory Committee, headed by Henry Kissinger, gave a press conference on the conclusions that had been reached through a meeting with CAP and his planning, finance, and development ministers. According to one of them, Le Floch-Prigent, the committee proposed that CAP impose in Venezuela the direct involvement of the banking sector in allocating credit, minimizing the risks and making interest rates flexible. James Robinson, former president of American Express and another committee member, expressed a similar opinion, saying that accelerated changes in the country’s financial laws and a reform of the General Banking Law to attract capital were a top priority.

On March 18, *El Nacional* reported that Finance Minister Pedro Rosas had announced that his office and the national Congress agreed to reform the General Banking Law, instead of introducing the new bill which had been worked out with the president of the Chamber of Deputies, Luis Enrique Obero. The reform would enable foreign banks to participate with 100% of their capital, without any type of limitations.

Rosas also announced that in the next Council of Ministers, a new law would be presented that would govern securities’ activities under the same conditions as for foreign banks.

## Financial narco-reform

The information from the U.N. Commission on Narcotic Drugs shouldn’t surprise anyone, because it was predictable that this would occur under CAP’s regime. In late 1990, after the CAP government announced plans to institute multiple or “universal” banking and open up the financial system to foreign investment, the secretary general of the Venezuelan Labor Party (PLV) and leader of the Movement for Ibero-American Solidarity (MSIA) Alejandro Peña Esclusa, warned that “the financial reform will turn Venezuela into a narco-economy.”

Then-Superintendent of Foreign Investment Edison Perozo also warned that the first concrete step toward setting up a narco-economy was taken Jan. 29, 1990, when the text of Decree 727 concerning foreign investment appeared in the *Gazeta Oficial* (dated Jan. 26). That same day, then-Finance Minister Egleé Iturbe de Blanco briefed a select group of the Council of the Americas, headed by David Rockefeller and

Gustavo Cisneros, on the scope of Decree 727. With the modifications it entailed, he explained, "*foreign investment will be able to operate without special authorizations in almost every field of activity that is deemed convenient*" (emphasis added).

The new decree eliminated restrictions on profit remittances on reinvestment, and on reexport of capital. Whatever limitations were imposed with respect to the Cartagena Pact (Andean Pact) were put to one side, and it set the basis for the financing of technology and payment of "royalties" to the home office and subsidiaries without need of prior authorization. That is, since there were no limits on profit remittances, payments for technology among home, branch, and affiliate offices were now permitted.

Decree 727 also eliminated the exclusive rights of national companies to invest in public services, including electricity, telephone and telecommunications, drinking water and sanitation services in general, internal transportation of people and freight, publicity, and consulting services.

Also eliminated was the restriction on internal trade of goods, export services, and the transport of stocks and documents.

### **The coca dollar market**

With the opening to foreign investment, the hoped-for billions of dollars for investment in productive plant for industry and agriculture never arrived. What arrived, as had been warned, was speculative capital in search of quick profits through the recently created "capital market" in the Caracas Stock Market.

The aspect of Decree 727 that has been most exploited by the drug money launderers during the past three years has been the elimination of the requirement for authorization for foreign purchase of stocks of national or mixed companies. And the means by which narco-capital has freely entered and left has been the stock market, under the impetus of Pedro Tinoco from the BCV.

Tinoco's financial and monetary policy was centered on the issuance of the famous "zero coupon bonds," which began to be sold on the stock market. These instruments allowed the banks—which with their high interest rates had increased their deposits, but were unable to place them as loans—to have something to invest those deposits in. With the zero coupon bonds, the BCV helped create the "stock index," which permitted transactions worth billions of bolivars every month, without ever having anything to do with production.

Afterwards, the stock market began to sell and buy company stocks, whose prices began to rise without any connection to the companies' economic performance. The buying and selling of stocks, papers, etc. served only to facilitate the circulation of enormous amounts of money. Vast amounts of foreign capital were coming in as easily as they were going out. From the stock market, some of these already-laundered profits are going on to be invested in luxurious, currently

vacant office buildings, as can be seen in the Chacao and El Rosal zones, where the plan is to establish the Venezuelan Financial Center.

These developments were not unknown to CAP and his cabinet, and Peña Esclusa was not the only one to issue warnings. Shortly before resigning from his position as Superintendent of Foreign Investments (SIEX), Edison Perozo gave a press conference on Feb. 21, 1990, at which he distributed a pamphlet entitled "Venezuela, Opening to Investment," in which he warned in clear and well-grounded terms that Decree 727 would pave the way for the "imposition of a narco-economy."

Perozo's pamphlet explained that "the unrestricted opening to foreign investment could allow the imposition and infiltration of the most notorious dollar-laundering mechanisms, even more so in Venezuela's case where there is free circulation of capital, as an exception in the Andean Pact."

Perozo gave various prophetic examples of the techniques the drug trade could use: "Since Decree 727 admits the establishment of subsidiaries of foreign businesses, one of these companies belonging to the international drug trade could easily register, and once the capital of the subsidiary is brought into the country, could distribute and remit the total profits to the home office, given that the remission of dividends is authorized." Similarly, "another example could be the direct investment of the drug trade in some economic activity and the possibility of reinvesting the profits, that is, capitalizing the surplus. The purchase of stocks on stock markets, or the payment of royalties among non-related businesses, thus is equally authorized. The examples abound, as unlimited as the imagination and operations of the drug trafficking network that has cast its eyes on Venezuela."

The precise functioning of the drug economy was revealed by suspected drug trafficker Adolfo Ramírez Torres, a former governor of the federal district, when he testified to the Technical Judicial Police that "Cali Cartel" trafficker Julio Ramírez told him of the existence of a "large network of businessmen protected by Venezuelan politicians" who are buying "businesses experienced in exporting asphalt products, canned foods, furniture, skins and prefabricates, all used as a front for transporting large quantities of drugs." Ramírez Torres said that he had told Gen. Ramón Guillén Dávila (former commander of the anti-drug group of the National Guard) about a large cargo of cocaine. "Perhaps Guillén Dávila did not believe me," Ramírez Torres told *El Diario de Caracas*. "One day after my arrest [Aug. 14, 1991], the network thought of sending 20,000 kilos of cocaine. Imagine it. That's a billion bolivars. The drug was already there in Venezuela. But they arrested and disarmed me. . . . [They say] that they feel secure because I am imprisoned. With the money from that operation, they were planning to *actively participate in the privatization process*" (emphasis added).

In late 1991, the United States seized a comparable quantity of drugs, which had been sent from Venezuela on the Danish ship *Mercadian Continent*. The cocaine was packaged in blocks of concrete by the Tranca company. It was later learned that this company was tied to various import-export firms; the export firms were sending the drugs, and the import firms were sending payment for the drugs in the form of imported home appliances. In that one year they imported \$700 million worth, one-thirteenth of that year's imports by a single consortium.

The same Danish ship had already transported a quantity of cocaine packaged in containers of industrial glue, in a shipment sent to the company Celere, Inc. Celere is owned by Lázaro Rogelio Ugarte Bresselau, who is part of CAP's personal security team and is also from the Banco Latino. According to the daily *El Globo*, Celere really belongs to the Diego Cisneros Organization (ODC), for which Ugarte worked. An ODC spokesman denied that report and refused to answer any further questions.

### Three aces

Almost one year earlier, on Oct. 22, 1990, *El Diario de Caracas* reported that Banco Latino (of then-BCV president Pedro Tinoco), Chase Manhattan Bank's Miami branch, and officials from BCV were involved in a national fraud scheme using "export bonds" granted to phantom companies which were conducting typical dollar-laundering operations. On Oct. 24, the same newspaper said that "in each operation carried out by Pique Imports . . . they made some \$380 million. . . . Behind these movements is a gigantic drug money-laundering operation. . . . According to sources linked to the investigation, Pique's legal representatives, Humberto Torres Pedrique and Pedro Torres Pedrique, were the front-men for a powerful financial group which was behind these international activities, in which the branches of Banco Latino in Curaçao and Miami were used as a financial platform, a bridge for transfers with branches of Chase Manhattan Bank. It has also been established that those committing the fraud had links with the Venezuelan Central Bank, from which payments were decided in Pique's favor."

The daily added, according to the source, "It was confirmed that Pique Imports obtained a letter of credit from Banco Latino to cover its export maneuvers. . . . Such operations only can be executed with the full knowledge of the banking institution."

