

# EIR

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German AIDS scandal:  
LaRouche was right!

Did thousands die in Moscow's river of blood?  
Conditions in Iraq: eyewitness report  
Mexican farmers blast NAFTA to U.S. Congress

**Jordan debates  
the way to peace**



# 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."*

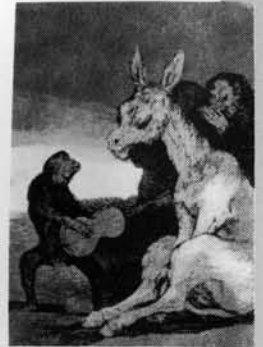
### Paul Ehrlich

*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

There was not enough room on the cover to highlight all of this week's exclusives. The *Feature*, a firsthand report from Jordan on the debate over the economic policies which must ensue from the Israel-PLO accords, is the first in a two-part series. Next week, we will bring articles and interviews by our correspondents who just returned from a conference in Israel.

The need for a U-turn in U.S. foreign and economic policies and the adoption of Lyndon LaRouche's proposals could not be clearer from the other reportage we offer this week. Two articles merit particular attention: Rachel Douglas's hard-hitting exposé of the true extent of the Moscow massacre of Oct. 3; and the shocking report from Baghdad by Felicity Arbuthnot, which we believe will leave all but the stoniest readers in tears.

In the *Investigation*, our German colleagues cover the AIDS-contaminated blood scandal which has erupted into the international media. One of the issues over which Lyndon LaRouche was most vilified during the 1980s was his policy on AIDS, yet the German scandal—which is very unlikely to stay inside German borders—proves that LaRouche was right on every essential point and his detractors and opponents were dead wrong.

Reporting on such catastrophes and reminding people that LaRouche was right, is only part of what the political movement of LaRouche is doing. *EIR* fact-finding missions like those just completed in Jordan and Israel allow us to spread and discuss LaRouche's diagnoses and programs, and to intersect other forces who want to stop the breakdown of the world economy.

Another facet is intervention into legislatures and governments. The U.S. Congress just benefitted, on the eve of the vote on the NAFTA accord, from devastating testimony by the Permanent Forum of Rural Producers of Sonora, Mexico, which we reprint in full.

Also crucial is electoral activity. In the United States, longtime LaRouche associate Nancy Spannaus ran for governor of Virginia as an independent. Her interview describes the key role her campaign played in defeating New Age witch Mary Sue Terry. In Germany, Helga Zepp-LaRouche leads the Civil Rights Movement-Solidarity, which runs candidates for office. Her call for Germany to enforce the Communicable Diseases Law to prevent the spread of AIDS, appears in this issue.

Nora Hamerman

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## Congressional defeat won't stop NAFTA, say backers

by Chris White

Now, almost on the eve of the ill-starred congressional vote on the North American Free Trade Agreement (NAFTA), it is worth reflecting on what a ranking official in Mexico's Finance Ministry told a journalist acquaintance in a recent discussion. It doesn't matter, he said, whether the agreement is approved by the U.S. Congress or not. Either way, we are going to go ahead. If the vote is for, then we will go ahead in January. If the vote is against, there will be a delay of six months or so, and we will go ahead under the auspices of the Organization for Economic Cooperation and Development (OECD).

Mexico, it seems, is supposed to be leaving behind the status conferred by the neologism "emerging economy," to qualify as one of the members of the club of the "advanced" sector economies, which is what the OECD, an outgrowth of various post-World War II Marshall Plan-type reconstruction agencies, is supposed to be. Now, though, the epithet "advanced" might be more appropriately attributed as clinical.

In joining the OECD, Mexico is undertaking to do precisely the things which will be voted on—and also not voted on—since "openness of markets," "deregulation," and so on, are among the qualifications for moving out of "emerging" nation status and into full looted decrepitude.

### **Roughshod over the Constitution**

The Mexican official's assertion is no mere macho blustering. It ought instead to point to the importance of the agreement in some quarters, and to how it is, that the institutions of the presidency and the Congress are being put on the line on behalf of an agreement which is going to go ahead anyway, no matter what the outcome of the vote.

Not so long ago, *EIR* reported on how the agreement contained "secret" provisions pertaining to the financial sub-

jugation of Mexico, and to the destruction of the sovereignty of the United States, through final destruction of U.S. national credit, by way of the creation of an offshore, dollar-denominated credit-generating facility, which would be turned back against the United States. The Mexican official tells us that, in effect, the vote takes place under comparable political arrangements. That exercise of sovereign, constitutionally mandated legislative authority is considered in some circles irrelevant.

You see, the would-be architects of the universe have their own plan, each version of which becomes progressively more insane than the last.

NAFTA is to be voted Nov. 17. The next day, President Clinton is slated to host, in Seattle, Washington, a meeting, at the heads of state level, of the APEC group, the Asia Pacific Economic Council. This group brings together, among others, Japan and the Republic of Korea, the People's Republic of China, Australia and New Zealand, and the countries which are members of the Association of Southeast Asian Nations.

Already mooted is the proposal to extend the NAFTA arrangements, the model for the northern and southern continents of the Americas, into the Pacific Basin. Under way, now, are various undertakings which pertain to that: Japan discussing a "deregulation" report prepared under the sponsorship of the head of its industrial association Keidanren, and preparing to deregulate its bond markets; Taiwan, changing its investment laws where they pertain to the People's Republic of China. The People's Republic of China is on the eve of a Central Committee meeting which is slated to adopt a new level of financial and fiscal reform, including, perhaps, full convertibility of the yuan, and it is being described as the most significant such reform since 1978. British cabinet

review of the status of ongoing talks with China over the future of Hong Kong, and the runup to 1997, is under way.

### Seeking cheap labor in the East

And there is a similar, if less intense activity in Europe, featuring discussion between the European Union (the council of the European Community) and Russia over trade liberalization and the prospects for developing what are now being called, within Europe, *maquiladora*-style industries in the nations of the former Comecon bloc, chief among them the Czech and Slovak republics, Hungary, and former east Germany.

A report published by the German Industry and Trade Council the second week in November, in which corporations' plans to relocate to the East are discussed, makes familiar reading to Americans who have been through the NAFTA debate: High wage levels are destroying international competitiveness; firms have to relocate where wage and social costs are less. Favored zones include eastern Europe and the Far East. Fully 1 in 3 of the 10,000 large and medium-sized German companies surveyed plan on moving out over the next three years, into areas where wages and indirectly incurred social welfare and pension costs associated with employment, can be eight times less than they are inside Germany itself. This on behalf of total cost reductions of 20-30% to "remain competitive in global markets," according to the German Industry Federation.

Right after the APEC meeting, Britain and the People's Republic of China begin a new round of intensified discussions in Beijing, and German Chancellor Helmut Kohl sets off there to conclude trade and economic agreements, including with individual cities such as Shanghai. And then, by Dec. 15, the long-running Uruguay Round of the General Agreement on Tariffs and Trade (GATT) talks is supposed to be concluded.

There isn't, of course, any guarantee that the NAFTA agreement will pass. Many, for example, among the Democrats now targeted to support the agreement, were elected to this Congress specifically because they opposed the deal in tightly fought elections against Republican free-traders. They are now being asked to turn against the very people who put them into office in the first place.

And, if it doesn't pass, the globalization of the kind of arrangements negotiated with Mexico goes off the rails, and, presumably, a derivatives-driven financial equivalent of Armageddon is unleashed as El Dorado-type pipe dreams about the vast loot to be extracted from the hides of the populations of Ibero-America and Asia, evaporate. That club has already been brought into play, according to congressmen who report that they are essentially being asked to choose between the all-too-apparent domestic destruction wreaked by the agreement, and the international destruction which would follow in the wake of its rejection, and the U.S. President becoming a lame duck. This kind of armtwisting makes the lobbying efforts that the AFL-CIO trade union federation is accused

of undertaking seem like small beer indeed.

The financial crowd (pension funds and insurers actually) argue that what is at stake is a longer-run global restructuring designed to shift pension and health costs associated with the demographically aging population of the industrialized countries on to slave-type labor in Third World countries, in the process of "equalizing living standards" in the developed countries and in what they call the "emerging economies." Increased unemployment in once advanced sector nations is the "driver" for the "equalization."

### Falling potential population density

This stuff is a technician's rationalization for genocide; even if couched in the euphemisms of the trade, it tends to become more and more transparent. If the advanced sector's contributions in producing, out of scientific discovery and the application of new principles in higher-productivity capital goods, are discontinued, as they have been, in effect, then "equalization" readily translates into declining potential of the whole human population to reproduce itself.

The Mexican case is typical. The architects of the NAFTA agreements assume that Mexico's agricultural labor force can be reduced to one-third of its current levels, because Mexico does not need to produce staples of its food supply, such as corn and wheat. They can be imported from the United States. But, the architects of the agreements are the same people who insist that the United States only use "non-structural" methods to deal with the ravages of this year's Mississippi Valley floods. They are proposing to rip out the accumulated infrastructure development which has made modern agricultural production in the Upper Mississippi and Missouri watersheds possible. What are Mexicans then supposed to be eating? Buffalo chips, produced by future herds proliferating over deserted farmland out of Ted Turner and Jane Fonda's breeding stock?

The broader extension of NAFTA, throughout the Americas and into Asia, brings the world's largest staple food producers into the arrangements, including Canada, Argentina, and Australia, overlapping with the GATT free trade lobbying group called the Cairns Group. Under such arrangements, global control of food production and distribution, under conditions of shortage beyond anything known in recent years, come into effect as the concomitant of the financial arrangements that also go by the name of "free trade."

What is at issue in the vote on NAFTA isn't really a U.S. issue at all. It is a question of global policy. Yes, U.S. jobs will be threatened, and lost. Yes, Mexico will be wrecked. Yes, secret agreements threaten the sovereignty of the United States, and all other nations. But under the kind of world the NAFTA designers envision, there will be no place for human beings, and human labor. What the world needs urgently are new economic arrangements based on equity for all and development for all, in the form of improved living standards and employment, not the New Age movement's New Age.

# Mexican farmers reject NAFTA as a colonial looting scheme

*This written testimony was submitted by Alberto Vizcarra of the Permanent Forum of Rural Producers of Sonora, Mexico, to a hearing of the U.S. House Banking Committee on Nov. 8. The committee, chaired by Rep. Henry Gonzalez (D-Tex.), was taking testimony on the North American Free Trade Agreement (NAFTA). For more information about the Permanent Forum, see EIR, Sept. 10, 1993, "Mexican Farmers Cry 'Enough' to Banking Usury."*

We want to inform the committee over which you honorably preside, about the grave situation in which the Mexican economy finds itself, particularly the sector which we represent, the agricultural producers of our country.

Throughout this year, especially since August, there have been mobilizations of thousands of Mexican farmers, unprecedented since the Great Depression, to halt the wave of foreclosures of which we have been victims. We Mexican growers have reached the conclusion that there is a deliberate plan, originating with the major financial interests headquartered in London and Wall Street, to eliminate 60% or more of Mexican farm families. This conclusion has been systematically confirmed to us by government and private banking officials in various meetings held with groups of farmers to try to reach a settlement with regard to the sector's arrears.

To demonstrate these assertions, we would like to begin with an analysis of the Mexican foreign debt which, in our opinion, is the keystone of the problem—along with the fever to "privatize" the public sector, to create derivative markets through the North American Free Trade Agreement, and the revamping of the country's financial system. Figuring in all of this are new financial arrangements between the Bank of Mexico and the United States Federal Reserve, which would eliminate both Mexican and American national sovereignty by fostering a gigantic and unregulated market of dollar-denominated credit outside the control of either government.

It is officially recognized that Mexico's foreign debt today is some \$121 billion, representing an incredible increase of \$27 billion in the past four years, since the end of 1989. This figure by itself demonstrates the failure of the "Brady Plan" to reduce the foreign debt, which in 1990 had been nominally cut by \$6 billion, to \$93 billion.

Mexico's massive indebtedness belies the statement made by President Carlos Salinas de Gortari in mid-1992 that "Mexico is going through a process of debt reduction" with the Brady Plan restructuring.

Let's take a look at the "debt reduction process" which has paradoxically led to the swelling of the Mexican foreign debt. In 1980, Mexico's foreign debt was \$57.4 billion. Between 1980 and 1989, \$96 billion were paid to service that debt—but by 1990 the debt had risen to \$99.734 billion. Pure banking usury. What Mexico paid during that period totaled more than 165% of our 1980 foreign debt, and nearly 100% of our 1990 foreign debt.

In February of 1990, a \$48.231 billion debt-restructuring package was signed under the Brady Plan, enabling Mexico to "save" the fabulous amount of \$1.5 billion in interest payments. Presumably the U.S. Treasury Department has in its coffers slightly more than \$7 billion, which were deposited in a single check by the Mexican government. That money is gaining a fixed interest rate over a 20-year period (through 2010), when the restructuring will be completed and Mexico will supposedly be freed of this debt burden. Germany, Japan, and the International Monetary Fund lent the \$7 billion, which Mexico handed over to the U.S. in 1990. This is on top of the \$12 billion in debt service which Mexico was paying every year up to the Brady restructuring. This \$7 billion loan was paid off by Mexico in mid-1993, with the proceeds of several state-owned companies that were sold off.

The growth of the foreign debt over the past four years, since the Brady Plan, is not linked to the growth of the domestic economy in any way. On the contrary, Mexico today is undergoing a severe, and some say irreversible, economic depression, although the analysts prefer the term "deceleration" of the economy. The Gross National Product is barely increasing; employment and wages are plunging, while interest rates remain at 34%. Under these conditions, approving NAFTA would mean the complete disappearance of entire sectors of the Mexican economy.

The only thing that has thus far kept these onerous debt payments from causing a financial collapse has been international interest rates, which are relatively low at present; should these rise, Mexico will find itself in total financial catastrophe. According to World Bank figures in late 1992, nearly \$25 billion of that debt is short-term and could be defaulted on at any time. The amount of short-term debt is very significant, especially when compared to what it was in 1989—\$8 billion—when the Brady Plan was signed. Since the Brady Plan went into effect, Mexico has paid \$7 billion a year in debt service, a total of \$28 billion—precisely the





*Alberto Vizcarra of the Permanent Forum of Rural Producers addresses a demonstration in Ciudad Obregón, Sonora, in August 1993. The growers are demanding an end to bank foreclosures on their farms and equipment, and a moratorium on the debt.*

amount by which the debt has risen in that same period.

What's more, \$20 billion of the total foreign debt corresponds to the obligations of recently privatized banks, which have imposed an enormous debt service burden on a banking system already in bankruptcy by all traditional technical norms. According to figures presented by various analysts, an extremely high percentage of all of the loans outstanding in the Mexican banking system—approximately 6.7%—is officially considered in arrears, and some estimate that the real figure could be as high as 20% to 30%. The non-performing loans in the agricultural sector alone rose to \$8.95 billion (27.75 billion new pesos) in June, a 14% increase in only two months—yielding an annualized 119% increase in non-performing loans. Such non-performing loans could reach \$25.5 billion within a year, against a GNP of less than \$300 billion.

And these are just the figures for the agricultural sector, without counting the billions of dollars of unpayable debt of Mexican industry which—especially with regard to small and medium-sized companies—has been devastated by a flood of cheap imported consumer goods, together with a highly restrictive credit policy based on high interest rates. The current interest rate on standard commercial and agricultural loans has reached an astronomical 34%, compared to an inflation rate of 9.6%, while the interest rates the banks garner from Treasury certificates is between 13% and 14%.

