

EIR

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What's all the fuss about dinosaurs?
Ruble tempest bodes end of 'shock therapy'
Betrayal of democracy is ongoing in Taiwan

**German political paralysis:
There is a way out**



COLD FUSION

Challenge to U.S. Science Policy

The ground-breaking discovery announced by Martin Fleischman and Stanley Pons on March 23, 1989 has been received, not with scientific debate, but with a crude political witch-hunt. Compare what the anti-science mob is saying, with what Lyndon LaRouche writes in a 173-page science policy memorandum issued by the Schiller Institute.

Lyndon LaRouche



"These cold fusion experiments, taken together with other experiments exhibiting related kinds of anomalous results, should become featured elements of a special research project—a 'mini-crash program' of fundamental research—enjoying the moral and material support of appropriate public and private institutions of the United States and other nations."

Paul Ehrlich

Given society's record in managing technology, the prospect of cheap, inexhaustible power from fusion is "like giving a machine gun to an idiot child."



Jeremy Rifkin

"It's the worst thing that could happen to our planet."



Nature magazine

"The Utah phenomenon is literally unsupported by the evidence, could be an artifact, and given its improbability, is most likely to be one."



The New York Times

"Given the present state of evidence for cold fusion, the government would do better to put the money on a horse."



LaRouche's memorandum is available for \$25 postpaid from

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EIR

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From the Editor

This issue is particularly rich in first-hand testimonies about some of the world's strategic hotspots. To start with, German political figure Uwe Frießecke, whose involvement for two decades in German electoral politics, in African affairs, and in building the European Agricultural Commission of the Schiller Institute, is well known to our readers, gave a briefing to *EIR* editors on the state of political paralysis in Germany. He included crucial historical details which have recently come to light about the long imprisonment under communism of the east German zone—and which, as far as we know, have gone totally unreported in the United States. This is our *Feature* package.

The English-language major media are too busy playing up one aspect of the destabilization of Germany, almost with relish—the neo-Nazi skinhead phenomenon largely copied from its British models—to tell the whole truth. Nor will you learn from other print media, I am sure, about the hunger strike being carried forward by the potash miners in a town in eastern Germany, and its world-historical importance, another facet of the *Feature* on Germany.

From the part of China under nationalist control, Taiwan, we bring another firsthand report by our recently returned correspondent Leni Rubinstein, highlighted by an interview with political leader Dr. Fung and a partial transcript of the press conference where four Republic of China congressmen, each representing a different political faction, pronounced their support for the freedom of Lyndon LaRouche. LaRouche himself appears in a five-page interview transcribed from a broadcast over a Mexican major radio station, in *Economics*.

Although not qualified as “eyewitness” reports, I also strongly recommend the articles on the Middle East and Russia, which are based on our independent intelligence sources and evaluation, and pinpoint the most immediate trigger-areas for the outbreak of World War III.

Finally, in the *National* report, readers should pay particular attention to the first two articles: one on the outcome-based education nightmare taking over the schools, the second which tells how state lawmakers have accepted the deepening economic depression as inevitable. The two are not unrelated.

Nora Hamerman

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Dr. Fung is the former dean of the College of Liberal Arts at National Central University in the Republic of China (Taiwan); former secretary to the late President, Chiang Ching-kuo; former adviser to the prime minister; and president of the *China Forum Monthly* magazine. He recently helped found an organization called "Tung Mung Hui," modeled upon Sun Yat-sen's revolutionary cells.

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Correction: In our July 23 issue, an editorial error appeared in the article "Cabbalism, Slavery, and the B'nai B'rith: The Case of A.E. Frankland" (page 64). It was not Julius Ochs, but his wife, Bertha, who was arrested for smuggling supplies to the Confederates. Julius was an officer of a Union unit responsible for stopping such smuggling.

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Ferruzzi could bring down the derivatives casino

by William Engdahl

On June 8, the Italian holding company Ferruzzi Finanziaria Spa., owned by the Ferruzzi family, announced that it was unable to continue to meet interest payments on its debts and asked a group of creditor banks, led by the octogenarian "godfather" of Italian banking, Enrico Cuccia of Mediobanca, to take over operation of the huge multinational agricultural and chemicals conglomerate.

On July 20, a key figure in the Ferruzzi scandal, Gabriele Cagliari, was found dead in his Milan prison cell where he was awaiting trial on corruption charges. Three days later, the former chairman of Ferruzzi, Raul Gardini, was also found dead from a pistol shot in his home in Milan. Earlier this year, as well, Sergio Castellari, the Italian state official responsible for oversight of a controversial Ferruzzi joint venture with the state-owned ENI, called Enimont, was found dead under mysterious circumstances.

But the astonishing aspect of the Ferruzzi affair is not that the collapse of the huge Italian conglomerate threatens to be the largest financial failure in world history, but that the international financial press, especially in the United States, have been almost silent, other than to give nominal mention or salacious details of the above-mentioned deaths. The reason for this wall of silence, according to international banking sources, has to do with Ferruzzi's huge financial speculation in so-called derivatives, primarily currency "swaps."

What is known about Ferruzzi

Creditor banks and those now running the Ferruzzi group are attempting to drastically downplay the nature of the financial market threat posed by the Ferruzzi collapse. When the company defaulted in June, figures of company indebtedness totaling some 23 trillion liras (approximately \$21 billion) were published. This is awesome in its own right and

ranks with the failed Canadian real estate conglomerate Olympia & York, which went under a year ago, buried by in a mountain of debts.

It has now been documented that the more accurate figure of combined debts for the entire group of companies controlled by the Ferruzzi group (Ferruzzi Finanziaria, Montedison, Eridania-Beghin Say, Fondiaria, and Serafino Ferruzzi) is nearer the staggering figure of 44 trillion liras (over \$40 billion). This would make the collapse of Ferruzzi, almost certain to go into bankruptcy in coming weeks, the largest private corporate failure in world business history, a distinction previously held by Olympia & York. Ferruzzi spokesmen have strenuously denied the higher figure.

From discussions with a number of bankers familiar with the group, *EIR* has learned that Ferruzzi was perhaps the most exposed of all Italian multinationals to foreign borrowing. Far more even than Olivetti or Fiat, Ferruzzi owed most of its debts in dollars, French or Swiss francs, or German marks. While full details are a jealously guarded secret between the creditor bank group led by Enrico Cuccia and the company, it has been reliably estimated by people familiar with the company's total debt structure that more than two-thirds of the total \$40 billion in debt (some \$27 billion) are in foreign currencies.

Here lies the key to unraveling the mysterious suddenness of Ferruzzi's insolvency crisis. On Sept. 17, 1992, following the European currency crisis, the lira was finally forced to float freely, rather than fix its value to the basket of European currency parities tied to the German mark. Since then, the lira has lost an average of 30% against currencies of its major trading partners. This means that within a matter of weeks after the September lira crisis, Ferruzzi was suddenly faced with owing 30% debt service on \$27 billion in total debts.

That would place an impossible cash flow burden on a company already hit by a severe economic depression in European and North American markets for its chemicals and agrobusiness products.

A colossal 'accident' in derivatives?

Indication of a dramatic cash hemorrhage appeared in the figures for Ferruzzi's short-term debt, which ballooned from 1.2 trillion liras at the end of December 1992 to 4.6 trillion liras just before its default was made public, nearly a 400% increase in only five months. According to European banking sources familiar with the operations of financial derivatives markets, the Ferruzzi case bears unmistakable signs of a "disaster in its derivatives trading," as one senior Luxembourg banker put it.

At this point, the most informed speculation is that Ferruzzi had incurred devastating losses during and after the September lira crisis. It went to its main creditor banks with repeated pleas for injection of new loans and rollover of old ones, in a desperate bid to regroup. By June 1993 it was a lost cause, and Cuccia and the creditor banks were brought in to sort out the mess.

"There is no question that Ferruzzi has already defaulted on a huge amount of its derivatives contracts," noted one banking source. "If you see insolvency in your company, you naturally default first on derivatives, which are 'off-balance sheet,' long before you default on your actual bank loans. But the international banks holding Ferruzzi's defaulted derivatives contracts, mainly currency swaps, are refusing to admit the default."

The reason for the refusal to admit derivative default is that Ferruzzi's creditor banks are desperately trying to "unwind," that is, to secretly disengage themselves from the mountain of Ferruzzi derivatives contracts, in hopes that news of the huge derivatives default does not leak out and create a panic reaction.

"If news of the Ferruzzi derivatives default were to get into the international press, bankers are privately terrified this would give heavy ammunition to more conservative European central bankers, such as the Swiss and Germans, who are keen to close down the derivatives speculation altogether via transaction tax or such steps," a Luxembourg banker told *EIR*. "But the other factor behind their secrecy is to keep the estimated \$7 trillion international market in swap contracts from going into a panic liquidation which could create a global financial gridlock."

Such a derivatives "unwinding" at Ferruzzi, according to experts, could take as long as one year to complete. In 1990, the far smaller Bank of New England was declared insolvent and taken over publicly by bank regulators nine months after the same regulators had secretly worked inside the bank to unwind its derivatives trades. Only then was the bank declared in official receivership.

But keeping the Ferruzzi derivatives default problem hid-

den from view will be orders of magnitude more difficult. The trail of dead bodies, all individuals who had intimate knowledge of Ferruzzi affairs, has drawn international attention to Ferruzzi.

There are indications that some of the largest American banks and derivatives speculators may have more than a little at stake in keeping secret the scale of Ferruzzi's derivatives dealings. Most of Ferruzzi's non-lira debt and also sales, some 30% of their total, was in dollars. Three New York banks—Citicorp, Chemical and Chase Manhattan—had extensive dealings with Ferruzzi. Citicorp during the 1980s advised Ferruzzi chairman Raul Gardini on a far-flung international strategy of corporate takeovers, one factor which built up the company's traditional bank debt. Some European banking sources speculate that Ferruzzi turned increasingly to more and more high-risk and unregulated derivatives speculation internationally in a desperate attempt to cover its huge losses, especially in the past year.

One question is, to what extent were American banks like Citicorp and Chase and investment banks like Goldman Sachs and Morgan Stanley, all of which had close ties to Ferruzzi, involved with the collapsed Italian giant company in off-balance-sheet derivatives trading?

The only public hint of the danger came from the July 19 Wall Street weekly *Barron's*. Buried on page 34 was the following curious note: "The financial crisis at Ferruzzi Finanziaria is not just causing worry among the company's bankers, but also in the multitrillion-dollar financial derivatives market, where Ferruzzi has been a heavy user of currency and commodity swaps. Pay attention to the Ferruzzi story, now lightly covered in the U.S. press. It could get ugly and affect global markets." *Barron's* and the *Wall Street Journal* have not uttered a word since about Ferruzzi and derivatives.

Other facts have emerged which suggest that there exists a secret high-level international effort to clean up the Ferruzzi derivatives mess, by means other than a mere conventional corporate insolvency restructuring by creditor banks. On July 2, the Federal Reserve held an unscheduled full board meeting. Press queries as to the reason were greeted by stony silence and feeble efforts to claim they had "forgotten" that July 5 was an American holiday. The last time the Fed called an unscheduled meeting was in August 1984 to arrange the emergency bailout of the Continental Illinois Bank, the birth of the ill-conceived "too-big-to-fail" practice of the Fed which has cost American taxpayers untold hundreds of billions in bailout costs of ill-run banks since.

Another curious fact is that the Bank of Italy has involved itself directly in the Ferruzzi affair. Within days of the June 8 Ferruzzi loan default, the Bank of Italy stepped in and has played a leading role in supervising the process. This alone is confirmation that something of extraordinary financial dimensions is involved with the Ferruzzi collapse. "The Ferruzzi affair will be compared with the Bank Herstatt collapse of the mid-1970s," commented one banking analyst to *EIR*.

United States: superpower or supercop?

by Ramtanu Maitra

As anticipated, Russia has formally frozen the two-year-old cryogenic rocket and related technology contract with India under pressure from the United States. Along with the threat of economic sanctions, the United States also offered Russia eligibility for cooperation in various fields. It is believed that Russians and Americans will be working under the umbrella of NASA.

Beside the fact that for India, Moscow's reliability as a long-term partner has taken a tumble, what has emerged from the just-concluded saga is that the West is hell-bent on tightening the noose on important technology transfers to the developing nations. At the same time, there is no doubt that Washington has used the issue to make it clear to the Russians that the independence that the erstwhile Soviet Union enjoyed in the days of the Cold War is over and from now onwards, the Russians, like other western nations, will need clearance from Washington to transfer technology to the developing nations, even if it flies in the face of the sacred "free trade" principles.

It should also be apparent to New Delhi that their own lack of understanding of what the new world order means forced the country into a situation where India was left with no leverage. The Indian wailing that the cryogenic rocket engine technology is meant for launching satellites into geostationary orbit was summarily dismissed, and Washington used its economic leverage on Russian President Boris Yeltsin to acknowledge that such a transfer of technology would provide India the technology to develop inter-continental ballistic missiles (ICBMs).

To say that Washington was arm-twisting Moscow to scrap the deal would be one-sided—although the situation in Russia itself is highly volatile, and not everyone there is disposed to sell out to the United States (see article, p. 40).

Russia is not a signatory to the Missile Technology Control Regime (MTCR), a formulation of a caucus of seven western nations to control the transfer of missile technology and maintain their superiority in this field, and had been

giving signals for a while of its desire to join the elite group. The Russian Foreign Ministry under Andrei Kozyrev had long been pushing for closer relations with Washington along the lines of the new world order set in motion by the previous U.S. President George Bush, and faithfully adhered to by his successor, President Bill Clinton.

In the past, beside the United States, the Soviet Union had used its own indirect influence to restrain India from developing its indigenous nuclear and missile capabilities. Now, however, the perception in New Delhi is that there is an overt confluence of views on such matters between Washington and Moscow.

Impact of denial of technology

Washington's ruse that India is seeking the cryogenic technologies in order to develop ICBMs has few takers among missile experts. It has been pointed out by Leonard Spector of the Carnegie Foundation, who is incidentally no friend of India, that India will not gain significantly in the military sphere by acquiring the disputed cryogenic rocket engine technology.

In a paper produced for the so-called Ad-hoc Working Group on Non-proliferation and Arms Control, Spector said: "The booster employs liquid hydrogen fuel, which is non-storable and must be loaded at super-cool temperatures, making it extremely difficult and expensive to maintain." It has also been pointed out that because of this disadvantage posed by the cryogenic rocket engines, no nation has ever used hydrogen-fueled rocket engines in a ballistic missile. "Acquiring the rights to build this engine under license, as India did in this sale, will not significantly improve India's missile capability," the paper added. This is in addition to the fact that the United States has not cited an iota of evidence to even suggest that India is planning to develop ICBMs in the first place.

The immediate impact on India's space program due to the scrapping of the deal will not be substantial. Scientists at the Indian Space Research Organization (ISRO) have already told newsmen that it would provide the necessary impetus to indigenous development of the technology, which was sitting on the back burner in anticipation of the deal going through. ISRO chief Dr. U.R. Rao said that Indian space scientists have developed a good one-ton cryogenic engine at a cost of \$5.5 million, and they are working on a 12-ton one. "It [the deal] was to reduce the time-gap and rule out technological uncertainties that we chose to take the cryogenic engine from Russia," Rao said. It is estimated that the collapse of the deal will delay India's ability to send satellites weighing 2,000 kg and up into geostationary orbit by five years or so.

Indian space scientists continue to claim that Washington's main interest in pressuring Moscow was commercial. They point out that today India is in a position to give the West a run for its money as far as space technology is concerned because of competitive prices. ISRO scientists had

also made it categorical that any attempt by the Russians to sell cryogenic rocket engines off the shelf would be rejected out of hand, primarily because this would imply that after two launches of the geostationary satellites, the geostationary launch vehicle (GSLV) has to be redesigned completely.

India space scientists are also thinking aloud at this point as to whether ISRO can altogether abandon the cryogenic route and develop a four-stage rocket with four liquid boosters.

Technological apartheid

While there is little doubt that the Indian space program is now at a stage where scrapping of the cryogenic rocket engine technologies will not have major impact, the larger issue here is the brazen adoption of the policy of technological apartheid by the West. The MTCR is not a treaty like the Nuclear Non-Proliferation Treaty (NPT) or the proposed convention for chemical and biological weapons (CBW) which a government can ratify and become a party to. It is simply a club where the seven western nations with advanced missile capabilities, are trying to maintain their missile superiority for commercial or military reasons, or both, by offering the carrot and stick to others.

No nation can formally join this club, unlike the NPT, and will require approval of the seven nations to become a member.

The MTCR, a brainchild of the United States, was formulated on April 16, 1987 as a set of common export policy guidelines (called Guidelines) applied to a common list of controlled missiles and launch vehicle-related technologies (called ANNEX), and was informally agreed upon by the United States, Canada, France, Germany, Italy, Japan and the U.K.—the Group of Seven nations.

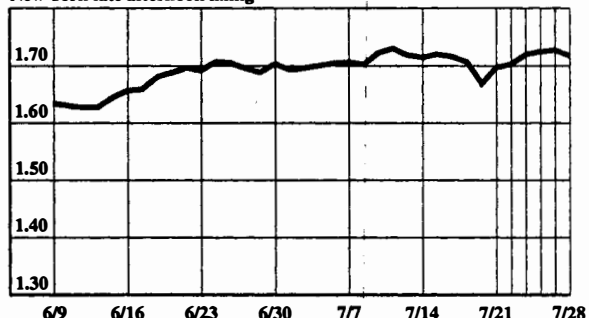
Since then, Australia, Austria, Belgium, Denmark, Finland, Greece, Iceland, Ireland, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Switzerland, and Sweden have been allowed into the elite club, raising the members to 23. From the developing world, two countries, Argentina and Brazil, were earlier lured to join. It is evident that Argentina will soon become a member, but Brazil, which refuses to stop its sounding rocket project, the civilian launch vehicle program, and the missile program, has been slapped with sanctions by the club, although Brazil follows the MTCR guidelines scrupulously.

More importantly—and all developing nations must take note—the MTCR is yet another tool to deny technologies to developing nations. Already, the Australia Group, Commodity Control List (CCL), Cocom (Coordinating Committee for Multilateral Export Control), EPCI (Enhanced Proliferation Control Initiative), Foreign Policy Export Controls, NSEC (National Security Export Control), NSG (Nuclear Suppliers' Group), and the Supercomputer regimes are in place to deny a myriad of essential technologies to the developing nations.

Currency Rates

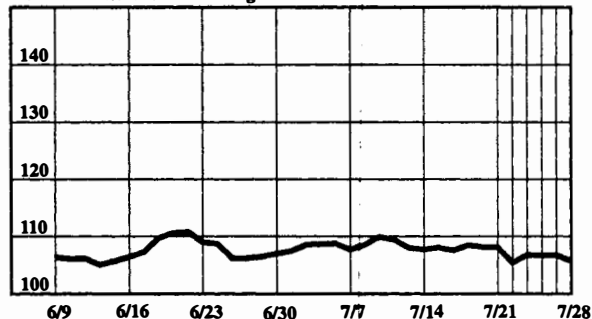
The dollar in deutschmarks

New York late afternoon fixing



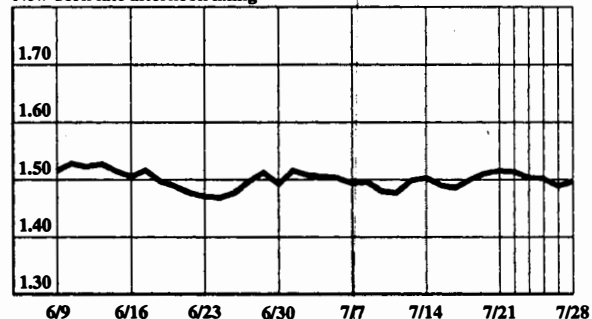
The dollar in yen

New York late afternoon fixing



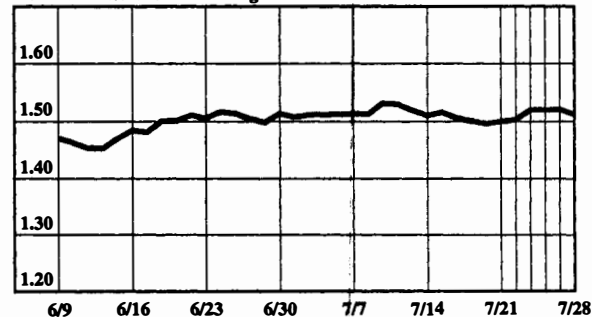
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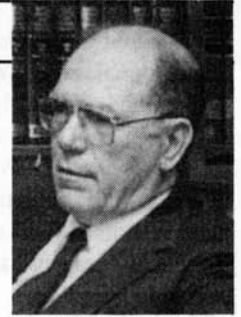
New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing





Toward a sane U.S. policy for the development of Mexico

The following interview with American political prisoner and former U.S. presidential candidate Lyndon LaRouche was broadcast by Radio XEAW in Monterrey, Mexico on July 20. The station submitted its questions in writing several weeks earlier, and LaRouche taped his responses, which were aired with a voice-over translation into Spanish. Monterrey is one of Mexico's principal industrial centers.

XEAW: Mr. LaRouche, what results do you see from the transformation of Mexico during the last 10 years, from a closed and protected economy, to its joining GATT [General Agreement on Tariffs and Trade]? Both models, that of a closed economy with import substitution, and the current open economy, have had a social cost. What is the social cost of the latter, of the open economy?

LaRouche: I think the terms themselves, "closed" and "open" economy, are somewhat misleading. Prior to the end of the events of 1982, prior to the Kissinger mission to Mexico City to terrify the Mexican government into submission, Mexico had a limited autonomous development aided by its monopoly on its petroleum industry, but lacked any significant infrastructural development.

If one looks back to the governments of [former Mexican Presidents] Luis Echeverría and [José] López Portillo, one sees that the industrial projects envisaged by the Echeverría government were crushed by orders from the Carter administration, saying it did not wish any new Japan below the Rio Grande border of the United States. In the time of the López Portillo government, the leading issue was the development of water and power and other infrastructure for development of new cities, for development of agriculture, to provide a basis for the continued industrial and agricultural development of the country. So the problem is not really import substitution, although that term is used.

In October-November 1982, when the United States and others crushed Mexico over the debt issue, Mexico was stripped. This can be measured in terms of per capita and per square kilometer values of productivity and consumption—real consumption, not monetary consumption, because monetary statistics are very misleading. We have to look at households' and producers' budgets per capita and per hectare or per square kilometer. That is a better comparison. By that standard, the population of Mexico per capita and per square

kilometer is far worse off today than it was in 1982.

This is not exceptional; this is the condition of the entirety of the Americas below the Rio Grande, below the U.S. border: Brazil, Venezuela, Colombia, Peru, Argentina, just to name a few. This is also the condition of Africa, where a similar colonialist policy in the name of free trade and globalism has had similar but worse effects. The price has been tremendous. The crushing of Mexico's independence, which is what it really amounts to, all follows a pattern of which I was aware and referenced in a 1976 U.S. nationwide NBC television network broadcast on election eve, in which I referred specifically to the intent to loot Mexico and to reduce its population by means of economic slave-labor measures, and also in 1982, where, in my proposal called *Operation Juárez*, which supported Mexico's independence as well as that of the other South American states, I indicated what the alternatives were. And, unfortunately, my warnings to the Mexican government and others, during the spring and summer of 1982, have all been confirmed thus far.

Mexico cannot continue to survive as a nation, if the present trends are continued.

XEAW: The last decade saw the end of a bipolar world, and the tendency toward the formation of regional blocks. What can be expected during the next decade? Will there be a North American bloc, a European, an Asian, and others coming into being?

LaRouche: To answer the question, one has to quote the opinion of leading patriots of Mexico from former times, who often referred to the fact that Mexico was a great nation with great potentialities, but with a certain misfortune in its geography, i.e., that of being the neighbor of the United States.

The idea that the world has changed from bipolar to multipolar, is not sustainable. What we are seeing, which is called "multipolar" by some, is chaos. But chaos is taking a shape, and the shape is the collapse of the Anglo-Americans and other OECD powers, at the same time that the crushing imposition of International Monetary Fund [IMF] conditionalities upon Russia and eastern Europe has provoked within Russia a return of the *nomenklatura*, so that we may very soon expect a new adversarial breakout occurring step by step from Moscow as the United States and Britain continue

to collapse.

We may expect that over the period from this summer into next spring, probably the worst financial or monetary collapse in the 20th century, in which the power of the Anglo-American Atlanticist powers will collapse, although not entirely, which will return us to a bipolar world, but in a somewhat different set of circumstances than that which existed prior to October-November 1989.

We can expect the potentiality of a fundamental strategic conflict between a Great Russia nuclear superpower, weaker than it was in 1989, but confronting a United States which is also vastly weaker than it was in 1989. And around the rest of the world, we can expect conflicts modeled upon those which we see in Africa, in the Balkans, in Southeast Asia, and so forth. We are looking into a kind of period of hell on earth unless very radical changes are made very soon.

XEAW: How is Mexico entering the North American bloc? Weakened? Does it have anything to contribute?

LaRouche: Does Mexico have something to contribute? Yes, it does. This I referenced in a number of writings, including the *Operation Juárez* writing of 1982. But Mexico requires full respect for its sovereignty as a truly sovereign nation-state. Mexico has to have the right to control its own creation of credit, to be free of comprador dependency upon the world market, and to develop its infrastructure, to develop the educational system, the medical system, to develop industries and agriculture based on sound infrastructure.

The resources exist, especially the human resources, but we are draining them down at present. The dependency relationship, which is a new kind of colonial relationship which the United States and others have imposed upon nations in the Americas south of the U.S. border, is corrosive and destructive. We have to recognize this.

We have to be somewhat practical, but at the same time we have to realize what's true. We can never allow the fact that we must tactically submit to something because we cannot resist it, to cause us to say this is good. In life we have to submit to many conditions which are wrong, wrongly imposed upon us. We have to submit to them temporarily, perhaps; but we must never justify that which is wrong. And what is being done to Mexico is wrong. What is being done to the Mexican people by foreign powers is *wrong*—as what is being done to most of the countries of South America, for example, is *wrong*.

We say, "All right. We don't have the power to resist; therefore, we put up with it, we adapt as well as we can." But we do *not* try to make a virtue out of an evil to which we are forced to submit ourselves.

XEAW: The North American Free Trade Agreement was a product of the Bush administration and neo-liberal doctrines. Clinton has set up two roadblocks, environmental restrictions and labor restrictions. Will these alter the original project for the integration of Mexico into NAFTA?

LaRouche: We have to realize that NAFTA could never work. NAFTA was simply the idea of using cheap Mexican labor on the basis of the assumption that a part of Mexico's population could be used up and worked to death, in net effect, by cheap labor operations in the *maquiladoras* and similar regions. All this was an enterprise to loot Mexico through looting cheap labor.

This runs against the fact, which was the source of endemic opposition from the beginning, that the jobs which are running into Mexico are not new jobs, but are jobs which are taken away from families and communities in the United States.

At this time, the United States is running into the worst depression already in progress in the 20th century. We are facing in the six months or so ahead, the worst financial monetary collapse in modern history. That is the potentiality and the likelihood if current trends continue.

In the meantime, we have a government in Washington which is trying to adapt to domestic pressures, both from the banking and financial community, which is to loot Mexico, and from domestic institutions which say you cannot take our jobs away and ship those jobs to Mexico.

Thus, the two areas of conditionalities which the Clinton administration has tended to put upon NAFTA agreements are simply pretexts for slowing down the rate at which jobs are exported from the United States to Mexico, and to propitiate the pressures which the administration is experiencing from labor and from communities inside the United States itself.

However, essentially, in the long run, NAFTA could *not* be acceptable, because Mexican labor is being employed at a price *below that which families in Mexico could reproduce such labor*. Mexico is being asset-stripped by this *maquiladoras* kind of looting. Although this may appear to provide a temporary source of income through the selling of Mexican live bodies, as quasi-slave labor, to these foreigners—it results in a certain amount of cash flow and purchasing power into Mexico—if we look at the bottom line on the physical costs and gains, we see that it's a net loss.

What is also undermining Mexico's *maquiladoras* program, as we have already seen in the textile industry, is that mainland China is exporting hundreds of millions of peasants and others from the countryside of interior China, into *maquiladoras*-like projects in Shanghai, Guangdong province, Hainan, and so forth.

This Chinese slave labor is coolie labor, which will be worked to death; they will die of hunger, die of being worked to death at the low wages they are being paid and the terrible conditions of life, which are like those in *maquiladoras* around the Matamoros region. But, nonetheless, the Chinese slave labor can out-compete Mexican cheap labor. And that's another fact to be considered.

This will result in turmoil and chaos in China. In general, the idea of using free trade and so-called open borders as a way of exploiting cheap labor, and driving the cost of

production down through cheap labor, is an idea which *cannot work*. In the long run, one way or the other, the NAFTA project is a complete disaster.

What is required, is the development of Mexico through infrastructure investment and buildup, education, health care, to build a strong population in agriculture and industry, which assimilates the productive technologies which build for a strong Mexico, in terms of per capita income, but also based on per capita productivities—physical productivities.

NAFTA, as I say in short, is a complicated question, but most of NAFTA is an illusion based on the short-term sweatshop labor of Mexico, which has all kinds of political contradictions inside the United States and globally; it is going to be a failure. It will very soon collapse, at least in any form envisaged by the propaganda put out by its proponents during the Bush administration.

XEAW: What will be the role of speculative capital during the next few months in Mexico, given the unstable stock activity?

LaRouche: Mexico is suffering the spillover of a global pattern typified by the growth of the derivatives bubble. Just take the basic facts of this bubble. Start with the fact that the total GNP of the United States is listed at about \$5.5 trillion, of which, shall we say, about a half to three-quarters of a trillion are expenditures on recreational drugs, so called; of which vast amounts are expenditures on gambling; of which vast amounts are spent on speculative parasitical forms of mass spectator sports and other entertainments apart from gambling, which are largely parasitical and absolutely morally and otherwise degrading.

So even that \$5.5-6 trillion GNP in the United States includes well over \$1 trillion of absolute rot, decay, which is eating out the country as pure waste.

Now, compare that with the derivatives bubble. The derivatives, which are various kinds of futures—that is, not primarily secured, but secondary and tertiary paper—totals in inventories at any one time between about \$9-10 trillion, which is approximately double that of the actual GNP, netting waste, of the United States.

This bubble turns over at about 40 times a year, so that we have somewhere between \$300-400 trillion a year worldwide spinning around in this vast bubble. Half of this bubble's connection to the United States comes out of the U.S. major banking system, and is associated with the bailout of a formerly bankrupt, virtually bankrupt, Citibank, by the Federal Reserve System.

This bubble derives its profit from sucking the blood out of the real economy. That is, the margin of payments, the margin of yield in the derivatives market comes out of the real economy. It comes out in the form of sucking the blood out of pensions, agriculture, industry, household revenues, tax revenues, out of government debt.

What the bubble is doing, is sucking the blood out of these sectors of the real economy, to the point that the real

economy is contracting. Therefore, the amount of generation of wealth by the real economy is shrinking, globally. This means that the bubble is about ready to pop. When it will pop, we can't say; but looking over the period of the next 9-12 months, we must expect *major financial implosions*, monetary implosions, coming out of the activities of pirates, buccaneers, thieves, such as George Soros—carpetbaggers is another term for them.

Mexico is simply feeling, in the speculative market, the spillover of this kind of situation in the world monetary and financial system as a whole.

XEAW: Is it true that NAFTA will bring to Mexico productive investments and risk capital?

LaRouche: The net effect of NAFTA activities in Mexico, will be to *bring down* the net capital of Mexico. There will be an influx, of course—who knows what level it will be, given the variations in the world's circumstance and the U.S. economy. There will be an influx of purchasing power in the hands of some people, but against this, there will be the outflow of physical assets through monetization and flight capital and whatnot. That outflow will *exceed* any inflow. That is, the whole NAFTA enterprise will be run at a loss to the national economy of Mexico.

XEAW: There are big capitals that are the movers and shakers of drug trafficking in the world, and there are natives of countries of the first world. Colombia, Peru, and Venezuela are already in their claws. Will Mexico be the next victim?

LaRouche: We should be very explicit on this: It's absolutely true, and Mexico is already in the process of becoming increasingly the next major victim. The attempt to take over Mexico by drug interests of the type that were tied to Gen. Richard Secord and Oliver North, who were operating out of Guadalajara Airport in Mexico, where Secord, Amiram Nir, and North were running drugs from there into the United States and arms into various directions through there, including Communist Chinese arms, typifies, though by no means exhausts the scope of, the nature of the drug problem. And it typifies the fact that it is very difficult for a government of Mexico to arrest people like Major General Secord and North, who are working out of, shall we say, Room 2C840 in the Pentagon, for the Joint Chiefs of Staff.

How do you arrest the U.S. Joint Chiefs of Staff and their agents? And this has been the problem that Mexico has had, in even considering any effort to block and obstruct these kinds of operations which are run for the benefit of certain banking and financial interests, not for the benefit of the U.S. government or its people.

But this does mean that Mexico faces a threat.

To give one more indication of this: Look at Peru. Incredible as it may seem, Shining Path, which is not a movement of Indians but of certain French-speaking communist types, is actually crushed militarily in a very successful military-political operation by the Fujimori government and by the

Peru military, which is an Indian or a native Peruvian military, a very unique military in this hemisphere. And this military has done a job of defending the Indians against Shining Path very successfully and has, for the moment, *defeated* Shining Path.

The danger is that Shining Path may be coming back. The greatest defender of Shining Path in the world today is the U.S. government, with its so-called human rights operation.

In terms of *malice* shown by certain institutions in the United States associated with the Project Democracy types, in terms of the power shown by those who work with drug pushers in Mexico, such as a man who was working with the Drug Enforcement Administration—Oliver North, operating out of Guadalajara Airport, this big drug-running and gun-running operation—one sees the vulnerability of Mexico to these kinds of operations politically, and one sees the danger that movements in this direction will tend to increase, at present. It is a great danger.

XEAW: There is a proposal, which is not new but revived, that legalizing the consumption of drugs would end drug trafficking. Is this true from an economic standpoint?

LaRouche: No, it is not true. It is a complete myth. This myth was invented by a group called NORML [National Organization for the Reform of Marijuana Laws], the drug lobby, which was funded by the Playboy Foundation, back in 1970-71, when we first ran into it. We have seen the argument. The argument was supported, of course, by Milton Friedman, the senile bungler called an economist, and others. And it just simply will not work. There is no possible way.

If you increase drug usage and legalize it, you are going to destroy more and more of your own population. If you destroy more and more of your own population, you will see effects like that which China experienced under the forced legalization of drug trafficking into China, by the British government, especially Lord Palmerston. *There is no justification in fact for the legalization of destructive drugs.*

XEAW: Drug trafficking has overwhelmed the judicial systems of Latin America. What's the situation in the United States?

LaRouche: The problem is, the overwhelming of the judicial system in these countries is a result *actually* of U.S. and Israeli pressure, because there are certain Israeli banks which are very key in the money laundering, in the drug trafficking, the weapons trafficking, and so forth. In the United States, what was done was very cute. It was done by certain people inside the Reagan administration. Every indication I have, is that President Reagan was actually quite serious in his war on drugs; but Vice President George Bush had different ideas—or at least in practice he had different ideas.

As a result, in the United States, we have a system in which people are put into prison, presumably as part of the war on drugs. But there is no serious effort to control money laundering, no serious effort to control the major logistics of



Mexico has a lot to contribute to the world economy, especially the human resources, says Lyndon LaRouche. "But Mexico requires full respect as a truly sovereign nation-state." A trainee at a Ford assembly plant in Mexico City.

drug trafficking. And therefore, what we have seen is that the war on drugs, as far as a law enforcement practice inside the United States, is a farce, in which certain victims as scapegoats are stuck into prisons. The press and the government claim that this is a wonderful war on drugs, but in the meantime, the drug trafficking increases. The drug trafficking increases, because people like Oliver North, working out of the National Security Council, with office 2C840 of the Joint Chiefs of Staff and the Pentagon, among others, was running the drugs. How can you fight a war on drugs when you cannot touch those elements of the government itself which are running drugs? And that is the problem throughout the hemisphere.

As long as the United States, in particular, condones agencies of its government, such as the operations of North and Secord during the 1980s, and working with the Israelis in running these drugs as part of the weapons trafficking, how can these countries arrest the U.S. government? And as long as they don't dare take on the U.S. government, the Israelis, the British, and so forth on these questions, how can any of these governments really honestly expect a victory in what is otherwise a necessary but extremely difficult war on drugs?

XEAW: Why do you consider yourself a political prisoner?