Pique's method of operation was simple. According to the newspaper, Pique Imports collected part of the sum of 400 million bolivars corresponding to "export bonds" for a supposed export of razor blades to Spain that never took place, but "they were paid in dollars through transfers carried out by the Banco Latino branch in Miami to the Banco Latino in Venezuela, to the account of Pique Imports in Caracas. Once the deposit at the bank was made, it was registered as foreign exchange, went to the foreign exchange market and,

finally, was transferred to the branch of Banco Latino at Curaçao. According to the investigations, it was then transferred—yet again—to the Miami branch of the same bank, through a bridge provided by Chase Manhattan in Miami."

The Pique Imports case was not the only instance discovered of money laundering through "export bonds." In statements made to *El Diario de Caracas* on Oct. 13, 1990, then-Finance Minister Roberto Pocaterra confirmed that the companies "Urraca Trading" and "Fundición Venezolana de Metales Pesados, S.A." (Fuvemepe), owned by Milton Pirela, were investigated for "export bond" fraud, and also because two individuals linked to those companies were suspected of involvement in drug trafficking. Both companies "exported" to the United States, but payments on the invoices were sent from Peru and Colombia.

### '727' reaches the Andes

When Decree 727 was issued, Venezuela was also turned into a vast conveyance for the entrance and departure of drug dollars in the Andean Pact, specifically Bolivia, Colombia, and Peru, and to a lesser degree the rest of the region. Shortly afterward, President George Bush charged CAP with the mission of forging a free trade agreement in the entire region, through which exchange and investment privileges were generalized in the whole region, with certain hesitations on the part of Ecuador and Peru.

But even before arriving at a precise accord, Venezuelan banks began to link up both domestically and abroad. Apart from the network the Latin Financial Group put together for the entire western part of the country, it also joined with the Bank of Antioquia, headquartered in Medellín, Colombia, and then opened up its own subsidiary of the Banco Latino in that city.

The bank links were started by the Banco Construcción of the Di Masse family, which was tied for many years to intimate circles around CAP, although the daily *El Nuevo País* constantly insinuates that it was Orlando Castro, from Latinoamericana de Seguros, who invented this "narco-integration." Other banks also joined up, in order not to be excluded.

The next step is to link the Venezuelan and Colombian stock markets, and the process of setting up electronic links between the two to expedite capital transfers is already under way.

CAP's attitude toward this black picture can be summed up in a statement which speaks for itself, especially considering the speed with which he proposed laws and got them enacted, and issued decrees such as 727. As the denunciations of multimillion-dollar drug money laundering in Venezuela were filtering across our borders, CAP declared: "The problem of dollar laundering is that we don't have any legislation that makes it a crime. We are hoping that Congress approves a law which we submitted some months ago . . . and when we have the law, we will be able to deal with this serious problem" (*El Universal*, March 4, 1993).

## Declare national emergency to recover from flood

by Marcia Merry

Because of the persisting rainfall in the upper Midwest throughout July, the devastation from flooding and water-logged land in the Mississippi-Missouri upper watersheds continues to mount by the hour. A typical example: On July 17, the Baraboo River in Sauk County, Wisconsin rose by 10 feet in five hours during a storm lasting over two days, during which fully 7.78 inches of rain fell during one three-hour stretch.

Even before the time when things finally “dry out,” and a full damage assessment can be made, it is clear that restoring this area to productive habitation will require much more than heroic relief efforts; it requires declaring and acting on a *nationwide* economic emergency. As of now, the decrepit U.S. economy simply does not have the output potential to produce the physical goods needed to rebuild and improve the water resources system of the country.

In mid-July, James Lee Witt, head of the Federal Emergency Management Agency (FEMA), stressed the vast infrastructural damage to public works, when he made a visit to the town of Black River Falls on Wisconsin's Black River. He said, “They found 5,000 feet of their sewer system had collapsed from the flood waters. I'm just telling you we're going to have a lot of infrastructural damage. Roads have been under water for weeks and their bases are soft. Electrical wiring and electrical systems have been ruined. It's very early in this disaster.”

Billions of dollars in damage have been done to bridges, sewer lines, ports and storage facilities, locks and dams. Thousands of tons of finished goods are needed—pipes, valves, motors, electrical wiring, construction material, fixtures, and also huge amounts of rock, gravel, sand and other raw commodities. Yet the U.S. economy has been *shutting down* capacity right and left while government leaders prate foolishly about the “unique growth” phase we are experiencing—“the economy is growing, but there are no jobs.” How

can these bills of materials for infrastructure be supplied?

Some say they shouldn't be supplied. The three most foolish approaches you hear and see most often from government, media, and many of your own non-think neighbors are:

1) There's no money, so don't rebuild. That is what budget director Leon Panetta said on July 16 in response to requests from the the Chicago Midwest Governors' conference, where lawmakers called for cash grants, not relief aid. The same line oozes from London financial circles, where the July 17 *Economist* wrote, “Everyone agrees that there is no point in building more or bigger flood-control systems, and, these days, there is no money for them.”

2) There is the appealing notion that, somehow, if we all just pitch in, shoulder to shoulder, and send bottled water, buckets, and bandages, things will all turn out okay. “Somebody, somewhere, will take care of things.”

3) Finally, there is the *New York Times*-led line that waterworks and flood control were bad from the start, since they violated the river's sacred rights to flood; therefore, not even one new levee should be built.

The last idea may be the most immoral, but all these approaches are hopeless:

● *Money*. No matter how much Panetta and Congress try to cut spending and save money, there will be no budget balancing if there is no economy and no tax base. The rebuilding requirements for the Mississippi-Missouri upper basins dramatically illustrate how tackling the needed refurbishing and infrastructure improvements all around the country can provide that economic tax base. Millions of jobs, and billions in taxable income would ensue. In contrast, *not* undertaking rebuilding will just crash what's left of the economy even more quickly.

● *Mother Earth*. The anti-levee lobby led by *New York Times* opposes human civilization on principle. A July 18

*Times* feature on the floods ran a full-width photo of Iowa farmland under water, with the headline, "The Mississippi Reclaims Its True Domain."

● *Just send relief.* Thousands of people are tirelessly pitching in to aid flood-stricken areas, and millions of people are sending contributions. That's fine for emergency measures and small repairs, but it won't rebuild destroyed sewers, roads, bridges, locks, and dams.

To deter anyone from mobilizing for a full-scale infrastructure development approach, the establishment powers have deployed Hollywood, the major media, and "approved alternative politicians" such as Ross Perot. On July 19, Perot visited the Salvation Army center in Alton, Ill., met briefly with Mayor Bob Towse, and told the media, "These are strong people. They'll be here when the water goes down. There's no question about that. . . . I'm here today at the request of all the members of United We Stand America. All of our members and volunteers along the river have volunteered to help the people who have problems." He said nothing about a battle plan for reconstruction. Likewise, John Mellancamp, a performer sidekick of Willie Nelson, the figurehead for FarmAid, staged a benefit concert in Chicago, for "FloodAid."

Meanwhile, the media are either churning out mind-numbing "human interest" flood stories, or, in the case of ABC's "Good Morning America," are fomenting racial hatred. "Why aren't blacks seen out on the lines sandbagging at the levees?" ABC's Diane Richardson provocatively asked the anchor of a local radio station in Des Moines, Iowa. "Many people are coming to the belief that the black community shouldn't be allowed to get any water or any help, since they don't see black faces on TV at the levees helping. Why are blacks sitting back?"

### **Vast infrastructure breakdown**

The area covered by either floods or waterlogged land extends to large portions of 222 counties in six states—Iowa (all 99 counties are official disaster zones), South Dakota, Minnesota, Wisconsin, Missouri, and Illinois, along with significant areas in adjacent states, including Nebraska and Kansas.

Apart from flooded homes, crops, factories, stores, schools, and government buildings, think for a moment about the ruination under way of essential public infrastructure—power, water, transport and health.

● *Roads.* The Army Corps of Engineers is keeping lists of key transport routes knocked out, and the list runs for more than four pages for the state of Missouri alone. As of July 22, Interstate 80 between Cedar Rapids and Iowa City was still closed, but a section between Iowa City and Des Moines re-opened. Drying out does not necessarily restore the road for use. Roadbed slippage and slumping typically knock out travel, especially on older rural roads, built before soil mechanics were understood. The modern interstates will fare better, but they

must dry out first, and problems arise at the bridges.

● *Bridges.* Hundreds of bridges have been knocked out. At one point, there was no crossing over the Mississippi for close to 300 miles on the western Illinois shore, because 14 bridges were out. Since then, the Keokuk bridge has been restored. These bridges will all have varying damage. The Mississippi-Missouri has 141 tributaries, dozens located in the rainfall zone, with hundreds of bridges now unusable or unsafe.