The banks need this usurious 20% spread to cover their own debts. When debtors cannot pay, the common practice has been to refinance the principal and capitalize the arrears by adding them to original principal at the same high interest rate. This internal debt bubble has grown in the same way as the foreign debt, and demands interest payments that have

grown to several times the original principal.

As if this weren't enough, the government's policy on agricultural imports has given the *coup de grace* to our farm sector. Food imports were \$3.0 billion in 1988, and \$4.0 billion in 1989. In 1990, they reached \$4.8 billion, more than three times the \$1.5 billion "savings" in interest payments Mexico supposedly obtained with the Brady debt restructuring.

In sum, the disastrous shape of Mexico's agricultural and industrial sectors is reflected in a debt that cannot—and should not—be paid. We farmers don't have the capacity to pay this debt, much of which originated in the 1987-88 period when interest rates were 200%! As we said personally to President Salinas de Gortari when we met with him on Aug. 19 of this year, "If a serious review of the origin of this debt is conducted, we will find that approximately 80% of it is illegitimate, given that its growth is due to factors that had nothing to do with the producers; that money never came in as fresh credit into the agricultural sector."

### **Consequence of the lost decade for Mexico's farming: genocide**

Mexico's agricultural sector suffered the biggest impact under the schema of prioritizing payment of the foreign debt. Public expenditures for rural development declined by 52.1% from 1981 to 1986. Similarly, in 1986, 52.6% of the national budget was earmarked for servicing the public debt, while only 3.5% was spent on rural development.

This policy toward agriculture encouraged a process of falling parity prices relative to the national index of prices charged to the consumer, with the price of wheat and soya falling by more than 25%, and the price of beans and corn,

by more than 20%. At the same time, there has been an exponential increase in the prices of needed farm inputs, which grew disproportionately in relation to parity prices. For example, while the price of corn rose 6.6-fold between 1982 and 1992, the price of diesel fuel during the same period rose 296.6-fold.

The cost of agricultural machinery has also risen constantly. A comparison of the equivalences of basic grains needed to acquire a tractor reveals that while in 1982, it required 32 tons of beans, or 85 tons of corn, or 119 tons of wheat; by 1988, 71 tons of beans, 182 tons of corn or 150 tons of wheat were required to buy the same tractor.

The same thing occurred with the cancellation of subsidies for fertilizer. In the period from December 1984 to December 1987 alone, the cost of ammonium sulfate rose by 1,477%, and ammonia by 1,494%. This meant an increase in the price of fertilizers of three orders of magnitude relative to parity prices.

The same panorama can be seen in a more dramatic way in the case of agriculture based upon pump irrigation, where because subsidies on electrical energy use have been increasingly cut, costs have risen substantially, making this form of agriculture completely unprofitable under existing parity prices. This has led to important extensions of land being left fallow, and even in the cases in which farmers have switched to new crops, this has still produced bankruptcies. In the state of Sonora, this has been the case in the Guaymas and Empalme valleys, and the coast of Hermosillo, Caborca, and Sonoyta. In Mexico as a whole, there are a million hectares of pump irrigated land which are in the same situation.

The production of cotton, for example, has been seriously affected by the same policies. In the 1992-93 cycle, Mexico imported around 600,000 bales of cotton at a cost of approximately \$180 million, to the detriment of our already deteriorated balance of trade. These bales were imported despite the fact that the country has an installed infrastructure of 200 cotton gins with the capacity to process 1.6 million bales a season.

With respect to milk production, Mexico has become the largest importer of powdered milk in the world, to the grave detriment of national producers: In the south of Sonora alone, where there were once up to 20,000 dairy cows, today there are only 4,500 cows left; that is, a 77.5% reduction in the dairy herd.

The raising of beef cattle, both by intensive and extensive methods, suffers the brutal impact of massive importation of meat, which severely affects the internal market.

In this context it is as absurd as it is unjust to claim that the agricultural crisis is because our producers are inefficient. As it is also absurd to demand productivity and efficiency, when the state does not fulfill its responsibility to create the conditions under which this occurs.

Honorable Representative Henry B. Gonzalez: As we said before, we have reached the conclusion that there exists

a deliberate plan to eliminate 60% or more of the Mexican families dedicated to agriculture.

This conclusion was confirmed on Aug. 20, in an article which appeared in the Sonora newspaper *El Imparcial*, in which government and private banking officials stated that the government will provide the resources to restructure the debts in arrears for only 30% of the farmers. This conclusion was also confirmed by the statement of U.S. Attorney General Janet Reno to the *Los Angeles Times* on Oct. 22, that the U.S. will reinforce its measures to close the U.S.-Mexican border because President Carlos Salinas de Gortari's reforms for the farm sector will force "many" farmers to leave this activity, and it is expected that this will significantly increase the immigration to the United States of Mexicans seeking a decent way to live.

A recent package of measures named "Procampo" [meaning pro-farm] confirmed this view even more, because under this government program parity prices for several basic products are reduced, with total deregulation for these prices to be implemented by 1995, affecting principally the most technologically intensive producers. The genocide of which Mexico is already a victim is such that, in Mexico, the farmers baptized this program as "Procamposanto" [meaning "pro-cemetery"].

The bankruptcy of Mexican agriculture is considered a necessary step for attaching it to the stock market exchanges, "stock marketization," as was brazenly revealed by the president of the Mexican Banking Association, Héctor Hernández, during the first meeting of this association held in Puerto Vallarta, Jalisco at the beginning of September, in which he urged the government to reform the relevant laws so as to accelerate foreclosure proceedings against the farmers in order to proceed to "stock marketization." We believe that this means that we are entering a new phase of looting of our economy to pay the foreign debt, with new financial mechanisms which will destroy even more the physical economy of our country, at the same time that they serve as a lever to impose this same mechanism upon all Latin America in an attempt to prolong the existence of a speculative bubble which threatens to raze the very bases of Judeo-Christian civilization.

It is for this reason that we permit ourselves to lengthen this document to call attention to the new mechanisms of looting, with the hope that good sense can return to reign in the nation which was formerly the most powerful on earth, before the exploding of this bubble destroys all of us, rich and poor, alike.

## **New financial arrangements between Mexico and the United States**

While it is difficult to establish precisely what has been agreed upon implicitly, privately, or secretly in the negotiations on credits, finance, securities' operations, and financial derivatives that have been taking place between important

U.S. financial sectors and the government of Mexico, it is possible to identify the main new mechanisms to create a gigantic dollar-denominated capital market outside the control of the United States or even Mexico. These agreements are to be implemented with or without NAFTA.

On Oct. 27, the head of the Bank of Mexico, Miguel Mancera Aguayo, in a speech in Mexico City to the XVIII Annual Conference of the International Organization of Securities Commissions (IOSC), attacked "users of credit for being sometimes imprudent and dishonest," a clear reference to the problem of the gigantic number of farmers and businessmen in arrears. On the other side, he announced that Mexico's Department of the Treasury and the Bank of Mexico are working in coordination with the Basel Committee, the International Organization of Securities Commissions, and the European Economic Committee to design a scheme "with new technology" to "daily evaluate assets and liabilities, in order to determine credit risks and fluctuations at a low cost" for financial brokers. This could be a tremendous opening to introduce the so-called "derivative instruments" on a large scale. Mancera said that "the authorities should facilitate and promote the establishment of credit information companies and securities' rating companies."

Even more important in this regard are the facilities that Mexico is introducing in the capital markets through reforms in the tax codes, besides any financial accord adopted in the framework of the North American Free Trade Agreement, which set the groundwork for the introduction into Mexico of the practice of issuing tax-exempt derivative instruments.

The draft of the Income Tax Law that was released to the media by the national Department of the Treasury on Oct. 26 states:

1) "The reduction, for two years, from 15% to 4.9% of the withholding tax that must be retained for credit operations with foreign banks and the foreign subsidiaries of Mexican banks, will be extended to bonds issued by Mexican companies in foreign currency to reduce the costs of obtaining financing." Such a measure virtually deregulates private foreign indebtedness and facilitates the dollarization of Mexico's economy on a grand scale, while the amount of national currency in circulation is kept restricted.

According to statements made by President Carlos Salinas de Gortari himself, the amount of national currency in circulation is less than the dollar-denominated currency in the national reserves. That's coherent with the decision of the Bank of Mexico to condition the issuance of national currency to the amount of dollars in reserve, setting the basis for making the dollar the legal currency on Mexican territory.

That was excellent news for the foreign banks and the Federal Reserve System of the United States, and their plans to transform Mexico into a subsidiary for their fraudulent issuances. Chase Manhattan Bank and brokerage firms such as Merrill Lynch, Baring, and Goldman Sachs immediately expressed their satisfaction and let it be known that the mea-

sure is complementary with that of maintaining the peso-dollar parity exchange, and with leaving the Bank of Mexico on the sidelines regarding the the new directives.

2) One of the key elements of the tax reforms centers on financial activities, where all sort of operations are being considered, including those involving derivatives. Tax exemptions are provided "for derivative transactions if they are carried out through authorized exchanges or highly securitized markets, as determined by the Department of the Treasury and Public Credit."

These facilities were implicitly referred to by Secretary of the Treasury and Public Credit Pedro Aspe in his speech on Oct. 26, during the first day of the IOSC conference. "It is important to develop a long-term capital market to support projects of long maturation, such as those intended to improve the country's infrastructure," Aspe stated.

The efforts in this regard of the U.S. financial firm Lehman Brothers in 1991 and 1992, which proved unsuccessful, are well known. These were to issue dollar-denominated bonds against the future income generated by the Mexico City-Toluca toll road, and sell them to foreign interests. According to private sources, Lehman Brothers and Crédit Suisse-First Boston are currently engaged in negotiations with the Mexican government to issue the same type of dollar-denominated bonds against future income from tolls on 100 privatized kilometers on the Mexico City-Cuernavaca super-highway, one of the most densely travelled roads in the country. These dollar-denominated bonds could be used for many other public services once they are privatized.

The Mexican government already has undertaken to grant 15-year concessions on some of these. There were attempts by concessionaires to recoup their investment in four or five years by charging tolls that were three and even four times higher than the U.S. average. But that resulted in failure when it triggered massive protests throughout the country, because it flagrantly violated the right to passage consecrated in the Constitution, to construct toll roads without building a parallel toll-free federal highway. To refinance the failed project, the government is now offering concessions for 20 or 30 years.

Secretary Aspe's announcement paved the way for the introduction of foreign concessionaires not only to the building and administration of highways, but also to supply water services to Mexico City, to airports and maritime harbors, the latter in the process of being privatized. This will be a huge market of dollar-denominated financial derivatives, which would be backed by the Mexican government.

According to our sources, the U.S. investment firms Goldman Sachs, Bear Stearns, Crédit Suisse-First Boston, and Lehman Brothers; London's S.G. Warburg and Montagu; the French Crédit Lyonnais and Banque Paribas, and the Hongkong and Shanghai Bank are all seeking accords along these lines with the Mexican government.

In the aforementioned speech to the IOSC, Secretary

Aspe announced that "the negotiations on the financial chapter of the Free Trade Agreement state the conditions in which the opening of the financial markets will take place, through the presence of the institutions of the three signatory countries. . . . The array of these initiatives aims at encouraging the internationalization of the sector." He mentioned that the government is now working on updating regulations and reforming the laws governing credit, insurance, and auxiliary credit and stock exchange institutions, to allow an opening to the outside and for the internationalization of the sector.

The internationalization of financial operations and the protection of derivative instruments makes clear that Mexico will be used to protect, and then extend to the rest of Latin America, a deregulated capitals market, denominated primarily in dollars.

During the Oct. 26-28 ISOC conference in Mexico, Douglas Campbell, head of the financial firm Campbell Company, Inc., stated that a "dramatic boom" in the levels of capitalization of emerging world markets is expected, in which Latin American participation is key. "The capitalization of those markets has increased from \$7.5 billion to \$50 billion between 1990 and 1993, and it is expected that it will increase from \$50 billion to \$330 billion in the course of the next three years." Campbell emphasized that a significant portion of those funds would be channeled primarily into emerging markets that are expanding, specifically to those showing the greatest range of fluctuations. "These factors are especially important for Mexico, since this country has the largest expanding market in the world. . . . Mexico finds itself in the lead, with a growth potential that could attract foreign investment of up to \$75 billion between 1993 and 1996," he insisted.

At that same meeting, Arthur Levitt, chairman of the U.S. Securities and Exchange Commission, said that "Mexico has had a marvelous investment policy and if the Treaty passes, access to investment and cooperation between the United States and Mexico will be better, more effective."

For his part, Secretary Aspe reported: "Foreign investment entering the country through the stock market has surpassed \$17 billion since 1989, and the selling of debt by Mexican companies on the international markets brought in an additional \$15 billion between 1991 and 1993."

### **Securitization of the debt and a hemispheric Federal Reserve**

Meanwhile, what's to happen with Mexico's bankrupt farmers, industrialists, and shopkeepers? The strategy was defined during a series of financial seminars recently held in Mexico.

The Autonomous Technological Institute of Mexico (ITAM), operating center for Bank of Mexico head Miguel Mancera, held a seminar on "Savings and Credit in Rural and Semi-Urban Areas." On the pretext of encouraging "internal savings," the discussion on financial modernization centered

on what to do with farm debt arrears. One of the speakers, World Bank economist Delbert Fitchett, declared categorically that "government offers of debt forgiveness to the farmers should only be made as a temporary emergency measure." Fitchett concluded that "banks should avail themselves of credit unions and cooperatives, insurance and pension funds for loans to farmers, besides encouraging the securitization of those same loans on the secondary markets."

Meanwhile, on Sept. 27 and 28, the Grupo Fomento de la Cultura held a seminar titled: "Securitization of Credit: A New Financial Technology." The purpose of the seminar was to analyze "the application of a new financial technology that would allow the efficient securitization of mortgage, credit card, auto loans, accounts receivable, etc."

Recent agreements between the banks and Mexico's Department of the Treasury to restructure farm arrears have laid the groundwork for facilitating the securitization of that debt, without having to address the macroeconomic policies that produced the sector's bankruptcy in the first place.

The culmination of this process was most clearly expressed last July 10 by International Monetary Fund economist Guillermo Calvo, who said at a financial seminar in Bogotá, Colombia, that "Latin America's central banks should make arrangements with the U.S. Federal Reserve to be able to control dollar flows and to have an efficient banking system. . . . It is growing increasingly difficult for the banks to control inflation and liquidity. We should realize that we are in a dollar area and that our economies have been dollarized."

In a private conversation afterwards, Calvo stated that "with NAFTA there already exists a Federal Reserve line of credit of \$5 billion for the Bank of Mexico, a 'swap' credit, and the idea is to generalize this throughout Latin America."

The idea presented by Guillermo Calvo is that Latin America's central banks be enabled to make dollar-denominated loans both in the originating country and abroad. "Banks that do not have the backing of the Federal Reserve can only lend on terms precisely equal to that which they have on deposit. If the deposits are for three months, the bank cannot lend for six months." As an example, Calvo mentioned that in the United States, if a bank has a temporary shortage of funds it can obtain a loan from the Federal Reserve without paying a rediscount fee. The central banks of Latin America could do the same thing if they had agreements with the Federal Reserve to obtain such credits and, with that, to support the banking system. Such loans to a central bank could return as dollar loans to U.S. commercial banks.

What is certain is that this whole affair would mean dollars flowing out of the United States through Mexican banks, and in turn, through the banks of other countries, over which the U.S. government, and the House Banking Committee, would have no control. At the same time, such practices imply that Mexico would find itself reduced to a colonial extension of United States financial interests.