LaRouche: In October 1986, the Gorbachov government, as expressed in large part through the leading Soviet press, especially in the period from July through October 1986, demanded publicly and repeatedly that the U.S. government show its good faith by taking action to imprison me; and that was the basis on which I was imprisoned, on the demands of Gorbachov, and by means of the Bush faction, to describe it

most fairly, inside the Reagan-Bush administration. Not the Reagan faction, but the Bush faction. Otherwise, I would not be in jail.

The charges against me are fraudulent, as the record shows. The legal record in the court shows that every basis for the charges was perjury suborned by the prosecution or used by the prosecution wittingly, and otherwise by massive lying by the prosecution, which lied on every key point of the case—and that is now a matter of proof.

So, the fact that the government was fully aware at the time of prosecution, that there was no guilt of any of the things of which I was charged, and secondly, the fact that this action was taken, that is, putting me in prison as opposed to harassing me and my friends—I was put in prison solely because the Soviet government of Gorbachov massively demanded this be done as a token of good faith for summit negotiations with the Reagan administration.

The issue over which I was put in prison was the Strategic Defense Initiative [SDI], which I designed, which Reagan adopted, and which became the controversy, the issue over which the Soviet government demanded my imprisonment.

There are other issues involved, but they would not have caused me to be imprisoned. One other issue over which Henry Kissinger demanded my imprisonment, but did not succeed, was, for example, *Operation Juárez*, my demand that Mexico have the right to sovereignty in the matter of treating its foreign debt. That particular issue was the immediate cause for Kissinger, in August 1982, demanding my imprisonment. That did not succeed, but the effort by Kissinger and others, including the B'nai B'rith, to bring about my imprisonment, was made successful *only* when Gorbachov demanded my imprisonment.

XEAW: What's your thinking on the Mexican undocumented workers in the U.S. economy and why, if they are useful, is there a growing tendency to repress them by applying the death penalty?

LaRouche: First of all, on the undocumented workers question, and the Mexican workers in the United States: I was involved in this area, in doing policy studies, and in consulting with the government of Mexico on its views on the matter, and in making recommendations to the U.S. government in this matter, back years ago.

I thought two things were at issue. First of all, the use of Mexican labor in the United States should not be categorically rejected, because the Mexican labor coming into the United States was playing a useful economic role. But I thought two things were necessary. First, that documentation be provided more generously, where there was a justified basis for this; and secondly, that we consider the important problem of the *protection* of Mexican residents working in the United States under such documents, through Mexican consular representation.

The point is that people do wish to use Mexican labor as

cheap labor, which they can super-exploit. That is an obvious point; and secondly, for political reasons and in order to keep it under control, it's repressed. It's terrified. The Mexican undocumented worker is denied all rights, including economic civil rights, by virtue of the fact that he or she is illegal, that employers can treat them pretty much as they choose, that any Mexican who stands up and demands his rights, who is undocumented, is obviously going to be cruelly repressed. He will be turned in. He will be beaten. And an attitude is projected that these people are undesirables who are wanted as cheap labor but are otherwise undesirables. That kind of problem results in these kinds of attitudes.

There is also a policy which is projected by the U.S. government, which is not entirely the policy of the U.S. government. There is a powerful faction in the U.S. government which is represented by membership in or sympathy with the continuing organization of the Confederacy. That organization is the Southern Jurisdiction of the Scottish Rite Freemasonry based out of Boston. There are people visible in the U.S. government who represent that tradition, or are members of that organization, or are otherwise ideologically associated with this tradition, which is in the tradition of the Confederacy.

This aspect of the U.S. government—the Southern Jurisdiction of the Scottish Rite—is the agency which has been involved, specifically, in adventures, in filibustering, and other kinds of repression and atrocities against Mexico and other governments of the Caribbean region over more than 150 years.

So there is a tradition which is powerfully placed, though not exclusively placed, in our government and among institutions affecting it, which is anti-Mexican, in the sense that people such as the Confederacy circle themselves are responsible for their part in the wars with Mexico, declared and undeclared, earlier, as well as in other parts of the Caribbean. The attempted invasion of Cuba, the William Walker depredations in Central America—all of these things come from one source inside the United States, of which people like Teddy Roosevelt and Woodrow Wilson were direct ideological expressions, to typify the problem. And that is the problem today. We have people who have no respect for human rights, and a person who is Mexican or black has less rights in the eyes of these people than even a typical American, who may be also subject to abuse.

It's unjust, it's evil. I think rather than saying the U.S. government does it, however, it is more useful to point the finger at the fact that there is a faction in the United States, which is not typical of all the American people or all factions, which is very powerful, tied to the Southern Jurisdiction of the Scottish Rite, which is the traditional enemy of Mexico, and which, in the case of *Herrera* and other cases, was very specifically represented in those decisions for the execution of Mexicans, despite the fact that these Mexicans had credible, colorable claims to innocence before the court.

Budget ax hits rural electrical coops

The midwestern floods have heightened the need to rebuild farm belt electricity supplies, but Congress is marching in reverse.

The flood emergency in the Midwest has created an urgent need for infrastructure repair, including the replacement and repair of power systems damaged by the flooding and windstorms which have wracked the food production belt.

At the same time, one of the nation's premier sources of funds for rural power is facing the budget ax. On July 21, the House-Senate Budget Reconciliation Committee agreed to restrict the funds available to the Rural Electrification Administration (REA), the agency established in 1936 by executive order of President Franklin Roosevelt. Unless this is reversed, the REA will lose its access to 2% loans and will only have limited access to 5% loans. Otherwise, the REA will have to borrow at the same interest rate as municipal bonds, in some cases with a 7% cap, and in other cases at the municipal bond rate with no cap.

This credit squeeze is designed to produce a savings to the government of \$154 million over five years. The reality is that low-interest funds for infrastructure repair should be dramatically increased. Economist Lyndon LaRouche is calling for a package of \$3-5 trillion over a several-year period, which would be made available to entities like the rural electrical cooperatives, through a national bank authorized to lend such funds at the lowest rate.

Under the current regime of the Federal Reserve System, the government is forced to subsidize funds which are borrowed at rates dictated by private money-center banks. Now, this subsidy is under attack.

The REA provides electricity to over 12 million Americans. The member rural electrical cooperatives are able to borrow at below-market, fixed-interest rates from the federal government to provide electricity to areas which historically were not served by private utilities. Until 1973, that interest rate was fixed at 2%. The low-interest money the coops receive is used to build, maintain, and improve utility systems. Without access to this money, many will go under, and it is doubtful whether private utilities would take up the slack. Per capita, electrical power is more expensive to provide in the rural areas.

The leading sponsor of the REA legislation to make it a permanent program, after President Franklin Roosevelt signed the initial Executive order as a part of his work relief efforts, was Sen. George Norris (R-Neb.). Norris, a 40-year veteran of the House and Senate (1903-43), championed the need for a government role in infrastructure, particularly the power development of the nation. In this he was opposed every step of the way by private monopoly interests and proponents of "free enterprise," who claimed that if the government supported cheap energy, it would take away their profits. Norris understood that infrastructure was the particular purview of the federal government, and that government support for cheap electricity would only encourage further use.

Norris had earlier been instrumental in establishing the Tennessee Valley Authority which brought cheap electricity to the population of that

backward area. Norris saw the REA as a natural followup to the TVA, to make the right to electricity national in scope. In his autobiography, *Fighting Liberal*, he reports, "From boyhood, I had seen first-hand the grim drudgery and grind which had been the common lot of eight generations of American farm women, seeking happiness and contentment on the soil." He saw electricity as a right and as a step for emancipation of farm women.

The development of the REA was one of the greatest national government undertakings of this century. Farmers' cooperatives would be set up to build transmission lines and distribution systems to bring electricity to farm homes within their districts. They generally bought power from existing generating plants at rates which would incorporate the cost of building the lines. The coops would apply to the government to borrow money at low interest rates.

Norris led a fight prior to the passage of the legislation to keep the REA and its administrators clear of partisan politics, and establish it as an independent agency similar to the TVA. He also fought to keep the interest rate for REA money under 3%, because without this provision, he said, the project would be financially unsound. When opponents stonewalled these two provisions, Norris threatened to make the issue a national referendum. However, the REA was eventually placed under the jurisdiction of the Department of Agriculture, and what Norris feared did occur.

REA, or 2% money as it became known, was deposited in certain banks as political payoffs by the partisan interests controlling the White House. Notoriously, in the 1960s it came under the control of Democratic Party-allied mob interests around Minneapolis financier Carl Pohlad in the Dakotas and Minnesota.

Business Briefs

Great Britain

Depression worse than '30s, says prof.

The "present depression" in Great Britain is "likely to be worse even than the Great Depression of the 1930s," Theo Barker, University of London professor of economic history, wrote in a commentary in the July 20 *London Times*. Barker's piece was entitled "You've Never Had It So Bad."

Pointing to the large number of unemployed in Britain today, Barker stressed that "the present deprivation . . . is much more widespread" than in the 1930s, since at that time it was concentrated in certain specific economic areas, while today, "empty factories, offices and shops, betray the tell-tale signs of depression all over the place. . . . Managers and the better-off now find themselves among the ranks of the unemployed, often in middle age when it is more difficult, if not impossible, ever to find a job again. Such collapses of family fortune were rare in the 1930s. Few higher-priced houses had to be put up for sale." The property market, he claimed, is in worse shape now than it was then, and Britain has a much smaller manufacturing base to cushion the blow.

"It is surely high time for greater realism and the beginnings of a debate about the seriousness of our present predicament," he insisted.

Derivatives

Bankers Trust covering up Italian firm default

Bankers Trust is trying to cover up a derivatives default by the Italian EFIM state holding company, which went under one year ago, according to informed European financial sources. These sources say that the only reason markets are now aware of the existence of the swap deal between Bankers Trust and EFIM, a company with some \$8 billion in debts, was the revelation last April by Italian state-appointed liquidator Alberto Predieri, who told EFIM's international bank creditors that EFIM's state receivers would make no repay-

ments of any EFIM debts until the issue of the swap was resolved. Bankers are reportedly desperate to hide the default for fear of a "domino effect" on the multitrillion-dollar international swaps market, which is dominated by American and British banks.

A spokesman for Chase Manhattan, who heads the bank creditors' committee, stated cryptically, "The issue at stake is much broader than just EFIM." Creditor banks, notably American ones, with huge derivatives exposure to bankrupt Italian companies, are feverishly pressuring the Italian government to bail out their derivatives exposure to EFIM, the Italian agro-business conglomerate Ferruzzi, and possibly several other large Italian multinationals believed to have fallen into similar derivatives-related illiquidity since the 30% collapse of the lira last September.

The July 19 *London Financial Times* reported that the European Commission is blocking a deal between the Italian government and the creditor banks on EFIM, by blocking disbursement of \$4.4 billion from the Italian government to the EFIM creditor banks, deeming it a form of what Brussels calls "unfair aid."

Corporate Strategy

Trans-nationals decrease direct investments abroad

The U.N. *World Investment Report 1993* released in July reports that direct investments of "trans-nationals," i.e., multinational corporations, in foreign countries has fallen from \$234 billion in 1990 to \$150 billion in 1992.

However, the emphasis of the report is that there is a growing influence of trans-nationals on the world economy. Total turnover in 1993 reached \$5.5 trillion and thus exceeded total world trade, which is only \$4 trillion. Due to reorganizations inside the U.N., the yearly investment report for the first time was compiled under supervision of the U.N. Council on Trade and Development (Unctad).

The Swiss daily *Neue Zürcher Zeitung* remarked that the report marks a change in the attitude toward multinational companies. No longer are they accused of unfair, evil practices. Instead, they are considered as vital to the

accomplishment of "interconnectedness of national economies" and an "integrated world production." Hence, they are now called "trans-nationals."

Trans-nationals, according to the report, are encouraged by the new multilateral policies of the OECD and World Bank, national deregulation measures, and moves toward regional integration such as the North American Free Trade Agreement and the European Community domestic market.

Poverty

A permanent underclass is emerging in Australia

A permanent underclass is emerging in Australia, according to a study undertaken by the *Sydney Morning Herald*. The number of people out of work for two years or more is now five times the level it was in 1980, some 20% of Australian adults are functionally illiterate, and 40% of people convicted in local courts are unemployed.

Meanwhile, an OECD study reported in *The Age of Melbourne* on July 24, shows that government spending in Australia to help people out of unemployment is amongst the lowest in the western world. With 10.8% unemployment, Australia spends 0.01% of Gross Domestic Product on direct job creation compared to 0.44% in Germany and 0.7% in Finland.

Labor

Thailand faces 30,000 industrial layoffs

Some 30,000 industrial workers in Thailand could lose their jobs by early next year, the July 14 *Bangkok Post* reported. Most layoffs would be low-skilled workers in export industries, especially textiles, who are being laid off as both foreign investment is decreasing and use of automation in the industries is increasing.

Thailand has lost its "advantage in labor terms" (i.e., cheap labor) to China, Vietnam,

Briefly

● **GERMANY** will have an additional 300,000 jobless by the end of 1993, bringing unemployment up to around 4 million people, Economics Minister Günter Rexroth said on July 19. This is the third adjustment of official figures in four weeks.

● **LESZEK BALCEROWICZ**, who was fired as Poland's finance minister for bringing in International Monetary Fund "free market" reforms which further destroyed the economy and created desperate poverty amid speculative paper wealth, is a candidate to become head of the European Bank for Reconstruction and Development.

● **UNEMPLOYMENT** in OECD nations in 1994 will peak at a record level of 36 million, a rise of 10 million since 1990, the OECD annual report on labor market trends forecasts. Another 13 million are "discouraged" from looking for jobs or work only part-time. In western Europe, unemployment will reach 23 million, about 12% of the total work force.

● **CHINA** will launch three telecommunications satellites for foreign customers in 1994 and 1995, a spokesman for the China National Aerospace Administration said, AP reported on July 20. China is trying to build its commercial satellite launching business, but the three contracts are all it has out of 55 to be launched over 1993-95.

● **THE ISRAELI** government is under pressure from Greenpeace to shut down its methyl bromide factory, which produces 30% of world supply. Methyl bromide is an essential fungicide and fumigant which increases crop production and saves up to 50% of food crops during storage and transport.

● **CHINA** protested on July 16 against a recent U.S. move to slash its textile quota, taken in retaliation for false labeling, and said it may submit the case to international arbitration. Beijing says the reduction will cost China \$80.78 million, Reuters reported.

Laos, Sri Lanka, and Africa, and can no longer rely on traditional industries, the *Bangkok Post* commented. Older, untrained workers are being hit the hardest by the layoffs.

Protests began when 3,000 workers rallied in Bangkok to demand government intervention, as 1,300 workers have already lost their jobs and another 10,000 workers were scheduled to be laid off on July 15 at the Thai-American Textile company. The workers were not informed ahead of time that they would lose their jobs. On July 16, protests grew as 10,000 workers demonstrated against impending layoffs. The workers seized part of a road in front of the Government House on the fourth day of the demonstrations demanding re-opening of closed factories and reinstatement of laid-off workers. State enterprise employees also expressed their support for the demonstrating workers.

Army Commander Gen. Wimon Wongwanich said he hoped the demonstrations would not escalate. "What concerns me is the national security," he said.

Demographics

Education and income related to death rate

Education and income are among the most important factors in determining when a person will die, according to a study by Gregory Pappas and three others at the National Center for Health Statistics published July 8 in the *New England Journal of Medicine*, the *Washington Post* reported. "Researchers found that Americans who are less educated or have low incomes suffer substantially higher death rates, adjusted for age, than those who are better educated or better off financially. And although overall U.S. death rates have declined substantially in the past 30 years, the gap between socio-economic groups has widened."

Other studies published in the same issue of the medical journal suggest that a strong correlation exists between ill health and social deprivation or lack of education. These studies point out that poor people have poor nutrition, live in overcrowded housing where disease spreads rapidly, have less access to preventive health care, and are under "unmanageable stress" caused by "economic factors."

One physician researcher proposes to rob Peter to pay Paul: "Resources should be reallocated from the medical care system to systems that support the prevention of illness—for example, through the creation of meaningful jobs, and a resulting higher standard of living, or through a cleaner environment."

The Pappas study found that in 1986, white men age 25 to 64 with annual incomes of less than \$9,000 had an age-adjusted rate of 16 deaths per 1,000 persons; those with \$25,000 in income or more had a rate of 2.4 per 1,000. White men with less than 12 years of school had a rate of 7.6 deaths per 1,000—almost twice the rate for those with 12 years or more. Similar differences were found for women and blacks.

Germany

Employers call for end to 'shock therapy'

The Thuringian Employers Association (VWT) emphatically called on Bonn in mid-July to stop the "economic shock therapy" in eastern Germany. The call came as workers at the Bischofferode potash mine are on a hunger strike demanding that the mine, vital to world fertilizer supplies, remain in production.

The VWT warned of further "deindustrialization" due to the increasing danger of bankruptcies of companies which have already been privatized, which could lead to a "social explosion" in the region. Bonn has to realize that the time of "economic shock therapy" in the new German states has expired, it warned.

Three well-known companies in Thuringia which had been privatized by the Treuhand agency recently had to declare insolvency. Another 348 Thuringian companies with 32,000 workers that are still under Treuhand agency control could suffer the same fate.

Jürgen Bohn, the Thuringian state minister of economics, charged on July 23 that Bonn's debt-collecting policy is the cause of the deindustrialization of eastern Germany. He said that as long as the Treuhand continued absorbing all corporate profits to pay old debt, it would not be possible to create enough jobs to replace those being lost.

What's all the fuss about dinosaurs?

by Richard Welsh

Since the first dinosaurs were unearthed in the early 1820s, their scientific study has been entangled with the wildest sorts of popular fiction. Both have served as weapons of cultural warfare, perpetuating the rule of oligarchical elites by attempting to foster popular attitudes of fearful superstition. Leading scientists, with malice aforethought, have dedicated their work to this political agenda, while others succumbed to the same delusions as the manipulated populace.

Though there have been honest researchers, the majority of funding sources both for their work and for the public dissemination of its results—museums, universities, and the huge family funds—have pursued another agenda over this century and a half. The controllers' objective in "dinosaur science" has been to *destroy* science, and in particular, the most fundamental conception at the root of all scientific progress since the European Golden Renaissance: that there is a single evolving universe, governed by a single lawfulness that embraces equally the realms of "physical" nature, social progress, and the process of individual human creativity that links the two.

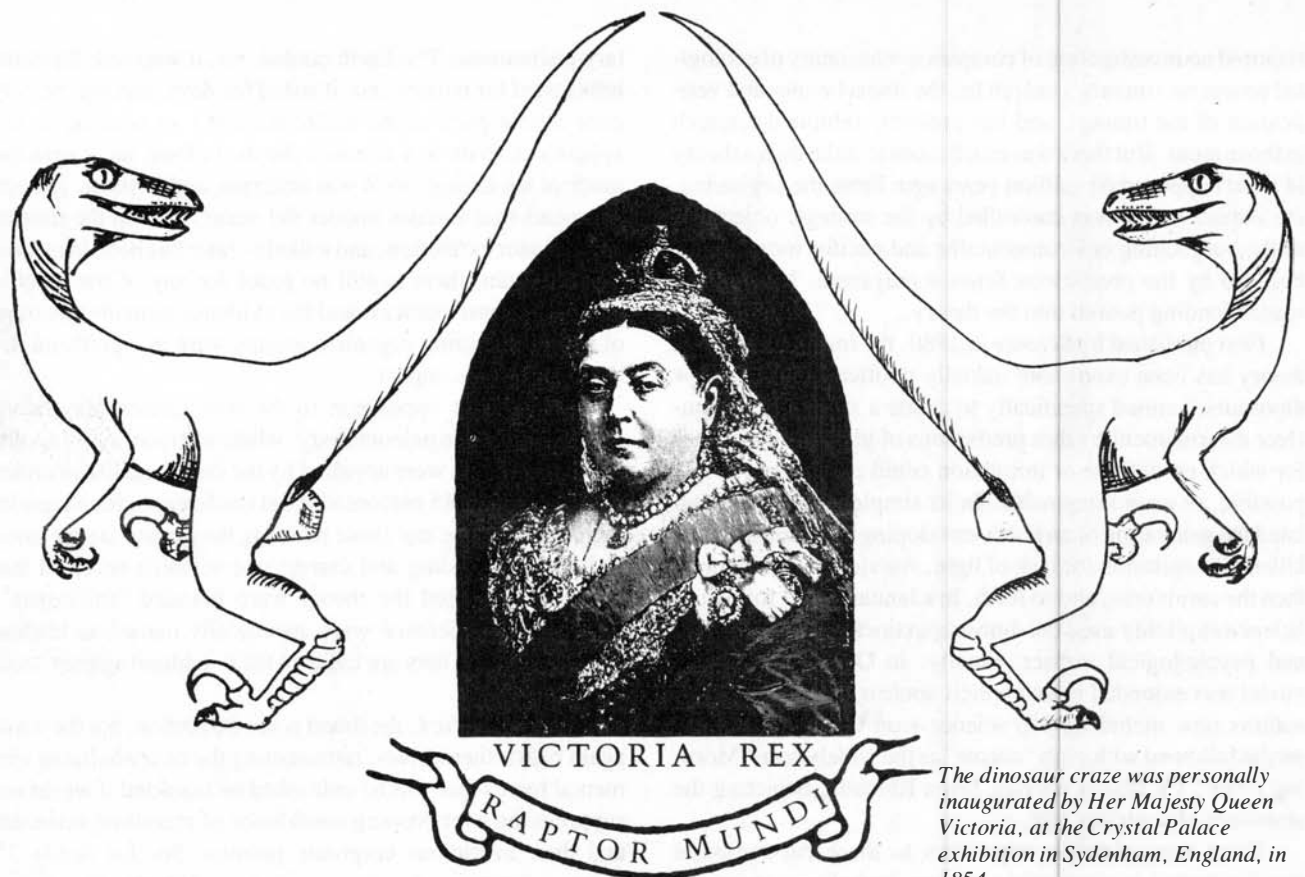
The method of this cultural warfare—brought up to date by the bestselling novel *Jurassic Park* and its "box office blockbuster" movie adaptation—is to induce a generalized antipathy to scientific and related optimistic thinking, by embedding potent psychological images of a world that is fearsome, irrational, and inherently incomprehensible. Michael Crichton, highbrow-pulp author of the novel, is a Harvard M.D. who gave up a potential career healing bodies for the more satisfying and lucrative one of disturbing minds. Asked recently about the "anti-scientific undertone" in his novels, Crichton forthrightly commented, "I'm surprised

more people haven't noticed it more than they have."

The *Jurassic Park* storyline: Billionaire John Hammond, heedless that his actions might have uncontrollable consequences, populates an island zoological park with living dinosaurs, "cloned" from dino DNA preserved in the gut of blood-sucking insects fossilized in amber. A team of experts visits the remote Costa Rican island, prior to the park's public opening, to evaluate its safety; they are joined on a park tour by Hammond's two grandchildren. As predicted by the story's avant-garde "chaos" mathematician Ian Malcolm, everything that can, does go wrong, initiated by sabotage of the island's security by the computer system designer, resentful of his high-handed treatment by Hammond, and handsomely bribed by a rival bioengineering corporation.

The dinosaurs crash out of their paddocks to eat the senior park personnel, who in the movie are all expendable foreigners and racial minority Americans (plus the renegade programmer, an obese infantile slob who had it coming). The blonde All-American team, led by "Indiana Jones"-type paleontologist Alan Grant and paleobotanist Ellie Sattler (lithe, politically correct cheesecake), help the kids dodge the monsters, and with the aid of the computer hacker child, restore island security. The evil park is destroyed, by firebombing in the novel, merely by implication in the movie (expect a sequel).

Director Steven Spielberg (of *Jaws*, *E.T.*, and *Indiana Jones*), unlike author Crichton, insists that it's not science fiction, it's "science-eventuality." This is the first enterprise of the recently merged MCA (Universal Studios) and Matsushita, Japan's largest electronics firm, costing somewhere between \$60 and \$100 million. The main production cost,



The dinosaur craze was personally inaugurated by Her Majesty Queen Victoria, at the Crystal Palace exhibition in Sydenham, England, in 1854.

and the big draw, are the special effects: full-scale and remarkably lifelike moving dinosaur models and animated computer simulations—a different species altogether than old Godzilla.

Jurassic Park has broken box office records, grossing \$100 million in the first nine days. Also record-making are the spinoffs, a thousand products pumped out by 100-odd licensed firms led by McDonald's and Kenner Toys. Many are aimed at 4- to 8-year-old children, though Spielberg considers the intense and violent PG-13 movie inappropriate for his own children—which doesn't stop hundreds of thousands of importuned parents from bringing theirs.

This article will show how the movie is but the latest in a 150-year campaign of exploitation of dinosaurs for purposes of cultural warfare. The British aristocracy, in particular, first created the "dinosaur" idea in 1841, elevating it to a cult in 1854, as a weapon against attempts to develop a theory of evolution coherent with the ideas of progress and natural law. Five years later, the *anti*-evolutionary theory of "Darwinism" was propagated for the same purpose.

Dinosaurs have now been big news for over a decade, for several reasons. First, there have been spectacular revisions in our scientific understanding of the animals, starting approximately the late 1960s, becoming increasingly public

knowledge from the early 1980s (see box). Next, promotion of books and other items took off—most of them scientifically worthless abominations—aimed at the traditionally dinosaur-prone children's market. Third, an adult audience for dinosaur literature sprang up, fed by the growing irrationalism of the 1960s "counterculture" generation, eager for fantasies with an imprint of "reality."

The 'threat' of mass extinctions

The dinosaur craze of the past decade makes sense only if seen alongside an intersecting propaganda campaign: the issue of mass extinctions in Earth history, those half-dozen major and multiple minor events in which up to 90% of then-existing species on the planet have become extinct in relatively brief moments of time. Although the extinction of the last dinosaurs 65 million years ago was not the biggest in history, and the dinosaurs were but one of many groups of organisms that vanished around the same time, dinosaurs continue to dominate the psychological image of these events, including for many scientists.

In 1979 a hot new idea was proffered for mass extinctions: that an asteroid or comet struck the Earth, setting off catastrophic atmospheric and geological effects. This seemingly simple hypothesis created an immediate sensation. It also

required no investigation of complex evolutionary or ecological processes (merely a search for the impact crater and verification of the timing), and has probably inhibited research in those areas. But there was much more at stake than a theory of what happened 65 million years ago: From the beginning, the impact image was controlled by the strategic objectives of the burgeoning environmentalist and pacifist movements, built up by the prestigious *Science* magazine. Massive research funding poured into the theory.

First published by *Science* in 1980, the impact-extinction theory has been even more nakedly political than the “new dinosaurs,” aimed specifically to create a stampede into nuclear disarmament by dire predictions of global catastrophes for which no defense or mitigation could ever be physically possible, or even imaginable. In its simplest form, it postulated the generation of an Earth-enveloping dust cloud, which killed all vegetation for lack of light, starving the herbivores, then the carnivores, and so forth. In a January 1983 followup, *Science* explicitly used the dinosaur extinction issue to maximal psychological impact. Finally, in October 1983, the model was extended to an explicit nuclear war scenario, the authors now including pop science-icon Carl Sagan. Mass media followed with such “events” as the widely seen “Morning After” TV drama starring Jason Robards, depicting the aftermath of a nuclear war.

There was scientific opposition to these cut-and-paste theories touted as respectable science, including a sharp critique by Edward Teller, published by *Nature* magazine (the British version of *Science*) in November 1985, establishing that even the most devastating nuclear war could not approach the destructiveness of a major meteorite impact. But these voices were far more sparsely published.

The issues were not academic. Behind the scenes were, first, the intensive exploratory talks between the Reagan administration and the Soviet Union—in which Lyndon LaRouche played a crucial role—on the possibility of joint development of ballistic missile defense based on “new physical principles”; and subsequently, the historic announcement by President Reagan in March 1983, that the United States was going to adopt such a program—the Strategic Defense Initiative. Against this truly scientific hope for an end to nuclear terror, and the associated technological benefits to the economy as a whole, the new catastrophists deployed everything they had in their propaganda arsenal. Steven Spielberg has not forgotten these roots: On the slovenly desk of the repulsive systems designer, we briefly see a picture of atom bomb scientist J. Robert Oppenheimer, headlined “Father of the Baby Boom.”

Today, though a vocal majority of scientists from various disciplines apparently favors the impact theory (agreement encourages research grants), the actual causes advanced for the extinctions have become as mutually contradictory as all models dealing with poorly understood atmospheric plane-

tary phenomena: The Earth cooled, no, it warmed; the darkness lasted for months, no, it lasted for days, and maybe only over certain parts of the Earth; it wasn't an asteroid hit but volcanic activity that released the dust cloud; huge fires did much of the killing; no, it was acid rain; and so forth. Though it appears that a major impact did occur at about the time of the dinosaur extinction, and a likely crater has been identified near Yucatán, there is still no proof for any of the specific suggested consequences; and the evidence remains that most of the disappearing organism groups were in significant decline *before* this impact.

The greatest opposition to the new catastrophe theory came from within paleontology, where even normally apolitical rock-hounds were appalled by the crude and ham-handed politics. At a 1985 paleontological conference, for example, there was outrage that those resisting the impact theory stood to lose both funding and career; one scientist revealed that those who queried the theory were branded “militarists”! The editors of *Science* were specifically named as leading “enforcers”—as they are today in the witchhunt against “cold fusion.”

In *Jurassic Park*, the threat is not extinction, but the born-again beasts themselves, representing the overwhelming elemental forces that will be unleashed on mankind if we do not suppress the overweening confidence of meddling scientists and their avaricious corporate patrons. So, for nearly 15 years, a campaign has been waged to obliterate the idea of progress in the study of evolution, and by association, in society as well, by the lavishly financed impact-catastrophe theory, associated with a brand-new dinosaur image.

This new image (which is in fact justified by new evidence and reevaluation of the old) is that dinosaurs were much more like modern mammals and birds than like the reptiles of today. They could move briskly, like a running ostrich or galloping rhino; their body temperatures were maintained at a constant high level, enabling them to lead more regularly active lives; and they were overall far more graceful, intelligent, and effective animals than conventionally portrayed (see box). The false deduction that is made from this evidence: The dinosaurs are extinct because of an accident. The moral: Humans and other mammals can just as easily be extinguished by the same kind of violent *random* event that killed the dinosaurs—and *there is nothing you can do about it*.

This faulty conclusion energizes the past decade's extravagant dinosaur popularization, now brought to a boil in *Jurassic Park*. Further, the propaganda purpose not only uses, but attempts to control the always fund-starved science. Among the foremost proponents of the “new image” has been John Horner, an intrepid and creative field paleontologist (and good popularizer), who is the nominal model for Crichton's hero, and technical adviser to the movie, rewarded by one season's worth of funding from Spielberg's company.

Alan Grant, the fictional movie version, got three years' worth.

The enemy image: scientific optimism

Despite *Jurassic's* up-to-the-minute animation technologies and claims of scientific accuracy, it is old, old stuff. It began in 1818, when Mary Wollstonecraft Shelley published an attack on the scientific spirit of Benjamin Franklin—"the American Prometheus" as he was known to the admiring European public—under the title of *Frankenstein, or, The Modern Prometheus*. *Jurassic Park* is carbon-copy *Frankenstein*: Mad scientists, intoxicated by powers they undeservedly possess, play God and create life; the life they create turns out monstrous and unnatural; monster kills and terrorizes, then turns on its creator; monster is destroyed and order restored; humility before nature is exalted and audience vows to cut funding for research into electricity (or space exploration or genetic engineering).

It doesn't matter how "accurate" Spielberg's dinosaurs may be; they remain forever "monsters." Indeed, they are even more monstrous than Shelley's actually sympathetic creature, for under the cover of "scientific accuracy," both Crichton and Spielberg have smuggled in a crucial element of satanic evil—something qualitatively different from simply a large carnivorous animal, frighteningly dangerous, but still *comprehensible*, or even a destructive (but impersonal) force of nature. The hell-vector in both book and movie—upon which the plot depends—is one "dinosaur" wildly impossible and capable of feats that no real one could possibly have accomplished. These are the pack-hunting *Velociraptors* (a real name, but for a much smaller and more conventional creature) which, in addition to their terrifying switchblade claw, cat-like athletic prowess, and long toothy muzzles, all real enough, have fraudulently been given a "problem-solving" intelligence in excess of that of chimpanzees.

Satanic violation of children

In the novel, the satanic sub-theme runs sickeningly throughout, in scenes of savaged children and infants. It opens with a young girl's near-death as a charming, chicken-sized, but venomous dino nips up and down her arm; not long after, a trio of the critters is caught perched on a basinette, slurping down what remains of an infant's face. Startled, they scatter, chirping gaily into the night.

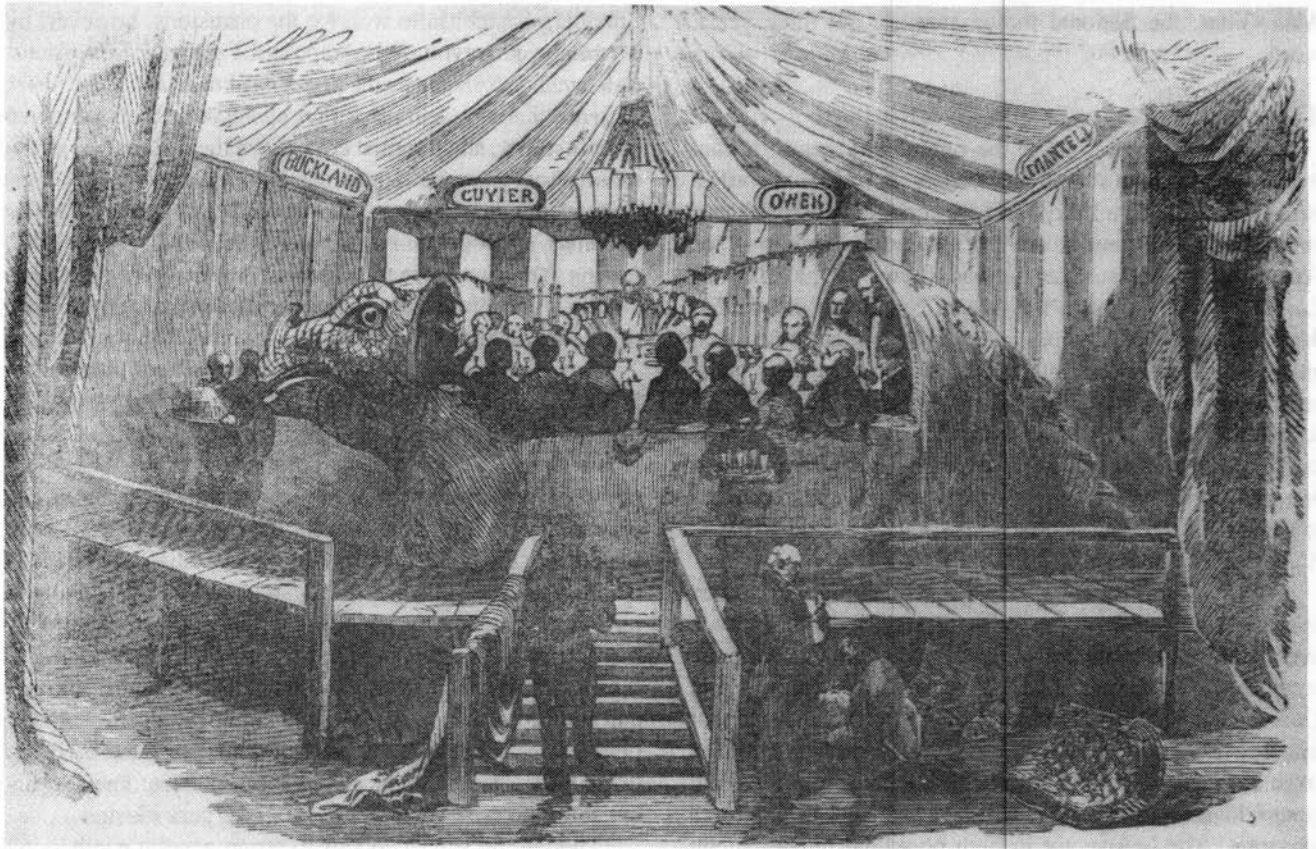
The movie deleted such savagery to herd in the youth audiences and establish the lucrative licensing operation—McDonald's in particular was skittish after its flakking from parents irate with its tie-in to the violence of *Batman*. So we do not *see* the more gut-spilling sort of scenes (but for a severed bloody arm); and we miss most of the novel's exaggerated cruelty to children (other than a symbolic demonstration of how a raptor claw might disembowel or castrate a chubby smart-aleck who was flippant about the dinos).

