

EIR

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Clinton's health care reform is a killer
LaRouche tells Washington: don't back Yeltsin
Tajikistan's civil war shows folly of geopolitics

**Secret NAFTA accord will
rip up national sovereignty**



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

A Baptist preacher we know with a genius for directing people to the right issues, told us that he has often taught groups of teenaged youth by holding the classes in the local cemetery, where he pointed to the fragility of individual life and the need to make one's time on earth count.

"It got their attention," he recalls.

Our minister friend was directing his pupils' thoughts to the destiny of their immortal souls. *EIR's* purpose in portraying the tragedies in the world is of a more secular cast, but related: We aim to focus attention on the need for intervention on a universal level, to rescue humankind from its current fast-track to hell. Our purpose is thus exactly the opposite from that which impels your local news media or supermarket tabloid to pursue lurid and macabre "news"—we are out to promote the good by ruthlessly exposing evil.

For example: By the time you receive this, the cover feature will already be circulating in a prepublication offprint, because Lyndon LaRouche has underlined that the financial treason involved in NAFTA is the life and death issue for the survival of United States. Read it in tandem with the lead *Economics* story on speculator George Soros's looting spree in Ibero-America.

A second major focus is on Russia and the former Soviet empire. We offer the exclusive analyses of German military intelligence expert General Scherer, who foresees a bloodbath that will dwarf even the previous Russian revolutions, and of Lyndon LaRouche. A news report on recent events in Moscow is complemented by an eyewitness exposure of the Yeltsin gang's actions by Moscow councilman Kuzin. For an in-depth strategic look at a former Soviet republic, Tajikistan, see *Strategic Studies*.

This issue is jam-packed with exclusive, important articles, too numerous to mention them all. I would single out the article on the Clinton health care reform in *Economics*; and in *National*, the good news that one of LaRouche's criminal enemies, Galen Kelly, just received a stiff sentence for kidnapping. Perhaps heralding an overdue epidemic of justice in the United States?

Nora Hamerman

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The grand mufti of Bosnia calls on the West to stop its cowardly refusal to stop Serbia's aggression. If it does not, the war will surely spread.

Photo and graphic credits: Cover, pages 11, 23, 31, 33, EIRNS/Stuart Lewis. Page 23, EIRNS/Hugo López Ochoa. Page 23, EIRNS. Pages 57, 58, EIRNS/John Sigerson.

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Correction: Last week's article on the press conference of international dignitaries in Washington calling for freedom for Lyndon LaRouche (p. 58) omitted the names of two speakers: Laurence Hecht and Donald Phau, both defendants in the Virginia "railroad" prosecution of associates of LaRouche. The two have been sentenced to outrageous prison terms of 33 and 25 years, respectively, and will begin serving those sentences soon.

Soros spearheads asset grab in Ibero-America

by Peter Rush

George Soros, the billionaire speculator and scourge of both eastern and western Europe, is also infesting a growing list of countries in Ibero-America, buying up assets (generally, recently "privatized" former public-sector companies), purchasing high-priced real estate, and investing in stock markets, for the sole purpose of looting. He is joined by other billionaire jackals like Marc Rich and the Rothschilds of London in these endeavors.

Under drastic pressure from Anglo-American financial circles, nation after nation is opening itself up to the Soros raiders, and moving to set up secondary markets for futures and other New Age securities and derivatives, to create further opportunities for foreign speculative "investments." The end result is intended to keep the world financial system afloat with this new speculative binge—emphatically including the laundering of vast new flows of dollars from the drug trade through the banks—while placing the region's entire raw materials asset base under foreign financial control.

This process is furthest advanced in the countries of Peru, Bolivia, and Argentina. In Peru, President Alberto Fujimori is bending over backwards to do exactly what the International Monetary Fund (IMF) and foreign bankers want in terms of privatizing everything in sight and opening the country up to unrestricted speculative capital flows. Bolivia already adopted, in 1985, the program that Peru began implementing in 1991, and the results of that are visible today, with the impending total elimination of Bolivia's only significant industrial sector, mining, and its replacement with the drug economy. Argentina is following closely in Peru's footsteps, and Soros and company are already ensconced in the country.

On July 22, George Soros's brother Paul traveled to Peru to announce that the International Soros Group would be increasing its investments in Peru, "since I believe that the present conditions of the Peruvian economy have improved to a considerable degree in recent years, especially since the application of liberal reforms in both the economic and

institutional fields." He continued, "The important aspect of the investment that we will carry out in Peru is that our group is characterized by investing in highly profitable activities, which are found in emergent markets such as Peru." The Peruvian press indicated that Soros might invest in a brewery, in mines, and in the Pension Fund Administration.

Paul Soros's travel partner in Peru was Pedro Pablo Kuczynski, a top banker with First Boston-Crédit Suisse and a Peruvian national. Together they announced that the Soros Management Fund would also be greatly expanding its investments in Peru. In April, the fund purchased a \$400 million stake in the Newmont Mining company. Newmont, in association with the Peruvian company Buenaventura, later announced that they would be developing a gold mine in Cajamarca department of Peru.

Also "investing" in Peru is another billionaire, Marc Rich, who is angling to purchase the large Centromin copper mining company, soon to be privatized by the Peruvian government. By coincidence, the head of Peru's privatizing committee is Alberto Benavides de la Quintana, who also happens to head the Buenaventura company, which is seeking investments in the country.

President Fujimori is doing everything in his power to comply with the demands of these international financiers to open up the country, and he will shortly submit a new Constitution to a referendum. In the words of Jaime Yoshiyama, president of the Congress, the Constitution has been shaped to be "a useful tool to facilitate and increase the flow [of foreign investment] already begun." Peruvian government officials, along with representatives of oil, mining, and construction companies, as well as experts in setting up stock markets, attended a Sept. 23 forum held in the Helmsley Hotel in New York City hosted by the magazine *Latin Finance*. On Sept. 29, Peru's energy and mines minister addressed 50 international oil company officials in Houston at a gathering arranged by the U.S. secretary of energy, in the

context of forthcoming plans to privatize Peru's national oil company, Petroperu.

The Peruvian stock market has also attracted great foreign interest. The market rose 128% in dollar terms in 1992, and 70% of the value of its transactions is held by foreigners. At the Helmsley Hotel forum, a stock market official praised the stock market for its "success," justified its hyper-growth as "not a speculative bubble," and claimed this was the opinion of "emergent market specialists." On Sept. 24, Lima Stock Market Deputy Manager Américo Vidalón told *Gestión* that a futures market specializing in stock indices will start operations in early 1994, and will be Peru's first derivatives market. Such optimism in the Peruvian stock market has nothing whatsoever to do with the country's productive economy, which is being ripped to shreds by the IMF and others. Under pressure from the IMF and creditor banks, Peru's industrial base, never large, has shrunken drastically, unemployment is soaring, companies continue to go out of business, and there is no relief in sight. Government revenues from taxes are now shrinking as the tax base collapses, and the government is only managing to pay its foreign debt obligations by the sale of public companies—a short-term palliative that will soon be exhausted and which means that Peru has, in effect, given its public companies away.

In short, there is nothing to justify the stock market's optimism, nor the heavy investment in mining at a time when world metals prices are collapsing. Rather, the entire purpose is looting. As the stock market soars and draws in local sucker money, the foreigners at some point will pull out, leaving Peruvians to get wiped out. In mining, the national Mining Bank is systematically wiping out small and medium-sized mines by denying credit except at usurious rates, leaving only the large mines, which are owned by multinationals. Tens of thousands have already, or are about to, lose their jobs in the mining and ancillary industries.

The intended effect of this assault on the productive economy by these foreign parasites is the mushrooming of the drug economy, and the return of the hated Shining Path insurgency, now in retreat but capable of returning if economic conditions continue to worsen. Not only will more and more Peruvians turn to the drug trade to survive, but Soros, Rich, and other speculators and bankers intend to help launder the drug monies and reap further profits from drug trafficking. They are also politically mobilized to destroy the Armed Forces of the country as a precondition for their promised "investment" flows, which will only pave the way for a Shining Path takeover (see box).

Bolivia: Soros's narco-economy

Bolivia is the view of the future for all of Ibero-America if the current destruction of every economy is not reversed. In September 1985, incoming President Víctor Paz Estenssoro hired Soros's crony and Harvard goofball economist Jeffrey Sachs to use Bolivia as a gruesome experiment for Sachs's "shock therapy" purported solution to hyperinflation. Sachs

traveled to Bolivia, where for two years he personally supervised the implementation of his program, which permanently threw tens of thousands of mining and industrial workers out of work, increased the cost of public utilities beyond the reach of most city dwellers, caused a sharp and permanent decline in domestic investment, and de facto replaced the currency, the peso, with the dollar, ending national sovereignty over internal credit generation. In just one government company, the state tin company Comibol, the work force shrank from 30,000 to 7,000 in two years. The work force of the state oil company declined 44%, and private sector mining employment declined by 20,000.

Where did these workers go? Into the cocaine "industry." Employment in the growing and processing of coca leaf jumped from an estimated 350,000 to over 700,000, more than one-third of the labor force. In his 1988 book on the subject, Sachs bragged about reducing Comibol's work force by 75%. But even he admitted: "The results are stunning, and indeed reflect a social tragedy. . . . Many of these workers are still unemployed, or only marginally employed, or have gone to the coca-growing region to find work. The mining towns themselves have been decimated."

Sachs's policy is precisely that of George Soros. Soros once bragged that he and Sachs were responsible for Poland's adopting Sachs's program four years ago. Sachs was the featured speaker at a recent gathering hosted by Soros at his Long Island, New York home.

Today, the man who was economy minister of Bolivia in 1985, Gonzalo Sánchez de Lozada, under whom Sachs implemented his policy, is now President of Bolivia. Shortly before his election he expressed his support for the legalization of coca production, the only thriving "industry" in the country. Sánchez de Lozada is also a leading light in a bankers' think-tank, the Inter-American Dialogue, which since the mid-1980s has promoted drug legalization.

Now, in the last several months, through machinations in the world commodities markets, the price of tin, Bolivia's main mining product which accounts for half of the nation's foreign exchange, has plummeted to below production costs, and the entirety of Bolivia's more than 45,000 remaining miners face unemployment. Comibol will sell off its few profitable operations to foreign investors, like Soros. Sánchez de Lozada's government has announced it will not subsidize the industry, but will let it go bankrupt, completing the conversion of Bolivia to a narco-economy. The Bolivian tin miners union has been driven to such desperation that it is now advocating the legalization of drug production.

Argentina: playground for Soros

Argentina, with a far larger and more developed economy than Peru, is another major target of both Soros and Marc Rich, among other speculators. Since 1990, Soros has been buying into Argentina, specializing in real estate, through his stake in the IRSA real estate company, and in recently privatized companies. Rich's involvement comes via his

Soros supports 'Comrade Gonzalo' for President

International speculator George Soros and his closest collaborators openly announced their support for the narco-terrorist gang Shining Path in Peru, in a full-page interview published as a paid advertisement in the Sept. 28 *New York Times*. Paul Soros, brother of George Soros, and Gerard Manolovici, managing director of Soros Fund Management, declared themselves in favor of the Anglo-American project to destroy the armed forces of Ibero-America. The existence of such a project was documented in the Spanish-language book *El Complot para Destruir a las Fuerzas Armadas y a las Naciones de Iberoamerica* ("The Plot to Annihilate the Armed Forces and the Nations of Ibero-America"), recently published by *EIR's Resumen Ejecutivo*.

In the interview, Paul Soros threatened that foreign investments would be cut by as much as 50% if the armed forces are not eliminated, as demanded. The disappearance of the armed forces would pave the way for the Pol Pot-like genocidalists of Shining Path, led by Abimael Guzmán, a.k.a. "president Gonzalo," to take power in Peru. Shining Path has already caused the deaths of more than 20,000 Peruvians.

After demanding that Peru and the other countries of the continent hand over their national patrimony under "privatization" schemes, and that they surrender their sovereign control over the central bank and monetary policy, Soros said:

"A final, third benchmark is an underlying, basic political factor, civilian control of the military. When you can be sure that military influence in the government is really firmly finished, the value of any investment goes up 30,

40, even 50%.

"In Latin America, whenever the army, as an institution, is part of the country's power structure, all investments are discounted because that introduces an element of instability. As an investor, one likes stability."

Those countries on the continent that go along with privatization, the opening of financial derivative markets, and other speculative schemes promoted by the Soros brothers and their collaborators in Peru and the rest of Ibero-America, are risking the same fate as the countries of eastern Europe. There, Soros, his hired-hand Jeffrey Sachs, and others, imposed a no-holds-barred liberal free-trade policy, that has destroyed the economies of those countries and has paved the way for the return of the communists to power, as recently happened in Poland.

The Anglo-Hungarian George Soros has been among the principal instigators of the campaign being pushed by the openly pro-drug legalization Inter-American Dialogue and by non-governmental organizations (NGOs) to destroy the armed forces and leave the continent defenseless, as documented in the book *El Complot*. Soros financed the creation of Human Rights Watch and remains on the board of directors of Americas Watch, one of the subsidiaries of this NGO, which has come to the defense of Shining Path on more than one occasion. In fact, Soros's name appears on the letterhead of Americas Watch along with that of its president, Peter Bell, who also heads the Inter-American Dialogue.

Also collaborating with Soros in the campaign to bring Shining Path to power in Peru is Pedro Pablo Kuczynski. A Peruvian national, Kuczynski accompanied Paul Soros to Peru in July on one of these "privatization" missions. A former official of the World Bank and of First Boston-Crédit Suisse (Crédit Suisse has a record in the United States dating from 1985 when it was caught red-handed in a money-laundering scheme involving billions of drug dollars), Kuczynski is also a leading member of Inter-American Dialogue.

involvement with the Interpetrol oil firm, owned by the Soldati family. Interpetrol's Argentine holding company Sociedad Comercial del Plata has spent close to \$500 million to buy up shares in privatized companies in the areas of oil, water, gas, engineering, and construction. Both Interpetrol and Rich also took part in the privatization of the national oil company YPF. Rich's grain trading company, Richco, has also succeeded in displacing domestic export companies to become the largest exporter of Argentine grain.

And Rothschilds of London, which is also a backer of Soros, has also come to Argentina, setting up a new company called Biceconsult, in partnership with Matte, a Chilean com-

pany, whose principal purpose is to channel foreign investment into newly privatized companies, especially in the area of raw materials. Evelyn de Rothschild, who visited Argentina in mid-September and met with Argentine central bank head Roque Fernández, among others, concerning Biceconsult, crowed that "there are enormous possibilities to exploit raw materials . . . an enormous panorama has opened up."

As with Peru, the Argentine economy is in disastrous shape, witnessing the same process of layoffs, bankruptcies of domestic companies, and soaring unemployment. The interest of these foreign investors is purely to feed off the economic carrion produced by the IMF and Jeffrey Sachs.

What the Clinton plan promises, the failing economy taketh away

by Linda Everett

On September 22, President Clinton promised before a joint session of Congress that every American would be provided health care “security” under his plan to reform the nation’s health care system. A week earlier, Republicans promised they could cure the nation’s health care crisis without government mandates, using “medical savings accounts.” If you believe them, you might want to check out Burombo, a witch-doctor from Zimbabwe, who claims he can cure AIDS with a secret blend of 47 herbs.

In other words, these folks, no matter how much they believe their promises, can’t deliver on them.

While the President and First Lady Hillary Rodham Clinton, who ran the White House Task Force on Health Care, as well as various Republican and Democratic leaders, have an adequate grasp of the tragic crisis that uninsured families endure, their prescription for solving that crisis is not adequate, and their moral commitment to upholding the inviolability of human life in developing a bipartisan plan to implement it—as opposed to a commitment to cutting the deficit—is definitely not adequate.

With all due respect to the “six basic values of principles” of security, simplicity, savings, choice, quality, and responsibility that the President said should be the “guiding stars” of the country’s efforts to reform health care, to which the Republican Party agreed, the fundamental principle of inviolability of individual human life is the basis of our traditional health care system. The problems with our present system have nothing to do with that principle. Rather, it is the *compromise* of that principle, especially as it was once embodied within productive economic policies supporting the infrastructure, manufacturing, and industrial investments that afforded Americans a decent standard of living and the ability to purchase health insurance, that has caused today’s crisis. Neither the Clinton plan nor the plethora of other proposals address this primary policy issue.

What the administration proposes would not simply further compromise that principle in health policy, in the way, for instance, that insurance companies routinely increased premiums to compensate for their losses in speculative investments. The administration’s plan would nullify that prin-

ciple by having the flagging economy dictate and ratchet down the level of annual health care expenditures. The plan imposes a completely arbitrary global spending cap to assure the President’s aim of bringing “growth in health care costs in line with growth in Gross Domestic Product by 1997.”

The American Health Security Act of 1993 “guarantees comprehensive coverage for all Americans” regardless of their employment or health status. This includes some 100 million Americans who are currently uninsured, underinsured, and temporarily uninsured due to lost jobs, waiting periods, and preexisting conditions. Everyone would obtain coverage by enrolling in a plan through their regional or corporate health alliance. *Health alliances* are state agencies or non-profit groups directed by consumers and businesses, but not providers. The alliance, representing large numbers of enrollees, is able to negotiate for lower premiums among the insurers and health plans. They rate and choose for enrollees several managed care or health maintenance organization (HMO) plans and one fee-for-service plan, if allowed. The enrollee makes his or her choice among those the alliance has approved. The alliance also collects/pays premiums.

Beneficiaries of Medicaid who are under the age of 65 are also enrolled in the large purchasing group or health alliance, and pay according to their employment status. The state Medicaid program would pay only a capitated or flat HMO rate for their care. But, even Medicaid beneficiaries would be required to pay something for each visit, which may bar at least some people from receiving services.

The *health plans* or networks of insurers, HMOs, and conglomerates of hospitals, doctors, nursing homes, and other providers must provide the basic benefit package with premiums based on a *community rating* system. Instead of the current system of basing premiums on an individual’s preexisting medical condition and risk of his/her likely need for treatment, the Clinton plan stipulates that such risks be spread over a larger “community” base, keeping premium costs lower. These plans would then compete for enrollees by continually cutting costs. The President’s priority is delivering primary and preventive care through managed care plans like HMOs, which are mandated in most reform pro-

posals and state Medicaid programs today. People will be driven into choosing these cheaper plans. Despite all the promises about “choice” of doctors, even at the extra costs to your family, these plans do not have to hire your physician.

Managed care plans have been fraught with a history of denying patients life-saving or critical treatment needs or specialist referrals to cut costs or to increase profits. All managed-care plans weigh the costs of treatment versus their bottom line. They cut costs by cutting access and use of services through utilization review. All this drives doctors crazy and drives up costs and paperwork—exactly what Clinton has thankfully pledged to eliminate. But now, the President would have providers in these plans “police” themselves to cut costs and keep “competitive”—again throwing providers into a conflict of interest while serving their patients.

The health plans will be scrutinized by the state health alliances, which, in turn, are supervised by several layers of state and federal bureaucracies, leading up to a seven-member National Health Board appointed by the President. The board sets the benefit package; suggests benefit changes; calculates premium increases; and enforces near-totalitarian control over state compliance with global spending caps, including cutting federal appropriations to states that resist compliance.

Employer mandates

The President’s plan builds on the fact that many obtain coverage now through their jobs. Distinct from employer-based plans, the President’s plan utilizes an employer-paid mandate that requires all employers to provide coverage for employees, and pay 80% of the premium costs; the employee pays the rest. The employers’ share is capped at 7.5% of payroll. Firms with 50 or fewer workers will get subsidies if the average annual worker’s wage is below \$24,000 a year. These subsidies will be phased in over several years to ease the financial burdens of these requirements on small businesses. The administration will end the subsidies after ten years, allegedly to discourage large corporations from “spinning off” small companies into low-paying operations. Self-employed individuals pay 100% of premiums, which are 100% tax deductible. But, as the examples below show, as the economy unravels, the best of employer mandates won’t work. Those who are unemployed still pay their 20% of premiums, with government subsidies covering the rest. Those who need more coverage can purchase more extensive coverage at a higher premium, but the employer’s share is not tax deductible, and the employee’s share is taxed as income. Companies of 5,000 or more employees can self-insure or join an alliance.

Small businesses, already in desperate straits, fear the mandate will force them to cut their work force. One study found that the group most likely to suffer would be the low-skill, low-wage workers likely to lose their jobs as a result of the mandate. The study, released by the Employment Poli-

cies Institute, “predicted” a loss of over 3.1 million jobs nationwide, mostly from the restaurant, retail, construction, personal services, agriculture, private household services, and repair sectors.

President Clinton cites Hawaii’s employee mandate plan, which he and others claim holds down Hawaii’s health care costs below the national average. That may have once been true, but costs in Hawaii now are rising as quickly as they are nationally. Employers pay abysmally low wages or must cut staff to offset high benefit costs. Directly as a result of the economic crisis, Hawaii’s Medicaid program is out of control because their unemployed population is expanding at an explosive rate.

Rochester, New York is another employer-paid plan hailed by Clinton because it, too, appeared to keep the rise of health care costs below the national average. The city’s major employer, Kodak, extended its Blue Cross-Blue Shield community rating plan to other businesses throughout the city. Businesses negotiate with Blue Cross-Blue Shield, city hospitals, and doctors to set yearly fees and spending caps. Yet, over the last decade, even with ruthless cost-containment, insurers are cutting services, and Kodak has forced its employees into HMOs and has employees pay all premium costs. Kodak just laid off tens of thousands of workers “to consolidate profits,” while other firms in financial crisis shifted to temporary workers to avoid providing benefits altogether. The newly unemployed get no care until they have a costly emergency, or they shift to state Medicaid plans.

The administration plans to bail out major businesses by taking over the costs of retiree medical benefits. Paying 80% of the premium costs “could produce dramatic . . . expense reductions,” these firms admit, because premiums for pre-Medicare age retirees is considerable. The plan may lead to hundreds of thousands of early retirements, at government expense.

Unions, too, have been courted with a provision that would keep existing benefit agreements intact for the next decade. AFL-CIO President Lane Kirkland, speaking in Washington a day before the President unveiled his plan, announced that the AFL-CIO endorses the Clinton plan, because it has strong cost-containment measures and “it meets labor’s goals for health care reform.” The union intends to launch a major campaign to have Congress enact it.

‘Saving’ Medicare billions

Clinton promised to keep the federal government’s Medicare program for elderly and disabled Americans, but he has given states the option to disband Medicare and funnel the elderly into health alliances. Also, Medicare will be drastically revamped to be primarily a managed-care HMO-style plan, which has proven disastrous for this vulnerable population. The administration’s plan calls for “reducing the rate of growth of Medicare” by \$124 billion between 1994-2000, and slowing the Medicaid rate of growth to “save” \$114

billion between 1994 and 2000. Somehow, if we are to believe Sen. Jay Rockefeller (D-W.Va.), who is out “selling” the Clinton plan, cutting \$124 billion out of one Medicare plan to fund a new Medicare programs under reform is fundamentally different than just cutting Medicare to cut the deficit, as was the aim when Congress gutted Medicare in August of \$56.6 billion for 1994-98, its biggest reduction in history. This tops the Reagan-Bush era Medicare cuts of \$80 billion between 1980-92.

Hospitals and doctors, now paid maybe 76% of Medicare treatment costs, will take the brunt of many of these cuts. In the past, providers recovered unreimbursed Medicare costs by charging privately insured patients a little extra. But the administration also intends to cut the rate of growth of private health care expenditure by *half* between 1994 and 2000. The administration reiterates that providers will save billions when the new plan institutes its uniform claim forms and streamlined benefit coordination. Thousands of physicians aren’t buying that, and are selling their practices in unprecedented numbers.

Contrary to its claims, the Clinton plan does shift costs—out of the system and to the patient. For instance, these draconian budget cuts will have Medicare patients pay new and larger co-payments for care, including 20% co-insurance on all laboratory tests and 10% coinsurance for some home health visits. Part B Medicare premiums will be increased for individuals with incomes over \$100,000 and for couples over \$125,000.

The administration says it will funnel the Medicare “savings” into a new Medicare *prescription benefit* for older or disabled Americans which is obviously needed. But the new plan requires beneficiaries to pay 25% more on the Medicare Part B premiums (which most can’t afford now), along with a \$250 annual deductible, after which patients must pay 20% of the cost of each prescription (annual limit of \$1000). A new *long-term care* benefit for home care is long overdue, but it is not clear how many can utilize its limited provisions, given new co-payments on it as well. It appears the new benefits are an inducement to get older Americans to approve the plan overall. An American Association of Retired Persons spokesman told *EIR*, “If the administration is looking at just Medicare and Medicaid to fund this reform—that’s not acceptable. But, if cost-containment is enforced in the private sector as well,” AARP will go along with the cuts.

Underneath the flowery language, it’s Auschwitz

It is ominous, indeed, that so-called advocates for older Americans would comply with what amounts to a quarter of a trillion dollars in Medicare cuts from 1980 to 2000—while the elderly will make up 15% of the total population by the end of the decade. The only way such cuts are possible is by “triage,” as Lyndon LaRouche stated in his Sept. 29 comment on the Clinton plan. LaRouche says that beneath all the

flowery language of the budgetary plan and the promises of how it’s going to work, we have a package “triaging out of existence, or by pushing a pencil, reducing the number of old people and chronically ill, simply by withholding the care which they require to stay alive. It’s the Auschwitz method. It won’t say that on the paper, but that will be the effect of the caps.”

He’s right. Not only does the plan emphasize its hospice care provision for the so-called terminally ill, Hillary Clinton told radio talk show hosts that she intends to include the so-called living will in the basic benefits package! Hospices and living wills are not benefits: They are the products of the Euthanasia Society—the same crowd that promoted eugenics with the Third Reich. Hospital “ethicists” and efficiency experts are now enforcing triage by terminating or denying patients life-saving treatment they consider “futile” or “unnecessary.” Last month, the Michigan Department of Social Services went to court to charge the indigent parents of a premature infant with “neglect” for refusing to let doctors stop their baby’s life-support. The hospital charged that keeping the child alive was like abusing it by beating it with a bat. The judge ruled the parents “incompetent” and appointed a guardian who had the child killed. Such legal and medical precedents would have been called Nazi policies a decade ago. Now, it’s called “appropriate care.”

President Clinton will institute new standards of care which will define “appropriate” treatment or “practice patterns” and which will carry “the force of law.” This means doctors who “police” themselves, eliminate “unnecessary” treatment or follow “practice guidelines” that say only cost-efficient palliative care, not resuscitation, for patients over 65 or whatever, are not liable if the patient dies. *Voilà!* You now have malpractice reform—just as in Oregon’s health care rationing program, which the President lauded earlier this year.

Meanwhile, Willard Gaylin, co-founder of the infamous Hastings Institute in New York, is brainwashing doctors, nurses, and the public that the real health care debate is about “deeper issues . . . [like] our attitudes toward life and death . . . who shall live and who shall die.” He says if we can’t solve these “almost existential questions,” we can’t solve the nation’s health care crisis. Hastings co-founder Daniel Callahan convinced millions of policymakers that elderly patients should only receive palliative care—what LaRouche describes as giving “Tylenol-triage, instead of medical care.” Now, Callahan is touring the country telling people they are causing the high costs of health care because they keep fighting to live. If Americans would just “accept death,” he says, we’d save billions!

A recent issue of *Tikkun*, a magazine the First Lady admires, advises Clinton to create a new President’s commission to publicly deliberate and make recommendations on health-care rationing, physician-assisted suicide, and euthanasia.

Sanctions to be lifted from South Africa; IMF ready to pounce

by David Hammer

In a speech before the Anti-Apartheid Committee of the United Nations General Assembly on Sept. 24, African National Congress leader Nelson Mandela called, at long last, for the world to lift virtually all its remaining economic sanctions against the Republic of South Africa. The previous day, South Africa's all-white Parliament voted in Cape Town to, in effect, put itself out of business, by establishing a multi-racial Transitional Executive Council to run much of the country's affairs until a planned election on April 25, 1994, in which all black South Africans, for the first time, may take part. Mandela had waited for that irreversible moment to make his call.

World leaders greeted his speech with open arms. In Washington, Clinton called for the hundreds of cities and states which still had sanctions on their books to repeal them immediately, and announced that he would send a trade and investment mission to South Africa, headed by Commerce Secretary Ronald Brown. Canada and Australia announced that they would remove their remaining sanctions, and the British Commonwealth as a whole is expected to follow suit.

The conventional wisdom is that now that sanctions are lifted, and South Africa has access to International Monetary Fund (IMF) and World Bank money (which will in turn help guarantee other credits), the country, led by a new African National Congress (ANC) government, will turn the corner, if haltingly, toward economic recovery and a rosy future for black and white alike. A late-September series of investment seminars in New York and Washington, together with an intensive focus on South Africa at the yearly IMF/World Bank meeting at the same time, were supposed to initiate that process.

In fact, under IMF tutelage, the country is staring into the pit of economic collapse and civil war, on a scale which will dwarf its current problems.

The British recolonize

As designed by the Anglo-American establishment, the purpose of sanctions was never to achieve racial justice for black South Africans—indeed, they hit blacks the hardest—but to crack South Africa's economy, so that the nation could be recolonized. The British, the dominant power in South Africa for almost 200 years and now aided by Washington

and the IMF they jointly control, are using the twin tools of economic warfare and covert fostering of violence to destabilize the country, as documented in *EIR's* book *Tiny Rowland: The Ugly Face of Neocolonialism in Africa*.

Though horribly marred by apartheid, South Africa since World War II developed a powerful economy through its dirigistic state sector industries in power, iron and steel, and armaments, together with state backing for a highly productive private agricultural sector. And of course, the country's mineral wealth is legendary.

But now South Africa's economy is crumbling, with unemployment over 50%, and the country in danger, as Mandela said in his U.N. speech, of "becoming a wasteland." Much of this devastation was produced by the sanctions enacted in 1985, and the resultant credit cutoff when South Africa responded to the announcement of sanctions with a partial debt moratorium. That announcement caused the IMF and World Bank to cut all ties to the country, following which private banks stopped virtually all loans as well. It was in part the prospect of the IMF/World Bank's promises of hundreds of millions of dollars in immediate aid as soon as the ANC was firmly on the path to power, that helped push the vote on Sept. 23 to set up the Transitional Executive Council.

But the IMF has only produced devastation wherever it has gone, as in the former East bloc, Russia, Ibero-America, and in Africa itself, where it oversaw a net capital transfer abroad of over \$200 billion during the 1980s. As virtually every leader in South Africa, of whatever political persuasion, has been saying for years, a new political dispensation will result in horrible bloodshed unless the economy grows rapidly.

The IMF's track record is so notorious that Mandela in his U.N. speech also warned that the IMF and World Bank would not be allowed to impose their conditionalities on South Africa: "We are determined to handle our economic affairs in such a way that any support that accrues from these institutions does not impact in a negative way on our sovereignty." But there is no such thing as "support" from the IMF without handing over sovereignty, a fact which perhaps explains the intense secrecy surrounding IMF meetings with ANC officials over the last year, and President F.W. De Klerk's meeting with the IMF in July.

A 'Middle East' solution?

Both Mandela and De Klerk have been at pains to argue that the recent breakthrough in Israeli-Palestine Liberation Organization (PLO) relations—made possible solely because of a shared commitment to large-scale economic development—has nothing to do with South Africa. Said De Klerk after meeting the Polish foreign minister in mid-September, “The parallel is that negotiation is the only viable peaceful solution, but I think the situation there is fundamentally different from ours.” Mandela, asked by Reuters whether if the settlement offered a model for South Africa, replied, “No, our negotiations are going on under their own steam.”

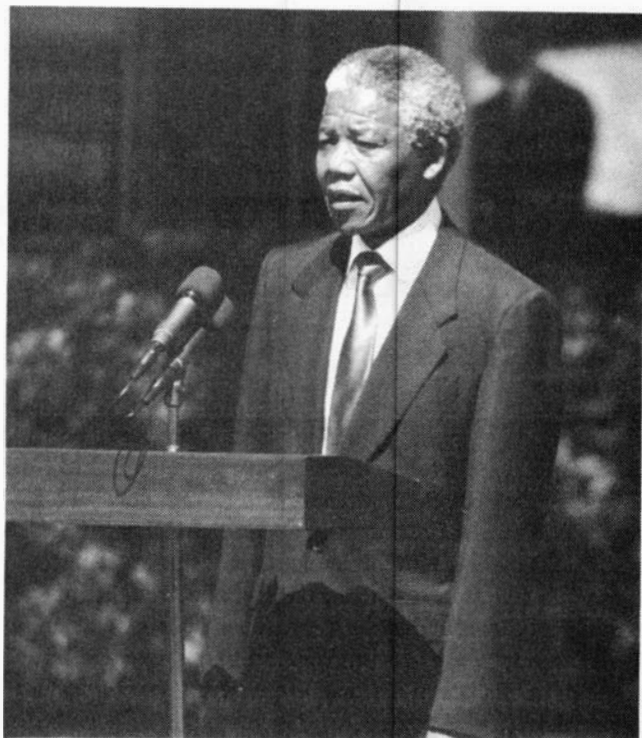
In fact, as U.S. statesman Lyndon LaRouche has emphasized for years, apparently intractable political problems can only be solved from the standpoint of rapid economic development, which defines a mutual self-interest for all sides.

As LaRouche commented in 1990, upon hearing the news of Mandela's release, words even more true now than when they were spoken, “The problem is developing a high-technology structure, to build up the basic economic infrastructure and the social, that is, educational and medical infrastructure, required to elevate the entirety of the population of the region, beginning with South Africa itself, to a level of cultural potential and economic potential for proliferation of small, relatively high-technology firms, and including the development of an independent, flourishing African agriculture to match the quality of the Afrikaner farms in that region.”

One crucial feature of such a program would be overcoming South Africa's water shortage. Through a combination of large-scale water projects involving the country's neighbors to the north which have a surplus of water, particularly Zambia and Zimbabwe, and nuclear-powered desalination, vast tracts of arid or semi-arid land could be turned into highly productive farmland. Such a desert is the Karoo in the Western Cape, a huge area which gets almost no rain, but is famous for the luxuriant growth which springs up after the slightest shower. If this area were opened for agriculture, one of the biggest sources of tension between the ANC and the Afrikaners—the demand by ANC radicals for large-scale land redistribution—could be virtually eliminated, as entirely new, virgin lands would become available for aspiring African farmers.

Were this and similar large-scale programs to become the cornerstone of the current multi-party negotiations, much of the intense paranoia and political wrangling could also be avoided, since each party could be confident that such economic development is in everyone else's own deepest self-interest. Already, the ANC is known to be terrified at the upheavals which will result among even its own base, if the long-awaited and long-promised economic benefits do not materialize soon after the ANC takes power.

Such a program, financed by a national bank on the model of Alexander Hamilton's National Bank of the United States,



Nelson Mandela in Washington, D.C. in June 1990. His call for an end to sanctions was greeted by world leaders, but if sanctions are replaced by an IMF austerity regime, the country will plunge into civil war.

which extended credit solely for hard commodity production and infrastructure, would secure the true independence of all South Africans, both for the Africans who have been slaves under apartheid, and for the Afrikaners who in turn have been dominated by British capital through the Oppenheimer family's Anglo American Corp., which controls over 50% of all the firms traded on the Johannesburg stock exchange.

Such an economic program would run afoul of British imperial schemes, and also of the Clinton administration's new strategic doctrine of installing “market democracies” around the globe. As enunciated by Clinton National Security Adviser Anthony Lake in a recent speech, any violations of what the U.S. defines as a “free-market” economy, or as “democracy,” will be treated as a strategic threat to the United States. Lake named two countries in Africa in particular: Nigeria and South Africa (see p. 60).

Perhaps this is why the United States is pouring hundreds of millions of dollars into a new air base in Botswana, across South Africa's northern border. As one leading South African political figure recently stated: “The latest information we have on that base is very disturbing. There are enormous underground storage facilities, for sustained operations. There is a lot of activity up there, and there is no conceivable peaceful reason for a major base in the middle of the desert like that. And it has extensive sophisticated electronics capabilities.”