# Poverty a factor in potato blight's return

by Marcia Merry

There is bad news from the world of food pests. The same fungus responsible for the extensive potato blight that swept Europe and parts of North America in the 1840s, *Phytophthora infestans*, has been found to be present in a new type (called the "A 2" mating type) in many parts of the world, as of the early 1990s. Plant pathologists and agronomists are now working around the globe to confirm the extent and characteristics of new populations of the infestation, which also afflicts tomatoes, to study its spread and relative susceptibility to various means of control and eradication.

The good news is that there are effective fungicides, although the chemical perhaps most commonly in use, met-alaxyl, may not be effective. And it is to be expected that there are cultivars of the potato with resistance to even the new type of blight, from which hybrids can be developed and introduced.

However, it was poverty, not simply a food pest, that caused the arrival of potato blight in Ireland in the 1840s to result in mass famine in 1845-46. Tragically, the very same factors are present today in many parts of the world—in particular, eastern Europe, former Soviet Asia, parts of China, India, Africa, and South America.

The key factors in famine are subsistence diet and monoculture. Under British economic policy, the Irish population in the 1840s was subsisting on a diet based on daily potato rations, and little else, save some occasional milk and perhaps some meat once a week. Moreover, the household's potato supply commonly came from their own little plot. When the blight swept through, there were no substitute food items available to the family, and moreover, there was no capability to switch crops in this nationwide subsistence monoculture system.

If we look today for the same factors predisposing peoples to famine—the arrival of the pest, and the presence of subsistence diet and monoculture—we see that the preconditions exist for terrible famine. Only emergency measures to 1) provide pest control and food relief; and 2) to restore healthy economies and the ability to eat well to the human race, will end the threat.

First, look at the potato growing areas of the world, in particular the dependency on the potato in eastern Europe

and Russia; and secondly, at the pathology and extent of migration of the A 2 mating type of *P. infestans*.

The world output of the common "white" or "Irish" potato (*Solanum tuberosum*) averages, as of the mid-1980s, over 300 million metric tons a year. It originated in the Andes highlands of Peru, and since the 1500s, spread over the centuries all around the globe.

By "farm weight" of commodity, the relative importance of Irish potatoes today can be seen by comparing the annual 300 million ton output to 510 million tons of wheat produced worldwide, 470 million tons of rice, and 480 million tons of corn. Thus in weight, the potato ranks fourth after the staple grains.

While, in contrast to the grains, the potato has a lot of water content, in turn, the potato needs no milling or complicated baking or processing to be edible.

## The potato belt

By far the world's most concentrated regional output is the "potato belt" extending along the north European plain well into Russia. Of the annual world output, the former Soviet Union region accounts for up to 28%. Poland alone accounts for 12%. Moreover, in Russia, over 90% of the potato crop is produced today on private plots, not on collectives or state farms. Much of this mode of production and dietary predominance is exactly counterpart to 1840s Ireland. If the newly discovered type of *P. infestans* is not countered, the results could be catastrophic.

*P. infestans* affects the potato plant by causing a late blight on the leaves and stems, and causes the infected tubers to turn brownish purple outside, with a corky rot inside. Scientists think that the fungus originated in the Mexican highlands, where there is a great variety of wild potatoes, particularly in the Toluca Valley. The 1840s saw the first major migration of *P. infestans*. It is thought that the type of *P. infestans*, which can reproduce both asexually and sexually, was A 1, which travelled the globe in the 19th century. Up until the early 1980s, tests at points around the world found the A 1 type exclusively present.

Then, more recent tests began to show that another type, A 2, has embarked on a new migration, also from Mexico, where it had been known, but apparently restricted to the Mexican habitat. The danger now is that the A 2 type may bring more virulent forms of the blight.

Dr. William Fry of Cornell University warned in an article (*Plant Disease*, July 1993): "The 1984 report of A 2 mating types of *P. infestans* (Mont.) de Bary in western Europe was the first indication of new and dramatic developments in populations of that fungus." He advocated across-the-board action, saying, "Studies of the epidemiology of A 1 and A 2 isolates are in progress in Europe. . . . Cultivar resistances and fungicides effective against the old population [of *P. infestans* A 1] should be evaluated against the new populations."

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## Book Reviews

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# For real economics, read about the potato

by Marcia Merry

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### **The History and Social Influence of the Potato**

by Radcliffe Salaman, edited by J.G. Hawkes  
Cambridge University Press, Cambridge, U.K., 1989  
685 pages, paperbound, \$24.95

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### **The Amazing Potato**

by Milton Meltzer  
HarperCollins, New York, 1992  
117 pages, hardbound, \$14.89

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Dr. Radcliffe N. Salaman's book, *The History and Social Influence of the Potato*, is one which everyone, not just food, agriculture, or history buffs, should read. If you missed it the first time (it was released in 1949), or the second time (it was reprinted in 1970), don't miss it now. A new edition was printed with a new introduction in 1985, and subsequently reprinted in 1986, 1987, and 1989, and is still in print.

In 24 chapters, the book tells the story of the potato, with appendices of statistics, an index, and bibliography. An obvious reason to read the book is the current threat of a repeat today, in eastern Europe, of a potato-blight famine similar to that of the famous Irish potato famine in the 1840s.

But reason enough to read the book, is that the author gives you plenty of real economics and truthful history when he tells the potato story. This is all too rare. I recall that Lyndon LaRouche, in his lecture series on economics in New York City in the early 1970s, recommended Salaman's book for presenting the facts of a case study of failed economic policy—the tragedy of the potato famine in Ireland; and for its other informative sections.

Salaman is an English national trained at the turn of the century for a career as a medic and pathologist. When these pursuits were cut off to him for health reasons, he began collaboration with friends then active in building up an English school of Mendelian research. After a few misadventures, Salaman

specialized in the inheritance of characters of the potato, and pursued this for the rest of his life. For example, he was the director of the Potato Virus Research Station in Cambridge, England for the first 14 years after its founding.

Salaman's account begins in the Andes of Peru, the home of the potato (*Solanum tuberosum*)—which in English today is called the "white" or "Irish" potato. He covers the archeological record of pre-written history cultivation, the Inca period, the subsequent transit of the potato to Europe, and the development of various varieties. In many early European locations, the potato was a delicacy, grown in test gardens for amusement, and for imputed medical or aphrodisiac qualities.

The book covers legends of the potato from the time of Sir Walter Raleigh, and has a chapter on "The Potato of Shakespeare and the Jacobeans." However, in preface to this chapter, Salaman explains that the vegetable called a potato at that time was not the *Solanum tuberosum*, but the sweet potato, a different one altogether.

Among the other chapters of the book are studies of the history and variety of potato in selected locations, including St. Helena, Tristan da Cunha, and, in detail, the British Isles—Wales, Scotland, England, and Jersey.

However, the meat of the book is the extensive, well-documented economic history of Ireland from the 16th century through the 19th century, told in eight chapters, along with a table listing features of the "Failures of the Potato Crop in Ireland" from 1724 to 1894.

Salaman documents how, under domination by London, the Irish people suffered such low wage levels, seizure of family farms for estates owned by British subjects, and general impoverishment, that, as of the mid-1800s, households had come to subsist on a diet based almost wholly on the potato as the staple article, produced in home plots, and harvested and stored by the household. When under these circumstances, the fungus *Phytophthora infestans* arrived in Europe from Mexico, probably via the United States (the dates of arrival are 1843 Philadelphia, 1844 Belgium, 1845 Ireland), the results were devastating. The pest causes a blight to the plant, which results in the tubers putrefying.

In the late 1840s in continental Europe, where potatoes, except in certain locations, were not the staple diet, people compensated for the blighted potato crops by eating more of other foods until the blight was beaten back. But in Ireland, the blight resulted in famine because there were relatively no alternative crops, nor means to produce them. Ireland lost 2 million people because of the potato famine—one-fourth of the population. One million fled their homeland, and another million died of starvation or from hunger-induced disease.

Salaman gives the quotations and citations of British officials who said that this depopulation from "natural causes" was too bad, because it was "not enough."

A version of this story of the potato has been produced for children by Mr. Meltzer, who attributes the inspiration for his little book to the reading of Salaman's history.

# Argentine debt is waiting to explode

by Gerardo Terán Canal

On Oct. 14, the day on which President Carlos Menem was unexpectedly admitted to a Buenos Aires hospital for emergency surgery as he was on his way to the airport, this writer was riding in a taxi when the news came over the car radio. I noticed that the driver became pale upon hearing the radio report and suddenly became so disoriented that he started driving in the opposite direction from where I wanted to go. I tried to calm him down, but failing to do so, I finally had to get out and look for another taxi.

When I told the second taxi driver what had happened, he explained to me, "Che, that poor guy probably has a dollar debt of several thousand dollars, and he's terrified that if Menem dies or leaves office for any reason, that will mean the return of hyperinflation that will make his debt unpayable."

Referring to the recent victory of Menem's Justicialist Party in the Oct. 3 congressional elections, the taxi driver added that "that's why even though people might hate Menem, they voted for him anyway, because everyone holds debts in dollars and Menem's continuation in office means continued stability. It's not that people *like* that stability, but they are *blackmailed* by it."

That conversation is a faithful reflection of what's happened with the Menem government's much-lauded Convertibility Plan, implemented in March 1991 at the urging of Finance Minister Domingo Cavallo. Based on a one-to-one parity of the peso to the dollar, the plan has achieved an apparent stability and growth only through an increase in the indebtedness of the entire nation.

## The multiplication of the debt

Take the case of Argentina's public foreign and domestic debt. In 1991, that amounted to \$55.8 billion, according to *El Cronista*. But by the end of 1993, it will have reached \$71.2 billion, a growth of 27.5% despite the reductions obtained through the Brady Plan.

It's interesting to note that the model imposed on Ibero-American countries by the International Monetary Fund and the banking community had two variants through which they perpetuated the myth that the new phase of their free-trade economic program is based on investment and growth.

On the one hand, in the case of Argentina, the Brady Plan

reduced the capital of the private banks' debt from \$32.6 billion to \$26.1 billion—a reduction of \$6.5 billion. This was celebrated here as the achievement of the century.

But what was not explained is that the foreign debt owed to multilateral lending agencies such as the International Monetary Fund and the World Bank increased from \$16.5 billion in 1991 to \$20.9 billion today. These were credits granted to finance the restructuring of the economy and the financial sector demanded by the Brady Plan, including compliance with fiscal guidelines, privatization of state sector companies, and total financial deregulation.

Once the economy was "cleansed" in this way, it was opened up to foreign "investment" which, as the numbers show, is simply a new form of indebtedness. It should be recalled that after the Federal Reserve placed Citibank in receivership in 1991, one of the reforms adopted was that that bank would no longer make loans directly but would invest in the bond markets. In Argentina, these so-called investments have caused the government's public debt issued in dollars to increase from \$4.9 billion in 1991 to \$14.1 billion in 1993—an increase of \$9.2 billion, or 186%. Moreover, the public debt issued in pesos increased from \$1.2 billion to \$8.4 billion over the same time period. This is an increase of \$8.4 billion, or 720%.

The private internal debt, or what the banks have lent domestically, amounts to \$32.3 billion, 50% of which, according to *El Cronista*, has been directed to "private citizens, consumers, or marketing companies through overdrafts, private loans, discounted instruments, securities, or property mortgages." Of this amount, \$18.5 billion are debts in dollars and the rest are in pesos. In the event of a devaluation, the dollar debt would become unpayable.

If we assume that Argentina's currency is the peso and not the dollar, and that the latter is the currency of the United States issued by the Federal Reserve, we can conclude that the true foreign debt is the sum total of the dollar-denominated debt. Thus, adding to the \$61.7 billion in foreign and internal public debt in dollars, the \$18.5 billion of internal private debt in dollars, and an additional \$16 billion in private foreign debt, the total amount of Argentina's debt comes to \$96.1 billion. That translates into a per capita debt of approximately \$3,000, the highest in Ibero-America. Considering the interest being paid on both dollar and peso-denominated bonds, plus those paid on short-term private internal debt, the big question is, how long can the economy sustain this debt service?

## Physical economy in crisis

Despite the fact that Gross National Product reportedly grew by 8% for 1992, as commentator Carlos Abalo noted in a column in *El Cronista* on Nov. 1, "the peso's revaluation didn't substantially improve production as Finance Minister Cavallo has recognized. . . . Compared to other industrialized and emerging countries, Argentine production shows

a large component of financial services. . . . We have to distinguish between the quality of industry, the type of services and the role of the financial system. . . . When we look at Argentina's future from this standpoint and measure the comparative costs and potential for export, things don't look so simple."

Added to this perspective is the fact that the agricultural sector, the basis for Argentine exports, had to organize a tractorcade last July to call the government's attention to its crisis. Industrial sectors, such as textiles, have practically disappeared due to the so-called "industrial reconversion" or restructuring policy included in Cavallo's economic model. Capital goods and machine-tool industries are operating at 60% of installed capacity. Between December 1992 and today, sales in the interior provinces have dropped by 50%. There are thousands of bankruptcies of small and medium-sized provincial companies who can't survive the prohibitively high cost of credit and utility rates.

### Alarming trade deficit

Most alarming is the trade deficit projected for 1993 which could be as high as \$3.2 billion, up from \$2.5 billion in 1992; the projected balance of payments deficit for 1994 is \$10 billion. Given that income from privatizations has essentially dried up, as Carlos Abalo correctly noted, "what happens with incoming capital will determine the continuity of the economic model." One of Argentina's most prestigious economic analysts, Miguel Angel Broda, who writes for *El Economista*, confirmed that there won't be any problem with these incoming foreign "investments" unless "a) there's a crash of the New York stock market which would change the international financial panorama or, b) NAFTA [the North American Free Trade Agreement] is not approved [in the U.S. Congress] and Mexico plunges into crisis and drags the rest of Latin America with it." Both of these possibilities are quite feasible.

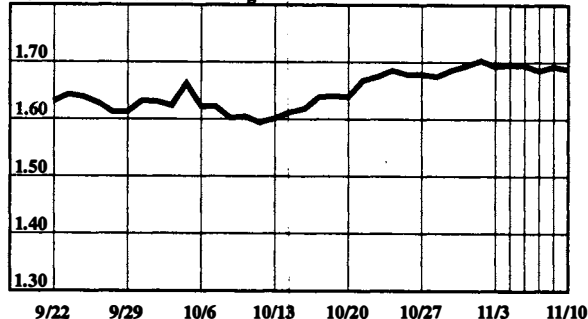
Finally, Daniel Naszewsky, *El Cronista's* economics editor, commented on Nov. 1 that "Argentina is showing an imbalance in its external sector, and it's more obvious every day that if foreign capital doesn't continue to enter the country to compensate for the current account deficit, the future won't be hyperinflationary as in the past, but recessionary." If the solution is more investments of the type mentioned above, then Argentina's only solution will be to continue increasing its public and private debt by issuing bonds that will then be bought up by foreign usurers such as George Soros.

The other option is that discussed in the *Washington Post* and elsewhere, which is that Argentina will increasingly become—this is already the case—a port for the entry and laundering of drug monies. The real question is, who will pay for the "profitability" of this monstrous debt and how much longer can the physical economy and the Argentine people sustain this?