Spielberg compensates well for the omissions, however, by his unique portrayals of the "raptors." Contrary to the placid, cow-eyed *Triceratops* and *Brachiosaurus*, and even more extreme than the fearsome *Tyrannosaurus*, they are given glinty-yellow, slit-pupilled crocodile-like eyes; unlike all the other, more mammal-appearing dinosaur colorations, their skins gleam an iridescent, eerie metallic silver-gray (shades of *Alien*); and mobile lips give them actual facial expression, leering and grinning in the climactic scene where two fiends quietly and methodically stalk the children through the maze of a cafeteria kitchen.

Jurassic Park also possesses an unrelenting, unseen, but horribly *imagined* intensity of violence, from the opening blue-lit nighttime scene of a shrieking park worker pulled slowly into a raptor transport container (the supernatural power of the monster within conveyed by the tense and heavily armed surrounding troops), to the sequence viewed from over the rustling palms of the raptor compound, as a live bull is crane-lowered through the treetops at feeding time—the quietness shattered by the bull's bellows turned to squeals, merging into the unearthly ear-piercing shrieks and howls of the unseen raptors. Cut to lunch. (The fact that most children and adolescents are accustomed to far more "violent" images on the screen speaks not to the "mildness" of *Jurassic Park*, but to the barbarism of the more general culture. Their apparent ability to view such scenes calmly is pure illusion.)

Though the story happens to target genetic engineering as the fearful technology, it is not a literal morality play, but operates on a deeper level, like the anti-nuclear horror films of the 1950s. In emotional images that short-circuit rational thought, the story perpetrates a *manichean* or *gnostic* view (in its milder form termed "romanticism")—in which there are two universes: one of them dark, chaotic, savage, inhabited by fearful monsters, primal and elemental; the other, bright, peaceful, light and airy, beneficent, and safe (also New Age touchy-feely). Into this world, the other may at any time erupt. This is a view, emotional disorder, and cult profoundly hostile to the idea of progress ("evolution") of any form. These dinosaurs are thus not "animals" in any sense of the term, as *Moby Dick* was not a whale. They are the age-old *monsters*, and in the case of the phony *Velociraptors*, forces of satanic evil.

The danger of *Jurassic Park*, far more than such genre classics as *Frankenstein*, is the targeting of children, not least by the mere starring of dinosaurs. *Is* there something about dinosaurs that "naturally" fascinates children? One among the many plausible parlor opinions is that dinosaurs are "big, ferocious, and extinct" (that is, *safe*). They can be allies in a world of often unpredictable giants (adults); they provide classic referents for the projection of strong childhood emotions (aggressive ones, in particular), and play-objects for working out the problems of social learning. In a word, *nouveau-dragon*.



"Dinner in the Iguanodon Model, at the Crystal Palace, Sydenham." The Illustrated London News of 1854 reports on Waterhouse Hawkins's sycophantic tribute to Sir Richard Owen and other scientific luminaries. One hundred and twenty guests attended the New Year's Eve gala, the most illustrious seated inside the body of the largest dinosaur model, as toasts were raised to Queen Victoria and the models' chief promoter, royal consort Prince Albert.

Dinosaur cult was 'Made in England'

Dinosaurs were first "created," by receiving a name and a description, by the English anatomist and establishment darling Richard Owen (1804-92), in 1841. Owen was unusually clear that these "reptiles" were not giant lizards, but instead combined features seen in crocodiles, birds, and even mammals: unique animals, unlike anything living today. However, he did not create the subject of dinosaurs in a vacuum; though only three species were known at the time of his famous dissertation (and these only from fragmentary remains), other groups of extinct reptiles had come to prominent attention over the preceding 40 years, equally unlike anything now living: the long-necked marine plesiosaurs and dolphin-like ichthyosaurs, and the flying pterosaurs. Fossils of these had emerged as early as 1796, and had already inspired lively imaginings and attempts at artistic reconstruction.

The first such illustration was circulated in England in 1830, showing an assemblage of ichthyosaurs, plesiosaurs, and pterosaurs in a cheerful chomp-and-be-chomped mode. By 1833, copycat scenes were appearing in encyclopedias

and cheap mass-circulation magazines in England and France; and in 1837 the first of countless children's books on prehistoric times came out, this one American. Finally, in 1838, the now familiar "sea dragons" were rendered in explicit "gothic horror" mode, down to the baleful moon starkly illuminating the violent clash of toothy titans in a roiling, ink-black sea.

The "gothic" variant is well captured in an 1834 caption by English amateur-paleontologist Thomas Hawkins (an intimate of Owen): "The globe, sweltering with the intense heat that its primitive revolution in space generated, was a fitting habitation for the cold-blooded reptiles. . . . The ptero-dactyle too, that paradox which, uniting . . . the saurian head with a bird-and-bat-like conformation of body and extremities, has given rise to vagaries of thought as uncertain as the sombre twilight of the ungarnished and desolate world which echoed to the flapping of its leathern wings. They have ceased from off the face of the Earth: inexorable time long since extinguished the last of their race and all that survives of these once-grim and omnipotent aborigines are a few crushed bones as unsightly as they are rare."

Hyper-scientific Crichton still gainfully employs the gothic image: "Behind the foliage, beyond the fence, he saw a thick body with a pebbled, grainy surface like the bark of a tree. But it wasn't a tree. . . . He continued to look higher, sweeping the goggles upward—he saw the huge head of the tyrannosaurus. Just standing there, looking over the fence at the two Land Cruisers. The lightning flashed again, and the big animal rolled its head and bellowed in the glaring light. Then darkness, and silence again, and the pounding rain."

Even those works aiming to be scientific—from the dawn of the literature to today—though avoiding the lightning and hurricanes, routinely cultivated the fantasy of dinosaur "personality types," as typified by the 1837 children's book: "The Ichthyosaurus was a great tyrant, and used to prey on every creature that came within his reach; this is known by the fossil remains found in the inside of his body. He used at times even to act the cannibal, and eat his own relations, for a large one has been dug out of the cliff at Lyme Regis, with part of a small one in his stomach undigested [actually, the unborn young in a female of this live-bearing animal group]; he must have been altogether a very unamiable character."

Geopolitics and the fight over evolution

Professor Owen thus had a ready audience when he defined the "dinosaurs" in 1841. But he was not primarily catering to a growing romantic taste for the exotic; his purpose was far more serious, and was directed to a more educated audience. Establishing the biological classification "Dinosauria" was but a portion of a two and a half hour speech, a year in the making, dedicated solely to a refutation of—evolution! This was 18 years before the supposedly "revolutionary" Darwin ever published a peep—for, contrary to popular myth, the subject of evolution had been hotly debated in both scientific and popular circles for the entire first half of the 19th century. Owen owed his career to the issue, having dedicated his talents to the British establishment's demand that this idea be demolished.

Contrary to the historical myth, the issues of species extinctions and of the appearance of new species in geological time, of species transformation, and of evolution (or "development" as it was then often termed), were common currency since especially the 1820s. In England, a myriad of theories contended, loosely derived from the ideas of the great French biologist Jean-Baptiste Lamarck (1744-1829). The debate was explicitly both social-political and scientific: The idea of "development" in nature was a rallying cry for a whole range of reformers: socialists, Chartists, anti-malthusians, doctors trained up in new medical schools outside the ambit of the Oxbridge elites, and an up-and-coming middle class, attempting to break into the aristocratic establishment—many of these at each other's throats, but all united in a desire to curb the monarchy and the other established institutions.

"Evolution," allied with "transformism," was understood to be a tool of revolution, forged in the fearful French upheavals, and wielded for the destruction of the English oligarchy. Also, the republican principles of the American Revolution were still fresh, diminished though their European proponents were after the 1815 Treaty of Vienna. As *Frankenstein* made clear, the threat remained real, and any theory, in any science, that justified changes to the ruling order initiated "from below," rather than decreed from the top, was treated seriously. This was particularly true of anything that disseminated scientific literacy too widely among the lower classes, or suggested that the masses of the population might aspire to a higher standard of living.

How was dinosaur ballyhoo *anti*-evolutionary? Owen's rhetorical ploy was to portray the newly defined "dinosaurs" in as *mammalian* a fashion as possible, to be as "*advanced*" a reptile as could be imagined. Lizards and other modern reptiles—self-evidently "primitive" forms—could thus be portrayed as *degenerations* from dinosaurs, and the large extinct types therefore would not represent any kind of Lamarckian or alternative form of *progress*. Otherwise, the argument went, we would find small, sprawling, lethargic, primitive lizards in the oldest geological strata, while the dinosaurs would be alive today. It is no accident that between 1839 and 1842, exactly as Owen was "creating" the dinosaurs, all the European and American "ethnological" societies were created to accomplish the same purpose in the social realm: replacing the idea of coherent universal human *history* with an irrationalist kaleidoscope of hermetically isolated, ahistoric "peoples" or "races."

The Queen of England pushed dinosaurs

By the middle of the century, the British crown and government themselves had gone into the prehistoric monster business. In 1854, the famous Crystal Palace of the 1851 industrial and imperial exposition was moved from its expo site to the London suburb of Sydenham, where it anchored what became one of the world's first "theme parks." Close by the exhibition building were lifesize reconstructions (the world's first) of all the major prehistoric reptiles then known, fleshed out in tons of concrete, imaginatively colored, and perched on islands in an artificial lake.

The grounds were opened by Queen Victoria personally, addressing a crowd of 40,000 hauled in by special trains, on this "mausoleum to the memory of ruined worlds"; the Royal Consort Prince Albert had first proposed the display. Hundreds of thousands visited the exhibit each year, and for those that could not, the new Department of Science and Art provided for the design and mass-distribution of special posters to schools throughout Britain. Meanwhile, large numbers of miniature models of the originals were produced and sold, anticipating *Jurassic Park*'s merchandising racket by 140 years. British mass-circulation periodicals prominent-

ly covered “the story behind the story,” taking their readers behind the scenes to witness the construction of the models a year before their debut, and reporting on a visit to the sculptor’s studio by the queen and consort.

Owen directly oversaw every detail of the reconstructions, showing sculptor Benjamin Waterhouse Hawkins how to make the beasts look sufficiently mammalian (resembling rhinoceroses and elephants rather than lizards), still intent on undercutting the Lamarckian idea of progress. While the gaping public could not have grasped Owen’s fine philosophical point, it certainly absorbed the overpowering image of exotic monstrosity and hulking, primordial power. That served just as well: It reinforced the gnostic conception of a divided universe in which the laws of the one part were different from and incommensurate with those of the other.

The victory of Darwinism

Just as political was the reason for the rapid success of Darwinism within the decade following the opening of the Crystal Palace exhibition. Owen, who hated it like the plague, was swept away at that time not because he defended any Christian virtues, but simply because he failed to recognize the more sophisticated social control options inherent in Darwin’s theory. Like many, he mistook it for just another theory of “evolution.” The debates over Darwinism over the 1860s and 1870s were but a tempest in a teapot, as rival establishment factions fought among themselves. Those won, who realized that the evidence for species transformations, or something like it, had become so overwhelming that something was needed to co-opt and undermine the associated idea of “development.”

Darwin’s contribution to this goal was to wed the idea of transformation with the *malthusian* conception of “struggle for existence” among creatures competing for limited resources. From this he derived a materialistic mechanism that accounted for biological transformations by each species’ adaptation to local conditions: the opposite of Lamarckism—which held “adaptations” to be small-scale, local *perturbations* from the grander upward scheme of “evolution” as a whole—and of religious variants that equally viewed evolution as a progressive phenomenon. Thus, Darwin banished utterly the idea that progress was the higher-order or more fundamental causal process. It was simply Adam Smith’s “invisible hand” imported into biology: The apparent coherence of the whole is reducible to the maximized selfishness of the component parts.

The resulting Darwin-Huxley victory was thus the triumph of an evolutionary *counter*-theory, or anti-evolutionary theory, which would ensure that never again would the idea of biological species transformation necessitate a sister-concept of “progress”; or if some chose to view the fossil record as a demonstration of progress (amphibians emerging from fish, reptiles from a line of amphibians, mammals and

birds from various lines of reptiles), the theory still reduced the appearance to a mere contingency, from which both self-development, and development of biospheric processes as a whole, had been banished. Darwin himself was scrupulous not to call his idea a theory of “evolution,” at least not until sociologist Herbert Spencer supplied the catch-phrase “survival of the fittest,” which nicely neutralized the ugly ideas of “progress” and “ordered transformation.”

Judeo-Christian perspectives on evolution

The “evolution” ideas that Darwinism thus coopted were not unique to anti-crown and anti-church English radicals and reformers, however, nor were they universally materialist, reductionist, or even Lamarckian. In the half-century before Darwin, many scientists and others throughout Europe, had embraced the idea in its general form, understanding that “evolution” in the broad sense was completely compatible with Christianity. These ideas may often have been too vague to be termed “theories,” but they were not necessarily wrong for that reason.

Creation was seen to take the form of an increasing differentiation, specialization, and progress from lower to higher forms of existence; and human history, the most recent event in the history of creation, was itself characterized by progress in time, with setbacks to be sure, but overall a progress of increasing knowledge of God, and ultimate redemption. Contrary to what the myth of “Darwinism vs. Scripture” (or “science vs. religion”) might imply, there was no conflict between the idea of biological evolution and Christianity. There *was* a conflict between the idea of social progress and the established Church of England.

Austrian scientist Franz Xaver Unger (1800-70), for example, in 1851 published a lavish paleontological tome which embraced not just an advance of life “from the simple to the complex,” but species transformations as well, noting of certain older forms, that “they differ from [more recent species] in such a way that we are led to recognize in them only the ancestors of all those forms that were successively developed later.” In France, the widely read science popularizer Louis Figuier elaborated with a denunciation of the gnostic view of undifferentiated “primeval time”: “There are no monsters in nature,” he wrote in 1863. “It is more accordant with the general perfection of creation to see . . . in a structure which differs so notably from that of the animals of our days, the simple augmentation of a type, and sometimes also the beginning and successive perfecting of these beings. . . . Let us look on them, not with disgust; let us learn, on the contrary, to read in the plan traced for their organization, the work of the Creator of all things, as well as the plan of creation.”

English dinosaurs come to America

As in Europe, circumstances in the United States were different from those in England. Here, the idea of progress

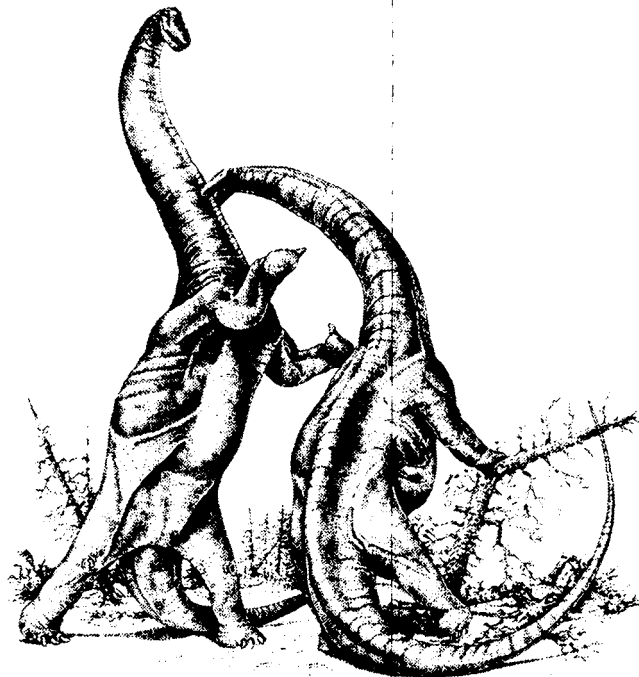
was still so organic a part of the national character that discussion of evolution and transformation (first Lamarckian, later Darwinian) was controversial, but never approached the fever pitch it had in England, where threats to the established rule were taken quite seriously. So, just as the British crown had decreed a public cult of dinosaurs, so here, their affiliated institutions attempted to do the same, but in doing so, were exposed for the unscientific cultists that they were, and at least temporarily derailed.

In 1868, none other than Waterhouse Hawkins, Owen's sculptor, was invited by the authorities of New York City's Central Park, led by Andrew Greene, to create replicas of the English dinosaurs, plus some of the newer American discoveries, for a planned "Paleozoic Museum" to be erected in the park on the model of the Crystal Palace. In their invitation, the park commissioners outlined their plan for a display of the "huge fishes, enormous birds, monstrous reptiles, and ponderous uncouth mammals" that existed prior to man's establishing "a record of his pre-eminence"—in other words, no evolution here, only the primordial monster myth, to be portrayed in modes of carnage and carnivory.

However, New York at that time had come partly under the control of precisely the swarming "lower classes" (mainly Irish, German, and Jewish immigrants) whose challenge had so recently been overcome in England itself. This was the political machine of William Marcy Tweed ("Boss" to his enemies), a machine which has been hypocritically vilified as the epitome of corruption because of its nearly successful challenge to the pro-Confederate New York Democratic Party of August Belmont, his Anglophile banking associates, and their house organ, the *New York Times*.

In 1870, the state legislature transferred control of Central Park to a new municipal body, appointed by Tweed. Funding for the "Paleozoic Museum" was immediately suspended, as, in the words of the new authorities, "too great a sum to expend upon a building devoted wholly to paleontology—a science which, however interesting, is yet so imperfectly known as not to justify so great a public expense for illustrating it." Though Tweed's opponents ridiculed this assertion as hypocrisy in light of the millions of dollars allegedly siphoned off by the "Ring," it happened to be true. Compared to other sciences, paleontology was barely in the running—and the Tweed machine accurately diagnosed its British design. As an opponent mockingly paraphrased this diagnosis: "Professor Hawkins has been studying books and bones; what does he know about the management of Central Park? He was only an Englishman anyway, and the idea of trying to get up a museum in this City without a corresponding scheme for dividing the profits was an absurdity."

Hawkins continued work on the models; but in 1871, vandals entered his Central Park workshop, allegedly under orders of Tweed's men, smashed the models, destroyed the molds and sketches, and carted the pieces off to be buried.



Two bull Brontosaurus, imaginatively executed by paleontologist Robert T. Bakker in his book The Dinosaur Heresies. Vegetarians, but no "gentle giants"!

The scandal-mongering against Tweed himself, brewing for some time, took off shortly after this incident, so the victory was short-lived; the banker-installed "Committee of 70" that seized control of the city after Tweed's ouster appointed Andrew Greene (the former park director who had invited Hawkins to create the sculptures) as controller. Still, it was another 30 years before New Yorkers were subjected to the romantic "terrible lizards" at the new American Museum of Natural History, founded and funded by the same Greene and his oligarchic cronies.

Though the American Museum was not in the forefront of dinosaur paleontology when first founded, by the early 20th century its president, Henry Fairfield Osborn, had made it one of the world's foremost displays of the creatures, starring the newly discovered *Tyrannosaurus rex*, the quintessential dragon that Osborn had mounted in its famous towering pose (the more savagely pugilistic display that Osborn first proposed proved impossible for technical reasons). As had become usual in this shadow world of showman-science, the evidence was falsified, by adding extra vertebrae to a tail otherwise too short for the looming stance. In reality, as today's dino-savvy children know, the animal's carriage was horizontal and birdlike, rather than striding upright with a ground-dragging tail.

Osborn's other legacy in the dinosaur domain is the

hyper-romantic artwork of Charles R. Knight, whose career he made (aided by J.P. Morgan financing), and whose dinosaur and other prehistoric paintings became the standard image for some five decades of children and others, both at the museum and reproduced in countless books from the 1920s to the present. Through Knight, and his many imitators, the gnostic “dark world” ideology was also preserved. How many *T. rex* landscapes have you ever seen *without* a belching background volcano—iconic representation of the violent “primeval Earth”? Knight was Osborn’s visual myth-propagandist as Hawkins was Owen’s; and though Owen denied “transformism” while Osborn embraced it, on the more profound level, they shared an antipathy to the “rabble,” and a dedication to preservation of oligarchic rule.

Osborn also made the museum a world center for the eugenics movement and associated “race science,” which accompanied the dino-show as twin pillars of the new Darwinian universe: “Progress,” for those who still believed in it, was now nothing more than the extinction of the deficient (who deserved it), and their replacement by the superior—dinosaurs by mammals, lesser races by the Anglo-Saxon.

Science vs. mythology

It is probably as a result of this ideology, that the prevailing 20th-century nonsense about dinosaurs took root: that they were reptilian in every detail, including “cold-bloodedness”; that the sauropods (large *Brontosaurus* types) were too heavy to support their own weight and had to live in swamps; that both these and the so-called duckbills lived on diets of mushy water vegetation; that the dinos wallowed, plodded, and otherwise stupidly and clumsily lurched their way through 160 million years of geological time.

Throughout the entire history of dino-shows, as a part of this myth function, there has been an unbroken continuity of a certain sort of popular drivel, antithetical to scientific thinking, yet embedded in the images projected by the scientific institutions themselves. This is the notion that individual dinosaur species can be characterized as certain “personality types,” or by crudely defined human emotional states, as in the “unamiable” ichthyosaur pictured for the children of 1937. Thus, *Tyrannosaurus*, as for Osborn, is “ferocious,” “savage,” and of course “tyrannical.” *Brontosaurus* is a “gentle giant,” or herbivores (“vegetarians”) in general are “harmless.”

Oh? Try to characterize living mammal species in the same way. If you eat meat, you “rule.” If you eat plants, you may be a “gentle giant”—perhaps like a rutting bull elephant or charging hippo or boar? All that really “rules” is the mythic bipolarity of “bad” carnivores and “good” herbivores, merged into the oligarchical form of social pecking order appropriate to a street gang or an English public school. Perhaps those children who have projected a stern father-image onto *Tyrannosaurus* and a “gentle giant” mother-im-

age onto *Brontosaurus*, have merely played back to us what our absurd pictures, museums, and books have fed them?

Filmmaker Spielberg, so publicly attentive to “scientific

New research fuels interest in dinosaurs

Behind the anti-scientific *Jurassic Park* lies an extraordinary quarter-century overhaul of scientific thinking about dinosaurs, starting especially with John Ostrom’s 1964 discovery and evaluation of the small carnivore *Deinonychus*, an agile creature capable of rapid maneuvers beyond those previously associated with dinosaurs. The evidence for its activity levels further suggested a “warm-blooded” metabolism (more precisely, the ability to maintain a constant high body temperature), akin to that of mammals and birds. Its anatomy also strengthened a newly re-argued hypothesis, also due to Ostrom, that birds descended directly from dinosaurs, rather than from an older common ancestor.

Robert Bakker, Ostrom’s one-time student, ran with these ideas, putting forth a series of dinosaur “heresies” starting in the late 1960s. He argued that *all* dinosaurs were warm-blooded; that they were quite active; and that their intelligence and complexity of behavior and social organization were comparable to that of most mammals; that their dietary and other physiological characteristics bore little or no resemblance to the traditional “sluggish reptiles.” Bakker summarizes his own theories and much of the other new evidence and thinking as of 1985 in his delightful, densely informative, and polemical *The Dinosaur Heresies* (New York: William Morrow & Co., 1986).

Slightly later, John Horner unearthed the first-ever fossils of dinosaur communal nesting, including evidence that distinguished between two species’ growth patterns—one in which hatchlings were up and about immediately, the other in which the young hatched at a more immature stage and remained for some time in the nest, fed by “nurturing” parents. Horner’s *Digging Dinosaurs* (New York: Workman Publishers, 1988), co-authored with James Gorman, is one of the best general introductions to the field practice of dinosaur paleontology, as well as a report on the author’s own work; his more recent, *The Complete T. Rex*, co-authored with Dinosaur Society cofounder Don Lessem (New York: Simon & Schuster, 1993) is a good popular account of the famous title creature, with valuable material on historic delusions.

Work by French paleohistologist Armand de Ricqlès

accuracy," has worked particularly hard to ensure the sanctity of this myth, through such frightful absurdities as cozying up to a megaton *Brachiosaurus*—safe because it is a herbivo-

rous "gentle giant"—and allowing a small child next to an ill *Triceratops*—probably about as safe as a sick rhino of half the size and probably of comparable temperament.

complemented Horner's, by comparing the microscopic internal structure of dinosaur bones with that of living animals (reptile and mammal), to suggest that rates of growth were so rapid as to constitute further evidence for high metabolic rates. Other lines of evidence further filled out the new picture of dinosaurs as rapid-moving, effective animals, including study of dinosaur tracks combined with analysis of the tracks of living large animals and the biodynamics limb structure and musculature. Trackway and other investigations confirmed that many dinosaur species lived in large herds, possibly including such herd-structuring as protecting the young while travelling. Good overviews include Martin Lockley, *Tracking Dinosaurs* (New York: Cambridge University Press, 1991) and R. McNeill Alexander, *Dynamics of Dinosaurs and Other Extinct Giants* (New York: Columbia University Press, 1989).

Meanwhile, new species have come to light at unprecedented rates, both in traditional beds such as the American Badlands and Mongolia, and in previously untapped sites such as in Africa and Argentina. Perhaps some 40% of the 500-plus dinosaur species now known were discovered in the past 25 years.

Finally, a new crop of artists has risen up, who, for the first time since Charles Knight, work intensively with the paleontologists to ensure accuracy in their renditions, while some of the "new" paleontologists—Bakker and Gregory Paul—are themselves proficient illustrators. Unfortunately, many of the paintings, despite respectable anatomical accuracy, perpetuate the romantic images. A good selection, with discussion of the important issue of scientist-artist collaboration, is in *Dinosaurs Past and Present* (Los Angeles County Museum of Natural History and University of Washington Press, 1986).

Bakker's provocative 'heresies'

While many paleontologists reacted with annoyance or disdain to Bakker's cocky and "unprofessional" assertiveness (he is certainly a media showman), there is no question but that his campaign reoriented the field, as scientists increasingly attempted to pursue or refute his "heresies." What makes this so-called *enfant terrible* interesting, however, is not any of the particular "heresies," but rather his scientific method, a rarity today, which proceeds from an examination of the fundamental premises of the science. If these are proven false, then all the conclusions hanging from them fall as well. Most interest-

ing, though Bakker is first and foremost a dino man, he approaches his subject as embedded in the larger questions of biospheric processes generally: transformations of entire ecologies, relationships among types of organisms, and origins as well as extinctions (he thus rejects the "impact" theory as not merely empirically wrong, but scientifically sterile). In this he is a *rara dino-avis* not only in paleontology, but in biology generally.

Whether Bakker is right or wrong on any particular (for example, regulation of body temperature), his *method* is correct. Unfortunately, many of his colleagues persist in the game of obeisance to "objectivity," even when that means giving "equal respect" to useful hypotheses and received opinion with only the weight of unexamined tradition to support it. Christopher McGowan's *Dinosaurs, Spitfires, and Sea Dragons* (Cambridge, Mass.: Harvard University Press, 1992) is typical, though otherwise useful, particularly for its extended discussion—missing from many narrowly defined "dinosaur" books—of the other Mesozoic reptiles, the ichthyosaurs, plesiosaurs, and pterosaurs.

Science journalist John Noble Wilford, another formally "objective" author, provides a tolerable historic overview of the field, detailed but dino-centric (and keen on catastrophism), *The Riddle of the Dinosaur* (New York: Random House Vintage Books, 1987). For a fascinating history of the complex marriage of paleontology and public policy debate, see Adrian Desmond, *The Politics of Evolution: Morphology, Medicine, and Reform in Radical London* (Chicago: University of Chicago Press, 1989) and Martin J.S. Rudwick, *Scenes From Deep Time: Early Pictorial Representations of the Prehistoric World* (Chicago: University of Chicago Press, 1992). For children, among the best are John Horner and Don Lessem, *Digging Up Tyrannosaurus Rex* (New York: Crown, 1993); Patricia Lauber, *Living With Dinosaurs* (New York: Bradbury Press, 1991) and *The News About Dinosaurs* (Bradbury Press, 1989).

As for an oft-cited "smart" dinosaur, the thin excuse for *Jurassic's* clever "raptors," this is *Troodon*, a small cousin of *Velociraptor* and *Deinonychus*, whose cranial dimensions have captivated Canadian paleontologist Dale Russell. Fine print: Its brain is so large by comparative dino standards, that it equals that of a modern ground-dwelling *bird*. Okay, I'd respect even a turkey if it were nine feet tall; and as for dinosaur science—well, as the man said, that's just the way it is.—Richard Welsh

The high cost of Germany's political paralysis

by Uwe Friesecke

Uwe Friesecke is a senior member of the new German party Civil Rights Movement Solidarity and vice president of the German branch of the Schiller Institute. He is touring the United States in order to present a clear picture of the deteriorating strategic situation to American citizens and policymakers along with Viktor Kuzin of the Russian Parliament, and Paolo Raimondi of EIR's European bureau in Wiesbaden, Germany.

The following presentation was made to Schiller Institute and EIR staff members in Leesburg, Virginia on July 21.

Things are really going fine in Germany—if you look at the Frankfurt stock market. You have an amazing surge there: In the last two months, it rose by something like 20%. All the big export-oriented companies in Germany are looking toward a great future. Why? Because, the dollar has been rising, and is predicted to go up still further; and therefore, it's clear logic that, if you want to buy a Mercedes anywhere in the world, it's going to be much cheaper, if you have dollars. And, since there are tens of thousands of people worldwide who have the money to buy Mercedes cars, it's guaranteed that the future of the Mercedes company in Germany is going to be great. So, therefore, money is flowing, and international investors are right now scrambling to get a share of the Frankfurt stock market, because the future of the export-oriented economy in Germany is just great.

Our Economics Minister Rexrodt said in an interview that he has been listening very carefully, and that he has been hearing the engine of the upswing! He was very serious. When Rexrodt came into office 18 months ago, he was absolutely sure that, in the first half of 1993, the upswing would occur. Then, only four weeks later, at a fair in Frankfurt, he corrected himself, saying, no, he has new data; but now he's *sure* it's going to be the end of 1993. And then, about three months later, he again corrected himself. But now, over the weekend, his empirical



A memorial in Wiesbaden, Germany on July 16, for a policeman killed during the arrest of suspected RAF terrorists in Bad Kleinen. The scandal over the shootout, in which a terrorist suspect was also killed, has brought up questions about whether parts of the German government have been covering up information in a number of political assassinations in recent years.

senses told him that he could hear the engine.

Well, if everything is just fine, then isn't it an outrage that 40 miners in a potash mine at Bischofferode in eastern Germany are on a hunger strike, and are even rejecting these well-meaning offers of the government to guarantee half of their jobs somewhere else after their mine is closed? And aren't they giving the government a bad name, because this has never happened before in Germany? A hunger strike in this determined way, against the union, against the government, has never happened before.

So why are some people "talking the situation down"? Why are they undermining the psychology of government and management in their effort to bring the economy under control?

Well, apparently a lot of people, especially by now the officially close to 4 million unemployed, have better hearing than the economics minister! They just can't hear that engine of the upswing! And a lot of people do have a better sense of reality about what's going on.

There is an insanity in terms of the economic policy, which, I think, in the United States, we have been used to for a very long time already. But you have to understand that in Germany the collapse is far faster and much deeper, in a sense. Until 1989, Germany did follow a somewhat different economic policy than the hard-core post-industrial policies of U.S. administrations since the assassination of John Kennedy. Then, between 1989 and 1991, and into the beginning of 1992, the German economic situation was carried along

by the relatively artificial increased demand stemming from German unification. That is, much of the consumer goods industry in western Germany was driven by the immediate demand for consumer goods which the eastern German citizens were able to buy from out of their savings, because their savings had been transferred at a rate of 1 to 2; and therefore, a demand was created for cars, for TV sets, for refrigerators, for furniture—or books, for example: The publishing business had a bonanza between 1989 and the beginning of 1992.

In the middle of 1992, this process came to a dramatic halt. And now the downturn of the German economy is much more rapid, much more dramatic; and the people experience it in a much more dramatic way than in other European countries and in the United States, where this has been coming more gradually, year after year. Therefore, the political and social consequences of this could be very dangerous in the short term.

Voices for reason

Economically we have a disaster in Germany; politically, the government is completely paralyzed, among other things, over this shootout on June 27 between police and terrorists in Bad Kleinen a couple of weeks ago, in which suspected Baader-Meinhof terrorist Wolfgang Grams was shot in the head at close range; and they are not prepared in any way whatsoever to handle the crisis in eastern Europe and the crisis coming out of Russia and the former Soviet Union.

Yet, at the same time, you have anomalies. You have the

Balkans correspondent Victor Meier in the daily newspaper *Frankfurter Allgemeine Zeitung* in the last two weeks, blasting the British, hammering away at Foreign Minister Klaus Kinkel, and attacking David Owen and the U.N. operation in Bosnia, attacking Croatia's President Tudjman, and laying out exactly what a complete disaster is going on in Bosnia-Herzegovina. Meier went further than anyone in the international press. And the editorial line of the *Frankfurter Allgemeine Zeitung* in this respect has been not only very realistic and sober, but even relatively courageous, compared to all other voices. It is still a fact that the only government in the western world where a minister resigned in protest over inaction vis-à-vis the Bosnia crisis has been in the German government, when Postal Minister Christian Schwarz-Schilling resigned. He, together with a member of parliament, Stefan Schwarz from the Christian Democratic Union, have gone on a continuous campaign to try to do something in Bosnia—unfortunately, so far with no success. So, there is this political anomaly, compared to Italy or France, which we have to take note of; therefore, it's not a cut-and-dried situation.

The face of unemployment

Officially the government admits that at the end of the year, we will have 4 million unemployed. Those 4 million only include those who are completely unemployed. If you add to this, people on short work, and if you add to this the huge number of formerly gainfully employed people who simply have been put into government-financed work projects, the unemployment figure will be closer to 6.5-7 million by the end of the year. This is especially happening in former East Germany, in the new federal states, where you have such a dramatic collapse of industrial enterprises, that if the full extent were to appear on the unemployment lists, officially, there would be no way to politically control it. What they have done to cover up the reality, is mobilize millions in government funds to put people into crazy make-work projects. They have people going around picking up garbage, or environmental programs like planting trees. Planting trees in some other situations would be a good idea—but to do this as a conscious policy to replace industrial jobs, is insane.

Take a city like Brandenburg, which used to be a steel center in East Germany. In 1989, it had about 7,000 steel jobs; today there are no more than 600. This is in a city where nothing else—not the service sector or anything else—has been built up. What did the government do? Now, admittedly, one of the factors was that this was relatively older technology and much more labor-intensive methods than in the west. But you also had child care for all the factories in East Germany, so that the mothers could work. The government eliminated all this, and they created make-work programs. They also used the unemployment office to create "training" programs in such things as financial accounting. The trainees

are soon done with these courses, say after six or twelve months. And again and again it happens: Once they go through this training program, the entire class goes back on unemployment, because the jobs are not there. These people weren't trained for the free-market economy; they hadn't learned competition and all this under socialism. And the first place they compete after being trained in this free market, is on the unemployment line.

Imagine a medium-sized city—Brandenburg has a population of 200,000: The steel company has been privatized, sold to an Italian company; and of 7,000 jobs, you eliminate 6,500. Imagine what this does to a city, because each of these workers is the breadwinner of a family. And this is happening in city after city. Görlitz, which was a textile city, had 8,000 jobs in 1989, and now it's down to 500, and the remaining factory was sold off to somebody from Austria. This is happening all over in former east Germany. The process of deindustrialization there is dramatic, and this is part of the picture behind this hunger strike at Bischofferode.

The insanity of the 'free market'

In the plans to sell off some of these industrial enterprises, the Treuhand—the holding company responsible for privatization—was able to claim a certain amount of initial success. Now we are getting into the second phase. Take the example of Jagdwaffen, one of the leading manufacturers of hunting rifles and other rifles internationally, located not far from Bischofferode. It was sold last year, with the agreement that there would be a certain amount of investment and a certain number of jobs preserved. It was sold to a French-Italian consortium, which probably planned all along to buy it because of the brand-name; they would just buy the name, which would eliminate competition on the world market. They made all assurances to keep the factory going; but now, six months later, they say, "Oh, we weren't told the whole truth, about all the debts outstanding. If we keep this company running, we would have to invest another couple of million deutschmarks. And we're not prepared to do that. Sorry, we're withdrawing from the sale." And the company went into bankruptcy just last week.

Even on its own terms, the Treuhand policy which was adopted after its head Detlev Rohwedder was killed in April 1991, cannot work anymore, because nobody is addressing the fundamental problem of the destruction of the export-orientation in the former Comecon market.

So, therefore, the collapse of industrial jobs and the inability to replace them with any other kind of job, is so dramatic, that rage is building up. Nobody is addressing the problem in any fundamental way—especially not the trade unions. The Bischofferode potash strike was called against the advice of the trade union. The strikers are saying, "This is our life, and we will give our life for this," and in discussion we have had with the strikers, they see how this ties into the

international crisis, especially in the production of food. This must be made into an international issue.

I think we are very close to seeing a very dramatic social and political explosion in eastern Germany, because the problem is not being addressed such as to offer any way out; people are losing hope day by day, and their anger against the West, especially against west Germans, is building up in a very bad way. Unless this fundamental problem of Germany's industrial orientation is addressed, there obviously is no solution.