Deadly strain of cholera strikes Asia

by Adam K. East

In Central Asia, where epidemic diseases had been kept in check before, cholera has resurfaced in the republics of Kazakhstan, Tajikistan, Uzbekistan, and Kyrgyzstan. At a recent World Health Organization (WHO) conference in Athens, delegates were told that cholera was staging a comeback in the Middle East, Europe, and Asia. Polio, diphtheria, and tuberculosis are also making a comeback on five continents. The increase of these diseases is a mark of the general deterioration of public health, caused by the degeneration of living standards and infrastructure.

The world so far has been hit by seven cholera pandemics, beginning in 1817, when the disease first surged out of India. The seventh pandemic, which spread from Asia in 1960, is continuing today without any signs of abatement. Cholera is spread primarily through contaminated water and poor sanitation. The current pandemic is caused by a type of *Vibrio cholerae* known as El Tor, which is able to survive in water for long periods of time. It has been responsible for more than 3 million cases and tens of thousands of deaths in Asia, Africa, and Ibero-America.

In spring of 1993, a new form of cholera bacteria was discovered in India, where 20% of the urban and 53% of the rural population are without safe water. The new strain had already caused at least 6,000 deaths in India as of June 1993. Dr. Balkrish Nair, the head of the Indian Institute for Cholera, has identified the new variant of the *Vibrio cholerae*. He warned: "This germ, which is extremely toxic, and more resistant than all other cholera bacteria, is spreading rapidly. The chance that all these characteristics would be found in one cholera organism was 1 trillion to 1. But exactly that has happened. This germ will have reached its greatest effectiveness in two to three years. It will spread extremely rapidly."

Sure enough, the new strain has swept rapidly across the Indian subcontinent at an alarming rate and is threatening to cause a global pandemic.

In May, the WHO warned the South Asian states about the spread of the new strain. In five months, the disease had already passed through Nepal and Bangladesh, claiming thousands of victims. Even Japan and Malaysia, where single cases have been registered, have proven vulnerable. WHO officials admit that they are totally baffled by the new strain.

"None of the known vaccines is working," the officials say.

In the Central Asian republic of Kazakhstan, where some cases of cholera were reported at the beginning of September, quarantine regulations have been imposed in the capital of Alma Ata. The government has also banned all Kazakh airline flights to China, Pakistan, Turkey, Mongolia, Iran, Syria, and the United Arab Emirates. Over 300 cases of cholera have been identified in the southern region of Chimkent, which borders Uzbekistan. "Cholera is brought from Pakistan and Uzbekistan," said a spokesman for the Kazakh Health Department.

In Uzbekistan, where some 48 cases of cholera have been reported so far, no quarantine is in place yet. A Health Ministry official in Tashkent claims that the cholera-causing bacterium had been brought into the country from Tajikistan, Afghanistan, and Pakistan. The official also pointed out that there was a serious danger of further spreading of the disease because the Syrdar'ya River in the south flows through one of the infected areas. It is not certain yet whether the cholera strain which is now sweeping through Central Asia is the new one from India.

Difficult to detect

What makes the new strain so deadly is that standard laboratory tests have failed to detect it, thus causing the diagnosis to be often delayed, say authors of a study in the medical journal *Lancet*. Another cause for concern is that earlier attacks from the older strains would not impart any immunity to a person stricken by the new one, so that even in areas where cholera has not been lethal because of frequent exposure and subsequent development of immunity, the new strain will prove to be lethal. Also, unlike the older strains of cholera which do not usually spread through the blood, doctors in India have reported that the new strain has been detected in the bloodstream.

In its worst form, cholera can cause severe diarrhea and vomiting which result in muscle cramps. The sudden loss of huge amounts of fluid and electrolytes from the body, causes a collapse of the vascular system and can easily lead to death within hours, unless the fluids and electrolytes are replaced either orally or intravenously.

The Centers for Disease Control in Atlanta has warned health officials in Asia, Africa, and Latin America to be on their guard in order to prevent a possible health catastrophe. This would not prove to be an easy task for most of the nations involved, since most of them have outdated water supply systems and poor sanitation.

The World Bank, in its recent report on water policy, estimates that the developing nations will have to invest up to \$700 billion over the next decade to ensure inexpensive, clean, and reliable water supplies for the diverse needs of their people. The report also points out that currently over 1 billion people do not have any access to clean water and 1.7 billion have no access to sanitation.

Mexican farmers won't accept rotten deals

by Cynthia R. Rush

While President Carlos Salinas de Gortari traipses around Europe selling the idea of a Mexican investment paradise under the North American Free Trade Agreement (NAFTA), the ferment in the agricultural sector back home has surged out of control. In Chihuahua, Nayarit, Nuevo León, Baja California, and especially in the economically crucial state of Sonora, farmers are blockading highways, staging tractorcades and sit-ins in front of government offices, and making known that they aren't interested in anything less than a global solution to the agricultural devastation wreaked by a decade of the International Monetary Fund's free-trade, austerity policies.

Around the country, farmers are turning to the Permanent Forum of Rural Producers (FPPR) for the programmatic leadership required to win this fight. They have realized that Salinas has no intention of dealing with them honestly; he might make a few concessions, but these won't reverse the destruction of the most productive sectors of the Mexican economy or guarantee a future for tens of thousands of farmers.

Their demands have been met only with promises of deals and offers to discuss their enormous debt arrears on a case-by-case basis. It is estimated that at least 80% of farm debt is illegitimate, created by bankers' usury. Not only are bankers in many states continuing with foreclosures and acts of outright thuggery against farmers, but the President's brother, Raúl Salinas de Gortari, is one of the fat cat speculators who are buying up farmers' confiscated lands at bargain-basement prices.

One reflection of the political environment was the editorial in Sonora's leading daily *El Imparcial* on Sept. 25. Pointing to Sonora's contributions to Mexico's national economy and the pride its inhabitants take in its history, the daily condemned the Salinas government for creating the current crisis "by imposing an economic policy of which it is the primary beneficiary; apparently it has emerged from bankruptcy, but at the expense of the economic decay of the country's most diverse productive sectors." *El Imparcial* reported on the conclusions drawn by FPPR leaders who had met with Finance and Agricultural Ministry officials in Mexico City, and found them "lacking the political will . . . to deal with the matter globally and attack the causes which led to the current liquidity crisis."

No half-way measures

The situation in Sonora has become explosive. In the last week of September, farmers and media around the state began to rally behind the FPPR's call for a total financial reorganization, debt moratorium, and creation of a new, national banking system which would issue cheap credit. Meetings are occurring across the state, such as the one in Caborca on Sept. 25 after producers published an ad in *El Imparcial* announcing support for the FPPR.

A volatile issue thrown into these meetings is the FPPR's exposé of the "secret agreements" in the NAFTA agreement with the United States, by which the reach of the Federal Reserve will be extended throughout Ibero-America, with the intention of globalizing the dollar and allowing foreign banks and speculators such as George Soros to loot whatever remains of real production.

Salinas's people are worried. On Sept. 22, Luis Mercado, the *El Economista* columnist who takes orders from central banker Miguel Mancera, attacked the FPPR a second time. On Sept. 6, he had accused American political prisoner Lyndon LaRouche of being behind the farmers' debt revolt. Mercado defended the deal made with the banks by the leaders of the "El Barzon" farm protest which has been occupying the central square in Guadalajara, Jalisco since late August. Announced by protest leader Maximiano Barbosa in early September, this arrangement reportedly includes government promises to order banks to stop farm foreclosures, write off interest rates on back debt, and possibly lower interest rates for restructured debts.

The announced deal didn't end the Guadalajara occupation, however, because when farmers went to the banks, they were told it didn't exist. Mercado tried to excuse this behavior, saying it was due to a "misunderstanding" and hastiness on the farmers' part in assuming that bankers were informed of the new deal. It's not that the banks are unwilling to respect this arrangement, he lied, but "events have occurred so rapidly, they just hadn't been informed of it yet."

Not daring to mention LaRouche by name again, Mercado complained about the "radicals" of the FPPR "who do not accept the agreements reached with the banks." Precisely. In a Sept. 21 press release and subsequent press conference in Mexico City, FPPR leaders stated that El Barzon's deal with the banks won't solve the farmers' problems, but rather only "resolves a serious administrative problem for the banks," since the latter are so indebted themselves that they are on the verge of collapse. The FPPR isn't trying to be divisive, its leaders stated, but producers should understand that the El Barzon deal with the banks seeks only to defend their movement's particular interests within the government's plan to eliminate 30% of the nation's current producers.

Some of El Barzon's protesters have gotten the message, and have forced Maximiano Barbosa to keep the Guadalajara protest going because, as the city's Sept. 27 *Siglo XXI* put it, "they have doubts" about the banker's trustworthiness.

Will the 'Japan model' of political economy work for China?

by Kathy Wolfe

"There is much we should learn from the Japanese experience, in which the government has played a key role in directing and guiding the economy since 1945," Feng Zhao-kui, vice director of the Institute of Japanese Studies at the Chinese Academy of Social Sciences in Beijing, told foreign journalists on Aug. 11. China should not follow the models of Reagan's United States or Thatcher's United Kingdom, he said, "They were too *laissez-faire*. Nor should we go the way of Russia, where a strict planned economy system was suddenly abolished, leading to chaos."

Feng's statement made sense, when headlines, such as "China's Boom Turning to Bust" in the Aug. 15 *Washington Post*, began to fill the western press. That which *EIR* has reported for several years is now obvious: China's physical economy has been destroyed precisely by an extreme *laissez-faire*, cheap labor policy.

While providing an "open door" to speculative slave-labor free-trade zones on the coast, Beijing shut down infrastructure and agriculture development in China's vast interior, creating a "blind flow" of peasants, now officially estimated at over 200 million unemployed, desperate to work for pennies in coastal *maquiladoras*.

The real question is, can a major policy change be effected before China explodes?

Interviews with a wide range of Japanese economists specializing in China show (at least in public), widely divergent ideas. Many Japanese seem to have caught "economic AIDS" from the yuppies in London and New York. They agree with the Wall Street view that the Communist Party's 16-point austerity plan, announced July 3, will work by "stopping inflation." "This kind of measure will not cause any bad recession in the Chinese economy," Minoru Kobayashi, executive adviser on China at the Industrial Bank of Japan, told *EIR*.

"I disagree with Professor Feng completely: The Chinese economy is very far from *laissez-faire*," said Prof. Shigeru Ishikawa at Tokyo's Aoyama Gakuin University. "Eastern Europe failed because they attempted to introduce a market economy in a big bang, whereas China is doing it gradually. China is doing pretty well in the long run, and the present difficulty is merely a cyclical phenomenon, the inevitable result of Chinese attempts to introduce a market economy.

We have to accept this. The cycle is inevitable.

"With regard to the problems of the farmers in the interior, that's a long, long-range problem to be solved—the large differentials in economic development and living standards, between the coast and the interior. This is historical and nothing can be done to remedy it.

"I think the Chinese economy is overcoming its difficulties much more skillfully than in 1988 and 1989; they are learning very well from past mistakes."

China situation 'very dangerous'

This view that a "little deflation won't hurt" millions already on the starvation line, originates with the Hongkong and Shanghai Banking Corp., whose July "Economic Report" to customers praised the Communists' deflation plan as "just the brake the [Chinese] economy needs. . . . If the plan is implemented effectively, China's economy is expected to resume more healthy and sustainable growth after a sharp—but brief—slowdown."

More traditional Japanese, usually those of the older and wiser generation who reconstructed Japan after the war, view this as economic madness. "The situation in China is very, very dangerous," Dr. Mineo Nakajima of Tokyo Foreign Language University told *EIR*.

"The western economists saying otherwise are nothing but mystics. The extreme cheap-labor policy and too much, too fast of an 'open door' policy to capital seeking cheap labor for export, has created a tremendous gap between the work force on the coast and the peasants in the interior. The new austerity measures will increase it more wildly. China is headed for extremely serious economic and social dislocations."

"Deflation is having a very bad effect on the economy, especially in the coastal areas such as Guangdong," said another Japanese economist involved in rating foreign investments. "The crime rate is zooming, Japanese tourists are warned against going there. Many Chinese officials in Guangdong are now living off drug smuggling.

"The decentralization of government in China is proceeding very rapidly, because of the huge [budget] deficit in Beijing. Many local governments are grabbing independence and acting directly to get money from foreign countries for

themselves. They even have their own foreign reserves. So the central government can't control the actions of the provinces, which are investing in whatever is speculatively profitable, such as real estate; they don't care to build factories.

"Inflow of foreign capital into China is very key to the success of the deflation policy, and that's the significance of Beijing's loss of the 2000 Olympic games. Anything that causes the amount of inflow of foreign capital to decrease is a disaster, so it's very important that China was not nominated. It shows that the foreign investment environment in China will be worse in the future and foreign money will start to flee. And they are very dependent on it. It's like a drug, you take it away, and *poof*."

Japan's 'American System'

Most Japanese economists are cautious about whether the so-called "Japan model" can work in China, given the magnitude of the current dislocations there. The most common complaint about Professor Feng's idea is that "China is too large, much larger than Japan."

However, provided a major policy change is made rapidly, there is a good possibility that the so-called Japan model will work in China—precisely because the Japan model is based on the plan under which America's first secretary of the treasury, Alexander Hamilton, first industrialized the United States, which is not exactly a small country. Hamilton's 1792 "Report on Manufactures" and "Report on a National Bank" were adopted almost verbatim by the leaders of Japan's Meiji Restoration, and were known internationally as the "American System" of political economy (see *EIR*, Jan. 3, 1992). The key to this process will be the extent to which the Beijing leadership is committed to meeting the emergency requirements for providing the investment in water, transport, and energy infrastructure that is the basis for industrialization, as Hamilton correctly noted, and also providing for the education of its population—a measure that tends to produce fear in Beijing's leaders.

Interview: Kenichi Imai

China faces stagflation followed by 'recession'

Mr. Kenichi Imai, assistant to Nobuo Maruyama, director of the Institute for Developing Economies' (IDE) Economic Cooperation Department in Tokyo, has studied the Chinese

economy in depth for years, and is personally well-acquainted with some of China's leading planners. The IDE is among the most interesting institutes in Tokyo. It does highly developed work on Third World economies, and much of the work on economic programs for the Third World for Japan's Foreign Ministry. Mr. Imai was interviewed by Kathy Wolfe on Sept. 10.

EIR: Do you think that the new Chinese "tight money" program will work? Or will it cause a bad recession?

Imai: China has a 16-point plan, issued by the [Communist] Party in July, and a seven-point plan to control investment, which was designed by the Economic Planning Commission and was authorized by the State Council at the beginning of September. The latter plan was combined with some other austerity measures, such as the general freeze of price reform during the second half of this year.

I think that the austerity measures presented in the plans will work and, as for the 16-point plan of July, it is already working. Since August, some articles reported that prices of real estate and some important materials, such as steel or timber, which had been skyrocketing since last year, turned downward. After the rise in interest rates in the middle of July, the deposits of major banks increased at a pace faster than the same period of the previous year. Growth of industrial production also started to slow in July and a further decline is projected.

The most fundamental cause of the current economic overheating is not essentially different from that of the 1988-89 overheating [which led to the 1989 Tiananmen Square demonstrations and massacre], that is, the lack of financial discipline of state-owned enterprises and local governments. In this case, what is most required to cool down the economy is a strong political will to implement unpopular austerity measures, overriding resistance from state-owned enterprises and local governments, rather than sophisticated techniques of macro-economic management. Many Chinese and foreign observers believe that Mr. Zhu Rongji, the vice prime minister who is responsible for economic matters and was also appointed as the new head of the People's Bank of China in July, can afford to exercise such an initiative.

However, success in controlling the overheated economy will not be achieved without some costs. As a result of the surge in investment last year, it is very probable that excess capacity of industry has been accumulated on a huge scale. Tight control of money will aggravate the financial burden of state-owned enterprises incurred by such excess capacity, which will weigh down enterprises and dampen their eagerness to make investments. This will further cut demand for industrial products. In this way, a fall in the growth rate of production may lead to a fall in the absolute level of production itself before long.

On the other hand, the rise in the consumer price index in major cities is still accelerating. State-owned enterprises

have been continuously raising payment to their employees to avoid troublesome labor disputes. Under the circumstances, they have no choice but to raise the prices of their products to cover the rising labor cost. Thus, it is probable that a slowdown of inflation will lag behind adjustment in production, as was the case with the macro-economic adjustment during 1988-90.

My conclusion is that although the recent measures will successfully brake the overheating economy, it will almost inevitably bring about a phase of stagflation which will be followed by recession. Some China specialists share this view but they seem to be optimistic about the scale and the length of the coming recession. Although I also guess that it may be milder than the one of 1989, I cannot be very sure about this point. At least I can say it heavily depends on Vice Prime Minister Zhu's personal ability.

EIR: What do you think of the ideas of Feng Zhaokui, vice director of the Institute of Japanese Studies of the Academy of Social Sciences in Beijing?

Imai: Feng Zhaokui's view that China should imitate Japan to achieve economic success is not new. Such a view appeared in the 1980s and has already become almost commonplace in China. Even the World Bank, in its report on China's economy published in 1989, presented an idea that China can learn a lesson from the initiative taken by the Ministry of International Trade and Industry (MITI) in Japan's postwar economic development process.

I basically agree with the view that in the development process of China (and of the other lesser-developed countries), the government should play a more positive role than those played by the governments of advanced countries, especially those of England and the United States, during their era of development.

In this point, I believe, Japan can provide a good example of comparably desirable intervention by the government to the market mechanism. I think it is difficult and even not very recommendable, at least at the moment, for China to imitate Japan in the central government's strong initiative in industrial development.

I point out two reasons:

1) It is a fact that the government played a relatively influential role in the development of Japan, but at the same time, it should be noted that the role played by the government remained complementary to the market mechanism. By contrast, in China the market mechanism is still unmaturing. In this case, what the government should do is develop conditions without which market mechanisms cannot work effectively. Active intervention should come after that.

Moreover, there is a risk that rationality of industrial policy can be used as an excuse for sabotaging economic reform. For example, during the austerity period of 1989-90, when large and medium-scale state-owned enterprises were suffering financial trouble, Japan's so-called "Keisha-seisan-

hoshiki," which gives priority to important subsectors in allocating financial resources, was cited as a rationale for bailing out those inefficient state-owned industries.

2) China's central government's ability to regulate the economy in a consistent manner is far more limited than that of Japan, and it has been further weakened as a result of deregulation. Even inside the central government you can observe many collusions of interests of each ministry, committees, and bureaus.

Last year's reorganization of the government will serve as an illustration.

Before the convening of the Eighth National People's Congress in March, it was reported in Japan that a reorganization plan of economic agencies of the central government would be approved at the Congress. The focus of the plan was to be a reorganization of the Economic and Trade Commission into a superpower economic ministry like MITI, which can exercise decisive influence on every subsector of industry and commerce. According to the plan, it was reported that the commission was to merge with the Ministry of Foreign Economic Relations and Trade, the Ministry of Commerce, the Ministry of Materials, and other ministries which are responsible for each subsector of industry. However, vested interests of the ministries were too strong to be overridden and the plan failed. The framework of economic policy which severely lacks coordination between subsectors remained almost entirely unchanged after the Congress.

I agree with you that China is now suffering from some kind of excess economic liberalism, but the nature of the liberalism is almost entirely different from Thatcherism. I point out two major differences:

1) As far as I know, one of the central policies of Mrs. Thatcher was wide-ranging privatization of the state sector. However, though China's economic liberalization showed considerable progress recently, industrial output from state-owned enterprises still amounts to nearly 50% of total industrial output. In addition to this, the [central and local] governments still interfere with the working of the economy in an extensive manner.

2) A major part of China's current economic trouble resulted from the lack of financial discipline of state-owned enterprises and local governments. So the problem should be properly described not as excess liberty but as "liberty without responsibility."

EIR: Do many Chinese economists agree with Feng's idea, that China should follow a "Japan model"?

Imai: As I have noted, advocates of the "Japan model" are not rare in China. Moreover, I think a majority of Chinese economists admit the necessity of a Japan-like industrial policy, though they do not necessarily mention Japan as a model explicitly.

However, I think there is little meaning in talking about

the "possibility" of adopting Feng's idea, because the government of China has already begun introducing some parts of the "Japan model," notably so-called "strategic industrial policy," as early as the middle of the 1980s. In addition, the recent move to reorganize economic ministries is a reflection of the Chinese government's intent to follow the "Japan model."

EIR: What sectors of the Chinese economy should China focus on, if they want to move to a "Japan model"?

Imai: The government started to adopt Japan-style strategic industrial policy in the 1980s. However, achievement of the policy has been rather poor to date. One reason, as many Chinese economists and bureaucrats argue, is the fact that the central government's grip on financial resources is too weak and has been attenuating further as a result of economic reform. In this context, it seems that the Chinese government is now focusing on transplanting Japan's financial system, which is highly regulated in comparison with the United States, and where semi-official financial intermediaries play significant roles in supplying long-term capital. It was reported recently that the Chinese government is planning to establish two official banks specialized in development finance and external trade by the end of this year. As you can easily see, they are imitations of the Japan Development Bank and the Export-Import Bank of Japan.

EIR: Will the Japanese government help China follow a Japanese model?

Imai: The Japanese government has been advocating a Japan-style development strategy approach in the international aid community. In this context, the Japanese government is implementing some kind of "technical cooperation" in the field of economic policy to some of Japan's aid-recipient countries. As for China, there are periodic exchanges between China's Economic and Trade Commission and MITI, and China's Economic Planning Commission and Japan's Economic Planning Agency. And, as you can see from the Chinese government's recent move to imitate Japan's framework of economic policy, it seems the exchange with MITI has been influencing the Chinese government to an unignorable extent.

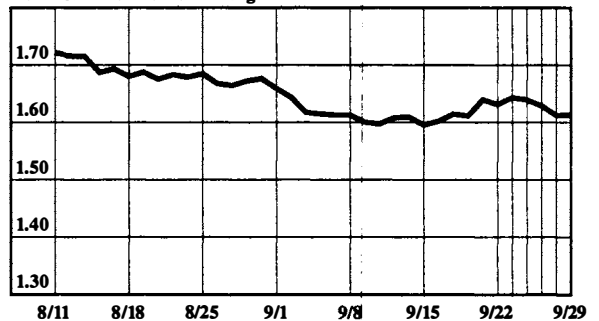
EIR: What will Japanese business do to help?

Imai: So far, the majority of Japan's direct investment to China consists of comparatively small-scale and labor-intensive industries. However, as China's orientation to a market economy becomes decisive and the Chinese market expands, more and more large-scale industries, for example, auto industries, will be willing to invest in the country. The Chinese government will welcome and encourage this trend, as it is in accord with the government's intent to promote domestic production of technology-intensive goods like automobile or electronic products.

Currency Rates

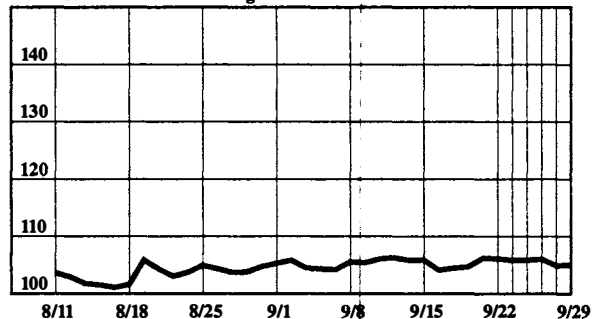
The dollar in deutschemarks

New York late afternoon fixing



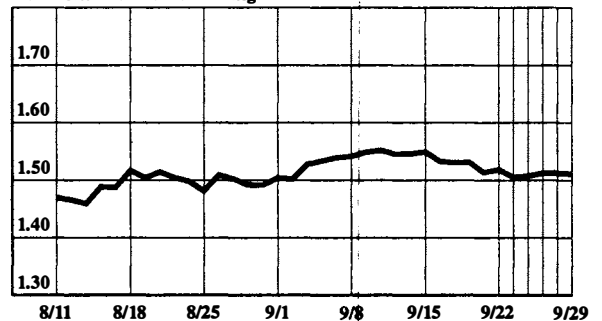
The dollar in yen

New York late afternoon fixing



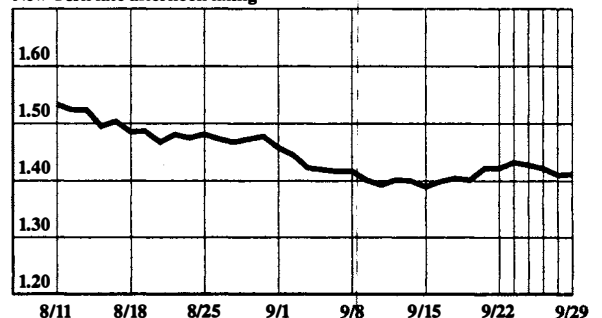
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Are jobs a 'dying species'?

German elites—including top labor bureaucrats—are speculating with the depression rather than fighting it.

Also for us: coal, jobs, security," read one of the big banners carried Sept. 27 in the city of Bergkamen by coal miners and workers from other industries, who protested plans of the Ruhr Coal Corp. to shut down the Monopol coal mine there. Of 6,000 jobs the company wants to cut (in addition to the 20,000 that are on the agenda already) one full third will be at the Bergkamen mine.

What makes the decision look most absurd, is the fact that right here, 12 years ago, one of the most modern coal mines was built, linked with a modern coal-fired power plant. At the time it was called a "symbol of a future for German coal" by politicians and senior mining sector spokesmen.

Today, the symbol is gone, as well as the future of coal mining in Germany. To a great extent, this is the result of the deepening crisis in the steel, manufacturing, and especially the auto sectors of German industry. Less consumption of steel and iron ore means less work for the coal mines that supply the blast furnaces and iron-works, naturally.

The German steel industry, which already in late 1992 agreed to cut 30,000 jobs, announced on Sept. 27, as the miners of Bergkamen took to the streets, that another 20,000 jobs will be cut. This means that Ruhr Coal will soon address the "necessity" of firing even more miners, and so the spiral keeps winding down and down.

The crisis in coal and steel is linked also to the immorality that has caught the minds of politicians, management, and the labor bureaucracy. Forced to admit in public earlier this

year that the country was in a "deepening recession" and not an upswing, senior economists, bankers, politicians, and other elites began talking about the "economic impulse" that would come from the United States like a locomotive to pull Germany out of its troubles. And, so they said, nobody was to blame because everybody was "caught by surprise" when the upswing turned into a recession.

It is simply not true that nobody "recognized before what the situation really looked like." It may be true that many of the politicians, industrial managers, and labor leaders simply overslept during the shift in world economic realities, but enough of them have known for a while that the economic depression is man-made, by people who have given up on production.

Many knew, because they began pulling money out of manufacturing tangible goods a few years ago, choosing to let it "work" in monetary speculation instead. The worship of that new "god" has been increasingly practiced not only by bankers, industrial managers, and other private stockholders—it has been a practice also of a yet-unknown number of labor union officials.

It was revealed in a spectacular way a few weeks ago that Franz Steinkuehler, longtime national chairman of the metalworkers union IGM, the biggest union in Germany with about 3 million members, was forced to resign, after being exposed in the media as making money with risky investment operations. These operations were guided by insider information he

had access to through his seat on the board of Daimler-Benz, Germany's leading automaker, which has just announced, by the way, plans to cut 44,000 jobs or 15% of its work force in the next two years. This announcement implies the loss of even more jobs in steel and coal.

The question has been posed again and again in recent years why, in spite of clear signs of a deepening depression, labor unions in Germany are not campaigning for big industrial projects that will provide what those miners of Bergkamen have called for: "jobs and security."

Labor representatives at Siemens, Germany's leading producer of nuclear technology, are not fighting to keep that sector alive, but approved, instead, the management's recent decision to cut 1,100 jobs in the nuclear engineering operation of the company—as allegedly "not having a future."

Labor leaders at Thyssen, Germany's leading producer of components for the maglev train system, Transrapid, oppose that technology as "too costly." Mining worker union leaders are opposing nuclear power as long as state guarantees for coal mining are not given into the late 1990s—although the technology of the gas-cooled, high-temperature reactor with its options for the processing of coal offers the ideal solution for a "future of coal in Germany."

And labor leaders in the aerospace sector oppose space technology because their union, the IGM, says that going to space is a "waste of money."

The "waste" argument is a bit hypocritical, because industrial companies of Germany have lost immense amounts of money in the type of insider speculation in which IGM ex-chairman Steinkuehler was engaged. The "speculation" issue has so far not been addressed by the IGM and other labor unions.

Not enough corn for export

The floods wiped out this year's crop as well as the potential for the future, while the USDA spreads lies.

It is now harvest time. This year, even a stupefied TV viewer can tell you why 1993 harvest volumes (corn, soybeans, spring wheat) will be down compared to recent years. The Flood of 1993 directly and indirectly destroyed millions of acres of crops, centered in the nation's food belt, Minnesota, Wisconsin, Iowa, Illinois, Nebraska, Missouri, Kansas, and the Dakotas.

However, there is more to the story. The crop output is down, but relative to what? And what is the harvest potential for the future, if farmers are wiped out?

Take corn, for example. This year's output of corn, the foremost U.S. commodity for exportable surplus and potential food aid, is now on a par with *domestic use only*. This has devastating implications for food policy the world over.

The Sept. 9 estimate by the U.S. Department of Agriculture for the 1993 corn crop was 7.223 billion bushels (183.9 million metric tons). That is a high estimate, to serve various USDA purposes. At the same time, the USDA is projecting a relatively low estimate for domestic use: 6.76 billion bushels this year, dropping to 6.7 billion for next year.

In reality, the 1993 corn crop may be easily *below* 7 billion bushels. For reference, a record year (1992) was over 9 billion bushels; very low years were 4.174 billion (as a result of the 1983 drought and federal set-aside programs) and 4.929 billion (after the 1988 drought.)

The National Farmers Organiza-

tion (NFO), based in Iowa, estimated this year's corn crop at 7.19 billion bushels as of Sept. 13, with the qualification that this forecast could drop in the case of early frosts, which have since come to pass.

The *EIR* estimate as of Aug. 1 was for a corn harvest of 7.23 billion bushels, or even lower in the case of bad weather in the period from August through the completion of the harvest. Now, we estimate a harvest under 7 billion bushels.

Therefore, where is corn for export, for potential food aid? It doesn't exist.

Darrel Good, a University of Illinois corn marketing specialist, stressed that to put the USDA corn crop estimates into perspective, you have to look at what harvest volume is the bare minimum to meet current "trend" uses of all types (domestic and exports.) Good said that the minimum 1993 crop level is 7.426 billion bushels, much higher than even the shameless USDA dares to project.

What is the response among government and grain trade "experts"? To fake the statistics, underpay the farmers, and control who gets food and who doesn't. And to keep the lid on the news.

The USDA's massaging of the statistics applies across the board, not just for corn. For example, a Sept. 13 *Agweek* article was headlined, "USDA Report Counts Wheat Crop Producers Say Isn't There."

Meanwhile, to protect their profiteering, food cartel companies that dominate the grain trade (Cargill, Archer Daniels Midland, ConAgra,

Bunge, Continental, Louis Dreyfus, Pillsbury) are systematically underpaying farmers. Corn is selling at only \$2.15 or so a bushel, which is lower than it sold 20 years ago. In real dollar terms, it's the lowest price in history.

As for wheat, grain dealers in the Dakotas are paying farmers as little as \$1.00 a bushel. The issue here is that the wet weather fostered many pest problems in the grain. However, farmers are being docked far more than is fair; and secondly, compensation should be coming to them in order for them to continue in operation, to guarantee the national food supply.

The situation is so blatant that Sen. Kent Conrad (D-N.D.) has asked the General Accounting Office to launch an investigation into the low prices farmers are receiving for blight-damaged wheat, after farmers told him they were suspicious that the big grain companies were taking advantage of the wet weather and the flooding to take deep quality discounts on new grain now being marketed.

Finally, to complete the "Big Lie" campaign to downplay the lack of grain relative to need, all of a sudden the USDA projects that Russia and China, two of the largest importers of U.S. grain, are having bumper crops. And other factors are cited that supposedly mean that there will be no "need" for a U.S. corn crop anyhow.

Officials point to the Russian default on export loans, which now top \$1 billion, and say that this will force a cutoff in sales of U.S. grain. The USDA says that Russia and other countries of the former Soviet Union will cut their total imports of corn and other coarse grain nearly in half this trade year.

USDA officials also point to President Clinton's decision to impose economic sanctions against China, which can cause that country to limit purchases of U.S. grain.

Business Briefs

Banking

Bundesbank urges return to 'traditional' banking

Johann Wilhelm Gaddum, vice president-elect of the German Bundesbank, made an unusual appeal for a return to traditional methods of banking, away from recent innovation, in a speech in Bremen in September. He called for a reconsideration of the rules for industrial and construction financing.

A drop in long-term investments has been accompanied by the growth of over \$10 trillion in derivatives speculation.

Gaddum attacked the trend in many OECD countries in recent years to flood the markets with financial innovation, leading people to ignore basic rules of banking and credit. "For me, these include the rule that long-term investments must also be financed over the long-term. Countries which have been more open to these innovations than Germany have had to learn costly lessons," he said. He noted that more than 80% of all German corporate long-term lending is still made at comparable rates, not the highly risky short-term practices now prevalent in many countries.

Trade

Germany and China sign economic cooperation deal

Germany and China signed an economic cooperation agreement on Sept. 23, which emphasized that economic links between the two countries were becoming increasingly important, Reuters reported. German Foreign Minister Klaus Kinkel told Chinese Minister for Trade and Economic Cooperation Wu Yi, who was leading a delegation to Germany, that he hoped China's new economic openness would be accompanied by increasing political openness and an improvement in human rights. Both ministers said there was room for significant expansion in bilateral trade.

China has been the biggest buyer of German goods in the Asia-Pacific region this year. Germany is China's largest European custom-

er, with imports this year worth over 12 billion marks (\$7.5 billion). On Sept. 22, after a two-day trade fair in Leipzig, 11 contracts were signed for the delivery of German plant and equipment to China. This brought to 3.8 billion marks the total of Chinese orders to Germany since Economics Minister Günter Rexrodt led a trade mission to China in March.

At a Sino-German fair held later in Cologne, German companies were expected to sign contracts worth \$500 million with Chinese enterprises, including for the production of two ships in an east German shipyard (likely Rostock), and for iron and chemicals production, according to German radio reports.

Fusion Energy

New tokamak tests prepared at Princeton

Physicists at the Princeton Plasma Physics Laboratory (PPPL) will be conducting the world's first fusion experiments in the Tokamak Fusion Test Reactor (TFTR) utilizing fuel comprised of equal parts of deuterium (D) and tritium (T). This new phase, which is planned to run through most of 1994, will allow unprecedented studies of plasma behavior under reactor-like conditions, according to a Princeton press release.

The TFTR is expected to produce 5 million watts of fusion power. This amount is three times the D-T fusion power produced in 1991 by the Joint European Torus tokamak, using a more dilute tritium mixture. In 1994, PPPL researchers expect to increase TFTR's fusion power output to 10 million watts, attaining the device's 1975 design goal.

Scientists predict that self-heating of plasma by alpha particles is likely to be observed for the first time in TFTR. Each D-T fusion reaction produces one neutron and one alpha particle. Neutrons leave the plasma carrying approximately 80% of the fusion energy produced. This energy would be converted to heat for the production of steam in a commercial fusion power plant. The positively charged alpha particles, carrying 20% of the fusion energy, remain trapped in the magnetic field and, through collisions, transfer this energy to the

remaining D-T plasma. The confinement of the high-energy alpha particles in the magnetic field is vital to the eventual production of self-sustained, i.e., "ignited," plasmas needed for the next-generation fusion devices.

In the Summer 1993 issue of *21st Century Science & Technology*, Dr. Stephen Dean gave a report on the current U.S. fusion energy programs and their prospects.

Zambia

WHO predicts labor shortage caused by AIDS

According to a World Health Organization study Zambia will suffer a labor shortage because of AIDS by the turn of this decade. The study revealed that 15,420 of the 51,406 workers of the Zambia Consolidated copper mines will be infected with AIDS by that time. Fully 10% of all children in one of the country's major districts are AIDS orphans.

The AIDS epidemic, according to Kara Counseling and Trust, is being spurred by the International Monetary Fund's structural adjustment programs, which are throwing women and children out onto the streets and into prostitution. "They are on the streets and try and live above the hardships brought about by adjustment programs," a spokesman for the group said.