## Currency Rates

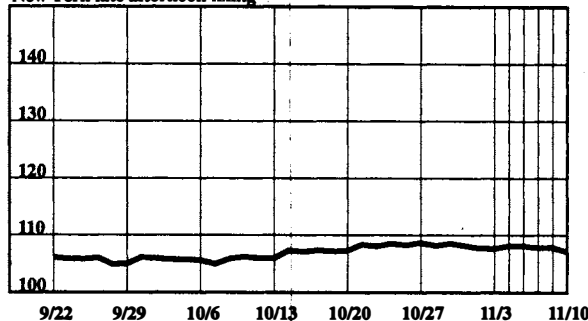
### The dollar in deutschemarks

New York late afternoon fixing



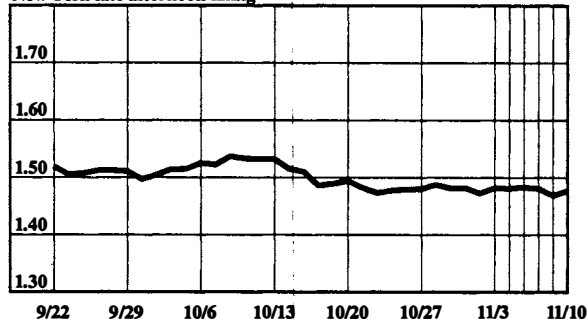
### The dollar in yen

New York late afternoon fixing



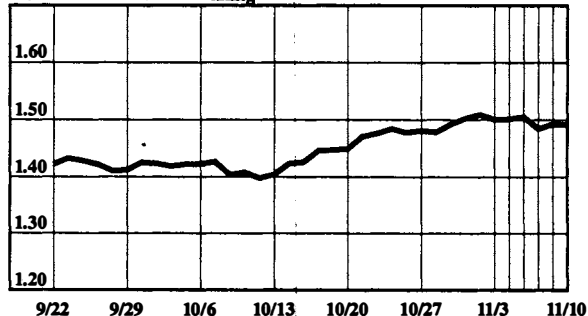
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing





### Maglev rail transport in jeopardy

*Bureaucratic waffling and foolish budgetary calculations are on the verge of killing this vital technology.*

**T**he Transrapid magnetically levitated (maglev) railway system, the state-of-the-art technology which has been in a never-ending "experimental phase" since the late 1970s, is now in serious danger of losing out altogether in Germany. Bureaucratic sabotage from the policy establishment and big industry resulted in a decision that Germany should have the conventional electric ICE high-speed train instead.

Hopes that the ICE, introduced in Germany in the summer of 1991, with its slight technological advantages over the French TGV, would gain an edge on the international export markets, were blown apart several weeks ago, when the contract which the German producers firmly expected to conclude with the South Korean state railroads was granted to TGV instead.

Reflecting this new situation, the R&D experts of the three governing coalition parties, the Christian Democrats, the Christian Social Union, and the Free Democrats, passed a resolution on Oct. 26 endorsing the maglev system as a "strategic technology," production of which should be supported by the state in cooperation with private industry, for sales on the world market.

The realization of the project for a 285-kilometer maglev line between Germany's two biggest cities, Hamburg and Berlin, was the most essential step to begin with, in order to convince prospective clients abroad of the merits and feasibility of the new technology.

On Oct. 31, Chancellor Helmut Kohl surprised the public with an an-

nouncement that he intended to make the issue a "matter of the chief's personal interest," with the firm commitment to pass a decision on the project by no later than the end of this year.

Then on Nov. 4, Transportation Minister Matthias Wissmann announced before a congress of the German Transport Forum—a private lobbying group of industrial, banking and political representatives—in Berlin, that by the beginning of 1994 at the latest, a decision for the Transrapid, which he called a "symbol of the future," would definitely be made. He even said the maglev technology was "too good to end up in an industry museum."

Hopes were raised that, finally, 15 years of bureaucratic blockades against the Transrapid technology would end.

But then on Nov. 8, Finance Minister Theodor Waigel wrote a letter to the Christian Democrats declaring that he was not at all willing to give the go-ahead for any state funding of the maglev technology, such as the DM 4 billion that is required to build the line from Hamburg to Berlin, for reasons of "preventing new, unclarified budgetary risks."

Moreover, Waigel said that "the majority of experts" had informed him that the technology was "still not mature enough" and that the forecasts about the profitability of that line were too uncertain to provide a basis for a positive decision at this point. "It would be irresponsible to open up new categories of state support," Waigel wrote.

The finance minister's reaction did not come as a surprise, really, but the reaction of the Christian Democrats to this letter did: They decided to not even debate their own resolution, in the Nov. 9 session of the parliamentary group in Bonn. This was a rather absurd step, since the Free Democrats' parliamentary caucus had already adopted the resolution of their own technology experts in favor of the Transrapid.

It was even more absurd. A senior Christian Democrat whom this author talked to about the issue on Nov. 5, declared there would be no problem at all in his caucus, whereas there would be one with the Free Democrats, where "certain" resistance against the maglev train could not be overlooked.

After the tactical retreat of the Christian Democrats, there is a great danger now that no decision will be taken by the government and the Parliament by early 1994, and because next year is a big election year, with a total of 17 campaigns on the state, municipal, and federal levels, it must be feared that according to the supposedly unshakeable laws of the establishment in Germany, fundamental decisions that "cost money" will simply be postponed until early 1995, when the new Parliament and government begin work.

This delay by more than a year could mean the end to the Transrapid. It is the general estimate here that Germany's technological edge over the second largest developers of the maglev train system, the Japanese, is two years or even less, and that, even if the Japanese system were not as good as the German one, clients on the world market would read the indecision in Bonn as a vote against the Transrapid, and as a factor of incalculability regarding German industrial policy. Potential clients abroad would then opt for the Japanese system.

## Salinas crawls for NAFTA

*The free trade agreement has undergone many incarnations, but with or without it, Salinas's "miracle" is finished.*

**T**he policy content of President Carlos Salinas de Gortari's administration first came together in a clear way in February 1990, when superminister Joseph Marie Córdova Montoya travelled together with Trade Secretary Jaime Serra Puche to Washington to conduct secret talks with the Bush administration, and thus launched what later became the North American Free Trade Agreement (NAFTA).

In his second State of the Union address on Nov. 1, 1990, Salinas said he had decided to proceed with the negotiations because the revolutions in eastern Europe which overthrew communism suggested a return to market economies which threatened to draw foreign investment into that part of the world.

By his third annual address in 1991, the treaty had already become a trilateral one, with Canada's inclusion. It was then said that the incorporation of a third country would forge "the largest free-trade zone in the world," based in North America.

By Salinas's fourth address, NAFTA was the bellwether for Mexico's supposed growth into the First World. He reported at the time that he had already concluded the "vast and complex" negotiations leading to "a good treaty for Mexico" which would increase exports to Canada and the United States.

On Nov. 4, 1992, George Bush was defeated in his reelection bid by Democrat Bill Clinton, who had expressed a lack of enthusiasm for the trade accord. But even so, in the days immediately following his defeat, Bush and his Mexican and Canadian

counterparts signed the accord.

Bush's defeat led to the physical, emotional, and political defeat of Canadian Prime Minister Brian Mulroney, who was obliged to relinquish his post as leader of the Canadian Progressive Conservative Party to Kim Campbell, who went on to lead her party to its worst electoral defeat ever.

And now, in his fifth State of the Union address on Nov. 1, 1993, Salinas has declared that "the treaty is not the solution to all of our problems," and that "its benefits will not be short term, nor will it yield spectacular results." From being top priority for the very security of the Mexican state over several preceding years, NAFTA ended up occupying the least space possible in the latest address.

But at five minutes to midnight, President Clinton has launched an all-out offensive for NAFTA's approval by the U.S. Congress, and the agreement is now the highest priority for U.S. national security. The CIA, Pentagon, White House National Security Council, and various U.S. legislators are now pressuring to get it approved on Nov. 17. If not, they argue, the worst is confronting Mexico.

Clinton is apparently willing to offer anything, up to and including national sovereignty itself—Mexican sovereignty, of course, but also the sovereignty of the United States, as *EIR* has shown. Clinton privately claims to have the Mexican government's promise that *after* NAFTA's approval, new negotiations will be held on those issues which remain "unresolved," "confusing," and "ambiguous," although this is systemati-

cally denied on the Mexican side. The issue which comes under these three categories, of course, is—oil! Clinton has publicly asserted that he will not hesitate to apply Section 301 of the U.S. trade law (which gives the Executive the right to impose unilateral trade sanctions on other countries, for various reasons) "if Mexico's policies or actions deny its workers internationally recognized rights or restrict U.S. trade."

These are not offers, but unambiguous pressures and threats. The Mexican government, in its desperation, has already agreed to implement NAFTA even before its enactment. For example, it was just announced that Mexico has agreed not to export sugar to the United States (the term "exportable surplus" was redefined); regarding citrus and vegetables, Mexico agreed to accept mechanisms whereby U.S. producers could present "proof of damage" in case of an increase in Mexican exports, or a change in their price, through which the United States could then re-impose tariffs that had existed before NAFTA. In the case of plate glass, wines, and electronic products, Mexico has agreed that on the first day NAFTA goes into effect, the reduction of customs tariffs on these sectors would be accelerated in favor of U.S. industry. Needless to say, Mexican industry is stunned, and has managed only to say, "We don't know what is going on."

What is in fact going on, is that while approval of NAFTA is as unsure as ever, the countdown will not stop on Nov. 17, with the U.S. congressional vote. To the surprise of the Mexican government, the NAFTA enforcement bill which Clinton has presented to Congress includes the "right" of the United States government to reopen negotiations on NAFTA. A never-ending story.

### 'Power nucleus' tries monetarist coup

*While Congress and the President are immobilized by corruption scandals, the finance minister makes his move.*

In what might be his last chance to comply with the monetarist guidelines demanded by the international financial interests to which he is linked, Finance Minister Fernando Henrique Cardoso has pulled out of his sleeve a proposal to create a "power nucleus" of close collaborators and cothinkers inside the cabinet of President Itamar Franco. In this effort, Cardoso is backed by the International Monetary Fund's Managing Director Michel Camdessus, who, according to the Nov. 4 *Jornal do Brasil*, says he is "perplexed by Cardoso's slowness" in implementing the austerity measures that the fund demands.

The crypto-Marxist sociologist Cardoso is attempting to create a "crisis cabinet" which will supplant the power of President Franco as well as that of the National Congress, currently immobilized by the investigation into the gigantic corruption scheme orchestrated by the country's political parties in order to obtain funds from the federal budget. Franco's indecisiveness has been an obstacle to the full implementation of monetarist policy, particularly as regards the privatization of strategic sectors of the economy.

If Cardoso's plan is successful, he will reinforce his control over the weak Franco, and reduce him to simply approving presidential decrees. During his last visit to Washington, Cardoso promised Camdessus and company that the Brazilian government would adopt a series of "infraconstitutional" measures to ensure implementation of the bank-

ing community's policies should the Congress interrupt the process of revising the Constitution. Foreign creditors have long demanded constitutional reform in order to remove all dirigist elements that hinder their operations in Brazil; but that process has been suspended as a result of the corruption scandal.

Through his "power nucleus," Cardoso would have the freedom to impose by decree the Anglo-American establishment's monetary reforms already far advanced in Mexico and Argentina. These include:

- Dollarizing the Brazilian economy. Using the dollar as the foundation for the national currency, which would become like the worthless currencies which circulated in the colonies of the British Empire. The idea is to eliminate the government's ability to generate productive credit, making this the prerogative of the U.S. Federal Reserve and a handful of international bankers.

- Accelerating the privatization process, opening up the strategic sectors of energy, telecommunications, and transportation, while at the same time permitting the indiscriminate entry of speculative capital to buy up remaining real assets. The government has already begun to operate under this new power scheme by decreeing *without congressional approval* that foreign capital can purchase 100% of privatized companies.

- A fiscal reform which will reduce the funds available to states and municipalities, concentrating them in-

stead in the federal government to ensure debt payment. This would be accompanied by draconian budget cuts which Cardoso's economics team estimates would be deflationary.

All of this boils down to an attempt to carry out a monetarist coup inside the Brazilian cabinet, which would be greeted with applause from western political leaders and financial speculators. Cardoso is coordinating his maneuvers with the political leadership of his own party, the Brazilian Social Democratic Party (PSDB). This is seen in the column written by the Club of Rome-linked sociologist, Helio Jaguaribe, in the Nov. 5 *Jornal do Brasil*. Jaguaribe revealed that Cardoso is holding his plan to establish a "power nucleus" over President Franco's head with the threat that were Cardoso to resign, this would remove the last pillars of support from the Franco government and unleash an apocalyptic crisis.

Fernando Henrique Cardoso hopes to succeed in this where similar attempts in the government of President Fernando Collor de Mello failed. Under Collor de Mello, the plan was to create a "group of notables" with broad powers to impose by fiat the policies dictated from Washington; but a large part of the country resisted, and continues to resist these policies. It should be recalled that Cardoso himself was asked to become foreign minister at that time.

The irony is that this was the Collor de Mello government's last maneuver prior to the impeachment process which removed Collor from office in December 1992 and virtually expelled from public life all the "notables," including Helio Jaguaribe, who occupied the Science and Technology seat in the "notables' cabinet." The gravity of the current institutional crisis, with a paralyzed Congress, could cause history to repeat itself.

# Business Briefs

## Infrastructure

### Maryland calls for prototype maglev

The Maryland Department of Transportation has called for building a prototype magnetically levitated (maglev) rail system, the Nov. 4 *Baltimore Sun* reported. Preliminary findings of a study commissioned by the department show that a maglev passenger train traveling between Washington, D.C. and Baltimore, Maryland in just 16 minutes could become one of the world's most financially successful transportation systems.

The study estimates that the line would cost \$30-40 million per year to operate, and take in at least \$60 million per year from 21-40,000 passengers per day, each paying \$10-20 to ride in either direction.

The case for maglev was also bolstered by a report released on Nov. 3 by the U.S. Department of Transportation, which found that the benefits of maglev are sufficient to justify building a prototype line.

## Employment

### Layoffs will not stop, say officials

Constant corporate restructuring and permanent layoffs are here to stay, according to Nov. 6 *Washington Post* coverage of a recent speech by Federal Reserve Chairman Alan Greenspan and of a forthcoming book, *The Dejobbing of America*, whose thesis is that people will increasingly be laid off and turned into floating workers, with temporary "assignments" but no "jobs."

"The process [of major layoffs] almost surely will persist for some time to come," Greenspan said recently.

"They're never going to stop," said Bill Lewis of the McKinsey Global Institute in Washington. He added that restructuring has "become a continuous corporate function."

A recent survey by the Waytt Co., a Washington-based consulting firm, found that fewer than two-thirds of the firms that had recently restructured had met their cost-cutting goal.

The downsizing, according to John Parkinson, who supervised the study, often amounted to "nothing more than simply piling more work on the employees who hold on to their jobs."

*Fortune* magazine executive editor Allan T. Demaree told the Fortune 500 Forum meeting in Richmond, Virginia on Nov. 4 that "in this economic recovery, 30% of the new jobs have been part time, compared with only 4% in the previous recovery," the *Richmond Times-Dispatch* reported. He predicted that the bulk of job reductions in the future will be in retailing and banking, and cited one economist who said the number of banks will fall in 10 years to 3,000 from 11,000 currently.

U.S. corporations announced 66,801 job cuts in October, up 37% from the 48,786 cuts in September, according to the *Challenger Employment Report*, UPI reported Nov. 4. Through the first 10 months of the year, 516,165 employees were asked to clean out their desks, 27% more than in the same period in 1991.