In western Germany, there is no sector of the industrial part of the economy which has not been dramatically hit by the world economic depression. Take the auto industry, or the electronics industry: Every week, you have announcements of layoffs in the tens of thousands. And what is the big issue? It is the complete brainwashing of the managerial layers, who say, "Our future is going to be China." The shoe industry is producing in China, as is the textile industry. They claim there are structural problems in Germany, that it's too expensive to produce here.

The archetype is this crazy guy Frank Lopez, from General Motors, who was hailed as a hero for finally teaching German management to live up to the structural demands of a changed business world, with the catch-word "lean management" and cost-cutting. He is being paid something like DM 5 million a year to come in and be the tough guy, to force the medium-sized parts suppliers for Volkswagen to lower their prices. How do they do it? They throw people out of their jobs. They cut their work force, and in doing so, they are firing the potential buyer of a VW car! The insanity is that Lopez is now admired for having finally taught German management a lesson about how to adapt to the changed situation in the world market.

The big debate is centered around the "structural problem" that costs of industrial production are too high in Germany, making it necessary to have runaway shops to cheap-labor countries. What is awful to see, is how this argument is all the rage among an entire layer of managers.

You know from experience here in the United States what this means: This is exactly the process by which the cheap labor in the North American Free Trade Agreement was used in Mexico. The same thing is now going on in Germany. The way it worked is as follows: Under communism, East Germany was a reservoir for this sort of cheap labor. A lot of products on the world market that said "Made in Germany" were actually produced in East Germany, were bought at rock-bottom prices by West German companies—the label "Made in Germany" wasn't wrong—and resold for higher prices. In textiles, the top-of-the-line East German production went for export to the West; the next-lower quality went to the East, to Russia; and the lowest quality stayed in the country. This was true for East Germany, and also for Yugoslavia. By the end of the 1980s, a lot of the textile production

of western Europe was based in what is today the Balkan crisis area. Now that this has collapsed, they are trying to move heavily into Slovakia.

The new aspect, however, is that the original idea that characterized the German *Mittelstand*—small- and medium-sized technologically progressive industries—is left completely defenseless by the institution of these industrialists. And this is a perfect way of playing the entrepreneurs against the trade unions.

There is no sane voice from the existing institutions to say, "Wait a minute: There is a different problem here, which is the total strategic picture." So it is our job to be that voice.

The same is true for France. Recall that when the Balladur government came in, they were praised as a conservative government which would get rid of all the pitfalls of socialist experiments, the high wages, etc., and would stabilize the French economy. They managed to stabilize the French economy for about one month; the idea was that the markets had decided that the French franc would replace the deutsche-mark as the strongest currency in Europe. But in the meantime, the market decided differently, and the franc again reflected the disaster of the French economy.

This is the basis from which the political paralysis has to be understood. There is just no sign or voice of any weight right now in the institutions that would, even in a distant echo, propose the types of economic proposals of the European "Productive Triangle" that Lyndon LaRouche proposed in 1989. There are only certain pockets of resistance, such as the hunger strikers at the potash mine in Bischofferode.

This puts the German government and the miners' union in a very awkward position. They say, "No, no compromise." Well, is the union going to allow the miners to die during the hunger strike? The strikers have a rotation system: If people have to be hospitalized, others join the strike, taking their place, so they keep the action going at a very high level of morale. These are signs of where the political situation can be turned around; and the strategic issues, such as the Productive Triangle, the strategic economic situation, can then be put forward.

But as far as the governments are concerned, as far as leading associations of the entrepreneurs or the trade unions are concerned, we see an unmitigated disaster.

Government lacks resolve against terrorism

Politically, we don't know what really went on in this Bad Kleinen shootout. Nobody knows, and apparently nobody is supposed to know. But its effect was to make clear to the public that the institution of the state is not capable of acting resolutely. The facts are these: The Federal Criminal Office and the GSG-9, the anti-terrorist unit of the Bundesgrenzschutz (the German national guard), were about to arrest two so-called terrorists, Wolfgang Grams and Birgit Hofgefeld, who they said were in the top command level of the

Red Army Fraction. There was a shootout in which one policeman was killed and this alleged terrorist Grams was killed. At first, it looked very straightforward; but three days later, things became quite complicated. It turned out that the government had deployed something like 50 people to arrest two. Grams was shot in the head, which is very unlikely in a shootout from a relatively great distance. There are now three different expert reports, each of which draws entirely different conclusions about which weapon killed Grams. One thesis is that he was killed by his own gun, meaning either that he shot himself, or that somebody else put his own gun to his head. Another thesis is that he was killed by another gun; but all the police guns are registered, and the gun is not among those registered. Then there is speculation that special forces always run around with additional, unregistered weapons.

And now we find out that there was an informant, named Klaus, from Wiesbaden. You have this infiltrator, who was seen at the station where Grams and Hogeferd were arrested beforehand. There are conflicting stories, including that he was an infiltrator whom the state government of Rhineland-Palatinate had in the RAF for eight years. But if that were true, what would this say about the assassinations of Deutsche Bank chairman Alfred Herrhausen in November 1989, Treuhand head Detlev Rohwedder in 1991, and others? Either the story isn't true, or if it is true, might this mean that the RAF didn't kill Herrhausen and Rohwedder?

Remember, too, that two months ago there was a bombing attack against the new prison near Darmstadt. Now the question is, was this infiltrator also involved in blowing up this prison?

The emergence of such information shows that the government is no longer in control of its own security forces—yet another aspect of the complete paralysis of the government institutions in Germany. The result was that the last minister involved in German unity, Interior Minister Seiters, suddenly resigned only three days into the inquiry over misconduct by the security institutions. This is unheard of. After all, a minister can say, "I take political responsibility" after everything has been checked through—who did what; but to suddenly pick up and leave is very questionable. Does this mean that he knows more, and doesn't want to be involved in it? Like former Foreign Minister Hans-Dietrich Genscher, when he suddenly resigned a couple of years ago.

The other minister to resign was Transportation Minister Krause. Krause was from the east, and Seiters—before he was minister—from the west; together, they negotiated the contract which united the two Germanys. Krause was forced to resign over a minor scandal that was blown out of proportion. But he was somebody who at least had an idea of building infrastructure for transportation, and was pushing this. He was the one who put the magnetically levitated train project, Transrapid, between Hamburg and Berlin, into the

government's program. Now it is very unlikely that it will remain in the plan.

So, the two key ministers of German reunification are now out. Instead, you have disorientation. The government, in the face of the internal situation—and add to this the whole destabilization around the so-called foreigners question—is not in control of what is coming around the bend economically.

Crisis in foreign policy

This is most dramatically expressed with respect to the Bosnia crisis. Foreign Minister Klaus Kinkel came to the United States at the beginning of this year to announce that he would urge the Clinton administration to support the Vance-Owen plan for the partition of Bosnia. Since that time he has been a completely negative factor in this whole process.

I think the worst thing in Europe right now is this process, because what we now see there is a move away from at least a certain alliance of the Muslims and the Croats to fight the aggressor, Serbia. Now that alliance has broken down completely, and what you get now is the most awesome, barbaric fall into an absolute hell. The crowd around Croatian President Tudjman, together with the Croats from Hercegovina, essentially told the Muslims, "You keep what you can get." The Muslims have been driven into a posture where they tried in central Bosnia to capture areas where they think they have the strength to hold them. This is a horror, for which Tudjman especially bears the blame, but for which others also have to take responsibility.

The situation is moving from one atrocity to the next. We are now facing the fall of Sarajevo. The Serbs think they have a deal between Tudjman and Milosevic, which will not be the end of the story.

One of the interesting aspects is that you have journalist Victor Meier attacking the German government for inaction, and for the first time ever, saying that it was *British* policy with the aim of encouraging the formation of Greater Serbia, and of hitting Germany on a weak flank. To my knowledge, this has not been published elsewhere than in the *Frankfurter Allgemeine Zeitung*.

Germany and the former Soviet Union

Now let's look at Germany's policy toward the former Soviet Union and the rest of eastern Europe. I think that the way Konstantin George has posed it in his recent *EIR* articles has made it very clear that we are seeing a gradual—not yet dramatic—consolidation of the Greater Russia idea. The specific personalities involved are not what counts primarily—Yeltsin, Khasbulatov, Rutskoy, and so forth. But what we probably can expect, in George's estimation, is that there will soon be a change in the institutional setup of the government in Russia. Yeltsin may stay on as a figurehead, or as a compromise. It is not clear what other figure could take the

lead; but the underlying reality is that the declaration of Defense Minister Pavel Grachev from last summer is now being implemented—the idea that wherever there is a Russian ethnic group, Russia has the right to intervene.

The process sped up dramatically following the five-power agreement on May 22 to partition Bosnia. The disaster, in particular, is that in a part of the world that was not regarded by Russia as their area of influence—that is, Bosnia-Herzegovina—the West failed to act. Now if they failed to act *there*, what does that say about the areas that *are* regarded as their sphere of influence, i.e., the Baltics, Ukraine, the Black Sea? And so, we have seen a tremendous escalation since May 22 in the crisis with Ukraine, the crisis around the Baltic republics, and the march toward regaining the coastline on the Black Sea, especially this operation in Abkhazia, where Georgia is involved.

I think it would be a big illusion to think that this process will just go on forever: There are branching points, and there conflict points where actual clashes—say, between Ukraine and Russia—could erupt and go completely out of control.

What is the West going to do then? What is the West going to do if the Russians take Estonia, or Lithuania, or anything else?

We see that Poland suddenly agreed to a military cooperation agreement with Moscow. If we had told them a year and a half or two years ago that they would end up doing this, they would have all protested vehemently. We see that Hungary, over the issue of getting military equipment, is being driven back into the arms of the Russians, because the Russians have converted part of their debt to Hungary into the delivery of MiG-29s and other matériel. Why? Because Hungary was denied any NATO protection, there weren't even any talks about military protection or political agreements for possible defense protection vis-à-vis Serbia, in particular, by the West.

So, the process that's going on in Russia is a clear consolidation of moves toward the Greater Russia idea, which was originally the idea of the Third Rome. It's not immediately dramatic, but it is clearly there, and it could advance into a situation where the point of conflict with the West could take place. There's just no doubt about it.

Lyndon LaRouche stressed in his "EIR Talks" radio interview today that, apparently, there is a faction in the West that is playing with fire, for instance, in the case of Tajikistan, to try and provoke a Great Russian-Third Rome faction coming into power as an imperial faction in Russia.

It is truly a very bleak picture. The worst aspect of it, though, is the degree of brutality, the amount of cynicism about the situation in Bosnia, etc. The press has made a conscious decision to black out 80% of what really is going on. If you compare the pictures of Americans in Des Moines or elsewhere lining up for water, and you see the social comments on it, yes, it is a tragedy; but the same water

queues in Sarajevo are being shelled by the Serbs, and 20 people are killed in a line of people trying to get fresh water.

The western policy is not not only to not do anything, but essentially to close off Bosnia, allowing this conflict to go into a phase where they bleed each other to death, until—according to their crazy idea—the war will stop, because everybody is dead. That is a strategic conception held by people determining policy!

This strategic immorality with respect to the Bosnia crisis is the worst of all. The economic crisis is bad enough; the political paralysis is bad enough; but it is the western political institutions knowing full well that this is going on in Bosnia, and deciding not only to do nothing, but to also try to cordon it off from public consciousness.

We will pay very, very dearly for this immorality.

The LaRouche movement's intervention

The intervention of the Schiller Institute with its June 4-5 conference in Bonn [see *EIR*, June 25, 1993] was very important for mobilizing political forces in both eastern and western Europe to combat the immorality of geopolitics. But, what was striking about the Bonn conference was that we had high-level representation from Russia, Ukraine; we had people from Poland; we had former Foreign Minister Separovic from Croatia, etc. But did we have *any* elected official from the United States? from Italy? from France? from Germany? None.

This is probably the best expression of the immorality and bankruptcy of political institutions in the so-called western governments and western nations.

In Germany itself, the Civil Rights Movement Solidarity is beginning to launch election campaigns for next year, when there will be 12 elections on various levels. Our first campaign is the Munich mayoral campaign of Elke Fimmen, which will be run under the slogan, "Ja, wir haben das Patentrezept" ("Yes, we do have the patent recipe"). You see, all these politically correct politicians and journalists have been saying for the last 20 years that there is no "patent recipe" to solve Europe's problems. If you argue that you have a concept which might solve the crisis, you are labeled as "authoritarian." Helga Zepp-LaRouche first put this slogan out during the administration of Helmut Schmidt in the 1970s, when Schmidt said, "Ich habe kein Patentrezept," to which she replied for the European Labor Party, "Wir haben das Patentrezept," which referred to LaRouche's whole strategic package for a new world economic order.

In Munich, we are participating in the mayoral elections which were called suddenly. This will build up toward state and federal election campaigns, where we hope to run slates next year, and build up the Civil Rights Movement networks nationally.

The Schiller Institute just had two successful conferences in Prague, Czechoslovakia with representatives from all the

political parties and the press; there was a good meeting in the capital of Slovakia, Bratislava. And we expect we will soon be print a translation of LaRouche's book *So, You Wish to Learn All about Economics?* in Ukraine. I think Ukraine is probably the one country that has had the most intense ant-IMF discussions in the former Soviet bloc over the past couple of months.

It's a tough battle situation, with a dramatic collapse of existing institutions, and a wide-open opportunity for changing them.

The real story behind the spy scandals

During the discussion period after his speech, Frieesecke elaborated on the political embroglio in Bonn:

The spy scandal, where it has "suddenly" come out that there is a list of 2,000 leading figures from west Germany who were on the payroll of the East German secret police—the Stasi—is indicative of why Germany can be so easily paralyzed by these scandals.

It worked this way: When Willy Brandt was on his deathbed last year, Chancellor Helmut Kohl visited him, about a month before he died. Kohl had already been briefed on the fact that there was a list of 2,000 names of politicians, business leaders, journalists, and others in KGB files that were taken to Russia from the Stasi files. The question was, how to deal with this problem, without tearing Germany apart politically.

Kohl agreed to solve it, as they say, "the Wehner way," using the methods of the late Herbert Wehner, whose faction was known as the Kanalarbeiter, the "sewer workers" who did the dirty jobs. The individuals named on the list would be gradually removed from Social Democratic Party's parliamentary caucus. And now the truth is coming out, that a minimum of 25 members of parliament had been on the payroll of the East German intelligence agency, the Stasi, for decades. And the way to solve it "Wehner-style" was to gradually move them out of the center of politics, out of the party caucus, and just forget about them. This would dissipate the potential for scandal. Apparently Brandt and Kohl agreed to do exactly that.

But this points to something else. The most important person in this Stasi network is Alexander Schalck-Golodkowski, and he is not being touched. All sorts of other people are being touched, including a man named Vogel, a lawyer, who would act as a go-between for spy exchanges between the Americans and the Soviets in Berlin. He obviously ensured he was paid well for his services, since he drove a Mercedes. He was the typical back-channel agent who covered up the dirty work in public by acting as the attorney for

east German communist boss Erich Honecker. For example, if somebody wanted to emigrate from East Germany and he owned a house, they would go to Vogel, and offer their house. Vogel would negotiate to have a top party official or a Stasi official get the house in exchange for allowing the person to leave the country.

Egon Bahr, Willy Brandt—everybody knew this was going on. During the 1970s, the *Ostpolitik* was largely trade in people, with a lot of money changing hands. Suddenly Vogel is arrested and indicted for tax fraud. It's a typical method of scapegoating a lower-level official.

But the real top guy, Erich Honecker, was gotten out of the country by a scummy deal, on the basis of medical testimony that he would die in three months—that was Christmas last year. Now, he's still living a happy life in Chile. The other top character is Schalck-Golodkowski, who was involved with Tiny Rowland and every dirty aspect, who is living a happy life in Bavaria protected by a combination of French, American, British, German—plus a deal with Russia, who knows?—intelligence services.

This list of so-called revelations of 2,000 Stasi collaborators probably has a lot of truth, but also has a lot of misleading, coverup information.

Maintaining the Yalta deal

The real dirt is the fraud of postwar policy, especially in Germany. The west German government was involved, together with the Allies, to keep this Yalta deal over Germany going for all these years. And the agreement between Brandt and Kohl—Brandt is one of the people who probably knew the most about it—still has not come out to the full extent.

This year, the anniversary of the events of June 17, 1953, had interesting aspects, which suddenly came out in public, ironically from Egon Bahr, who probably is a KGB-Stasi asset. But he provided an interesting detail which tells you something.

On June 16, 1953 and in the days immediately preceding, workers began going on strike in East Germany. The official history was that this was limited mostly to East Berlin, and therefore it was an isolated event; the construction workers from East Berlin held a march, and the Russians deployed tanks to crush it.

Now, because of the old communist files that historians have access to, we see there is quite a different story. There is actually footage and photographs of what happened that can be freely shown for the first time in history. During the days building up to June 17, 1953, there was a widespread strike wave throughout East Germany—cities like Halle, which is the center of the chemical industry. There was a mass strike wave of a minimum of close to a million people, demanding not just economic improvement; the story until now was that the discontent in East Germany was because the construction workers didn't like the pressure on them to

increase productivity. But this was a full-fledged mass strike movement against the government.

On the evening of June 16, the East German government of Walter Ulbricht fled to the Russian base in Karlshorst in Berlin. The government had already been toppled, and the strike committee put out a call to the rest of the country for a general strike on June 17. This call was given to the Radio in the American Sector (RIAS), and the responsible journalist at RIAS at the time was Egon Bahr. Egon Bahr was about to read this call over the air waves in the evening of June 16. And now he reports that that when he was about to read this, the liaison officer of the Americans came into the studio, and said, "Are you crazy? Do you want to start World War III?"

And that was it. The call was never broadcast.

In other words, the western governments—including a speech by Inter-German Affairs Minister Kreiser in Bonn on the evening of June 16 which called for calm—wielded the threat of a nuclear war in order to let the resistance and the uprising in East Germany die out.

But what was really happening in East Germany on the evening of June 16? Moscow was indecisive. They had made no decision, and didn't know what to do. The Ulbricht government fled to Karlshorst. Soviet High Commissioner Semyonov, who later was the ambassador to Bonn, of "détente" fame, gave the order from Berlin—not from Moscow—to deploy Russian tanks and Russian soldiers. The order did not come from Moscow: The West was not faced with the resolute threat of the Soviet government against this; but their indecisiveness essentially delivered the uprising to the Russian troops.

And now the irony goes even further: It is now clear that 20 *Russian* soldiers shot by the Russians, because they had refused to open fire on Germans.

So, this whole myth which was built up over the postwar period is being shattered. And everybody is afraid that the truth about postwar history, the truth about how the Yalta agreement worked—June 17, 1953; Hungary in 1956; the Berlin Wall in 1961; Prague Spring in 1968—is coming out more and more, because the official documents are becoming available. Therefore, you suddenly get this operation, where they say, "Oh yes, we're going to publish everything, we're going to publish this list of 2,000 agents."

This is not going to be the truth. The truth is on a different level, and it comes out in such events. In Halle, for example, the workers just left the factory and were about to storm the Stasi headquarters, as they did later in 1989. The communists were not prepared; nobody had any orders for what to do, and if the West had moved in any way at all, this nightmare of post-Stalinism wouldn't have happened. This crack in the power of the Soviet empire could have been used to free eastern Europe—and the West sold it out—lock, stock, and barrel.

Third World needs German potash

by Rainer Apel

"The world potash market has been hit hard by a combination of overcapacity and cutthroat competition. Approximately one-third of the world's 36 million ton capacity is not being utilized." Those are the terms which Germany's Treuhandanstalt—the holding company charged with privatizing the former assets of the communist German Democratic Republic—used in a background memorandum to justify its decision to drastically reduce the number of jobs in Germany's potash industry. But all the ballyhoo in the German media about the alleged existence of "overcapacity" (even though some potash industry experts don't share that view), has not brought the Treuhand an inch forward in determining what the future will look like in Bischofferode, a small town in the eastern German state of Thuringia where 700 miners are in a standoff with the German government over the plan to shut down the Thomas Müntzer potash mine. Instead, according to the memorandum, "the Treuhandanstalt has commissioned the London investment bank Goldman Sachs to work up a comprehensive plan for privatizing eastern Germany's potash industry."

Such 'help' Germany doesn't need

Goldman Sachs is already the Treuhand's exclusive adviser in the strategy to privatize other branches of east German industry. This has resulted, for example, in a 68% drop in the number of jobs in those establishments overseen by the Treuhand's Dresden office alone. Such figures pose the question of what interests are motivating the London "experts" to deindustrialize eastern Germany's economy on a scale comparable to what Henry Morgenthau—father of the infamous Morgenthau Plan—proposed back in 1945 but was fortunately unable to carry through to completion.

Another memorandum prepared by the expert Peter Arnold from Switzerland for the state government of Thuringia, makes entirely different prognoses for the future of Bischofferode's potash production. His report sees good sales opportunities in markets overseas. Similar evaluations can be heard circulating internally in the western German potash industry, even though their public statements say the contrary. For example, a spokesman for the Kassel firm Kali und Salz AG conceded that the demand for fertilizer in the developing countries would be enormous, were it not for the fact that the governments there lack the financial means to import it. The

money itself is available, but according to the conditionalities imposed by the International Monetary Fund and World Bank, these countries are only "allowed" to use these funds for settling outstanding debt balances, not for imports of goods. "If these countries had the money, they would certainly buy fertilizers, since the demand is there," commented an official working in the Development Aid Ministry in Bonn.

Lack of potash causes famine

The fact that production capacity for potash and for fertilizers in general is more than one-third greater than actual current consumption in agricultural production, can be blamed on two interrelated causes: 1) the International Monetary Fund's palpable intervention into the ostensibly "free" world fertilizer market in Africa, Ibero-America, Asia, and, since 1989, also in eastern Europe and the former Soviet Union; and 2) the monetarist motives behind the deliberate reduction in the amount of agriculturally usable land in western Europe and the United States over the past few years. Here lie the real causes of the "cutthroat competition" between the few remaining potash producers, so that smaller and ostensibly "very expensive" plants such as those in Thuringia are shut down without any thought to the consequences.

As for western Germany's potash industry—one of the participants in this cartel warfare against jobs in Germany's east—one can only be amazed at how the industry is violating the very principles which its leading representatives had been publicly professing as late as two years ago. Back on May 27, 1991, Dr. Otto Walterspiel, then chairman of Kali und Salz AG, delivered a speech at the Second International Potash Congress in Hamburg, on the theme, "Adequate food for a growing world population can only be ensured through a health potash industry." He explained how "there is no substitute for potassium as a plant nutrient," which can considerably increase the yield and storage life of food products such as corn (maize), as has already occurred in southern Africa. "If corn does not get enough potash, it leads to poor kernel formation, especially at the tip of the ear; its resistance is lowered and its susceptibility to fungus diseases increases." Walterspiel said it was lamentable that especially in Africa and Asia there is still much too frequent use of less efficient fertilizers made out of organic waste, even though the soil in many areas is quite low in potassium. Some African countries launched experiments right after gaining independence in the 1960s, in order to develop their own domestic fertilizer supply, but they ran up against what he called difficulties (in reality, the power of the world market cartels of the former colonial powers, and the banks' credit blockade) in the buildup phase, and thus, as in the case of the Congo, according to Walterspiel, "collapsed in 1967 after only seven years."

"The continually growing world population, must, however, be fed," Walterspiel continued. "Especially in the developing countries, food production must be increased with

Zepp-LaRouche: 'Hunger strikers, courage!'

Helga Zepp-LaRouche, a leader of Germany's Civil Rights Movement Solidarity, delivered the following speech to the striking workers at the potash mine in Bischofferode in eastern Germany on June 17.

I would like to express my admiration and the total support of the International Civil Rights Movement Solidarity, because your heroic fight here for the defense of productive jobs is valid not only for your own mine, but in reality for the interest of Germany and human society as a whole.

The most important thing I want to say is this: Your actions are morally right and economically competent. Politicians and all your critics are incompetent from an economic standpoint; in reality, they are very dumb people. These politicians, and the Treuhand, and the IG Bergbau und Chemie [trade union] are completely on the wrong track, and are pursuing a policy which cannot work. If this mine is shut down, then the whole region, and with it, the existence and earnings of a large part of the population, will be ruined.

The Bonn government's decision to shut close this mine is the result of a policy which is based on the absurd, false assumption that the economic crisis can be overcome by eliminating productive jobs and implementing brutal cuts in all areas. The truth is that cuts only make matters worse. If the budget is cut and productive capacities are eliminated, then productive employment is reduced, and with it, the tax base, so that the budget deficit grows even larger than if nothing had been done at all. This budget-cutting policy is an austerity spiral which winds ever

the help of increased application of fertilizer. We can therefore also expect powerful surge in demand for potash." Walterspiel said there are indeed barriers to achieving that goal, but that these have nothing to do with pricing policy and cost-cutting within the potash industry itself (e.g., through closing potash plants which have become "too expensive" to operate, as is now being promoted); rather, they touch upon the fundamentals of economic policy: "Because of a lack of purchasing power and appropriate infrastructure, and also particularly because of a failed agricultural policy, consumption in Latin America, and especially in Africa, has for a long time not been rising as quickly as the need to ensure food supplies for the population would require, and remains at a level which is much too low."

downwards, without ever reaching bottom.

Bonn's decision is not based on national interest, but on private interest and personal profit, which harms entire country. Why does Bonn do something that goes against Germany's interests? They are adapting to the policy which is characteristic of the International Monetary Fund, and the British and U.S. governments. All you have to do is take a look at the desolate condition of the British economy to realize what Margaret Thatcher achieved with her ridiculous ideas. What she did was to take an already sick economy and destroy it with her budget-slashing. The policy of budget-cutting is no policy; rather it is a sickness which guarantees the patient will die.

The Bonn government has to realize that it is making errors, and that it must liberate itself from this crazy Thatcherite budget-slashing policy. Germany's interests do not lie in the budget-cutting demands of the IMF and [European Community bureaucrats in] Brussels, but rather in the well-being and future of all our citizens. It is simply not true, that there are no markets for the products of the miners here. A large proportion of humanity is starving, in the South and in the East. Worldwide, there is a scarcity of almost everything. The problem is that the Bonn government has submitted itself to an international policy which is insane. In eastern Europe, this shock therapy policy has reduced productive capacities by one-third to one-half. In Russia, as a result of this policy, the danger is the consolidation of a new imperialism which feels betrayed by the West—and which, in fact, is being cheated by mega-speculators like George Soros. This is very dangerous; it is insane. This radical deindustrialization policy seems to have taken hold in Germany since the assassination of [Deutsche Bank head Alfred] Herrhausen [in November 1989] and [Treuhand chief Detlev] Rohwedder [in April 1991]. Did the assassins want to kill



Helga Zepp-LaRouche speaks to hunger strikers and their supporters at the Bischofferode potash mine.

the ideas of Herrhausen and Rohwedder. . . ? Did they want to bury the idea of economic progress in the coffin? The Bonn government finally has to learn that it cannot go on like this, that the current course leads to catastrophe.

The only way out of the crisis is the maintenance and further creation of productive jobs, through infrastructure and advanced technologies; and the creation of a productive *Mittelstand*, through investment in industry and agriculture. This is the only way to balance the budget, because it is the only way to increase tax revenues without raising taxes. What counts is Germany's real productivity. The service sector is very unproductive, it contributes nothing to national welfare. Therefore, not only must this potash mine be kept running, but the Bonn government has to change policy for all of Germany.

Hunger strikers, courage! You have the interests of Germany and you have justice on your side. Good luck!

Make development aid count

Walterspiel's conclusion was not the cartels' argument which one hears everywhere today, that the African countries should be written off as bad customers, and thus that their populations, even though we know full well about the dramatic collapse in food supplies there, should just be left to starve. On the contrary, Walterspiel declared, "We should not tire of repeatedly making those in positions of responsibility in the industrialized countries aware of how sensible *increased application of potash is in the framework of development aid, accompanied of course by an improvement in infrastructure, education of farmers, and not least by an agricultural policy which promotes production*" (emphasis added).

This is identical to what mining union officials demanded

at demonstrations two years ago, though they now seem to have forgotten it. And now the miners of Bischofferode are raising the same demand again. Let us hope that they will not break off their protest and buckle under to the diktat of the potash cartel. Their strike must force the German potash industry and the government to finally do something to improve the situation in sub-Saharan Africa, and with development aid resources—some of which are already available right now—to orient fertilizer production toward the immense needs of the developing countries. The DM 1.3 million, which according to Goldman Sachs's report to the Treuhand would have to be spent to shut down Bischofferode and parts of western German potash production, is better invested in increasing development aid, and will ensure a future for the jobs which are ostensibly "irrevocably lost."

Israeli attack on Lebanon threatens broader conflict

by Muriel Mirak-Weissbach

Israel's war of aggression against Lebanon, launched with land, air, and sea assaults on July 25, has officially sanctioned the law of the mafia in Middle East politics. That this war could break out and escalate rapidly, provoking immense suffering among the civilian population, without any significant deterrent signal or action on the part of powerful nations or international organizations, proves that the strategic rules of the game internationally have become those of the mafia. As one Arab intellectual put it: "This shows there is no United Nations, there is no 'international public opinion.' There is only the lawlessness of the jungle."

Whether or not the United States government and the United Nations hierarchy were privy to Israel's military plans, the actions of both have paved the way for gangster politics worldwide. Two years of U.N. "negotiators' " complicity in the Serbian war of aggression have erased hopes that that institution could act objectively. The decisive turn came on May 22, when the five-power agreement to award Serbian aggression signalled to power-mongers, would-be imperialists, and erstwhile superpowers worldwide that they could wield their military might to assert hegemony over what they consider their spheres of influence, without concern that the United States, the U.N., or Russia would throw obstacles in their paths. Finally, President Clinton's June bombing of Baghdad, on the pretext of "protecting national security" from a perceived "terrorist threat," provided a handy specific pretext for Israel's war in southern Lebanon.

After five days into the war, the question arose, whether anyone would—or indeed could—halt the aggression. The difference between the current context and that of past wars in the region is what Bernard Lewis described in his "Rethinking the Middle East," published in the Council on For-

eign Relations journal *Foreign Affairs* in Fall 1992: "The West would no longer be concerned but would rather remain indifferent to whatever happened, to wars, disasters, and upheavals, as long as the oil continues to flow. . . . The western capacity for turning a blind eye, already manifested in other respects, should not be underrated. In the past, outside powers have sometimes intervened to prevent, to limit, or to halt Arab-Israeli wars. Arabs and Israelis alike would be unwise to count on such interventions in the future."

More precisely, it can be said that the Anglo-American interests for which Bernard Lewis speaks, are quite committed to the perspective of such wars erupting and spreading regionally, cast as ethnic, religious, or tribal wars—or what Samuel Huntington, in a piece in the Summer 1993 *Foreign Affairs*, called "The Clash of Civilizations." Indeed, what is threatening the Middle East right now is the unfolding of a process of wars and related migrations from the eastern Mediterranean across the Mideast proper and the Arabian Gulf, into the Central Asian republics. In other words, the "Bernard Lewis Plan" for destabilizing and depopulating the entire region, under the rubric of "religious" conflict.

Israel's offer you can't refuse

In dubbing the operation "Settling of Accounts," the military command was candidly expressing the gangster mentality behind its moves. Prime Minister Yitzhak Rabin told the Knesset (parliament) that, although "the sight of fleeing civilians is pitiful," he would say to the fleeing Lebanese: "Your government has the power to stop the bombardments of our settlements. You will not return to your homes until they are stopped." He then said, "I call on the Lebanese prime minister to take the initiative and stop the Hezbollah actions." To

be precise, he called on Syrian President Hafez al-Assad, who wields the real power in Lebanon, to do the job.

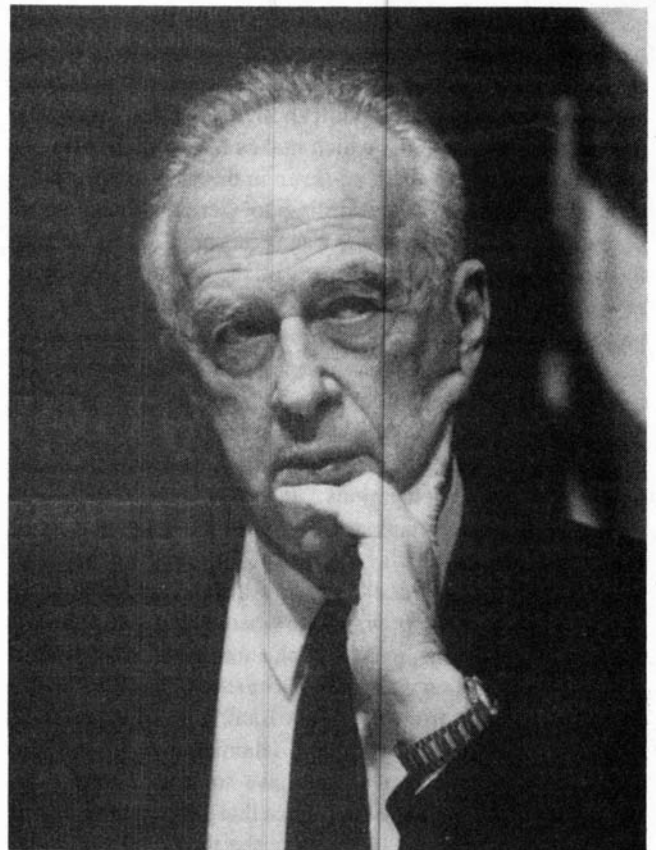
Rabin's argument is that the Iranian-financed and Syrian-backed Hezbollah (Party of God) in southern Lebanon, which rejects Arab-Israeli peace negotiations, constitutes a threat to Israel's security, which the Lebanese, i.e., the Syrians, must be forced to eliminate. Specifically, over the recent weeks, Hezbollah Katyusha rockets had been fired against positions inside Israel's self-proclaimed "security zone" and, following Israeli escalation, had targeted positions in northern Israel.

The means of persuasion Israel has chosen is the forced exodus of southern Lebanese civilians out of their homes, and northwards toward the capital of Beirut. The Israelis drew up a list of 70-90 villages in southern Lebanon slated for depopulation and destruction; over the "Voice of Lebanon" radio in "their" security zone, the Israelis would announce which villages would be hit next, giving residents a few hours to pack up vital belongings and leave before the artillery opened fire. By the fifth day of the war, up to 500,000 civilians, about one-sixth of the Lebanese population, had been forced from their homes. The city of Sidon was subjected to heavy fire, as was Tyre, to make sure that the refugees would not halt there, but be forced on to Beirut. One-half million desperate refugees, according to Israeli "demographic engineering" plans, are to flood the capital where there is neither food nor shelter to offer them. This is the "pressure" that Israel is putting on Syria, via Lebanon. "We want to provoke the exodus of the southern Lebanese to the north, to pressure the Beirut government and to disseminate panic among the collaborators of the Hezbollah," said Rabin.

To guarantee that none of the refugees return home, the Israeli air, land, and naval assault has uninterruptedly bombed homes, schools, hospitals, cars, ambulances, and any other form of infrastructure necessary to the regional economy in southern Lebanon. As a spokesman for the Israeli major staff told the French daily *Le Monde*, the plan was to "turn 54 Shiite villages on the border of the security zone into a field of ruins." Israeli artillery commander Gen. Yehosh Dorfman stated: "Now we are at the stage in which we are firing into the villages in order to cause damage to property . . . to destroy the infrastructure, to destroy the villages and the houses of the activists and the locations from which the [Katyusha] rockets are fired." According to U.N. peacekeeping forces on the ground, most of the cities targeted had become ghost towns after the first 48 hours of the war. Not the infrastructure for Hezbollah, which is a numerically tiny force, but the entire economic infrastructure of the region has been destroyed.

Peace through fear?

Asked about the repercussions of the Israeli war on the "peace talks" which have been going on intermittently since December 1991, one Arab analyst in Jordan quoted the



Israel's air, land, and sea assaults against Lebanon demonstrates the "law of the jungle" rules international politics. Prime Minister Yitzhak Rabin (above) dubbed the operation "Settling of Accounts."

adage, "You need a war to force people to understand the need for peace." In other words, the sheer brutality of the Israeli war machine will force reluctant Arab negotiating partners to capitulate further, out of fear.

The diplomatic mission of U.S. Secretary of State Warren Christopher, awaited in the region on July 31, was expected to seal through negotiations what the Israelis by that time were expected to have achieved through force of arms. The Israelis seemed to be thinking along the lines that, although they could not set a precise time limit on the war, they did express their concern that the bloodiest phase be completed before the visit of Christopher.