Russia

Drop 'shock therapy,' advises Brzezinski

Former Carter National Security Adviser Zbigniew Brzezinski said that Russia and Ukraine should follow "directed economic growth on the Korean model, for example, rather than on the Polish example," in an interview on the MacNeil-Lehrer News Hour on Sept. 20. The "big bang" theory of economic transformation will create a "big mess," he said. The reform program has to be one in which the government is engaged.

"The Korean model involved essentially a

Briefly

directing role by the government, some generalized goals and targets being set by the government, and then the government deliberately using credit policy and subsidies to stimulate certain segments of the economy, while at the same time creating a free market," he explained.

Brzezinski said that "the advice we have been giving the Russians and the Ukrainians has created in Russia tremendous chaos. . . . The so-called big bang in Russia has produced very limited privatization and a small capitalistic class which is essentially parasitic. It's not a class that's investing and making the country grow. It's a class that's exploiting growth for its own benefits." In Ukraine, he continued, "we have essentially contributed to a stalemate by telling them to reform but by not being willing to help them.

"I think in both cases, some degree of reform from the top down in terms of government guidance, and loosening up the forces of creativity and innovation from the bottom up, with directed government guidance, is the way to go."

On Sept. 22, Carnegie Russian affairs analyst Dmitri Simes said in a National Public Radio interview that the International Monetary Fund role in the Russian crisis should be investigated because the agency is acting like a "rogue elephant." All of its demands on countries such as Russia sound good on paper, he said, but they translate into the destruction of state industries in a country with no "safety net" and are coupled with political demands which amount to "political interference with the internal affairs of large powers."

Airlines

Continental cuts back maintenance

"Continental Airlines has asked the Federal Aviation Administration for permission to make fundamental changes in maintenance procedures on its narrow-body aircraft, an FAA spokesman confirmed," the Sept. 20 *Houston Chronicle* reported. The paper quoted Mike Ciccarelli, spokesman for the FAA's regional headquarters in Ft. Worth,

who said, "They have asked for a different concept of maintenance, and we are approving it step by step without derogation of safety."

Some of the changes in procedure include "abbreviated daily walkarounds," instead of a several-hour-long daily inspection of all aircraft. Also, the airline will no longer perform "C and D checks," which involve the disassembly and reassembly of most or all of an airplane every few years. Instead, mechanics will check different parts over a period of time. Two Continental mechanics consulted by the *Chronicle* conceded that the new procedures would be "minimalist," but said they would not have any impact on safety.

The maintenance cuts are part of a large cut in routes and personnel announced earlier by Continental, which has emerged out of bankruptcy twice. Continental layoffs include 85 out of about 350 maintenance workers in Houston and 20 out of 79 in Cleveland.

Metals

Market confirms global depression

The current depressed situation in the base metals markets demonstrates the depth of the world economic depression. According to leading London metals trading companies, the recent falling prices for nearly all so-called industrial base metals, such as tin, copper, and aluminum, confirm the drastic lack of industrial demand for these essential metals.

"Copper stocks at the London Metals Exchange are enormously high, as they are everywhere. Someone recently tried a market squeeze which artificially lifted prices of copper for a while, but that failed last week and the price fall has resumed again," one metals industry source told *EIR* on Sept. 22. "Tin is hit by double normal China tin exports, which have hit a stagnant world demand situation, and huge market stocks. Aluminum has been hard hit by continuing Russian desperation dumping in western markets. In general, we see the current buildup of unsold metals inventories taking at least two years to reduce themselves, even assuming world economic recovery begins today."

● **JOB LOSSES** of unprecedented scope are approaching in the United States, according to a survey by the American Management Association of a representative sample of about 900 U.S. corporations. As many as 40-60% of U.S. companies could cut jobs by next July. Last year, the typical "downsizing" corporation cut employment by 8.4%, the highest figure since these studies began in 1987.

● **BOLIVIA'S TIN** industry (220 mines employing 35,000 miners), closed on Sept. 17 for an indefinite period as the tin price fell below \$2 a ton on the London market. The breakeven point for the industry is about \$2.30 a ton. The mines had asked the government to buy tin at a subsidized price, but the government says it lacks resources to do that.

● **FOUR CIGARETTE** companies have bought and now operate the Hungarian government's tobacco monopoly, the Sept. 24 *Wall Street Journal* reported. R.J. Reynolds and Philip Morris are among the companies which, with their advertising and commercial operations, play an increasingly powerful role in Hungarian society.

● **THE NICARAGUAN** government repealed a vehicle tax on Sept. 25 after widespread protests, and made a concession on its recent 25% increase in gasoline prices, ending a five-day strike by transport workers. But, according to the Sept. 25 *New York Times*, the government must cut services, which will detonate more protests somewhere.

● **THE BALKANS** faces severe hunger this winter, according to the U.N. World Food Program, which is seeking 450,000 tons of food relief for the war-torn region.

● **GENERAL MOTORS** has added another 50,000 hourly jobs to its list of cuts, bringing to 100,000 the number of jobs to be cut (about one-third of its work force), the Sept. 24 *Detroit News* reported. A company spokesman claimed the report is "purely speculative."

Secret NAFTA accord threatens U.S. sovereignty

by Richard Freeman and Chris White

On Sept. 8, Rep. Henry Gonzalez (D-Tex.), chairman of the House Banking Committee, exploded one of the biggest political bombshells of recent years. He reported, during hearings held on the vulnerabilities of the U.S. financial system under the proposed North American Free Trade Agreement (NAFTA), that no written record exists of the negotiations or negotiators of the Financial Services chapter of that agreement.

Since the notorious NAFTA agreement, in U.S. law, is a trade agreement, and not what it is called in Mexico, a treaty, the law requires that all such records be placed before Congress. If the agreement were a treaty, that would not be necessary, since only the Senate would be involved, as per that body's constitutionally mandated "advise and consent" function. But, trade agreement it is. And the legally required "paper trail" and "pedigree" have not been submitted to Congress, and may not even exist.

The congressman's remarks were directed to the representative of Citibank, Jack Guenther, senior vice president and senior adviser for international operations of the bank and its holding company.

Their exchange, not so far reported in any media besides the publications associated with this news service, went as follows:

Gonzalez: "I have found it very difficult since President Bush announced the [NAFTA] agreement last December [1992] to find out exactly what are the procedures, [and] who participated in what were really secret negotiations. As far as I know, there are no public records. . . ."

"Mr. Guenther, were you or any other Citibank personnel involved directly or indirectly in negotiations . . . involving the financial services chapter of NAFTA? . . . Did you review drafts of the agreement? And if so, would you be able to share with us the substance of your comments. . . .?"

Guenther: "I don't think I should give you . . . the answer that would be definitive on that."

Guenther went on to admit that, over the past two years, meetings have been held on a weekly basis at the Federal Reserve Bank of New York, under the



Clockwise from upper right: Rep. Henry Gonzalez, who blew the lid off the secret financial negotiations for NAFTA; Mexican President Salinas (r.), who sold his country out to George Bush (l.); the New York headquarters of Citibank, a major player in the plot; protesting Mexican farmers, whose lands are to be basis of the swindle, demand "halt to foreclosures."



chairmanship of William McDonough, then senior manager of open market operations, now newly appointed president of the New York Federal Reserve Bank. People from the United States and Canada were involved in discussions which were "fairly open." As for his own employer, Citibank/Citicorp, he said, "Yes, I'm sure we participated in some indirect way, but [I] should get you more precise information on that."

Gonzalez subsequently announced that he will be convening followup hearings, to take testimony from the ostensible negotiators of the agreement—such as Carla Hills and David Mulford, the former the wife of an executive at Michael Milken's Drexel Burnham Lambert, the latter returned now to extra-governmental duties at leading investment house Crédit Suisse—to pursue the matter of why no legally required record of the Financial Services chapter negotiations exists.

The report which follows has been put together by EIR investigators following up the charges made by the congressman. It has not been possible, thus far, with certain notable exceptions, to identify who participated in the closely held meetings. "Fairly open" they may have been, but not, apparently, open enough to satisfy the rigorous legal requirements of public scrutiny.

It has been possible to identify the outline of what the secret agreements contain. What is uncovered here ought to come as a shock. The whole, currently developing national debate about the NAFTA agreement is an outright fraud and farce. It doesn't matter which side you happen to take on the contrived public perception-conditioning questions of

whether NAFTA will create jobs or result in their export to Mexico, or whether NAFTA will increase or decrease U.S. exports to Mexico. That's got as much to do with the real world as a weekend trip to Disney World.

And, if you have difficulty comprehending that, why don't you ask the little huckster H. Ross Perot, the electronically anointed "leader" of the "anti-NAFTA" soap opera, why his family's financial interests are, right now, involved in making money out of the murderous scams which are being organized as part of the covert financial agreements which have been withheld from Congress? And why GE Corp., which is backing Perot's "campaign," with access to its CNBC cable network, is another such profiteer?

Jailed U.S. presidential candidate Lyndon LaRouche has vowed to make the campaign to stop this a crucial component of his election campaign. While all else are wrapped up in a phony debate, organized by fakers, for hucksters and peddlers, he is the only public figure in the United States to have made the now exposed plot into a fighting issue of national survival.

The secret agreements

The basic viper's nest of secret agreements is threefold:

- 1) to actually increase Mexico's more than \$100 billion nominal foreign indebtedness through the brutal looting mechanism of the ongoing so-called privatization program;
- 2) to transform such increased dollar indebtedness into a source of offshore dollar credit through the proliferation of

derivatives markets. These markets would be backed by the Mexican government, which would in turn be functioning as an agent of the U.S. Federal Reserve System;

3) to use the offshore dollar credits thus generated as a lever for a new form of financial control over the United States itself.

These secret agreements go beyond what was documented in *EIR*'s Special Report "Auschwitz Below the Border," but will produce exactly the result forecast there: bloody genocide against Mexico and its population. They also constitute treason against the United States. Treason organized with the complicity of the highest levels in U.S. public and private life, just as was the Confederacy more than a century ago, with the purpose of eliminating U.S. national sovereignty, through destroying and subordinating U.S. credit to "new" international monetary arrangements.

At the heart of the whole plot is a plan to finish off the job of destroying America's financial sovereignty that was begun when the Federal Reserve Act created the Federal Reserve Board in December 1913, as a privately owned central bank, which disguised its true intent by having a public Board of Federal Reserve Governors placed at the front of the system.

The Fed usurped the credit-issuing authority of the U.S. Congress, and thus arrogated to itself the right to determine how much credit was created, and for what purpose. Under the secret NAFTA Financial Services codices, the United States itself is to be subordinated to an international dollar, that is, to the powerful financial interests which control the derivatives markets, and the Federal Reserve Board is intended to be the agent of imposing their will on the United States.

The Fed, as per the design of Paul Warburg, the architect of the system, is supposed to become a hemispheric, not a national, central bank, the individual nations of the southern hemisphere to be reduced to the status of subordinated regions of an intracontinental privately controlled arrangement, and the existence of the United States itself called into question in the same way.

What is being done to Mexico, on behalf of secret agreements being implemented without respect to the outcome of the so-called NAFTA debate, is to be the model for the hemisphere.

This is what LaRouche has taken the responsibility to root out.

Privatization looting swindles

Within Mexico, the scaffolding for the construction that is supposed to be raised, is the privatization program. Here is the building of the Auschwitz which *EIR*'s earlier report documents.

For example, right now, there is a team—drawn from the U.S. Department of Housing and Urban Development, the Agency for International Development of the U.S. State Department, and the U.S. Savings League, the public relations and lobbying arm of the wreckage of the U.S. thrifts—sitting

in the Finance Ministry headed by Mexican presidential contender Pedro Aspe, working out how to set up a Mexican version of Fannie Mae, the Federal National Mortgage Agency, through which to provide Mexican government backup for the creation of a secondary market in mortgages.

What does this involve? Dispossessing Mexican farmers and *campesinos* who have been reduced to penury under the austerity enforced since 1982, so that their lands can provide the basis for a new financial swindle. The Mexican bankers' federation recently heard arguments from its members as to why the current government should not concede debt relief to the farmers. Acting on behalf of Mexico's farmers and *campesinos* will slow up the creation of the necessary secondary mortgage market.

How will this necessary secondary market be created? Asked this, one of the architects of the implementation of the privatization program said outright: "Mexico has too many farmers. Mexico will no longer be producing corn," a staple food product of the country. If Mexico's farmers won't be producing corn, what then will Mexico eat? Corn from flood-ravaged Iowa, Missouri, and Illinois? The source anticipated that two-thirds of Mexico's farmers and *campesinos* would be thrown off the land, beginning now, and that such a secondary market would be created on lands they vacate, on the basis of debts they incur when driven into the cities.

This isn't the kind of secondary mortgage market known in the United States. It is to use the kind of labor practices associated with the former United Fruit Co., or southern U.S. plantations after the defeat of Lincoln's Reconstruction program, as the basis for the issuance of new debt. It is to hold the inmates of Auschwitz liable for the mortgage payments on the accommodations so generously provided by their oppressors.

Yes, Mexico's farm sector, in the past supported by the state as a matter of protecting national food security, is to be privatized.

So, too, is just about everything else, and in the same brutal way. The telephone company has been privatized. The highway system is being privatized. The water distribution and sanitary services of cities such as Mexico City, are on the block. Ports and airports are targeted too. The touted "environmental side agreements" to the main text of NAFTA, will, in the border areas, accomplish the same result, setting up looting swindles on the basis of farming out what is euphemistically called "the cleanup of the environment."

To get to the bottom of who put together the secret agreements, simply take the list of the outfits that have carved up the elements of Mexico's public infrastructure for ongoing or scheduled privatization. Go to Hongkong and Shanghai Banking Corp., its subsidiary Midland Bank, Barclays Bank, Crédit Lyonnais, Citibank, J.P. Morgan, Goldman Sachs, Shearson-Lehman. That is where you will find the still-bloody hands that wielded the butcher's knife. There you can find the people who can tell you under what auspices the

carcass was apportioned.

Then there are the technicians, like Carlos Melcher of Public Financial Management, a Philadelphia-based subsidiary of the "HongShang" bank which specializes in privatization and deregulation, who can tell how it is done.

Currently, Mexican-born California resident Melcher has a busy schedule.

On Sept. 17, he flew to Mexico for meetings with Mexican Treasury and other government officials. He had dinner with Mexican mega-millionaire Carlos Slim, who is accounted the owner of the recently privatized Mexican Telephone Company.

Melcher is a graduate of the University of California School of Business at Berkeley. While he was an undergraduate there, his professor, Laura D'Andrea Tyson, was the director of the Institute of International Studies, which is connected with the School of Business. Tyson has gone on to become the head of the Clinton administration's Council of Economic Advisers (CEA), where she is currently working on the implementation of the secret financial accords.

Another of Melcher's professors at University of California School of Business was Sherman Robinson. Robinson went to Washington, D.C. to work for Laura D'Andrea Tyson at the CEA, serving as her senior aide on matters relating to implementation of the secret agreements.

Toll road fiasco

The privatization of Mexico's highways, ongoing for three years, exemplifies the process that is under way. The government assumes the old debt, puts up "seed money" to attract private so-called investors, who, in return for a pittance spread over time, are given "concessions"—yes, that is the word employed—on the revenue stream extracted from the project. The revenue stream is the collateral for new debt, directly or indirectly backed by the government, which, with its seed money, paid the private investors to come in in the first place.

"Privatization of roads works on the principle of 'build, operate, and transfer,'" *EIR* was told on Sept. 15. "A group comes in, usually involving a construction company, and they build a road. If the construction company were building the road for the government under some government [public works] project, then that would be that," Melcher continued. "The company's role would end with the construction completed. But now the [construction] company is asked to stay on and operate the road."

The construction company may operate the road in partnership with a group of investors. "If the construction company operates the road, then this is a concession. The term of the concession can run 10 or 12 years, but now they're getting longer, and concessions are running up to 30 years. . . . The concessionaire gets the revenues for running the roads. The concessionaire keeps the tolls. After so many years, the concession runs out, and it is transferred" back to the government.

Thus, the origin of the phrase "build, operate, transfer."

In Teddy Roosevelt's day, they used to send in the Marines to take over the customs house. The result is no different.

Over the last few years, under the government of President Carlos Salinas de Gortari, 4-5,000 kilometers (2,400-3,000 miles) of toll roads have been built in Mexico. These are not improvements of existing roads, nor are they badly needed extensions of Mexico's 54,000-mile paved highway and two-lane road system, deteriorating as it is.

As insane as it may seem in almost all the cases, "the toll road was built right along side the existing highway," so that it could "compete with it." While Melcher waxes eloquent on how the "privatization" of the road system is brilliant, the program is a flat-out failure. "The problem is that the tolls are high," stated Melcher, and "people use the old [government-built] roads, even though the old roads are not in good condition."

Tolls have been set high, exorbitantly high. So high that the toll roads haven't functioned. But meanwhile, the condition of the parallel freeway has been allowed to deteriorate. Now, the commercial users who were primary targets are being offered a deal: "Come use our roads, and we'll reduce the tolls."

Indeed, the tolls are exorbitant. According to an interview in the July 1993 issue of *World Trade* magazine, a truck traveling into the interior of Mexico could spend \$400 in tolls alone. The toll from Mexico City to Acapulco, a resort town, is \$100 round trip, for only 255 miles.

And so the concessionaires are signing deals. The concessionaires cut the tolls by 50%, but the commercial users have to undertake that they will no longer use the old government-built roads. Some people call extortion a simple deal, too.

Projects for Mexico City's water system are no different. The tolls this time are users' fees. The "foreign investment" which follows government seed money, is to pay for the installation of meters to monitor usage, and plug up leaks in the system, so that the money-generating resource, water, might not run off idly without generating some more loot.

This is the racket which NAFTA opponent H. Ross Perot is reported to be involved in. Perot and his son, H. Ross, Jr., working through a business vehicle called the National Transportation Authority, just recently won a hard-fought fight to have Alliance, Texas, just outside Dallas, declared a "free-trade zone" so that they can build an airport there.

The purpose of the airport is to capitalize on business generated by NAFTA.

On both sides of the border, the Perots are said to be "interested in real estate, in getting into toll road privatization deals, in a lot of things." There is a company they are associated with, called Grenier, which is worth looking into. Ross's business interests are said to be strictly separate from his political interests. Not surprisingly, after all, "We represent the owners of the country, don't we; we're just taking back what we own, okay?" The Perot family representative for all this is one Larry Cain.

This much is par for the course in all the privatizations that have been done in recent years, whether in Britain, or now in Italy, or to come in France, or in other Third World countries that have been put through the same bloody wringer Mexico is going through. Deregulation in the United States was the same thing too.

Where things start to vary from the established pattern, is with what is coming next.

The "income stream" extracted from these projects is, of course, denominated in Mexican pesos. That peso income stream is to be transmogrified into dollar-denominated bonds for the benefit of the foreign investors who are supposed to be putting money into the "build, operate, transfer" projects. This is the fear expressed by Nikos Valance, witness at the recent Gonzalez hearings, that what would follow under the Financial Services chapter would be the creation of something he called "NAFTA bonds" or "NAFTA dollars." They might more properly be called "Hemo-bonds," since blood is the resource against which they will be collateralized, just as were "petrodollars" against oil.

The next step is to bring in international financier investment, as part of the secret NAFTA financial accords. Dollar-denominated bonds, "NAFTA-bonds," would be issued.

The major American investment bank "Lehman Brothers is working on an idea," we were reliably informed, "to attract substantial international investors into investing in toll roads. The way this would work is that Lehman Brothers would underwrite non-recourse revenue bonds, which are [denominated] in dollars." Such bonds can be dubbed the "NAFTA-bonds" of which Valance spoke.

"The potential highway area that has been chosen is a 100-kilometer [60-mile] stretch of road near Cuernavaca. Now this is one of the most heavily traveled areas in all of Mexico. It should yield a decent revenue."

According to our source, Lehman Brothers tried to do this once before. "They tried underwriting a bond for a toll road at Toluca. But they didn't structure the deal right. However, they had one very good idea. They issued a bond that had a contingency fund of 9% to protect against currency exchange rate risk [between the dollar and the peso]. This idea could be used again."

Enter, derivatives

And thus, like the secondary mortgage market, the dollar bonds issued against a peso income stream are to be the basis for the construction of a Mexican-based derivatives market.

To protect against so-called foreign currency risk, the dollar bonds are to be hedged against currency risk through the foreign exchange market.

Crédit Suisse-First Boston is said to be one of the investment banks which is interested in the deal that Lehman Brothers is setting up. David Mulford, who as the assistant secretary of the treasury in the Bush administration helped write the financial side of the NAFTA accord, has returned to

his old firm, Crédit Suisse-First Boston, to take up a senior management position. Crédit Suisse has been one of the movers and shakers in Eurodollar placement.

Other interested investors include the British banks Montagu and Midland, the latter of which is merged with the Hongkong and Shanghai Banking Corp.; the French Banque Paribas and Crédit Lyonnais; and the American J.P. Morgan, Citibank, Goldman Sachs, and the Morgan-owned General Electric Credit Corp., the biggest non-bank financial corporation in the world. Every one of these institutions is also a major investor in the worldwide derivatives market.

What they've got in the pipeline includes the following: Mexican Treasury currency strips, in which the principal and interest of Mexican Treasury bonds are stripped apart and each traded as a distinct instrument with a particular yield; a Mexican currency and interest rate swap market; Mexican mortgage-securitized and auto loan-securitized bonds, which are issued against bundles of mortgage and auto loan paper; stock market warrants (which already exist); a Mexican Mercantile Exchange market to trade futures and options contracts, and so forth.

At the same time, derivatives trader George Soros is moving into Mexico to invest in the Santa Fe office building real estate development in Mexico City, which is projected to cost \$10 billion to build. Soros, and his partner in the deal Paul Reichmann of the Canadian Reichmanns and formerly of Olympia & York real estate, are prepared to sink \$500-700 million of their and their partners' money in this project. Such a gigantic real estate deal would dominate the real estate market of any big European or American city—its financing cost is the size of the London Canary Wharf project—but in Mexico City, in very poor Mexico, this project of Soros, Reichmann, and their buddies will have absolute dictatorial control over the Mexican real estate market. And it is now well known what George Soros's financial operations are all about, and whom he works for.

There are two features to all this.

One, there just ain't enough loot down there in Mexico to support it. Strip the carcass to the bones, and it still doesn't add up. Run a derivatives market on auto-related consumer debt, when the plan is to expand U.S. exports from 1,000 cars a year to 60,000? Run a secondary mortgage market on the backs of Mexico's estimated 15 million or so homeowners? This is like Citibank's Guenther telling the Gonzalez committee about the jobs that will be created because of the implementation of NAFTA, and citing the possibility of 700 more jobs in South Dakota in Citibank's credit card-processing subsidiary.

What does Ibero-America currently produce that could support all this? Cocaine. This is the financial infrastructure going into place for a new ordering of the multihundred-billion-dollar flows associated with the drug trade, of which it is estimated that \$100 billion per year passes through Mexico.

It is the same old crew. Back in 1978, *EIR* helped orga-

nize the fight against the Hongkong and Shanghai Banking Corp.'s takeover of Buffalo-based Marine Midland. We argued then, in hearings held by the New York Banking Commission, that the takeover would open the floodgates for inflows of drugs and drug money. No one produced a refutation of the argument. But the Federal Reserve did change its own accounting standards to permit the HongShang bank to come into the United States without disclosing either the size, or the provenance, of its hidden reserves.

So Mexico's heart is to be ripped out to become the staging ground for the reorganization of the drug trade. This was wormed into the Gonzalez hearings by one Christopher Whalen of Whalen Associates, who on page 14 of his written testimony wrote, "Until such time as Americans come to their senses and bring the drug trade to the surface through legalization, the multibillion-dollar annual flow of illicit drug money into Mexico will continue to grow. . . ." Whalen did not have the guts to state publicly before the committee what was thus buried in his testimony.

The other aspect is this: When you set up a derivatives market, you are also setting up a credit-generating facility. The credit is, in effect, the difference between the nominal value of the instruments traded, and the margin required to leverage the trade. And thus dollar debt, issued against Mexican pesos, backed by the Mexican government, is to become transformed into offshore, dope trade-backed, dollar credit.

The derivatives markets are the cover for laundering the so-called capital gains associated with the finances of the dope trade into circulation, not as apparently legitimate money as such, but as a source of credit in its own right. For example, what is the present value of an asset to be collected 30 years hence, like the income from the highway privatization program? Nothing. It is merely a future promise to pay. With derivatives, you can create such a non-existent, a present value for a future asset, and negotiate it, and hedge it against a decline in its so-called value. Nothing times nothing equals nothing, right? Wrong. The present value of the asset to be protected is its undiscounted nominal present value. Calculate backwards from maturity, multiplying the future asset by expected inflation and interest rates. Then you get into the ball-park of the volumes of credit that would be produced out of thin air against the collateral of dollar-denominated debts secured against privatization and backed by the government of Mexico. It is mind-boggling.

And that is precisely where the threat to the sovereign existence of the United States arises out of these agreements. You see, their architects do not simply talk about the U.S. dollar; they distinguish between the U.S. dollar and what they now call the "international dollar," or the dollar which "knows no boundaries." That dollar, what *EIR* has called the "narco-dollar," transformed into a source of credit in a new way, is supposed to provide the leverage to mount an assault on the United States, with an intended effect which the armies of the Confederacy were never able to achieve.

Federal Reserve takes over banking in the hemisphere

What we have seen thus far, in terms of the bankers' takeover of the economies of Ibero-America, is only the beginning. The central banks of Mexico and Argentina both have, already in place, "arrangements" with the U.S. Federal Reserve. In the Argentine case, domestic currency issuance is tied to the volume of dollars in circulation. Argentina's central bank cannot issue more of its own currency unless the U.S. Federal Reserve ships down some dollars. In the Mexican case, the central bank is the "beneficiary" of a Federal Reserve credit facility.

National central banks are to be incorporated as extensions of the U.S.-based Federal Reserve System, issuing dollar credit, functioning as local dollar "lenders of last resort" to backstop the hideous speculative bubbles that are being created.

This is treason to the United States! The U.S. Federal Reserve becomes the lender of issue, and last resort, to support dollar credit generation outside the United States, in the form of the derivatives bubble and central bank dollar lending. Thus, through the secret agreements that Rep. Henry Gonzalez has put under the spotlight (see previous article), the Federal Reserve is putting itself in a position to coordinate how that externally generated credit is to be used against the United States itself.

Believe it or not, this atrocity is under discussion at the International Monetary Fund, the World Bank, and in the precincts of the Clinton administration, through such officials as Richard Feinberg of the National Security Council. Feinberg, before his appointment to the administration, was with the Inter-American Dialogue, which promotes the legalization of drugs.

The Fed is slated to fulfill the role of hemispheric central bank, or hemispheric Federal Reserve, originally intended for it back in 1913. The Federal Reserve is to become the central bank for all hemispheric central banks, south of the border. A globalized, international dollar is to be coupled with, and originate from, that internationalized Federal Reserve.

The IMF plan

It is hardly accidental that one of the institutions putting this forward is the International Monetary Fund (IMF), the

revived post-World War II form of the old British Colonial Office, for extended world looting. One of the persons hatching a plan for this new type of Federal Reserve is Guillermo Calvo, a senior adviser in the research department and a director of macro-economics for the IMF. He anticipates some opposition to his scheme. In a Sept. 16 phone interview with a reporter, he indicated that there are "some political factors in Mexico" that could be a problem; but he was confident that these would be "circumvented."

Calvo's plan was first enunciated in a July 10 speech to a conference in Bogotá, Colombia, on the occasion of the opening of the very large Colombian Cusiana oil field. The reader will forgive us for quoting a few paragraphs of "banker-ese" from his speech (which will be translated), because it is necessary to give the details of what he is talking about. Calvo said:

"The central banks of Latin America must realize accords with the Federal Reserve to be able to control dollar monetary flows and to have an efficient banking system. . . . It is becoming ever more difficult for the central banks to control inflation and liquidity. We must recognize that we are in a dollar area and that our economies have become dollarized. The central banks can carry on open market operations, or they can control by means of managing bank reserves, which is better [than open market operations] because it doesn't have fiscal consequences. But how can they control dollar liquidity? In Bolivia for example, 80% of the banking system deposits are in dollars. . . . [The result of dollarization] is that the central banks can no longer serve as lenders of last resort" in their own national currencies.

Calvo said that one option would be for the central banks to lend in dollars both inside their own countries and abroad, but that these banks "find themselves limited by the term of the deposits. The banks can only lend for a term exactly equal to that of their [dollar] deposits. If the deposits are for three months, the bank cannot lend for six months. By contrast, banks in the United States, if they are confronted with a temporary shortage of resources, can request a credit from the discount window of the Federal Reserve. *The way to resolve this problem would be for the central bank of the [Ibero-American] country to have an accord with the Federal Reserve, a type of affiliation with the Federal Reserve, to also be able to receive discounted credits, and to be able to adequately back the banking system serving, as it must, as banker of last resort*" (emphasis added).

After his speech, in a conversation with an *EIR* correspondent, Calvo added: "With NAFTA there already exists a line of credit from the Federal Reserve . . . to the central bank of Mexico. This is called a credit swap. The idea is that this be generalized to all of Latin America."

Calvo has cleverly couched his proposal as an attempt to allow Ibero-American commercial banks, which do not have the access to longer-term deposits that American commercial banks do, to gain access to those deposits. In order to achieve

this purpose, Calvo would have the Federal Reserve make those funds available, lending them to the commercial banks of Mexico, by first lending them to the nation's central bank, the Bank of Mexico. The Federal Reserve would lend the funds through its discount window.

Isn't it strange that an opponent of the North American Free Trade Agreement (NAFTA), Sen. Donald Riegle of Michigan, is now involved with a proposal to change U.S. banking laws to permit banks to lend against their holdings of U.S. government debt? U.S. banks have been stuffed with more than \$700 billion of such government debt over the last few years, in the swindle that Federal Reserve Chairman Alan Greenspan calls "rebuilding their balance sheets." The Fed lends to the banks at 3%, and the banks to the U.S. government at around 7%. The difference is what you, the taxpayer, are paying to keep them afloat. How do you tell how much can be loaned against U.S. Treasury bonds maturing in 30 years? That's what the derivatives markets are for, isn't it?

But lending the funds through the discount window for purposes of re-lending, as opposed to currency intervention, is a privilege that is only extended to American banks. What Calvo is proposing is that the Bank of Mexico and other Ibero-American central banks join the Federal Reserve System! The implications of this radical change in policy are monumental.

First, as Calvo says in his speech, the Bank of Mexico, or any other Ibero-American central bank, would stand as lender of last resort in dollars, that is, lending dollars to its commercial banks. In the capacity of lender of last resort, a nation's central bank bails out its banks in the event of a banking crisis. If a crisis erupts in Mexican commercial banks's dollar lending portfolio—which is one-third of all Mexican commercial bank-originated loans—*these banks rush to the Bank of Mexico, which in turn, rushes to the Fed as its lender of last resort in dollars, to bail out the Bank of Mexico, since only the Fed can print dollars and has an adequate supply of dollars.* The more that the financial system of Ibero-America becomes dollarized, under the NAFTA financial accords, the more likely this scenario becomes.

Second, by having the Fed lend the funds through the discount window, which Calvo recommends, the Fed would be lending what are called central bank "high-powered funds." High-powered funds (which can include newly monetized dollars), when lent to a central bank, are multiplied a few times in size by the Keynesian multiplier inhering in all currently consituted commercial banking systems, so that a few billion dollars of high-powered funds loaned out becomes a few tens of billions of banking funds. There is no saying that American commercial banks that will begin operating in Mexico under NAFTA could not borrow some of these high-powered Fed funds, passed on through the Bank of

Mexico. In turn, these funds will be loaned out for investment in every piece of usurious speculative garbage, such as the derivatives markets and NAFTA-bonds which the Fed and the U.S. commercial banks, under the NAFTA Financial Services provision, are imposing in Mexico. Once inside these markets, the dollar volume of these funds will be blown up in size, several times again.

From a few billion dollars of Federal Reserve high-powered funds lent through the discount window, this is multiplied potentially, by the "normal course of business," into a mass of several hundreds of billions of dollar obligations, which are by this route hypothecated against the productive capacity of the United States. America's productive capacity is put into hock. The sovereign nation of the United States of America is never asked about this; it never authorized this process. The funds are loaned outside the normal banking channels. The whole process is unconstitutional and dangerous.

No wonder the written record of the NAFTA Financial Services chapter negotiations does not exist, and that no official can be found who admits to having been part of those negotiations.

Supervising Mexico's banking system

Calvo also wants the Federal Reserve to supervise the Mexican banking system. On Sept. 16, he told a reporter that there are two different reasons that there could be a run against the Mexican peso. The first is because of speculators, and that would only be of short duration. The second is because "there is no real sound banking system in Mexico, because the Mexican banking system is bankrupt. It would be foolish for the Federal Reserve to pump in dollars in that circumstance. The Fed needs to get a grip on the situation."

Calvo further proposes that both the Federal Reserve and the leading U.S. commercial banks, like Morgan, Bankers Trust, and Citibank, place their people in both the Mexican central bank and the big Mexican commercial banks for supervision purposes. "The American bank people would be working in the Mexican banks on a daily basis, supervising, looking after the money that they've invested. The Federal Reserve has to be concerned; it wants to see that the Mexican central bank is doing the right thing."

Supporting this view, Carlos Melcher of the Hongkong and Shanghai Banking Corp.'s Public Financial Management, commented, "I would feel better with Americans supervising the Mexican banking system than with Mexicans."

The nations of Ibero-America are squashed back into the banana plantations of the previous century. They are mere extensions of a Federal Reserve-administered octopus.

Calvo reports that during the summer, he met and discussed this IMF proposal for transforming the Federal Re-

serve with Richard Feinberg, the former chairman of the Inter-American Dialogue, a very powerful private bankers' group that recently placed one of its people, Fernando Henrique Cardoso, as finance minister of Brazil, and Oscar Camilión as defense minister of Argentina. For the last nine months, including at the time he met with Calvo, Feinberg has been the head of the Latin American desk of the Clinton administration's National Security Council.

Calvo gave a presentation a few weeks ago on this topic at the IMF/World Bank, for staff from those agencies and for "financial people, including from the U.S.," whose names, however, he would not divulge.

The North American Development Bank

The international institutions, of course, have their own irons in the fire of this plot against the sovereignty of nations. A parallel plan is the call for a supranational North American Development Bank (NADB). Supporting this misnamed bank is Steven C. Davidson, senior vice president of Ferguson and Co., a financial management consulting firm. Prior to joining Ferguson and Co., Ferguson was a consultant to the National Council of La Raza, advising on the development of a legislative proposal for an NADB, in conjunction with NAFTA.

Davidson explained that an initial capital of \$1 billion would be put up for a NADB, with 60% coming from the United States and 40% from Canada and Mexico. The NADB would work on a gearing ratio like the World Bank has: With its \$1 billion capitalization as collateral, it would raise an additional \$5 billion in the credit markets. This money would be then fronted as initial funds for projects, to attract "outside private investors." This bank would advertise itself, and has been sold to some U.S. congressmen, on the grounds that it would build infrastructure. But when asked to describe what type of infrastructure this would be, Ferguson replied, "such as the privatization of toll roads in Mexico" (see previous article for an analysis of this plan).

Carlos Brezina of the Inter-American Development Bank said that his bank sees the NADB as a way to "help along the privatization process in Mexico." His bank is meanwhile working with U.S. Special Trade Representative Mickey Cantor and U.S. Environmental Protection Agency head Carol Browner to devise the Border Environment Financing Facility, a swindle to hypothecate upon the environmental issue billions of dollars worth of bonds that would go, in part, to "privatization of water systems."

Both these proposals strengthen the international institutions and put public credit backing behind private speculative projects. They are also designed to get round present Inter-American Development Bank limits. Mexico is loaned out, and the United States is ineligible. Now, both Mexico and the United States can be brought under the umbrella of the international financial institutions.

The dollarization of the world economy: Who benefits?