● *Rail.* The Mississippi-Missouri system bifurcates the heartland of the United States, and the main east-west rail lines cut run through the flood zone, and the north-south rail lines frequently follow the river valleys. These are all in various states of damage.

● *Power.* Many power plants are located along the rivers or at rail points, and they rely on the flow of coal—much of which comes by waterway down the Ohio River from the coal-rich Appalachians, or by rail from the sulfur coal deposits in the west. These power stations typically have at least a three-month lead, but the waterway travel will be disrupted at least that long.

Critical parts of entire electric distribution systems are damaged: power lines, transformers, and other installations. For example, a 62-mile length of 325 transmission lines which supply 60% of the power in Lincoln, Neb. was brought down by 100 mph winds and thunderstorms. Utilities are now buying from low-voltage lines. This was a major link in power grid which must be rebuilt, but they say this cannot occur until next year.

● *Waterway installations.* The famous "stairway" of 27 locks and dams that runs from Minneapolis down to St. Louis will need refurbishing from water and debris damage, as will various port facilities all along the river.

● *Sanitation.* Scores of towns have lost use of their central water treatment and/or sewage treatment facilities. The most famous is Des Moines, where 250,000 residents had saw their 800-mile city water pipe system dry up, when floods overran the central treatment plant. The sewage treatment plant in Cedar Rapids also shut down.

### **Stop the insanity**

Rebuilding from the flood will require an about-face in current thinking in Washington. In an interview with *EIR* on July 21, former presidential candidate Lyndon LaRouche stressed that there will be no economic recovery—from the flood or from anything else—until the budget-cutting mania in Washington is halted and his proposal for national credit-creation through a new national bank is implemented. "The attempt to balance the budget *will make things worse, not better.* If you want to balance the budget, do it the way I proposed during the recent election campaign. . . . But if we do it [Federal Reserve Chairman Alan] Greenspan's way, that is like going into a closet, putting a gun not to your head, but to your belly—an automatic pistol, perhaps an Uzi—and setting it off, and dying a slow and painful death as a nation."

# Fourth Circuit kills oral argument

In a blatantly political decision masquerading as procedural efficiency, the Fourth Circuit Court of Appeals on July 14 “screened” Lyndon LaRouche’s motion for freedom appeal from the oral argument calendar. The matter before the court was an appeal of a biased decision by Judge Albert V. Bryan to deny LaRouche’s bid for freedom, based upon six volumes of new evidence, without even so much as an evidentiary hearing.

The Fourth Circuit ruling now means that, again, without a hearing, the three-judge appeal panel assigned to his case will issue their final ruling based only on the written papers submitted. The decision to deny a hearing comes after the Fourth Circuit kept the case in suspended animation month after month, as explosive tapes and masses of other evidence proving LaRouche’s innocence were filed before them.

LaRouche’s attorneys, Ramsey Clark and Odin Anderson, won’t even be allowed to argue the meaning of the new evidence, as the Appeals Court communication states:

“ . . . the court has screened this appeal from the oral argument calendar. The appeal will be reviewed by a three-judge panel on the basis of the parties’ briefs, the joint appendix and the record on appeal.”

The three-judge panel on the case is the same one which previously denied LaRouche’s appeal of his conviction, despite the fact that nearly 1,000 prominent American and international jurists submitted *amicus* briefs highlighting the gross injustices. Political prisoner LaRouche, who has been in prison nearly five years, filed his new evidence motion for freedom over one and a half years ago, in January 1992. The Fourth Circuit has completely ignored an emergency request filed at the beginning of this year to appoint a Special Master to investigate systematic government corruption, flagrant bad faith, and outright fraud on the court.

### Why they fear a public airing

The evidence before the Fourth Circuit shows that not a shred of the original case against LaRouche is left. The accusations against him were concocted by a “concert of action” among various government agents such as the notorious former sheriff’s deputy in Loudoun County, Virginia, Don Moore, and private anti-LaRouche hate groups such as

the Anti-Defamation League of B’nai B’rith (ADL) and the Cult Awareness Network (CAN). The government and prosecution team knew that the case against LaRouche was a fraud from the beginning. The judge who ran the railroad knew that the case was a fraud. LaRouche has remained in prison nearly five years solely because these parties continue to tolerate this travesty of justice. While in the Washington, D.C. circuit there has recently been legal relief against the bias and misconduct of the Federal Election Commission (FEC), injustice reigns in the Fourth Circuit.

Recently a Washington, D.C. Appeals Court ruled that the FEC was in flagrant violation of the law for using its subjective bias against LaRouche as the basis to deny him matching funds in last year’s presidential election. In 1981, New York Judge Charles Briant wrote in another LaRouche case that the FEC was guilty of “the most abusive visitation of bureaucratic power” against LaRouche that he had ever seen. This is the same FEC which ruled that the ADL had violated the law against LaRouche campaigns in the mid-1980s, but it was okay because the ADL was a beneficial organization, while LaRouche, in their biased view, was a dangerous menace to the body politic.

### International diplomatic scandal

Depriving LaRouche of the right even to a public hearing, is a direct slap against all the people around the world who have acted on this case—from parliamentarians to jurists to government officials and artists, as well as ordinary citizens.

Only two weeks before the Fourth Circuit decision, for instance, a prominent ad appeared in the *Washington Post* in which 270 parliamentarians and legislators from 26 countries around the world publicly called on President Clinton to “Free Lyndon LaRouche” and end the political persecution of his movement. The legislators came from 11 nations in Europe, three in Asia, one in the Middle East, six in Ibero-America, and cities and towns across the United States and Canada. The seven-paragraph text which all these parliamentarians signed drew attention to the fact that the judicial and human rights abuses in the LaRouche case were outside all international fair trial standards and the subject of formal complaints before the Human Rights Commission of the United Nations in Geneva, the Organization of American States, and the Conference on Security and Cooperation in Europe (CSCE). They concluded:

“It is our understanding that throughout his public life LaRouche has been a defender of the right to sovereign development of all nations on this planet, and of the inalienable rights of all men and women. For those reasons, Mr. President, we ask you to take prompt and resolute action to repair this injustice, by immediately freeing Lyndon LaRouche.”

Two weeks later, in a decision of utmost judicial arrogance, the Fourth Circuit issued its ruling that the case does not even merit a public hearing, a decision which is a gross insult to all standards of international jurisprudence.



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## Book Review

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# Witnesses for the prosecution

by Harley Schlanger

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### Inside the Cult

by Marc Breault and Martin King  
Penguin Books, New York, 1993  
375 pages, paperbound, \$4.99

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### See No Evil: Blind Devotion and Bloodshed in David Koresh's Holy War

by Tim Madigan  
The Summit Group, Fort Worth, Texas, 1993  
300 pages, paperbound, \$11.95

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On July 2, the U.S. Court of Appeals for the District of Columbia ruled that the Federal Election Commission (FEC) was wrong when it denied Democratic Party presidential candidate Lyndon LaRouche matching funds for his 1992 campaign. The court concurred with LaRouche's attorneys, who argued that the FEC violated its statutory mandate by withholding funds from the campaign.

On hearing of the verdict, LaRouche, who is a political prisoner, described it as "an indication, one glimpse, of the possible peek of justice, coming under the pressures of a great crisis."

Less than one week later, on July 8, Randy Weaver and Kevin Harris were acquitted by an Idaho jury of charges which included the murder of a federal marshal. Much of the press commentary on the verdict centered on the growing backlash against law enforcement agencies and prosecutors, as many citizens fear their basic constitutional rights are under assault.

Tony Cooper, a terrorism expert at the University of Texas at Dallas, expressed this sentiment to the *Washington Post*. Cooper said, "I see the formation of a curious crusading mentality among certain law enforcement agencies to stamp out what they see as a threat to government generally. . . . It's an exaggerated concern that they are facing a nationwide

conspiracy and that somehow this will get out of control unless it is stamped out at a very early stage."

A juror on the Weaver trial said that federal prosecutors "built their whole scenario out of how they perceived someone else should be living their lives, and if someone believed differently . . . they must be abnormal."

The LaRouche case stands out as evidence that the U.S. legal system, especially on the federal level, increasingly came to resemble a fascist police state during the 1980s. The persecution of LaRouche and his associates provides a paradigm for investigating the injustices of the Reagan-Bush years.

Within the United States, LaRouche was targeted by private organizations, in particular the Anti-Defamation League (ADL) and the Cult Awareness Network (CAN), which imposed their anti-LaRouche agenda on federal agencies. Wall Street speculators joined high-level officials of the Justice Department, FBI, Bureau of Alcohol, Tobacco and Firearms (ATF), IRS, some state attorneys general and corrupted elements of the media to establish a national "Get LaRouche" task force, which harassed associates and supporters of LaRouche and maintained a constant barrage of lies and slanders.