## Labor

### New strike wave sweeps Europe

A new wave of strikes swept Europe in late October, signaling that depression-era labor unrest has begun. In Germany, 120,000 construction workers protested cuts in state support at a rally in Bonn on Oct. 28. In Italy, about 1 million workers of all unions engaged in a nationwide mobilization on the same day. And in Belgium, 40,000 workers blocked all traffic in Brussels on Oct. 29 as European Community heads of state were meeting in an emergency summit.

The involvement of unions in the protests followed a wave of protests in September that erupted, partially bypassing the unions and, in the case of France (farmers), Germany (miners), and Italy (metal workers and miners), even against the policy of the unions, forcing them to get out in front of the protests.

In France, the Air France strike, which was supported by the Coordination Rurale independent farmers union, ended on Oct. 29 after the government promised to cancel far-reaching privatization and rationalization plans for

the airline. But this is expected to be only a momentary hiatus. In Germany, labor unrest is growing in the metal sector, although the 3 million-member metal workers' union so far has kept strikes on hold.

The national labor federations in Spain, Britain, and the Netherlands are expected to stage protests before the end of the year. In Greece, widespread labor unrest is expected by next spring if, as is expected, Socialist Prime Minister Andreas Papandreou fails to keep his election campaign promises on employment and investments.

## Mideast

### Israel proposes Red Sea-Dead Sea Canal

Israel proposed the construction of a canal to link the Red Sea to the Dead Sea, during the fourth meeting of the Water Working Group in Beijing in October. The group is a multilateral organization working to resolve the water crisis in the Middle East. The Oct. 31 *Chicago Tribune* reported that the delegates at the meeting, representing 45 nations, "hailed the proposal" as a partial solution to the age-old conflict over water. The man-made river would generate enough electricity to desalinate seawater and provide about 1 billion cubic meters of fresh water.

Meanwhile, Palestinian-Americans are planning to set up a bank, which will be capitalized in the United States by successful Palestinians, to finance construction projects and business ventures in Gaza and Jericho, according to Palestinian sources. These sources say the mood is shifting decisively behind the Israel-PLO accord among Palestinians in the United States, largely because they have been hearing from their relatives in Palestine who are optimistic about prospects for peace. "We have waited too long for this chance," one source recently told a private meeting in Houston. "It would be foolish to say we should reject the Israeli offer because it is not the best we can do. We have to make it work." Members of a Palestinian-American delegation will visit Israel and the West Bank in November, and will later meet with officials from several Arab

Gulf nations to obtain additional funds for the bank.

PLO Chairman Yasser Arafat has asked King Hassan of Morocco to urge Arab states to release PLO assets frozen during the Persian Gulf war, Reuters reported. Arafat stressed that the peace accord with Israel would require "enormous financial resources." According to PLO officials, assets frozen by three Gulf states amount to \$336 million, \$120 million of which is frozen by Kuwait.

## Japan

### Muramoto collapse ups fear of chain reaction

The recent bankruptcy of Muramoto Corp., Japan's 24th biggest construction company, the largest collapse (\$5.5 billion in bad debt) since World War II, has provoked fears of a chain reaction among Japan's banks and construction company suppliers. A Muramoto spokesman explained, "We made lots of investments in golf courses, and then the bubble economy burst. . . . The impact will be enormous." According to the private credit research agency Teikoku Databank, the banks of Muramoto, mainly Daiwa Bank and Nanto Bank, withdrew support after they discovered large off-balance sheet loans by Muramoto to its own contractors.

Japanese economists are saying privately that despite government assurances that recovery is just six months away, the Japanese economy may not return to healthy growth for years, the Oct. 30 *International Herald Tribune* reported. "The status quo may continue for another year until we see some tragedies," the president of Honda Corp., Nobuhiko Kawamoto said. "Only then will a consensus form."

On Oct. 29, the government announced the worst unemployment figures in five years. Although 2.6% is very low by western standards, there are as many as 2 million more (3% of the work force) kept on the payroll even though there is no work for them. Nippon Steel has announced it will cut 7,000 workers, nearly 20% of its work force, through attrition and reduced hiring. Nissan Motors reported it was deep in debt in the first half of the fiscal year

due to poor sales and the rise of the yen. Japan Airlines announced \$73 million in losses and predicted worse figures by next March.

A spokesman for LTCB Research Institute said, "If the economy continues to be depressed next year, many companies will be forced to take bold action laying off workers. We cannot rule out the possibility that a downward spiral would emerge that would be quite disastrous."

## Medicine

### Human gene therapy leads to successes

Human gene therapy has recently led to some dramatic successes, the Nov. 3 *Los Angeles Times* reported. Although these treatments are experimental, their success holds hope that other, more difficult to treat genetic diseases may also respond to gene therapy.

In one procedure, two girls, nine-year-old Cynthia Cutshall and four-year-old Ashanthi DeSilvia, both suffering from ADA deficiency, were treated successfully using gene therapy. Due to a defect in their natural ADA gene, the two girls (similar to David, the boy in a bubble in Houston) were born with non-functioning immune systems. Unlike David, who died at age 12, the girls were successfully treated by removing white blood cells, inserting a healthy copy of the ADA gene into those cells, and then re-infusing those white blood cells back into each girl's bloodstream. Both girls, who had been leading lives of total isolation and suffering constant life-threatening infections, are now attending public schools.

In a similar procedure for patients suffering from a genetic disease that leads to extreme buildup of cholesterol and early death, 15% of the liver of a patient is removed, individual cells are then inserted with a healthy gene, and the cells are re-infused into the patient and re-settle back in the liver. The treatment, combined with anti-cholesterol medications, promises to bring such patients' cholesterol levels back within a normal range, avoiding otherwise certain death from cardiovascular disease.

## Briefly

● **MEXICO** lost 62,000 manufacturing jobs in 1993, as 28 of 49 manufacturing sectors showed declines in production from last year and only 11 sectors showed increases in production, according to figures prepared by the Bancomer Financial Group released Nov. 1.

● **SUDAN** President Omar Hassan al-Bashir sacked Finance Minister Abdel-Rahim Hamdi, who carried out International Monetary Fund "economic reforms," Reuters reported Nov. 1. But his replacement, Abdalla Hassan Ahmad, general manager of Sudan's premier Islamic bank, is reportedly also a proponent of "market-oriented economics."

● **RUSSIA** will get no further aid from international institutions during this year, a spokesman for the Group of Seven industrialized nations said Nov. 4. On the same day, Russian Finance Minister Boris Fyodorov announced new austerity measures, promising that Russia would soon receive the second tranche of the \$1.5 billion "systemic transformation facility" from the IMF.

● **CHINA'S** main bank for infrastructure development extended \$3.8 billion in new loans to help fund rail, energy, and iron and steel projects suffering under a state ban on new credit, Xinhua news agency said on Nov. 5. It is a sign that Beijing is rolling back tight credit policies known as the 16-point austerity program.

● **SHIPBUILDERS** in the U.S., threatened by major defense cuts in the "post-Cold War era," were promised some relief on Nov. 4 with House passage of a maritime reform bill. It authorizes \$1.2 billion over 10 years, beginning in 1995, for building an estimated 70 ships in the United States.

● **THE HONG KONG** stock market faces collapse, the Oct. 28 issue of the *Far East Economic Review* warned. A global crash is "extremely unlikely, but one is on its way in Hong Kong," one source commented.

## AIDS scandal in Germany proves LaRouche was right

by Rainer Apel

Over the past month and a half, Germany has been swept by an all-too-predictable scandal, as part of the awful truth began to leak out about the extent of the spread of the HIV virus, the cause of Acquired Immune Deficiency Syndrome, AIDS. The scandal first broke out on Oct. 6, when Germany's Federal Health Office (Bundesgesundheitsamt, BGA) presented federal Health Minister Horst Seehofer with a list of 372 cases of people who had become infected with the HIV virus via blood transfusions they had received since 1985, the year when Germany introduced what were thought to be adequate measures to prevent any such possibility.

Further revelations since then showed that this was only the tip of the iceberg, and that certain private companies' acquisition and processing of blood has been so negligent, that as many as 1.2 million Germans could now be infected with the AIDS virus, according to a report from the state government of Lower Saxony.

Political heads have rolled, and several blood-processing firms are about to be indicted. Minister Seehofer has ordered that the BGA be dissolved, and has announced that anyone who has received blood transfusions in Germany since 1985 can come in and receive a free AIDS test.

But the true tragedy is that all this could have been prevented, and many lives saved, if the responsible health agencies had heeded the warnings of Lyndon LaRouche, his German wife Helga Zepp-LaRouche, along with many medical professionals, who already in 1985 were demanding that AIDS be treated as the deadly epidemic that it is, and that insane budget-cutting policies such as handing out condoms and treating AIDS as a "disability" were worse than useless.

Indeed, already in 1974, before the AIDS virus was even discovered, a special task force under Lyndon LaRouche's guidance had accurately predicted the outbreak of entirely

new types of epidemic diseases under conditions of continued International Monetary Fund and World Bank economic looting of the weakest nations of the Third World, especially Africa.

But instead, as Helga Zepp-LaRouche pointed out in a recent statement (see below), LaRouche and his associates were branded internationally as "fascists" for calling for the application of standard public health procedures to slow the spread of the virus until a crash effort could be mounted to find a cure. Meanwhile, in the United States, the likes of Patty Duke and Elizabeth Taylor went on a feminist rampage against a California ballot initiative mounted by LaRouche supporters, falsely accusing LaRouche of wanting to build "concentration camps" for homosexuals.

But now history has proven LaRouche right. The following pages, therefore, should perhaps best be read as working material for a tragic drama of truly Shakespearean dimensions. One can look on as the actors directly involved, such as Prof. Dr. Hans-Philipp Pöhn (see accompanying interview), tried but failed to get a morally corrupted officialdom to realize the deadly consequences of their cowardice in the face of a political propaganda campaign waged by a crazed but powerful malthusian elite obsessed by their desire to cling to momentary, perverse pleasures—even when that meant their own deaths in the not-too-distant future.

### The crisis unfolds

On Oct. 29, the national parliament of Germany voted to form a special investigatory committee to investigate the criminal use of AIDS-contaminated blood reserves for transfusions over the past 8-10 years. The committee is also supposed to look into medical and political responsibilities for the crucial period in the mid-1980s, when decisions to test

the blood supply were recommended but not taken.

The investigation is certain to have explosive repercussions within Germany's political establishment. The opposition Social Democratic Party (SPD), which wants to topple Christian Democratic (CDU) Chancellor Helmut Kohl in next year's elections, has announced its intention to request special testimony before the committee by the two Christian Democratic ministers of public health during the investigated period around 1985—Heiner Geissler and Rita Süßmuth.

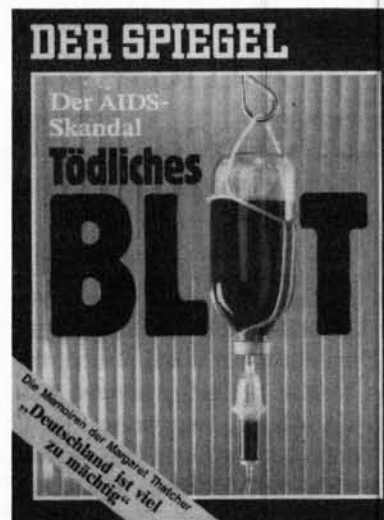
On the surface, the scandal seemed to break out all of a sudden, over the question of whether evidence that an even larger number of blood products and coagulation agents were AIDS-contaminated, had been covered up by leading health officials. On top of this, however, was an increasing flow of new information and hints coming in over the past weeks through the World Health Organization and other agencies, that the spread of AIDS on an international scale far exceeds earlier forecasts, and that there is now an urgent need to collect more reliable data. The news from the United States that more than 200,000 Americans have already died of AIDS in the past 10 years, also played a role in bringing the scandal to the surface.

Health Minister Seehofer reacted on Oct. 7 with the suspension of two senior health officials: Manfred Steinbach, a longtime top aide to Bonn health ministers, and Dieter Grossklaus, president of the BGA. Seehofer also announced criminal charges against an unknown number of other officials for having covered up the contaminated blood affair, possibly including the filing of forged reports.

Seehofer's decision was followed a few days later by another announcement that for reasons of "high inefficiency," the BGA structure would be dissolved, with the aim of reducing the bureaucracy and make the work of the six different scientific institutes operating so far under the jurisdiction of the BGA, more efficient.

Many in the news media began to argue with some justification, that the firings had been done in order to target only a few scapegoats, and that the political consequences had to hit people much higher up in Germany's political hierarchy. This impression was fueled by new scandals erupting over the role of a number of firms specialized in the production of blood plasma and coagulation agents. One of the suspected firms, UB Plasma in the city of Koblenz, was quickly investigated and found guilty of criminally covering up clear evidence that many of the blood supplies they had used for further processing had been contaminated; that no tests had been made; and that blood imported from countries as far away as Ibero-America and Romania had even been mixed together, in a conscious effort to create less traceable contamination factors.

But just as with the savings and loan bank scandal in the United States, it is also clear that if these firms' managements acted with criminal negligence, they had been *encouraged to*



*The cover of the Oct. 11 Der Spiegel magazine, which revealed that a large number of Germans may have been infected with HIV without knowing it. The title reads "The AIDS Scandal—Deadly Blood."*

do so by the German government, and especially by Rita Süßmuth, who presided over the Health Ministry from 1985-88. Using such weapons as her March 1987 book, *AIDS, Wege aus der Angst (AIDS: Escape Routes from Fear)*, the feminist Süßmuth launched a propaganda campaign designed to play down the entire AIDS issue as a problem that could be solved by the distribution of condoms.

Any public critics of Süßmuth's policy were publicly branded as followers of Adolf Hitler, or, as Süßmuth put it in her book, undemocratic and in the tradition of "an oppressive chapter of German history." Several weeks before the book's appearance on the market, massive doses of this type of black propaganda had been thrown against the LaRouche organization's call for a "war on AIDS," during the entire hot period of the election campaign for parliament in January 1987.

But the cranes of Ibykus are now hovering over Süßmuth's head, since with the outbreak of the current scandal, it is all but certain that she will be held responsible for a large part of the political side of the scandal.

Will all this cause Germany to finally adopt sensible measures to combat the epidemic, such as the obligatory, name-and-address reporting of all cases, as demanded by Mrs. Zepp-LaRouche and Dr. Pöhn? That all depends on whether responsible members of the government decide to stop playing Hamlet and at minimum include AIDS on the official list of contagious diseases so that it can be treated accordingly. The public debate on measures against AIDS has only just resumed, and it is not yet clear whether any truly effective new policy will be launched, besides Seehofer's demonstrative firings. But on the hopeful side, the scandals have succeeded in breaking years of officially ordered silence on the AIDS issue, and moreover, have proven that LaRouche was right and that his political and administrative adversaries were dead wrong.

# Chronology of the German AIDS scandal

by Jutta Dinkermann

The scandal actually began at a time when the HIV virus was still unknown. For hemophiliacs who were treated with coagulation separation products from donor blood and plasma, the greatest danger had always been that of being infected with hepatitis, since there was no way of killing these viruses. Then, in 1979, the Behring firm developed a heat-sterilized product in which hepatitis viruses (and also the AIDS virus, as it subsequently turned out) could be reliably destroyed. The disadvantage: The Behring products were approximately one-third more expensive than the non-sterilized, inert products.

From 1982 onward, after the Behring products were on the market (and thus at a time when HIV was being transmitted via blood products), it might have been expected that non-sterilized products would have immediately been declared illegal under existing medical laws, since practically all hemophiliacs had contracted hepatitis, which was the second most frequent cause of death in this patient group. Nonetheless, the Federal Health Office (BGA) issued no prohibition against non-sterilized coagulation products. A later, strenuous criminal proceeding against BGA president Überla and Prof. Manfred Steinbach, who was responsible for control of the BGA in the federal Health Ministry, was initiated in May 1990.