The dollar has been globalized by the U.S. Federal Reserve, as the precursor of the strategy now being implemented in the Americas. Thus it is that the New York Federal Reserve, whose new president, William McDonough, was reported at Representative Gonzalez's hearings to have presided over the secret sessions which outlined the real NAFTA financial accords, has authorized Citibank, under Federal Reserve de facto management, to lend to speculator George Soros, to shatter targeted currencies.

Soros's currency warfare can be thought of as invading shock troops, deployed to destroy resistance in the form of national credit. The incoming dollars are the occupying forces which follow the initial shock attacks. This has been the pattern in Ibero-America, in eastern Europe and Russia, in China, and is being directed against western Europe, via the repeated, successive assaults on the European Exchange Rate Mechanism which have been launched since especially the summer of 1992.

Dollarization is the precursor to the kind of arrangements the Federal Reserve and McDonough are overseeing in Mexico.

Dollars leave the United States

Dollars are being shipped out of the United States in record amounts, not only through transactions in the drug trade and illegal economy, but also through the Federal Reserve Bank of New York, in collaboration with the big money center banks, in particular, Citibank, and the organized crime-linked Republic National Bank of New York, of gangster Edmond Safra, bulk-shipping dollars in blue wrappers to requesting "customers," especially in Ibero-America, as we explain below.

The U.S. supply of physical dollar bills is \$348 billion. That is, over the years, the Federal Reserve Board has printed and put into circulation, net of call-ins and destruction, this many Federal Reserve notes or physical U.S. dollar bills. Of this \$348 billion, \$37 billion is kept stored away in the vaults of U.S. banks and the Federal Reserve, as part of their banking reserve, leaving \$311 billion in the hands of the public.

Amazingly, of this remaining \$311 billion, \$190 billion, or a staggering 61%, is no longer inside the United States,

but is floating around abroad. That is, nearly two out of every three physical dollar bills are no longer kept in the hands of U.S. citizens: The dollar has been internationalized.

This trend has been increasing at an astronomical rate. In 1984, \$80 billion in U.S. physical dollar bills was abroad; thus, the amount of dollars abroad has more than doubled in nine years. During this time span, as a percentage of the total physical dollar supply, the amount in foreign hands has increased from 27% to 61%.

According to a report by a Federal Reserve staff member, \$20 billion physical U.S. dollars are in Argentina. Dollar bills constitute 60% of Argentina's internal physical money supply. Dollars are 70% of Bolivia's money supply. Half of all Bolivian bank accounts are denominated in dollars, and many items in Bolivian stores are priced in dollars, or Bolivian citizens make quick mental conversions into dollars for purchases. In Peru, dollars are similarly a huge percentage of the internal money supply. In Panama and Liberia, the dollar is the official currency. In Hong Kong and Honduras, the currencies are pegged to the dollar. In Vietnam, there are \$600 million physical dollars, mostly left over from the days when U.S. troops were in Vietnam. The dollar can buy most anything, ranging from real estate to businesses. Physical dollars play a huge role in the Persian Gulf states and in the Balkan nations. These countries, whole parts of the globe, are being "dollarized."

Argentina, which in the 1950s was the showcase economy of Ibero-America and on a productive development level of many European countries, is now a textbook case of a country that has been dollarized. In April 1991, Argentina pegged its currency at parity with the dollar, as part of a stringent anti-inflation policy. It now prints no more pesos than it can back up with dollars, gold, or other convertible reserves. But the variation of this peg is drawn so tight that the peso currency could fall, if there is a dramatic contraction of either dollars or of pesos. This increases Argentina's dependency on dollars even more; it cannot follow a policy that would risk the sudden loss of dollars.

Brazil, now the largest economy in Ibero-America, and the eighth largest in the world, is, according to several financial press reports, considering adopting the Argentine peso-dollar-peg model for its currency, the cruzeiro.

The dollar is also invading Russia. *Business Week* in its Aug. 9 issue stated that there may be as many as \$20 billion physical U.S. dollars in Russia. Two Federal Reserve Board researchers working in this area say that that figure is too high, and that the correct figure is probably between \$3 and \$10 billion, with most dollar bills in the large cities, such as Moscow and St. Petersburg. Let us assume, conservatively, that the amount is \$5 billion. Even that figure is astonishing. As a result of the "shock therapy" that was imposed on Russia by the International Monetary Fund and Harvard flea market economist Jeffrey Sachs, the ruble has gone from the exchange rate of 1.5 to the dollar in 1990, to 140 to the dollar

in June 1992, to 1,000 to the dollar today. At the last exchange rate, \$5 billion has the purchasing power of 5 trillion rubles. That exceeds the official Russian money supply.

This gives tremendous power to the black market operatives and foreign banks and financiers who hold dollars. Real estate and many important entities can be bought in Russia with a combination of physical dollars and bank drafts or some form of banking instrument, which can disrupt and destabilize the entire Russian economy and political system.

On July 24, Russian central bank head Viktor Gerashchenko carried out a monetary reform which called in about 20% of Russian banknotes. Lost in the furor about the monetary reform is the fact that one of the features of Gerashchenko's moves was to ban foreign banks from serving Russian customers. As we shall see, foreign banks are shipping in dollars; thus, a little-observed part of the July 24 reform was to halt the dollarization of Russia.

Dollars are also flooding into China. The invasion of dollars could be one reason for the Chinese government's anti-speculation campaign, though there are undoubtedly others. One of the reasons is that physical dollars are pouring into the so-called economic development zones in southeast China, such as the province of Guandong, the showcase area for the International Monetary Fund's socialist-free enterprise hybrid model. There are at least a few billion physical dollar bills in China, and they trade at a premium. They are buying up real estate. But worse, next April, the Chinese central bank, the Bank of China, will take over the issuance of Hong Kong's currency, the Hong Kong dollar. The Hong Kong dollar trades freely with the U.S. dollar, and is seen, effectively, as a unit of the U.S. dollar. Hong Kong dollars are already flooding the Southeast of China, and the April action by the Bank of China will increase the acceptability of the flow.

So far, no major western European power or Japan has been dollarized. But if the assaults against the currencies of Europe launched by George Soros, who was financed by the Federal Reserve-administered Citibank, continue, such as the attack on the French franc in July and August, then within a few years, Europe will fall under the dollar as well.

What's behind it

There are two reasons for the flood of dollars outside the United States, to the point that only one-third of physical U.S. dollars are actually in America.

First is the illegal, underground economy dominated by drugs. Drug traders, dominated by the London and U.S. banks, are siphoning off the physical dollar take—especially \$50 and \$100 bills—into countries such as Colombia, Peru, Venezuela, and also Mexico, as well as Hong Kong.

Second, the Federal Reserve, Citibank, Republic Bank of New York, and Chemical Bank are shipping dollars out to Russia, Argentina, China, and Indonesia. An expert in this area at the Federal Reserve, Richard Porter, reported on Aug.



Former U.S. Secretary of the Treasury Nicholas Brady with former Treasurer Katherine Ortega. Only one-third of the U.S. dollars produced are now in America.

27 that the Federal Reserve ships some of the dollars on its own, but generally they are shipped when the big banks place an order: A bank, such as Citibank, places an order. The Federal Reserve bundles the dollars into blue plastic wrappers, and the bundles are then bound together in bails. These are then trucked out to either ships or airplanes, and sent abroad.

While it is clear that the physical dollarization of economies destroys them, it is equally true that the process is destroying the United States. It is by no means a symptom of the resurgent strength of the United States in the post-Cold War world, as some have claimed. The outflow of physical dollars feeds the growth of the category of "international dollars"—including physical dollars, dollar-denominated U.S. Treasury bills, and dollar-denominated derivatives instruments—that are, in a sense, distinct from domestic U.S. dollars. These are being turned against the United States itself. The United States is made to dance to the tune of those who hold them.

As this process is turned back against the United States in the way the designers of the secret NAFTA agreement intend, it will be the sovereignty of the United States itself which is abridged, for a return to the kind of debt slavery to which Mexico's citizens are even now being subjugated.

Scherer analysis sobers up Washington on Yeltsin coup

by William C. Jones

As Russian President Boris Yeltsin was deploying paratroopers to tighten his grip around the Russian parliament, causing some perturbations in the Clinton administration, Gen. Paul Albert Scherer (ret.), the former chief of German military intelligence and counterintelligence, was in the process of informing congressmen and diplomats in Washington on the type of turbulence they have to expect in the entire territory of the former Soviet Union. It was somewhat unnerving for some political circles that the former West German spy chief was also in Washington to express his grave concern about the continued incarceration of Lyndon LaRouche, whom Scherer considers one of the most important political figures on the American scene today. Scherer's visit occurred a week after an international delegation of parliamentarians and others from Europe and Ibero-America was in Washington to speak out on LaRouche's behalf (see p. 63).

Although the general emphasized that he did not come here as "the trumpeter in the panic orchestra," his stark analysis produced a sobering effect on a Washington engulfed by soap-opera illusions regarding the new darling of the moment, Boris Nikolaevich Yeltsin. In his five days in the nation's capital, Scherer spent most of his time talking to congressmen about recent developments in Russia and the other countries of the Community of Independent States.

On Sept. 29, Scherer held a press conference at the National Press Club. He told the press that "1993 is a year of destiny for all of us. We must stand in judgment before God and before man for what we have done in these difficult times."

Scherer characterized the Russian President as the "leading figure of the bankruptcy administration" of the Russian state. Just a week before Scherer spoke, President Bill Clinton had given his support to Yeltsin's dissolution of the Rus-

sian parliament. Taking this as a green light, Yeltsin soon replaced the militia forces deployed outside the White House (parliament) with Russian Army paratroopers, in preparation for more decisive action.

"The Boris Yeltsin experiment is moving toward its end," said General Scherer, "and the [Russian] White House troubles are a mere prelude to general revolt." Like the Bush administration before it, the Clinton administration decided to back a new "knight on a white horse," and like his "gallant" predecessor before him, Mikhail Gorbachov, Yeltsin's star is rapidly plunging. "Banking everything on Yeltsin," said Scherer, "was a major political blunder."

The Russian attitude to the West has changed during this period, in which western aid has been strictly coupled with demands for austerity. "Two years ago, the Russians were prepared to kiss the feet of the U.S. and the West," Scherer said. "They felt liberated and were fascinated by all the new possibilities opening up to them." But that has all changed.

For one thing, there are complications on the military side. "The General Staff felt betrayed during the Persian Gulf war," said Scherer. The West had given the world an inflated picture of its own capabilities through the television media, by dish-ing up an "electronic fairy tale." Seeing the U.S. forces in action against a much weaker opponent, "the Russians concluded that their technical capabilities were not much worse than those of the Americans," Scherer said. When they saw their second-tier war matériel, which the Iraqis were using, operate against the best the United States had to offer, "they felt that they had 'killed their pig' without reason."

"The Russians then responded with an attempt to cooperate on a joint Strategic Defense Initiative program," said Scherer, referring to the April 2 article in *Izvestia* that made the first public presentation of the "Trust" proposal for coop-

eration with the United States on an anti-missile defense system. "But the West said, 'No'! The Russians then had proof that the West was not serious about cooperating." This led to the emergence of political elements that began insisting on maintaining the Caucasus in the Russian sphere of operations by assisting the Abkhazian "revolt" in Georgia, and on maintaining a Russian troop presence on the Afghan and Iranian borders of Tajikistan.

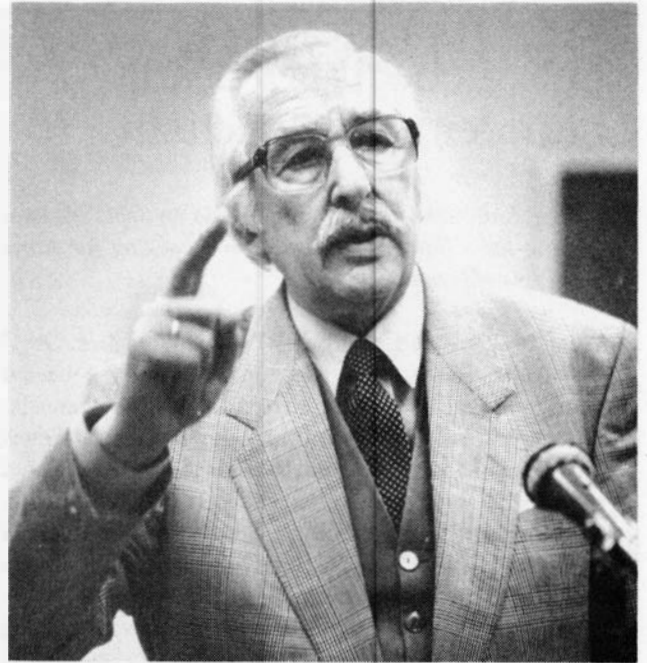
Scherer commented further on the situation in the Russian Army. "Previously, there was discipline in the Army," he said. Scherer had witnessed this as a young officer in the Wehrmacht on the Eastern Front during World War II, and has more recently observed some of the elite Russian units in east Germany. "No army in the world had reacted so well as its empire collapsed as did the Russian Army. But now their best elite troops are living in tents." One sign of a radical change in the mood in the Army was signified by the recent call by Aleksandr Rutskoy, the Russian vice president, whom Yeltsin deposed in connection with the dissolution of parliament. "Rutskoy, the most decorated officer of the Soviet Air Force, was calling on the troops to mutiny," said Scherer. "You have got to understand the absolute obedience which generally reigned in the Soviet Army, to understand the awful significance of Rutskoy's call."

Scherer compared the situation today to that which sparked the Revolution of 1905, the initial phase of the revolutionary wave which led to the final overthrow of the Romanov dynasty in 1917. "The defeat of the Russian Navy by Japan and the failure of any further eastward expansion created the preconditions for [this] revolution," said Scherer. But, he explained, today's developments are more similar to the period following the October Revolution, from 1917 to 1921. "Two experiments with 'revolution from above'—Gorbachov's and then Yeltsin's—have failed," said Scherer, "and now we're facing the 'revolution from below.'"

Scherer said he considered Gorbachov one of the most successful masters of psychological warfare. As for Yeltsin, "he wanted a maximalist program," Scherer said, "but it failed. And he was a populist because of his alcoholism." The two preconditions for revolution are now in place: 1) absolute disappointment with the West, and 2) utter misery of the population.

The danger of war

In the area of nuclear disarmament, Scherer emphasized how necessary it was to proceed with extreme caution, because of the brilliance of Russian deception. "Look at Shevardnadze," said Scherer, in reference to the President of Georgia, a former high Soviet communist official. "Shevardnadze was a major general in the KGB. He says Moscow is cheating—and they are!" Scherer was reticent to give any numbers in this respect, since he felt that there was so much we do not know. But he did point to several key figures: the 228 Russian nuclear-armed submarines now in service, of



Former German military intelligence chief Gen. Paul Albert Scherer: "Banking everything on Yeltsin was a major political blunder."

which 8 are large Typhoon-class submarines, each carrying 120 warheads. "Obviously, these all are being tracked, but the larger ships can stay under the ice for a long time. Only one of these has to break out, and you have a first-strike capability. . . . Remember," said Scherer, "the crews of these ships have sworn an oath that, in time of war, they will never return to base."

Two general areas of conflict are of immediate significance in the short term, in Scherer's analysis, and demand a response from the West: a Russian move on the Baltic and a Russian-Ukrainian conflict.

In the Baltic states, the area of Kaliningrad is key. Kaliningrad is the only port where the Russian fleet could not be bottled up in the Baltic Sea. Therefore, the Russians have to have complete access to this area, now separated from Russia by the Baltic states.

As for conflict between Russia and Ukraine, it is almost inevitable, Scherer said. "Ukraine is self-sustaining in food and had 60% of the coal production of the U.S.S.R."

What should the West do? First, it should make binding security guarantees regarding the inviolability of the borders of Ukraine and the borders of the Baltic states. Second, it must make certain that the borders of Russia remain east of the Bug River in eastern Poland. In order to do that, Poland, Hungary, Slovakia, and the Czech Republic must be admitted to NATO, in conformity with their requests. "The goal," said Scherer, "is to send a signal to the new Moscow leaders to dissuade them from the policies which would otherwise prevail. The West could have sent the right signals to aggress-

LaRouche: It is a deadly blunder to back Yeltsin

Lyndon LaRouche made these remarks on Sept. 24, concerning the Clinton administration's backing for Boris Yeltsin's cold coup.

What must be looked at primarily is the axiomatics. Obviously, this was cooked up primarily with the United States, through the Chernomyrdin and other channels. This represents a full mobilization by the United States establishment, or that section around the White House, to devise what it may think is a solution to the global crisis, to bring the kind of stability in which the President can proceed with NAFTA, secondarily, but primarily with the Hillary Clinton health plan package. . . .

The crucial fact is that Washington has proceeded from a very obvious geopolitical axiomatic, and that is simply to restore the Versailles-Yalta style of condominium relationship with their designated person in Moscow, in this case Yeltsin, his being for the moment the visible aspect of the designated forces. They've put everything into it.

Now this has a certain crushing effect on the opposition to Yeltsin; but that must not blind us to the larger reality, that the whole concoction is a failure from the get-go. That does not mean that it will blow up immediately; it means it's a failure. It's going to lead the world to a new level of greater disaster, precisely because the agreement fails to address anything.

First of all, if you're going to have a condominium among powers, that means that you're going to have powers. So this way of enforcing globalism doesn't work. As a matter of fact, globalism doesn't work precisely because it must deny the existence of any nation-state as a sovereign power. In this case, the assumption is that if a foreign power, such as the United States, *controls* the Russian

partner, then they can have a Russian power, but since the ruling force in Russia is subordinate in some sense, that that somehow enables them to reinforce the globalist policy; it also creates a situation in which they cheerfully hope that they can *ignore* the laws of economics.

The coming explosion

Now we're going into winter, we're going into a great period of instability at all levels inside the former Soviet Union and eastern Europe, at the same time that the world economy as a whole is collapsing. So nothing is going to stand still. This is going to blow up; but we're going to have an explosion on a lower level of metastability, qualitatively lower, than had existed over the course of the recent summer.

So the essential thing here is *not* whether or not Washington has achieved stability for Yeltsin. That question cannot be answered, because the question is an absurd one. The question is: What kind of a new instability does this action by the United States to try to prop up and control Yeltsin, as the case of Yegor Gaidar, the case of Jeffrey Sachs, typifies it? What kind of explosion is this going to set off? We don't know the timetable yet; there are too many things to consider. Nonetheless, weeks or months is about the proper phase for a new explosion.

So this was a piece of insanity, which could lead, as some others have observed, either to Yeltsin becoming Boris Godunov, or into anarchy. We had this in Russian history before, remember, in the wake of Ivan Grozny [the Terrible], in the period between Ivan Grozny and the rise of the Romanovs. Russia could be going into that kind of process right now, on a reduced time scale or a similar time scale, in some cases. And that is the point to which the bungling by the Washington administration and its establishment core, has brought the world.

So this is a deadly blunder on the part of Washington, which demonstrates how little Washington understands the reality. As a matter of fact, Washington does not wish *to hear* about reality.

sive forces in Russia by refusing to accept the continued genocide in Bosnia. It would prove to them that the West would not tolerate this type of butchery without impunity. This mistake must be reversed now."

And what will happen in Russia proper? The present chaotic process could last three to four years. "There are no parties in the real sense of the term in Russia today, but rather movements with names, amorphous groups," said Scherer. There were attempts in 1990 to form political parties, but these attempts failed. "The leadership strata will be replaced. The way this would happen concretely could depend on hun-

dreds of different parameters. Scherer gave 13 different scenarios. In the worst of cases, with continued economic disintegration in Russia, extreme elements could take control in Moscow. "They may have the attitude, 'We are going to hell, therefore, we will also take the West to hell.'" This, combined with current nuclear capabilities, "would not only mean limited civil war with nuclear weapons, but a real strategic confrontation with the West."

In Scherer's judgment, all efforts to dismantle the military capabilities of the West, in Europe and in the United States, are extreme folly and should cease immediately.

Yeltsin, West playing with fire as Russia nears explosion

by Konstantin George

The Sept. 29 ultimatum by Russian President Boris Yeltsin, ordering the deputies and their supporters encamped at the Russian Parliament to vacate the premises by Monday, Oct. 4, and companion measures extending shock therapy economic policies, have dramatically escalated the crisis in Russia. The Parliament is under siege, sealed off by elite OMON special units of the Russian Interior Ministry, and has had its electricity, heat, and running water cut off.

The responsibility for the escalation at the White House, which houses the Parliament, lies exclusively with the Yeltsin camp. The Russian media, above all TV, under the tight control of the Yeltsin entourage, is setting the stage for a storming of the Parliament by repeatedly alleging that "extremists" and "terrorists" are holed up in the Parliament building, known as the White House. On Sept. 29, Defense Minister Grachev warned that "dangerous advisers" at the White House were preparing "terrorist attacks against Russian leaders." He added, "As a military man, I feel these are the first steps toward a large and bloody conflict." Later in the day, Russian TV carried a lying report, which it never retracted, saying that "many of the deputies" at the White House were being "held hostage."

The Oct. 4 deadline for Parliament to end its resistance to the Yeltsin-initiated coup, pushed back an earlier Sept. 29 deadline. The new ultimatum came after a Yeltsin-chaired session of the Russian Security Council, and indicated that the Yeltsin camp had decided to first take stock of the situation in the country before commencing the next phase of the coup process, which will include the "liquidation" of Parliament.

More shock therapy

Three dynamics are driving Russia toward a chaotic blowup and some form of dictatorship. The first is the Yeltsin confrontation with parliament. The second is the Yeltsin confrontation with the regional leaderships, which is driving the country toward a chaotic fragmentation. And the third is the Yeltsin decree of Sept. 28 inaugurating a new round of the shock therapy economic austerity that has already pauperized the majority of the population.

The effect of the new shock therapy measures will be devastating. The price of bread has been freed, effective Oct.

1. The decrees also ended state grain subsidies to farmers, thus ensuring that future grain deliveries to cities can only be procured at exorbitant prices. The decrees also freed the price of apartment rents, which are expected to increase tenfold during October. Cheap state credits to industry will be drastically curtailed, which will force many enterprises to close, throwing several million Russians into unemployment over the coming winter. On July 1, the price of coal was freed, and on Aug. 1, the price of electricity was freed, and these effects will be felt more heavily now with the arrival of cold weather, in the form of huge heating bills. The average electricity bill for a family now is six times what it was in July. As all these measures increase suffering, the chaos factor will rise exponentially.

Yeltsin cancels democracy

The Yeltsin decree on Sept. 21 dissolved the Parliament, establishing in effect proto-dictatorial presidential rule. His second step was his categorical rejection of the reasonable compromise for simultaneous early elections in December for both Parliament and President. This solution has been advocated by a broad consensus of both regional leaderships and forces in Moscow Center, including most of the country's political parties and movements, the leadership of the Russian Orthodox Church, and even some leading personalities within the Yeltsin entourage. Contrary to media mythology, the "diehards" who want confrontation instead of a democratic solution are not the Parliament, but Yeltsin, under the sway of a core clique in his entourage.

Leading lights among this Yeltsin clique include Yeltsin's personal chief of staff Sergei Filatov; his press spokesman, Vyacheslav Kostikov; the man controlling the coup's media dictatorship, Federal Information Center head Mikhail Poltoranin; and the two pro-shock therapy vice prime ministers installed, respectively, immediately before and after the Sept. 21 decrees, Yegor Gaidar and Vladimir Shumeiko. Add to this Foreign Minister Andrei Kozyrev, the man giving credulous western heads of state and cabinet ministers "inside briefings," lining them up to blindly support the coup process in Russia.

No coup process is possible without critical figures in the defense, interior, and security ministries, the latter the

successor to the notorious KGB.

Pitted against this is an array of forces which form a broad consensus of the Russian political spectrum and represent the views of the majority of Russians, who want early, simultaneous elections. In Moscow Center, this involves nearly all the national political parties, including the centrist moderate parties, and powerful "new faces," political figures who, in new elections, could become major figures. This includes Yuri Skokov and Nikolai Travkin, the leaders of the recently founded proto-party organization "Consensus for the Fatherland." Skokov, a leading figure in the high-technology section of the Russian military-industrial complex, was, till Yeltsin fired him May 10, the head of the Russian Security Council. Travkin, a co-founder of the Civic Union, the original industry lobby umbrella organization, heads the centrist Democratic Party of Russia (unrelated to the Democratic Russia movement), one of the largest in the country.

Most of the country's regional leaderships are also firmly opposed to the Yeltsin coup, including the St. Petersburg City Council and forces in the Moscow City Council which were in the vanguard of the democratic movement that stopped the August 1991 coup. Were the Yeltsin camp really "fighting for democracy," these organizations would be supporting Yeltsin, not the other way around.

One figure in the Yeltsin entourage who has come out supportive of simultaneous early elections is Sergei Shakhrai, deputy prime minister and Yeltsin adviser on nationalities. Shakhrai is a prospective presidential candidate, having founded his own party during the summer.

The Russian Orthodox Church, which has a profound sense of historical processes, knows that under current conditions of economic and social breakdown, the unleashing of a process of disintegration and regional fragmentation will have incalculable consequences. On Sept. 28, Patriarch Aleski II, the leader of the church, offered to mediate an end to the crisis on the basis of early elections for both President and Parliament. Aleski II motivated his offer with the urgent need to "prevent bloodshed and the breakup of Russia into principalities."

The Parliament and its "President," Russian Vice President Aleksandr Rutskoy, are not only against confrontation, but have endorsed the solution of early, simultaneous presidential and parliamentary elections. On Sept. 29, speaking to western journalists at the Parliament, Rutskoy agreed to participate in any mediation effort by Patriarch Aleski II.

Yeltsin is also playing with fire in his rejection of simultaneous elections, first stated Sept. 27 and repeated on Sept. 29 and 30, as are western leaders and governments, beginning with President Clinton and his administration, who are giving their unequivocal support to Yeltsin, which in reality is an endorsement of a dictatorship. The American White House has bought the Yeltsin regime line that a storming of the Russian White House will be "necessary." After the Russian Security Council announced the Oct. 4 deadline,

Russian Foreign Minister Kozyrev met with President Clinton on Sept. 29, and told him that "unhappily there's a risk that blood will flow." Kozyrev stressed that he had "advised Yeltsin to avoid all compromises."

The regions revolt

The most dangerous situation is the Yeltsin regime's confrontation with the regional leaderships of Russia. In an attempt to amicably end the crisis on a democratic basis, the leaders of 39 regional parliaments and nine regional heads of administration met on Sept. 26 in St. Petersburg. They unanimously called for a solution based on early simultaneous elections for President and Parliament, to take place in December. Their compromise package included a face-saving clause for Yeltsin: He would have to revoke his decree of Sept. 21, but the old Parliaments, i.e., the Supreme Soviet and Congress of People's Deputies, would be replaced by the Federation Council, the organ of regional leaders, acting as the interim Parliament pending new elections.

From the Yeltsin side, Deputy Prime Minister Sergei Shakhrai gave his qualified support to the St. Petersburg agreement. For the first time in five days, a ray of hope had entered the picture. But it vanished the next day, when Yeltsin categorically rejected the St. Petersburg formula, and instead began a process of escalation against the regions. During the week, he fired the heads of administration in Bryansk and Novosibirsk for having refused to support the coup, threatened to purge other resisting regional leaders, and even issued decrees dissolving regional parliaments.

This Yeltsin confrontation with the regions is creating centrifugal tendencies in Russia. On Sept. 29, he abruptly "postponed" his meeting with the Federation Council, a meeting he himself only 24 hours earlier had endorsed for either Sept. 30 or Oct. 1. Something that was avoidable until that juncture has now begun: a "revolt" of the regions against Moscow, setting into motion the nightmare "breakup into principalities" that the patriarch had so urgently warned against.

The revolt began on Sept. 29 with a meeting of the leaderships of all the Siberian regions in the city of Novosibirsk. They issued an ultimatum to the Yeltsin regime to stop its anti-constitutional actions, saying that in the case of non-compliance, Siberia would hold referendums in all the Siberian regions for the purpose of declaring itself an "Autonomous Siberian Republic," and begin withholding tax payments and supplies of oil, gas, and coal from Moscow. The keynote address was given by the "fired" Novosibirsk head of administration, Vitali Mukha, who declared, "The Constitution has been violated. . . . Our prime concern is the economy. . . . We have to unify the regional budgets" in Siberia. The regions agreeing to this ultimatum included the Tyumen region, the leading producer of oil and gas in Russia, and the Kemerovo region, the leading coal supplier in the Russian Federation.

A first-hand look at Yeltsin's 'cold coup'

by Rachel Douglas

Viktor Kuzin is a veteran human rights activist and vice chair of the Moscow City Council's committee on Law, Justice, and the Defense of Civil Rights. His analysis of Russian politics, where he warned against western leaders' miscalculation that Boris Yeltsin personified democracy and stability, appeared in *EIR* on Aug. 20. In a Sept. 29 faxed reply to *EIR*'s request for his comments on events in Moscow, Mr. Kuzin called Yeltsin's latest actions "anti-constitutional." He detailed the Yeltsin group's attempt to secure top-down control.

"A massive purge of unreliable staff members is being prepared in the government apparatus and the administration of [Yeltsin]. . . . A recertification of staff is planned for October, and those who don't agree with Yeltsin are openly being told to quit.

"The real initiators of the anti-constitutional measures are: former professor of scientific communism, now head of the Strategy Foundation, G. Burbulis, and the group of so-called 'radical democrats' (S. Filatov, V. Volkov, L. Ponomaryov, G. Yakunin, V. Mironov, V. Shumeiko, Yu. Baturin). They are acting in strict secrecy. . . . The theoretical basis of the measures and the elaboration of concrete actions, as well as preparations for elections, are provided by a directorate headed by former Communist Party secretary N. Medvedev. The putschists have assigned a special role to the secret Fifth Directorate (communications, counterintelligence) . . . of B. Yeltsin's administration. The Control Directorate (A. Ilyushenko) and Directorate for Combatting Corruption (A. Makarov) collect compromising material on opponents.

"Monitoring of telephone calls, disinformation, and infiltration of the opposition are handled by the Main Directorate of Yeltsin's Guard, headed by M. Barsukov, and Yeltsin's personal security service under S. Korzhakov. The organization of mass actions in Moscow in support of Yeltsin is being carried out by a group of staffers of the Moscow 'mayoralty.' The ideological side (management and control of the mass media, including censorship) is in the hands of S. Yushenkov and M. Poltoranin.

"Former [Communist Party] staffers V. Ilyushin, A. Korobelschikov, and former party secretary S. Filatov are constantly with Yeltsin."

Kuzin, who was at the Russian White House after the siege began, said that visible support for its slow strangulation was carefully staged. "The so-called 'popular support'

for Yeltsin is mostly a matter of coordinated and well-compensated demagoguery and brainwashing. How really 'independent' the media can be, is conditioned by the fact that their printing plants, paper supply, radio stations, television studios, and broadcast facilities are in Yeltsin's hands." Meanwhile, he said, the daily "rallies of 5-20,000 people at the White House . . . are being reported in a distorted fashion by the TV companies, including CNN" in the West.

Opposition of democrats and nationalists

In opposition to Yeltsin, he explained, "are not only the 'reds,' of whom there are really not so many and who do not play the main role, but above all real democrats and nationalist supporters of the state, simply decent people, who can no longer stand this running roughshod over the population in the name of reforms. . . . The opposition unites very diverse forces, whose kinship is their hatred of the anti-people Yeltsin regime, and not at all some love for communists."

About President Bill Clinton's open support for Yeltsin, Kuzin commented that "the convenience [of counting on Yeltsin] is profoundly illusionary and ephemeral. Former Communist Party Politburo members in the role of democratic Presidents for Russia and other [former Soviet] states, is an expensive and useless toy, promising neither social, economic, nor political stability for a long time ahead. And that means that Russia will remain for a long time, a source of tension in the world. . . .

"The West must give up the consumer attitude toward Russia and stop naively presuming that it is still not understood in Russia that the 'reform' carried out here by [Vice Prime Minister Yegor] Gaidar's hand has had as its main goal seizing access to the energy, raw materials, labor and other resources and the market of Russia, crushing its economic potential and turning it into a semi-colony.

"Yeltsin and his clique have gone so crazy, that they could launch civil war. U.S. congressmen should . . . try to convince President Clinton, that such a development is not in U.S. interests. That the current parliament is not as terrible as Yeltsin makes out. That it is rather less 'red-brown' [Communist-Fascist] and, for all its shortcomings, more represents the population than Yeltsin himself and his entourage."

Kuzin expressed concern about "provocations, which would allow Yeltsin to justify the force option." On Sept. 26, he reported, Col. Vitali Urazhtsev (ret.), a member of parliament and founder, in the 1980s, of the anti-Communist Russian Army reform group "Shield," was arrested on the street by special forces. He was located on Sept. 29 in a Moscow hospital, badly beaten.

The siege of the White House, Kuzin underscored, was tightened by the cutoff of electricity and heat, bolstered by censorship. "*Rossiskaya Gazeta*, newspaper of the Supreme Soviet, was closed. Attempts were made to break up the Federation of Independent Trade Unions of Russia, which threatened a general warning strike."

Arafat: 'I don't want to be a Gorbachov'

by Joseph Brewda

"I do not want to be like Gorbachov," Palestine Liberation Organization chairman Yasser Arafat told the Israeli Labor Party newspaper *Davar* in an interview published Sept. 15. Mikhail Gorbachov, as Arafat explained, "launched the policy of perestroika, but lacked the necessary financial means and had to leave the stage." Arafat went on to caution that "if the United States and the international community failed to send funds to finance infrastructure projects in the territories, and especially in the Gaza Strip, it was doubtful if the agreement could be implemented."

But whether or not that development credit will be forthcoming, and hence whether the Israel-PLO peace agreement will be implemented, remains an open question. The World Bank has already declared Mideast economic infrastructure projects to be a "low priority." On Sept. 21, U.S. Secretary of State Warren Christopher called for an "international donors" conference to be held in Washington on Oct. 1, to consider doling out some \$3 billion over ten years to the West Bank and Gaza—the absurdly low World Bank estimate of what is needed. Christopher has also lobbied to channel aid through the World Bank.

On the other hand, Israeli Foreign Minister Shimon Peres in his meeting with Japanese Foreign Minister Tsutomu Hata at the United Nations on Sept. 26, asked Japan to sponsor a "wise men's conference" of experts to build a "new Middle East," potentially providing an alternative forum to the World Bank. Similarly, German Chancellor Helmut Kohl told a meeting of leaders of the European Jewish community on Sept. 9, "We must create a Marshall Plan for the Middle East."

As far back as 1986, Peres called for a \$50 billion Mideast Marshall Plan, which dovetailed with policies advocated by Lyndon LaRouche since 1975. In comments to the Italian press last spring, Peres called for an \$8 billion annual fund for Mideast development to implement regional infrastructure projects, such as desalination.

World Bank says 'no'

A World Bank study on the Mideast released in September leaves no doubt that it will attempt to block the type of development that Arafat and Peres have called for. In its report, "Mideast Peace Talks Regional Cooperation and Economic Development: A Note on Priority Regional Projects,"

the World Bank gives "low priority," to almost all infrastructure projects. The only ambitious project recommended, a gas pipeline from Algeria to Europe, is based on Algeria using the pipeline to pay off its huge debt to the International Monetary Fund.

Among the projects intended for oblivion are:

- *The Mediterranean-Dead Sea canal.* Together with the Red Sea-Dead Sea canal, this project is necessary to develop Gaza and the West Bank. The canals would maintain the water levels of the Dead Sea; lining them with nuclear-powered water desalination facilities would allow for an enormous increase in food production. The region is desperately short of fresh water.

- *The expressway from Beirut to the Syrian border.* This and other projects are necessary to revive the Beirut port, the most important port in the region prior to the Lebanese civil war. Such projects are also needed to provide a basis for the development of Syria.

- *The Aqaba-Iraq corridor, a land bridge linking Jordan's Aqaba port on the Red Sea to Iraq.* Rail and road projects relating to this corridor have been on the drawing boards for years. Iraqi infrastructure destroyed by the U.N. war must be rebuilt, and the murderous embargo lifted, if the peace accord is to work. The Iraqi labor force is among the largest and most skilled in the region, and Iraqi agricultural potential is vast. A transportation corridor linking Iraq to Gaza, which must be provided with a major port city, is also required.