Once they had poisoned the public mind against LaRouche, a 400-man multi-agency task force descended on LaRouche headquarters in Leesburg, Virginia, complete with tanks and helicopters, on Oct. 6, 1986. Among the units deployed was the Hostage Response Unit of the FBI, from Quantico, Virginia. It was only due to an eleventh-hour communication by LaRouche to Reagan that a bloodbath was averted, as agents who took part in the raid subsequently admitted. Arrests were made, and the press dutifully cranked out new, more vicious attacks in the tradition of "trial by press."

The activity of the "Get LaRouche" task force assured that LaRouche and his associates would not receive a fair trial. The "rocket docket" in Alexandria, Virginia gave his lawyers less than one month to prepare for the trial, while prosecutors, working closely with the ADL and CAN, illegally withheld exculpatory evidence, tampered with witnesses (including, for example, "deprogramming" a former member), and pumped out more lies to the obliging press. Before Judge Albert Bryan, Jr., who demonstrated bias against LaRouche throughout the trial, it was a foregone conclusion that, though innocent, LaRouche would be convicted.

The *modus operandi* employed by the government against LaRouche has since been deployed in other cases, with the Weaver case as an example. Once government actions, including the murder of Weaver's 14-year-old son and wife, and the death of a federal marshal, provoked a standoff, almost 400 agents surrounded Weaver's house. During the trial, the prosecution tried to cover up for the killing of Weaver's son and wife, arguing that they were political and religious extremists who first prophesied, then sought, a holy

war against federal agents.

This was countered in the trial by Weaver's lead attorney Gerry Spence, who accused the prosecutors of trying to "demonize" Weaver "so that they could cover up the murder of a boy shot in the back and a woman shot in the head."

This background is essential to understand the bloody events precipitated by the ATF and the FBI in Waco, Texas, which left at least 86 members of the Branch Davidians and four ATF agents dead. From the beginning of the ATF's investigation of David Koresh, to the fiery end of the siege at the hands of the FBI, many of the same forces, both private (ADL and CAN) and government (including the brainwashers of the FBI's Behavioral Sciences Unit and the hit squads of the Hostage Response Team), which ran the "Get LaRouche" team, were involved.

Even before the final deadly assault of April 19, questions emerged about ATF strategy and tactics. Experts accused the ATF of poor planning, of acting like "storm troopers," and of being over-zealous in search of press acclaim. *EIR* identified the role of CAN in manipulating the ATF to launch the raid, through their quack psychiatry, "documents" extorted from "deprogrammed" former members, and a furious letter-writing campaign, supplemented by stories planted in the press. Lawyers for Koresh and others were convinced that, based on evidence of ATF bungling, they could get their clients off.

For the government, the fire which consumed both people and physical evidence was a blessing in disguise. Since the FBI has faced questions about why they took steps which led to 86 deaths to "stop child abuse" or "enforce respect for the law," the fire may have saved them from an embarrassing repeat of the Weaver trial.

### The prosecution's case

For now, the prosecution's case is being presented in tabloid-style narratives, paste-up rush jobs cobbled together by those most responsible for the string of catastrophes which culminated in the blazing holocaust. Among the first to appear (coming out less than six weeks after the tragedy ended) is *Inside the Cult*, a piece of self-serving nonsense written by Martin King, an Australian reporter, and Marc Breault, a former member of the Branch Davidians.

Breault joined Koresh in 1986, a graduate of a Seventh-Day Adventist school with little hope of becoming a minister in the church. As he tells it, "I was left stranded with no job prospects and a useless degree." Upon recruitment to the Branch Davidian sect, he claims to have risen to become the "right-hand man" of David Koresh, the "most important person in the life of cult supremo Vernon Howell . . . his back-stop, his confidant, his troubleshooter." Due to his alleged closeness with Koresh (none of the survivors remembers Breault holding such an exalted position), Breault says he often held private conversations with Koresh, at which times Koresh confided in him on matters pertaining to manip-

ulating others, "getting women," etc.

After leaving Waco, he moved to Australia to challenge Koresh's hold over the Australian members, becoming a self-proclaimed "cultbuster." He made up stories to shock members into leaving: "I wanted to get their attention, so I decided to shock them." On one occasion, he told them that Koresh was planning to carry out a human sacrifice. Though he admits this was for shock value, to "weed out the break-aways" he couldn't trust, this story found its way into ATF files, and was presented by an ATF agent to the press as a reason for moving against Koresh!

Breault also takes credit for the stories that Koresh was preparing a bloodbath against the people of Waco, or a mass suicide. In a letter he sent in March 1992 to Michigan Congressman Fred Upton (R), he predicted "that over 200 people will be massacred next month. . . . Each day brings us closer to Jonestown." Again, ATF officials desperate to cover up their blunders relied on Breault's tall tales to defend their actions in the post-raid press conferences.

The only useful aspect of King and Breault's tale is that it confirms that law enforcement authorities, especially those from Waco who knew Koresh, did not believe them. They state, "The grim irony is that the ATF was the only U.S. law enforcement agency that took Marc Breault seriously." Grim irony, indeed!

There is another inadvertent admission of Breault which sheds light on the role of CAN. In his diary of the final pre-raid days, he notes that Rick Ross, one of CAN's top deprogrammers, was scaring the family of Koresh lieutenant Steve Schneider into hiring him to kidnap Schneider. Ross, a convicted jewel thief who was charged with kidnapping in Washington State on July 1, 1993, is the hero of *See No Evil*, a book written by Fort Worth *Star Telegram* reporter Tim Madigan.

Not surprisingly, Madigan never reports on Ross's criminal background. Instead, he proclaims himself to be "hopelessly in his debt" for his aid in preparing the book. (Does this mean Ross may be contacting him for bail money or legal fees, as he follows fellow CAN deprogrammer Galen Kelly into jail?) Madigan fully defends the FBI's line on the final assault, that "it had become apparent the more conservative course, further negotiation, was pointless," i.e., that everyone had to die.

Madigan does provide useful information on Ross's role, confirming that he was a major source for the *Waco Tribune-Herald's* series on Koresh, which provided copy for the nation's newspapers, and that he worked with ATF in preparing for the raid, beginning in January 1993.

To allow reporters to make Breault and Ross the heroes of Waco would be to ensure that the United States would continue down the path of a fascist police state. If we are to achieve more than a glimpse, or a peek, at justice, then the role of CAN and the ADL in perverting our system of criminal justice must be exposed and put to an end.

# Did ADL try to impede San Francisco probe?

by Jeffrey Steinberg

A West Coast newsletter on Middle East affairs has published excerpts of a pair of Anti-Defamation League of B'nai B'rith (ADL) internal documents that suggest that even after police raided ADL offices and carted off incriminating evidence of illegal spying, League officials attempted to stymie the criminal probe using informants inside police departments.

The Feb. 25, 1993 memorandum, which ADL officials have confirmed was a genuine League document, was written by Civil Rights Division head Jeffrey Sinensky and Community Services Division chief Ann Tourk, and was addressed to the ADL's 30-odd regional directors. The memo stated in part: "We are aware that the San Francisco Police Department has written to several law enforcement jurisdictions throughout the country advising them that material from their departments has been found in files gathered in connection with the Gerard investigation. [Former San Francisco police officer Tom Gerard is scheduled for a hearing on July 23 to determine if his case will be sent before a jury—ed.] This letter has not been shared with us, and so it is unclear whether the letter refers to files found at Gerard's home, ADL files, or other material. We do know that the SFPD contacted the Phoenix and Portland police departments and other unknown jurisdictions. . . .

"You should be aware that your local law enforcement may have received such a letter; do not make any independent inquiries regarding that correspondence. If, however, you learn of any contact by the SFPD in your area, please let us know."

In one of the depositions released to the public by the San Francisco Police Department on April 8, 1993, former ADL fact-finding department employee David Gurvitz described the ADL's internal "coded language" for transmitting instructions and conveying information illegally obtained from official sources, including police officers. According to Gurvitz, who was fired by the ADL after he was caught soliciting a violent attack against an employee of the rival Wiesenthal Center by white supremacists, ADL documents referred to material illegally obtained from government officials as "information from our official friends."

While the Feb. 25 memo did not overtly instruct ADL

regional offices to interfere in the San Francisco police probe, several sources close to the ADL have indicated that this memo triggered the first phase of the League's "damage control" effort to stymie the SFPD investigation.