The White House seemed to be echoing Israeli political objectives, though calling on both sides to cease hostilities. President Clinton, after initially praising Syria for "showing restraint," appealed to Damascus to become "an active participant to try to stop the fighting," i.e., to use its political muscle to discipline, if not eliminate, the Hezbollah. *Le Monde* reported on July 29 that Christopher had talked to his Syrian counterpart, Farouk Charah, and to Lebanese Prime Minister Rafic Hariri, which conversations led to a reduction in the Hezbollah's rocket attacks.

One objective of the Israeli war is to force the Arab participants in the "peace negotiations" to guarantee the security of Israel's borders, which, as the current assault shows, are subject to significant modification. More importantly, the massive military assault, which makes the 1982 invasion of Lebanon pale by comparison (even in the view of then military chief Eytan who, according to German radio, complained that Rabin's new war was "gruesome"), sends a mafioso message to all the partners of the talks. To Syria, it says, "Play the game as we call it, or we can do the same to you that we are doing to your proxy Lebanon"; to the PLO, it says: "You should be happy; we are eliminating that faction which opposes the negotiations which you have supported." "By the way," continues the Israeli message to the Palestinian delegation, "if you leave the talks now, you will be abandoned by the Arab delegations." If the Jordanian delegation, closest to the Palestinians, were to leave the talks, that could bring on a political crisis in Amman. Furthermore, says the Israeli mafioso *sotto voce*: "See how quickly and efficiently we can transfer entire populations when we put our minds to it." To the Jordanians, it says, "Take note of what happens in Beirut, and reflect on what could occur were the Palestinians abruptly expelled from the West Bank"; and furthermore: "make sure you rein in your own Islamists who oppose the peace talks, otherwise we may have to lend a hand." To Egypt, not much has to be said, since that government, which has "made peace" with Israel, is in the throes of a terminal internal crisis.

Messages are being sent to persons far beyond those periodically gathered around the Washington peace talks table. And the messages are not being sent only from Israel, but also from Washington and from the hallowed halls of the U.N. Immediately after the Israeli artillery opened fire Sunday, the Lebanese government, seconded by the Gulf states, including Kuwait, Saudi Arabia, and the Arab League, demanded the immediate convocation of a U.N. Security Council session. Sir David Hanney saw fit to bide time, calling a meeting only the evening of July 28, during which the predictable "condemnation of the spiral of violence," etc., was issued, and nothing done. No one took note of the fact that Israel, even had it not fired a shot, has been in violation of Security Council Resolution 425, demanding it leave southern Lebanon. The U.N., indeed, does not exist as a law-enforcing agency, except insofar as it enforces the double standard applied to countries under its jurisdiction.

Geopolitics means war

The loudest message sent out beyond the Arab world was addressed to Iran; Israel has been the most vocal in the last two years in waving the specter of the "Iranian-backed Islamic fundamentalist threat" and calling on the West to snuff out Iran's alleged nuclear capability. Israel has all but offered to do the job, along the lines of its 1981 bombing mission against an Iraqi nuclear plant, if no one else will. The current

war allegedly against the Iranian-backed Hezbollah can be seen also as a prelude to a hit on Teheran in the more distant future.

The Israeli combination behind this war may think it will be able to force through a "peace" settlement, by holding a pistol to the temple of the Arab negotiating partners and by demanding that the United States cock the trigger. No one in the region is blind to the fact that Israel is a nuclear power. It might even get the signatures on the respective pieces of paper, although the current war has rendered that highly unlikely. Even if it did, this would mean nothing. Not only because the terms of the "peace process" as discussed so far could never establish the basis for peace, but, more importantly, because by its action against Lebanon, Israel has ignited a spark of aggression which is bound to turn into brush fires which will spread.

First, and most obviously, the Iranians, acknowledged backers of the Hezbollah, will not take this sitting down. Both political and Shiite religious authorities have called on "believers to mobilize against the Israeli aggression" and "to prepare to die for the cause of the resistance." Retaliation by the Hezbollah cannot be ruled out. Furthermore, in the same period when the Israeli aggression commenced, Iran made known again that it would not relinquish claims to the strategically placed islands it contests with the United Arab Emirates. Tensions between Iran and Iraq have not abated, and some regional analysts do not exclude the possibility of a new flare-up of military conflict between them, a perspective which would fit hand-in-glove with the United States' "dual containment" policy of the Gulf giants.

Elsewhere in the Gulf, tensions are high because of fears among the American-client sheikhdoms like Kuwait and Saudi Arabia, that any relaxation of sanctions against Iraq may destabilize the precariously low oil price. Politically, enormous pressure is building up inside the conservative Gulf states, from a population enraged at the Israelis for their devastation of Lebanon.

Egypt, primed for an explosion due to a long-term process of economic destabilization, could be ignited, were the United States to return Sheikh Omar Abdel Rahman, a "new Khomeini," to the country; any ensuing disturbances could have repercussions in Algeria as well. None of the Arab states is stable. Each is living in its own form of a pressure cooker, some with the cover more tightly screwed on than others. But the temperature is rising, and actions like those of Israel are only calculated to turn up the heat.

The only way stability could be introduced into the region would be through a radical change in strategic policy, coming first and foremost from the United States. Only if Washington were to abandon geopolitical manipulations, to pursue a policy of enduring peace, through fostering long-term economic development among sovereign states (which includes the establishment of a sovereign Palestinian state), could the fire that has been ignited by the crazy Israelis be extinguished.

Anglo-Americans playing 'Rahman card'?

by Joseph Brewda

Are the U.S. and British governments attempting to overthrow Egyptian President Hosni Mubarak just as they overthrew the Shah of Iran in 1979, or killed Egyptian President Anwar Sadat in 1981? That is the question informed circles in the Mideast and elsewhere are asking, given the U.S. government's behavior in respect to the supposed Islamic terrorist Sheikh Omar Abdel Rahman. Rahman, the blind Egyptian cleric of Jersey City, New Jersey suddenly became prominent in the United States and internationally in February, after claims that his followers were responsible for the bombing of the World Trade Center on Feb. 26. On July 1, Rahman was detained pending deportation to Egypt, after his followers were arrested in a supposed plot to blow up the United Nations building and kill Mubarak, among other people.

That Mubarak might be overthrown has long been considered likely, especially since the publication of Bernard Lewis's article "Rethinking the Middle East" appeared in the fall issue of the Council on Foreign Relations quarterly *Foreign Affairs*. Lewis is the Princeton University academic and British intelligence official who oversaw the 1979 overthrow of the Shah and installation of Ayatollah Khomeini; Secretary of State Warren Christopher, then Carter's undersecretary of state, aided Lewis in that project. In his important signal piece, Lewis projected that "Islamic fundamentalism" would become the "most attractive alternative" to secular nationalism associated with Saddam Hussein in the aftermath of the Gulf war. The states of the region, he reported, are vulnerable to a process of "Lebanonization," whereby they can be disintegrated into a "chaos of squabbling, feuds, fighting sects, tribes, and parties."

Mubarak, having deeply discredited himself by his abject compliance to U.S. demands during the Gulf war, has become a spent instrument. Egypt may now be subject to "Lebanonization."

Preparing a coup

The reasons why some observers think that an Anglo-American move is afoot to dispense with Mubarak, perhaps by an assassination, and possibly within six months, is the following.

1) The claims made against Rahman et al. in respect to the World Trade Center bombing and U.N. bomb plot

conspiracy by the U.S. government and press make no sense, and only a fool could believe them. But to the American public at least, such claims give the (false) impression that Rahman represents some powerful, growing fundamentalist force in Egypt, reminiscent of Ayatollah Khomeini, especially given the increasing number of terrorist incidents attributed to Rahman's followers in Egypt. That Egypt is on the brink of chaos has become a theme of diverse former U.S. government officials. Former Mideast National Security Council staffer Richard Haas, for one, has put out the claim that Egypt is in a "pre-crisis stage." Meanwhile, the *Wall Street Journal* and *New York Times* have carried prominent articles falsely claiming deep unrest in the Egyptian military. All the propagandistic preconditions are being prepared, it appears, for launching a U.S.-backed military coup in Egypt, possibly including Mubarak's assassination, or alternatively, a protracted terrorist destabilization eventually leading to a new Egyptian regime with an Islamic face.

2) Simultaneous with this media campaign, a wave of terrorist incidents have hit Egypt, including one in al-Tahrir Square in the heart of Cairo on the same day as the World Trade Center bombing. But, while many of these incidents are probably the work of indigenous movements, particularly those targeting Egyptian Christians in the south, the one that hit al-Tahrir Square, as well as others aimed at tourists, were coordinated by the Israeli government in part through its embassies, consulates, and cultural centers in Cairo and Alexandria. An Israeli campaign against Egypt of this sort could never take place without U.S. or British approval.

3) U.S. Ambassador Robert Pellitreau has made increasingly harsh demands on Mubarak to liberalize the economy, grant more democratic concessions, and ease up on repression of the Islamic movement. In practice such demands mean creating vastly increased unemployment and inflation while allowing increased ability for foreign agencies to operate within Egypt. Harsh criticism of Egypt by Amnesty International and Mideast Watch, controlled by British and U.S. intelligence respectively, have been promoted by U.S. government outlets. At the same time, labor attaché James Soriano, the CIA station chief in Egypt, has been stepping up his contact and coordination with the Muslim Brotherhood and diverse Islamic terrorist organizations, including those nominally associated with Rahman.

4) The U.S. military, which has immense influence with the Egyptian Army, has increasingly ensured selective promotion of those Egyptian officers who are religious Muslims, particularly those affiliated with the Muslim Brotherhood. Claiming dissatisfaction with Mubarak, U.S. officials are letting it be known that the \$1.3 billion that Egypt currently receives in annual military aid will be cut; other non-military funds now distributed to the Egyptian government will instead be increasingly granted to private organizations. "The U.S. government is the friend of the Egyptian people regardless of its government" is the oft-stated message.

Ruble pandemonium in Russia, CIS signals end of 'shock therapy' is near

by Konstantin George

On the morning of Saturday, July 24, the Russian Central Bank made a bombshell announcement that all old rubles in circulation printed from 1961 through 1992, were no longer legal tender, and that citizens of Russia and other former Soviet republics had until Aug. 7 to exchange them one-to-one for newly issued Bank of Russia ruble notes. The Central Bank decree had been worked out with the anti-shock therapy wing of the Russian government, including Prime Minister Viktor Chernomyrdin and First Deputy Prime Minister Oleg Lobov, and the go-ahead was finalized on July 23 at a meeting of the "inner cabinet," held without the knowledge of the cabinet's shock therapy faction, led by Deputy Prime Ministers Vladimir Shumeiko and Anatoli Chubais, and Finance Minister Boris Fyodorov. In the case of Fyodorov, insult was added to injury, because he was just then in the United States holding discussions on his and the International Monetary Fund's "vision" for future Russian financial and economic policy.

The Anglo-American establishment was livid, understanding what the deliberate humiliation of their man Fyodorov meant. This was best expressed in an article in the July 28 London *Financial Times* asserting, "Fyodorov Will Attempt to Overturn Ruble Reform." It stated, "Foreign governments and international financial institutions administering a \$44 billion foreign aid package view the currency debacle as a crucial test for Mr. Fyodorov. Mr. Fyodorov is aware of the profound unease in U.S. financial institutions and the U.S. government . . . over the sidelining of the finance minister in the decision. At stake is the second \$1.5 billion tranche of a \$3 billion systemic transformation facility, to be considered by the IMF in September."

Choreographed flaws and corrections

The chaos that the currency reform caused was pre-discounted by the Central Bank and government. Most of the chaos stemmed from deliberate flaws in the details of the decree. These included the cash limit of 35,000 rubles on exchanges, the lack of new ruble notes in denominations under 100, and the short, two-week time frame. The flaws were built in because the "backroom junta" which engineered the decree wanted a means for blunting the mass outrage directed against President Boris Yeltsin, whom the new policymakers wish to continue to use.

Thus, on July 26, Yeltsin, acting on briefings by the same Central Bank staff which had designed the flaws, issued a decree modifying the Central Bank decree. Yeltsin nominally raised the cash exchange limit to 100,000 rubles, although actually far higher by allowing the unlimited exchange of the 10,000-ruble notes from 1992, thus in effect bribing most of the *nomenklatura*, and extended the deadline to Aug. 31. Yeltsin also exempted the old ruble notes under 100-ruble denominations from the decree, thus ending the situation where shops could not give change for, say, a 34-ruble loaf of bread.

The other major objective of the currency reform is to strengthen the "Great Russian" restoration drive, which was to heavily increase the hold of Russia over the other republics, either by forcing them to stay in the ruble zone or increasing the discrepancy between the new ruble and the provisional currencies of the other republics to Russia's advantage. Armenia, Belarus, Kazakhstan, Uzbekistan, and Tajikistan all announced that despite their outrage over the measures, they would stay in the ruble zone. To prevent a flood of old rubles into Russia from other republics, Russia decreed that in these republics only 15,000 rubles in cash per person could be exchanged for new rubles. This has forced the other republics to announce that their citizens can exchange old rubles for local provisional currencies, at varying cash ceilings at a one-to-one rate. In Belarus, for example, the ceiling is set at 50,000 rubles, and in Georgia, 100,000.

The effect of this currency reform on the other republics is devastating. The one-to-one exchange rate of rubles for local currency amounts to outright confiscation. In every case, the local currency is worth less than the ruble. In Ukraine, for example, the local karbovanets stands at four to one ruble, while the coupon in Georgia goes for six to one ruble. The Russian Central Bank has expressed willingness to "modify" its posture toward some of the republics, though at what political price is left unstated.

The 'red herring' versus the real coup

The actions taken by the Central Bank in accordance with the Chernomyrdin-Lobov team initiated a process to bring the Russian economic-political crisis to a head, forcing an abrupt break with past ruinous policies. The announcement was designed to end the shock therapy policies, as well as

the political paralysis where Russia has had one cabinet containing two diametrically opposed governments. The weekend events amounted to a political coup, where a military-backed "backroom junta" is forcing the Russian crisis to a point that the strategic policy turn will be executed.

In fact, the coup has already begun. It is ironic that on the very days (July 22-23) when the Russian news media, led by *Izvestia*, were filled with talk of the danger of a military coup, the silent coup of the backroom junta was taking place. Had the Army wished to mount a coup, it could have acted during the week of July 19-23 when Yeltsin interrupted his vacation to meet with leaders of every northwest Russian region in the city of Pskov. That meeting, where Yeltsin's sole "armed support" was a handful of bodyguards, took place just a few miles away from a Russian Airborne Division garrison.

Order needed urgently

Yeltsin also returned from his vacation to Moscow on July 25 for urgent talks on the war in the Central Asian republic of Tajikistan, where Russian troops are pitted against an Anglo-American-steered operation involving thousands of Tajik rebels backed by Afghan mujaheddin. This conflict involves Russian troops in combat on a large scale, and is threatening to expand to the scope of another Afghanistan war.

On July 26, the Russian Security Council, chaired by Yeltsin, and including Defense Minister Pavel Grachev, Interior Minister Viktor Yerin, Foreign Minister Andrei Kozyrev, and then-Security Minister Viktor Barannikov, met in emergency session on the war in Tajikistan and on the currency reform. The two are not separate issues. Since July 13, when Yeltsin rubberstamped the decision taken by Grachev and the military to pour Russian troops and combat aircraft into Tajikistan to attempt to cut short the destabilization by overwhelming military force, Russia for the first time since the end of the U.S.S.R. has been at war. As in Afghanistan, Russian aircraft and attack helicopters are involved in daily bombing, rocketing, and strafing of rebel positions and, although officially denied, Russian artillery has been systematically shelling suspected rebel positions across the border in Afghanistan. When war comes, economic and political chaos can no longer be tolerated, and thus the war in Tajikistan was a decisive contributing factor in the backroom junta's decision to act without.

Yeltsin agreed to use all-out military force in Tajikistan, and issued a statement in effect declaring the borders of the Community of Independent States and Russia to be one and the same. Yeltsin said that the "border between Tajikistan and Afghanistan" is de facto "a Russian border and not the border of Tajikistan." He gave the military *carte blanche*, appointing Defense Minister Grachev to head a super-ministerial task force to oversee military operations, including those of the Border Troops which had formerly been under

the Security Ministry.

On July 28, Yeltsin extended the state of emergency in the North Ossetia and Ingushetia regions of the Russian North Caucasus for two months until Sept. 30, and authorized the dispatch of a further 5,000 Interior Ministry troops plus additional attack helicopter squadrons for Army paratroop units in the region.

The Barannikov affair

At the Security Council meeting on July 26, Yeltsin severely reprimanded Security Minister Viktor Barannikov, accusing him of having failed to adequately protect the Tajikistan border with Afghanistan. On the next day, Barannikov was sacked by Yeltsin, with this bogus issue cited as the reason. The real reason was quite different. Barannikov had shown Yeltsin hard evidence that key members of the Yeltsin entourage, including media "czar" Mikhail Poltoranin, head of the Russian Information Agency, and Deputy Prime Minister Vladimir Shumeiko, had acquired personal fortunes running into the millions of dollars through the illegal sale of state property abroad, and the disappearance of state funds in Switzerland that had been earmarked to buy baby food. Barannikov's effort failed, because the Army and a consensus of the "backroom junta" prefer to continue to use Yeltsin.

Yeltsin's only defense against the dossiers has been to accuse Barannikov of corruption, and charge that his ministry is covering up what it has accumulated through illegal capital flight. The Yeltsin camp has leaked to the press that a certain Boris Bierstein, identified as a joint agent of the KGB and Mossad in Switzerland, had paid Barannikov's wife to take trips Switzerland, as well as the wife of Yuri Skokov, who was the secretary of the Russian Security Council till his ouster by Yeltsin in May. Yeltsin accused Barannikov of "infringement of ethical standards" in employing "commercial structures" to send relatives abroad.

Yeltsin also charged that Barannikov had failed to use the technical and legal powers of his ministry to stop illegal business transactions by Russian enterprises with the West, specifically the massive capital flight into foreign bank accounts. The charges coincided with the anti-shock therapy wing of the government making a public issue of capital flight. On July 26, First Deputy Prime Minister Oleg Lobov, brought into the government as a counter to Finance Minister Fyodorov in April, said that the minimum estimate for the past year was a rate of \$10-12 billion illegally sent out of Russia into western bank accounts by Russian enterprises.

Lobov's anti-shock therapy credentials are public record, and include his tough denunciations of the late 1991 decision to bring in Yegor Gaidar as prime minister. Lobov announced on July 28 that Russia will begin a huge housing construction and road building infrastructure program with a budget of 1.2 trillion rubles, billing it as the largest construction program undertaken in two years.

Bombs in Italy are bombs against Europe

by Claudio Celani

On July 28, exactly two months after the bombing at the Uffizi Gallery in Florence, another night of terror shook Italy. One has the impression that there is no limit to the escalation of terror: This time three bombs exploded almost simultaneously, one in Milan and two in Rome, killing 5 people, wounding 54, and severely damaging historical buildings and monuments of incalculable value.

All three bombs were placed in the inner city core: in Via Palestro in Milan, outside the Villa Reale which is used as a municipal ceremonial office; in Rome, at the square adjoining the Basilica of St. John Lateran, the official seat of the Bishop of Rome; and in Via S. Teodoro, in the middle of the Roman Forum and outside the precious church of S. Giorgio in Velabro (1200).

It is impossible to "read" through these terrorist acts in a simple, linear way. One has to take into account the internal political situation, the international strategic context, and, last but not least, the aspect of cultural warfare. As Cardinal Camillo Ruini, head of the Italian Catholic bishops said, the destabilizers "want to eradicate from our people all that is authentically human and Christian."

Of course, nobody believes that behind the name of "Armed Phalange," the group that has been claiming responsibility for all recent terrorist bombings, there is a real terrorist group in the classical sense. Experts believe that the Phalange is the cover for highly trained and paid professionals (the Rome and Milan bombings, besides requiring expertise and coordination, cost a lot of money), many of whom originated in former eastern secret services, and now obey other masters.

Italy is going through a fight for its survival as a nation-state, with central institutions like the Parliament under the attack of a "prosecutors' party" steered from outside the country. Such institutional demolition, as we have explained in the past, serves the post-1989 destabilization of Europe, a geopolitical strategy with which readers of this review are familiar. The aim of the Italian destabilization is to turn that country against central Europe, i.e., against Germany, in a new version of the pre-1914 Entente Cordiale policy.

Vatican is also the target

The question is made more complex by the fact that Italy is also the seat of the Catholic Church, which has a distinct

international role, although often overlapping with Italian foreign policy and, above all, internal factional disputes.

Thus, there is no destabilization of Italy without destabilization of the Vatican. One of the bombs that went off, the one at the Lateran basilica, is a very direct threat to the pope, since St. John Lateran is the cathedral of the Bishop of Rome, and the pope himself is the Bishop of Rome. "The pope is being targeted for what he has said on Bosnia and on the recent wave of suicides in Italy," an intelligence source close to the Vatican and to former Italian intelligence chief Adm. Fulvio Martini told *EIR*. By this, he was referring to the strong Vatican condemnation of the western inactivity in the face of Serbian aggression, and the pope's recent intervention into the moral issues of Italian domestic politics, after the shocking deaths of former ENI chairman Gabriele Cagliari and former Ferruzzi conglomerate head Raul Gardini.

Both Cagliari and Gardini had committed suicide, in such dramatic circumstances as to indict the judicial abuses committed by the Milan prosecutors who are leading the famous "anti-corruption" investigation, otherwise called by the London *Economist* the "Italian revolution." Far from justifying corruption crimes, most of which consist in illegal party financings, one must realize that the so-called "revolution" has in reality been a progressive coup d'état by which political power in Italy is today less in the hands of the prime minister or of the Parliament, but more in the hands of Francesco Saverio Borrelli, the head of the Milan prosecutor's office.

However, such a process had suffered an unexpected setback just the week previous to the Milan and Rome bombs, when first Cagliari and then Gardini committed suicide in an extreme act of protest against the "prosecutors' party," who have been using imprisonment as a means of extracting confessions, possibly including torture.

The circumstances of the two suicides are made more shadowy by the connection to the Ferruzzi-Montedison scandal, a case which not only involves illegal party financing, but also a giant financial coverup (see p. 4). Cagliari killed himself by tying a plastic bag over his head. A Social Democratic parliamentarian, Antonio Pappalardo, does not believe in the suicide theory and has asked for an investigating commission, linking the death of Cagliari to that of Sergio Castellari, a high government official who was found a few months ago "to have committed suicide," although the pistol he ostensibly used was cocked when his body was discovered; and to former minister Franco Piga, also connected to the Montedison case, who died earlier of a "heart attack." The outcry over the deaths of Cagliari and Gardini had put the prosecutors on the defensive, and reestablished a constitutional balance of powers between the judiciary and the Parliament.

The church had intervened by allowing for Catholic funerals, and the pope himself stated that "God forgives even suicides." Although suicide by a person in full possession of



"There is no destabilization of Italy without the destabilization of the Vatican." Some of the recent bombings in Italy are an unmistakable warning to Pope John Paul II (inset). St. Peter's Square in the Vatican.

his faculties is deemed a mortal sin, the presumption that any suicide may have repented before dying, and that only God knows the true state of mind of a victim, is universally accepted Catholic doctrine. The fact that it was reiterated so emphatically signals the Vatican's public recognition of the extraordinary and inhuman pressures to which these "suicides" have been subjected.

This intervention could in itself suffice to explain the new terrorist wave, as it aims to induce in the public opinion the sense of impotence of institutions, and accelerate the cry for a "change." One can read, as a corroboration of this, statements made by Anglo-American spokesmen, beginning with CIA expert Vincent Cannistraro, who said that the bombs were planted by the "old" establishment, the same which is being investigated by the Milanese prosecutors; or by Yale University expert Joe La Palombara, who simply announced, "The Parliament is de-legitimized"; or, British expert on Italy, Denis Mack Smith, who pointed all suspicions to "the Italian secret services." According to such advice, the Italians should send all politicians to jail, close down Parliament, and dissolve the intelligence services. It is not difficult to see that the aim of these distinguished gentlemen corresponds probably to what the terrorists want to achieve.

Among all of them, Edward Luttwak, from the Center for International Strategic Studies in Washington, is the most candid: "The church should stay out of politics," he

said in an interview with national television channel TG2.

A masonic reading

Aldo Alessandro Mola, the official historian of the Italian Grand Orient Lodge, is convinced that internal reasons do not suffice to explain the destabilization. "The pope is the target not only for what he said on Bosnia, but also for Iraq and Lebanon," Mola said in an interview. The Grand Orient has recently split from the British mother lodge over, among other things, the issue of masonic policy toward the church. "Italian Freemasonry has made peace with the church at least since the 1960s," Mola said, contrary to British Masons, "who have such an animosity against the Vatican that it resembles the 17th century." Mola agrees that some of the strings of the Italian destabilizations are being pulled from the banks of the Thames. "The papacy has repeatedly distanced itself from Israel, and a very severe condemnation of Israel's ethnic cleansing is coming," Mola said. "It was expected today, Wednesday, since the pope speaks always on Wednesday."

That Wednesday, obviously, the subject of the pope's remarks was the bombings of the night before. The pontiff went together with Italian President Oscar Luigi Scalfaro, in a demonstrative gesture, to visit the damaged Lateran basilica. Scalfaro underlined that "the Parliament is the unique interpreter of popular will."

Soros helps pro-Serb brainwashing effort

by Mark Burdman

A critical aspect of the British-French-designed strategy to sacrifice the nation of Bosnia-Herzegovina in the weeks leading up to and following the notorious May 22 "Five Power Agreement" signed in Washington, has been an intensive effort to politically neutralize those groups and institutions which have been agitating for an outside military intervention against the Serbian aggressors and for ending the arms embargo against Bosnia. Investigations indicate that this frantic activity is being coordinated to a significant extent by the clique of pro-Serbian brainwashers connected with the Tavistock Institute in Great Britain (see *EIR*, "The Tavistock Psychiatrists behind the Rape of Bosnia," Feb. 12, 1993).

It has now come to light that international speculator George Soros is a moneybags behind the misnamed "anti-war" activities in Croatia of a very senior Tavistock-linked British psychologist named Adam Curle, who heads the "Mediation Training Network" in England. Curle has become a guru for a group of Croatian peace activists, giving them intensive training courses in the field of "conflict mediation."

The main thrust of Curle's work is to reduce all aspects of war and conflict to problems of "personal" feelings and "interpersonal" relationships, which are to be solved by "touchy-feely" sessions of group therapy, sensitivity training, etc. What is axiomatically removed from such "mediation" exercises, is all discussion of politics or geopolitics. Also excluded are discussions about how evil economic policies can be the cause of outbreaks of violence and disorder. In seminars on the war conducted by Curle and his friends, any participant who condemns Serbian aggression, and/or demands international action against Serbia, is angrily silenced, since this violates the "rules of the game," the "controlled environment," that Curle has established. The whole process is, in reality, a form of brainwashing.

Curle is well-placed to coordinate such activities. He worked at Tavistock in the years after World War II. He wrote several papers for the institute's *Human Relations* publication, between 1947 and 1952, on the subject of how to achieve "social reconnection" for British prisoners of war who were being resettled from their former homes. One such writing was co-authored with the recently deceased Eric Trist, one of Tavistock's most senior social engineers.

Following his work at Tavistock, Curle went on to teach at Harvard University, and then came to Britain to found the "peace studies" branch at the University of Bradford, one of the first such departments at a university anywhere in the world. In recent months, Bradford "peace researchers" have been caught attempting to disrupt the work of the Schiller Institute and collaborators to mobilize for decisive military action against Serbia.

Among insiders, Curle is known as one of the gurus of the international "peace" or "peace research" movement which sprouted in the 1970s and 1980s. Although these movements contained within their ranks many well-meaning people truly worried about the dangers of nuclear war and regional conflicts, their policy direction was tightly controlled by the Soviet and Anglo-American intelligence services, as a derivative of East-West arrangements worked out at the annual Pugwash Conferences of those years.

The Helsinki Citizens' Assembly

In his Balkans work, Curle is integrally involved with the Helsinki Citizens' Assembly (HCA), which is essentially the 1990s regroupment of the 1980s international "peace movement." In early December, he will be a featured speaker at "The Third Helsinki Citizens' Assembly," which will take place in Ankara, Turkey.

The heads of its offices in Belgrade, Sarajevo, and Zagreb also just happen to be the heads of the branches in these cities of the Soros Fund, the foundation created by George Soros. The most important of these is Sonja Licht, who heads the Belgrade offices of both the HCA and the Soros Fund. Licht is also the international co-chair of the HCA. She was a recent recipient of the Swedish Peace Prize, and was lavishly praised by former Swedish Deputy Foreign Minister Pierre Schori. Schori, a good friend of such pro-Serbians as former U.S. Secretary of State Henry Kissinger, has adopted as his own policy, a proposal by the HCA for the creation of a "United Nations Transitional Authority for Bosnia-Herzegovina" that would oversee a U.N. protectorate for Bosnia. That HCA proposal is the featured item in the summer 1993 issue of the *HCA Newsletter*. It is co-authored by Britain's Mary Kaldor, a leading figure of the 1980s international "peace" movement who is now the other co-chair, together with Licht, of the HCA.

Kaldor is part of a curious cluster of people. Her father, the late Lord Nicholas Kaldor, was for years the economics policy guru of the British Fabian Society. Nicholas Kaldor, like Soros, was born in Hungary. In the past years, Mary Kaldor's best friend has been Emma Rothschild, the daughter of the late Lord Victor Rothschild; her half-brother of the inheritor of that title, Lord Jacob Rothschild. Lord Jacob Rothschild is the chief business partner of Britain's Sir James Goldsmith, and the two together are among the most important international backers of the George Soros financial empire.

Argentina becomes a Tavistock laboratory

by Cynthia Rush

In May of this year, before a conference sponsored in Buenos Aires by the U.S. Information Service (USIS) and the Foundation for Latin American Integration, Rabbi Morton Rosenthal of the Anti-Defamation League of B'nai B'rith (ADL) suggested that the Argentine government adopt the ADL's "World of Difference" program for its school system. That program, which has already been implemented in several cities around the United States, uses the pretext of teaching "tolerance" toward different groups and combatting "discrimination" to destroy Judeo-Christian values still remaining within the educational system and replace them with cultural relativism, if not outright paganism and Satanism.

As *EIR* will reveal in coming issues, the rabbi's proposal for Argentina was almost unnecessary. For several years, but particularly under the government of President Raúl Alfonsín (1983-89), the B'nai B'rith masonic lodge and collaborators linked to the ADL have promoted, and in some cases implemented, programs very similar to the "World of Difference." Their goal was not only to destroy education, but the entirety of Argentine society. Using the excuse of eliminating "authoritarian" tendencies within society, particularly following the end of the 1976-83 military regime, these forces sought to bring about a *cultural paradigm shift* which would replace the concept of man created in the image of God with the notion that man is a beast, dominated by his instincts and physical desires. A relevant example is psychoanalyst Marcos Aguinis, Alfonsín's culture secretary, who affirmed that a "fascist dwarf" resides within each human being. Aguinis, a rabid Zionist, participated in the mid-May seminar along with Rosenthal.

The National Program for Democratization of Culture (Prondec) run by Aguinis in 1986-87, the 1984 Pedagogical Congress, and the 1989-90 surveys of high-school students performed by the Argentine Hebraic Society in collaboration with B'nai B'rith to identify "discriminatory" tendencies among young people, were all intended to begin the process of Argentina's cultural transformation. Sounding very much like the "World of Difference" program, the Pedagogical Congress proposed an educational reform which would "neutralize" religious instruction, do away with "individualism," promote sex education, and most importantly, replace the traditional role of teacher as *magister dixit* with the concept

of a "guide," or "orienter."

It is hardly surprising that many of the individuals who served as advisers to the Pedagogical Congress and to the Hebraic Society were, and are, followers of the "deconstructionist" theories which grew out of the post-World War II Frankfurt School. Their aim is nothing less than the destruction of western Christian civilization and the institutions upon which the sovereign nation-state rests. Take the case of "educator" Alfredo Bravo, a socialist congressman who has retailed the ADL's slanders against American political prisoner Lyndon LaRouche and jailed Argentine Army nationalist Col. Mohamed Alí Seineldín. Bravo, an asset of the Washington-based Project Democracy apparatus whose primary goal is to dismember Ibero-America's armed forces, has never hidden his terrorist sympathies.

British Intelligence pawprints

A more sinister side to this is that the B'nai B'rith masonic lodge is an arm of British intelligence, and the offensive directed against Argentina took form at the Tavistock Institute for Human Relations in London, the agency from which British intelligence directs psychological warfare against nation-states. Like the Serbian psychoanalysts trained at Tavistock who today direct the genocide in the former Yugoslavia, Argentina has its own "Nazi doctors" who have worked for years to erode Argentine society.

Take the case of Dr. Enrique Pichón-Riviere, a Freudian psychoanalyst who in the early 1940s studied under Tavistock director and child psychoanalyst Melanie Klein before returning to Buenos Aires to develop his theories of "narcocanalysis"—the use of hallucinogenic drugs such as LSD to treat psychotic children. Pichón-Riviere, a committed socialist, maintained that sanity or rationality is determined by a complicated system of social relations and dominance of one class over another. Prospective teachers at universities throughout Ibero-America are forced to read his writings as part of their mandatory psychology courses.

Beyond Pichón-Riviere and his colleagues, many of whom emulated his drug experimentation on children, a faction of Argentina's psychiatric community has played a nefarious role in Tavistock-inspired social engineering schemes. As culture secretary, Marcos Aguinis recruited leaders of the Argentine Psychoanalytic Association to participate in his Prondec program to root out "authoritarian" tendencies. Psychoanalyst Nestor Carlinsky, one of Aguinis's collaborators, argued that "authoritarianism is a serious disease . . . [and] requires a specific and intensive therapy and a refining of the diagnostic methods to detect its most subtle manifestations." It is not enough to use "psychological methods" to detect authoritarianism, he said. "The whole society has to be modified." And, he concluded, "we should not underestimate the role of psychoanalysis . . . in this task." Carlinsky reported he was "fascinated that I could be used to bring about social change."



The betrayal of democracy is ongoing in Taiwan

Dr. Fung Hu-hsiang is the former dean of the College of Liberal Arts at National Central University; former secretary to the late President, Chiang Ching-kuo; and former adviser to the prime minister. Dr. Fung is also president of the China Forum Monthly magazine. Recently, a new organization called "Tung Mung Hui" was formed independent of, but not separate from, the Kuomintang (KMT). This new organization is modeled upon Dr. Sun Yat-sen's revolutionary cells, and wants to promote the goals and ideas of Dr. Sun Yat-sen. Dr. Fung was one of the initiators of that organization. He was interviewed by Leni Rubinstein during her visit to Taiwan in June.

EIR: Dr. Fung, I would like you to give the readers of *EIR* your evaluation of the situation in the Republic of China. What are you doing at present?

Dr. Fung: I am a professor, and I specialize in the field of philosophy, so I am very sensitive to the fight for justice and the fight for democratic freedom. That means that I am not only a "pure" scholar but also one of the intellectuals who pay attention to and have concern for the progress of the nation and the liberation of the whole people. Right now I am supposed to be one of the opposition people—in opposition to the ruling elite.

EIR: I was told that you are one of the leaders of the so-called non-mainstream faction of the KMT?

Dr. Fung: I do not like the word "non-mainstream." That word was created for the convenience of the ruling elite. Because we are not in the government, we are called non-mainstream. We should be called reform-stream or the progressive-stream, because we are for democracy and against narrow-minded provincialism. We are for reunification and absolutely against regional independence. President Lee says that he is for reunification. That is just words. Everything he is doing is pointing in the opposite direction. He is in all cases stressing "regionalism" and he is amassing power like an emperor. The ruling party, the so-called mainstream, has betrayed democracy.

EIR: Can you explain what you mean by "regionalism" and the betrayal of democracy?

Dr. Fung: President Lee mixes up two terms, that of localization and that of democratization. According to his interpretation, the two terms belong to the same domain, which is contradictory, because he takes localization as the very first priority for the whole democratization process. If there is a vacancy in a high-ranking governmental office, he prefers to choose a native Taiwanese, which is against the Constitution. That means that President Lee rejects many qualified people.

EIR: Why does he do that?

Dr. Fung: This is what he calls localization. He wants all major positions to be controlled, to be handled by those native Taiwanese people who do not oppose him.

EIR: What are your goals? What does the reform movement represent, and what does President Lee represent?

Dr. Fung: I am a member of the KMT. I would like to search for democracy and for the democratization of the whole party. That means the decision process is based on democracy and not one-person dictatorship.

EIR: How would you define democracy?

Dr. Fung: I would define democracy as constitutionalism. All acts and proceedings should be done according to the Constitution, which is the fundament for national development. The Constitution must not be changed. In doing so, you betray the goals and ideas of Sun Yat-sen. Secondly, democracy should be based on free speech, free thought, and free press, of course, confined by reasonable legal structures. And thirdly, there must be checks and balances. It must be so, that all elected figures, even the most powerful ones, can be checked by representative institutions. The President violated all these three things.