- *Regional rail integration.* The World Bank report rejects the type of railroad construction and regional integration of existing networks needed to hook up North Africa and the Mideast. It is a continuing scandal that some of the rail lines destroyed by Britain's "Lawrence of Arabia" in World War I have never been rebuilt.

Hong Kong-style schemes

Yet another way that the World Bank is attempting to sabotage development is through trying to misuse the accord as a means to impose a "common market" on the region centered on exploitation of cheap Arab labor. Jacob Frenkel, the governor of the Bank of Israel and a former top World Bank official, seems to be one of the advocates of this plan, which would use Palestinian labor to sell labor-intensive goods abroad. Associated with this scheme are efforts to promote tourism, a policy often advocated by the World Bank to its victims as a substitute for development.

There are also related schemes to use the accords as a vehicle whereby certain forces in Israel would take over neighboring economies—the Egyptian economy, in particular. In September, the International Monetary Fund forced the Egyptian government to privatize its banking system, creating vast new opportunities for foreign intervention. Various political figures in Egypt have long advocated using cheap Egyptian labor to create a "Hong Kong" in the region.

'Restore Hope' exposed as colonial operation by the new world order

by Paolo Raimondi

The violent polemics emerging from the conflict between the "humanitarian" attitude of the Italian peacekeeping forces of the United Nations mission in Somalia and the "exclusively military" approach of the U.S. contingents, have begun to reveal the dirty truth behind the "Restore Hope" mission. The U.N.-U.S. mission to Somalia was never intended to return peace and economic stability to the country, but was conceived exclusively from the outset as an act of economic and political neo-colonialism in the framework of the Bush administration's "new world order" fantasies. Sad to say, the Clinton administration has continued the Bush new world order extravaganzas, as the wanton bombings of Iraq and the targeting of Sudan this year have proven.

Some Italian newspapers, as well as numerous political researchers, have discovered that the directors behind the scenes were some of the most powerful Anglo-American "Seven Sisters" oil companies. The daily *La Repubblica* of Rome on Aug. 3 ran an exposé, "In Somalia Looking for Oil." The paper reported that the U.S. diplomatic strategy was built on the basis of the existence of rich oil fields and of other strategically important raw materials like uranium and tungsten.

In 1991, the World Bank had prepared a study on the oil potential in Somalia calculated at around 10 million tons per year, which would give the country about \$2 million in daily revenues. Thomas O'Connor, the author of the World Bank report, is quoted saying: "There is no doubt, the oil potential exists; it is enough that the Somalis find an agreement among themselves." The study mentioned seven African nations with potential oil fields, topped by Somalia and Sudan—another country under attack from the new world order, in which the destabilizing role played by the Chevron oil company (in which Henry Kissinger is a major shareholder) is notorious.

The ugly oil 'sisters'

It has been discovered that four American oil "sisters," Amoco, Conoco, Philips, and Chevron, plus the French Elf and the Italian Agip, had been involved in economic warfare in previous years, trying to get concessions for oil exploration from the government of Siad Barre.

According to documents quoted in the *Los Angeles Times*, the American companies obtained concessions for the

mainland, Elf got the right for the offshore drilling, and Agip got a minor concession partially onshore and partially offshore in the extreme northern part of Somalia. More specifically, Conoco controls the Mijerteyn region (the historical name for the people who inhabit the coastal regions north of Mogadishu) and ex-Somaliland (west of Mijerteyn on the Gulf of Aden); Amoco controls the Issak territories (north, mainly around Berbera); Chevron controls the areas near the border with Djibouti. Agip has a small area near the Indian Ocean; Pecten, the U.S. subsidiary of Shell, is involved in the central zone of the country; Texaco is in the southern Juba region, bordering Kenya.

In the pivotal position is Conoco, which is a subsidiary of the Du Pont chemical multinational, interested also in the mineral ore mines. This Texas company had carried out geological explorations already in 1952, but became massively involved in 1986 when two big oil fields were discovered in Yemen, which extended under the Gulf of Aden to underground regions of northern Somalia.

In war-torn Mogadishu, Conoco's office has been kept open and functioning, and its staff has had no problems, perhaps because of the company's close connections with the forces of Gen. Mohammed Farah Aideed, chief of the Habir-Ghedir tribe. Osman Ato, a rich businessman, one of Aideed's key collaborators, used to be a representative of Conoco, and has served as the mediator between the American military and Aideed. (Osman Ato was captured by the American U.N. troops on Sept. 21.)

From Dec. 9, 1992, when U.S. Marines landed under the command of Adm. Jonathan Howe, notorious as the "Rambo of Sigonella" (referring to the first attempt of the U.S. new world order to violate with impunity the national sovereignty of Italy, an allied nation), the Conoco office became the new center of the U.S. Embassy and the home of U.S. envoy Robert Oakley. The office is about 100 meters from one of General Aideed's headquarters. Aideed personally received Oakley on his arrival. State Department officials are quoted by *La Repubblica* explaining that "we are paying a king's ransom for the offices."

Oakley, known also for his close connection with U.N. Secretary General Boutros Boutros-Ghali, was one of the key members of the "secret government" of George Bush in the Iran-Contra affair when in July 1985, as director of the State

Department Counter Terrorism Office, he joined the terrorism task force under the direction of then-Vice President George Bush together with luminaries such as Vice Adm. John Poindexter, Lt. Col. Oliver North, and Oliver "Buck" Revell of the FBI. It is reported that Oakley is now a consultant of Conoco. This is officially denied by the company, but repeated by leaders of the Somalian Front of Democratic Salvation of Mijerteyn, who add that in this new position, Oakley has visited Somalia twice in the recent period.

Conoco dumps Aideed

At the beginning of Operation Restore Hope, the Americans were totally on Aideed's side and the Conoco played a critical role in this connection. In exchange for American support, Aideed had agreed to give Conoco exclusive oil exploration rights. In a letter by Gen. Frank Libutti, military adviser to Oakley, quoted in the *Los Angeles Times*, the role played by the Conoco head of mission in Mogadishu, Raymond Marchand, is underlined, since "without his contribution the operation would have failed." The same Marchand, interviewed by the company paper *Conoco World*, admitted: "We remained in Mogadishu for the potentialities Somalia represents for our company and to defend our businesses and interests."

In February, the love affair with Aideed began to fizzle when the United States and the Conoco realized that the general could not guarantee control over the situation. In Kismayu, in the south, the previously dominant forces of Col. Omar Jess, an ally of Aideed, were challenged by the troops of Morgan, brother-in-law of ousted President Siad Barre. While the U.S. troops did not intervene to stop the fight, Morgan took over the area and was allowed to retain most of the weapons, with the permission of an American commander in the region.

The definitive breakup of the Aideed-U.S. deal occurred in May, after Oakley left Mogadishu, replaced by the new envoy, Robert Goosende. Then Aideed was told that his rival, Ali Mahdi, leader of the Hawale tribe, had signed a "preliminary agreement" with Conoco to guarantee exclusive oil exploitation rights at the end of the war.

Later, April Glaspie (the U.S. ambassador to Baghdad who told Iraqi leader Saddam Hussein that he could intervene into Kuwait without any U.S. retaliation), one of the political advisers of Adm. Jonathan Howe, "discovered" that the winner in the Somalia war will not be Aideed, but Gen. Mohammed Abshir Mussa from the Mijerteyn region. General Mussa was soon defeated and lost even his town of Boosaaso.

All these developments were interpreted by Aideed as proof that the United States and Conoco had abandoned him; he decided to reject all negotiations, refused to lay down his arms, and began military resistance against the U.N. and U.S. military presence. In the ensuing showdown, the U.S. and U.N. command imposed the line of "no negotiations, no peaceful solution," but total military confrontation with Aideed, now profiled

in the international media as the new Saddam Hussein; no distinction was made, as seen previously in the Gulf war, between military and civilian targets. A report prepared by the African Rights organization on the human rights abuses by the U.N. forces, details a number of U.N.-U.S. attacks against civilian targets, like the Digfer hospital in Mogadishu on June 17, with high civilian casualties.

This is why, at the end of a long series of disputes and tensions between the Italian U.N. command in Somalia and the U.N.-U.S. leadership, on Sept. 10, during a memorial for two Italian soldiers shot by unknown snipers in Mogadishu, Italian Army Chief of Staff Gen. Goffredo Canino charged: "They wanted to involve us at all costs in violent actions to set us up. . . . There was constant disinformation against us. A powerful system that has made accurate disinformation. Everything started with the *Washington Times*, then *Newsweek*. I do not say who was behind that, but I am thinking about specific circles." Enzo Caretti, the editor-in-chief of the conservative economic daily published in Rome, *Il Globo-Ore 12*, pointed to the "shadow of Wall Street over Somalia," naming the oil companies and two Wall Street brokerages, Goldman Sachs and Salomon Brothers, among the economic interests moving the "rampant Anglo-American neo-colonialism."

The Kuwait parallel

A look at Kuwait after the Gulf war, and one can see how Somalia has become another victim of this economic attack launched by the speculative, malthusian, and colonialist forces of the new world order. According to a report published in the Italian weekly *Espresso* of Sept. 19, George Bush's trip to Kuwait (where there was an alleged plot to kill him, which then became the pretext for the Clinton administration to bomb Iraq) was orchestrated to give him and his cronies huge business contracts for billions of dollars.

The deals involve key members of Bush's White House team and family. Baker, once secretary of state and now consultant of the Houston-based Enron Corp., which produces gas pipelines, is signing deals for rebuilding electric power plants destroyed in the war. General Kelly, head of operations in the Gulf war, another consultant to Enron who works with Wing-Merrill of Aspen, Colorado, is also part of the deal. John Sununu, Bush's White House chief of staff, is working for Westinghouse to win a \$1 billion contract to build up a "defensive alarm system" for Kuwait. The Enron company is also part of this business. Neil Bush, the scandal-ridden son of the former President, working with two oil-related companies from Houston, is organizing contracts in the water management and energy sectors of Kuwait. Marvin Bush, another son of the former President, is also working for Enron on the electronic barriers. With this precedent, one cannot be surprised to see the deadly combination of Anglo-American geopolitical interests and shady economic interests at work in Somalia.

Serbia's war of aggression in Bosnia is no 'religious war'

The grand mufti of Bosnia, Jacob Selimoski, was interviewed by Muriel Mirak-Weissbach and Leonardo Servadio at the Seventh International Meeting for Peace, held in Milan, Italy Sept. 19-22 by the Italian lay organization Community of St. Egidio. The conference was attended by some 350 leaders of the world's religions. Its purpose was to continue the ecumenical dialogue initiated by Pope John Paul II in Assisi eight years ago.

EIR: What are the true causes of this war?

Selimoski: First and foremost, Serbian nationalism. There has always been a Serbian national program, since 1872 in fact, when they decided to build one great Serbian state in the Balkans. The only thing that has changed has been the way they try to put the program into practice. By 1980, the program was updated, and went under the name of "The Memorandum." Its fundamental tenet was that all Serbs must live in one single state. In other words, everywhere there is a Serbian, there lies his land. But, if one analyzes history from above, it is quite clear that Bosnia-Herzegovina never did form part of Serbian territory, neither in the remote Middle Ages, nor in Serbia's contemporary history.

The history of Bosnia-Herzegovina dates back 1,000 years, from the Bosnian King Tvrtko until our days, always as an autonomous element. During the Ottoman Empire, Bosnia was a special province, that is, an independent administration. With the Congress of Berlin, under Austria-Hungary, Bosnia was again an independent territory. It had its own government, with its seat at Sarajevo. After World War I, in 1918, Bosnia, inside the Yugoslavian Kingdom, was also an independent state.

In 1937, the Yugoslavian Kingdom was yet again modified. At that time, Bosnia was divided into three sectors, two under Serbian influence and one under Croatian. This lasted until World War II, until 1941. The partition of 1937 was a failure, which is why it held only four years. After World War II, in the Socialist Federated Republic of Yugoslavia, Bosnia became an independent republic, like all the other republics of the Yugoslav Federation.

I stress all this, because I want it to be clear that no part

of Bosnian territory has ever been part of the Serbian state. Thus, the Serbians have no historical reason to form a Serbian entity in the Republic of Bosnia-Herzegovina. The Yugoslavian Federal Army was under the command of Serbian nationalists.

To fill out the picture of this act of aggression, let me add that Bosnia happens to be a member state of the United Nations. I can say that in the first three months of the aggression, the Serbian people in Bosnia were not waging war; it was the Federal Army which came in from Yugoslavia. It was the old Federal Army which was waging war against a democratically elected, official government of Bosnia. This is a classic case of aggression. Unfortunately, this seems to have been forgotten by Europe and by the international institutions. They have allowed this to go on, by adopting ineffectual means and resolutions. Today, the greatest part of Bosnia is occupied. They have carried out crimes unheard of in Europe, raping little girls and women over 60.

This is what can happen in this war. These acts of rape are a political and psychological act, in order for people to be so afraid that they will leave their homes. It is a means of ethnic purification. It is the same question, with the destruction of the mosques and churches of non-Serbian believers. Thus, the Muslim community has already lost more than 900 mosques. Most of these holy sites were not destroyed during combat, but were blown up or pulled down and wrecked after the battle.

What astounds me is how Europe can remain silent, Europe which does not dare even to find out when constructions of such great value as the Great Mosque at Banja Luka, or those at Mostar, or so many others are destroyed. I think that if a holy site in Europe were destroyed, even one, there would be a great uproar. These constructions which even now are being destroyed are part of European culture, they are on the European soil, and they were built by civilized people who lived in Europe.

This has led to great loss of life. The real number will doubtlessly be known only after the war. What is certain, is that more than 250,000 people have been killed, mainly civilians—young women, old people, and children. There

Sarajevo's archbishop rejects partition plan

The archbishop of Sarajevo, Vinko Puljic, answered questions from reporters at the Milan conference of the Community of St. Egidio on Sept. 22.

Q: How can peace be achieved?

Puljic: That is a question that should have been asked at the beginning of the war, when it was the time to react.

Q: Do you think partition now is inevitable?

Puljic: The war has to be ended as a priority. Bosnia-Herzegovina should stay as it is, undivided. It is not an artificial entity, but has always been composed of three peoples.

Q: Are you opposed to armed intervention?

Puljic: I did not say I was opposed to an intervention. The war has to be ended; then we have to educate the population to the need for peace.

Q: Is it correct to place aggressors and victims on the same plane?

Puljic: Not only is it not correct, but it is a great injustice to compare one with the other.

Q: What role do religions play in arriving at peace?

Puljic: Religion has to educate the victims to be able to withstand the war and to persevere, and the politicians are those who seek other means for peace.

Q: What do you see as the political future of ex-Yugoslavia?

Puljic: There can be a happy future for ex-Yugoslavia if the borders are respected, and also human rights.

Q: What do you expect from Italy? You had a dramatic experience in leaving Sarajevo.

Puljic: Sarajevo is a city which is suffering in this situation, but it is not the only city. I expect those holding political positions to raise their voices ever more loudly to redress this situation. We thank you for all humanitarian aid you have provided.

are already 50,000 war invalids, including 10,000 children. This is happening every day, before our eyes.

What is more, now it is to be tolerated that Bosnia be divided up according to ethnic lines. Is there such thing as an ethnically pure nation anywhere in Europe?

The tripartition will not stabilize Bosnia. The European position, the Vance, Owen, Stoltenberg program, has only helped Serbia to realize its dream of Greater Serbia. I can state with absolute certainty, that the proposed Serbian Republic to be set up inside Bosnia, with Krajina, will join Serbia. Those who killed, burned, and murdered, will be decorated. There will be a great exodus of Macedonians, Muslims, and the whole weight of Serbian nationalism will fall upon the European institutions.

EIR: Perhaps Europe has done nothing because someone wanted this war. England attacked Germany, when it wanted to recognize Bosnian independence, as the "Fourth Reich."

Selimoski: Europe agreed when Bosnia declared its independence, as Croatia and Slovenia had done. The EC thereby gave its moral support, guaranteeing international recognition. Thus, the old European strategic alignments were reborn. That is why Germany was referred to as a country which wanted to extend its influence over Croatia and Bosnia, and thus control the Adriatic. But these declarations came from circles which had strategic interests there in World War I, i.e., France and England, which did everything possi-

ble, through the Serbians, to have direct influence in the Balkans.

Unfortunately, the Bosnian people are paying the price for these intrigues. We have been lied to, and Europe stabbed us in the back.

If Bosnia is divided, there is no doubt that the war will spread to Kosova and Sandjak. In that case, there will be another Balkans war, which will destabilize all of Europe, and draw it into that war.

The main reason for World War I was Bosnia-Herzegovina, especially Sarajevo. The real cause, was that Serbia wanted to rule Bosnia and colonize it. It had formed Serbian associations which were working at destabilizing Bosnia, by fomenting political discord. The murderer of the Austro-Hungarian Emperor, Gavrilo Princip, was a member of a Serbian extremist organization called Young Bosnia.

If Europe were to tell Serbia that Europe's interests are not served by the prosecution of a Greater Serbian project, the war would stop, because only Europe, along with the United States especially, has the economic and military power to stop this.

Europe is being destabilized. The forcible changing of borders cannot be tolerated. We, the citizens of Bosnia, especially we Muslims, are the conscience of Europe. The Serbians have not won. They have been able to prosecute the war longer, because they have a large army, while the Muslims and the Croats had no weapons. Bosnia must be saved as

a state of many religions and cultures. Lord Owen is trying to sell Bosnia out for his own interests, or the interests of his milieu. He should be stopped.

EIR: What has to be done to stop the war?

Selimoski: The international community must impose a cease-fire. Second, everyone must be disarmed. There must be an international body which will make it possible for the expelled to return to their homes. The Bosnian people must be consulted by referendum as to how they want to live in Bosnia. No one has asked the Bosnian people. They are just manipulated. I am sure that were there a referendum, the people would decide to save their nation from destruction.

Humanitarian relief must be sent from village to village; coupled with a vigorous military action, the strategic centers of Bosnia could be put under control. Then Bosnia could be demilitarized.

EIR: What do you hope from this conference here?

Selimoski: I take as positive, every opportunity which arises to tell people what is going on in Bosnia. This war—and that is the position of all the three religions—is not a religious war. It is about territory. Personally, I believe the Serbian Church has done the least to try to avoid the war, and, once war had broken out, to intervene to stop it. The Serbian Church did not take a clear stand on the war. On the one hand, it was split between the nationalist aims of its state, and on the other, the fact that religion does not allow war.

EIR: What can the Muslim nations do?

Selimoski: I believe the Muslim countries have done what they could, but they do not have great political strength in the world. The U.N. Security Council is made up of only five powers, which run everything. There are no Muslim states there. In Europe, there is no other Muslim state. The financial situation of a number of Muslim countries has been exploited in part to get humanitarian aid sent in.

We should not entertain any illusions about the Muslim world, nor should Europe fear the Muslim world because of Bosnia. The Muslims in Bosnia, in Sandjak, in Kosova, the Albanian Muslims in Albania, in Greece, in Bulgaria, are just Europeans who happen to be Muslim. We lived there before Islam came.

A Muslim state cannot be set up any old which way. In Europe, the states respect the principle of laicity, which for us European Muslims is perfectly suitable. But as citizens, we demand religious freedom. Bosnia is a much bigger problem for Europe and the West, than for the Arab world. But if the West does nothing, if 1 million Muslims have no option but to live in an economically destroyed state, an enclave, they will leave, and if that is what certain people in Europe actually want, well, I don't think that precisely represents European civilization.

French govt. and ADL join drug lobby to 'fight xenophobia'

by Mark Burdman

Under cover of fighting xenophobia, the French government (headed by the "Gaullist" RPR party) is cosponsoring a conference on Oct. 14-15 with the 1990s enemies of the late General de Gaulle among the international drug-legalization lobby and the "education reform" mafia. The Paris conference sponsors include the United Nations Economic, Scientific and Cultural Organization (Unesco), *Passages* magazine, the U.S.-based masonic group called the Anti-Defamation League of B'nai B'rith (ADL), the city of Paris, the Paris mayor's office, and the French Foreign Ministry and Culture Ministry.

Superficially, the conference appears innocuous enough, given that its theme is "Xenophobia," and it will bring together parliamentarians and intellectuals from Russia, Israel, Egypt, the United States, Germany, Poland, Belarus, and Croatia, among others. The conference is organized into four round-tables, each of which is sponsored by French media institutions. The first three round-tables are sponsored respectively by *Le Monde* and *Le Figaro*, and by the French TV network France 2.

It is with the fourth round-table, however, that the real nature of the gathering becomes manifest. This is sponsored by the weekly *L'Événement du Jeudi*, on "Revisionism, Denial: the New Forms of Anti-Semitism." Featured speakers include ADL National Director Abraham Foxman and ADL President Melvin Salberg, as well as such friends of the ADL in Europe as Ignaz Bubis of Germany and Serge Klarsfeld of France, and the Paris lawyer Samuel Pisar. Pisar is well known for having represented two of the more disreputable figures of the 20th century, the late Armand Hammer of Occidental Petroleum and the late Robert Maxwell, the British publisher who stole millions of dollars from workers' pension funds to finance his speculative ventures.

Government in paradoxical position

Following this fourth panel, French Interior Minister Charles Pasqua will give the final summing-up address. Pasqua is in a funny position, indeed. For years, he has put himself forward as a leading protagonist of the "war on

drugs." In late October at the United Nations, he is to give a speech in which, according to leaks in the French press, he will call for having those involved in the drug trade declared to be "outside humanity," and for such strong measures as using military force to attack drugs at their point of cultivation and imposing sanctions against countries which produce drugs.

Yet *L'Événement du Jeudi*, which is sponsoring that last panel, has a cover story in its Sept. 23 issue ostentatiously promoting the "decriminalization" of drugs. The lengthy feature is filled with scorn for the "failures" of French anti-drug efforts over the years, and with praise for such "alternative" models as Holland, where marijuana is openly cultivated, sold, and exported.

Pasqua would not be the only one in a seemingly paradoxical position. On Sept. 23, the city of Paris was assigned, together with London, to take co-responsibility for coordinating an international initiative known as "Cities against Legalization," which grew out of a meeting held in Stockholm by a group calling itself "Cities against Drugs" (see *International Intelligence*). On the same day that *L'Événement's* legalization push hit the Paris streets, the cities meeting in Stockholm passed a tough resolution against legalization of drugs. How will Paris Mayor Jacques Chirac, leader of the Gaullists, justify such contradictory behavior on the part of his municipality? Will Paris's role in the Oct. 14-15 event undermine its credibility in fighting drugs worldwide?

Of course, the potential embarrassment is only made worse by the prominent role of the ADL. In the United States, the ADL has been deeply involved in protecting international drug and money-laundering operations, for which it has been dubbed by some the "American Dope Lobby." Reliable research has demonstrated that the ADL is a front for organized crime. It has, over the last eight decades, protected the rackets of such Jewish gangsters as Meyer Lansky and his National Crime Syndicate by tarring the opponents of Lansky and his drug-trafficker successors with the epithet "anti-Semitic." The ADL has a long history of fighting against anti-drug activists in the U.S., ranging from the movement of Lyndon LaRouche, to the Nation of Islam, and others. In fact, the ADL began slandering LaRouche as an "anti-Semite" in the late 1970s, after LaRouche commissioned a book-length study, *Dope, Inc.*, which documented, among other things, the involvement of top ADL and B'nai B'rith bigwigs in drug-trafficking-related activities.

Bringing matters full circle, a new book that advocates legalization of marijuana products, *Cannabis: Is It a Drug?* (see accompanying article), quotes a 1986 *L'Événement du Jeudi* article which retailed the ADL slanders against LaRouche. For that 1986 article, the magazine lost a lawsuit brought by associates of LaRouche. Is that the kind of illicit reputation that Gaullists Pasqua, Chirac, et al., want to be associated with?

The ADL's presence in a French government-sponsored

conference could also prove embarrassing for other reasons. The ADL has been, throughout this year, under investigation by law enforcement authorities in California, for having coordinated a massive espionage operation using illegally obtained confidential records of the state government's, to spy on thousands of political groups and organizations in the United States. The San Francisco district attorney raided the ADL offices in San Francisco and Los Angeles, and numerous of its officials may well be indicted before the year is out. It is also an open secret that the Israeli government of Yitzhak Rabin and Shimon Peres is furious at the leadership of the ADL, because of its financial and political backing for the extremist factions of the opposition Israeli Likud Party led by Benjamin Netanyahu and Ariel Sharon.

Unesco, ADL, and satanic 'education reform'

Yet another relevant point, is that the Unesco-ADL complex is at the heart of the current global movement for "education reform," a euphemism for the introduction of satanic brainwashing techniques into the schools. In the United States, these methods are generically known as "outcome-based education," although opponents refer to them appropriately as "spiritual child abuse." The ADL has promoted a program called "A World of Difference." Under the cover of fighting xenophobia, racism, and anti-Semitism, it infiltrates schools, community centers, and law enforcement agencies, to push its particular brand of New Age multiculturalism—as well as, undoubtedly, to spy.

For decades, Unesco, an organization set up after the war under the influence of New Age promoters such as Britain's Julian Huxley, is effectively the international command-center for the "education reform" movement. It is out of the Unesco complex that such atrocities as the "World Core Curriculum," developed by a Lucifer-worshipper named Robert Muller, have been promoted. France's *Le Monde* reported on Sept. 21 that, ever since the Gaullist regime of Premier Edouard Balladur came to power earlier this year, official French relations with Unesco have been upgraded, compared to the previous Socialist Party government. Culture Minister Jacques Toubon has met with Unesco chief Federico Mayor Zaragoza as many as four times in less than six months. French intellectual Michel Serre is playing the predominant role in a Unesco "Forum of Intellectuals," and is promoting a "world system of multilingual educational television by satellite." Mayor Zaragoza, who is Spanish and has been a member of the neomalthusian Club of Rome for years, told *Le Monde* that he is fully committed to "the struggle for the multiculturalism on the planet."

Concerned French parents have reported that outcome-based education methods are beginning to make their way into Paris schools, with students subjected to various forms of perverse instruction and anti-social values.

Will this conference also be the launching point for a new OBE offensive in France?

LaRouche slandered in pro-drug books

by Mark Burdman

Lyndon LaRouche has often said that he wears as a badge of honor, the attacks on him by his enemies, since his enemies are so evil. And no wonder: A barrage of wild slanders against LaRouche has appeared in a series of French-language books published in Switzerland and France this year. These books, all by pro-drug legalization activists, depict LaRouche as the mastermind of the past years' "war on drugs" strategy.

Not coincidentally, there is a dramatic escalation in the campaign for drug legalization in Europe. In France, during the second half of September, both the widely read weekly *L'Événement du Jeudi* and the daily *Libération* have run commentaries calling for "decriminalization." *L'Événement du Jeudi*, which in 1986 lost a lawsuit in France after it had published a defamation of LaRouche, ran a cover story in its Sept. 23 issue, asking, "Should Drugs Be Decriminalized? What They Don't Dare Tell You." On Sept. 27, *Libération* published a lengthy commentary: "Lift the Prohibition on Cannabis."

In the last six months, three books have been published in French, openly pushing for drug legalization. One, by an American named Jack Herer, who heads a group called Help End Marijuana Prohibition (HEMP), originally appeared in the U.S. in 1985 as *The Emperor Wears no Clothes: Hemp and the Marijuana Conspiracy* and was reprinted in 1992. Herer asserts that LaRouche wants to "declare rock music illegal, to burn albums and books, and to lock up anybody who doesn't agree with him."

A second book is *Clandestine Smoke: Once Upon a Time, There Was Cannabis*, by Jean-Pierre Galland, who heads the Collective for Cannabis Information and Research (CIRC). He attacked the Anti-Drug Coalition (ADC) in France, calling it a branch of the "American Labor Party" (sic) of "Lynder LaRouche" (sic). Galland lied that the French ADC's *Guerre à la Drogue* publication "expresses strongly fascist ideas. Mussolini is the idol of LaRouche. The KGB, the Jewish lobby, the Queen of England, and the CIA are the big enemies."

Where there's smoke. . .

From Switzerland, a book titled *Cannabis: Is It a Drug?* appeared this year, co-authored by a Swiss writer under the nom de plume "Michka" and Hugo Verlomme. The authors

cite the deranged Yippie leader Dana Beal, who they say is now with the U.S. National Institute on Drug Abuse, as well as Herer, for their claim that Lyndon LaRouche and anti-drug expert Gabriel Nahas have collaborated since 1948, and in the 1950s, they write, Nahas and LaRouche were at Columbia University, where LaRouche "spied on the Socialist Workers Party." According to this hallucinatory line, there has been collaboration for 40 years, between the leading "respectable" fighters against drugs—Nahas, Robert S. Dupont, Carlton Turner—"with the leader of a neo-Nazi sect, Lyndon LaRouche," but these "respectable" individuals keep this link secret. Why? "Precisely because they share his pro-nuclear and anti-jazz obsessions, among others, they fear that his legal problems could come to compromise certain of their long-term common plans."

More luridly, Michka-Verlomme insist that Nahas, who fought the drug plague within U.N. agencies, and LaRouche had both benefitted from the covert protection of "Nazi" Kurt Waldheim, during his tenure as U.N. general secretary!

Another section which profiles U.S. anti-drug organizations, says that "one of the most powerful" is the one that gave its name to "the entire movement, naming itself very simply 'War on Drugs'. . . This powerful organization depends on . . . Lyndon LaRouche." Again, the collaboration with Nahas is mentioned, as well as the allegedly shared views of Nahas and LaRouche, citing Nahas that "the drug traffic is directed by the Russian and British secret services." They then retail the 1986 slander against LaRouche from *L'Événement du Jeudi*, followed by lying assertions about his "close links with the Ku Klux Klan," and paranoid musings of U.S. journalistic sources from the mid-1980s about LaRouche's "very close links with certain of the highest levels of the Reagan administration, as well as with the CIA."

In the last section, Michka-Verlomme show the most pernicious effects of psychotropics. They develop a theory, taken largely from kook psychologist Thomas Szasz, that the ancient Greeks' practice of "sacrifice of human scapegoats" has been revived in the "war on drugs." According to Szasz, the ancient Greek practice was further advanced "in the Middle Ages and then by the Inquisition," which burned heretics and sorcerers at the stake. Michka-Verlomme add to this: "Fully into the 20th century, we find, again, stakes for immolating scapegoats, but, thanks to technology, transformed into crematoria ovens. And, as if chance, one finds with Lyndon LaRouche, this great anti-drug crusader, another obsession: anti-Semitism." The two authors again cite the 1986 *L'Événement du Jeudi* slander, whose author, Hervé Muller, had written the lie: "For [LaRouche], Judaism is responsible for all the evils of humanity, from the crucifixion of Jesus to the assassination of Kennedy. The Holocaust is only a myth propagated by the Zionists." In brackets, Michka-Verlomme add: "Irony of history, the clothes worn by the prisoners destined for the crematoria ovens were really made of cannabis."

Colombian narco-terror moves in where 'democracy' paves the way

by Valerie Rush

Military and civilian sources in Colombia now confirm that nearly a dozen of the country's provinces are under the domination of the narco-terrorist National Guerrilla Coordinator (CNG), through a combination of outright intimidation and/or political alliance. This disastrous situation is the direct result of the international "human rights" lobby's crippling offensive against Colombia's Armed Forces on the one hand, and the "let's make a deal" appeasement strategy of the government of President César Gaviria on the other.

According to a Sept. 19 press interview by Armed Forces Commander Gen. Ramón Emilio Bermúdez Gil, in the many regions of the country where this situation of "co-government" with the FARC and ELN (two of the terrorist components of the CNG) exists, "the guerrillas have put people on the payroll, in nonexistent positions; and that is how public funds are siphoned into the guerrillas' coffers." CNG documents captured during a recent raid of one of their safehouses in Bogotá revealed that the terrorists' war chest is expected to reach \$750 million this year, from a combination of extortion, protection fees, kidnapping ransoms and the drug trade, the last providing an estimated 60% of the total. If the CNG succeeds in putting together such a sum, it will equal 80% of the annual budget of the Armed Forces.

A Sept. 20 special report in the daily *El Tiempo* revealed that electoral candidates around the country are being forced to pay special fees to the guerrillas to allow them to campaign in public. Days earlier, the Conservative Party had issued a statement saying that guerrilla attacks had made Colombia so dangerous that more than 600 towns and villages were *off limits* to candidates because of threats. Conservative Party leaders and candidates met with the interior and defense ministers that same week to demand more effective security measures as well as a serious anti-terrorist policy by the Gaviria administration, pointing to the recent assassinations of at least three Conservative politicians. They left the meeting "dissatisfied" with the government's insistence on defending its method of dealing with the narco-terrorists—that is, negotiations.

Imprisoned ELN chieftain Francisco Galán set down the terms of war in an open letter issued to the media from

his jail cell, in which he demanded that every presidential candidate publicly present his "peace plan" for the first 100 days in office, or there would be no election. "Come up with a peace strategy," he warned, "or with a war strategy." Galán also confirmed that the bloody "Black September" offensive which the ELN/FARC terrorists have been carrying out and which has already claimed the lives of more than 50 police and soldiers, will continue into October and beyond, until the government accepts "a bilateral cease-fire."

In addition to the constant ambushes of police stations and military patrols, there has been an escalation of attacks on the country's oil pipelines, other economic targets, and population centers. For example, the police frustrated a terrorist attack on a number of banks and government, police, and army offices in the city of Pasto on Sept. 22, when a car-bomb containing 80 kilograms of dynamite was deactivated in the very heart of the city. Along with the explosives were found maps indicating the intended targets of sabotage and terrorism. That same week, the FARC/ELN called an "armed strike" against intercity transport in the southern department of Caquetá, allegedly in order to force a "peace dialogue." Buses were burned and drivers threatened with treatment as "targets of war" if they did not abandon their vehicles.

The bombing of the main transportation terminal in Colombia's third-largest city, Cali, was foiled when police stopped a truck carrying explosives and detonators just two blocks from the terminal. Colombia's leading oil refining city/port of Barrancabermeja was virtually shut down for three days when combined ELN/FARC forces blocked every highway into and out of the city and threatened to burn any bus that moved without their "permission." Vast quantities of oil have been spilled by repeated sabotage of the country's pipelines, and the newly discovered oil fields of Cusiana and Cupiagua are virtual armed camps to prevent guerrilla sabotage.

Consorting with the enemy

In the face of this terrorist blackmail, the Gaviria government has bent over backwards to try to accommodate the CNG. Not only has it insisted on pursuing "peace negotia-

tions” with these criminals even as the population clamors for a serious military counter-offensive, but it is redefining policy toward its own Armed Forces in accordance with the dictates of the international “human rights” lobby.

President Gaviria especially raised military hackles when he held three days of closed-door talks with Cuban dictator Fidel Castro in mid-August. Despite the fact that diplomatic relations between their two countries were cancelled back in 1980 when Cuban backing for Colombia’s narco-terrorists was exposed, Gaviria invited Castro to Colombia to discuss his possible mediation of a peace agreement with the CNG. It was the adamant refusal of the military to agree to the terms of such a peace agreement—virtual self-eradication—that reportedly triggered the CNG’s ongoing “Black September” offensive.

Shock at Gaviria’s shameless flirtation with Castro was not limited to the military. On Aug. 22, the Bogotá daily *La Prensa* reported that civilians linked to the presidential palace “expressed surprise at the Gaviria government’s inaction over information in its possession since early 1993,” which indicted Cuba for its *continued* involvement with Colombia’s narco-terrorists. The article revealed that an ELN guerrilla captured by the army shortly after her return from Cuba had confessed to receiving exhaustive training there in the handling of weapons, grenades, mortars, and explosives. Full documentation of her revelations, including a videotape of her confession, was delivered to the offices of the presidency, the Security Council, and the Defense Ministry in early January of this year, and yet no comment from those offices was ever forthcoming, much less an investigation pursued.

Foreign Minister Naomi Sanín, obliged to intervene into a mid-September congressional debate over the advisability of Gaviria’s invitation to Castro, was forced to admit that she viewed “with profound concern the fact that the guerrillas who murdered, kidnapped, blew up pipelines, and carried out assaults, were being received with generosity by several countries, not only by Cuba but others as well.” Immediately, her office issued a written retraction, saying that she “has the impression that Cuba neither favors nor sponsors the Colombian guerrilla,” and that history would show that the meeting with Castro had “very fertile consequences.”