## Damage control in the black community

Another priority target of ADL "damage control" was the black community, especially civil rights organizations like the National Association for the Advancement of Colored People (NAACP). Shortly after the release of 800 pages of investigative material, including a list of 950 groups spied upon by the ADL, League officials put out another memo, instructing their regional offices to launch a "fence mending" outreach to the NAACP in particular.

The May 5, 1993 memo was penned by Ann Tourk and Charney Bromberg, the ADL's director of Intergroup Relations. This memo read in part: "Many of you have already reached out to local branches of the NAACP; those of you who have not done so, particularly where you have a personal relationship with the local director, should do so now.

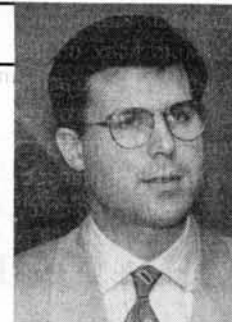
"The contact should be for the purpose of 'touching base' but clearly, if the topic of San Francisco arises, your response should be quite direct—'You know we're in the business of monitoring extremists, not our friends in the civil rights movement.'

"We're most interested in getting a picture of how this issue is playing among your intergroup contacts and coalition partners. Please call to give us your assessment—good, bad or indifferent."

## Spying on Rev. Martin Luther King, Jr.

ADL officials were painfully aware by early May, when the initial results of the San Francisco spy probe began to circulate among political layers from coast to coast, that they had a big problem. One former ADL employee, Henry Schwarzschild, now with the American Civil Liberties Union, had come forward to reveal that he had quit the League after he discovered that the group was spying on Rev. Martin Luther King, Jr., whom the ADL considered "sort of a loose cannon. He was a Baptist preacher and nobody could be quite sure what he would do next. The ADL was very anxious about having an unguided missile out there."

To compound matters, the *Village Voice*, a widely read New York City left-of-center news weekly, has recently published its second lengthy article on the ADL's spying activities in its July 27 edition. The piece, by Robert I. Friedman, exposes the ADL's role in attempting to impose strict censorship on American libraries and universities that make available reading material on the Middle East. Friedman reports that the Chicago Police Department is conducting a serious probe of ADL spying in the Midwest, paralleling the San Francisco probe, which is expected to result in indictments against some ADL officials before the end of the summer.



## 'Dare to be as courageous as Sweden's King Gustavus III'

*The following interview with Lewis du Pont Smith, a Du Pont heir and an associate of Lyndon LaRouche, first appeared in the Swedish anti-drug magazine Stoppa Knarket (War on Drugs). Mr. Smith has been touring Europe and the United States to dramatize the book *Travesty*, which tells the story of the Anti-Defamation League (ADL) and Cult Awareness Network's (CAN) aborted plot to kidnap him and his wife Andrea Diano-Smith. He was interviewed by Lotta-Stina Thronell.*

**Q:** You just participated in a very successful event in Philadelphia during the Fourth of July weekend, around the idea of carrying out a second American Revolution. Why do you think that is necessary?

**Smith:** What Rev. James Bevel and many other organizers accomplished in Philadelphia with the Declaration of Independence Co-Signers' Convention, is of paramount importance for saving the United States. The American Revolution is based on a unique document, the Declaration of Independence. Through the sacrifice of many ordinary citizens, and the brilliant leadership of a few great men, we were bequeathed a citizens' republic under the law of God. As Benjamin Franklin emphasized, and as Reverend Bevel and Lyndon LaRouche have emphasized, the preconditions for this unique experiment in self-government, to survive and to prosper, are for its citizens to be literate and informed, and to be guided by moral virtues, to seek the common good.

Thirty years of the New Age counterculture under the sponsorship of the Anti-Defamation League of the B'nai B'rith, with the aid of the establishment news media and the satanic Hollywood entertainment industry, have destroyed the moral preconditions for our nation's survival. Therefore, Reverend Bevel has organized a historic process of re-dedicating America to the principles of the Declaration of Independence.

If America does not fundamentally change, and very soon, for the better, the world is surely doomed to a Dark Age—and perhaps even World War III.

**Q:** You and your wife are showing a lot of courage in the

fight for better economic and cultural conditions for mankind. In *Stoppa Knarket* our readers have learned about the harassment against you from your family and the authorities after your decision to expose the networks that run the drug trade internationally. But it did not end there. Last year, your family even collaborated with a group of criminals in order to kidnap you. How did you get to know about that plot, and how did the trial against the plotters end?

**Smith:** Since my wife and I have refused to be morally broken, my family has continued to work directly with criminal thugs in the Anti-Defamation League and the so-called Cult Awareness Network. My father, last summer, contracted to have my wife and me kidnapped and brainwashed, and hired Galen Kelly and Donny Moore to do the job. Galen Kelly is now in jail for another kidnapping, which involved Donny Moore, who was a former officer of the U.S. government and an errand-boy for the "Get LaRouche" task force. He solicited Doug Poppa, a former undercover narcotics detective who worked for the same Loudoun County, Virginia sheriff's department as Moore. Poppa, an honest cop, went to the FBI and told them he had been solicited to commit a crime. When Galen Kelly was mentioned, the FBI took notice, since they were already investigating him for another kidnapping. Poppa agreed to act as an undercover FBI informant, and pretended to go along with the kidnapping plan. He was "wired for sound" with a concealed tape recorder. Sixty hours of FBI tapes and government-ordered wiretaps on my father's phone were recorded.

At a certain point last summer, my wife Andrea and I were informed of this investigation by the FBI, and we were asked to cooperate. With great apprehension, we agreed, as we had no other choice. Finally, in September, this gang of criminal thugs, including my alcoholic father, was arrested and indicted. The case went to a jury in the same Alexandria, Virginia court where LaRouche was railroaded. This time, the guts of the "Get LaRouche" task force was on trial. They were caught in their own words; but the judge, Timothy Ellis, sympathized with my father, and in order to protect the government's railroad of LaRouche, Judge Ellis directed the jury to acquit the defendants by the way in which he instruct-

ed the jury on conspiracy law. So while these thugs got off scot-free, LaRouche—an innocent man and statesman of our time, whose leadership is desperately needed—sits in jail.

However, there is good news. At least one honest U.S. assistant attorney in the Justice Department, Lawrence Leiser, is pursuing the Cult Awareness Network and its gang of kidnapers and brainwashers. Galen Kelly, long a top kidnapper and deprogrammer-brainwasher for CAN, is now a convicted felon. Rick Ross was the adviser to the Bureau of Alcohol, Tobacco and Firearms (ATF) when they stormed the Waco, Texas group, the Branch Davidians, and killed over 80 innocent people, including many children. Ross, a convicted jewel thief, was recently arrested for a kidnapping in Washington State, and is sitting in jail. Ross was the second most important kidnapper in CAN's stable of thugs.

The most important development is the public release of the 60 hours of FBI tapes on the du Pont Smith kidnapping. The Attorney General of Minnesota, Hubert ("Skip") Humphrey III, the son of a former U.S. vice president, is implicated in the tapes in running dirty tricks against LaRouche and his associates. He is thus exposed for the highest crime in office, prostitution for political ends.

**Q:** At the end of May, you and Andrea started a tour of Europe to expose this horrendous abuse of your constitutional and human rights. What were the highlights of your European tour?

**Smith:** Andrea and I recently were in Europe for a five-week political tour. We held meetings with parliamentarians in Stockholm, and met with Swedish journalists, church leaders, supporters, and human rights lawyers. In addition, we visited Denmark, Austria, Italy, Germany, France, and finally Scotland.

The highlight of our trip, besides visiting our priest in Rome (who married us under Vatican protection in 1986), was our visit to Scotland. My speaking engagement in Glasgow at a mosque before about 60 Muslim workers, made a profound impression on me. I thought this was going to be a polite discussion of my case and of Lyndon LaRouche's case, but the people were totally impassioned about the ongoing genocide in Bosnia. They told me, "We don't want to hear about your problems. We want to know what you are going to do about Bosnia!" I knew that their outrage was totally justified, and I felt inadequate to respond to it. When I explained to them the historic importance of Lyndon LaRouche, they demanded to know what they could do immediately to free him. The lesson for Americans from this, is that we have as great a Christian duty to love our neighbors in Bosnia or Africa as for those in our hometown or family. We will be held responsible.

**Q:** You recently finished a similar tour in the Midwest of the United States. How did the American public react to the book about your case, *Travesty*?