In December 1982, at least eight AIDS cases among hemophiliacs were known in the United States.

An article issued by the Robert Koch Institute reported in February 1983 that especially hemophilic recipients of so-called Factor VIII coagulation products were becoming infected with AIDS.

In November 1983, there were further reports according to which heat deactivation with Factor VIII products had considerable importance in combatting risk of HIV infection for hemophiliacs.

In October 1984, specialists informed the BGA about the results of an international meeting of hematologists held in Rio de Janeiro in August of that same year. They reported that hemophiliacs treated exclusively with heat-treated products had not become infected with HIV, in contrast to those treated with conventional Factor VIII products, of whom 60% were infected.

In January 1985, experimental proof was presented that AIDS viruses are deactivated by heat treatment.

Although by January 1985, an HIV test was available to most firms, the BGA did not make HIV testing mandatory until October 1985. Moreover, the BGA neglected to recall

untested blood products.

In October 1986, approximately 61 packages of a non-deactivated coagulation product (Factor IX) for hemophiliacs was put into circulation by the firm Organon. At least one person became infected. In December 1986, Behring reported to the BGA a case of a patient who had become infected from a non-deactivated PPSB process, a universal blood-coagulation method.

Only in July 1987 did a pharmaceutical protocol requiring deactivation go into effect—but, for unexplained reasons, only for Factor VIII products.

The firm Immuno immediately contacted Steinbach in the Ministry of Health about the risk of HIV infection through PPSB: "With hemophilia-B patients, products containing Factor IX have led . . . to an HIV antibody positivity to an almost equal extent as Factor VIII products. Additionally, in other clinical applications there may be . . . an unknown number of HIV infections as the result of Factor IX containing PPSB products."

In spite of the reference to "repeated cases" of HIV infection, the virus deactivation procedure continued to be prescribed only for Factor VIII products, and not Factor IX products and PPSB. Neither the ministry, nor the BGA saw any need for further action.

In 1990, eleven people treated with a "PPSB biotest" became infected with HIV. This could have been prevented, had the authorities checked into doubts about the effectiveness of cold sterilization. In August 1991, the Paul Ehrlich Institute certified that HIV viruses survive cold sterilization in the primary material.

Not until December 1991 was a deactivation process established for all non-Factor VIII products.

## Playing fast and loose with blood

All experts already knew that the deactivation processes used showed great qualitative differences. Pasteurization at a minimum of 60°C for at least 10 hours represents the "gold standard" for safety comparisons. Yet, up through the present, the BGA has treated all deactivation procedures as having equal quality.

Furthermore, what has long been the standard in veterinary medicine, as well as with serum and vaccines, is still lacking in blood production today: Batch control takes place only formally speaking, and there exists no program of thorough monitoring of the production by the BGA or an independent institution. A vaccine is subjected to expensive tests before being released; but a coagulation product is only given cursory inspection.

Also, limitation of pool sizes for coagulation products (that is, how many individual donors are used for a single batch) is a safety factor that has not been sufficiently heeded. For the producer, of course, large pools are more profitable. Theoretically, however, a single infected donor who remains unidentified despite HIV tests, could infect the entire pool.



# 'Germany must finally apply the Communicable Diseases Law'

by Helga Zepp-LaRouche, chairman of the German Civil Rights Movement-Solidarity

The AIDS scandal which has now broken out into public view around contaminated blood and blood-derived coagulants reflects only one part of the German federal government authorities' gross negligence, bungling, and conscious acceptance of the prospect of new HIV infections. Citizens, the media, and politicians should not just gawk at this one part of the scandal. The dangerously shoddy behavior has not been confined to blood and coagulants; unfortunately, such behavior has been the norm for the entire AIDS policy of the federal government and the Federal Health Office (Bundesgesundheitsamt, BGA). Whoever now refuses to apply the Federal Communicable Diseases Law in the face of a dangerous infectious disease such as AIDS, is committing extreme criminal negligence.

During the earliest days after the HIV virus was identified, the government was already yielding to pressure from a self-appointed AIDS lobby which misinterpreted the interests of their own clientele in the worst conceivable way. Those BGA officials who pressed for the application of proven methods of combatting epidemic diseases, were frozen out. All those who at the time claimed that the application of the Communicable Diseases Law would be discriminatory against AIDS victims, were doing so exclusively in response to political agitation. On the other hand, we, along with all those who demanded the obvious—namely, that the law should also be applied to AIDS—and who also demanded targeted screening and an obligatory reporting of the names of all those infected, were branded as “fascists.”

But worse than that: Any references to possible modes of transmission other than through homosexual or heterosexual sexual contact, blood products, or intravenous injection, were dismissed as panic mongering. That policy continued even long after scientists had demonstrated the danger of infection via saliva and mucous membrane contact.

Up to now, the only ones who have brought legal complaints against the government and the BGA, have been hemophiliacs and other patients who had been treated with contaminated coagulants or blood transfusions. When will all the other victims who have also been infected because they took the false official notices at face value, step forward as well? For, even at an early stage, there did exist accurate information which could have been heeded.

Recall the countless leaflets and television spots which monotonously chanted that “condoms can protect you against AIDS.” Citizens were lulled into feeling secure, even though it was already known then, that condoms are inadequate protection even against the transmission of standard sexually transmitted diseases. It should be obvious that considerably more stringent safety precautions are required for protection against the deadly HIV retrovirus, than are required to ward off common venereal diseases. But up to the present day, the federal government, the BGA, and AIDS clinics cling to their claim that “condoms protect you against AIDS”!

From the very beginning, I, in my erstwhile capacity as national chairman of the Patriots for Germany party, and my associates were not alone in warning about this. At numerous conferences, we provided a forum for independent experts from around the world to report on the latest developments in AIDS research. We published these findings and made them available to all relevant authorities. We confronted Rita Süßmuth, who was then the health minister, Prof. Manfred Steinbach, who was just fired, and many responsables in the BGA with our analyses. My associates held hundreds of interviews, addressed seminars, and conducted a far-reaching publicity campaign. They also conducted petition drives which were widely greeted by the professional medical community.

## Who represented the AIDS victims, really?

If any advocates existed to represent the interests of those infected by AIDS, then we were those advocates. We laid out the scientific criteria for an AIDS research mobilization that would have to assume the magnitude of the U.S. moon landing program. It was we who, even back then, were demanding targeted screening as being also in the interest of those already infected. Today it is known that the infection must be detected at the earliest possible stage in order for life-extending treatment to be administered in time.

We emphatically demanded that those ill with AIDS be provided the best possible medical care, and that they not be shunted into low-cost hospices or become the victims of euthanasia. Through our contacts with AIDS researchers around the world, we publicized promising new treatments for AIDS, such as the method developed by the Kemri medi-

cal research institute in Kenya.

Moreover, we take credit for having forecast the outbreak of AIDS, on the basis of our comprehensive analyses of the connection between economic collapse and the spread of infectious diseases. Already in 1973-74, a research group consisting of associates of my husband Lyndon LaRouche concluded that without a fundamental change in the direction of world economic policy during the 1980s, we would experience an explosion of deadly epidemics, and that in most parts of the world this development would reach a critical point around the year 1987. Their study also warned that under those circumstances, the emergence of entirely new species of deadly diseases was probable.

We warned that the economic collapse, with its consequent mass impoverishment, hunger, and plagues, was in no way an inevitable "act of God," but rather was the direct result of the merciless austerity policies of the International Monetary Fund, an agency which already by the early 1970s had written off whole regions of the developing sector as the "Fourth World."

Regardless of how the HIV virus may have come to infect human beings, the actual circumstances at hand corresponded precisely with the conditions for the emergence of new deadly epidemics, which my husband and his associates investigated back in 1973-74.

AIDS has now become only one of an entire phalanx of deadly old and new contagious diseases currently spreading around the world. Diseases thought to have been brought under control are now spreading massively, and new resistances have developed against medicines which had been effective heretofore.

The decisive application of the instrumentarium provided for by the Federal Communicable Diseases Law is, of course, the order of the day. Half-hearted measures, such as anonymous obligatory reporting or so-called "unlinked testing," have proven entirely inadequate to the task of supplying useful statistics. In view of the huge number of unknown cases, we must finally achieve clarity about the actual extent of the spread of the AIDS infection among the population. This can only be done by means of obligatory, by-name reporting of all cases. Only then can the health authorities obtain a reliable overview, impart appropriate information, and also intervene in those cases where HIV-infected persons behave in a way which could endanger others.

The highest priority, however, must be put on changing the economic policies which are responsible for creating the conditions under which not only AIDS, but also other epidemics are now raging.

If we do this, and if we take up the tasks before us with cultural and scientific optimism, then we have a chance to survive. Humanity has conquered deadly pandemics in the past, and with a sufficiently strong political will, assisted by the most advanced fields of science, we will succeed this time as well.

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## Interview: Dr. Hans-Philipp Pöhn

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# 'Let's bury the myth about condoms'

*During his tenure at the German Federal Health Office (BGA), Professor and then-Director Dr. Pöhn urged the inclusion of AIDS among those diseases covered by Germany's Federal Communicable Diseases Law. But his and others' efforts were blocked. He was interviewed on Oct. 19 by Gabriele Liebig and Dr. Wolfgang Lillge. It was translated from the German by John Sigerson, and has been slightly abridged.*

**EIR:** Through April 1987 you were head of the Communicable Diseases Division within the Federal Health Office in Berlin. Where in your opinion was the federal government and/or the BGA negligent in regard to HIV-contaminated blood products?

**Pöhn:** It's difficult to say whether there was actual negligence in dealing with contaminated blood products. The HIV virus was first isolated in 1983, but up until 1985 no one knew if this virus could be deactivated, and if so, how that could be accomplished. Prominent virologists had feared that they were dealing with a scrapie agent, i.e., a prion (e.g., Jakob-Creutzfeldt disease or bovine spongiform encephalitis)—a disease instigator which can be deactivated at temperatures above 200°C wet heat, and hence only at pressures above one atmosphere.

We therefore first had to wait until we finally knew that it was a retrovirus, which is relatively vulnerable, and that the degree of heat applied to hepatitis-B viruses would be sufficient to render this retrovirus harmless. But before we could go out and treat the plasma derivatives accordingly, we, of course, had to be sure whether the clotting agents which had been thus deactivated, retained their clinical effectiveness. What use would an HIV-free preparation be, if it no longer did what it was supposed to do?

After these questions were cleared up, the heat treatment of plasma derivatives became required in all cases. Whether this treatment was correctly applied, is a question of local oversight, and depended on the individual manufacturer's diligence.

**EIR:** So by 1985 we could already estimate how many people had been infected with contaminated blood products?

**Pöhn:** At the time, people were saying that about 1,500 of approximately 3,000 hemophiliacs had become infected,

i.e., 50%. The HIV-contaminated blood preparations were primarily plasma derivatives. Besides these you have blood preparations, such as erythrocyte and leukocyte concentrates, which are utilized in the treatment of other diseases. These latter aren't involved here, since they can't be deactivated, anyway; in those cases, the only solution is to start out with HIV-free blood supplies.

As for the negligence you mentioned: In Germany it was impossible domestically to obtain adequate supplies of the right kind of blood. The manufacturers of the blood preparations simply imported cheaper blood from the United States, without paying much attention to where it had come from. Much of it came from drug users, where many gave blood in order to get another "fix." The high number of infections among hemophiliacs before Oct. 1, 1985 is explained by the fact that this blood was in fact highly contaminated.

**EIR:** The scandal around the hemophiliacs is only the tip of the iceberg of the federal government's entire wrongheaded AIDS policy. Already in 1988, and once again in 1989, when federal Health Minister Rita Süßmuth's successor entered office, you issued a written appeal in which you emphatically demanded the application of the Federal Communicable Diseases Law to AIDS. The appeal was co-signed by hundreds of German medical professionals. But nothing came of it. Now it turns out that the condom campaign has been an utter failure. So do we have any information about how many German citizens have become infected in the meantime?

**Pöhn:** The BGA says about 60,000, but this number surely can't be correct. One indication of the true number comes from a pilot study in Bavaria. There is a report about it by Günther Beckstein, who in the meantime has become Bavaria's interior minister. Over 19,000 anonymous residual blood samples from five Bavarian hospitals were tested, and they found an average rate of HIV infection of 1.13%. At the Munich Skin Clinic, where many AIDS patients are treated, the proportion of HIV-positives was correspondingly high, of course: almost 10%. In clinics which did not have AIDS patients, the average was 0.3%. If that result is projected onto all of the states of former West Germany, we get anywhere between 200,000 and 600,000 infected persons. That is certainly a wide margin, but in any case it's a good deal more than 60,000.

**EIR:** What must be done to get a more accurate picture of the number of infected people?

**Pöhn:** You can't do anything without the obligatory reporting as prescribed by the Federal Communicable Diseases Law. The fight against typhus at the beginning of this century—it was personally overseen by Robert Koch [1843-1910, head of the German Imperial Health Office and discoverer of the organisms causing tuberculosis, cholera, and anthrax]—is a good example: You had to know, a) who might have been infected, and b) what was going on in the surroundings

of those infected. Investigation of the milieu is crucially important.

Meanwhile, in Holland, on the basis of their law on sexually transmitted diseases, it has been possible to interview infected people and thereby to discover further infections. Homosexuals are not included in that, but at least with heterosexual people they are considerably further along in Holland than we are here, because only once the health authority knows who is infected, can it instruct those afflicted in how to take appropriate precautionary measures.

**EIR:** Is Germany the only country in Europe that remains without obligatory reporting?

**Pöhn:** All we have is the BGA's Disease Registry, which is based on voluntary reports, and also the obligatory laboratory reporting regulation, which, however, is apparently not being adhered to or is not being correctly evaluated—otherwise we would know more than we in fact do know. Either reports are simply not being filed at all, or else they come in anonymously—and with anonymous reports you're at a dead end.

In Bavaria a poll was once conducted of hospitals to see how many people they had admitted who are ill with AIDS. The number that came out was huge. I asked the Bavarian registrar of communicable diseases why this hadn't been reported to the BGA. He replied that these numbers were entirely unreliable, since one must assume that an unknown number of AIDS victims, desperately running from one doctor to another, had received treatment in many different hospitals. He said these numbers might be too high by as much as a factor of 10, and thus that the counting method used was pointless.

There is no other way: The affected people must be reported to the Health Office, by name and by address. Of course, we don't want to do this as it was done back in 1832 during the cholera epidemic in Berlin, when the name of every new case was reported in a "Cholera Bulletin." Rather, the doctor's duty to maintain confidentiality, and public officials' code of silence, must be strictly enforced.

**EIR:** There is an impression among the public and among doctors that the federal government doesn't even want to know what is going on—that it's not only *obligatory* reporting which is objectionable, but that it is in fact highly undesirable to have HIV infections reported at all, or to have people tested for the presence of HIV antibodies.

**Pöhn:** That's true. One is reminded of Napoleon, who decreed: "*La recherche de la paternité est interdite!*" ("Investigating a person's paternity is prohibited"), in order to prevent claims from being made on soldiers whenever they had a child by someone. In precisely the same way, people here are sticking their heads in the sand on the AIDS question. Germany is supposed to keep on being an "island of bliss" which in fact does not exist.