Only weeks before meeting with Castro, President Gaviria had gone to London on an official visit. His first act was to visit the headquarters of the human rights NGO (non-governmental organization) Amnesty International, where he was urged to drastically reduce the military budget. It is noteworthy that on the eve of his London trip, Gaviria had presented Congress with a bill granting the executive the right to pardon any terrorist who wanted to enter into negotiations with the government.

In mid-September, Gaviria called on the national Congress to grant him extraordinary powers to reform the disciplinary code of the Armed Forces, for the explicit purpose of

reducing human rights violations supposedly being perpetrated by members of those forces. As Rafael Pardo Rueda, Colombia’s first civilian defense minister, explained the planned reform, “it will adapt to the dispositions of the new National Constitution.” That Constitution was written in 1991, after the constitutionally elected Congress was unlawfully suspended by President Gaviria, and replaced by a “constituent assembly” which included a large contingent of amnestied narco-terrorists and politicians on the drug cartel payroll.

Target: the Armed Forces

In particular, Pardo revealed that the new Armed Forces’ disciplinary code would be formulated on the basis of recommendations from the Attorney General’s office—an office which has functioned as a virtual “branch office” of Amnesty International for at least eight years. As part of that reform, all military barracks would be endowed with human rights offices which would oversee military behavior—and presumably function as a potential spy network for the narco-terrorists.

According to a Defense Ministry report published by the daily *El Espectador* on March 15, the nine-month period between July 1992 and March 1993 saw disciplinary sanctions imposed against nearly 20,000 members of the Colombian Armed Forces, not counting the national police. With the new reform, it is expected that that number will rise even more dramatically. The continued deterioration of morale—and thus of performance—of the country’s military forces is the expected result.

Estatic about the reform, of course, is Attorney General Carlos Gustavo Arrieta, who says it is the program he has been demanding for the past several years. Another enthusiast interviewed by the press is Ramiro Lucio, once the international spokesman for the “ex”-narco-terrorist M-19 and now its elected representative in Congress. Conservative presidential pre-candidate Juan Diego Jaramillo, on the other hand, declared that the reform “will end up destroying the little confidence the Army has left in itself, and the little confidence that the population has in the Armed Forces.” Jaramillo insisted that “the reality is that the Army is on the defensive across the country, while what we need is an Army that can win the war in the short term. . . . [The reform proposal] is a horror.”

The latest escalation against the military took place the last week in September, when two “negotiators” for an ELN splinter group were killed in a confrontation with an Army patrol that had not been advised of their protected status. A hue and cry from the “human rights” lobby that the military is a deliberate “saboteur of peace,” combined with widespread press coverage of the terrorists’ declaration that all peace talks with the government were off, is being used to further fuel demands for the country’s demilitarization “in the name of peace.”

Venezuelan sovereignty still at issue

Clinton wants Venezuela's new President to continue CAP's collaborationism in enforcing "democracy" on the continent.

Although the ousting of social democrat Carlos Andrés Pérez (CAP) as Venezuela's President has been accomplished, the fight for national sovereignty and economic development is far from over. One indication is the interventionist letter sent by U.S. President Bill Clinton to Venezuela's new head of state Ramón J. Velásquez. Another is the recent denunciations issued from his jail cell by Rear Adm. Hernán Gruber, one of the leaders of the Nov. 27, 1992 military rebellion against CAP.

In his letter, dated Sept. 15 and released to the Caracas press on Sept. 21, Clinton congratulated Velásquez for his ratification as Venezuelan President, but insisted that he continue the policies of his predecessor: "Together, we must continue the arduous battle against authoritarianism, wherever it threatens democracy in this hemisphere, as we have recently and successfully done in Guatemala and are in the process of doing in Haiti." Clinton added his hope for continued "close working relations with the government of Venezuela, in search of common objectives."

It is well known that CAP was the United States' key man in Ibero-America in the effort to destroy the national sovereignty and armed forces of Ibero-America, and to give supranational powers to the Organization of American States, even to the point of endowing it with its own multinational army, to enforce such imperialist policies.

Clinton's letter represents the same undisguised "expansionism"

that characterized the predecessor Bush administration, and is a concrete reflection of the concepts recently expressed by National Security Adviser Anthony Lake, who announced that the United States will be undertaking an expansionist international policy premised on spreading democracy and the free market everywhere. That is, the same discredited "manifest destiny" policy, but under a new guise.

In light of these renewed pressures, the charges just issued by Rear Admiral Gruber take on added significance. In his book *Insurrección Militar del 27-N-1992: por el Honor de las Armas* ("The Military Insurrection of Nov. 27, 1992: For the Honor of Arms") published in August, Gruber attacks the multinational force concept with which the United States hopes to impose "its democracy." Gruber says that "a study carried out by the Aspen Institute of the United States, reveals a series of retaliatory measures which, under the auspices of the Organization of American States (OAS) and as an undisguised initiative of the U.S., would be taken against any government which attacks a Latin American democracy. . . ."

"But," asks Gruber, "which is the democracy that is going to be protected through the use of multinational forces, with the resulting violation of national sovereignty? Which is the democracy in whose defense diplomatic, economic and military measures capable of sinking a nation would be undertaken? The democracy exercised by a government which has systematically violated the constitutional

principles of equality, justice and well-being? Who is invoking the sacred name of democracy to save a government which has lost its mandate with its own people? What dark interests hide behind the insistent threats and interference of the U.S. ambassador?"

On Sept. 20, Gruber charged that the Aug. 1 issue of the Caracas *Daily Journal* carried a photograph showing U.S. Southern Command chief Gen. George Joulwan awarding the Legion of Merit to Venezuelan generals Iván Darío Jiménez Sánchez and Pedro Rangel Rojas, former defense minister and Army commander, respectively. The reasons cited for such a distinction included "exceptional services, including the thwarting of the Nov. 27 coup d'état." Present at the ceremony were former U.S. Ambassador to Venezuela Michael Skol and Vice Adm. Radamés Muñoz León, Venezuela's current defense minister.

Commented Gruber: "These are my concerns: Is the defense minister and high military command's opposition to the cause of the Feb. 4 and Nov. 27 rebels explained by this ceremony? Have we already lost our sovereignty? . . . Was I then, as a Venezuelan soldier, a faithful guardian of the sacred legacy of our liberators, or was I perhaps in fact a U.S. soldier; to whose flag did I pledge allegiance? Why is the U.S. decorating generals 'victorious' in an internal conflict of a supposedly sovereign country? Would it have been acceptable if after the U.S. Civil War, a foreign nation had decorated some of the generals of the North or South? . . . I feel ashamed even by the pose taken by those two Venezuelan military officials. . . . After the Feb. 4 events, I rejected a decoration with these words: 'In a battle among brothers there are never victors; we all lose in one way or another.' "

Hope for Indian rocketry program

Examination of the mission failure of the Polar Satellite Launch Vehicle shows how much went right, despite what went wrong.

On Sept. 20, India's long-awaited Polar Satellite Launch Vehicle (PSLV) took off from SHAR launching station only to falter at 650 km up and fail to complete its mission of putting an 850 kg satellite into low-Earth orbit at an altitude of 817 km.

Indian rocket scientists at the Indian Space Research Organization (ISRO) have identified the success of the 275-ton, 152-story PSLV with India's coming of age in rocketry. It was the first Indian launch vehicle to use liquid propulsion and has the potential to become a commercial launch vehicle.

Although the failure of the PSLV to deliver the satellite at the right altitude can be considered a setback, the PSLV technology is a qualitative improvement upon the previous series of Indian rockets, the SLV and the ASLV. PSLV is a four-stage rocket that uses liquid propellant, more efficient and more complex than solid propellants, for the second and fourth stages. The first and third stages use solid propellants. The next generation of rockets, the Geostationary Satellite Launch Vehicles (GSLV), will be using a cryogenic engine, and a liquid second stage with four liquid engine boosters. The first stage in the next generation of rockets will retain the solid propellants.

Besides the liquid engine, which is the Indian version of the French Viking engine that came about through a unique technology transfer almost a decade before the PSLV project was even approved, the first-stage solid propellant motor, the third

largest in the world, functioned meticulously. The first stage and the two strap-ons ignited, lighting up the sky with brilliant yellow flame. The burn-out and separation of the first stage occurred as scheduled, 111 seconds after launch.

The second stage also ignited as per expectation, followed by the heat shield separation. But at the second stage burn-out, the PSLV was at an altitude of 235 km, which was 10 km higher than it should have been.

The third stage also ignited perfectly, but at this stage some deviation in trajectory was noticed by the control center. Subsequent close review of the data indicates that there was a buildup of error in the vehicle's yaw angle during the second stage itself. The instantaneous position of a rocket is determined by three angles: the roll (the rotation about the axis along the length of the rocket); the yaw (side-to-side movement of the rocket with respect to its flight direction); and the pitch (up and down movement of the nose of the vehicle).

The first news of the mission failure that came out was based on statements made to newsmen present at the launch site. ISRO chief Dr. U.R. Rao said that the disturbances cropped up at the beginning of the third stage and went into the final stage. He pointed out that the errors built up in certain angles. "The errors of the pitch-down were such that the vehicle did not gain height and velocity. We have a control program, but it is something more than that," Rao was quoted as saying. He also made it clear at the time, that

the case will be studied to figure out what exactly happened.

Later media reports, however, indicate that the failure was not a design mistake, but more likely the presence of a software bug in the vehicle's second-stage control system. The more detailed look to find the exact cause of the failure has revealed that, indeed, the rocket had begun to veer from the second stage. This means that the shot-gun analysis by the Indian press—which no doubt found its way into the international media—that the indigenously developed "flex nozzle system" of the third-stage motor had malfunctioned, was way off the mark. In fact, the system had functioned perfectly and had nothing to do with the overall behavior of the launch vehicle.

Real-time data on performance parameters indicate that all the solid and liquid motors functioned as per design and generated the requisite amount of thrust in their respective stages, stated *Economic Times* science and technology columnist R. Ramachandran. It also showed that despite efforts through the on-board control and guidance system of the PS-2, the second-stage engine, the rocket was put back on course, but not maximally. It appears that the software of the control system had failed to give the command for maximal control, even though the PS-2 hardware was fully capable of generating the requisite control forces.

At the same time, in the second stage, the thrust of the engine was controlled by gimbaling the engine nozzle through an autopilot. While the maximum gimbaling could be as great as 4 degrees from the vertical, the autopilot had been given a command for 1.5 degrees of gimbaling. Scientists concur that if the autopilot had commanded the full gimbaling, the rocket would have gotten back on course.

International Intelligence

European cities say 'no' to drug legalization

Several European cities have formed a group called Cities Against Drugs, to oppose the legalization of narcotics. Representatives met on Sept. 23 in a preparatory working session in Stockholm and adopted a resolution which will now be presented to the respective city councils for adoption. On April 24, 1994, a conference will be held in Stockholm for the mayors to sign the statement.

The cities participating in the meeting were Paris, Berlin, Madrid, London, Rome, Budapest, Dublin, Vienna, Riga, Helsinki, Copenhagen, Oslo, Gothenburg, and Stockholm. Moscow, Liverpool, Tallinn, and Vilnius sent messages expressing their agreement with the ideas of the Cities Against Drugs, but were not able to send representatives.

The group is opposed by another organization of cities known as the Frankfurt group, which favors drug legalization. The city of Zurich, a member of the Frankfurt group, wanted to send an observer to Stockholm, but was rebuffed, since no legalization advocates were allowed in this internal working group.

Mahathir rips British policy on Bosnia

Malaysian Prime Minister Mahathir Mohamed attacked British policy in Bosnia and demanded military action, in his speech "welcoming" British Prime Minister John Major to Kuala Lumpur on Sept. 21. Mahathir "cast aside protocol," the London *Times* reported, to make a "savage attack" on Britain's handling of the war during the formal state dinner. Major was forced to depart from his prepared speech and defend British policy.

Mahathir said that the conflict in Bosnia "exposed the limitations of European political cooperation as well as shamed the vaunted western advocacy of democracy, justice,

and human rights. I sometimes wonder whether I can ever adequately express the extent of Malaysian anguish at the genocide and ethnic cleansing conducted by the Serbs against the Bosnian Muslims." He cited a case in which a six-year-old girl was repeatedly raped by Serbian soldiers in front of the girl's mother, and the mother was forced to watch the child die after two days.

Mahathir warned that European non-action was "sending wrong signals to certain countries east of Yugoslavia—countries with a past history of violent acquisition of other peoples' territories."

While Malaysia can understand British fears that air strikes would jeopardize humanitarian aid, Mahathir said, "yet our heart cries out to the tragedy of an entire race being wiped out in total disregard for even elementary decency. . . . May I appeal to you, reconsider Britain's position before Bosnia-Herzegovina is forever cemented in history as the blackest catastrophe of the modern world and a dark page in the annals of Europe and European civilization. . . . Political will must be translated into credible action."

Abba Eban hits party of death in Israel

A *Washington Post* commentary on Sept. 26 by former Israeli foreign minister Abba Eban scored the domestic opponents of the peace treaty with the Palestine Liberation Organization, and linked their hate-filled views to their support for the death penalty and to backing from their supporters in the United States. Eban pointed out that since the 1960s, he has championed the idea that peace must be based on economic and cultural links in the region, which could be modeled on the European Community.

"The nation-state as an institution is not in decline. It is proliferating," he wrote, in opposition to the advocates of a new world order that would obliterate nations. He pointed out that only policies based on recognizing the sovereignty of individual nations have any chance of succeeding.

He then noted, "In submitting the idea of a Middle Eastern community for international scrutiny, I am sadly aware that I cannot yet invoke an Israeli consensus. The Likud Party, through Benjamin Netanyahu, advocates the maintenance of military government 'enhanced' by a death penalty and by the weakening of legal restraints on actions of our security forces. It is intellectually shocking that at the precise moment when 48 years of Israeli tenacity have induced a manifest thaw in Arab extremism, a major Israeli party, spurred on by American columnists with confrontational temperaments, should be advocating an intensification of the coercive rigor that has failed wherever it has been tried."

Solzhenitsyn says he'll return to Russia soon

Aleksandr Solzhenitsyn, the Russian novelist who has been living in exile in the West, announced that he would soon return to his homeland. In an interview in the German weekly *Rheinischer Merkur* on Sept. 27, Solzhenitsyn, who is currently on a European tour, described the situation in Russia now as a "Time of Troubles" like that of the 17th century.

"I have trouble recalling any such anarchic situation in the history of Russia," he said. "There was one that was similar, in the 17th century, but never one that was so marked."

Solzhenitsyn said that Mikhail Gorbachev made every mistake that one could make, that Yegor Gaidar was an "absolute cabinet theoretician," who had no idea of what real life in the country looked like, and that Boris Yeltsin is to be blamed for a process of utmost disintegration of the country and its institutions. In an interview with the French daily *Le Figaro* on Sept. 22, Solzhenitsyn had described Gaidar as "hypnotized by the dictates of the International Monetary Fund."

The worst danger, Solzhenitsyn warned, is that the borders of all 15 former Soviet republics are still the ones that were

Briefly

drawn by Lenin and Stalin, and that Russians will not agree for long being ruled by a federation council that is dominated by people who are non-Russians, nor agree having 25 million ethnic Russians forced to live outside Russian borders. Twelve million of these are in Ukraine alone, he said.

As for his own role in the future, Solzhenitsyn explained that he wants to identify with no political leader nor any party, but "move only from the basis of what is good for Russia." He noted that there is no real press freedom in Russia to allow him to address the Russians the way he wants to, and that there are "many who do not want me and fear my return."

Canadian party will campaign vs. NAFTA

The Party for the Commonwealth of Canada has filed 59 candidates for Parliament for the Canadian federal election scheduled for Oct. 25. The PCC is the Canadian branch of the international movement founded by Lyndon LaRouche. Of the 24 parties which vied for official status, only 14 succeeded, due to extremely restrictive new election regulations.

The candidates say they will campaign for the following programmatic solutions to the crisis of incompetent leadership plaguing Canada and the world:

1) Ridding the world of globalism and geopolitics, which have led to outright mass genocide in Bosnia and elsewhere, and returning to the principle of the sovereign nation-state as the foundation for relations among countries;

2) Eliminating central banking systems and their policies such as the North American Free Trade Agreement and NAFTA dollarization schemes. Adopting a principle of national political economy, ending the control of monetary and economic affairs of Canada by private bankers and globalist institutions such as the International Monetary Fund and the World Bank;

3) Reemphasizing scientific and technological development and great projects such

as Lyndon LaRouche's proposed European Productive Triangle, the Mideast Oasis Plan, and the North American Water and Power Alliance (Nawapa);

4) Freeing American statesman and economist Lyndon LaRouche from prison.

5) Ending the domination of the New Age "counterculture" educational reforms of the past two decades, which are destroying Canada's capability as a nation to produce citizens capable of rational and independent thought.

The PCC slate includes 35 candidates in Quebec, 13 in Ontario, and 11 in British Columbia.

Peru launches 'education revolution'

Peruvian President Alberto Fujimori called on Sept. 21 for "an education revolution" in Peru which would "not be limited to construction of more schools, but a total revamping of teaching methodology and curriculum." We need, said Fujimori, "updated curricula, not obsolete ones with theories that don't lead to anything."

Education Minister Raúl Vittor explained that more than one-third of the current curriculum would be revised, some courses would be thrown out altogether, and the simplified curriculum would be "more in accordance with national reality."

This decision by the Fujimori government gives a dangerous opening to the "global educationists" from the United Nations, the Anti-Defamation League, and the Theology of Liberation which are forcing their multicultural witches' brew on children worldwide. The ADL's president in Peru, León Trahtemberg, hailed Fujimori's announcement, demanding that a "Peruvian curriculum" replace the European one currently dominating Peruvian schools. Unless the curriculum is totally revamped, said Trahtemberg, "Peruvian students will continue to be subjected to material which responds to the needs of other countries, and to tests which are foreign to the Peruvian IQ."

● **ISI LEIBLER**, the Australian co-president of the World Jewish Congress, wants to replace "Canadian Seagram's whisky billionaire, Edgar Bronfman" as president of the WJC, according to the *Australian Financial Review*. Commenting on the Middle East peace accord, Leibler said, "True peace can only come with commercial relations, and I believe Israel can become the Singapore or Switzerland of the Middle East."

● **EGYPTIAN** President Hosni Mubarak predicted a deal between Israel and Syria on the Golan Heights within "four months," in an interview with the Egyptian magazine *al-Musawwar* published on Sept. 22. "I think the circumstances are right now for progress on the Syrian-Israeli track," he said. "There are signs that the Israelis are ready to withdraw on a time-scale of four months and accept a phased withdrawal from the settlements."

● **ITALIAN** President Luigi Scalfaro denounced the partition of Bosnia as "unthinkable," in a message to 15,000 people walking on a peace march from Perugia to Assisi in central Italy. "This would mean the complete defeat of the values of mankind, and on this kind of basis peace could never spring forth and survive," the President said.

● **BRAZIL** will conduct military exercises in the Amazon the first week in October, with 5,000 men from the Army, Navy, and Air Force. According to the daily *O Globo*, the exercises are viewed as "notice that Brazil protects what is hers." The exercises are also seen unofficially as a response to those carried out in several Ibero-American countries by U.S. military personnel.

● **ISRAEL'S** Likud Party is in a shambles over the Mideast peace agreement, according to the *Guardian* of London on Sept. 28. Hardline leaders like Ariel Sharon and Benjamin Netanyahu oppose the treaty, but there is considerable support for it from other factions in the party.

Tajikistan civil war shows folly of geopolitics

by Gabriele Liebig

Russian Foreign Minister Andrei Kozyrev, during his quite jarring speech at the signing of the accord granting autonomy to Gaza and Jericho in Washington, made reference to the civil war in Tajikistan. "It is an irony," he said, "that at a time when the Mideast peace process is moving ahead . . . other forces are endangering security in the region. Three days ago, I was in Kabul, Afghanistan, and at the Tajikistan-Afghanistan border. Even there, we can see these forces of subversion, terrorism, and extremism—religious and nonreligious forces, political extremism—which are doing their destructive work. I know that there are signs of this new danger in other parts of the region. And I hope that in our efforts we do not limit ourselves to peace between Israel and its neighbors and the cause of the Palestinians, who are striving to secure their legitimate rights, but that we will keep watch over the stability of the whole region. For these tasks, Russia will be a true and resolute lord-protector."

Kozyrev's words do not put Russia's new foreign policy in a very good light. They also reflect recent agreements between the two superpowers—the United States, and Russia as the neo-imperial successor of the Soviet Union. This superpower condominium, the so-called New Yalta, reached its first high point under Gorbachov. Kozyrev outlined quite unmistakably the "new danger" of Islamic fundamentalism, as a shared enemy image. And he made it quite clear that all efforts to counteract this danger in Tajikistan and Afghanistan, must remain in the sphere of influence of the eastern "lord-protector."

The Yeltsin government now seems to be seeking its salvation through the worst possible combination of extreme,

destabilizing shock therapy and neo-imperial restoration of the former Soviet spheres of influence. This policy is doomed to failure; but for the moment, one has to proceed on the assumption that the Moscow government intends to compensate for the lack of coherence in its economic policy by being all the more ruthless in its political power plays against the other republics of the former Soviet Union.

Tajikistan (see map, p. 57) is an especially tragic example of this. In December 1992, the coalition government there, which included the Democratic Party and the Islamic Renewal Party, was overthrown after only eight months in office. Tajikistan descended into a bloody civil war. Both the Uzbek and Russian sides apparently made use of one particular clan, since, remarkably, all of the members of the new communist government come from the same Kulyab region.

The pro-Moscow government, under President of the Parliament Emomali Rakhmonov (who had heretofore been an insignificant communist apparatchik), persecuted the opposition with unspeakable brutality. All opposition parties were banned, and their leadership imprisoned. Thirty-seven newspapers had to stop publishing, 20 journalists were killed, 40 disappeared without a trace, and 10 more are now in prison.

But that was not the end of it. As one of its first acts in office, Rakhmonov's communist regime turned over the persecution of "terrorists" and other police responsibilities to the so-called People's Front, a paramilitary band, similar to the Serbian Chetniks in Bosnia and Croatia, under the leadership of the notorious gangster Sangak Safarov, who had spent 23 years in Soviet prisons for murder and other

crimes. Safarov's "troops" had already proven their mettle in the armed storming of Tajikistan's capital Dushanbe on Oct. 24, 1992, which still did not succeed in collapsing the coalition under President Akbarscho Iskandarov, but did claim many civilian casualties.

The arrests and shootings carried out by Safarov's People's Front were directed primarily against people from the mountainous eastern Tajik regions of Badakhshan and Garm, which were the opposition's strongholds. In the last elections in November 1991, the majority vote in these regions went to the opposition parties. The organizations Helsinki Watch and Amnesty International have documented the progress of the alleged battle against the opposition's "terrorism." Safarov's people, or agents of the Interior Ministry, sweep through homes, buses, or public squares conducting "passport checks." Anyone they find from the above-named regions is immediately seized. Often, the abused corpses of these people turn up later on. Some 300 shootings have been documented, but the actual number must be higher than that. Anyone who resists is shot on the spot. Countless people have disappeared without a trace. There are also reports of horrible torture. There are many indications that the brunt of these purges has been borne by Tajikistan's intellectual upper crust, who were recruited from among the generally well-educated Badakhshanis (see *Documentation*).

The civil war has already claimed 100,000 casualties. Of the 800,000 who have had to flee their homes, some have gone to other Tajik regions, while others have gone abroad to Afghanistan, Kyrgyzstan, or Russia. Quite a few Tajikistani refugees are also living in Moscow. This fact, along with the harsh criticism of official Tajikistan policy expressed by the Yeltsin government in such democratic papers as *Nezavisimaya Gazeta*, sheds light on the completely unresolved political situation inside Russia.

The making of a civil war

The prehistory of the Tajikistan civil war is closely tied with the past year's events in Moscow. Tajikistan was the poorest of the Soviet republics, largely because of its geography: Some 93% of its territory is covered by mountains, some of them over 3,000 meters high. Its highest mountains bear the anachronistic names Lenin Peak (7,134 m) and Communism Peak (7,495 m). The country's approximately 5 million population is comprised of 59% Tajiks, 23% Uzbeks, and up to 10% Russians. As early as 1990, the bad economic situation had sparked unrest. The Soviet Union was on the way out, and in August 1990 Tajikistan declared its sovereignty and the precedence of Tajikistan laws over those of the U.S.S.R.

Then came the August 1991 putsch in Moscow. The Tajik leader Makhkamov made the mistake of taking sides with the those who carried out the coup, and so he was forced out after it was defeated. In September 1991, Tajikistan, along

with many other republics, declared independence, and the Communist Party was outlawed. The communists in the Tajikistan Supreme Soviet attempted to have the ban revoked and a state of emergency declared, but their putsch failed, thanks to mass sit-ins by the politically mobilized residents of Dushanbe. The Communist Party renamed itself the Socialist Party, but then reverted back to its original name in January 1992.

Multi-party presidential elections were held in November 1991, out of which the old communist Rakhman Nabiyev emerged as the victor. Nabiyev, an expert political chameleon, made clever use of the fact that Gorbachov had had him deposed back in 1985. Nevertheless, the opposition won the majority in the eastern mountain regions of Badakhshan.

Many in the country would simply not tolerate the prospect of a new era of communist domination, and in May 1992 a series of mass demonstrations and battles broke out between partisans and opponents of Nabiyev, which only subsided when Nabiyev announced he was prepared to enter into a coalition government with the Democratic Party and the Islamic Renewal Party. Things initially went well in Dushanbe after that: The country was not "Islamicized," as Russian and Uzbek propaganda had claimed it would be, nor was there even the slightest offense against the Russians living in Tajikistan during the entire reign of the coalition government.

Uzbekistan joins the fray

Meanwhile, in neighboring Uzbekistan, the totalitarian communist dictator Islam Karimov began to fear that this victory of the Tajikistan opposition might also put wind into the sails of his own domestic opposition. Karimov would have most preferred to launch a military intervention of all the other Central Asian republics against Tajikistan, but this scheme failed because of the opposition of the Kyrgyztan head of state Akar Akayev. So he resorted instead to waging irregular warfare: The Kulyab clans, especially that of Sangak Safarov, were mobilized to fight for the restoration of Nabiyev to sole power. The summer of 1992 saw fierce battles between Kulyab and another city, Kurgan-Tyube, resulting in great losses on both sides. Safarov received arms and logistical support from Uzbekistan, as well as from the 201st Russian Artillery Division which was stationed in Tajikistan.

Nabiyev, who had been playing both sides, was forced to resign in September 1992. He died shortly thereafter. In November, his successor, Akbarscho Iskandarov, attempted to end the civil war by submitting his resignation. The parliament, which was still dominated by the communists, installed Emomali Rakhmonov as president of parliament and head of state, which escalated the civil war still further. On Dec. 10, with Russian backing, the communists retook Dushanbe.

Afghanistan, too

It is unclear at what point Afghanistan also began to get involved in the conflict. Of the 800,000 people uprooted by the warfare, about 100,000 fled southward into Afghanistan. They are living in terrible conditions, in tent cities, because Afghanistan itself is also torn by civil strife. In July, when a couple hundred Tajikistani refugees wanted to return home and got into a skirmish with Russian border troops, the world press babbled about an "Afghan invasion." Not only in Russia, but also in the United States, Afghanistan is still considered to be the arms supplier and logistical backup of the "Islamic" resistance in Tajikistan. Gulbuddin Hekmatyar's Afghan Mujaheddin are also said to be fighting within Tajikistan's territory against the communists in Dushanbe.

The importance of Hekmatyar's terrorist gangs is not to be underestimated, and it is quite conceivable that they are indeed intervening into the Tajikistan civil war as a "counterbalance" against Safarov's killer gangs. What is astonishing, however, is that the United States is still maintaining secret intelligence ties to Hekmatyar's anti-communist Mujaheddin, while at the same time giving financial assistance to the Rakhmonov regime. At a press conference, the U.S. ambassador to Uzbekistan announced that his government was supporting the Dushanbe regime with \$35 million, with another \$31 million to follow. And when Sangak Safarov died—a drinking partner is said to have murdered him during a bacchanal—American officials were among those who co-signed his obituary.

The Russian-Tajikistan pact

On July 15, 1993, the Russian parliament ratified a Russian-Tajikistan pact of friendship, cooperation, and mutual assistance. The pact had been signed in the Kremlin on May 25, and was especially focused on securing Russian military support for the Tajikistan regime. On May 27, the Russian military newspaper *Krasnaya Zvezda*, under the headline "Russia and Tajikistan Together Again," wrote that "the agreement foresees a common policy in the areas of defense and military technology, including the financing of military programs and arms purchases. In the event of any act of aggression against either partner, the other partner will offer the necessary support. . . . For a transitional period, and until Tajikistan has its own border guard, it accedes the right to protect its own borders, as well as those of Russia and the CIS, to the Russian border troops."

Already before that, during the spring, the 201st Division of the Russian Army was being considerably beefed up. At the signing ceremony in May, Rakhmonov expressed his thanks: "The presence of the 201st Russian Division in Tajikistan is a guarantee of peace. . . . Without Russia and Boris Yeltsin personally, Tajikistan would have already ceased to exist."

But the Russian-Tajikistan agreement was not universal-

ly welcomed in Moscow. The weekly *Moscow News*, in its May 23-30 issue on the eve of the signing of the agreement, printed on its front page a letter from the Tajikistani opposition to President Yeltsin in which they protest against Russian backing for a regime which has so flagrantly trodden human rights underfoot. Even harsher criticism came from *Nezavisimaya Gazeta*, which on May 27 published an article, "Will Russia Be Drawn into a New War? The Pact with Dushanbe Could Lead to a Second Afghanistan." The article reads in part: "Russian military circles are convinced that the situation in Tajikistan could easily develop into a carbon-copy of Afghanistan: Russian troops in the valleys, and partisans—some of them Afghans—on the mountaintops. Russia's war against Afghanistan showed what happens under those circumstances. With the signing of a document on joint military operations, Russia will be inexorably drawn into a broader war from which it has nothing to gain." Moreover, the article says, the pact will strengthen the Tajikistan regime, which surely will not help improve the human rights situation there.

Even many of the Russian soldiers stationed in Tajikistan are beginning to wonder whether they are going to be goaded into a new Afghanistan disaster. Some soldiers are said to have refused to carry out orders; some are even said to have been shot by their officers. The Tajikistan regime is therefore reportedly relying more on Russian "volunteers," i.e., soldiers who are paid a wage of 600,000 rubles. When one considers that the average income in Tajikistan is 5,000-6,000 rubles, and that only two or three working family members must support a family of 12-15, then one can easily imagine that neither Moscow nor the regime in Dushanbe is winning much endearment from the populace.

Russia's strategic interests in Tajikistan

Numerous reasons are being cited for Moscow's controversial support for the communist regime in Dushanbe; but none of them has the ring of truth.

It is certainly legitimate for the Russian government to consider itself duty-bound to protect Russians living in Tajikistan. But it was not legitimate for Russia to support the toppling of an Islamic-Democratic government which has done no harm to any Tajikistani Russian.

Second, it is argued that the Russian Army is in Tajikistan in order to mediate and to secure peace and stability in the Tajikistan-Afghanistan region. But one could counter that, without the 201st Division's support for the "Popular Front" of the criminal Safarov, the civil war probably would never have escalated to its present point. Why didn't Yeltsin support the Democratic-Islamic transitional government? Russian support for the hated regime in Dushanbe is certainly no prescription for peace in the region, but rather ensures the continuation of a war which may also draw in Afghanistan and Uzbekistan.

Third, uranium is mined in Tajikistan, and Moscow fears

that an independent government in Dushanbe might sell enriched uranium to Iran, a country with which Tajikistan shares a rich cultural heritage. But does that justify a war which has already cost hundreds of thousands of lives?

But the chief argument advanced by the backers of the pact, is to equate the fight against the Tajikistani opposition with the fight against the demons of Islamic fundamentalism and terrorism, as Kozyrev formulated it in Washington. One couldn't possibly make a worse error, since it means actually *creating* the problem that one is trying to remedy.

A cultured people

It ought to be clear that not every Muslim is an Islamist, and that not every Islamist or fundamentalist is a terrorist. I would like to emphasize that among all the representatives of the democratic Tajikistani opposition whom I have met, not a single one could even be described as an Islamist. Rather, I met highly educated people of Muslim cultural background, responsible representatives of Tajikistan's intellectual upper crust, who are being persecuted, murdered, or driven out of the country by the communist regime, with catastrophic consequences.

"It is simply ludicrous to demonize the Tajikistani opposition as fundamentalists," remarked Sadi Shodvonov. He and his friends are the best proof of this, along with his young wife, a mother of two, who nonetheless looks nothing like a housewife, but rather, with her denim skirt, tee-shirt and bouncy pony-tail, resembles a western college student. For supper there is Tajik pilaf, and over the course of the evening copious quantities of Armenian cognac are imbibed. Concerning this point of alcohol consumption, not even the Koran expressed a clear opinion, not to mention the writings of such great Persian-Islamic poets as Omar Khayyam and Firdusi.

Sadi considers himself as completely Muslim, but in no way thinks of himself as a fundamentalist. We speak about the Islamic renaissance, about the cultural high-point of the region which today comprises Uzbekistan and Tajikistan, and the great Islamic scholars Ibn Sina (Avicenna), al-Farabi, and the Persian poet and philosopher Saadi (1215-92). "Under the Bolsheviks, nobody except a few scholars had access to such works," reports Sadi. "And unfortunately, the Islamists today don't want to know anything about them. They regard Ibn Sina as an 'infidel,' because as a doctor he allegedly acted against the will of Allah."

But against all the Russian and Uzbek propaganda in Tajikistan, the Islamists are only a small minority. The Islamic Renewal Party has about 20,000 members. Over the past few months, about 100,000 Tajiks have fled southward into Afghanistan, but even the majority of these aren't fundamentalists. "Someone who must save his own life often doesn't have to luxury to choose where he's going to flee."

The true philosophy of Islam is becoming the victim of

deliberately distorted propaganda. Sadi clothes his meaning in a story: "A man owns a single sheep and wants to sell it at the market. No sooner does he reach the next street corner, than someone asks him: 'Where are you going with that pig?' When he reaches the riverbank, the ferryman likewise asks him what he intends to do with his pig. And when he arrives at the market, a gang of ruffians greets him with gales of laughter, because he has dared to show up there with a pig. Uncertain of himself and of his sheep, the man gives up, leaving his sheep for the bandits."

Sadi, his friends, and their wives are happy that the Schiller Institute of Lyndon and Helga LaRouche is seeking to establish a Christian-Islamic dialogue, an ecumenical policy on the basis of joint economic development and a universal image of man which gives a central position to man's creative reason in the sense of *imago viva Dei*. The Persian-Tajik philosopher Saadi, he reports, has written much about the meaning of human life, about the ideal state and how it is to be realized. Chauvinism and narrow-mindedness are alien to him. A good man must intervene for the good of *all* human beings, for people are like parts of a single body: Whenever one suffers pain, the others suffer along with that one. Sadi thinks that instead of spending so much money on propaganda against Islamic fundamentalism, the West ought rather to publicize Saadi's works throughout the West.

Geopolitics and arcs of crisis

It is not only in the case of Tajikistan that one gets the impression that the "threat of Islamic fundamentalism" has been conjured up—or in the case of the Bosnian Muslims, murdered up, by using monstrous acts to drive people into desperation and hatred. But why is all this happening? It is the curse of geopolitics—the strategic doctrine of the old British Empire, which has declared every broad "development alliance" on the Eurasian continent to be a *casus belli*. A century ago, when Eurasian cooperation between France, Germany, and Russia on industrialization and railroad building came within reach, the British establishment acted on the basis of this geopolitical doctrine to set the course toward World War I. They would sooner have war, than have a dynamic of economic development unfolding on the Eurasian continent.