**Smith:** *Travesty* is about to be published a second time. On our recent two-week tour in the Midwest of the United States, Andrea and I were featured on several radio stations. We met with state legislators and chiefs of police. There was a genuine concern with the ugly state of affairs in the United States that we described. In Des Moines, Iowa, we met with an extraordinary group of Muslim activists, who own a local radio station, KCUB. They featured us for three hours in open discussion. This group and their imam is working closely with the LaRouche movement, and has initiated the campaign in Des Moines to bring down the statue of Albert Pike, the founder of the Ku Klux Klan, in Washington, D.C. They have exposed the ADL ruthlessly on their radio station, and they are now labeled a "cult" by the so-called cult experts, CAN. These brave fighters for humanity are studying Nicolaus of Cusa and [Friedrich] Schiller, and seek concordance with Christians of good will in the tradition of the 1439 Council of Florence, the event that launched the Golden Renaissance in Europe. It is our purpose today to launch an even greater renaissance, as a precondition for mankind's survival.

**Q:** Your own situation is closely linked to the situation of Lyndon LaRouche, who was put in jail in 1989 by the same gangster network that is operating against you. The most important branch of this gangster network seems to be the ADL, an organization which now increasingly is exposed for its dirty affairs. The media in Sweden have not mentioned a word about the charges against the ADL for espionage. What are these charges?

**Smith:** The ADL is now the target of a national criminal investigation, starting in San Francisco and Los Angeles, which has spread to Chicago, Loudoun County, Virginia, and other locales.

A shocking pattern of spying on tens of thousands of citizens and over 900 organizations has emerged from evidence seized in law enforcement raids on the ADL's offices in California.

The reason why this hasn't been covered in Sweden is obvious: The major establishment news media are not only corrupt, but are directly complicit in crimes involving the ADL, and as long as people have their illusions of "safely" supporting their favorite little impotent grass-roots, right-wing conspirophile organizations, they are going to continue to be slaves of the ruling oligarchy in Sweden, which manipulates the media and the politicians.

**Q:** If you now let your thoughts travel back to Sweden, what do you think people here can do to assist the re-introduction of sanity into politics?

**Smith:** My advice to Swedes is: "Dare to be as courageous as Gustavus III [pro-American Swedish king who reigned 1771-92.]" Join with LaRouche, and give your life, your fortune, and your sacred honor to the cause of humanity.

## Grassley asks crop relief for Midwest farmers

Sen. Charles Grassley (R-Iowa) has introduced S. 1214, which would provide some relief for farmers who have been unable to plant because of the flooding in the Midwest.

Grassley said that the bill "would allow farmers who had earlier purchased crop insurance but did not elect the prevented planting rider to retroactively purchase a prevented planting option. For producers who did not purchase crop insurance this year, they can retroactively purchase a policy as well. Finally, for producers who planted corn, but had to switch to soybeans, those farmers would get to keep their corn level of indemnity after soybean income has been subtracted."

"The benefits of this plan are many," said Grassley. "It will probably provide producers with higher benefits than they would receive under disaster relief. And that relief would be provided more quickly. This legislation will also cover future disasters during this crop year."

## Withdraw combat forces from Somalia, says Byrd

On July 14, Sen. Robert Byrd (D-W.V.), in remarks on the Senate floor, called for the removal of all U.S. forces from Somalia, whether or not they're a part of the U.N. operation. Byrd complained that "missions of food relief have now taken a back seat to participation in conflict with local warlords," a task which "was never the Senate's intent" when they approved the presence of U.S. forces in Somalia. Byrd noted that the U.S. contingent was recently reinforced but that the Senate was not asked to okay that reinforcement. "The Senate has not bought into a police action against

Somali warlords," he said. "I have not cast my vote to do that."

The U.N. operation, which has turned into a witchhunt for General Aideed, has triggered violent anti-American feelings in Somalia and caused the first major conflict with a U.N. ally, Italy, which has refused to dismiss an Italian general whom the U.N. claimed had defied the U.N. command.

"I do not see anywhere in our U.S. Constitution that this Senate is bound to go along with a U.N. operation that appears to be getting us deeper and deeper into a war in which we have no business," Byrd said.

Sen. Larry Pressler (R-S.D.) also warned, "We should disengage as quickly as possible. It is going to get worse," he said. "If troops stay there, they should be U.N. multi-country forces, and our troops should not take the lead. We are going to be accused of killing people, and we are going to have claims against the United States."

Rep. John Murtha (D-Pa.), chairman of the Appropriations Military Subcommittee, is quietly organizing support among committee chairmen who oversee military and foreign policy to require congressional approval of humanitarian missions involving the military.

## Republican attack on Gonzalez fizzles

House Speaker Tom Foley (D-Wash.) has decided that there is no need for any disciplinary action against Rep. Henry B. Gonzalez (D-Tex.), the Capitol Hill newspaper *Roll Call* reported. Republican leaders Bob Michel (Ill.) and Newt Gingrich (Ga.), had tried to get Foley to reprimand him.

Gonzalez, in one of his speeches

during the designated "special orders," criticized the Republican-instituted "pledge of allegiance" at the beginning of each day's legislative session. Gonzalez, who commented that the real pledge congressmen took was to the U.S. Constitution, said they were acting "like a good little herd, reminiscent of the Hitlerian period: 'Sieg heil, Sieg heil,'" in repeating the pledge, but ignoring the substance of their oaths.

## McCain seeks end to aid to Nicaragua

Sen. John McCain (R-Ariz.) called on July 16 for the cessation of aid to Nicaragua. The call was prompted by a *Washington Post* exposé of Nicaraguan-sponsored terrorism. McCain said that "those of us who supported freedom and democracy and aid to the Contras are again vindicated by the clear record of what the Sandinistas were doing with the help of Cuba and others. Recent events are an indication that the subversion continues."

He charged that President Violeta Chamorro's government, "led by Minister Antonio Lacayo," has "ceded all of its real authority to the Sandinistas." He cited the retention of Humberto Ortega, brother of former President Daniel Ortega, as defense chief, as forewarning that this would happen.

McCain claimed that the Sandinistas continue to export terror and subversion, "posing an incredible danger to the lives of innocent people as evidenced by the uncovered stockpile of surface-to-air missiles." He urged the Clinton administration to freeze all further assistance until "an international body has investigated the crimes that have been revealed." He added that such a body should include the FBI.

He failed to mention that the deal between Chamorro and Lacayo was arranged by the Bush administration through U.S. favorite, Venezuelan President Carlos Andrés Pérez.

## **R**districting ruling irks black legislators

In four additional states, the controversial U.S. Supreme Court decision calling into question the legality of recent redrawing of congressional districts is causing political turmoil. The decision has opened the road for legal challenges to the new districts which were set up to provide more proportional representation for minorities.

After a Supreme Court decision on a case in North Carolina, a lawsuit from last year was re-opened on June 29, challenging the district of black congressman Cleo Fields (D-La.). And in South Carolina at the beginning of July, a three-judge federal panel erased court-ordered congressional and legislative districts and gave the state legislature until April to produce its own map.

Despite the Supreme Court ruling, the Alabama Democratic Conference is pressing for a second black majority district, and the Puerto Rican Legal Defense and Education Fund has sought a third Hispanic district in New York City, where one of every four residents is Spanish-speaking.

## **E**lders nomination comes under fire

President Clinton's nomination of Dr. Joycelyn Elders to Surgeon General of the United States has come under attack on Capitol Hill, leading to a postponement of her confirmation hearings. So far, the administration says that it still stands strongly behind

the nomination.

Elders has received support from many Democrats and from the Congressional Black Caucus, but her policies have sparked opposition. Elders was to have testified before the Senate Labor and Human Resources Committee on July 13, but the hearing was postponed one week as accusations were leveled of financial irregularities in her management role in the National Bank of Arkansas.

Elders, who is black, has been the director of the Arkansas State Health Department since 1987. She is being attacked for her strong pro-abortion policies, her support for early sex education in schools, and her desire to make condoms available in high school clinics, albeit with the permission of parents. She has also supported the controversial Norplant birth-control program.

Sen. Don Nickles (R-Okla.), in statements on the Senate floor on July 16, said, "While she may be a very fine physician and a very able advocate for a political agenda, Dr. Elders has an agenda that can be fairly described as extreme." Nickles pointed to statements Elders had made before the Senate Labor and Human Resources Committee in 1990, where she commented positively on the fact that the increase in abortions had led to a decrease in Down's syndrome infants in Washington State.

## **S**enate panel cuts intelligence budget

The Senate Intelligence Committee voted on July 16 to freeze intelligence spending at last year's level, rejecting heavy administration lobbying for a 5% increase to the nation's intelligence agencies. The vote removes \$700 million from the CIA and the government's non-military espionage

agencies, and \$600 million from military intelligence agencies, from Clinton's proposed budget.