One concrete example: Already in 1987 our department

in the BGA wanted to do something in the entire Federal Republic which was in fact done in Bavaria in 1992, namely, we wanted to take serum samples which were already available from other tests, and test them for HIV. We had 7,000 blood samples available, but the word was that that was far too few, and therefore pointless.

**EIR:** What do you think about screening tests?

**Pöhn:** I don't think it makes any sense to screen the entire population. Even in the fight against tuberculosis, only selected groups were tested, such as students, people active in the medical field, and teachers.

AIDS is chiefly spread through promiscuity—through prostitution, for example. Prostitutes are already being tested for other diseases; why not finally test them for AIDS? Soldiers are tested for all sorts of things; the HIV test could easily be added on when they report for examination.

But even during his time, Robert Koch rejected the idea of screening the entire population. Much more important is the task of poking around in the surroundings of the HIV-infected person. Such followup inquiries are much more effective than screening. It's better to look for a needle in a sewing box, than try to find it in a haystack.

**EIR:** Do you think there is now going to be a turnaround in AIDS policy?

**Pöhn:** It's urgently necessary, and hopefully that's what will happen now. The federal government's educational campaign has been a failure, precisely because it wasn't really education at all; it was disinformation.

If I say today that condoms furnish protection, then I'm saying it against our better knowledge. There is a bulletin from the U.S. Food and Drug Administration which reports that condoms are only 85% safe. That means there remains a risk of 15%, or 1 in 6.66 instances. And when I hear that patients are refusing to undergo surgery because they're afraid of running a risk of 1:500,000, then I wonder why anybody would want to run a risk of 1:6.66.

**EIR:** Couldn't the BGA have pushed harder on its own for applying the Federal Communicable Diseases Law to AIDS?

**Pöhn:** We made such forays on many occasions, but we were always quickly rebuffed. Toward the end of my tenure at the BGA, I can remember a session whose participants included the head of my institution, BGA President Grossklaus; Vice President Clemens Strötmann (now undersecretary in the Federal Environmental Ministry); and Meinrad Koch, head of the BGA's AIDS Center. The agenda consisted of precisely this topic, the application of the Federal Communicable Diseases Law. Grossklaus was basically for it, but Strötmann said it would be too difficult—let's ask Mr. Koch! And then Koch said no. And so Strötmann said no, too. The only thing you can reproach the president for, is that he was too soft. He could have simply pounded his fist on the table and said, "I'm the president here!"

The press has reported that Meinrad Koch faces a disciplinary hearing, in order to find out whether he had any connections which could have led to conflicts of interest.

**EIR:** In the course of the scandal over contaminated blood products, Federal Health Minister Horst Seehofer dissolved the BGA. Does that solve the problem?

**Pöhn:** You don't need to dissolve the Federal Health Office in order to obtain reliable data. All you need to do is make it possible to collect the data in the first place!

Besides, Seehofer did not consider the fact that you can't simply dissolve the BGA without further ado. The BGA was established by law in 1952, and it can only be abolished by an act of parliament, approved by a majority vote.

**EIR:** Might the order to dissolve the BGA perhaps simply be another austerity measure taken in order to cut the budget?

**Pöhn:** No, I can't believe that. It wasn't thought through to that point; it was just people running amok. You could just as easily have dissolved the institutional structure, creating an office with separate departments, and then you could have reformed those departments. Much could have been accomplished that way. The institutes are hereditary farms—the *Deutsche Ärzteblatt* spoke of "garden plots." The institute leaders keep jealous watch to ensure that no one contradicts them. Consequently, there is practically zero exchange of information between the various institutes.

**EIR:** You are one of the people who, even in the mid-1980s, were calling AIDS a life-threatening epidemic. At the time, the World Health Organization was making special efforts to lull the public. But in the meantime there has been a certain change of heart at the WHO. The new head of the AIDS program there, Michael Merson, in July 1992 released shocking figures, showing that there were now 2 million people ill with AIDS worldwide, and 11 million people infected with HIV, 7 million of them in Africa. Jonathan Mann, the previous head of the AIDS program, who had always tried to assuage the public and who is now at Harvard, said that he now estimates that there will be 38-110 million infected people by the year 2000—i.e., a tripling of the disease within only eight years. Does this surprise you?

**Pöhn:** No, that doesn't surprise me at all. But the prognosis is only that bad if appropriate measures are not undertaken. Even communicable diseases such as AIDS can be slowed down and eventually eliminated if the right measures are taken.

**EIR:** AIDS is unfortunately not the only communicable disease which has been spreading worldwide recently. The same has also happened with such well-known old diseases as tuberculosis, cholera, and malaria. Do you see any connection between the spread of AIDS and, in particular, the spread of tuberculosis?

**Pöhn:** There is indisputably a connection to the spread of

tuberculosis. Before AIDS arrived on the scene, the incidence of tuberculosis was steadily declining. But now we have on the one hand so-called geriatric tuberculosis, while on the other hand tuberculosis can break out in HIV-infected people who develop AIDS after a long latency period. A great many people have at one time or other had primary tuberculosis—a so-called primary lung complex—and tuberculosis can develop from that if immunological resistance is lowered. This is especially borne out in the Third World. On top of this comes the problem that many disease agents have become resistant to previously effective medications.

But aside from the opportunistic infections which accompany AIDS, I see no direct connection to other communicable diseases. Cholera has become considerably more widespread. . . . Resistance plays a role here, too . . . but fortunately that is not the case with bubonic plague, which is also on the rise.

**EIR:** Is any significant progress being made in the field of AIDS research?

**Pöhn:** There are some new medicines—not only AZT, but also nucleocidal analogics—substances which can trick the virus. The worrisome aspect of these medicines remains their high toxicity—i.e., they cause considerable side-effects in the patient. But by applying a combination of these substances, the dose can be lowered and a better result can be achieved.

It is not possible, however, to completely eliminate the infection itself. It's not possible, because the infection is conditioned by a provirus inside the T4 cells which you can no longer get out of there. Right now people are investigating the possibility of a so-called therapeutic vaccination which could succeed in preventing these cells from ever again producing viremia—free viruses which could then lead to manifestations of the illness. With such a therapeutic vaccination one could prevent the virus from multiplying, so that the illness doesn't break out.

**EIR:** Are you in favor of HIV-positive people receiving treatment as quickly as possible after they are infected?

**Pöhn:** Of course. Also in another respect, the HIV test is of critical importance for the patient's prognosis. A doctor has to know whether or not his patient is HIV-positive—and not just in order to protect the doctor—that goes without saying. Because of the "diagnostic window," i.e., the point when HIV is already in the blood, but before any antibodies have been formed [which show up on tests—ed.], even an HIV-negative result is not a life insurance policy. But a doctor would not give corticoids, for example, to an HIV-positive person, unless it were absolutely necessary. Corticoids are immunosuppressants—i.e., you would be doing the same thing that HIV is already doing, and that should be avoided.

People ill with AIDS should be isolated as much as possible in the hospital, because they are very susceptible to new infections. If someone with a runny nose comes up to an

AIDS patient, the latter can easily die of a lung infection. Every infection becomes massively intensified. After organ transplants, immunosuppressant patients are treated in isolation in so-called life islands, so that they are not exposed to any infection at all. You have to think the same way about the AIDS patient: he or she needs protective isolation, and visitors with runny noses have to wear face-masks.

Thanks to improved treatment opportunities, the life expectancy today of people infected with HIV is considerably longer than it was a few years ago. Here there has been significant progress, and still more progress will probably be forthcoming. A vaccination against the infection, however, is still in the distant future.

**EIR:** What must be done here in Germany in order to get a handle on the AIDS epidemic, even at this late hour?

**Pöhn:** First and foremost, the "condom myth" must be buried. Educational material should no longer be allowed to state that condoms provide protection. Condoms can reduce the risk, but they are not protection. Fortunately, people are already talking about "safer sex," and not about "safe sex," since for sure it's not safe.

Then we need to apply the standard methods for combating communicable diseases, which means obligatory reporting and investigation of the infected people's environment—for example, of their sexual partners—in order to ascertain who needs treatment, and to prevent those already infected from infecting others.

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## Jordan debates the way to peace in the Middle East

by Muriel Mirak-Weissbach

The saying goes that in Jordan, if there are 4 million inhabitants, 3.5 million of them are politicians. In this highly politicized land, located at the geographical, demographic, and political crossroads of the Middle East, bordering on Iraq, Israel, Syria, and Saudi Arabia, the fires of political debate have been stoked over the past two months by the dramatic developments issuing from the Israel-Palestine Liberation Organization (PLO) agreement, ceremoniously sealed on Sept. 13, and followed, a day later, by a Jordanian-Israeli agenda for peace talks. The heated discussion over the implications of the momentous events was the stuff of electoral debate in the weeks leading up to the Nov. 8 elections, which ushered in a parliamentary majority firmly lined up behind the policies of the reigning monarch, King Hussein, and his government's commitment to the peace process initiated in Madrid in December 1991.

Yet, though the elections proceeded without incident and delivered a mandate to the king, the fires of controversy have not abated. Beneath the surface of the democratic process, hailed as exemplary in an Arab world otherwise characterized by outmoded autocratic regimes, passions still rage, and certain questions regarding the nation's proper role in the processes sweeping the region, still beg an answer. The response that the political elite, as spokesmen for the broad population, must formulate to these open questions may well determine whether the region enters an era of peace or turmoil.

Jordan is not merely one more piece of the Middle East's jigsaw puzzle of countries, carved up and fitted together in the post-World War I Great Powers' rearrangement of the political map at Versailles. It is also a political lever of the region, by virtue of the fact that 60% of its population are Palestinians, people who were driven from their land in the 1948 establishment of the Israeli state and who are kindred to the population placed under Israeli military occupation on the West Bank of the Jordan River in the 1967 war, an area which until 1988 (when it was handed over to the PLO) was under Jordanian sovereignty. Although a large



*President Clinton and Yasser Arafat at the signing of the Israeli-Palestinian peace accord in Washington, D.C. on Sept. 13. While bitter opposition to the Arafat-Peres initiative exists in the Arab world, the momentum established by the initiative is currently determining the process.*

number of the Palestinians in Jordan are fully integrated into the economic and social process of the nation, many holding Jordanian citizenship, there is a mass of Palestinians, about 800,000, housed in makeshift refugee camps under United Nations auspices.

Thus, when the PLO-Israel accords for limited Palestinian autonomy in the Gaza Strip and West Bank town of Jericho were made public, all hell broke loose in the Hashemite Kingdom, as hundreds of thousands of Palestinians and native Jordanians asked themselves what the secret negotiations conducted by PLO Chairman Yasser Arafat and Israeli Foreign Minister Shimon Peres in Oslo might mean for their future.

*EIR* conducted a fact-finding tour in Jordan in the late October days of the election campaign's conclusion, in an effort to answer that question. What emerged from intensive discussions with Jordanians and Palestinians, ranging from the "rejectionist" front of the political leftists, Ba'athists, and the Islamist opposition grouping Hamas, to the official spokesmen of the negotiations in the PLO and Jordanian delegations to the peace talks, was a rich, multi-colored fabric of complicated, intricate design. Some colors clashed in their brilliance while others faded into the background; but certain clear strands stood out, identifying the *gestalt* of what the complex process toward real peace must become.

*EIR*'s purpose in conducting the fact-finding tour was not akin to that of the plethora of international media which had descended on Amman, Jordan's capital. We were not

motivated by a sociological curiosity to profile the political spectrum or to conduct a statistical survey. Our purpose was not only to understand the process but to contribute to it, offering our perspective for making the peace process, as Lyndon LaRouche stated, into what it must become. Our attention was focused on the economic aspect of the accord for the simple reason which LaRouche, who has been campaigning for a peace-through-development approach since 1975, has articulated: without agreement on mutually beneficial economic cooperation as the premise for peace, there can be no solution to the political conflict. Thus, it was our aim to delve into the nitty-gritty of the economic arrangements made, offering our own contribution of what is economically necessary for peace to ensue.

### **The great debate**

The Jordanian population today is polarized around the issue, divided between those who are "for" and those who are "against" the agreement, and the dividing line cuts through all institutions of society down to the single family unit. Politically, the division defines two camps: the parties and groupings constituting the majority which emerged from the Nov. 8 elections, and the minority, made up of the Palestinian movement Hamas, the opposition currents to Arafat's Fatah within the PLO (which have constituted themselves as a "Group of Ten" bloc based in Syria), and the Islamists, whether associated with the Muslim Brotherhood and its electoral arm, the Islamist Action Front, or identified with

sundry intellectuals.

The rejectionist front can be recognized by its dogmatic assertion of political doctrine, asserted with a heavy dose of frustration and rage. Arafat, in the words of one leading PLO member who has boycotted discussions on the accord, is “a quisling” who “capitulated to the Israelis” and declared “unconditional surrender,” in that he “abandoned the idea of an independent state” to be content with “a protectorate” made up of the Gaza Strip and Jericho. The newly declared autonomous area, in his view, is still “militarily occupied” by Israeli troops who will merely “redeploy out of population centers, not withdraw.” Khalil Haddadin, who was one of the 22 opposition members of Parliament elected on Nov. 8, running as a representative of the Iraq-oriented Ba’ath Party of Jordan, stated his party’s categorical stance: “We, as a party, are against [the] Madrid [peace conference] and any result which will come based on the Madrid talks, like the PLO-Israel agreement or the Jordan-Israel agenda, or the Syria-Israel talks, etc., because we believe that Palestine—the whole of Palestine—is Arab soil, which was occupied in 1948 and 1967.”

A strikingly similar assessment was given *EIR* by Khader Abdallah Hussein, of the Syrian-backed Saiqa within the PLO, who spent time in Israeli prisons: “The agreement gives us none of our rights. There is a people, called the Palestinians, who were driven from their land in 1948 and 1967. Any agreement should discuss how these people will return to their country. The Israeli leaders say this is their land according to the holy books dating back 2,000 years, but they didn’t have a state until 1948. . . . Our answer is that we were there until 1948, this land is our land, and we have documents to prove it.”

Mohammed Nazzal, of the Hamas movement, detailed his rejection of the accord on a list of “negative points”: 1) “that it does not give our people any guarantee to build a Palestinian state; 2) that there is nothing about Jerusalem, whereas Rabin announced that Jerusalem is the united capital of Israel; and 3) that it does not mention settlements. This means that Israel within five years will establish a new reality on the ground. They will continue the settlements, because there is nothing in the accord to stop them; 4) there is no guarantee for the refugees to go back.” In Nazzal’s estimate, a maximum of 100,000 refugees would be allowed to return.

To the extent that the rejectionist front addresses the economic side of the agreement at all, its assessment is more ideological than informed. It must be said that information in the public domain regarding the actual content of the economic program sketched in the annexes has been relatively limited. This has fuelled paranoia among the rejectionists, who conjure up murky scenarios based on the idea that, since Israel represents the relatively stronger party and enjoys American backing, it will impose its economic hegemony, virtually swallowing up the Palestinian economy, transforming it into a “Trojan Horse” through which it will enter

and dominate the lucrative Arab markets. As Ba’athist Haddadin put it, “Israel has agricultural technology. The Palestinian economy within the next five years will be in relation to the Israeli economy. Israel is changing its imperialist system to economic imperialism.” In a formulation shared by many rejectionists, Haddadin said, “Israel wants a Greater Israel from the Nile to the Euphrates; since they don’t have enough population to achieve this, they will pursue it through economic means.”