The southern part of the "Eurasian land mass" is formed by the Islamic belt and China. It is obvious that both regions must be brought into a reasonable development plan to the benefit of the people living there, as the American economist Lyndon LaRouche has proposed in his Eurasian development plan (see *EIR*, July 17, 1992, "Eurasian Alliance for Infrastructure: Key to World Peace," and the map in *EIR*, Oct. 19, 1992, p. 36). But for the geopoliticians, this is no less a *casus belli* than was the planned construction 100 years ago of a railway from Berlin to Baghdad to establish a connection between western Europe and the Islamic world. The absurd

logic of geopolitics calls for building a wall between the North (western and eastern Europe, Russia) and the Islamic countries to the south—a wall of chaos and war. This is the content of the so-called “arc of crisis” policy stretching from North Africa to Central Asia.

In Eurasia alone, we see three wars which could prevent any economic development in the foreseeable future: in the Balkans, in the Caucasus, and in Tajikistan or Afghanistan. Although local and traditional conflicts play a role in this, we must be clear about one thing: Peace will only come to these regions after the imperial geopolitical mind-set, the fomenting of wars for the sole purpose of clinging to power, is understood, exposed, universally condemned, and replaced by a policy of “peace through development” based on the dictates of reason.

The same is true of the Gaza-Jericho agreement between Israel and the Palestine Liberation Organization. If people in the Middle East succeed in creating a model of peace through joint economic development and scientific and technological progress, then this can also succeed in Central Asia, the Caucasus, and elsewhere. Only in this context could Kozyrev have had any reason to bring up the war in Tajikistan during the Mideast signing ceremonies.

Documentation

The following documents cite numerous examples of the reign of terror against Tajikistan citizens who have sought to oppose the communist regime which retook power in December 1992. The documents come from Helsinki Watch, a division of Human Rights Watch, and from Amnesty International. Although Amnesty International is infamous for its bias toward terrorists and its refusal so far to defend the human rights of U.S. political prisoner Lyndon LaRouche, the validity of the reports cited by Amnesty International in this instance has been independently confirmed with members of the Tajik opposition.

From a Jan. 21, 1993 letter from Human Rights Watch to Emomali Rakhmonov: “We have heard first-hand accounts of the Popular Front going on house-to-house ‘passport checks,’ presumably to round up individuals from Garm and Gorno-Badakhshan. To carry out such searches the Popular Front also reportedly has arbitrarily pulled people off buses, taken them from their homes, or harassed and physically abused people in the streets in order to track down specific individuals they are seeking.

“One eyewitness, for example, told Helsinki Watch that in mid-December three unidentified soldiers stopped a bus near Circus (in the eastern part of Dushanbe) and asked pas-

sengers to show their passports. Two youths who refused to show their passports were reportedly shot on the spot, and presumably killed.”

From a March 22, 1993 letter from Helsinki Watch to Emomali Rakhmonov: “Helsinki Watch . . . is appalled at recent reports of the torture and beatings of four men currently in detention in Dushanbe.

“The four detainees are Akhmadsho Komilov, about 35 years old, former deputy director of the Tajikistan Television Studio; Korshed Nazarov, about 35 years old, a television announcer; and Khariddin Kasimov, about 34 years old, television commentator; and Morbobob Mirakhimov, age 35, former director of the Television and Radio Company of Tajikistan.”

From Amnesty International, May 1993: “Since December 1992 Amnesty International has obtained the names of almost 300 people who, according to unofficial sources, have been extrajudicially executed in and around Dushanbe by forces subordinate to the government of Tajikistan, or who have ‘disappeared’ after being detained by such forces. . . .

“Musoyev, a well-known film actor of Pamiri origin who had taken part in April and May 1992 in the demonstrations against President Rakhman Nabiyev, was reportedly detained at the ‘Karabalo’ bus-stop in Dushanbe on Dec. 18 or 19, 1992 by men in an armored personnel carrier. He was placed under arrest and taken away to an unknown destination. On the morning of the following day, Musoyev’s body, according to reports riddled with over 80 bullet wounds, was found on a street in Dushanbe’s 65th Mikroroyon (district). . . .

“On the evening of Jan. 27, 1993, people believed to be agents of the People’s Front burst into an apartment on Firdusi Street in Dushanbe, home of a family of Pamiri origin, the Rizvonovs. They shot dead all seven members of the family present in the apartment, mostly women and children, including a grandmother of 80 and a child of 4 years old. They also shot dead four other people, refugees from the civil war, who were staying with the Rizvonovs and whose names are not known. . . .

“Many bodies of alleged victims of extrajudicial execution which have been found in the Dushanbe city morgue are reported to show evidence of torture. A medical professional who gave Amnesty International an eyewitness account of conditions in the morgue in January and February 1993 reported that the most common form of torture in evidence was the tearing out of fingernails, but some victims had apparently had limbs deliberately broken, their ears cut off, or had been slashed with a blade horizontally across the face at eye level, apparently to blind them. The witness also told Amnesty International that some bodies showed evidence that barbaric methods of killing had been used: Some victims had had their throats cut, had been partially skinned alive, or had apparently been burned to death.”

Developing Central Asia is key to implement 'Productive Triangle'

by Konstantin George

The basis for the long overdue infrastructural development and modernization of the newly independent republics of Central Asia lies in the comprehensive Eurasian development program drafted in 1990 by American economist and 1992 Democratic presidential candidate Lyndon LaRouche. The proposal detailed how to maximize the rates of economic growth and modernization within an area of Europe bounded by Paris, Berlin, and Vienna—what LaRouche calls the “Productive Triangle,” the industrial-technological heart of the continent—as the motor for Eurasian-wide Great Projects in infrastructure. The program envisions the construction and completion of high-speed rail lines during this decade connecting Europe with the largest population concentrations in the world in Eurasia (China, Southeast Asia-Indonesia, and the Indian subcontinent), to lay the physical basis for transforming underdeveloped areas and, indeed, in many cases, regions of abject poverty, comprising over 2 billion human beings, into flourishing modern economies.

The advocates of the “Productive Triangle” proposal are well aware that without a program to develop the five independent republics of Central Asia (Kazakhstan, Turkmenistan, Uzbekistan, Tajikistan, and Kyrgyzstan), the morally grounded necessity to rapidly develop all of Eurasia will face crippling obstacles. A glance at the map tells why. These five republics form the geographic bridge linking Europe to China, and Europe to the Indian subcontinent. Along with Turkey, they also form a second overland bridge linking Iran to Europe.

This role is not new. Over the territory of the Central Asian region once lay the famed Silk Route, the primary route of commerce between Europe and Asia. The ancient and beautiful cities of this region, foremost among which are Samarkand and Bukhara, were, until the devastation caused by the Mongol invasions, at the crossroads of Eurasian trade and commerce. Indeed, for centuries, Samarkand and Bukhara were, as were the cities of the Islamic Renaissance, world centers of culture and learning. Developing Central Asia is, therefore, more than just an economic development program. The implementation of the LaRouche “Productive Triangle” program would create the basis for restoring the great cultural-historical traditions of the region. By laying the basis for a second Islamic Renaissance, the entire world would not only benefit in prosperity, but also in precious

cultural terms which cannot be measured in dollars.

The republics of Central Asia must be developed not only to serve as a transportation hub between Europe and the greater part of Asia, but most emphatically, to come into their own as healthy modern economies. Without that, the political chaos and conflicts which would erupt in the region in the absence of a comprehensive development program, would ensure that the “transit” function, even if the physical infrastructure were built, would not succeed. As in the European part of the former Soviet Union, the development of Central Asia is the only alternative to a descent, fueled by economic desperation, into region-wide inter-ethnic clashes and conflicts which, in terms of geographical scope and bloodshed, could make anything seen in the Transcaucasus seem mild by comparison. The past few years have provided more than enough warning signals of what could occur unless the region is lifted out of the deep economic crisis bequeathed to it by 70 years of Bolshevik exploitation. We have been given a preview in the senseless and tragic inter-ethnic violence between Uzbeks and Kyrgyzstanis, and the potential for far worse between Uzbeks and Tajiks.

Thus, a comprehensive development program for Central Asia is not just a “nice idea.” It is the only means to avert an

Tajikistan



Proposed railway development projects for Central Asia



unnecessary historical tragedy.

A guideline for development

What does infrastructure development for Central Asia mean concretely? We offer some guidelines.

Transportation infrastructure: While the rail network in Central Asia is “thin” by European standards, nonetheless all major cities of the region are linked by rail. This existing rail network must be modernized into a high-speed rail network, with modern rolling stock and loading-unloading facilities at

all urban centers along its routes. This latter point would embrace all the inland centers, and obviously include a comprehensive Caspian Sea port and rail ferry development program. The new rail line linking Kazakhstan with China must also be similarly modernized. Were this to occur in tandem with a similar modernization of the Russian, Ukrainian, and Belarus rail systems on the one hand, and of the Turkish and Iranian rail systems on the other, one would have the first unbroken, modern overland transport link, along two main axes, between Europe and all of Central Asia, and from there on to the Indian subcontinent and China.

The economically debilitating fact that there exist no rail lines connecting the Islamic republics of Central Asia with any of their southern neighbors must be rectified. Thus, the two most urgent priorities for the construction of new rail routes are: 1) two routes connecting Iran with Turkmenistan. The first route would run north-south linking the northwest Iranian city of Mashhad with the west-east trunk rail line of Turkmenistan, running from Ashkhabad to Mary, linking up with this line at the town of Tedzhen in Turkmenistan. The second would run north from the Teheran-Mashhad main rail line along the eastern shore of the Caspian Sea, connecting with the Caspian rail ferry terminus at Krasnovodsk where the west-east Turkmenistan trunk line begins. These would be built in tandem with the above-mentioned development of high-speed rail routes across the entire length of Turkey and Iran, and from there through Afghanistan and into the Indian subcontinent. 2) A rail line from Uzbekistan southward across the Amudar'ya River border into and through Afghanistan, connecting with the Pakistani-Indian subcontinent rail grid at the Khyber Pass near Peshawar. Even the first completed phase of this project would provide an enormous benefit to the entire region, as it would infrastructurally develop the extremely fertile Amudar'ya valley of northern Afghanistan, the traditional breadbasket for that country.

Water development: No economic development program for Central Asia can achieve more than limited success unless the crucial problem of developing adequate fresh water resources is dealt with. Our conception of "adequate" water resources, i.e., of ensuring sufficient water for the needs of the current population of Central Asia, is not a static one. A water development program begun now and completed by the end of this decade must provide water to meet the needs of the population which Central Asia is expected to have by the end of the first quarter of the next century, i.e., for at least triple the current population.

The severe water shortages and problems of the region are only in part due to so-called natural causes. The effect of Soviet colonial policies, which established by decree a cotton monoculture for the region, demanding over the decades ever-higher cotton production quotas, have been devastating. Land that had once produced grain and other food crops—even without the benefits of modern farming techniques the main river valleys of the Amudar'ya and Syrdar'ya in Central

Asia had, for centuries, been the "breadbasket" for the entire region—was forcibly converted *en bloc* to cotton production, turning Central Asia into a grain-deficit region. Cotton requires far more water, a precious asset in this region, than does grain, and the cotton production quotas were met by mass irrigation schemes which wasted much of the water and otherwise cut the flow of the region's rivers to below replenishment levels.

Over the decades, by needlessly reducing the flow of the rivers into the salt water Aral Sea, this policy has produced a disaster. The volume of the Aral Sea has shrunk to a small fraction of its former size, producing an expanding salt flats desert which has ruined large areas in Uzbekistan and Kazakhstan.

Water for oil

Great water projects are urgent. Central Asia is very rich in oil, natural gas, and minerals. Its neighbor to the north, Russia, has the opposite problem. Russia has vast water resources in Siberia, but, as its easily exploitable oil reserves in western Siberia are being rapidly depleted, it has experienced drastic cutbacks in oil production. The key to solving the Russian energy crisis and the Central Asia water crisis lies in agreements with Russia, where, say, in exchange for oil and gas, etc., a sensible project could be worked out for diverting some of the huge freshwater surplus of the great Siberian rivers for the agricultural development of Central Asia. Similar arrangements could be made, for example, between fossil fuel-rich republics, which contain large arid regions, such as Turkmenistan and Kazakhstan, with Tajikistan, which is water-rich, blessed with mountain rivers and reservoirs, but is otherwise the poorest of the republics.

For Central Asia, the urgent priority is not only to secure large volumes of fresh water for agriculture, but also to begin a crash program to build water purification and sewage treatment plants. The construction of water desalination plants along the Caspian Sea must be a major part of this program. Potable drinking water for the population is at the very top of infrastructure priorities.

The peoples of Central Asia suffer most from the extreme lack of clean drinking water, coupled with the backwardness of the health system. The disease-infested and sewage-contaminated water supply is the leading cause of the region's extremely high infant and child mortality rates. It is a tragic fact that infant and child mortality in four of the five Islamic republics of Central Asia (excluding Kazakhstan), is higher than Iraq's, which continues to be victimized by the Persian Gulf war and the U.N. embargo. And this scandalous state of affairs, again a legacy of Bolshevik colonialism, has struck a population which has, by developing sector standards, very high literacy and educational levels.

The LaRouche program for Great Projects in infrastructure in Central Asia, as throughout the Eurasian continent, means the difference between millions of human beings living or dying.

Clinton's strategic doctrine: New Age infantilism

by Kathleen Klenetsky

Over the course of September, the Clinton administration has publicly laid out for the first time what it claims to be its strategic doctrine governing the military, economic, and political role of the United States in the world. Despite all the attendant hype, what the administration has produced, after months of allegedly intense study, is a warmed-over version of the insane—and ultimately losing—strategy of the Bush administration.

Defense Secretary Les Aspin began the evaluation process just before Labor Day, when he unveiled the “Bottom-Up Review,” the results of a months-long study of U.S. military policy. Later in the month, Secretary of State Warren Christopher, followed by U.N. Ambassador Madeleine Albright, National Security Adviser Anthony Lake, and finally the President himself, presented elaborations of the “Clinton Doctrine” in a series of well-publicized speeches.

‘Free trade’ and ‘democracy’

As explained by top Clinton officials, the Clinton Doctrine posits as the central objective of U.S. strategic policy, the expansion of free-trade looting policies and “democracy” (which is Washington lingo for political movements in other countries either instigated or manipulated by Washington as battering rams against nationalist institutions).

Cavalierly dismissing the recent “Third Rome” turn in Russia, the Clinton Doctrine insists that the former Soviet Union can never again pose a direct danger to the United States, claiming that, at worst, it can only pose a regional threat. Clinton’s strategic policy asserts that the new dangers to the United States come from nuclear proliferation, Third World dictators (e.g., Saddam Hussein and Somalia’s General Aideed), and individuals and nations that do not accept the U.S. definition of “democracy.”

The Clinton Doctrine maintains that foreign aid, diplomacy, economic warfare, and military might are all to be

devoted to the task of dealing with these alleged threats, as well as to forcing through the administration’s agenda of promoting economic looting policies, under the lofty banner of free trade and democracy. Indeed, the “Bottom-Up Review” states explicitly that a key new role for the U.S. military will be “democracy building,” on the model of the now thoroughly discredited deployment in Somalia.

Fantasy world

What has escaped the notice of the Clinton administration yuppies, is that the policies of free trade and so-called democracy are precisely what are driving the world deeper into political instability—including the very real possibility of a global nuclear war with Russia.

Words like “democracy” and “market economies” may *sound* like something the United States should defend. But what the Clinton administration (and the Bush bunch earlier) means by these terms is epitomized by such policies as the Jeffrey Sachs and George Soros-run looting of Russia, which has triggered a resurgence of the old imperial—and most definitely anti-republican—tendency there, as well as the North American Free Trade Agreement (NAFTA), which will destroy U.S. sovereignty by globalizing the Federal Reserve System and the U.S. dollar (see *Feature*).

Asked to comment on the Clinton Doctrine in a radio interview Sept. 29, presidential candidate Lyndon H. LaRouche characterized it as reflecting “New Age” thinking. “These ideas that Clinton has espoused, the idea that democracy and free trade are strategic goals which are the proper subject of concern to the Defense Department, for our military-strategic policy, *this is absolute childishness*, infantilism. . . . This is like the captain of the *Titanic* headed for the iceberg.”

Scoring the administration for its “extreme naiveté,” LaRouche said that it “appears to many around the world—

and to me—that the United States government presently and the United States intelligence services, to the extent they're visible, are paying no attention to the underlying realities of the ongoing process in the world, but seem persuaded, foolishly, that you can drown two-thirds of the world in bloody, dark-age conflict and live in the other one-third of the world in peaceful serenity . . . paying no attention to the monstrous storms which are bulding up around the world, which will hit the United States very soon."

LaRouche was particularly critical of the Clinton administration's policy toward developments in Russia. Not only is the administration ignoring the imperial resurgence in Russia, but the twin pillars of its Russian policy are actually accelerating that development:

First, playing the personality game, holding up Yeltsin as "our man in Moscow," just as George Bush held up Gorbachov, "is the most dangerous thing you can do, particularly with a former adversary superpower," said LaRouche.

Second, Washington's backing for the "so-called free-market policy, which means IMF [International Monetary Fund] conditionalities, shock therapy, George Soros, etc., this is destroying and is injuring Russia, the people of Russia, and driving them mad," said LaRouche. "*The impetus for violence comes from the very policy which the United States is imposing.*"

"The Clinton administration so far . . . has moved itself in the position of continuing the Bush policy—failing to recognize, or refusing to consider *anything* which defines strategy as based on something other than this so-called globalist democracy/free trade issue, pushing all other considerations to one side," LaRouche emphasized. "They are blinding themselves to the actually determining issue. Democracy and globalism, or free trade, [are] *driving* [Russia] toward an explosion."

From 'containment' to 'enlargement'

The most explicit statements to date of the new Clinton Doctrine have come from National Security Adviser Lake and from the President himself.

Addressing the Johns Hopkins School of Advanced International Studies in Washington on Sept. 21, Lake announced that the principal objective of U.S. strategy in the coming period should be the "enlargement" of "market economics" and "democracy."

"Throughout the Cold War, we contained a global threat to the market democracies; now we should seek to enlarge their reach, particularly in places of special significance to us," he said. "*The successor to a doctrine of containment must be a strategy of enlargement—enlargement of the world's free community of market democracies*" (emphasis in original).

In other words, the Clinton campaign for "democracy" and "market economics" equals a blueprint for stymying the development of truly republican political institutions, as well

as for attacking the basis for real economic development by putting the political and military weight of the United States behind the oligarchical economic principles of free trade, speculation, and usury.

Lake outlined a four-point program for implementing this "strategy of enlargement." First, the U.S. must strengthen the "core" democracies—the United States, western Europe, Japan, etc.—by pushing for speedy enactment of NAFTA and its global equivalent, the General Agreement on Tariffs and Trade (GATT)—even though these accords will accelerate the economic collapse of the signatories, including the United States itself.

The "second imperative for our strategy," Lake stated, "is to help democracy and markets expand and survive in other places where we have the strongest security concerns." Demonstrating the idiocy of the administration's outlook, Lake cited current U.S. policy toward Russia as a prime example of how Washington intends to pursue this "second imperative."

The third element of the Clinton Doctrine involves "isolating the 'backlash states,' " e.g., Iran and Iraq, "diplomatically, militarily, economically, and technologically." "When the actions of such states directly threaten our people, our forces, or our vital interests," Lake said, "we clearly must be prepared to strike back decisively and unilaterally, as we did when Iraq tried to assassinate former President Bush."

Lake identified the fourth key aspect of the Clinton Doctrine as fostering "humanitarian imperatives." But he defined humanitarian assistance as forcing other countries to accept "sustainable development"—the popular euphemism for zero-growth, pick-and-shovel economics!

President Clinton provided further details of his strategic policy when he spoke to the United Nations General Assembly on Sept. 27.

Taking up the twin themes of "democracy" and "free trade," Clinton argued for speedy approval of GATT and NAFTA, and announced that the United States was initiating a major effort to impose much more stringent controls on the spread of nuclear, chemical, and missile technology—a clear signal that his administration will pursue the murderous Bush policy of "technological apartheid," which, under the guise of controlling the spread of dangerous weapons, prevented developing-sector countries in particular from acquiring advanced technology.

Illustrating what the Clinton Doctrine actually means when it talks about "market economies," the President made a concerted pitch for imposing "sustainable development" and for its companion policy, population control: "We simply must slow the world's explosive growth in population," he declared. "We cannot afford to see the human race double by the middle of the next century. Our nation has at last renewed its commitment to work with the United Nations to expand the availability of the world's family planning education and services."

Galen Kelly sentenced; Terry in trouble

Nancy Spannaus, the independent candidate for governor of Virginia, announced on Sept. 28 that she will immediately press Democratic candidate and former Attorney General Mary Sue Terry "to come clean" about her dirty role in the prosecution of political leader Lyndon LaRouche and his associates.

The campaign, which will include advertisements, will be launched throughout the Commonwealth and will feature the theme "Virginia voters have the right to know."

Mrs. Spannaus made her announcement as the Cult Awareness Network's thug and professional brainwasher Galen Kelly was sentenced on Sept. 24 to 87 months in prison, for kidnapping a Washington, D.C. woman in 1992. The prosecutors have also announced that they plan to indict and try other members of the CAN kidnapping ring, including former Loudoun County Sheriff's Lt. Donald Moore, who brags of his role in "getting" LaRouche. LaRouche lived in Loudoun County until his illegal jailing, and Spannaus and many of his supporters have made their homes there.

"The conspirators who put my associate Lyndon LaRouche and his friends in jail are finally getting their just desserts," Mrs. Spannaus said, pointing out that these were the same people who attempted to "snatch" LaRouche associate and Du Pont heir Lewis du Pont Smith.

"According to the book *Travesty: A True Crime Story*, Don Moore has bragged that he has information on Mary Sue Terry's role in the LaRouche investigation as well," Mrs. Spannaus continued. "After he was fired from his job at the Loudoun County Sheriff's Department, he was caught on government wiretaps threatening to 'blow her [Mary Sue] out of the saddle and . . . eat her horse,' if she interfered with his political career.

"Moore also called Terry's office at that time to warn that he would 'blow the LaRouche investigation sky high' if she did anything against his career," Spannaus said, asking what blackmail the kidnapper Don Moore might have on the would-be governor, Mary Sue Terry.

Kelly is the first to go

When Kelly was sentenced Sept. 24 for the kidnapping of Debra Dobkowski in May 1992, he became the first CAN kidnapper to be sentenced to federal prison. In announcing the coming indictments of Moore and others, prosecutor Lawrence Leiser made clear his intention to bust the entire

CAN kidnapping network.

The case for which Galen Kelly was sentenced started when Kelly got a referral from CAN; he was subsequently hired by Donna Bruckert to kidnap and "deprogram" her daughter Beth (a roommate of Dobkowski). On the night of May 5, 1992, Kelly, along with three others, went to Washington, D.C. to kidnap Beth Bruckert; by mistake, they kidnapped Dobkowski, whom they took to Leesburg, Loudoun's county seat. There Donna Bruckert was waiting—with Don Moore. When it became clear that the kidnapers had the wrong person, Kelly returned Dobkowski to Washington, threatening "bloody revenge" if she talked.

At the sentencing hearing, Assistant U.S. Attorney Leiser asked presiding Judge Timothy Ellis to give Kelly the maximum sentence; he cited Kelly's long history of kidnapping for hire: "Mr. Kelly thinks he has a God-given right to intervene in someone's life," Leiser said. "He has manipulated the legal system . . . lied on the witness stand . . . but he still doesn't get it. He knew this was illegal but he's always managed to get off." Leiser asked Judge Ellis to "send a message to others in [Kelly's] cottage industry"—which Judge Ellis did.

At trial, Kelly had admitted to conducting 30-40 "involuntary deprogrammings" (i.e., kidnappings). Also on the record was his long association with CAN: He served as chief CAN security consultant for many years and, during the time that he was preparing the Dobkowski kidnapping, he received thousands of dollars in payment from CAN.

Next target: Don Moore

In court on Sept. 24, prosecutor Leiser indicated that he was aiming higher, by saying he would still offer Kelly leniency if Kelly would cooperate with government efforts to prosecute the CAN "cottage industry."

Leiser added that the highest levels of the Department of Justice had approved these further prosecutions. He referred to a July 19 letter to U.S. Deputy Assistant Attorneys General Mark Richard and Gerald McDowell, written by Stuart Levey, a lawyer representing Ira and Michelle Bruschansky, who have also been charged with the Dobkowski kidnapping. Levey, along with lawyers from the Anti-Defamation League's Washington law firm, Arent Fox, had tried to get Leiser's superiors to get him to back off. "Their efforts failed," Leiser told the court.

"It is the policy of the Department of Justice to prosecute these cases," Leiser asserted. "The Bruschanskys will be indicted next week, and we will prosecute Don Moore."

In October 1992, Moore and Kelly were indicted together on federal charges of conspiring to kidnap Lewis du Pont Smith. The two had been hired by E. Newbold Smith, Lewis Smith's father, to kidnap and "deprogram" the younger Smith. Moore, Kelly, and the others indicted in the case, were acquitted after Judge Ellis, who also heard that case, fixed the jury through his instructions to render an acquittal.

Officials from Brazil, Mexico, Slovakia ask that LaRouche be freed

A delegation of international dignitaries spent Sept. 20-24 in Washington urging that American statesman and political prisoner Lyndon LaRouche be freed (see EIR, Oct. 1, p. 58). Below are edited excerpts from the statements of three members of the delegation, from a press conference on Sept. 22 at the National Press Club in Washington.

Brazil: Oswaldo Lima Filho

Oswaldo Lima Filho is a former Brazilian congressman and former minister of agriculture.

I came here in the name of the parliamentary Nationalist Front of the House of Representatives of Brazil to make a plea for Mr. Lyndon LaRouche's liberation. Since 1983, when I was in Congress, we acknowledged the work of Mr. LaRouche as a defender of civil rights all over the world, and also his work as a publisher of the magazine *Resumen Ejecutivo* and his fight against the practices of the International Monetary Fund.

As politicians, representatives, and congressmen all over Latin America, we get used to seeing the results of the policies imposed by the International Monetary Fund on the nations below the Rio Grande. Those policies, especially monetary policies, conclude in recession, unemployment, and starvation of millions of people.

The magazine that's published by the Schiller Institute and by Mr. LaRouche was the only one in America and, I believe, in the world, to publish the most truthful, most important documents about the works and deeds of the International Monetary Fund.

One was a letter by Mr. David Budhoo, an official of the IMF, to Michel Camdessus, managing director of the Fund, resigning in protest. He told in that letter how his hands were stained by the blood of millions of people starving in Africa and Central and South America, who were killed by the policies that *he* indulged them to practice under the direction of the IMF. This letter was published by only one paper in Brazil, *Jornal do Brasil*, in an article by the president of the Association of Brazilian Journalists, Dr. Barbosa Lima Sobrinho.

No other press, no other newspaper, no other magazine, had enough courage to publish this letter.

Since the agreement of Bretton Woods, when the United States forced the countries to accept the dollar as a universal currency, the United States has been directing the policies of

all the other nations through this Fund. And the results are here.

I can speak for many Latin American countries, and mainly for my country, Brazil, where the external debt was imposed by the IMF through illegitimate conditions against the Constitution of Brazil, and against *all* international law. . . .

They created such obligations as: Brazil and other countries would pay the interest and service the external debt, paying the rate of interest of the prime rate of New York; that is to say, the tax rate fixed by the New York bourse and the London Inter-Bank Overnight Rate (LIBOR), the London-offered rate of interest, by the London bourse.

These obligations made the interest rates increase from 5%, which is the historic rate of interest all over the world since the last century, to 19% and 24%, and sometimes with spreads even higher than that.

The adjustments of Brazil to pay that debt, as some universities of Brazil have shown, resulted in the government having to stop all public service on railroads, which have been destroyed; on programs for children's health, and for food in schools; for health service in hospitals. An extensive study made by the government during the dictatorship—not now, but eight years ago—of 10,000 households in Brazil, concluded that there are 2 million people in Brazil who are starving, and 62 million people living in families receiving an income at or below the minimum-wage.

I can say that Mr. LaRouche helped all those countries in Latin America to fight against this system, here, inside America; and he was sent to prison by a conspiracy of Mr. Henry Kissinger and Mr. George Bush, who subjected him to two trials.

I have studied the way those trials were conducted, and they did not obey the Constitution of the United States, especially the element of the article which says that any person should have the guarantee of due process of law. He was first sent to a trial in which he was acquitted, he was free; they found nothing on him, and said that he was not guilty. [More precisely, the trial ended in a mistrial; jurors told the press that they would have voted "not guilty"—ed.] But after that, he was sent to a second trial in a court previously selected, with a judge who was not impartial, and with a jury that was selected from among people who were in the government civil service.

And that judge, so organized, condemned him to 15 years in prison.

According to the laws now voted, he could only be sentenced to three years; yet he has been sentenced to 15 years, and now he has paid more than four years in jail.

And now he's asking for parole, to be free. And I am here, in the name of my colleagues in the Chamber of Deputies of Brazil, in the name of many people in Brazil who know the works and deeds of Mr. LaRouche, to ask the government of the United States to set him free.

And may I recall for Mr. Clinton, who has now signed a great deed, a great fact, which is the treaty between the Arabs and the Jews for peace in the Middle East, that he could well remember the act of the President who succeeded Woodrow Wilson. During Wilson's government, a political prisoner, the president of the Socialist Party of the United States, Mr. Eugene Debs, was sentenced to 12 years in jail; and during this election, he was a candidate too, despite being in jail. And he got 1 million votes. After this election, the newly elected President called Mr. Eugene Debs to the White House and decreed a pardon for him. Mr. Clinton should follow this example.

Mexico: Congressman Rufino Saucedo

Rufino Saucedo represents the Human Rights Commission of the Mexican Parliament.

The Human Rights Committee of the Congress of the Republic of Mexico entrusted me with the mission of coming to the United States, to Washington, to meet with my colleagues from several parts of the world to discuss the case of Mr. Lyndon LaRouche. At the same time they have requested me to intercede with members of the United States Legislative branch, with representatives and senators, regarding the case of Mr. LaRouche.

We do this aware of the fact that Lyndon LaRouche has spent the major part of his life dedicated to scientific study, to the study of things that pertain to humanity, such as economy, in a scientific way.

We are aware of the fact that he is a man with tremendous theoretical capacities, and not only in the area of scientific study of the economy, but is a man of tremendous warmth, who has dedicated himself in his own country, to try to solve the problems here.

Going into the process by which he finds himself in prison, we have studied the documents very carefully and we have realized that a number of irregularities have been committed, irregularities that actually violate the criminal procedures that should prevail in this type of trial.

Besides these irregularities, we are also aware of the fact that he has been denied a number of things that he needs for his life; in particular, we know that he has been denied books. The number of books that he is entitled to read has been reduced significantly, and this is a tremendous hardship for a person who is dedicated to intellectual activity. . . .

We have been spending some time in meetings with members of the House of Representatives and the Senate of the United States Congress, and we have specifically asked them for one thing. That request is the following:

According to the laws of this country, Mr. LaRouche is about to fulfill one-third of his sentence. That is to say, he was sentenced to 15 years in prison; he is about to finish his fifth year in prison, and therefore he's entitled, according to the laws of this country, to be freed under the U.S. parole regulations. He is entitled to be given parole.

Slovakia: Dr. Joseph Miklosko

Dr. Joseph Miklosko, from Bratislava, Slovakia, is a leader of the Christian Democratic Party of Slovakia and a human rights activist.

Dear friends, I was a vice prime minister of Czechoslovakia when I learned about this case. I was responsible for human rights, I studied many materials about this case, and I am absolutely sure that this trial was a political trial and LaRouche is innocent and it's a violation of human rights that he is still in jail.

We studied years ago the books which were written about America, about the evolution of human rights all over the world, and I'm sure that human rights are international things. Therefore, I'm shocked by the situation where human rights are so violated here in the United States. But nobody writes about it; for example, in this book *Human Rights*, which is put out every year by the government of the United States.

I personally met Lyndon LaRouche some months ago in Rochester, Minnesota, and I was surprised with his great intellectual capacity as a scientist, as an economist, as a deeply religious man with the feeling of ecumenicism, and also his many side knowledges in science, technology, music, religion, and many other things—history, for example. His forecasts for eastern Europe, which were made years ago and also now from prison, are absolutely true and are fulfilled very precisely. I admire also these things.

He is now 71 years old, has spent five years in prison, and I think they should free him. There was a time when America helped us, helped our dissidents to be free, and I think now is the time to also help American dissidents to be free. There's a Russian saying: "Lyndon LaRouche is the Sakharov of America." There are many irregularities in [the judicial proceedings in LaRouche's case]. . . . I think it's really time to change them and to free Lyndon LaRouche.

I also visited Mike Billington two days ago in Nottoway Prison. I had the same impression: a deep, intellectual, scientifically oriented man, deeply religious, in contact with God in prison. If such people, for not paying back political loans, are in prison for 77 years, then something is wrong within the state and something is wrong on Earth. Therefore, I ask once more to give and to grant him parole, to free Lyndon LaRouche and his collaborators.

Showdown with KKK masons in Nashville

The Scottish Rite Freemasons and their Ku Klux Klan were recently directly challenged in the South, as has not happened in the century since the end of Reconstruction. A harrowing confrontation arose from a proposed resolution of the Nashville, Tennessee city council, calling on President Bill Clinton to take down the U. S. national monument that now honors Scottish Rite chief Albert Pike.

A Tuesday, Sept. 21 public hearing was scheduled for the topple-Pike resolution, which had been introduced by Nashville Metro councilman and civil rights leader "Kwame" Leo Lillard, Jr. Lillard invited Lyndon LaRouche associate and historian Anton Chaitkin down from Washington to testify at the council's Pike hearing.

On the Friday before the hearing, political science and black studies teachers Dr. A.J. Stovall and Dr. James Mock combined their classes at Austin Peay State University (Clarksville, Tennessee) and turned them over to Chaitkin to speak on the Scottish Rite and the Klan. Printed leaflets headlined "No KKK! Help Nashville Make History" went out to community organizations beginning Sunday, inviting citizens to actively participate in the hearings. Students and staff members at Fisk University, the historic black college which weathered Ku Klux Klan attacks after the Civil War, circulated the leaflet and announced the hearings on their radio station.

On Monday night, Nashville's black station WVOL aired an hour-long interview with Councilman Kwame Lillard, Chaitkin, and civil rights organizer Bernard Lewis. On Tuesday, shortly before the hearings, Chaitkin was interviewed on Nashville's powerful WLAC radio station.

Dozens of people on both sides of the issue jammed into a tiny, one-person office where the Nominations and Resolutions committee holds their seven-member meetings. Councilman Kwame Leo Lillard, Jr., presented historian Anton Chaitkin to speak for the resolution.

Chaitkin's prepared testimony was shouted down at several points and somewhat curtailed by a Klansman standing in the crowd of people that extended through the door and into the adjoining room: "Stop attacking the Klan—stick to the subject, Albert Pike."

James Turner, representing the Sons of the Confederate Veterans, then spoke for the Albert Pike side. The Sons have recently put up billboards on highways surrounding Nashville, promoting the Confederate "heritage." Turner told the council committee members, "This is the Lyndon

LaRouche organization. Lyndon LaRouche says that the Queen of England is the biggest drug pusher in the world."

He promised that the Pike statue would remain in Washington D.C. "forever." The Klansmen among the council committee members now turned on Anton Chaitkin. "Who paid your fare down here? . . . Are you associated with Lyndon LaRouche? . . . You have a problem with masons, don't you?" Chaitkin's responses evoked a clamor, which quieted somewhat when he emphasized, "The Scottish Rite are pagans, they are the ones who took prayer out of the schools."

The committee agreed that with the new evidence presented, and given the appearance for the first time ever of open community involvement on the issue, it must be considered at length and a full city council vote deferred for one month.

The activists left city hall in teams, taking care that they were not followed. Lillard then went inside for the regular full city council meeting, which would have voted on Albert Pike had the issue not been deferred. He left city hall at 11:00 p.m. Tuesday.

About an hour later, shortly after midnight, the councilman's 92 year-old father was assaulted, locked in his dwelling place and burned to death by an arsonist. Police say the killer was a deranged black man. Leo Lillard, Sr., was a universally loved, gentle man. As a Nashville civil rights pioneer, he had been burned out by arsonists in 1963, and his house had been destroyed by arsonists in 1988. His grandparents had been slaves in Texas, particularly famous for their courage in the face of slaveowner criminality.