Later in the year, the Senate might be asked to vote on a proposal to make the total budget figure public, a move which is being justified by the supposed "end of the Cold War." The Senate Armed Services Committee, which has a rarely exercised prerogative over intelligence, is considering making even further cuts in the budget.

## **R**ostenkowski resurfaces in House Bank probe

As President Clinton begins to focus in on the budget reconciliation bill, one of the two key negotiators for Democrats, House Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.), is again besieged by scandal—feeding hopes that the incompetent, austerity-based deal could still be blocked.

On July 19, former Postmaster of the House of Representatives Robert Rota reached a plea-bargain with prosecutors, pleading guilty to three misdemeanor counts of conspiracy and embezzlement and acknowledging that he had helped an undisclosed number of representatives steal tens of thousands of dollars for almost 20 years. Although Rota did not name any names, he did reveal payments to an unnamed congressman whom publicly available records show to be Rostenkowski. Under House rules, Rostenkowski would have to step down if he were indicted.

On July 20, Clinton and Vice President Al Gore met with House Democrats on the budget reconciliation. The President has indicated that he now favors the 4.3¢ per gallon gasoline tax increase which was contained in the Senate version of the budget package.

# National News

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## Lugar calls on Clinton to arm Bosnians

Sen. Richard Lugar (R-Ind.), a senior member of the Senate Foreign Relations Committee, urged President Clinton on July 15 to ignore U.N. resolutions if necessary and to provide military backing for the citizens of Bosnia-Herzegovina, the *Washington Times* reported.

Lugar told the Defense Writers Group that Secretary of State Warren Christopher should meet again with European leaders and tell them "that these are things that we need to do. And . . . if you don't do them, we will do them."

Lugar declared that Clinton's insistence on acting only with an international consensus "has pretty well excluded everyone, including ourselves, from any meaningful action." The alternative to taking more forceful measures, Lugar said, is "perpetual agony and continual warfare" for the Bosnians.

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## Virginia town polarized around Confederate flag

A growing controversy over the removal of the Confederate flag from a local historic site in Danville, Virginia has turned into a political hot potato, with gubernatorial candidate Nancy Spannaus intervening against efforts to restore the flag.

On July 14, Spannaus held a press conference in front of the Danville Museum of Art, an old Victorian house known as "the last capital of the Confederacy," where Jefferson Davis and his cabinet stayed during the last week of the Civil War, after their retreat from Richmond. Also present at the press conference was Rev. William Keen, Southwest Virginia chairman of the Southern Christian Leadership Conference, who had run the successful campaign to remove the flag.

Spannaus said that contrary to much

popularized mythology, the Confederacy was "treasonous . . . a contradiction to the ideals of the American Revolution." At a public forum on July 12, Reverend Keen recalled the scene in Danville in April 1965, the 100th anniversary of "president" Davis's stay there. Whites held a huge parade, in full Confederate regalia, while blacks, paid to dress as slaves in chains, brought up the rear of the parade. He also noted that even today, virtually no black people work indoors in office jobs in Danville, and construction of a public swimming pool remains blocked for fear of "race mixing."

Spannaus took the occasion to attack the pro-Confederacy policies of her opponent, former Virginia Attorney General Mary Sue Terry, who played a key role in the illegal jailing of 1992 presidential candidate Lyndon LaRouche, and who has completely disregarded the criterion of justice in her application of the death penalty.

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## Texas wants funds for high-speed rail

The Texas High-Speed Rail Authority, which is overseeing the planned construction of a "bullet train" system linking Houston, Dallas, and San Antonio, has announced that it will seek \$10 million in federal funding to pay for planning for the system. This money is part of the \$140 million that the Clinton administration has put in the 1994 budget to fund high-speed rail projects around the country.

The announcement immediately encountered opposition from Rep. Joe Barton (R-Tex.), who sits on the House Energy and Commerce Committee. Barton opposes the plan, because the franchise to develop the system had been granted to Texas TGV Corp., a French-U.S. consortium, with the understanding that no government funds would be used in building the system, which will utilize French TGV technology.

The use of government money for high-speed rail is also opposed by Southwest Airlines, which expects to lose business to such

a system.

Another obstacle to obtaining federal funds for the project is the requirement in the Clinton \$140 million proposed budget package that funds will only go to high-speed rail projects that are receiving funding from state governments. Since the followers of Sen. Phil Gramm (R-Tex.) in the Texas legislature succeeded in stipulating that no state funds would go to the project, the Texas High-Speed Rail Authority will be forced to lobby Congress to eliminate that provision in the Clinton package.

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## Government bans animal control in West

On April 10, the Bureau of Land Management (BLM) ordered all states in the western United States to cease all animal control activities in lands under their control and in National Forest lands. This means that State Animal Damage Control offices may no longer monitor diseases in BLM areas, or exterminate disease-carrying animals.

The magnitude of this decision is only now beginning to be understood in light of the new hantavirus in the Southwest, and predictions of the emergence of other, possibly even more deadly viruses.

The BLM controls more than one-third of the entire land area of the United States, and more than 50% of all the land in most western states. According to a leading official in the Sheep Industry Association, the BLM decision is going to lead to an explosive and uncontrollable spread of plague, rabies, and other deadly diseases. Since most of the areas with high concentration of plague and rabies are on BLM lands, the decision will mean coyotes and other predators will have enormous tracts of land as "safe havens," from which they can spread these diseases throughout federal lands and onto private lands.

To provide an idea of the magnitude of plague infestation in the western part of the United States, the *Denver Post*, in a recent article, pointed out that just in the past few months, several hundred thousand prairie



dogs have died of plague in central Wyoming. Plague epidemics have been documented in eight other western states. So far this year, six persons have died of plague in the United States, the largest number of plague deaths for any single year in this century.

One of the greatest concerns of health officials in the West is that the plague infection is reaching a density where it may become airborne (aerosol transmission). At that point, there will be an explosive spread of the disease among both animals and humans.

## Sessions fired as FBI head in coup

On July 19, President Clinton announced that he was dismissing FBI Director William Sessions, effective immediately, on the grounds that Attorney General Janet Reno had "reported to me . . . that he can no longer effectively lead the bureau and law enforcement community."

Following the announcement, Sessions gave a final press conference in which he lashed out at what was in effect a "Cointelpro" operation mounted by neo-Hooverites to force his removal: "It is because I believe in the principle of an independent FBI that I have refused to voluntarily resign," he said.

Sessions has charged that there was a virtual coup d'état against him by what others have termed "neo-Hooverites," whose ringleader is Deputy FBI Director Floyd I. Clarke, especially because of Sessions's policy to overturn the byzantine hierarchy of the Bureau, which discriminates against women and minorities. Last year, as a result of the rejection of this approach by racist neo-Hooverites, secret denunciations by those familiar with the details of Sessions's office had prompted the Office of Professional Responsibility to open an investigation. This gave Bush Attorney General William P. Barr a handle, when Sessions criticized the Justice Department for covering up the true nature of the Banca Nazionale del Lavoro (BNL) scandal in Atlanta to

protect Bush higher-ups. On his last day in office, Attorney General Barr endorsed a report finding Sessions guilty of ethical lapses and recommending the FBI director's removal.

President Clinton clinched the coup by appointing Clarke as Sessions's successor.

On July 19, Rep. Henry Gonzalez (D-Tex.) commented that "Bill Sessions was cut down by intriguers in the FBI. . . . This is a shameful example of the rawest kind of internal agency political chicanery."

## Bisexuality is now 'in' for American teenagers

*The Washington Post* on July 15 carried a front-page story on how American teenagers—increasingly influenced by "sexually ambiguous" stars like Madonna and Michael Jackson, and by "the climate of openness" to homosexuality in the schools—are "questioning their sexuality." The article interviews a number of junior high and high school students. Some of those interviewed reported that bisexual experimentation is now the trend, since it protects one from harassment for being a homosexual or for being a heterosexual! Said a 16-year-old from the well-to-do Virginia suburb of Falls Church, "For people who are heterosexual, (saying they're 'bi') is to protect themselves from being just normal. It's a form of rebellion." And a 13-year-old from Bethesda, Maryland said, "A lot of my friends are like, 'Bisexuality rules.'"

The article reports that the problem of sexual identity crises is becoming so common, that guidance counselors held a system-wide meeting in Fairfax County, Virginia, one of the nation's largest school systems, last spring. School officials "urged counselors not to make judgments, to encourage teenagers to explore their feelings, and share them with their families." Several teachers are quoted saying that the phenomenon of homosexual youths taking each other to school dances and proms is now common, as is the sight of these children kissing and necking in school hallways.