EIR: Can you qualify this?

Dr. Fung: From the very beginning I myself supported President Lee, both when he was chosen as President and when he was chosen as chairman for the party [KMT]. So many people had so many wishes for him. For the first two to three years it was so-so—not very good, not very bad. But ever since last year, when he began to attempt the so-called "con-

stitutional reform,” at that point many people became aware that he was trying to destroy the Constitution. Ever since that time, every step and every major decision he has made has been to do that.

EIR: Call you explain more about the constitutional reform?

Dr. Fung: According to our Constitution, the very highest institution for decision-making is the cabinet, and the prime minister is regarded as the highest person to make decisions. President Lee destroyed this structure and enlarged his own power so that he himself need not be responsible to the Congress. According to the design of our Constitution, the prime minister is responsible to the Congress. This is the reason he is supposed to be the very highest person to make decisions in the administrative process. But any prime minister who has been in opposition to President Lee has been fired. This is the fifth year of President Lee’s term and in that period he has changed four prime ministers. How can a prime minister under such kind of pressure do anything? The true boss, the key decision-maker, is President Lee, and he is not responsible to any democratic institution, neither to the Congress nor to the National Assembly. He has become an emperor.

EIR: Does your Constitution provide for impeachment?

Dr. Fung: Yes, but it is very, very difficult. Before it was easier, but now it is very difficult. President Lee made that change himself.

EIR: What change?

Dr. Fung: According to the old Constitution, if a member of the National Assembly wanted to fire the President, half of the members of the National Assembly had to agree to vote and two-thirds of the National Assembly had to vote in favor in order for the President to be fired. These percentages have been changed to two-thirds and three-quarters, respectively.

In addition, according to the Constitution we have the Examination Yuan. And that is the only institution to check the President. According to the old Constitution, the members of that institution should be elected by the city county and the provincial county. But now, the members of the Examination Yuan are chosen by President Lee. So how can those people, chosen by the President, do something against the President? All these kinds of concrete changes have been made. Our Constitution has become so silly, so strange, so self-contradictory. Many intellectuals hate this kind of destruction of their Constitution.

EIR: You said earlier that President Lee wants an independent Taiwan?

Dr. Fung: Yes. It is our understanding that President Lee is very sympathetic toward the independence of Taiwan. That can cause a very serious disaster for the future of China and of Taiwan, because mainland China has repeatedly stated

that the only action that would cause it to attack Taiwan militarily would be if Taiwan declared its independence. The reason why President Lee’s words that he is for reunification only are empty words is shown by his deeds. He has made so many preconditions for the mutual cooperation between the two sides. Take, for example, the following three conditions: 1) the recognition of Taiwan as a political entity. For mainland China that would imply the existence of two Chinas; 2) that mainland China promises not to attack Taiwan with force. Mainland China has often said that the *only* reason for them to attack Taiwan would be if Taiwan declared its independence; 3) that mainland China let Taiwan have diplomatic room in international affairs.

Those three conditions, which all seem quite reasonable, *cannot* be accepted by Red China. And, even if mainland China did accept those three conditions, you cannot trust them. Why, then, does President Lee stress these three unnecessary conditions for the exchange between the two sides? The only interpretation is that he does not want to promote exchanges between the two sides. His real intention is to search for the independence of Taiwan. This is not just my imagination. One of the leaders of the opposition party stated publicly that President Lee has told many opposition party members, “Actually, I agree with your search for the independence of Taiwan as a national goal,” and that President Lee, when asked about his statements that he is for reunification, has stated, “That is only lip-service.”

EIR: You said before that President Lee is amassing power. How could he get all this power? Why did people not stop him?

Dr. Fung: Good point. In the beginning people thought that he was a good successor, but you have a saying: “Power corrupts men, more power corrupts more, absolute power corrupts absolutely.” President Lee is now chairman of the ruling KMT party, he is in charge of the military, and he is chairman of the National Security Council. He gives money and positions to the people who disagree with him. The corruption is big. A few examples: The new prime minister is among the 15 richest people in the R.O.C. Recently, the new prime minister’s wife gave President Lee’s granddaughter a “red pocket” containing NT \$10 million [equivalent of \$400,000]. Twenty of the leading people around President Lee control one-quarter of the GNP. Or, take the last elections, where one of the candidates on the island of Penghu told the voters to come and pick up a gift in the form of a camera. Twenty thousand voters accepted the offer, and each picked up a free camera valued at NT \$3,000 [\$120].

Also, the media are completely controlled, and the reporters are aware of it. Recently, there was a questionnaire circulated among reporters. One hundred percent of the reporters polled thought that their news outlet was controlled by “an invisible hand.” When asked who steers that invisible hand, 84% answered, “the President’s office.”

EIR: Lyndon LaRouche has stated that a crucial aspect of the fight for China's future is the necessity of a cultural transformation in China based upon the most noble Confucian principles. What do you think about that?

Dr. Fung: I would like to identify myself as a Confucian scholar. That is the reason that I think that the individual's right for the development of his capabilities, for self-realization, not only should be respected, but emphasized, because that is the driving force for the search for humanity. Confucian ideas are emphasized very much on the mainland right now. I have visited mainland China six times and have visited all the important places. Once I was invited by the Academy for Social Sciences in Beijing. We can share Confucian beliefs. That is important in our search for common community based on China's culture, which includes not only mainland China, but also Hong Kong and Taiwan. All three areas should be combined to search for the common good and common success through the process of freedom and democracy, just like with the reunification of East and West Germany. I belong to the people that are searching for a peaceful and democratic one China. Therefore, we are searching for a moral basis for the two sides based on good will and mutual understanding.

EIR: A deep injustice is being committed against the nation of Bosnia right now. Could your group take actions in the defense of that nation?

Dr. Fung: Yes, definitely. That is also according to our goal, our principle. We are fighting against any injustice, anything unethical, and anything inhuman in the whole world. That is the reason why we are searching for a righteous and benevolent goal for humanity.

EIR: What do you think about China's relationship with Russia?

Dr. Fung: Since Russia is no longer controlled by the Communist Party, I think we should treat them in a very sympathetic way. We should do our best to do anything good for them which is possible.

Secondly, I would like to say—maybe some people are afraid of a very big and strong China; they still have an image of the “yellow peril”—that if China could really fight on the basis of freedom and democracy and Confucian morals, it could become a very constructive power in defense of national and international affairs. In that sense, the fight for a free democratic and Confucian China will benefit not only the affairs of Russia, but Europe, Africa, and many other nations, which is also a Confucian notion.

We are living in a global village not only in an environmental sense but also in the sense of human cooperation aimed at searching for democracy and freedom which should be regarded as the common goal for all human beings.

Taiwan is a small island, but it could be the hope for a future China as long as it itself is not destroyed by dictatorship

or the betrayal of the national founder, Dr. Sun Yat-sen. I hope that people outside Taiwan, through a better understanding, will support our movement so that we can work hand-in-hand for a better China, for a democratic China, and eventually for a reunified, good China. Such a China definitely would be a good thing for the whole world.

Taiwan must play a world role to survive

by Leni Rubinstein

The author, a native of Denmark who resides in the United States, visited the Republic of China (Taiwan) in June of this year.

The Republic of China (R.O.C.), with its 20 million inhabitants, is a prosperous and very human place. When Chiang Kai-shek fled with his troops to the island of Taiwan in 1949, there was only a handful of cars, dirt roads, and no industry. As is known, Taiwan today is a relatively rich, industrialized society, and although only one-fifth of the island is habitable, Taiwan is not only food self-sufficient, but also exports food. This exemplary economic development is not due to a miracle, but to a dirigistic economic policy outlined by Dr. Sun Yat-sen, which encourages and protects key industries and the production of food, and to a hard-working population.

The human face of Taiwan is reflected in how children, pregnant women, and old people are treasured. The family is the key social unit which is protected and nourished. Most of the old people are not sent to a nursing home, but are taken care of and live with their closest relatives. Also, sex does not dominate human relationships. A majority of young women think that they have to be virgins when they marry. The development of the mind is highly respected, people read a lot, and the notion of a “philosopher king” is familiar.

A morally and economically strong Taiwan based upon Sun Yat-sen's *San Min Chu I* (the three principles of the people: sovereignty of the nation-state, sovereignty of the individual, and right to a livelihood) would be an important model for a future China.

Unfortunately, corruption is now spreading and the Constitution is being undermined, a process which Dr. Fung Hu-hsiang describes in the accompanying interview. And because of the controlled press, knowledge and understanding about what is happening in the world outside of Asia and the United States are minimal.

Heavily influenced by the U.S.

Taiwan is heavily influenced by the United States, through economic and political pressure and through movies,



Taiwan is facing a growing political and moral crisis. This subway construction project in downtown Taipei has been reduced by half.

television, and advertising which target the youth with a massive promotion of sex and materialism. The first thing that meets the eye of visitors arriving at Chiang Kai-shek Airport is two huge television screens carrying American sports games, American movies, and American advertisements. At the main train station in Taipei, the capital, one sees the same thing! The youth have a naive, dream-like relation to United States. Since the ideal of beauty is to look western, many young people are submitting to plastic surgery to change their noses and eyes.

Most of the young people who go abroad to study go to the United States or Japan, and their parents will visit them there. In the last few years, 4.5 million people from Taiwan have visited mainland China, and many will say: "It is too poor there. I do not want to have anything to do with that. I want it to be like the United States, Japan, or Taiwan."

Sacrificing KMT ideals

Politically, President Lee's position seems to be strengthened by the day. In May, the KMT Central Standing Committee (CSC) decided to allow 700 appointed delegates to attend the KMT's 14th Congress in August, in addition to the 2,000 elected delegates. This was done in order to enable President Lee and the clique around him to force through their policies. Former Prime Minister Hau Pei-tsun used unusually strong words to describe this decision. In an interview with *China News* on May 20, Hau (himself a member of the CSC) blasted the KMT for sacrificing its political ideals and principles for

expediency. "I don't like some people's description of the proposal as an 'expedient measure,' because it means that we have to give up our political ideals," Hau said. "The KMT should unite its members with political ideals and principles, not expedient measures." Hau also said that he had told the party that he wanted to see more elected delegates to the Congress since these delegates, being elected in the local branches, would be more representative of what the party really wants. Further, in a speech to KMT members in Kaohsiung Harbor on May 21, Hau said: "Nearly all the appointed delegates are very wealthy. It worries me, because the KMT is a political party for the people." Hau also said he was worried that candidates for seats on the party's Central Committee would resort to bribery because only 2,100 delegates to the Congress have a right to vote.

The R.O.C. is being "chewed up" by a combination of the destructive cultural influence from the United States, massive corruption of the close circle around President Lee, and an aggressive propaganda campaign by the Democratic Progressive Party over a mixture of sane (it opposes the General Agreement on Tariffs and Trade, GATT) and insane (it is pro-independence, against nuclear power, against paying taxes) issues. Constant filibustering in the Congress over silly things occurs on a daily basis so that nothing is being done, and everything important is forgotten. Finally, there is a staggering remoteness from the rest of the world and an almost total lack of knowledge about the destructive geopolitical games being played. In addition, there is an immoral

attitude toward mainland China, where businessmen from the R.O.C. are investing millions of dollars, not for the sake of China, but to make a lot of money by exploiting the abundant, dirt-cheap labor.

'Invest in the mainland'

The United States is encouraging R.O.C. investment in mainland China through giving the latter Most Favored Nation trade status, which means that mainland China can export everything it wants—cheap. Often the money from the R.O.C. is being used to build factories next to prisons. Take the case of the two Taiwanese-owned shoe factories in south China's Guangdong province. Two thousand workers went on strike in May. Because of an inflation rate in the first quarter of this year of 20%, they wanted a higher wage—their wage was 300 yuan (\$52) a month for working 12-hour days. The workers also complained about their living conditions, where they are crammed 50 to a room in dormitories without running water. Having been promised a monthly raise of 60 yuan, they returned to work.

I personally have been urged to invest in the mainland. "You can earn a lot of money fast. The wages are very low and the corruption is very big. You can get all the permits you need if you bribe people," I was told.

According to the R.O.C. Board of Foreign Trade, in May 1993 there were more than 10,000 Taiwanese enterprises investing in mainland China, and their aggregate investment amounted to nearly \$9 billion.

At the same time that the United States is keeping mainland China content, it is constantly threatening the R.O.C. with quotas and sanctions against its products. The latest threat was issued at the end of May, when a U.S. government agency recommended that President Clinton ban the importation of some 2,300 types of agricultural products from Taiwan "because of its failure to crack down on the illegal trade of wildlife products." Since this would result in serious losses for the R.O.C., officials were immediately dispatched to Washington to kowtow and promise to behave.

Another example of this destructive manipulation of the R.O.C. is that in 1971, Communist China took the R.O.C.'s seat at the United Nations. Since last December, when the Democratic Progress Party made significant gains in the elections, the DPP has staged a series of demonstrations calling for Taiwan's reentry into the U.N., and President Lee is now actively pursuing this.

In May, a five-member delegation from the U.S. Center for Strategic and International Studies led by former U.S. ambassador to NATO David Abshire and including three other former U.S. officials (former ambassador to the U.N. Jeane Kirkpatrick, former U.S. defense secretary Richard Cheney, and former ambassador to mainland China James Lilley), descended on Taiwan for public and private discussions. R.O.C. officials used the occasion to highlight the importance and fairness of the R.O.C. again entering the

United Nations. In their speeches and discussions, as reported in the media, every one of the visitors stressed that in order for the R.O.C. to have any possibility of rejoining the U.N., it would be absolutely indispensable for the R.O.C. to first join international institutions such as the International Atomic Energy Agency, the International Monetary Fund (IMF), the World Bank, and GATT. Of course, if the R.O.C. were to enter these institutions, it would increase the ability for the international financial establishment to accelerate the destruction of the R.O.C.

The R.O.C. is still prosperous and still has a strong moral foundation. The R.O.C. also has good and courageous leaders, as shown by the action of four congressmen from four different political factions (mainstream KMT, non-mainstream KMT, Social Democrat, and Independent) who on June 10 held a press conference in the Congress in Taipei, called for the freedom of American political prisoner Lyndon LaRouche. In their statements to the press, they clearly expressed that this was not only an effort to secure justice for LaRouche, but to secure justice for the whole world.

It is important that such good people from R.O.C. unite their efforts with similar forces throughout the world for the sake of the whole world. Then, and only then, would the R.O.C. have the capability to avoid moral and economic destruction.

Four Taiwan leaders seek LaRouche's freedom

The following are excerpts, translated from Chinese, of a press conference on June 10 at which four prominent political figures of the Republic of China (R.O.C.) announced their endorsement of a letter to President Clinton asking that imprisoned former U.S. presidential candidate Lyndon LaRouche be freed.

Gau-Jeng Ju (Social Democrat): Mrs. Rubinstein came here to ask for help to support U.S. political prisoner number one, Lyndon LaRouche. LaRouche is a political economist and is fighting for a just economic system and a new, just world economic order. He does not like the recent talks in Singapore [see *EIR*, July 16, pp. 44-48], and he does not like GATT [the General Agreement on Tariffs and Trade], which creates a lot of hardship for the Third World. Because of that kind of thinking, he cannot be accepted by the U.S. government. He was put in jail, sentenced to 15 years, which is just like a lifetime jail sentence for a man of his age.

What caused my interest in LaRouche is that, through the influence of Leibniz, he began to study Confucianism. Even though he is in jail, he and his associates still work very hard, in jail, to study Confucianism. In the latest *Fidelio*, there is

a 31-page article by Michael Billington introducing Chu Hsi, trying to combine Chinese and western culture. LaRouche is emphasizing building up a Christian world order in opposition to institutions like the IMF [International Monetary Fund], GATT, etc. that function on a basis of looting and suppression—a very usurious economic system. Because of this, LaRouche and his movement are not welcome in the western world. LaRouche's wife, Helga Zepp-LaRouche, created the Schiller Institute in 1984. As one who knows [Friedrich] Schiller, let me emphasize that Schiller is a very Chinese poet. The Schiller Institute has more than 50 chapters throughout the world. It is basically a cultural, philosophical, and economic organization. The economic system that the Schiller Institute promotes is different from the current system.

LaRouche's case has been supported by attorneys and lawyers, including Ramsey Clark, the former Attorney General of the United States. His case has been discussed in the Human Rights Commission of the U.N. When the Human Rights Commission of the U.N. asked the United States about LaRouche's case, the U.S. administration just ignored the request.

There is no evidence whatsoever to show that LaRouche has been doing anything criminal. On the contrary, LaRouche has been attacking the world's financial elite for its involvement with the international drug trade.

Four hundred parliamentarians from over 20 different nations have signed the petition to release LaRouche. I think it is also our responsibility to do so, especially if you consider that the United States is using the issue of human rights to suppress most other countries.

Leni Rubinstein (Schiller Institute): I am here today to appeal to leaders of this country to help free an innocent man, 71-year-old American Lyndon LaRouche, from prison. LaRouche has been innocently jailed since January 1989. . . . LaRouche is an outstanding, noble man, who has dedicated his entire life to the search for truth. He has distinguished himself by defending the sovereign right of all nations, especially poor nations, to economic development. He has dedicated his life to fight for *San Min Chu I*, to fight for the sovereignty of the nation state, the sovereignty of the individual, and for the livelihood of the whole world. . . .

Lyndon LaRouche is a philosopher king, a sage. Solely because of the power of his mind and his moral integrity has he been put in jail. . . .

Chen-Jei Lin (Independent): I know that there are many political prisoners from the minorities in the United States. Therefore, the case of Mr. LaRouche does not surprise me. I know that Mr. Shou-shan Lin [the last to speak at the press conference] in the negotiations with the U.S. government has been very angry because the U.S. government does not have the right to intervene in our legal practice, jurisdiction,

and administration. The United States is thereby violating the sovereignty of another nation. Through what we saw in the Rodney King case in Los Angeles, we should really re-think what the state of affairs of U.S. human rights is. Concerning human rights we probably have a much better situation, and we are progressing much faster than the United States toward so-called democracy. Therefore this should also be seen as an opportunity for us to intervene and participate in international affairs.

Earlier, Dr. Ju used to be in the center of the media. Now, however, he is much more concerned about fundamental problems instead of being a media star. I admire this change of his and hope that he will continue acting like this even though some day he might be put in jail for being a philosopher king, as has LaRouche.

Mu-ming Yok (New KMT): [Mr. Yok gave a much longer speech which he refers to here.] I think you can understand what I said, because we met and we had a more than an hour discussion where you presented LaRouche's case. You explained that you had come to Taiwan to ask for support from some other countries to set LaRouche free. So, I think that we now have four legislators in Taiwan who are going to do that. For, just as you said before, I think that we have to do something for Mr. LaRouche, because it is not only for him, it is for the whole world.

It also allows us to know some other "face" of the United States, because of Mr. LaRouche and the violation of his rights. During the past many years, we Chinese have always been criticized by the United States, so this time we can do something for human rights in the United States and for the future, for the 21st century. Mr. LaRouche thinks that Russia and China may be the leaders, may be the center for the next century, so this is what we want to do. Also, because we Chinese follow the Confucian principles and the *San Min Chu I*, so . . . maybe we will have a good future.

Lastly it is important that we remember that we have to do something to heighten the moral standard. This is an act toward that end.

Shou-shan Lin (KMT): From my personal experiences in negotiating with the U.S. government, to negotiate with the United States is like being sentenced. They ask you questions like you are a prisoner. You report to them what you have done in the past year. They ignore all questions you have, and instead ask you one question after the other. This kind of attitude from U.S. officials makes me understand that it is possible in the United States to violate human rights. The U.S. human rights organization helps many other countries' human rights fighters oppose their government. Now it is our responsibility to help the U.S. government fix this unjust situation. Through the material I read, I was enlightened in many aspects. I will devote myself to help. And, if there come more of these kinds of cases I would like to help again.

'The Truth About CAP' spreads

While Venezuela's President awaits trial, 90,000 copies of "The Truth About CAP" are circulating in Caracas.

While suspended Venezuelan President Carlos Andrés Pérez (known as "CAP") awaits trial for corruption and misappropriation of funds, the Venezuelan Labor Party (PLV) and the Ibero-American Solidarity Movement (MSIA) in a single day distributed 90,000 copies of the pamphlet entitled "The Truth About CAP," with a new introduction titled "CAP Has Fallen, Now His Inner Circle Must Go."

The first edition of the pamphlet, a translation of which *EIR* is serializing (see *Investigation*), was issued in Caracas just one day before the Supreme Court ruled that there are grounds for the Venezuelan President to be tried.

The reprinting, which circulated widely as a supplement in the July 20 issue of *El Diario de Caracas*, was announced one day earlier on the major news program of Radio Caracas Television.

Feeling the heat, on the same day as the supplement appeared, two prominent bankers who belong to CAP's inner circle suddenly began to discuss the need for legislation to clamp down on drug money-laundering, a topic which "The Truth About CAP" discusses at length.

On July 27, *El Diario de Caracas* published a letter signed by Giacomo León, executive director of the Banco Latino, complaining about the supplement. León didn't deny any of the charges made in "The Truth About CAP," but limited himself to describing them as "conjecture and lies" directed against his prestigious institution.

The pamphlet's publication coincided with a national debate in Ven-

ezuela over whether drug traffickers and money launderers are involved in the presidential campaign for next December's elections. The debate began to heat up when on July 3, the president of the Supreme Electoral Council, former Foreign Minister Isidro Morales Paúl, said that there were indications that drug-related interests could interfere with the campaign, and proposed stronger controls on campaign financing.

Since then there have been a number of statements made, but no one has dared to respond to the challenge issued by Alejandro Peña Esclusa, secretary general of the PLV, according to the July 18 *Diario de Caracas*. Peña stated that if the presidential candidates really wanted to fight the drug trade, they should take a stand on the outrageous fact that the only book in Venezuela which is banned is *Narcotráfico, S.A.*, the Spanish-language edition of *EIR*'s best-selling *Dope, Inc.*

Speaking on Radio Capital on July 20, Peña Esclusa explained that *Narcotráfico, S.A.* was banned in 1985 on the orders of business magnate Gustavo Cisneros, a member of David Rockefeller's Council of the Americas. He added that if Cisneros has nothing to hide, "why not lift the ban on the book?"

On the same day, banker Orlando Castro, a member of CAP's inner circle who has been accused of drug money-laundering, suggested that drug money may have penetrated the banking system, and called upon Congress to pass a law against money laundering.

Another of the members of CAP's

inner financial circle who shed crocodile tears was banker Gustavo Gómez López, president of the Banco Latino. The recently deceased Pedro Tinoco, another longtime member of CAP's inner circle, ran the Banco Latino for many years.

The daily *El Nacional* reported on July 20 that according to the U.S. Information Service, at a luncheon in Washington, D.C. sponsored by the Inter-American Dialogue, Gómez López had asserted that Venezuelan banks were pressuring the government to strengthen its laws against money laundering.

The person who has yet to say a word is the presidential candidate of the Social Christian party (Copei), Oswaldo Alvarez Paz, currently the governor of Zulia state. On July 5, two supporters of presidential candidate Rafael Caldera, José Miguel Uzcategui and José Nepomuceno Garrido, warned that "the ones who should be watchful about drug penetration and illegal financing of the electoral campaign, are those who have more money and who without a doubt have spent more money," a barely disguised reference to Alvarez Paz's campaign.

On July 12, the bishop of Caimas, Msgr. Roberto Lucker, said that "Zulia has the smell of laundered drug dollars."

Alvarez Paz had no comment.

Nonetheless, the odor mentioned by Monsignor Lucker became stronger on July 21, when Alvarez Paz met in the governor's mansion with none other than Colombian presidential candidate Ernesto Samper Pizano, Ibero-America's biggest proponent of drug legalization. Samper said that "Oswaldo Alvarez Paz is one of the best known Venezuelan political leaders in Colombia," and added that he has excellent chances of becoming Venezuela's next President.

Ecologists launch new offensive

The anti-science mafia is demanding that Brazil shut down its nuclear energy program.

During the tenure of former President Fernando Collor de Mello, the Brazilian environmentalist movement kept a low profile, since with radical environmentalist physicist José Goldemberg in the cabinet, the government was fulfilling to the letter the commands of the "new world order" that Brazil subject itself to a regime of "technological apartheid" and deprive itself of advanced technologies.

But since the impeachment of Collor last fall, these circles and their international sponsors among the non-governmental organizations (NGOs) have returned to the offensive, and have directed their efforts above all toward destroying what remains of the Brazilian nuclear program.

The well-financed supranational ecologist organization Greenpeace, the most influential of the environmentalist NGOs, targeted Brazil starting in April 1992, when two militants demonstrated at the Angra nuclear power station, placing hundreds of crosses, symbolizing the alleged deaths at the Chernobyl nuclear plant in Ukraine, in front of the plant.

Since March of this year, Greenpeace has been escalating its campaign to shut down the Angra I nuclear plant, publicizing a supposed radiation leak in the primary circuit of the plant's reactor. The political influence of the organization was put to the test when several of its leaders held a meeting with Brazilian President Itamar Franco, during which they rejected the technical reports showing that the alleged leak was a complete farce. Nonetheless, in July, based on

Greenpeace's denunciations, the attorney general of Brazil filed a suit against the supervisor of Angra I.

The latest assault, being pressed by "ex-terrorist" Carlos Minc, a parliamentary deputy from Rio de Janeiro state, is to promote the conversion of the half-built Angra II into a gas-fired thermoelectric plant, despite the fact that such a conversion was already attempted once before at Angra, in 1989, without success.

The environmentalist movement is planning a petition campaign in Rio de Janeiro, with mass leafletting, demonstrations, and debates. In a debate on July 22, engineer Guido Gelli from the Environmental Foundation, detailed the U.S. experience with the Midland nuclear power plant in Michigan, which was converted to natural gas because of protests from the environmentalists. Gelli admitted that he was one of the founders of the Brazilian Green Party, and that he had been invited by the U.S. Embassy in Rio to visit the Midland plant.

Meanwhile, members of the Brazilian Society for the Progress of Science (SBPC) have come out demanding that Brazil submit itself to international supervision of its nuclear installations. Physicist Moises Nussenzveig authored a motion in favor of "control of nuclear experiments."

The SBPC is a Brazilian outgrowth of the Pugwash Conferences, which were created by the Anglo-American-Soviet condominium to restrict the use of high technology by the Third World. At its 45th annual reunion, SBPC analyzed the accord

among Brazil, Argentina, and the International Atomic Energy Agency, which is now being debated in the Brazilian Congress. Under this treaty, Brazil will be treated the same way Iraq has been treated since the Gulf war, dismantling its nuclear capacity.

One of the pioneers of the SBPC, former minister José Goldemberg, doesn't hide his anger at the fact that there has been resistance within the Brazilian Congress to this policy of surrendering Brazil's sovereignty. In an article in *O Estado de São Paulo* on July 27, Goldemberg wrote that "within the Defense Committee of the Chamber of Deputies voices have risen, using the language of the 1960s, opposing the ratification of the four-party accord. . . . There is no reason to march against the flow of history by not ratifying the accord, which will only increase the country's credibility abroad, which will bring us collateral benefits."

The SBPC members are arguing for ending "military control" of nuclear research, such as the effort to build a nuclear-powered submarine, which they say should be transferred from the Navy to some civilian organization, along the lines proposed by environmentalist Pinguelli Rosas. This happens to coincide exactly with the demand of the Anglo-American establishment in its operations to dismantle the armed forces of Ibero-America. In this effort, the SBPC is joining the offensive by some NGOs against the Brazilian Armed Forces, especially their role in designing policy for the Brazilian Amazon.

Not content with waging war on the nuclear program, the activists of the SBPC are also out to destroy public morality. At their annual meeting they voted up a resolution which was sent to the Congress, demanding the decriminalization of drug consumption.

International Intelligence

Miyazawa resigns, as LDP's crisis deepens

Japanese Prime Minister Kiichi Miyazawa resigned as head of the Liberal Democratic Party at an LDP convention on July 22. He will remain as prime minister of Japan only as a caretaker until early August, when parliament convenes to choose a new government. The LDP, which has ruled Japan since 1955, lost its absolute majority in elections on July 18.

The struggle over who will succeed Miyazawa could widen into a rift between "reformist" younger members and the party elders, threatening to break the LDP apart. The race for prime minister is between Toshiki Kaifu, a former prime minister styling himself as "Mr. Clean," and former Deputy Prime Minister Michio Watanabe, choice of the party elders, who are being pilloried for "resisting reforms to the electoral system."

"Many party members are cautious of the reformers," said one senior LDP member. "And therefore, if Kaifu is chosen, then the party will split." Others said that if Kaifu were to lose, the more than 90 reform-minded Kaifu LDPers could decide to break away and set up a new party. A small, five-member group has already said that if the new leadership is not fully committed to political reform, it will break away.

On the same day that Miyazawa resigned, the trial began of the LDP's former master fundraiser and power-broker, 78-year-old Shin Kanemaru. Kanemaru appeared in Tokyo District Court to answer charges of evading taxes of 1 billion yen (\$9.2 million), and taking funds from construction firms, in exchange for help in winning public works contracts.

Totalitarianism seen as a threat to France

France could be threatened by a new "totalitarianism," unless the problem of unemployment is solved, warned Jean-Louis Mandinaud, the new grand master of the

Grand Loge de France branch of Freemasonry, in a statement published by the Paris daily *Le Figaro* on July 16. The GLF is different from the notorious Grand Orient.

If unemployment continues to worsen, Mandinaud said, "our entire society risks being shaken. . . . The threat of an unbridled populism makes us fear the worst. A totalitarian adventure is not to be excluded. . . . It is time that the political leaders become aware of the danger." The GLF view is that "a man without work, is a man who is tainted by the virus of totalitarian temptation." According to Mandinaud, "Democracy is work, it is effort. When things are going well, nobody contests it. There is no longer the same appreciation of things in a period of crisis."

He told *Le Figaro* that France is approaching "the point of rupture." In the name of financial efficiency and productivity, businesses are undermining the fragile bases of France's democratic society. Warning that "the end does not always justify the means," he said that an increase in layoffs is under way in France, which may appear to relieve, for the moment, the financial pressure on industrial firms, but which actually inflames political movements characterized by vengeance, populism, racism, and totalitarianism.

He argued that the GLF Masons have a special role to play now, by insisting on the concept of "solidarity" above all, especially as "we are a movement of creative utopias. We are condemned to invent, and to build bridges in the direction of the profane world, so that they are inspired by our reflections."

Hapsburg rejects Carrington's diatribe

European Parliament member Otto von Hapsburg denounced Britain's Lord Carrington's recent statements holding Germany and Austria responsible for the war in former Yugoslavia.

Contemptuously dismissing Carrington's statements as "the words of the director of Christie's" art dealer, Hapsburg re-

sponded in the French daily *Le Figaro* of July 22 that he reacted to Carrington's charges "without astonishment, but with a certain indignation. . . . He is critical that Croatia and Slovenia were recognized. He deliberately ignores the fact that the European Community has always preached the self-determination of peoples. . . . The hypothesis that recognition of Croatia and Slovenia led to war, is based on nothing. It is, rather, the delay with which this logical decision was carried out, that permitted the Federal Army [of Yugoslavia] to conduct their war of aggression, since this delay revealed to them the weakness of the democratic powers."

Hapsburg continued: "Finally, concerning the opposition of Lord Carrington to the lifting of the embargo on the sale of arms to Bosnia and Croatia, it is exactly this attitude which is prolonging the horrors of the war. The Serbs have inherited all the weapons of the Federal Army, and it is on their territories that the war industries of ex-Yugoslavia are to be found. By contrast, the Slovenians, Croats, and Bosnians have no heavy weapons. By this selective embargo, we disarm the victims, to make the task of the assassins easier."

Entente Cordiale backs Russian imperial faction

The policy of the Anglo-French "Entente Cordiale" is to build up Russian imperial capabilities as a means of "containing Germany," according to a top strategist in Rome and a leading figure in the English establishment, who spoke to *EIR* on July 22.

The Rome strategist said: "There is a peculiar nostalgia, particularly strong among the French, for a new version of the old Czarist Russia. I have come to believe that there are people in Europe, particularly in France, who would like to see Yeltsin overthrown by some generals, so that Russia would be strengthened and German influence in Europe would be weakened. This would also create a new enemy for Europe, to allow Europe to unite against this enemy."

It's all not very original thinking, but you hear it these days, not only in France, but in different parts of Europe. The French, in particular, are really obsessed by these kinds of ideas."

The English analyst, who is with that part of the Conservative Party that opposes Prime Minister John Major, said: "There are a lot of people here who think a strengthened, more imperial Russia would be useful for geopolitical interests. These people would rather not know about the Baltic nations and Ukraine, if they had the choice; they think the Baltics and Ukraine are a nuisance. I had this right from the mouth of [Foreign Secretary] Douglas Hurd, some years back. We both had had a little bit too much to drink, and I said to him, 'You know Douglas, you'll soon see an independent Ukraine.' His response was, 'That's the last thing we want!'"

The source added: "The problem now is, these people like Hurd have a growing influence over the lot in Washington; they are influencing American policy more and more, and in the wrong direction."

British anticipate peasant revolt in China

"Now the Peasant Revolt!" was the cover story of the British weekly *Far East Economic Review* the week of July 19, which warned what *EIR* has reported for months—that the population of China is ready to revolt against the communist regime in Beijing.

"Peasant unrest in China poses a serious new challenge to [Beijing's] leaders," the journal wrote. "The nightmare of an army of angry peasants marching on the capital has returned to haunt a regime that 44 years ago rode the same force to power. . . . To call the rural crisis the most severe challenge to the party's rule since the 1989 Tiananmen massacre, understates the extent of the crisis."

The *Review* asks whether Zhu Rongji, Beijing's free-trade economic czar, "can

save China—or perhaps more accurately, the Communist Party? Or, as a diplomat in Beijing comments, will he become the next scapegoat to be jettisoned?"

The article estimated that net capital flight out of China is running at over \$20 billion a year.

Far East Economic Review, published in Hong Kong, is the mouthpiece of the Hongkong and Shanghai Banking Corp.; its present owner, Dow Jones, is controlled by the Mont Pelerin Society.

New EIR book on plot against Ibero-America

EIR's Spanish-language division on July 28 released its new book, *The Plot to Annihilate the Armed Forces and Nations of Ibero-America*, to members of the media and the diplomatic corps in Washington, D.C.

The 460-page study will also be released at public events across Ibero-America.

Although the book deals extensively with the case studies of numerous nations of Ibero-America, the assault on the nations and armed forces of that continent provide a vivid example of what is also being planned by the Anglo-American establishment for the developing nations of Africa, Asia, and the Middle East.

As this book documents, the plot's objective is to wipe out not only the military institutions, but also the very nations which they are charged with defending. Under the "new world order" which the Anglo-American oligarchy seeks to establish, developing sector nations are condemned to be mere satrapies, with "limited sovereignty," looted by the International Monetary Fund and usurious banks, subjected to the policies of depopulation and technological apartheid of the great powers.

The book contains documents from various of the patriots who have fought against the plot, among them Argentine Col. Mohamed Ali Seineldin, who wrote the introduction. The preface was authored by U.S. economist and political prisoner Lyndon H. LaRouche.

● **THE ISRAELI** Supreme Court on July 29 acquitted John Demjanjuk, who had been sentenced to death five years ago for crimes supposedly committed by him as the Treblinka concentration camp guard "Ivan the Terrible." The Supreme Court ruled unanimously that there was "reasonable doubt" that Demjanjuk had been Ivan, and that the trial against him had been "seriously flawed."

● **GREEK** Prime Minister Constantine Mitsotakis issued new demands on Albania, including that ethnic Greeks who left Albania after 1944 be allowed to return and reclaim their properties. He also made a reference to "Northern Epirus," the name used by many in Greece for the Greek-populated areas of Albania. Albanian President Sali Berisha retorted that this pointed to "very dangerous pretensions" on the part of the Greek government.

● **A UNITED NATIONS** planning team is in Argentina to begin training the first-ever U.N. rapid deployment battalion. The team, composed of a Canadian and an Argentine colonel, is urging the creation of a 1,000-man rapid deployment force drawn from the Argentine Army.

● **ROMAN CATHOLIC** Cardinal Achille Silvestrini, the Vatican's top official for liaison with the Eastern Rite churches, will make the first high-level Vatican visit to Ukraine in October, despite tension between Ukrainian Catholic and Orthodox believers. Pope John Paul II is scheduled to visit the Baltic states in September—his first trip to the former Soviet Union.

● **EGYPT'S** Hosni Mubarak on July 21 won a third six-year term as President. The People's Assembly voted overwhelmingly to nominate Mubarak as the single candidate to put to the nation in a referendum in October.