Documentation

Below is a short excerpt from Chaitkin's testimony to the Nashville city council:

In 1905 the Neale Publishing Company of New York and Washington published *Ku Klux Klan: Its Origin, Growth and Disbandment*, written and edited by Walter L. Fleming, incorporating earlier material by J.C. Lester and D.L. Wilson.

Historian Walter Fleming's introduction to this 1905 book explains that he has been given "information in regard to Ku Klux Klan, by many former members of the order, and by their friends and relatives." Dr. Fleming states that "General Albert Pike, who stood high in the masonic order, was the chief judicial officer of the Klan." On a page of illustrations of important founders of the KKK, Dr. Fleming places Gen. Pike's portrait in the center, makes it larger than the six others on the page, and repeats this information as a caption: "General Albert Pike, chief judicial officer."

It is to be stressed that Walter Fleming's book was not a "slander" or "hatchet job" against Albert Pike, the well-

known freemason. . . . Fleming became the leading apologist for the KKK, and was the father of the modern historical line that Reconstruction was a corrupt oppression of the South. . . .

It was in Nashville that Albert Pike and other Confederate generals had met in 1867 to form a South-wide terrorist KKK, bringing cohesion and resources to the localized grouping born two years before in Pulaski, Tenn. The organization he formed in Nashville designated Pike its chief judiciary officer, and its Grand Dragon for Arkansas.

In the KKK birth-state of Tennessee, Pike was the president of the Bar Association and publisher of an outspoken racist newspaper.

But it was as the Sovereign Grand Commander of the Scottish Rite, and the recognized boss of the southern white masonic order, that Pike exercised the great clandestine power that welded the KKK together. . . .

This masonic information is taken from *Tennessee Templars: A Register of Names with Biographical Sketches of the Knights Templar of Tennessee* by James D. Richardson. This James D. Richardson was himself the Commandant of Knights Templar and grand master of masons in Tennessee, and was Speaker of the Tennessee House of Representatives during the era of the Klan terror.

This same James D. Richardson was Albert Pike's successor as Commander of the southern Scottish Rite masons. It was this same Richardson who ordered the Pike statue to be erected in Washington D.C. It was Richardson who, as a U.S. Congressman from Tennessee, introduced into the U.S. House of Representatives the infamous 1898 resolution: It called for the federal government to provide federal land to Pike's masonic organization, on which to put up their statue honoring the master strategist of KKK terror.

Why the statue must fall

Susan Lawrence Davis's 1924 *Authentic History, Ku Klux Klan, 1865-1877*, and Stanley F. Horn's 1939 *Invisible Empire: The Story of the Ku Klux Klan 1866-1871* (reprinted 1968), repeat the pattern Fleming created in 1905, revealing Pike's KKK role but treating him and the Klan sympathetically. . . .

The same is true of numerous published biographies of Albert Pike: Pike's role as Klan leader or KKK boss of Arkansas is discussed, but treated as if KKK terrorist murder of African-Americans was "regrettable" but "only natural" and "understandable."

The sole exceptions are those works produced or published directly by Pike's own southern white Scottish Rite of Freemasonry, which simply do not mention the Ku Klux Klan.

Thus, the demand that the statue honoring Albert Pike be removed from the nation's capital, does not rest on any new arguments about the Klan leader's identity. It is rather a demand that such an enemy of humanity *not be honored* by

our nation.

Influential members of the community of historians claim that the murders, tortures and oppressions of the Ku Klux Klan were not "criminal"—they were only a natural response to the alleged disorderliness of the negroes! If this point of view prevails, KKK-style revenge measures (only beginning with the death penalty) would be falsely justified as the will of racist mobs, when economic depression and drugged demoralization beset the poorest sections of our cities.

The Klan, revived

In 1915, a new Ku Klux Klan was created in Georgia and quickly spread throughout the United States. The new KKK was launched with a public relations gimmick—the D.W. Griffith movie, "Birth of a Nation." This lying propaganda piece for the new Klan, justifying the old Klan's terroristic war against humanity and against our nation, was shown in theaters across the country despite protests from the NAACP.

The movie was based on the work of Dr. Walter Fleming and others, who wanted to make the Ku Klux Klan's view of history popularly accepted. The movie, for example, falsely depicts the black legislators of South Carolina after the Civil War as a bunch of drunken lechers. In real life, the predominantly black regimes in South Carolina and some other states began to put through measures of industrial and agricultural development which would have saved the south from a further century of backwardness.

But Albert Pike's white supremacists overturned these regimes with murder and riot. From Texas to the Atlantic, Pike's organization assassinated loyal Americans. They tortured and murdered thousands of black people who asserted their God-given rights, their human rights, the rights which black and white soldiers had secured in the Civil War.

Washington represents the south

KKK propaganda shows itself as representing the loyal people of the South. But the greatest political leader of the South was the first President of the United States, George Washington. Though he inherited a slave plantation, he rejected the British Empire heritage of backwardness. Washington devoted his life and steered his countrymen toward building a unified nation with modern industry and agriculture, not the tragic ignorance and brutality of the plantation system. His farewell address was an eloquent warning to the people of the South, not to listen to demagogues who would split up our country with secession. Secession would only serve Great Britain's design of reconquering America, with Britain's classical divide and rule strategy.

In light of the great moral victory represented by the Mideast peace agreement, the time has come for our country to bring black and white together. Let us go back to George Washington's view of what the South should be, what our country should be, and reject the KKK or British view of the matter.

Casinos in the capital

Opposition slams the mayor's pitiful scheme to add to the revenues—and the crime problems—of the District of Columbia.

Mayor Sharon Pratt Kelly has a proposal to introduce casino gambling into the District of Columbia. She says that she wants to use revenues to finance the building of a new convention center. But she did not seem to reckon on the storm of opposition that flared up when City Councilman John Ray, who has termed Kelly's attempts to introduce gambling "clandestine," convened a public hearing on Sept. 24 to put a spotlight on the plan.

Among the witnesses who denounced the scheme was Schiller Institute spokesman Dennis Speed, known here for his role in leading the campaign to remove a statue of KKK founder Albert Pike from Judiciary Square, and for coordinating a series of hugely popular Classical music concerts dedicated to the memory of Martin Anderson and Martin Luther King.

Speed showed how similar efforts to build casinos on Indian reservations involved manipulation of Indian tribes by criminal elements. He recounted how he had accompanied Rev. James Bevel, then running for vice president on the LaRouche-Bevel ticket, to North Dakota, to confer with Indian leaders opposed to the casinos on moral grounds.

Speed hit home in this predominantly black city by exposing the role of the casino owners, Sun International, in the concentration camp-like bantustans, to which South Africa's black people were confined under the apartheid regime. The biggest business in the South African "homelands" is casino gambling, with Sun International at the center, Speed reported, introducing the documentation in a Jan. 15,

1993 *EIR* feature. "Do you think that the Indians of Standing Rock Reservation had any idea, or were told anything, of the background of their new casino manager?"

Mayor Kelly began with very brief testimony presenting the desperate argument that the plan would create jobs and revenue. She then left without waiting to hear from her fellow citizens.

Deputy Mayor for Economic Development George Brown testified in favor of the scheme and was pressed by Ray to substantiate details, such as his claim that the scheme will create 3,000 jobs. When Ray complained that Kelly had never presented a concrete proposal, Brown responded that the hearing had been called on short notice, and there had been no time to put one together. Asked what companies would be running the casinos, Brown admitted that both domestic and international companies would be involved.

Many of the witnesses—of a total list of 51, about 30 actually testified—were community activists and ministers. Almost all were against the scheme. Many spoke eloquently of the bad moral example casinos would give to D.C.'s children. The president of the Columbia Heights Neighborhood Coalition emphasized that it was critical to quash the proposal at an early stage. She cited the example of Atlantic City where hefty community opposition to gambling was worn down by high-powered, well-financed propaganda mounted by the gambling interests. She also argued that adoption of the scheme would hurt the statehood

drive, a popular issue here: "If you want to govern, you must show that you can govern yourself, and to invite in gambling does not show that." What Washington really needs, she advised, is a comprehensive plan for developing small and middle-sized businesses.

A former casino manager from neighboring Prince George's County, Maryland testified to the spread of irrationality that follows casinos. He had seen people pawning away their last possessions, he said.

Speaking for the casino interests was one Mr. Crooks of the Casino Resource Group. (Ray, rumored to be planning to run against Kelly for mayor next year, referred to him throughout his testimony as "Mr. Crook"). Casino opponents, he said, would deny residents jobs, and he promised that employees would make an average wage of "\$25,000 a year, including tips." He also tried to drum up support by saying casinos could be a source of funding for schools.

Other "expert" testimony came from the president of Renew Entertainment Corp., Stephan Saunders. His demurral was that "only one" type of casinos was under discussion, which would take up "only" 20% of the space in the new convention center. He promised that his group would help fund the convention center, and offered the District of Columbia partial ownership of the new center. Repeating the claim that 3,000 jobs would be created by casinos, he averred, "In all my years of being involved with the entertainment industry, I have never seen any evidence of organized crime."

Both Crooks and Saunders said that their groups are based in Delaware (with its famously lax corporate laws) and headquartered in New Jersey, where casino gambling, and organized crime, are well entrenched.

Funding maintained for Space Station

The Senate supported Space Station Freedom on Sept. 21, defeating in a 59-40 vote an amendment by Sen. Dale Bumpers (D-Ark.) which would have stripped \$1.9 billion from the project from the 1994 spending bill for NASA, the Veterans Administration, and the Department of Housing and Urban Development. Bumpers wanted to use the "savings" for deficit reduction.

During the September visit of Russian Prime Minister Viktor Chernomyrdin, the Clinton administration signed an agreement on U.S.-Russian cooperation in space, including for collaboration on the Space Station. In a letter circulated before the debate, Vice President Al Gore stressed that it is "important to realize that this initiative on space cooperation fits into the context of a much larger partnership with Russia, a relationship that will define the post-Cold War era." Because of the agreement, some senators, such as Tom Harkin (D-Iowa), who were leaning in support of the Bumpers amendment, voted for the Space Station.

Space Station proponents also emphasized that important scientific experiments in microgravity, which require a long period of time, could only be done if such a station were operational. They emphasized the need for maintaining the type of international collaboration which has been achieved with many nations in the Space Station project.

Sen. John Danforth (R-Mo.) commented on how analysts have noted that the United States will face "a severe scientific manpower shortage in the next decade" and that, therefore, "the United States will not have enough scientists, engineers, and technical people to staff our space program, military program, or our high-technology industries." To address

this problem, Danforth said, "we must encourage more young people to pursue technical careers. Many of today's scientists and engineers were inspired by the exploits of manned missions like Senator Glenn's first orbital flight and Neil Armstrong's walk on the Moon. The Space Station holds the promise of similar inspiration for our youth."

The Senate action virtually assures funding for the new, reduced version of the Space Station, approved by the White House in June.

In another vote on Sept. 22, the Senate defeated an amendment sponsored by Bumpers which would have killed the Advanced Solid Rocket Motor project. The ASRM was to provide a more reliable and more powerful solid rocket booster for the Space Shuttle and future launch systems. It would provide an additional 12,000 pounds of payload capacity over current boosters.

Some death penalty provisions dropped

At the behest of Attorney General Janet Reno, congressional Democrats dropped some provisions which would have expanded the use of the death penalty for drug "kingpins." The measure had been overwhelmingly approved by both chambers in the last Congress, but died in House-Senate conference.

The Justice Department's Office of Legal Counsel reversed a position taken during the Bush administration and challenged the constitutionality of the drug-kingpin measure. According to the measure, the head of a large-scale drug organization could be executed for drug-trafficking activities even without proof that the individual had caused any deaths. "The depart-

ment was concerned that imposing the death penalty in cases where no life has been taken was inconsistent with Supreme Court decisions," said DOJ spokesman Carl Stern. The DOJ also asked that a dozen provisions in a new version of the crime bill which is to be introduced this year, and which deals with new mandatory minimum sentences (mostly for repeat offenders and those who use guns in the commission of a drug or violent offense), be dropped from the bill.

Both House and Senate Judiciary Committee chairmen, Rep. Jack Brooks (D-Tex.) and Sen. Joseph Biden (D-Del.), respectively, have agreed to drop the provisions. But Rep. Bill McCollum (R-Fla.), a sponsor of the drug-kingpin proposal, said, "If you sell enough drugs, you're going to kill not only one person, but many of them. There is plenty of constitutional basis for imposing the death penalty in those circumstances."

Schroeder demands full disclosure on Waco raid

Rep. Pat Schroeder (D-Colo.) has written to Treasury Secretary Lloyd Bentsen expressing concern over efforts to seal from public view the department's investigation into the February raid on the Branch Davidian compound in Waco, Texas. That operation resulted in the death of four agents of the Treasury's Bureau of Alcohol, Tobacco, and Firearms (ATF). The FBI-led assault in April caused the death of at least 85 Branch Davidians, including 24 children.

Bentsen had set up a review group to look into the ATF's handling of the Branch Davidian investigation and its assault on the compound. The review group has finished its report, but the department does not want to make the

report public, claiming that publication would expose department "investigative techniques and procedures." On Aug. 16, the Treasury expressed concern in the *Federal Register* about such exposure as part of a request for an exemption to the Privacy Act of 1974. The department said the exemptions were intended to comply with legal prohibitions against disclosing "certain kinds of information" and to protect the privacy of people identified in the inquiry.

Base closings set to take effect

The package of military base closings passed the Senate on Sept. 20 (the House had passed it earlier), and is now set to take effect. An amendment offered by Sen. Dianne Feinstein (D-Calif.) which called on the Senate to reject the closings, was rejected by a vote of 83-12. The legislation closes 130 facilities and scales back another 45. It will affect tens of thousands of jobs.

Three states in particular will be heavily hit: California, which is slated to lose more than 40,000 military and civilian defense-related jobs; Florida, 22,000; and South Carolina, more than 14,700 jobs.

Aid package for Russia passes Senate

The Senate passed on Sept. 23 a Russian aid package of \$2.5 billion by an overwhelming 88-10 vote. At the urging of Sen. Robert Byrd (D-W. Va.), the Senate linked the aid to a withdrawal of Russian troops from the Baltic states.

Because the Russians would not meet an Oct. 6 deadline for signing withdrawal timetables with Estonia

and Latvia, a small amount of 1993 funds will be cut off. The fact that the vote was without significant opposition, indicates the desperation in Washington to "shore up" Russian President Yeltsin in the aftermath of his "cold coup."

At hearings in the House Foreign Affairs Committee on Sept. 21, administration spokesmen attempted to reassure legislators that the Yeltsin reform program was still moving forward. Undersecretary of the Treasury Lawrence Summers was asked by committee chairman Lee Hamilton (D-Ind.) about Harvard Prof. Jeffrey Sachs's comments that the "reform program" was "dead in the water." Summers said, "I think it's fair to say that his views have evolved . . . with [shock therapy advocate Yegor] Gaidar's coming into office and with . . . very recent indications from the Russian government following Prime Minister Chernomyrdin's visit to Washington."

Democratic and Republican congressional leaders have supported President Clinton's endorsement of Yeltsin's "cold coup." The statements of administration representatives were, however, characterized by Rep. Tom Lantos (D-Calif.) as "Alice in Wonderland-like." Lantos commented that "we cannot allow ourselves to be that mesmerized by symbols." Lantos then voted for the aid package.

World Bank funding increase stopped

An amendment sponsored by Sen. Hank Brown (R-Colo.) to the 1994 Foreign Operations Appropriations Bill, which deleted additional funding in the bill for U.S. capital investment in the World Bank, passed by voice vote on Sept. 23. The World Bank is building a new headquarters in Wash-

ington, D.C.

Brown's amendment, which had the backing of the National Taxpayers' Union, would not limit the U.S. contribution to the World Bank, but would prevent an additional stock purchase in it until the bank sets up an Inspector General.

Brown attacked the bank's "lavish life-style" and below-market-rate loans. He has garnered support from groups like the Environmental Defense Fund, the Sierra Club, the Friends of the Earth, and the National Wildlife Federation, which feel that the World Bank has not done enough in financing programs consistent with their environmentalist agenda.

Sen. Mitch McConnell (R-Ky.) cautioned Brown against going overboard in his campaign against the World Bank, since the bank is expected to finance the Yeltsin reforms.

Nunn warns against expanding Somalia ops

Interviewed on "Meet the Press" on Sept. 26, Senate Armed Services Committee Chairman Sam Nunn (D-Ga.) said that it would be a "fundamental mistake" for the administration to expand the mission of U.S. military forces in Somalia.

Although opposed to a complete pullout of American troops as called for by Sen. Robert Byrd (D-W. Va.), Nunn complained that the original mission as outlined by the United Nations had been significantly expanded, while the number of troops had been gradually reduced. Nunn called on the administration to "narrow the mission" in such a way that it would have a "definitive ending point" or "exit strategy."

Nunn also said that he didn't feel that the American people would support sending 25,000 U.S. troops to Bosnia to enforce a peace agreement.

National News

Eco-fascists threaten food irradiation plant

Michael Colby, director of the irrationalist environmental group Food & Water, called the poultry supplier to the Vindicator food irradiation plant in Florida on Sept. 22, and threatened to picket the poultry plant, call every customer of the supplier, take out ads in the newspaper, and shut the plant down. Colby also called the Vindicator plant to leave the message: "The end has come for your group." Apparently Colby's group is upset that sales of irradiated poultry went well in Chicago and Florida stores.

That same day, Marjorie Hecht, managing editor of *21st Century Science & Technology* magazine, told the Mid-Atlantic Food Protection Seminar sponsored by the Virginia Department of Health that the obstacles to food irradiation are political, not technological. About 90 public health officials from eight states attended the four-day seminar in Charlottesville, which covered a variety of topics related to food and sanitation. It was the first time most attendees had heard a presentation on how food irradiation works and its history, including a realistic assessment of the eco-fascists and what has happened in the past 20 years to destroy the commitment to scientific progress.

OBE takes hit in CAN's back yard

Illinois gubernatorial candidate Sheila Jones intervened into a Sept. 20 school board meeting in affluent Barrington, Illinois to expose the brainwashing known as "outcome-based education" (OBE) used against children in the public schools in this town where the Cult Awareness Network has its headquarters. Jones, who is running as an independ., is a political associate of Lyndon LaRouche.

At first, a Barrington mother politely objected to the so-called sex education, taught via a play called "Sex Police," in which children are subjected to a pornographic representation of oral and anal sex acts, masturbation, and use of condoms and dental

dams. As she was speaking, students displayed overt lesbianism, and one student retorted: "You parents have to get with it. Just because you don't know what a dental dam is, doesn't mean we shouldn't. We've been engaging in oral sex, and more things than that. The play 'Sex Police' was great. It showed us racial diversity, as there were racially diverse people from Chicago, who told us that in their community they are having sex, and they have been protecting themselves."

Jones spoke next. Turning her back to the board, she addressed the parents: "This is the most disgusting thing I have ever experienced. . . . You mothers and fathers, you the board, you the citizens, have created monsters, who actually believe that their identity is defined by what they do below their waists and what they put in their mouths! They believe that they are just animals, beasts. These children have no concept of the purpose for which God created them!"

When the chairman tried to gavel her to silence, Jones confronted the board: "In fact, all of you are out of order. . . . This outcome-based education has destroyed these children, many beyond repair!" The woman threatened to have school security remove her, to which Jones shot back: "No! Call the police, because I'm going to jail tonight! No, better still, I'll call the police, because you are out of order and guilty of perverting these children!"

Demjanjuk finally returns home

John Demjanjuk arrived in the United States early on Sept. 22 to face a new round of trials in which he will attempt to clear his name from attacks by the Department of Justice "Nazi-hunting" Office of Special Investigations and to regain his U.S. citizenship. Over the last 16 years, Demjanjuk, falsely accused of being Treblinka concentration camp murderer "Ivan the Terrible," was stripped of his citizenship, extradited to Israel, tried and sentenced to death. Earlier this year, the Israeli Supreme Court overturned his conviction, leading many Israelis and Jews to hail the triumph of justice over vengeance.

Demjanjuk boarded a small, chartered aircraft at JFK Airport for a flight to an undisclosed destination. His son-in-law Ed Nishnic declined to say where Demjanjuk was going, but said he would not be traveling immediately to his home in Cleveland. Demjanjuk and his son, John Demjanjuk, Jr., wore bullet-proof vests on the flight from Israel. They were accompanied by Ohio Rep. James Traficant (D) and a team of private security guards. Outside the airport's International Arrivals building were swarms of policemen and a small group of demonstrators from the radical Zionist group Kahane Chai. Two demonstrators were arrested when they burned an effigy of Israeli Prime Minister Yitzhak Rabin. Demjanjuk has received death threats from the terrorist Kach party of the late Rabbi Meir Kahane.

Virginia pension tax case to be argued

The explosive issue of Virginia's responsibility to refund federal retirees, whose pensions were illegally taxed \$489 million, will be argued before Judge Donald Kent in Alexandria Circuit Court on Oct. 21, according to the *Richmond Times-Dispatch* of Sept. 25. The case is highly damaging to Democratic gubernatorial candidate Mary Sue Terry, who faces a tough election challenge in November from Republican George Allen and independent Nancy Spannaus, an associate of political prisoner Lyndon LaRouche.

Terry was state attorney general when the U.S. Supreme Court ruled in 1989 that pensions of federal retirees could not be taxed, if state retirees' pensions were exempt. (In fact, Terry was obsessed during that period with concocting prosecutions against the LaRouche movement.) Terry is now the only politician still advocating fighting, rather than settling, with the pensioners.

Last year, Lyndon LaRouche said of Terry: "What is striking is her negligence and lack of respect for law, in the matter of her attempt to cover up this negligence in not refunding these taxes, which have been ruled unlawful."

● **THE ABUNDANT LIFE** Clinic of Dr. Abdul Alim Muhammad in Washington, D.C. was featured in the Sept. 27 *Washington Post*. The clinic, operated by Dr. Muhammad, the health minister of the Nation of Islam, has become widely known for treating HIV infection using low-dose alpha interferon. According to the *Post*, the National Institutes of Health has agreed to announce plans for tests of 500-800 AIDS patients with the treatment.

● **REP. DON EDWARDS** (D-Calif.) said that Attorney General Janet Reno assured him that the murderous raid by federal agents against Randall Weaver last year would be reviewed. Weaver, who was acquitted of murder and conspiracy charges, lost his wife and son in the assault by U.S. Marshals on his Idaho cabin.

● **A TAX ON STOCK** transactions in Chicago was proposed by a group of black aldermen as a means of solving the city's school budget crisis. According to the *Chicago Tribune*, "Led by Ald. Jesse Evans (21st), they championed the teachers union, saying the CTU should not be forced to concede anything." The aldermen are proposing a "penny tax on each stock transaction in Chicago" which the daily derides as "illegal."

● **'OREGON FACTS,'** a feature in the Clackamas County, Ore. Democratic Party newsletter, gave the interesting statistic that the entire world's population would fit into the two Oregon counties of Harney and Malheur with 103 sq. ft. per person, just a little greater population density than Hong Kong.

● **FORMER OSI COUNSEL** Eli Rosenbaum smeared Nazi-hunter Simon Wiesenthal in his new book *Betrayal*, because Wiesenthal exposed the fraud of the U.S. State Department putting Austria's Kurt Waldheim on its "watch list" of possible Nazis. Rosenbaum, according to the *Washington Times*, was an investigator for the World Jewish Congress in the smear campaign against Waldheim.

Barry Fairchild is saved from execution

Arkansas' scheduled execution on Sept. 22 of Barry Fairchild, whose case became the moral dividing line in the Democratic National Convention in 1992, was halted, perhaps for good. The Eighth Circuit Court of Appeals let stand U.S. District Judge G. Thomas Eisele's ruling that vacated the death sentence imposed on Fairchild, on the grounds that it was unconstitutional, and replaced it with life without parole. Eisele lifted Fairchild's death sentence, saying that the state had not proved Fairchild liable for the murder. Fairchild's lawyers argued that the U.S. Supreme Court had ruled that accomplice liability is not enough to warrant a death sentence, and, in any case, that Fairchild did not participate in the crime.

The Appeals Court has set oral argument for October, and could still reimpose the death sentence. It is possible that the Arkansas attorney general will appeal to the U.S. Supreme Court in the meantime. Fairchild, who is on the borderline of mental retardation, was number 14 on the list of suspects for the 1983 murder of Marjorie Mason. He was beaten into a confession by Pulaski County Sheriff Tommy Robinson, according to the testimony of deputy sheriffs.

Feds back \$52 million fine against Va. miners

The U.S. Justice Department on Sept. 22 urged the U.S. Supreme Court to uphold the imposition of \$52 million in civil contempt fines against the United Mine Workers union. The fines were imposed by the Commonwealth of Virginia during the bitter 1989 UMW strike against Pittston Coal Co. When the UMW and Pittston settled, they together asked state Judge Donald McGlothlin to dismiss the fines. McGlothlin let stand all but the \$11 million fine due to Pittston. In March 1991, the Virginia Court of Appeals threw out the fines, but in 1992, the Virginia Supreme Court upheld them 7-0.

The UMW is again on strike in several

states, including Virginia.

In an *amicus* brief, U.S. Solicitor General Drew S. Days III said, "Nothing in the U.S. Constitution precluded those [Virginia] courts from sanctioning [UMW] conduct in civil contempt proceedings and from retaining the fines in effect following resolution of the labor dispute and related litigation." The UMW contends that the fines are grossly excessive, and that they are unconstitutional because they were imposed during civil proceedings, but are actually criminal in nature. The case will be argued before the U.S. Supreme Court in December.

Pragmatists hand N.Y.C. homosexual school chief

Pragmatists in the Republican Party and the Archdiocese of New York were responsible for gaining Ramon Cortines his seat as Schools Chancellor of New York City, replacing the controversial Joseph Fernandez. Cortines is a homosexual who has supported condom distribution and homosexual counseling services for students in his previous posts in California. Cortines had the support of the four members of the New York City Board of Education who had voted to oust Fernandez, even though they both advocate the same outcome-based education.

According to Dr. H. Hurwitz, chairman of the Family Defense Council, and other sources, the New York City mayoralty race and the politics of school vouchers played major roles in this fiasco. Apparently, the four board members were organized to vote for Cortines by Michael Petrides of Staten Island, a former campaign manager for Rudolph Giuliani from 1989; Republican Giuliani is now running for mayor against incumbent David Dinkins. "They're out to destroy Dinkins," said Hurwitz, "and hurting him on the Schools Chancellor issue was one way to do it."

In addition, the New York Archdiocese welcomed Cortines, after having contributed to the battle to oust Fernandez. Hurwitz attributes that strange position to the fact that Cortines supports school vouchers, although Hurwitz maintains that he supports vouchers for public schools only, and not for private or parochial schools.

Editorial

The Federal Reserve and the New Age

It's a good time to recall Lyndon LaRouche's warnings after one of those so-called debates among Clinton, Bush, and Perot in the 1992 presidential campaign. The question was posed to all three candidates: How would they respond to suggestions to bring the Fed under control? Like the three famous monkeys, the three candidates said, "Hear no evil, see no evil, speak no evil." All said that they would support the Federal Reserve System.

Now President William Clinton, in a Sept. 20 letter to House Banking Chairman Henry Gonzalez, has rejected any suggestion that the Federal Reserve ought to be curtailed or restructured. Clinton was responding to a bill introduced by Gonzalez that would force the Fed to be more open about its policy deliberations, and also would allow the General Accounting Office to audit Fed operations.

The significant part of the exchange is not what Congressman Gonzalez said, which is moving in the right direction politically, toward what must be done: to bring the entire monetary, credit, and banking policies of the United States back under constitutionality. The Federal Reserve is at the core of the swindle of the century, which is described in the *Feature*: the secret financial deals designed to take the U.S. dollar out of the United States and end the sovereignty of this nation once and for all.

What's significant is Clinton's rejection of the Gonzalez proposal. Clinton wrote that "on balance" he is "disinclined to seek a change" in the 1913 Federal Reserve Act "at this juncture. There are several reasons. Perhaps the main one is a general feeling that the system is functioning well and does not need an overhaul just now. . . . Changing the way bank presidents are elected at this time runs the risk of undermining market confidence in the Fed."

In this respect, Clinton is reciting the Bush script by rote. The New York Fed and the seven-plus banks which are the heart of the Fed, including Citibank, are the sacred cows before which the interest of our nation must give way: Constitutionality, national interest, employment, everything, must give way to the pleasure of

this bunch of bankers and brokers in New York City. It must also be kept in mind that New York is no longer really old bankers, but yuppie maniacs using the mechanisms of the old banking system, the Fed system, to run away with a New Age utopian lunacy based on speculation in "derivatives."

As LaRouche stresses now, we are not dealing with a "neocolonial" period. The determining reality is not the colonial system of the 18th and 19th centuries, bad as it was. It is something far more evil: a lunatic complex of the supranational institutions of the International Monetary Fund, GATT, the World Bank, and now NAFTA, which is driving the world toward war.

Look at just two key areas which are addressed in articles in this issue. One is U.S. military policy in Somalia, which according to information in the Italian media, was dictated by the supranational oil companies. And with NAFTA, so far Clinton is following the Bush script. Yet what the Italians denounce as Wall Street colonialism, is really New Age genocide.

Secondly, here in the United States we are facing a "health care reform" which, under conditions of a downwardly spiraling economy, will soon produce a domestic Auschwitz, starting with the condemnation of the old and very sick to euthanasia.

What to do about the Fed? Lyndon LaRouche dealt with that in the election campaign in 1992, when he courageously ran for President from prison. His proposals were elaborated in a series of books, as well as in a book-length publication of the LaRouche-Bevel campaign, and were the content of his campaign's national television broadcasts. Not many people voted for that. That wasn't just Clinton's mistake nor Bush's mistake; that was their mistake. They didn't vote for LaRouche, and now they're going into hell.

Either that's going to change, and a lot of people are going to now consider what LaRouche said by getting a copy of that book, or other materials, or old campaign broadcasts, and studying them, and learning what the answers are, or the country is going to hell.

Our very national existence is now on the edge.

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America 2000?
Fri., Oct. 22—8:30 p.m.
Break Freemasons' Grip on U.S.
Thurs., Oct. 28—9:30 p.m.
- QUAD CITIES—Cox Ch. 4
Mondays—9:30 p.m.

INDIANA

- SOUTH BEND—TCI Ch. 31
Thursdays—10 p.m.

MARYLAND

- BALTIMORE—BCAC Ch. 42
Tuesdays—10 p.m.
- MONTGOMERY—MCTV Ch. 49
Tuesdays—11 p.m.
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- WESTMINSTER—CCTV Ch. 19
Tuesdays—3 p.m.

MICHIGAN

- CENTERLINE—
MacLean-Hunter Ch. 34
Tues.—7:30 p.m. (thru Oct. 12)
- TRENTON—TCI Ch. 44
Wednesdays—2:30 p.m.

MINNESOTA

- MINNEAPOLIS—Paragon Ch. 32
EIR World News
Saturdays—9:30 p.m.

- ST. PAUL—Access Ch. 33
EIR World News
Mondays—8 p.m.

NEW JERSEY

- STATEWIDE—CTN
Mondays—2 a.m.

NEW YORK

- BRONX—BronxNet Ch. 67
Saturdays—6 pm
- BROOKHAVEN—TCI
1 Flash or Ch. 99
Thursdays—1:30 p.m.
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Time-Warner B/Q Cable Ch. 34
CableVision of NYC Ch. 67
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U.S. CableVision Ch. 6
2nd Sun. every month—2 p.m.
- MANHATTAN—MNN Ch. 69
Saturdays—12 Noon
NASSAU—CableVision Ch. 25
The Holes in the Ozone Scare
Sat., Oct. 22—4 p.m.
- ROCHESTER—GRC Ch. 15
Fridays—10:30 p.m.
Sundays—7 p.m.
- STATEN ISL.—SICTV Ch. 24
Wednesdays—11 p.m.
Saturdays—8 a.m.
- SUFFOLK—CableVision Ch. 25
2nd & 4th Mondays—10 p.m.
- WESTCHESTER—Access Ch. 18
Fridays—6 p.m.

OREGON

- PORTLAND—Access
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Fridays—4 p.m. (Ch. 33)

PENNSYLVANIA

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Mondays—7 p.m.

TEXAS

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The LaRouche Connection
Mon.—5 p.m. (thru Oct. 18)
Mon.—4:30 p.m. (starts Oct. 25)
America 2000?
Mon., Oct. 11—3:30 p.m.
Fri., Oct. 15—5 p.m.

VIRGINIA

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- RICHMOND/HENRICO—
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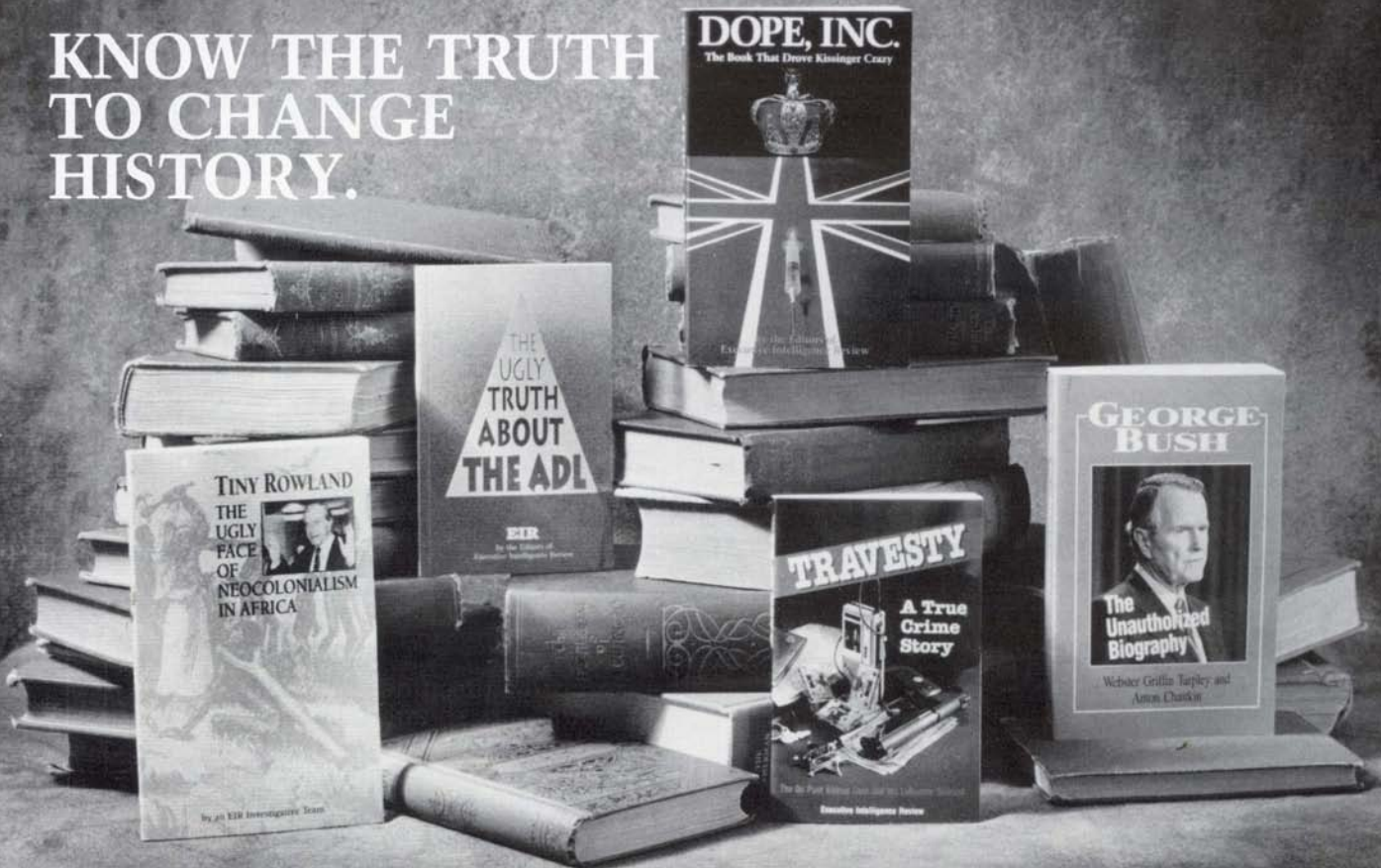
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