## Briefly

● **A HEROIN SURGE** is under way nationally, fed by marketing of a much more potent form of the drug—50-60% purity as opposed to the former 5%—resulting in an increase in deaths from overdoses. In Connecticut alone, 75 people have died from overdoses over the past 15 months.

● **HOMOSEXUALS** may now serve in the U.S. Armed Forces, but are still not allowed to flaunt it, President Clinton announced to a silent military audience on July 19. Clinton "suggested that if the military leadership knew homosexuals personally, their opposition to removing the ban would ease," according to the July 20 *Washington Post*.

● **THE NEW ORLEANS** City Council voted 6-1 on July 15 to remove the so-called Liberty Monument, which commemorates a racist mob uprising in 1874 against the city's white and black Reconstruction government.

● **GEORGE BUSH** and Henry Kissinger Associates, Henry Kissinger's private consulting firm, have been subpoenaed to testify in the trial of Christopher Drogoul, who says that the Bush government encouraged him to launder loans from the Italian Banca Nazionale del Lavoro to Iraq.

● **THE STATUE** of KKK founder Albert Pike in Washington should be removed, according to a resolution adopted at the national conference of The Most Worshipful National Grand Lodge of Free and Accepted Ancient York Masons, Prince Hall Origin, National Compact.

● **PERJURY** may have been committed during testimony of U.S. officials during Senate hearings on Americans listed as missing in the Vietnam War, according to Sen. Robert Smith (R-N.H.). Smith, who recently traveled to Vietnam with former Marine POW Robert Garwood, has asked the attorney general to begin a special investigation.

## Editorial

### *Your children are being abused*

These days a lot is written and talked about on the subject of sexual abuse, but in point of fact, both children and adults are being subjected to something just as insidious: spiritual molestation. There is a move afoot, under the guise of educational reform, which is attempting to use U.S. schools to tear children away from their families.

This is particularly insidious today, when economic and social conditions (not least the high rate of divorce) are already putting extreme stress upon the American family. According to some estimates, as many as 50% of American children are raised by only one parent for a significant portion of their lives, and over half of the mothers of pre-school children work at full-time jobs.

Associated to these "objective" conditions is a spiritual malaise which undermines the stability of the family as the basic unit of society, and child-bearing and child-raising as a fundamental task for the family. Of course, not all married couples become parents, that is not the issue; the point is that the role of the family in the creation of the next generation is its ennobling feature. All families have the privilege, in one way or another, of participating in this glorious task, as they are part of the fabric of the whole society.

What is going on in our schools today is little short of rape of the family, as guidance personnel and even teachers arrogate to themselves the privilege of questioning the moral responsibility of parents for their children. Thus children who come from homes in which discipline is imposed are challenged by school personnel for being "authoritarian." Even worse, in some instances, children are put into group or individual "therapy" sessions, without the knowledge of their parents. In those sessions, they are encouraged to reject the authority of their parents.

Children are subjected to "sex education" classes which offend moral values of most families. Before puberty even, they are given access to contraceptives, and are questioned about whether and to what extent they may be "sexually active." In this way, not only is

the value of chastity directly challenged in the school, but even that of love. Sexual intimacy is reduced to the same level as a physical sport, while homosexuality is being taught as an "alternative lifestyle."

Coupled with this is the deliberate destruction of a coherent curriculum, beginning at the kindergarten to first-grade level. Here what is occurring is the substitution of endless group discussion of one's "attitudes," in place of the traditional insistence that every child has a right and responsibility to assimilate the cultural treasures of our civilization, beginning with fundamental skills such as reading, writing, and arithmetic, but quickly passing on to such enduring documents as the Declaration of Independence, Lincoln's Gettysburg Address, the Bible, Shakespeare's plays and poetry, and so on.

At the time of the American Revolution, children raised in the 13 colonies were the best educated in the world; today, American young people are sinking to the lower half of any academic ranking. Subjects such as history, science, mathematics, and languages are no longer being competently taught, and children are being encouraged to reject the philosophical, artistic, and scientific heritage of western civilization.

This attack is perhaps most advanced in the United States, but similar degeneration is occurring everywhere. It is the logical outcome of the spread of the counterculture in the 1960s, and of the growing hegemony of New Age philosophies. Allowed to continue, such a trend line will not only bring with it the destruction of the family and the degradation of culture, but an end to our civilization itself.

Similar tactics of using the schoolroom as the place to brainwash children have been used in Nazi Germany, the Soviet Union, and Communist China. The schools cannot be allowed to turn children into the pawns of a tyrannical state. Everyone guilty of this abuse must be called to account and immediately removed from any position from which they can continue this vicious abuse.

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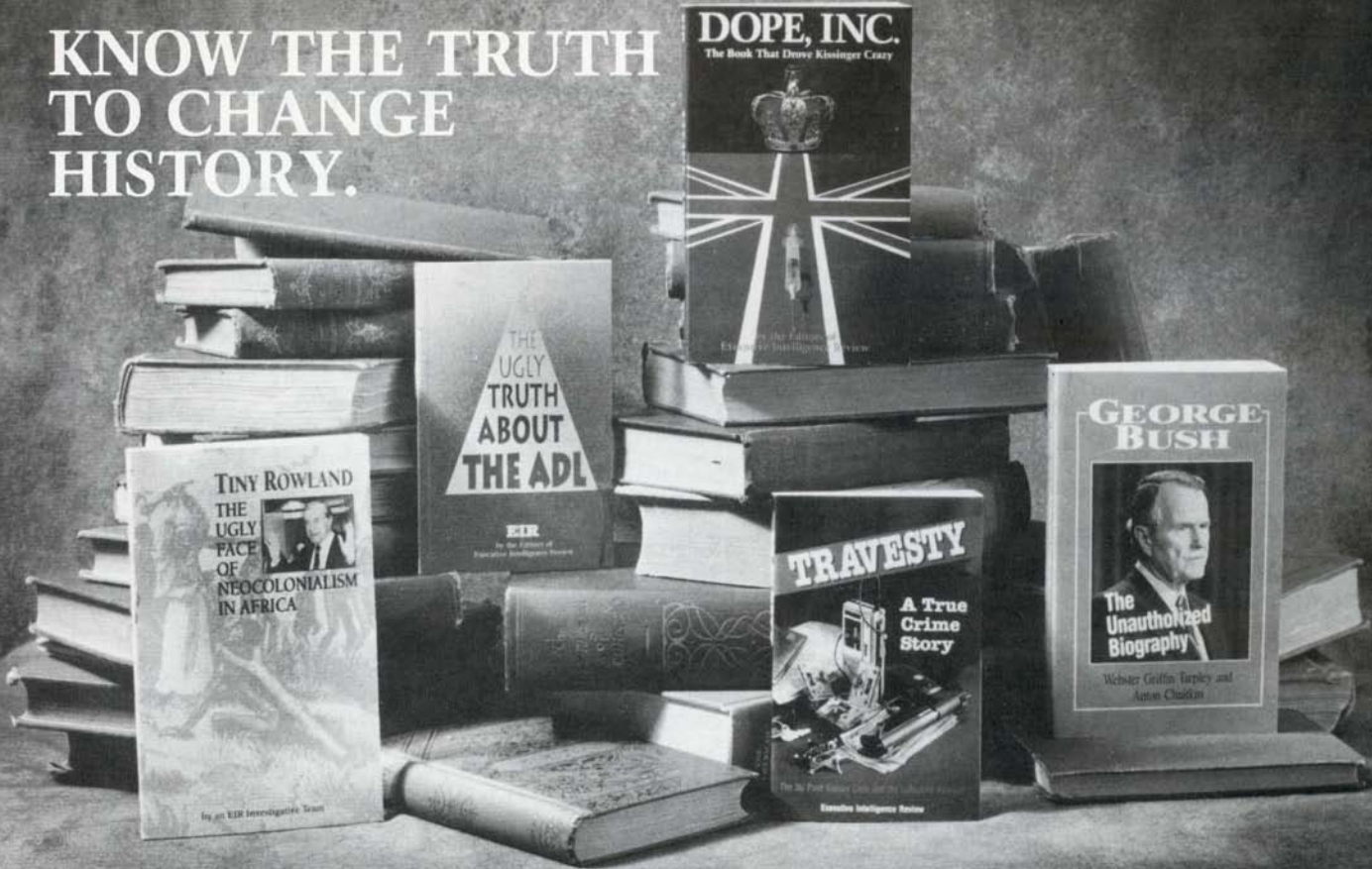
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