The truth about Carlos Andrés Pérez

by the Venezuelan Labor Party and
the Ibero-American Solidarity Movement

On May 19 of this year, one day before the Venezuelan Supreme Court was to announce its verdict on whether there were sufficient grounds for trying President Carlos Andrés Pérez (CAP) for corruption, the Venezuelan Labor Party and the Ibero-American Solidarity Movement (MSIA) jointly published a pamphlet entitled "The Truth About CAP." EIR is publishing the text of the pamphlet in six installments. The first chapter, entitled, "CAP Destroyed the Productive Economy," appeared in our July 30 issue.

"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.

Chapter 2: Washington's man and the New World Order

From the day he took presidential power in the sumptuous ceremony in February 1989 which many referred to as "the coronation," Carlos Andrés Pérez (CAP) announced his intention of turning Venezuela into the spearhead of then-U.S. President George Bush's New World Order. What CAP liked most about the idea then (who knows if he still likes it) was being compared with Mikhail Gorbachov and having the reforms he announced called "Perez-troika."

To the promoters of that New World Order, no one would

be more useful in Ibero-America than CAP, for CAP is Washington's man in Ibero-America. Every time Washington has taken steps over the past decade to destroy the sovereignty of nations, destroy the national armed forces of Ibero-America and replace them with corps of gendarmes, and to use any pretext to militarily intervene in another country, Washington has unconditionally counted on CAP.

This is one of the main reasons why Washington has given CAP its 100% backing, against the people's will to be rid of him. And where arguments have not prevailed, Washington has not hesitated to issue categorical threats. For example, Luigi Einaudi, until recently United States ambassador to the Organization of American States (OAS), declared curtly in an Oct. 21, 1992 symposium entitled "Lessons of the Venezuelan Experience," held at the Woodrow Wilson Center in Washington, D.C. that "any interruption of the legal process in Venezuela . . . would provoke an extreme reaction." He added that "Venezuela is in a very important and unique situation; *it has an impact on the entire structure of United States-Latin American relations,*" and what occurs in Venezuela "*is absolutely vital for our collective regional future. . .*" (emphasis added).

● **Panama.** On Dec. 20, 1989, the United States militarily invaded Panama, after a slander campaign against the commander of the Panamanian National Defense Forces, Gen. Manuel A. Noriega, in which CAP played the central role. CAP never opposed the invasion, in which for the first time the U.S. Army "tested" its Stealth bomber against a civilian population. CAP's only objection was that the invasion ought to be headed up not only by the U.S. Army, but

by an expeditionary force in the name of the OAS. Since the invasion of Panama, CAP has wasted no opportunity in insisting that this OAS military force be set up, in order to invade any nation that might oppose the new order.

● **Middle East.** Slightly over a year later, in 1991, the United States, with the support of Britain and France and with the complicity of the United Nations, invaded Iraq and used that war to test new "smart weapons" against the civilian population, as they did in Panama. CAP completely supported the invasion, and lost little time in joining the expedition, as did his colleague, Carlos Menem of Argentina. The invasion was so much to his liking, that in a speech given during his 1990 European trip, CAP said that regional organizations (like the OAS) should create an entity similar to the U.N. Security Council to intervene in regional affairs. CAP formally took that proposal before the U.N. and OAS, saying that an expeditionary force had to be created to intervene in any country whose government might be changed in ways other than the ballot.

● **Haiti.** The following year, on Sept. 30, 1991, the Armed Forces of Haiti deposed the Marxist butcher Jean-Bertrand Aristide, who had the habit of executing his political enemies by putting them in the hands of his fanatical followers to be "necklaced": gasoline-filled tires placed around the neck of the victim, and then set afire. "Human rights" did not come into consideration here. CAP received Aristide in Caracas like a king, and lodged him in the presidential suite at the Caracas Hilton, spending millions to support not only Aristide but his retinue of aides, secretaries, bodyguards, etc.

Meanwhile, the Haitian people, one of the poorest on the continent, if not the poorest, suffer the consequences of the economic sanctions dictated by the United States and imposed by the OAS, at Venezuela's request. On Oct. 8, 1991, all members of the OAS agreed to impose a total trade embargo against Haiti, including food and fuel, and to send a "security force" to protect an OAS "civilian" force for the purpose of reinstating Aristide. On Dec. 2, 1991, the Presidents of 13 member-nations of the Rio Group met in Cartagena, Colombia, and urged that the blockade against Haiti be "inflexibly" applied, and that Europe get behind that blockade. CAP said that the fact that "the blockade hurts the Haitians" was unimportant, because it is "better that the people suffer now under an embargo that must become a blockade to force the assassin soldiers to yield to the democratic process."

In 1992, CAP again tried to organize a military expedition to reimpose Aristide in the government, but the Feb. 4 military rebellion in Venezuela cut short his plans. After that, CAP, together with Aristide, intensified the campaign to create an OAS expeditionary force to protect those governments that were imposing the International Monetary Fund's (IMF) economic programs, and the creditors. According to a news story published on March 26, 1993 in the Lima daily

Expreso, CAP blamed the European Community for the situation in Haiti, saying, "The truth is that the blockade was imposed on Haiti to force the Haitian military and the group of oligarchs benefitting from the dictatorship to open their doors to democracy. But the EC did not want to respect the norm adopted by the OAS and violated the blockade."

● **Peru.** On April 5, 1992, Peruvian President Alberto Fujimori, backed by the Peruvian Armed Forces, dissolved the parliament and the judiciary because those institutions had become a major obstacle to the war against the narco-terrorism of Shining Path. CAP immediately responded by breaking diplomatic relations with Peru, ignoring the criticisms coming from every political party, including his own. That was not all. CAP moved to throw Peru out of the Group of Eight, trying to isolate the Fujimori government in the same way he had done to the government of Panama before the U.S. invasion. In an interview with the Bogotá, Colombia daily *El Tiempo* on Oct. 26, 1992, CAP said: "I broke relations with Peru because I wanted to signal my discontent with the fact that they were getting different treatment from that given to Haiti. . . . Peru is more perverse than Haiti, because Haiti's is a primitive, barbaric insurgency. What happened in Peru is betrayal by someone who received the popular mandate for heading a democratic process, and who has just now destroyed it."

In October 1992, CAP reiterated his opposition to President Fujimori's being invited to the Rio Group in Buenos Aires, because "Mr. Fujimori is not President. While there is no democracy in Peru, as the Rio statute establishes, we can see no reason for Peru to be in the Rio Group" (EFE wire service, *El Tiempo* of Bogotá, Oct. 19, 1992).

CAP has also been implicated in the coup attempt against Fujimori headed by retired Gen. Jaime Salinas Sedó in November 1992. Isabel Salinas, wife of Gen. Salinas Sedó, was in fact in Caracas when, on Nov. 20, she declared that "my husband and a group of democratic officials and patriots intended to overthrow the de facto regime installed in my country," according to UPI wire service. And close relations have been noted between CAP and his Social Democratic intimate, Peruvian ex-President Alan García, who publicly backed the failed coup of Salinas Sedó.

● **CAP supports the communist guerrillas.** Social Democrat CAP has used a large part of his government to give a wide field of action to a group of communist guerrillas in the region. While on the one hand he calls himself the pointman for the ferocious liberalism of the IMF in Ibero-America and the imperialist new order, on the other hand CAP is also the main orchestrator of the operation to deliver power to the narco-terrorists.

1) **Colombia.** First, he presented himself as the mediator between the Colombian government and M-19 guerrillas during the peace talks that brought that group into the government, and around the middle of April 1990, CAP met with the directorate of the narco-terrorist M-19, despite the fact

that they were continuing—and continue—to support drug legalization. Then, CAP extended that mediation to the rest of the Colombian guerrillas, whose leaders were officially in Caracas, gaining time and thumbing their noses at everyone. On April 28, 1990, one of the top leaders of the communist Colombian Revolutionary Armed Forces (FARC), Jacobo Arenas—who has since died—announced that FARC had asked CAP and Jimmy Carter to intercede with the Colombian government in favor of the National Guerrilla Coordination (the umbrella group which joins FARC with the Army of National Liberation, ELN, and the People's Liberation Army, ELP). Arenas added that CAP was already making international gestures toward peace dialogues. Two days later, on April 30, in an interview given in New York to Colombia's Radio Caracol, CAP confirmed his support for the coalition headed by the FARC, and according to Reuters wire service, CAP added, "We are disposed to do whatever is in our power to open a frank dialogue among the government, opposition sectors, and the guerrillas."

On May 2, then-Colombian President Virgilio Barco rejected CAP's intervention. But the rebuff didn't matter to CAP, and he went right on intervening. At the beginning of 1991, he put on a show: Three Colombian guerrillas turned themselves in at the Venezuelan embassy in Bogotá and asked that the peace talks take place on Venezuelan territory, as finally happened. On Jan. 29, 1991, the Bogotá daily *La Prensa* reported that "the President of Venezuela, Carlos Andrés Pérez, announced yesterday in Caracas that the FARC and the Army of National Liberation (ELN) are ready to seek protection in the Colombian legislation [offering them amnesty] and to turn over their arms . . . with the purpose of being allowed to have representatives in the National Constituent Assembly." The daily added that CAP was continuing to meet with guerrilla spokesmen. On Feb. 7, *La Prensa* published an AP wire according to which CAP "said that he will do everything in his power to help achieve a pacification of the guerrillas in Colombia, but that he will not act as a mediator," and that everything that he might do would be with the consent of the Colombian government.

Nevertheless, in practice, CAP continued meeting with Colombian terrorists, and in May of 1991 CAP acceded to having Venezuela be the site for peace talks between the Colombian government and the Simón Bolívar Guerrilla Coordination.

As everyone knows, that Constituent Assembly was controlled by narco-terrorists, drug-traffickers, and Freemasons, and, among other things, established that Colombian drug-traffickers cannot be extradited, a demand that at that time, the drug-traffickers were calling for.

With all this going on, various politicians in Venezuela began to strongly criticize CAP's Colombian-Venezuelan accords and his mediation with the narco-guerrillas. *El Diario de Caracas* went so far as to say that CAP was opening up the border to the narco-guerrillas. In intelligence and security

circles, the version circulated that Colombian President César Gaviria and CAP would grant to the Simón Bolívar Guerrilla Coordination a status of belligerents, for the purpose of formally recognizing its control over territory and recognizing it as a legitimate government in the Colombian departments [administrative units comparable to states—ed.] of Arauca and Norte de Santander, which border on the Venezuelan states of Apure, Táchira, and Zulia.

CAP also has backed the constitutional changes in Colombia that have dramatically favored the narco-terrorists and Freemasons. On May 7, CAP said in Bogotá, before that country's Constituent Assembly, "Honorable Assemblymen, I am sure that this constituent assembly experiment, this revolutionary experiment, will be a model for modernization in Ibero-America and the world."

2) *El Salvador*. CAP has also constantly supported the terrorist and Marxist Farabundo Martí Liberation Front (FMLN) of El Salvador. CAP's intervention in favor of the Salvadoran guerrillas started when, as a member of the "four friends" group, he pressed for the suspension of oil shipments to El Salvador if the government did not agree to negotiations with the FMLN. It continued down to the participation of Reinaldo Figueredo, his ex-chief of staff—and one of his accomplices in the misappropriation of 250 million bolívares—as one of the three members of the infamous Truth Commission of the United Nations, which harbored the FMLN and lyingly accused the El Salvador Armed Forces of causing the civil war and violating human rights.

Among other things, on Feb. 6, 1991, CAP received an FMLN delegation in Caracas "to put forward steps concerning the concretization of a political conclusion to the Salvadoran conflict." CAP also offered to mediate in the dialogue of the Salvadoran government with the communist FMLN. With the intervention of the United States, the OAS and CAP tried in these negotiations to force the government of President Alfredo Cristiani to grant the guerrillas control of a large part of the nation's territory, that they be accepted as the recognized authority, to dismantle the Armed Forces, and jail the High Command for presumed violations of human rights.

"The United States suggested the creation of the group of 'friends' of the U.N. Secretary General, composed of Colombia, Mexico, Spain, and Venezuela, to avoid resistance to the direct participation of the United States" in El Salvador, said the Nicaraguan Jesuit priest Rodolfo Cardinal, a high official of the Central American University of El Salvador, at the International Seminar on Peace Negotiations that took place in Bogotá on Nov. 24-26, 1992, under the auspices of CINEP [a Jesuit think tank]. Cardinal spelled it out: "I want to say and insist, as I have said in my conferences, that the pressure of the group of the 'four friends' has been fundamental to resolving the three crises that have been presented in the peace process. On these three occasions the Salvadoran government has refused to comply with the

accords, and the group of the 'four friends' economically blackmailed the government of El Salvador. Venezuela and Mexico threatened to suspend the sale of oil at a special price much lower than the market."

CAP has sought to impose that same model in Colombia, and now also wants to do it in Guatemala. On Feb. 23, 1992, the wire service EFE reported that guerrilla leaders of the Guatemalan National Revolutionary Union (URNG) welcomed heartily the creation of a Group of Friends—formed by Colombia, Spain, Mexico, and Venezuela—to collaborate in the "pacification" of Guatemala.

3) *Nicaragua*. One of the most scandalous interventions by CAP in favor of Marxist guerrillas has been what he has done in Nicaragua, where he helped the Sandinistas to take power militarily, politically, and economically. Years later, when the Sandinistas were overthrown in the February 1990 elections, CAP again intervened on behalf of the Sandinistas, this time in open coordination with Henry Kissinger. When Violeta Chamorro assumed the presidency in April of that year, and wanted to fulfill her promise that Gen. Humberto Ortega would not remain in command of the Armed Forces, immediately CAP and Kissinger moved jointly to prevent her from being able to dismantle the Sandinista apparatus. CAP himself boasted that he later convinced Chamorro to maintain the Sandinista Humberto Ortega as commander of the Armed Forces of Nicaragua.

On April 30, 1990, the *New York Times* said that Chamorro's "most important outside friend is the President Carlos Andrés Pérez of Venezuela, whom she met when she and her husband were living in exile 30 years ago," and added that Pérez's "unusual influence with the new Nicaraguan leader has not been lost on the departing Sandinista President Daniel Ortega and his brother General Ortega. On the eve of Chamorro's inauguration, the brothers are believed to have approached Mr. Pérez directly for his support of Mrs. Chamorro's decision to leave General Ortega in power—a move that was under heated attack." Shortly afterwards, on a visit to Washington, CAP told the press on April 27 that keeping Ortega as head of the Nicaraguan army is something that "guarantees" peace. CAP also said that in his meeting with Bush, they had discussed the problems of Central America, and that "it is very gratifying and satisfactory to be able to affirm that President Bush and I are in full agreement on these matters." On May 3, the Caracas daily *Ultimas Noticias* said that CAP also consulted with Kissinger on his efforts to maintain Ortega in power, and added that "it was learned that Kissinger made gestures of joining in those concepts of President Pérez."

But CAP's methods of "convincing" are tortuous. On June 3, 1990, *Diario Las Américas*, which is published in Miami, reported that the imposition of Ortega as chief of the Armed Forces "was due to the immovable condition of Carlos Andrés Pérez of supplying oil to Nicaragua only if Humberto Ortega were maintained in his post."



The former Communist President of Nicaragua Daniel Ortega. After the Sandinistas were defeated in 1990, CAP blackmailed the new Nicaraguan government into keeping Ortega's brother on as defense minister.

With all this, it comes as no surprise that one of the two main agents who supported CAP against the coup attempt of Feb. 4, 1992, was totalitarian dictator Fidel Castro, who sent him the following telegram: "A profound concern seizes us. . . . In this bitter and critical moment, we recall with gratitude all that which has contributed to the development of bilateral relations between our countries."

CAP and the reform of the OAS

Since the General Assembly of the OAS that took place in Santiago de Chile in June 1991, CAP has been the key pawn in Washington's game of reforming the fundamental charter of the OAS, a reform whose objectives are:

a) To give the OAS "intrusive powers" in the member states when "democracy" may be threatened in any country; that is, to transform the OAS into a supranational instrument to intervene, violating national sovereignty, in any country where the United States may decide to do it.

b) To lay the basis for restructuring the Inter-American Defense Junta (JID) so that, from being an advisory body in military affairs, it will turn into the military expeditionary force of the OAS, along the model of the U.N. "blue hel-

mets." This is expected to be attained by the next General Assembly in June 1993, to be held in Nicaragua.

The most eloquent precedent of this plan was not discussed at a meeting of the OAS, but of the World Bank. In the April 1991 World Bank annual meeting, ex-U.S. defense secretary and ex-World Bank president Robert S. McNamara presented a document promoting the idea of "collective action," along the model of the Iraq invasion. McNamara proposed "an agreement of the [U.N.] Security Council that regional conflicts endangering territorial integrity will be dealt with through application of economic sanctions and, if necessary, military action imposed by collective decisions and utilizing multinational forces. . . . Such a world would need a leader. I don't see any alternative to the leadership role being fulfilled by the United States."

After this open proposal of imposing U.S. supranational power, McNamara added, "Regional organizations like the OAS and the OAU [Organization of African Unity] must come to function as regional arms of the Security Council."

That same month, at a seminar in Washington at the Woodrow Wilson Institute, on "the future of the OAS and hemispheric security," then-U.S. Ambassador to the OAS Luigi Einaudi, expressed his "great frustration in the ability to bring together the OAS and the Inter-American Defense Junta" in a specific mission. "It is clearly time that we translated the democratic solidarity that we have achieved in the hemisphere into a new definition and role for the military," added Einaudi.

The first step in that direction was taken in the OAS General Assembly in Santiago, Chile, in June of that same year, where Venezuela tried to revive the so-called "Betancourt Doctrine" under which any OAS member country where a coup d'état occurs must be suspended, aside from other punitive sanctions, such as economic and financial blockades, and including a military intervention in conjunction with the OAS. Pérez's proposal was not approved due to the opposition of Mexico and other countries, and only an "inexorable compromise" was reached, of activating mechanisms of the OAS to defend democracy in the region, whenever it is seen threatened.

On that occasion, Einaudi was more frank: "The U.S. is determined that the new international order should have an immediate derivative south of the Rio Grande: 'a new regional order.' It would be like killing two birds with the same stone that was intended for Saddam Hussein."

Faced with the overthrow of Aristide, the "Santiago Compromise" was put into action immediately: The OAS met and imposed the economic blockade against Haiti.

The Feb. 4, 1992 military rebellion against CAP was the pretext to accelerate the agreements. On March 24, the *New York Times* proposed the creation of a "inter-American military force" to provide a cover for U.S. military interventions in Ibero-America, more or less in the sense in which CAP had proposed for the case of Panama. According to the daily,

"a hemispheric intervention force is more likely to be more accepted if Washington maintains a low profile." Three days later, in the Rio Group chancellors' meeting that took place in Buenos Aires, Argentina's President Carlos Menem proposed that the OAS should have its own Security Council to intervene in the area when it might be necessary to "protect democracy." CAP approved this idea, according to the Caracas daily *El Nacional*, but the Rio Group rejected it.

The assault on national sovereignty

In his opening address at the symposium "Consolidation of Democracy in Latin America" that began in Caracas on Feb. 14, 1990, CAP launched what could be labeled the "CAP Corollary to the OAS," which would turn this organization into an inter-American police force.

CAP said: "On our continent we have witnessed situations in which the intervention of the regional organization has been admitted into the fight to uphold democracy. . . . In concordance with this we have to think of a permanent and operative mechanism which joins the continent's heads of state and permits them to conclude practical agreements for multilateral cooperation, which would strengthen the political, economic, and social bases of democracy."

One year later, in a speech given in Colombia on May 12, 1991, CAP said that "the concept of sovereignty must suffer some substantial changes so that the rights that today are establishing themselves as supranational may have full enforcement and value, rights which allowed the United Nations to order an intervention to restore the territorial sovereignty of the state of Kuwait. Consequently, I think that if we do not modify this concept of sovereignty, if we don't locate it inside the new realities of the world and subject it to the supervision of this organization which is called upon to take a supreme influence in the conduct of relations among all the countries in the world, i.e., the United Nations, we will not have succeeded in exchanging the bipolar scheme for a multipolar scheme."

In a speech to the U.N. Security Council Jan. 31, 1992, CAP proposed, among other things, that "we must adjust the classical concept of national sovereignty, give it nuances, in order to incorporate the transnational responsibilities that are implicit in the interdependence of all our nations. And the supranationality already fully recognized by the democratization of the world society for the entirety of duties of states and rights of peoples.

"This is evident in the environmental domain, or to broaden it, in what is related to natural resources that have been described as our collective heritage. Until an essential totality of human rights and promises of the states among themselves and for their peoples in the new conception of a democratic juridical philosophy. . . . That is to say, to give greater prominence to the protection and safeguarding of the common heritage and to the enforcement of fundamental human rights and to the containing and repression of the risks

that besiege our collective security: the proliferation of arms, drug-trafficking, terrorism.”

At a time when the U.N. Security Council has been practically converted into a dependency annexed to the George Bush White House, CAP went and proposed putting putting “transnational responsibilities” above the concept of national sovereignty. Once again, on that occasion CAP gave his personal backing to the body which has been tacitly turned into the policing or armed branch of the New Order.

In his speech, CAP proposed simply that:

1) Natural resources, which for Venezuela means oil, are a “collective heritage” of the entire world. On other occasions, CAP has explicitly referred to oil as the “heritage of humanity,” that is, not exclusively of Venezuelans. Consequently, no one may prevent *Petróleos de Venezuela, SA* (PDVSA) from falling into the hands of the international creditors.

2) Under the pretext of that “transnational responsibility,” the Security Council may be charged with “repressing the risks that set aside our collective security: the proliferation of arms, drug-trafficking, terrorism.”

CAP, the friend of Washington

In December 1990, CAP received President George Bush in Caracas, who behaved as if he were the Emperor Caligula. And CAP behaved as if he were his loyal flunky. During the dinner for Bush at the presidential residence, CAP did not quite reach the point of calling Bush the “Bolívar of the '90s,” but almost. “I sincerely think, Mr. President, that your initiative has made clear the solution to the historic misencounter that has confused and distanced us so many times. And that this still feeds those anti-North American residues, that give rise to the din of squalid protests that you will have found on your path, fostered by minds frozen in old and long-superseded confrontations,” said CAP.

Bush responded on Dec. 8, in a press conference, saying that “Venezuela, under the mandate of President Pérez, is a leader of those great movements that we are witnessing in Latin America to consolidate democracy, eliminate the barriers to economic growth, and liberate the free press. Also to break the trade barriers with respect to the Americas and above all, the movement toward a new hemispheric association.”

This interchange of praises occurred one year after the Panama invasion, and in the midst of the preparations for the war against Iraq.

Oil: Kissinger’s hemispheric reserve

When the war against Iraq was yet not over, CAP was already organizing for the United States to gain control of OPEC’s oil. On Feb. 13, 1991 the Caracas daily *El Nuevo País* reported the statements of Kissinger, who was again in Venezuela in order to advise CAP. Kissinger laid out for *Venevisión* journalist Leopoldo Castillo CAP’s entire strate-

gy for turning Venezuela’s oil into a “hemispheric reserve.” “The hemisphere could be self-sufficient in energy. If all of its nations were to agree on a common policy and even if this differs from the U.S. owners, this the direction to follow in the future,” said Kissinger.

According to Kissinger, this can be realized in the framework of the proposal made in Caracas by his chief, David Rockefeller, in February 1989, to create a free market from the United States to Argentina, a proposal that much later became Bush’s “Enterprise for the Americas.” Rockefeller made the announcement at the annual meeting of his Society of the Americas, which took place that year in Caracas, an occasion CAP took advantage of to honor Rockefeller, saying that “here in Venezuela we never forget the services so devotedly rendered to our country by the late, lamented Nelson Rockefeller,” but his brother David “has kept that tradition alive. . . . I can say that I am happy to share his judgments, and that I share the judgments that yesterday he laid out to us for all of Latin America.”

Kissinger made explicit some of those judgments on that occasion, when he said that “there are currently trade negotiations; a free trade zone was established between the United States and Canada, discussions are taking place to incorporate Mexico, and I consider that Venezuela must be offered the opportunity to be incorporated, and with time, to offer equal opportunity to other nations of South America, in such a way that here in the Western Hemisphere we may have a great market for what we produce and our own energy self-sufficiency.”

The then-Venezuelan Minister of Mines and Energy Celestino de Armas proposed openly to create a “hemispheric reserve” of oil, a proposal that did not get anywhere because of Mexico and Ecuador’s reticence to embrace that traitorous idea.

CAP’s foreign advisers

At the end of April 1990, at a meeting in New York with bankers and businessmen, CAP announced that he had contracted with Kissinger to form part of his Council of [foreign] Advisers for Foreign Investments in Venezuela. In addition to Kissinger, forming part of this council, were Italian Fiat magnate Giovanni Agnelli; satanist Luciano Benetton; Frenchman Jean Luc Lagardette, president of the Hachette publishing house, which publishes “soft-core” pornography for women; James Robinson of American Express, represented in Venezuela by CAP’s friend, banker José Alvarez Stelling; Spaniards Carlos March and José Angel Sánchez Asuain, from the group of financiers around Spain’s socialist Prime Minister Felipe González and from the so-called “Latin” Social Democracy.

In March 1991, these advisers proposed to CAP that he rig a total financial reform, opening the economy to foreign capital and without governmental controls. That reform is about to be voted on in the Congress.

Battle takes shape for soul of America's schoolchildren

by Steve Komm and Jeffrey Steinberg

Over a century ago, the Brothers Grimm revived an old German folk tale and wove it into a horrible tragedy that has special meaning and great relevance today. It seems that the town of Hamelin, on the Elbe River, was infested with rats, and every effort made by the town fathers to solve the problem met with dismal failure. One day, a pied piper arrived and offered—for a sizeable reward—to rid the town of the rat infestation post-haste. Using his magic pipe, the piper led the rats into the river where they perished. However, the town officials, consumed with budgetary woes, decided not to pay the piper his due reward.

The piper, undaunted, proceeded to play another tune on his pipe, this time luring all the village's children to follow him up to a mountain where they passed through a magic door, disappearing forever. The one surviving child, a lame boy who simply could not keep up with column of children following behind the piper, returned to the village to recount what had just happened. The children were lost forever.

A frighteningly similar phenomenon is gripping the American public school system today. Beset by budget crises, caught up in the depths of the worst economic depression of the century, the American educational system has been nearly captured by a modern day "pied piper" who is also trying to take away America's children. He goes by a variety of names: outcome-Based education (OBE), Vision 2000, the Rainbow Curriculum. Its leading proponents come from a wide range of public, private, and corporate institutions, including the National Education Association (NEA), the Anti-Defamation League of B'nai B'rith (ADL), the New American Schools Development Corporation (NASDC), RJR Nabisco, and the Carnegie Corp.

But unlike the mythical elders of Hamelin, today parents

and teachers across America are beginning to wake up to the New Age nightmare that has swept up many of America's schools. In nearly every state in the union, battle lines are being drawn for what promises to be a frenzied fight over the direction that American public education is going to take. Will children's minds be raped just as brutally as bodies of Muslim women and girls have been raped in Bosnia? Or, will this crisis serve to overturn the entire post-industrial, Mother Earth-worshipping cult, so that children can be rigorously educated as creative scientists and artists as they master the beautiful lawfulness of our universe?

OBE pushers hold war council

Last April, in Denver, Colorado, some of the leading proponents of the New Age curriculum gathered to assess the state of the war. Some 200 educators gathered under the banner of the IDEA Institute to defend educational "reform" against the onslaught of parents whom these de-schoolers labeled as "the religious right." Among the participants in the event, dubbed "Responding Democratically to Religious Agendas: Right-Wing Pressure Groups and School Reform," were representatives of People for the American Way, a slick, Hollywood-based political action group which has longstanding ties to the ADL and the most radical wing of the Democratic Party. Typical of the kind of inflammatory propaganda being put out by defenders of the New Age education movement, was a statement by Frosty Troy, an Oklahoma editor, who told the gathering: "They have a political agenda, and they're using a religious rationale to press it. But what's new about that? Look what Hitler and Goebbels did in Germany."

Among the events that triggered the convening of the

Denver "war council" was an overwhelming vote in January 1993 by the Pennsylvania House of Representatives to ban the state Department of Education's OBE plan on the grounds that it fostered manipulation of children's values and emotions. The vote had been forced by a year-long mobilization of parents' groups, who held meetings of hundreds of concerned parents in towns across the state, and produced a videotape documentary about the horrors of OBE and other New Age "reforms." That video, featuring Pennsylvania Parents Commission leader Peg Luksik, is now circulating across America among groups resisting OBE.

Just before the Denver conference, OBE advocates had suffered another defeat under mass pressure from parents, when the Iowa State Department of Education dropped its plans to impose statewide "outcome standards," choosing instead to allow local communities to make their own decisions about curriculum "reforms."

More recently, on June 20, the Ohio state legislature passed a budget which explicitly forbade the state from imposing OBE until full public hearings are held. The 90-2 vote, like other recent defeats for self-described educational "reforms," came as the result of intensive grass-roots mobilization of parents and traditionalist teachers.

Voinovich smoked out

The Ohio fight smoked out the ostensibly conservative Republican Gov. George Voinovich as a strong advocate of OBE. Voinovich is the new head of the National Governors Conference Committee on Education. He recently rammed through the state legislature a bill that will shut down all the state's welfare offices, moving them to the public schools, which will become "neighborhood service centers" over the next five years. Such so-called "reforms" fit right into the schemes of the most radical social engineers, who intend to turn the public schools into alternatives to the nuclear family.

Nowhere is the nightmare of the educational "reform" offensive more visible than in the PAT program (Parents As Teachers). Initiated in Missouri in 1981 at the urging of Harvard Pre-School Project director Dr. Burton White, PAT is now in implementation in 40 states and in several foreign countries. Under the PAT program, a "parent educator" is assigned to every child, practically at birth. The outside social worker-teacher is given access to the household and becomes a co-parent with the biological parents. If at any point the biological parents deviate, in the eyes of the "parent educator," from the "good parent" criteria established by the state, the child can be forcibly removed from the home.

The selling point of the PAT program is that children are given free daycare, free after-school care, including overnight facilities, and are even provided with free summer camp. For parents faced with the need to work full-time to make ends meet, the allure is almost impossible to resist.

The PAT program exposes the underlying meaning of former Bush administration Education Secretary Lamar Al-

exander's call in 1989 for the schools to be open year-round to serve the needs of children from 3 months to 18 years.

From the days of Sparta and earlier, there has not been a totalitarian state in history that has not premised its control on the destruction of the nuclear family. In the United States, many parents are discovering, in some cases too late, that the "Clockwork Orange" future is here, and is being packaged with candy coating under such guises as OBE and PAT.

The counteroffensive

The situation will heat up in early August, when the *New Federalist* newspaper is scheduled to release a mass circulation pamphlet profiling the key players in the plot to destroy the American family. That report, according to its authors, will show the roots of the OBE and related schemes in the efforts of the Lucis Trust (originally the Lucifer Trust), the Frankfurt School (of the Communist International), the British Tavistock Institute (the World War II Psychiatric Division of the British Army), and others to destroy the underlying Christian value system that built western civilization.

Exposés are expected in particular on the role of outright Satanists, operating through overlapping Lucis and communist networks of psychiatrists such as the Association for Humanist Psychology and the "Third Wave" group of Abraham Maslow, Carl Rogers, and William Glasser, to spread OBE and other "global citizen" education plays based on the World Core Curriculum of Robert Muller.

One newsletter circulated by Pennsylvanians Ed and Mary Tarkowski warns parents that the fight is national and international in scope, and that parents and educators must be prepared to battle on that global terrain. They write: "In late 1991, it came to the attention of a few citizens in Pennsylvania that a move to reform education was taking place in our state. Through this reform, children were to be modified in their behavior, values, and attitudes into a particular image. As we got involved in the resistance to what is called outcome-based education, we learned the specifics and intent of this agenda. Soon the realization hit that the same planned restructuring was taking place in all the states of our Union. Then came the realization that this restructuring effort involved more than just the United States—it was international in scope. . . . It is a global effort, and its ultimate goal is a world community of people living under the power structure of a global political, religious and economic system. . . . We feel it fair that you enter your statewide fray knowing that the same battle is going on all over the world."

Another pamphlet exposing the National Education Association's far-flung political operations was published by Save Our Schools Research and Education Foundation. It warns that the NEA's criterion of what it means to be "pro-education" includes "favoring the decriminalization of marijuana," and "supporting affirmative action programs requiring the hiring of homosexual teachers at every grade level including pre-school and kindergarten."

Bottom line on state budgets: deeper depression to come

by H. Graham Lowry

For most of the nation's states, the new budgets are in; and the bottom line is that continuing economic collapse is now presumed to be a way of life. Years of covering deficits with spending cuts and tax hikes have only worsened the problem. Worse yet, the Clinton administration has chosen to take the federal government further down the same dead-end trail, while claiming to see "recovery" at the bottom of the next ravine.

The message from Washington was that the new agenda for "change" in the United States did not apply to the ruinous economic policies which have prevailed for more than a quarter-century. Predictably, the nation's governors and state legislative leaders reached a consensus to impose more of the same budgetary austerity. The only difference this year was that that "consensus" was reached with less constituency opposition and legislative hand-wringing—and a consequent increase in official claims that the worst was over.

How bad is it?

State officials in California, the perennial "worst case" in revenue shortfalls, congratulated themselves this year for having met the July 1 deadline for the new fiscal year for the first time since 1986. Gov. Pete Wilson said that it was "a great pleasure to sign this budget, but the budget itself was not a great pleasure." The latest fiscal plan slashes spending by \$2.5 billion (more than is spent by 17 states) and defers, borrows, or dumps onto local budgets billions more.

Illinois went nearly two weeks into the new fiscal year without a budget, and ended up cutting over \$200 million, borrowing another \$900 million, and leaving localities to pick up the tab for hundreds of millions more. The state also made permanent a state income-tax surcharge passed during a previous fiscal crisis, adding another \$356 million in taxes. The bottom line: Illinois is still several billion dollars below the level of spending needed just one year ago.

Indiana's legislature passed a budget over Gov. Evan Bayh's veto, only to hear that he would begin mass layoffs of state employees if another \$160 million in cuts were not imposed. The state budget director added that the new two-year budget is already projected to fall short by \$370 million in revenues. On his own authority, Bayh has also declared he will use his administrative powers to reduce Medicaid spending for the poor by \$540 million.

States such as Massachusetts and New Jersey produced budgets with less dramatic cuts than last year (\$200 million compared to \$1 billion in New Jersey's case), but those comparisons are wildly misleading. Massive layoffs and reductions or outright elimination of major programs in the last few years, especially for the poor, the sick, and the elderly, have simply lowered the required levels of spending. Narrowing the deficit has simply meant throwing more people on the scrapheap. Looking behind the numbers, one finds that most budgets now build in a worsening human toll.

What's going on in California?

The state of California imposed budget cuts and tax increases amounting to \$25 billion the last two years—nearly half of the *total* current budget of \$52 billion. For its pains, Moody's Investors Service, one of the watchdogs over state spending, renewed its AA credit rating July 15, yet warned that the cutbacks Wall Street had demanded might hurt the state's economy! Moody's report notes that the new budget, which cuts the state's local aid by \$2.6 billion, will reduce the level of public services provided by municipalities, and thus worsen the state's "business climate" and "quality of life."

Cuts to higher education "will have similar negative effects," Moody's declared. "The severity of the economic damage from these factors is unpredictable," the report concluded. Moody's proceeded, however, to give its highest rating, MIG 1, to \$2 billion in revenue anticipation notes which California floated the following week.

Now look at the actual basis for California's current budget numbers. The net overall cut of \$2.5 billion is just the tip of the iceberg. The budget carries over a \$2.7 billion deficit from the fiscal year which ended June 30; another \$1.7 billion cut in school aid is carried over as an off-the-book "loan" to be repaid by the districts. Local sales tax increases totaling \$1.4 billion must be approved on the November ballot to partially sustain local services hit by cuts in state aid. And \$500 million disappears by allowing counties to ignore state mandates, including authority to reduce general assistance grants to 40% of the federal poverty level.

The biggest swindle is seizing \$2.6 billion in local property tax revenues which formerly went to local governments for services and public safety, and using them to cut state

spending for public schools. This is done in the name of "making education a priority" by keeping spending at last year's level—with no provision for inflation. But California's school spending on a per pupil basis has been declining for 30 years, and now amounts to only \$4,200 a year, compared to a national average of about \$5,600.

Meanwhile, Wilson has led a campaign which has put a school voucher initiative on the November ballot, posing a further threat to public education. The measure would provide parents with a voucher worth a little more than half the per pupil cost of public schools, to be used at public or private schools of their choice. State Controller Gray Davis announced July 24 that the voucher plan would force public schools to slash their budgets by at least 10%, since public schools would be "competing" with private schools for public voucher monies.

The voters have already been warned that they must increase their local sales taxes to cover vital services. At a press conference called by Governor Wilson in late June with police and fire officials, Sacramento Sheriff Glen Craig declared, "If this doesn't pass, we're going to be in the deepest trouble we've ever been in as far as local government is concerned." The state's elimination of \$2.6 billion in local aid will cost Los Angeles County alone an estimated \$292 million.

So what is Moody's betting on? That *state bonds* will pay off for investors, because more and more of its traditional obligations are being pawned off at the local level, in a kind of "do-it-yourself" austerity. Whether citizens continue to receive any benefit of vital services, public safety, education, and health care is strictly secondary, by this demented reckoning. And the gentlemen of Wall Street know full well that local communities cannot fill the gap left by the state. Overall municipal debt outstanding in California already totals *\$130 billion*.

Is there a silver lining somewhere, or an imagined upturn on the wing? No, says a study commissioned by the Los Angeles Economic Development Corp. released in June. The touted "reconversion" of California's aerospace industries will only occur "on a small scale" for the foreseeable future. One-fifth of the companies surveyed reported that they were planning to leave California, and another 10% said they were considering it.

Of the estimated 1 million remaining jobs tied to aerospace, the study estimated that the state could lose as many as 270,000 of them by the end of the decade. The California aerospace industry lost more than 130,000 jobs directly supported by it from mid-1988 through February 1992. A separate report issued last fall said the state lost more than 80,000 aerospace jobs since May 1991.

The same picture applies to converting closed U.S. military bases. The commander of the 11,000-man Alameda Naval Air Station in California, scheduled for shutdown as part of defense cutbacks, said on July 7 it would not be available

for civilian use until the end of the decade.

The Illinois shuffle

Gov. Jim Edgar of Illinois also resorted to shuffling around key budget responsibilities, swiping more than \$200 million in local aid to cover state spending for public education. He even claimed a budget surplus following last year's massive cutbacks. Again, a look behind the numbers reveals a deepening crisis.

The state ended the fiscal year with a balance of \$11.7 million, say the account books. But Illinois still owes nearly \$1 billion, including nearly \$600 million in unpaid Medicaid bills owed to health care providers. But most of the health care costs will be underwritten by the nursing homes and hospitals, which will be taxed to pay for their own reimbursement. In the meantime, the state will borrow \$900 million to tide itself over.

The state's budgetary maneuvers in response to the public school crisis are truly a marvel. Chicago's public schools alone face a deficit of \$415 million for the coming year. The new state budget provides the city with "access" to \$84 million, while appropriating *not one cent!* Chicago schools would receive an "extra" \$46 million by moving up their September payment to August. They would be allowed to use another \$22 million by reducing the amount required for the reserve fund of the Chicago School Finance Authority. They would be allowed to "save" an extra \$12 million by offering employees an early retirement package, and \$4 million by charging school supplies to the textbook fund. A spokesman for the Chicago Civic Federation said June 30, "It's sort of like check kiting. That's not any new revenue; it's smoke and mirrors."

Another bill signed by Edgar at the end of June permits Chicago to levy four local taxes designed to raise \$40 million annually, and to hold a non-binding referendum in November 1994 on removing the Cook County property tax cap. Real estate taxes in Cook County have already increased by nearly 60% since 1986.

Flood relief is another area which dramatizes the bankruptcy of the state. To deal with the massive damage from the flooding of the Mississippi River, estimated by Edgar at nearly \$1 billion just a week after the budget was adopted, the state authorized \$10 million to help pay expenses for the Illinois National Guard. The 96 counties outside the Chicago area were also given the authority to create "storm water management committees," to build levees and sanitary systems to control flooding. The committees will receive their funding through local property tax increases, totaling \$57 million a year.

The flooding is clearly a national concern requiring massive federal aid. The problem is that the same ruinous economic policies have left Congress haggling over whether to appropriate emergency assistance, or wait until it can hammer out more budget cuts of its own.

ADL tried to censor anti-Israel books

by Jeffrey Steinberg

It's bad enough that the Anti-Defamation League of B'nai B'rith (ADL) has been caught spying on tens of thousands of American citizens simply because they criticize the policies of the governments of Israel and South Africa or oppose the ADL's brand of New Age values. But evidence has now emerged that for years the ADL has been exerting awesome behind-the-scenes pressure to censor the books you read and the courses taught in America's colleges and universities.

In June, the annual convention of the American Library Association (ALA), which took place in New Orleans, was the scene of an arm-twisting effort that would have made the most manipulative Capitol Hill lobbyist drool with envy. According to a recent article in the *Village Voice* by investigative reporter Robert I. Friedman, the ALA convention was descended upon by an army of ADL and Hadassah activists. Their mission: to overturn an earlier ALA resolution denouncing the government of Israel for censorship in the Occupied Territories. Under Israeli law, a wide variety of books are outlawed in the West Bank and Gaza Strip, including, ironically, an autobiography by Israel's current President, Ezer Weizman.

David Williams, a 1960s campus radical who is now a research librarian with the Chicago Public Library, had introduced the resolution at last year's ALA event, and it won the support of the majority of delegates, who responded with appropriate moral indignation at the evidence that Israel prohibits the reading of a wide range of material inside the occupied lands.

Williams landed on the ADL's enemies list several years ago, according to author Friedman, when he prepared a bibliography on the Middle East for the Chicago Public Library, which included several tracts that the ADL thought-police considered too favorable to the Palestinian cause. Pretty soon, Chicago aldermen, city library officials, and even the mayor's office began to be flooded with complaints about Williams. Initially, the city's chief librarian responded by submitting Williams's bibliography to other impartial experts for review. They gave their enthusiastic endorsement to Williams's work, praising it for its balance and its scholarship. But the ADL continued to escalate the pressure, threatening to cut off funds from the Jewish community for certain important city projects. Eventually, Williams was forced to re-write the bibliography, adding a number of books hand-picked by the ADL.

At New Orleans, the ADL-Hadassah hit-squads, drawing upon the local Zionist community, hosted a series of private meetings with top ALA officials on the eve of the vote, and deployed scores of true believers onto the convention floor. The result was a repeal of the anti-Israel censorship resolution.

The ADL-led effort to impose Zionist lobby censorship over the American library system may have succeeded in the short run, but it is sure to be a pyrrhic victory. The quiet anger that the ADL strong-arm tactics reportedly engendered among the ALA convention-goers will not be forgotten. It's yet one more example of how the ADL serves as a wellspring for instigating anti-semitism where it doesn't exist, because its victims mistakenly believe this masonic organization to represent the Jewish community.

Campus thought-police

A similar situation has been going on for years on the American university and college campuses, according to a complaint filed several years ago with the American Association of University Professors. The complaint was filed on behalf of a number of liberal professors—many of them Jewish—who found themselves targeted for job loss, physical intimidation, and blackballing from academic publishing houses by the ADL and the American-Israel Public Affairs Committee (AIPAC). The complaint, filed by noted human rights activist Dr. Francis Boyle, cited ADL and AIPAC documents singling out a number of academics and organizations who favored solutions to the Israeli-Palestinian conflict that were unacceptable to the ADL, AIPAC, and the Likud government then in power in Israel.

According to the lengthy documentary packet, professors found themselves under surveillance inside their own classrooms by students affiliated and deployed by the ADL and AIPAC. In some instances, professors were physically threatened, classrooms were picketed. In other instances, where professors were in line for tenure, university presidents were visited by alumni who were ADL and AIPAC members and threatened with loss of financial support unless the targeted teachers were dumped.

But when the AAUP ethics committee took up the impressively documented complaint, they, too, caved in to pressure from within their own ranks by ADL and AIPAC allies. No action was taken against the two powerful Zionist lobby groups; whereas a similar case involving a conservative outfit called Accuracy in Education, which was accused of using similar intimidation tactics against certain liberal professors, resulted in sharp AAUP sanctions and loud public denunciations by the academic freedom watchdogs.

In his *Village Voice* exposé, Robert Friedman also added his voice to the growing chorus of critics who are horrified that the ADL's dirty tricks are protected by the Internal Revenue Service, which has provided the ADL with tax-exempt status for decades. The time is indeed ripe for a full-scale IRS investigation of the ADL.

Innocent voices from death row

Four innocent American citizens testified before a congressional subcommittee that, after years on Death Row waiting to be killed, they were saved from execution only because of extraordinary efforts by unpaid legal investigators—and simple luck.

Three of the four, Walter McMillian of Alabama, Federico Macias of Texas, and Kirk Bloodsworth of Maryland, proved their innocence just in the last five months. The fourth, Shabaka, born Joseph Green Brown, was freed on March 17, 1987 in Florida.

Certainly, others (one estimate is 10%) among the 2,700 men and women currently on Death Row in the United States are also innocent, but will be executed unless U.S. law is reformed.

The hearings, on "Innocence and the Death Penalty," were chaired by Rep. Don Edwards (D-Calif.), head of the House Judiciary Committee's Subcommittee on Civil and Constitutional Rights. Similar hearings were held by the U.S. Senate Judiciary Committee on April 1.

The hearings are aimed at undoing recent rulings of the U.S. Supreme Court which have stripped away constitutional protections against executing innocent people, exemplified in the Supreme Court ruling on the *Herrera* case. Leonel Herrera was executed on May 12.

The fight is expected to occur around the *habeas corpus*, or post-conviction appeal procedures, which will be contained in the all-inclusive crime bill Congress is preparing for a vote before year's end. Sources say that the Senate Judiciary Committee has just completed its markup of the

bill, which will soon be sent to the House. The Senate bill is rumored to be far worse than existing law in every aspect, including gutting what is called "the great Writ"—the right to *habeas corpus* appeal.

Wouldn't anyone agree that innocent persons must not be executed? The appearance of four such Death Row innocents, virtually back from the grave, points to the monumental flaws in the U.S. justice system. Yet, the subcommittee's Republican minority chose to produce three opposing witnesses who argued that U.S. death penalty law provides ample protections.

Bloodsworth: 'I'm supposed to be dead'

Kirk Bloodsworth of Maryland, released June 26 after DNA tests showed he could not have raped and murdered a nine-year-old girl in Baltimore, nearly cried at points during his testimony. "Nine years ago, in 1984, I was 23 years old and newly married. I had never been arrested for anything in my life." Bloodsworth was charged and convicted because he resembled a police composite sketch of the last man seen with the little girl.

Bloodsworth's first conviction was overturned because the prosecution had withheld evidence—but he was convicted by a jury a second time.

Bloodsworth recounted, "I had a full jury trial, at which I testified and my friends and family members testified that I was with them during the crime. The jury believed the eyewitnesses and did not believe us. . . . I was sentenced to death. People in the courtroom started to applaud and stare

at me with feelings of glee."

Federico Macias, released June 23 in Texas, told the subcommittee, "I owe my release—indeed, my life—to the federal writ of *habeas corpus*. Had some of the proposed restrictions on federal *habeas* been enacted a few years ago, I likely would have been unable to show that I was wrongfully convicted, and I would be dead." The federal court found that Macias "was denied his constitutional right to adequate counsel in a capital case in which actual innocence was a close question. The state paid defense counsel \$11.84 per hour. Unfortunately, the justice system got only what it paid for." A Texas grand jury refused to re-indict Macias.

Graham execution set

Despite the Macias case, Texas has now set Aug. 17 as Gary Graham's execution day. Graham, who is black, was convicted of a 1981 murder based on the testimony of only one eyewitness, with no corroborating evidence, while the other five eyewitnesses say Graham was not the killer.

Graham's lawyers have filed suit to force the Texas Board of Pardons and Paroles to hold a clemency hearing. The board's refusal even to meet on clemency cases has been broadly attacked, especially since the Supreme Court's *Herrera* ruling specified that executive clemency, and not the courts, was the proper vehicle to save innocent people from execution.

Calls and faxes from all over the world are being received by Texas Governor Ann Richards (512) 463-2000 (telephone) and (512) 463-1849 (fax), demanding Graham be given a new trial.

Confederate insignia denied design patent

Following a dramatic intervention by Carol Moseley-Braun (D-Ill.), the only black U.S. senator now in office, the Senate abruptly reversed itself and denied a design patent for the insignia of the United Daughters of the Confederacy. The design featured the original flag of the Confederacy encased in a wreath.

"The issue is whether or not Americans such as myself who believe in the promise of this country will have to suffer the indignity of being reminded time and time again that at one point in this country's history we were human chattel," said Braun.

Moments before, the Senate had voted 52-48 to renew the patent on the insignia, then voted 75-25 to table the measure. Sen. Howell Heflin (D-Ala.), whose grandfather had signed the Declaration of the Confederacy and who had voted for renewing the patent, changed his vote, and others followed.

Congress pressured to restore NED funding

Considerable pressure is being exerted to restore funding for the National Endowment for Democracy, which was removed by the House. In floor comments on July 20, Rep. Paul Kanjorski (D-Pa.), the chief sponsor of the bill to cut NED funding, warned that "the patriarchs of the Republican Party, the patriarchs of the Democratic Party, the leaders of the U.S. Chamber of Commerce, and the AFL-CIO" have joined together to make sure that the funding is restored by the Senate. The funding goes primarily to projects abroad run by these organizations.

The NED is the official arm of "Project Democracy," which runs dirty tricks and covert intelligence operations, as exemplified by Oliver

North's "Enterprise."

Much of the support for eliminating the funding was from a desire to cut expenditures, especially those related to foreign aid. "I must answer my constituents," said Kanjorski, "when they ask how can America today, with \$300 billion in deficits, continue to finance the economic, social, and political benefits of all the people of the world and provide for economic, social, and political benefits of the American people here at home?"

Rep. Christopher Shays (R-Conn.) said that the NED was "an inherently corrupt system." He referred to Government Accounting Office reports which indicate that NED funds have not always gone where they were supposed to. Others indicated that they did not object to the nature of the NED programs, but the fact that they are run independently of government agencies.

Rostenkowski affirms innocence amid scandal

House Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.) on July 24 denied the "unfair, false, and baseless allegations" in the press concerning his involvement in a scandal involving the House Post Office. Rostenkowski has been mooted as a target of an on-again, off-again federal grand jury investigation of the House bank.

Rostenkowski has been heavily involved in steering the Clinton administration budget package through the House-Senate conference, and stands to play a major role in key administration issues such as health care, welfare, and trade.

A guilty plea to misdemeanor charges by House Postmaster Robert V. Rota revived interest in the case. House Republicans are demanding that documents relating to the Post Of-

fice be released to the public, despite a warning by U.S. Attorney Ramsey Johnson that the release could have "significant adverse effect" on the investigation. Following partisan floor debate on July 21, the House voted 244-183 to withhold the documents.

Senators stung by criticism of Somalia operation

On July 16, Sens. Paul Simon (D-Ill.) and Carl Levin (D-Mich.) responded to Sen. Robert Byrd's (D-W.V.) call for U.S. withdrawal from Somalia. Simon called for the creation of a U.N. rapid deployment force to be available for deployment on 24 hours notice. He criticized the November 1992 U.N. plan to send troops to Somalia only because these were sent by ship, requiring more time for them to get there. Simon also said that he had received a fax from U.N. Ambassador Madeleine Albright reporting that a group of tribal leaders in various communities in Somalia were thanking the U.N. for "being there and doing the job that we're doing."

Levin claimed that "in most parts of Somalia, the U.N. mission is achieving its goals." He claimed that General "Aideed is basically trying to run the United Nations out of Somalia. If the United Nations knuckles under to him, then the world basically gives up the humanitarian mission in Mogadishu, and we send a signal that one factional warlord can win against the entire world."

Criticism of the Somalia operation is rapidly spreading. Even U.N. Undersecretary General Jan Eliasson expressed concern that the mission was losing its nature of humanitarian relief and taking on the nature of a military operation directed against Aideed. As Byrd had pointed out, this was creating violent anti-American sentiment in the country. The criticism has

forced the administration to send a special observer group to Somalia, led by Ambassador David Shinn, to "evaluate" the results of the operation.

Budget dispute delays aid to flooded Midwest

A \$3 billion emergency aid package for Midwestern flood victims was delayed on July 22 over disputes on how to pay for the aid. The White House had proposed that the emergency relief be kept outside of the budget caps, urging Congress to get the money into motion without delay. But the proposal led to an immediate reaction from a number of legislators who wanted to add amendments calling for spending cuts elsewhere to pay for the aid, thus delaying passage.

Most House Republicans and 45 conservative Democrats joined forces to block the aid measure, expecting that the House leadership would agree to a measure which would indicate how the relief was to be funded. Instead, the leadership adjourned on July 23, leaving opponents from flood-ravaged states the weekend to explain the delay to outraged constituents.

On July 27, the House passed the relief aid 400-27.

Dems warn Clinton: NAFTA is in trouble

One hundred House Democrats sent a letter to President Clinton, which they released on July 27, warning that he will jeopardize his chances of passing health care reform if he goes ahead with his plan to seek ratification of the North American Free Trade Agreement (NAFTA) this fall. The letter was drafted by House Whip David Bonior (D-Mich.), a strong critic of NAFTA.

The letter urges Clinton to withhold

NAFTA until the health care reform has been passed. "The debate over NAFTA will be difficult and divisive," the letter reads. "It will detract from our efforts to build a broad coalition of support for health care reform."

House Majority Leader Richard Gephardt (D-Mo.), a NAFTA supporter, said that Bonior was acting "on his own" because of his strong feelings about the treaty. But even he urged caution on the treaty. "It appears that the administration has set its sights on completing NAFTA negotiations before the August congressional recess," he said. "I'm not convinced this is a good idea."

Action demanded to save Sarajevo

Over 78 congressmen signed a letter authored by Rep. Frank McCloskey (D-Ind.) and Sen. Dennis DeConcini (D-Ariz.) calling on the Clinton administration to immediately halt the Serbian onslaught against the Bosnian capital of Sarajevo. The letter condemned the fact that the Helsinki principles which were created to guide European affairs was "being blatantly violated" by the Serb actions. It called the international toleration of these actions "completely untenable."

The letter warned that if the Serbian aggression were not stopped in Sarajevo, a city which had exemplified "the ability of Europeans of various cultures and religions to live together peacefully," then it would quickly spread.

The letter has bipartisan support and the list of endorsers is growing every day, according to sources at the Congressional Helsinki committee. It urges the President to use his influence to push for the following actions: 1) suspend the Owen-Stoltenberg negotiations until the siege of Sarajevo has ended; 2) issue a 72-hour deadline, be-

ginning immediately, for the belligerents to cease fire and withdraw from their positions in the hills surrounding Sarajevo; 3) enhance Unprofor capabilities to include the aerial bombardment by NATO of Serb hill positions and the elimination of Serb blockades; 4) place Sarajevo's utilities under U.N. control; 5) expel the Serbs' liaison from the Sarajevo airport; 6) replenish supplies of humanitarian relief; and 7) warn the Croatian government and the Bosnian Serbs that they must cooperate with relief efforts or "face consequences commensurate with the problems they cause."

"The United States has generally taken the right positions in supporting the lifting of the arms embargo on the Bosnians and supporting multilateral air strikes on militant Serb positions," the letter reads, "but we cannot afford to relinquish our leadership role in getting the wider support these positions need to make a difference." The letter criticized statements by Secretary of State Warren Christopher that nothing more could be done to deal with the Serbian aggression.

House panel guts Clinton's SDI budget

President Clinton's proposal for the renamed Ballistic Missile Defense program of \$3.8 billion was cut by a House Armed Services subcommittee chaired by Patricia Schroeder (D-Colo.) on July 26. The subcommittee approved the spending for battlefield anti-missile missiles like the Patriot, which the administration had recommended, but cut research on space weapons.

The program has been transformed from its original goal of creating a defense "shield" against nuclear attack. It was renamed the Ballistic Missile Defense program by Clinton in a move to further downgrade it.

National News

Cleveland school board approves brainwashing

The *Cleveland Plain Dealer* devoted much of its July 23 issue to the major restructuring of the Cleveland schools approved by the school board under the name "Vision 21." The plan involves about 18-21,000 students immediately, out of a total enrollment of 72,000. The plan centers around giving students a "choice" between attending a magnet school or a nearby neighborhood school, which itself would be transformed into a "community model" school. The "model" schools will be created by parents and educators who will "choose" among several types of brainwashing, including the best-known, outcome-based education.

Another model, developed by Yale professor James Comer, has schools managed by teams of principals, teachers, parents, psychologists, and social workers, to "make sure all the child's needs are met"; a third model, developed by Harvard's Howard Gardner, bases the curriculum on the idea that "all students have different strengths and weaknesses." Still another curriculum is based on so-called "Afro-centrism."

The plan allegedly has the support of corporate and civic leaders, including the chairman of Forest City Enterprises, Samuel H. Miller, who is the national vice president of the masonic Anti-Defamation League of B'nai B'rith.

Prosecutor vows to keep LaRouche in prison

Kent Robinson, the federal prosecutor in the Alexandria, Virginia case that jailed political prisoner Lyndon LaRouche in 1989, appeared on Portland, Oregon television on July 14 vowing that he would fight to keep the 71-year-old statesman in prison. Robinson, now based in Oregon, appeared on KATU TV trying to drum up support for an Oregon indictment against associates of LaRouche on bogus charges of solicitation fraud against the elderly.

KATU's reporter said on the air that Robinson had told him that he will oppose

an early parole release for LaRouche when he becomes eligible next year, but that neither he nor federal prison officials can stop LaRouche from staying in contact with his organization while he is in prison. Robinson is the government attorney of record on LaRouche's still-pending 2255 motion to gain his freedom, which is before the U.S. Fourth Circuit Court in Virginia. The Portland broadcast aired the same day that the Fourth Circuit denied LaRouche a hearing in the 2255 motion.

'Science' covers joint U.S.-Russian SDI effort

In a short article in its July 16 issue, *Science* magazine covered some aspects of the offer of joint strategic anti-ballistic missile defense research made by the Russians in April. Characterizing the original Strategic Defense Initiative as "one of the more fanciful visions of the Reagan era," the article confirms that "U.S. and Russian scientists now intend to conduct joint Star Wars research, if their two governments endorse the plan," now being billed as the Global Defense Network. Simon Worden of the Ballistic Missile Defense Organization (formerly the SDI Organization), is cited in the article.

The three areas that BMDO has identified for joint research are: space-based sensors and satellite arrays, computer modeling, and neutral particle beams and lasers, about which Worden is quoted as saying that the Russians "in some cases are years, if not decades, ahead of us." The joint experiment would cost "a few tens of millions of dollars," and could "get off the ground in two years."

Spannaus calls for support for UMW strike

Independent gubernatorial candidate in Virginia Nancy Spannaus has announced her support for strikers from the United Mine Workers, which spread its selective action into Virginia in mid-July, the seventh state to which the strike has spread. Over 900

workers have struck three mines in southwestern Virginia which were recently purchased by Consolidated Coal (Consol), one of the leading members of the Bituminous Coal Operators Association (BCOA), the national strike target.

The main issue is job security, and the UMW has cited the BCOA practice of "double-breasting," creating non-union companies and transferring the coal properties of unionized companies to them. This deprives unionists of jobs when the mines where they are currently employed close. In declaring her support for the strike, Spannaus, a leading associate of physical economist Lyndon LaRouche, ridiculed the notion behind the BCOA's exploitation of the right-to-work laws that "the cheaper you make your labor, the better off you're going to be." She also called for repeal of Virginia's right-to-work law, which has the backing of both her Democratic opponent, former Attorney General Mary Sue Terry, and Republican George Allen.

Spannaus pointed to the fact that Consol is jointly owned by Du Pont and a German concern and that Du Pont has recently come under control of the Bronfman family. "Du Pont's speculative investment practices epitomize how the industrial capacity of the United States has been destroyed," she said.

Apaches rebuff enviros over telescope site

The San Carlos Apache tribal council voted to rescind its resolution against the Mt. Graham International Observatory construction project, according to the *Arizona Daily Star* on July 22. The earlier resolutions from three years ago had called the project a desecration of the Apache religion, and had always passed under extreme pressure from the tiny environmentalist group, Apache Survival Coalition.

Tribal council vice chairman Raymond Stanley told the *Star*: "I'm not for or against the telescopes either way, and the majority of the [San Carlos] people are neutral." Another council member, Rupert Alden, said: "I would like to peek through the telescope and see what is out there. Maybe one of our own students sitting in a class right now may be an astronomer one day." Both members

criticized Apache Survival Coalition head Ola Cassadore Davis for claiming to speak for the tribe. Alden said, "I took her into my office and told her, 'We do not have a roving ambassador, and you are not it.'"

Brzezinski says Bosnia inaction is 'shameful'

Former U.S. National Security Adviser Zbigniew Brzezinski had harsh words for the Clinton administration's failure to counter the Serbian onslaught against Bosnia, in a Reuters interview released on July 23.

Regarding Secretary of State Warren Christopher's statement on July 21 that there was nothing the United States could do, Brzezinski said, "I think frankly that it is a shameful spectacle to see the secretary of state publicly washing his hands while Sarajevo is about to fall. This will be a moral and geopolitical setback for the West, and it reflects the failure of leadership in Europe in the first instance and the United States in the second." He added, "I am profoundly embarrassed as an American. What is happening now makes a mockery of the slogan, 'Never Again.'"

Brzezinski said it was not too late to lift the arms embargo against Bosnia and deploy air strikes against forward Serbian positions, but emphasized that it was too late simply to make threats.

Alaska sues U.S. for prohibiting development

In the largest damage suit ever filed by a state against the federal government, Alaska is asking \$29 billion in damages over the de facto prohibition of economic development in the state. Gov. Walter J. Hickel is charging that the United States violated the terms of the pact leading to Alaskan statehood in 1959. Under that agreement, Alaska was to receive 90% of the revenues derived from the development of the vast mineral reserves within the state's borders. But the state was betrayed when the federal government held on to nearly 60% of Alaska's land, and de-

clared almost all of Alaska off-limits to mining or other productive activities.

Governor Hickel, a former U.S. secretary of the interior, charged that the federal government illegally created vast national parks and "wilderness areas" and treated Alaska as if it were a colony.

Covering the lawsuit, the hostile *New York Times* quoted extensively from Hickel's environmentalist opponents who claim that the state has sufficiently prospered from tourism. The *Times* noted that Hickel has broken from an earlier stance favoring the secession of the state from the Union, and that he has promoted the diversion of Alaska's rivers for use by water-poor California.

Hentoff exposes brutality of late-term abortions

Columnist Nat Hentoff gave a straightforward account of the issues raised if Congress passes the Freedom of Choice Act (FOCA), in the July 24 *Washington Post*. The bill would ban state restrictions on induced abortion and would allow abortion for any reason right up to the "viability" of the fetus.

Under FOCA, an abortionist, who stands to make millions of dollars by performing abortions between six and nine months, will make the decision whether an unborn child is "viable" or a "person" and therefore protected by the U.S. Constitution. Hentoff quotes Richard Neuhaus, "We need never fear the charge of crimes against humanity so long as we hold the power to define who does and who does not belong to 'humanity.'"

Hentoff describes the methods used in second and third trimester abortions: In the former, one procedure is called dilation and evacuation, which usually involves dismemberment of the child. A new procedure, called dilation and extraction, which has revolted even some members of Congress, involves using forceps to grab the "lower extremity" of the fetus, in order to pull it into the vagina, according to abortionist Dr. Martin Haskell. Then the rest of body is removed, except the head, which is punctured by forcing Metzenbaum scissors "into the base of the skull." The head is then evacuated with a suction catheter, making it small enough to pull through the birth canal.

● THE FEDERAL ELECTION

Commission has received official notice from a federal court that it was in violation of the law when it withheld nearly one-half million dollars in matching funds from Lyndon LaRouche's 1992 presidential primary campaign committee. The U.S. Treasury has been notified of the campaign committee's bank account, so that it can transfer the funds due.

● A SENIOR STATE

Department official corroborated in off-the-record comments that the FBI had given no indication that Sudan was involved in the bombing of the World Trade Center in New York in February. The alleged "Sudan connection" had been given major play by ABC News.

● MICHIGAN'S

National Guard is preparing to deploy in Detroit in the event of disturbances which might follow the verdicts in the case of three white police officers who are charged in the beating death of an unemployed black steel worker last November.

● KISSINGER

Associates is secretly acting as an adviser to the Mexican government of Carlos Salinas de Gortari to help secure U.S. congressional passage of the North American Free Trade Agreement, well-informed London sources have told *EIR*.

● HUNGER

in California is the subject of a special report, which has been featured in the July 11 and 12 *Sacramento Bee*. A survey of all 58 counties shows 3.6 million Californians suffer from hunger, 60% of them children.

● OUTCOME-BASED

education is also coming under attack in Charlotte, North Carolina according to the *Richmond Times Dispatch* of July 21. Citizens involved in an effort to judo the program insist that educational "outcomes" should include mastery of math, science, history, geography, and literature.

The Demjanjuk case

Five years after an Israeli court had sentenced retired Cleveland auto worker John Demjanjuk to death, for crimes against humanity and other crimes supposedly committed by him as the Treblinka concentration camp guard "Ivan the Terrible," the Israeli Supreme Court fully acquitted Demjanjuk on July 29. The Israeli Supreme Court ruled unanimously that there was "reasonable doubt" that Demjanjuk had been Ivan, and that the original trial against him had been "seriously flawed." The ruling concurs with the view *EIR* has sustained editorially for several years, as we repeatedly called for the liberation of the Cleveland man and exposed the abuse of judicial process in the United States that led to his deportation and trial.

The court cited new evidence recently provided by the Russians, showing that Demjanjuk was not "Ivan," and pointed to the unreliability of the identification of Demjanjuk as "Ivan" made by elderly Treblinka survivors. Supreme Court Justice Meir Shamgar said that the five justices had rejected the idea of holding a new trial for Demjanjuk, or of insisting that he be held on charges that he had been a guard at another concentration camp.

Even though acquitted, Demjanjuk is not yet free as of this writing. The Israeli authorities say they are, for the moment at least, holding him because there is a threat to his life from Israelis enraged by the acquittal. Also, while deportation papers are being drawn up, there is nowhere to deport him to, since he has been stripped of his U.S. citizenship and therefore can't go back to the United States. Expectations are that he will go to his native land, Ukraine.

The Demjanjuk prosecution has been one of the most celebrated cases of the U.S. Department of Justice's Office of Special Investigations (OSI), the supposed "Nazi-hunter" division that cooked up evidence against him in the 1980s, in collaboration with the KGB and Soviet judicial-legal apparatus. Former OSI chief Neal Sher was given an award in May 1990 by Edgar Bronfman's World Jewish Congress for his role in concocting the Demjanjuk case, at a time when Bronfman's own role in making shady East bloc deals was

being exposed by the German Jewish magazine *Semit*. In the 1988 Israeli court case, the crucial turning point was when an "identity card" ostensibly proving that Demjanjuk had been at Treblinka was provided by the late Armand Hammer, who had received it from Soviet KGB authorities. Experts have convincingly proven that card was a forgery.

The OSI complex in the Department of Justice (DOJ) includes numerous enemies of Lyndon LaRouche who were involved in LaRouche's frameup and jailing, such as senior DOJ figure Mark Richard. One outspoken opponent of DOJ-OSI malfeasance has been former U.S. Attorney General Ramsey Clark, who defended the late Karl Linnas, a man who was summarily deported from the United States without due process and sent to die under mysterious circumstances in a Soviet jail, after having been fingered as a "Nazi criminal" by the OSI and the KGB. Observers around the world will be watching closely, to see if the U.S. legal authorities show the same good sense as shown by five Israeli Supreme Court justices, even at a time when Israel is carrying out its own ethnic cleansing in Lebanon.

The acquittal marks another reversal of judicial corruption which must be turned into a political avalanche. The objective must be freedom for political prisoner Lyndon LaRouche, and the implementation of his policies to reverse the slide into world war and a new Dark Age. That means drawing the lessons of this acquittal to bring to a rapid end the power and influence of the Anti-Defamation League, of B'nai B'rith (ADL) in American government and society.

The ADL had put itself but on a limb demanding that Demjanjuk not be set free. The ADL liaison to the OSI, Elliot Wells, had argued that Demjanjuk had to be guilty of some other crime, even if he were not "Ivan the Terrible," and should therefore be kept in jail.

The long-overdue Israeli decision should also give pause to many who not only promote the death penalty, but also urge that the avenues to appeal be shut down for death-row prisoners. Had such voices prevailed, an innocent man, John Demjanjuk, would not be alive today.

SEE LAROUCHE ON CABLE TV

ALASKA

■ ANCHORAGE—ACTV Ch. 40
The LaRouche Connection
Wednesdays—9 p.m.

ARKANSAS

■ LITTLE ROCK—Storer Ch. 18
The LaRouche Connection
Thursdays—8 p.m.

CALIFORNIA

■ MODESTO—PA Ch. 5

The LaRouche Connection
Thurs., Aug. 12—6:30 p.m.

■ MTN. VIEW—MVCTV Ch. 30

The LaRouche Connection
Tuesdays—4 p.m.

■ SACRAMENTO—Access Ch. 18

The LaRouche Connection
2nd & 4th Wed.—10 p.m.

■ SAN FRANCISCO—
CitiVision Ch. 51

The LaRouche Connection
Fridays—8:30 p.m.

DISTRICT OF COLUMBIA

■ WASHINGTON—DCTV Ch. 25

The LaRouche Connection
Sundays—12 Noon

FLORIDA

■ PASCO COUNTY—TCI Ch. 31

The LaRouche Connection
Tuesdays—8:30 p.m.

GEORGIA

■ ATLANTA—People TV Ch. 12

The LaRouche Connection
Fridays—1:30 p.m.

IDAHO

■ MOSCOW—CableVision Ch. 5

The LaRouche Connection
Weekly—Tues. or Weds. eve.
(Check Ch. 5 Readerboard)

ILLINOIS

■ CHICAGO—Access Ch. 21

Amelia Robinson: Portrait of a Civil
Rights Leader

Thurs., Aug. 12—9 p.m.

Travesty: A True Crime Story

Mon., Aug. 16—9 p.m.

■ QUAD CITIES—Cox Ch. 4

The LaRouche Connection
Mondays—9:30 p.m.

INDIANA

■ SOUTH BEND—TCI Ch. 31

The LaRouche Connection
Thursdays—10 p.m.

MARYLAND

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MICHIGAN

■ TRENTON—TCI Ch. 44

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Wednesdays—2:30 p.m.

MINNESOTA

■ MINNEAPOLIS—Paragon Ch. 32

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■ BROCKPORT—Cable West Ch. 12

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Saturdays—10 p.m.

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Mondays—7 p.m.

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The Schiller Institute Show
Tuesdays—6:30 p.m.

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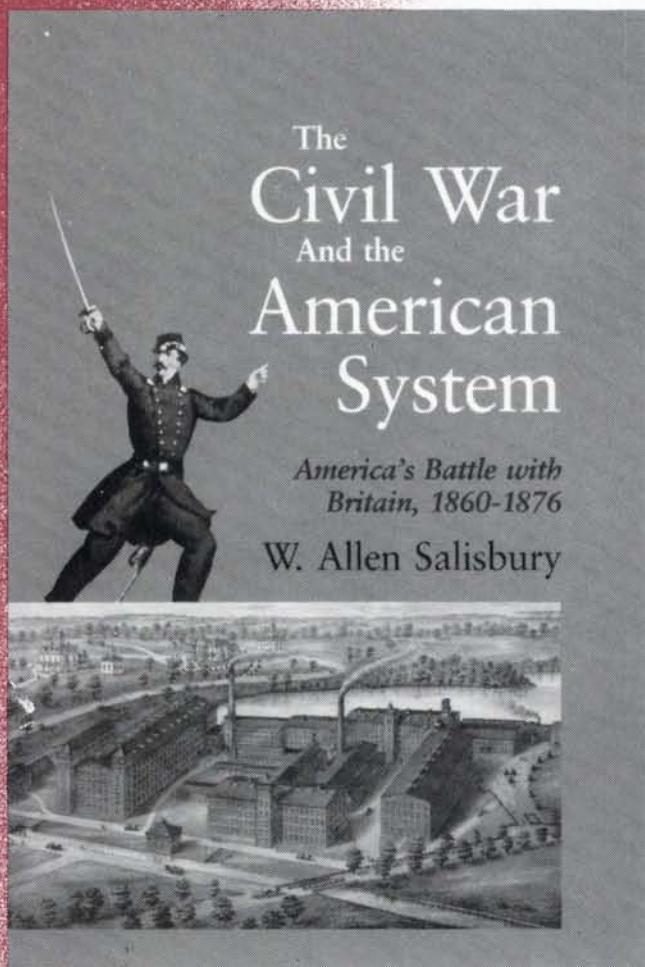
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