More often than not, those who oppose the accord skirt the economic issue altogether. Mohammed Nazzal of the Hamas said, “The agreement deals with Palestinians as a minority in a Jewish state, not as a people. . . . Israel wants to enter Arab and Muslim markets.” Referring back to expectations of economic betterment in the Camp David accord of 1978-79, he added, “Sadat told the population, we are poor because of war, and promised peace would bring meat and chicken. Arafat, like Sadat, is making promises only. It is only dreams. The Palestinian cause is not just economic, but is a feeling of national rights, citizens who want an independent state. . . . The Intifada [Palestinian uprising against Israeli occupation] started not for economic reasons but for independence.”

### **Economic issues are key**

Yet, it is the economic aspect of the agreement which is the crux of the issue, a fact which the opposition is either unwilling to, or incapable of grasping. In the best of cases, opponents of the agreement fall into the methodological trap of empiricism, arguing that since the Camp David agreement or the West’s promises of economic aid to post-communist Russia failed, it must fail again in the Middle East. In the worst of cases, the rejectionists rule out any agreement with Israel on ideological grounds, thus rendering any meaningful discussion futile.

In recent comments on the process, Lyndon LaRouche again drove the fundamental point home: “The reality is, that it is impossible to get an Israeli-Arab peace without *first, first, first* having agreement on an economic development of the science-driver, infrastructure development-based approach on which I’ve insisted over years. Without *first* introducing that program *by whatever means*, you will never get the conditions for peace. Because you must first transform the populations on both sides of the equation. You must transform the Israelis morally; you must *uplift* them morally in the way that only a science-driver infrastructure-based program will do, a dirigist program. And similarly on the Arab side, particularly since the crushing of Iraq, which was the only . . . approximately science-driver infrastructure-based economy in the region.”

To what extent do the economic annexes to the PLO-Israel statement of principles embody such a vision of economic growth? The rejectionist front is straightforward in its cynical response; as Khader Hussein put it, “It is difficult to



say, because we have no Palestinian economists. They will be chosen by the Israelis.”

Contrary to this assertion, *EIR* found that there are indeed Palestinian economists, who not only know their trade, but are doggedly determined to transform the initial agreement into the framework for a technologically advanced, viable Palestinian economy, as the foundation for meaningful statehood. The chairman of the PLO's Department of Economic Affairs and Planning, Mohammed Z. Nashashibi, who, unlike the opposition critics, has been a protagonist of the negotiating process, made clear in an interview with *EIR* (see below) that the primary concern is to translate the annexes into economic activity, immediately, to initiate the process of amelioration in the living standards of a Palestinian population subjected to poverty and misery over decades of occupation. Particularly significant in the discussion with Mr. Nashashibi was the role of advanced technologies in economic progress.

### **The role of advanced technology**

In this respect, the application of nuclear energy to solving the water crisis is key, a point LaRouche has singled out for special attention. For example, in the annexes, mention is made of several canal projects, linking the Dead Sea to the Red Sea and the Mediterranean. Initially, the canals were viewed as means to raise the level of the Dead Sea, thus replenishing the aquifers which have been virtually depleted, and as a means for generating energy. Yet, even with these projects, amplified by dam projects and various water-saving and purifying processes, the scarcity of water in the region, which represents a fundamental parameter in economic development, is not overcome. However, once the idea of nuclear plants is introduced, as the generator of energy to operate desalination units, which can create new fresh water supplies for agriculture, domestic use, and industry, then the bottleneck is broken. Not only does the introduction of nuclear technology provide a solution to this number one problem, but the possibility of building new cities, nuplexes, around such facilities, opens up the perspective of dealing concretely with the refugee question.

The problems involved with this perspective, which has been LaRouche's leitmotif over 18 years, are not few. The World Bank, which has established a position for itself in the Mideast economic programs, is categorically opposed to any advanced technologies, emphatically including nuclear energy. Furthermore, the outlook of the World Bank and Harvard Study has found credence among many of the participants in the peace talks. Dr. Fahed Fanek, an influential Jordanian economist and columnist who is close to the Jordanian delegation to the talks, made no bones about this in his remarks to *EIR* (see interview below). Fanek is brutally frank in his estimation that the tourist and trade sector will be privileged over high-technology infrastructure. He is as outspoken in asserting his view that the World Bank and International

Monetary Fund (IMF) will seek to exert pressure on economic policy, and that decisions over Palestinian economic policy will be determined by Israel, ironically confirming certain critical assessments voiced by the opposition. However, Fanek declares himself committed to the peace process, unhesitatingly, confident that it will open new economic vistas for Jordan and the region as a whole.

Mr. Nashashibi has no doubts about how to deal with attempted sabotage of advanced technologies on the part of the World Bank. Although the institution, through its control over credit, can withhold investments in projects it rejects, the World Bank cannot prevent such projects, such as nuclear-generated desalination units, from being implemented, if funding is available from alternative sources. Whether the World Bank likes it or not, there is a growing consensus among the leading protagonists of the accord for precisely such desalination plants. Israeli Foreign Minister Shimon Peres has gone on record endorsing such technologies (see *EIR*, Nov. 5). The enthusiasm which *EIR*'s proposals for desalination projects elicited on the Palestinian as well as the Jordanian side leaves no doubt that this is *the* option which will be pursued.

The nuclear factor in this sense is crucial not only in its economic function, but in the cultural, moral sphere as well. As is the case historically when former adversary relationships are overcome by peace agreements (one should think of the suffering and animosity of World War II ingrained in the minds and passions of Poles, Germans, and the French), the new relationship must be predicated on a common struggle to harness the technological breakthroughs of human ingenuity to build a better world, for the benefit of all. Developing this concept with respect to the adversary relationship which has prevailed during this century between Arabs and Israelis, LaRouche emphasized that “if we can change that relationship . . . to one of sharing an actual infrastructure-based, science-driver development with which nuclear power and water are key, then it is possible through that means, to transform the state of mind of Israelis and Arabs to effect, in short, a cultural paradigm shift by means of economic development.” This means elevating man, “by dirigistic approaches to seizing the opportunities to thrust through those economic policies which are not only sound economically, but which have the effect of a cultural paradigm shift upward on the population. It is not the level of upwardness that decides the matter,” he stressed; “it's the fact that the direction of upwardness is *significantly* the direction in which things are changing. That is the source of the basis for morality, a basis for populations in general.”

### **A fight to push development through**

It will take a fight to push this perspective through. The World Bank, IMF, and a clique of international financiers are going hell bent for leather to transform the region into a speculator's paradise, at the expense of the people living

there. Politically, the rejectionist front has announced its intention to sabotage the deal. Mohammed Nazzal made no attempt to camouflage his desire to mobilize the Hamas movement's support base in the Occupied Territories, which he estimated to be 30-40% of the population, to "continue the Intifada." The "military resistance in the Occupied Territories," which he characterized as "the strategic, not tactical alternative," is supposed to continue, with the aim of "leading to a failure in the agreement." Nazzal's view, shared by many Arab nationalists, is that "no war, no peace is a situation we can live with," even over generations. Although Hamas has stated it will boycott the planned elections in the Occupied Territories, on formal grounds that they are "part of the agreement," the Group of Ten, to which it belongs, aims to constitute an alternative leadership to Arafat's Fatah within the PLO.

Despite the rhetoric and the violence, it is not likely that the opposition will succeed, because it is the momentum established by the Peres-Arafat initiative which is currently determining the process. Among the populations on both sides, the desire to supersede the conflict and establish peace is profound and widespread. Those who, while supporting the agreement, are not blind to its limitations, like Fahed Fanek, argue pragmatically that "it is better than nothing because the alternative is even worse." Among the Palestinians who are leading the process, there is a deep-rooted conviction that the initiative can and must be used as the lever to effect fundamental, positive change, through real economic progress. These layers who have greeted Shimon Peres's public statements in favor of advanced technology-sharing, are asking, "Does Peres have the power to push this perspective through?"

One leading Palestinian-Jordanian writer characterizes it as "a challenge, to develop Palestine into something better than what the Israelis have achieved." Taking a long view of the effects that an economically progressive peace arrangement will have on reestablishing a cultural balance in the region, this writer said he was "very optimistic, perhaps naive, but in this context the Israel-PLO agreement should be supported. There is no guarantee it will work, but it is worth trying." Voicing the thoughts of other intellectuals in the country, he continued, "The deal does not give us what we want, but it will unleash processes which will give us what we want in 10-15 years."

What must be unleashed now so as to ensure peace and justice, are economic processes capable of generating real development—infrastructure-based, science-driver development. If the efforts of those committed to peace are focused, "like a laser," as LaRouche put it, on this point in the Middle East initiative, they can transform the process as a whole into what it must become.

If not, as LaRouche has warned, "there is no hope for the entire region; there is only Hell and the destruction of all the existing nations and most of the people."

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Interview: Mohammed Z. Nashashibi

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## The World Bank kill infrastructure

*Mohammed Z. Nashashibi is the chairman of the Department of Economic Affairs and Planning of the Palestine Liberation Organization. He has been engaged in the negotiations process for the Israel-PLO accord, particularly concerning economic matters. He gave the following interview to Muriel Mirak-Weissbach in Amman, Jordan on Oct. 27, before leaving for Tunis for meetings of the PLO leadership.*

**EIR:** Many people have drawn the parallel between the PLO-Israel agreement and the events which changed eastern Europe in 1989. There is great concern that the errors made by the West, in imposing "shock therapy" and other free market policies on the East, not be repeated in the Middle East.

**Nashashibi:** Yes, we fear that that may happen, and we certainly do not want to see Arafat become another Gorbachov. Although there are similarities, there are significant differences between the two situations, not only because of the attitude of the donors, but also because the system there could not absorb quickly or efficiently the huge amount of investments, due to the lack of mechanisms and of personnel. Here we have the mechanisms and the personnel, we have the projects and the feasibility studies. What we need is vocational training and additional personnel. We have already had the benefits of technical support and training, provided by France, Italy, Norway, the U.K., and Canada.

**EIR:** What are the most important projects?

**Nashashibi:** The main projects listed in the World Bank report concern the development of infrastructure, namely, education, health, transportation, water (treatment of solid waste), marginal supplementary services for agriculture and technical assistance. Housing is mentioned, but on a very small scale.

**EIR:** There have been reports in the press about considerable differences in approach between the PLO and the World Bank, regarding projects.

**Nashashibi:** Yes, there are two approaches. At the World Bank meeting on Sept. 20, we discussed with them the necessity of funds for implementing a 10-year plan. And we said that the funds allocated for different programs were not enough. They were convinced, and raised their commitment from \$350 million a year to \$550 million a year. When the

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# has no right to projects

donors met in Washington on Oct. 1, they promised \$2.2 billion over five years or \$440 million a year. In doing this, there are three things they did not consider: mainly housing, plus how much we need infrastructure investment to absorb hundreds of thousands of refugees who were deported in the 1967 war. They did not consider the housing, infrastructure, and education that that implies. Also, they did not take into consideration the funds needed for the first two years of Palestinian administration, and the requirements for providing 25,000 security police and equipment.

We had projected a development plan for seven years, for which we estimated \$11.7 billion, and allocated \$6 billion of that for 200,000 housing units. The World Bank did not take this into consideration. We are planning to set up a list of priorities, and try to convince the World Bank and the ad hoc committee of donors that our people should be convinced that peace brings with it prosperity and an end to suffering. That is why one priority is the creation of jobs immediately. The World Bank should launch programs for road construction, the Gaza port, airports in Jericho and Gaza, treatment of waste water (in Gaza especially), treatment of brackish water, reclamation of land, to create jobs for 17,000 Palestinians currently working in agriculture in Israel, plus a five-year program for housing (50-60,000 units) for refugees, especially in Gaza. We need new schools for returnees, and hospitals.

As you know, Israel closed all working Arab banks in Gaza and the West Bank after the 1967 occupation of the territories and only allowed two Israeli banks to function. Now, we will immediately reopen Arab banks which had formerly been in the West Bank and Gaza and set up four or five specialized banks: an agricultural cooperative bank, a commercial bank, an investment bank, and a housing bank. The first bank will be a bank for industrial development. These are the main activities on which to concentrate in the first year.

We discussed today with the Jordanian government economic relations between the new self-government of Palestine and the Jordanian government. This will cover banking, control of foreign exchange, control of foreign banking, trade, and infrastructure (airports, roads, tourism, trade, agriculture, industry technology transfer, and energy). We will also have a special accord on management of water resources and will try to form a committee for negotiations with Israel on water issues.

**EIR:** Where does the PLO differ with the World Bank on investment policy?

**Nashashibi:** The World Bank is mainly concerned with the public sector, and says that tourism, agriculture, industry—even electricity and energy—should be financed by the private sector.

**EIR:** I understand there are differences as well regarding the actual projects mentioned in the economic annexes.

**Nashashibi:** Yes. The World Bank did not even mention the port in Gaza, or the airports. They did not mention the cement factory near Hebron, which could produce 600,000 tons a year.

**EIR:** The World Bank report has been published, but the PLO economic program has not. Can you tell me something about the report prepared under the direction of Yousef Sayegh?

**Nashashibi:** That was done by a group of Palestinian experts, and it will be submitted for approval by the executive committee. It deals with many aspects that the World Bank tried to avoid. Although they mention constraints, they ignore who is responsible for the distortions and constraints on the Palestinian economy in the Occupied Territories. Our report speaks about this. Our report is based on infrastructure, both private and public, with major emphasis on housing. We think that half the funds made available should go for financing the 200,000 units urgently required. The World Bank says this is not something for the public sector, but we told them that in the first two years, it is absolutely necessary to provide public housing for those who have no means. There is another part of society which may be able to pay for housing, through cash or financing, over three to five years, but that is a small proportion of the population.

Furthermore, we need to develop industry and agriculture, as well as the food-processing industry. We need the port in Gaza, which they don't mention. The Europeans have promised to finance this port project. We need \$400 million for investments in electricity, which we are thinking of getting from Jordan and linking up to a pan-Arab network.

**EIR:** What about water?

**Nashashibi:** Water, of course, is the key issue for development of the region. The issue is complicated, because Israel deprived Palestinians, Jordan, and Syria of their rights to water. That is why, in order to provide enough water for our people and for future use for agriculture, domestic consumption, and industry, we need another 500 million cubic meters (mcm) of water.

**EIR:** Where can it come from?

**Nashashibi:** First, we should regain our rights over the underground water of the West Bank. The total underground water of the West Bank is about 600 mcm of water. The

TABLE 1

**Johnston Plan allocations**

(million cubic meters per year 1953)

	Syria	Lebanon	Jordan	Israel
Jordan River	42	35	100	375
Yarmouk River	90	0	377	25

TABLE 2

**Actual use of water**

(million cubic meters per year 1991)

	Syria	Lebanon	Jordan	Israel
Jordan River	0	0	0	650
Yarmouk River	160-170	—	100-110	100

Source: Prof. Dr. Elias Salameh, director, Water Research and Study Center, University of Jordan, Amman, "The Jordan River System," presented at a symposium, October 1991.

Israelis use 80% of it and we use only 20%. We want to change the ratio, we want to take our 80%. Look at the map of Palestine. The east side of Lake Tiberias is Palestinian territory, it was a demilitarized zone in 1948-49, and it was under the custody of the Syrians. In the 1967 war, the Israelis occupied part of that along with the Golan Heights. Now under implementation of U.N. Resolution 242, the Israelis have to withdraw from all the Golan Heights and this part of Palestinian-Arab territory. This means that we are the third riparian state for the Yarmouk River—Syria, Jordan, Palestine. Israel has no right to claim any share of the water of the Yarmouk River. So we can get from here 100 mcm. We can make better use of springs, rain harvest, and treatment of waste water, sewage water, treatment of brackish water. Then, in Gaza, we should regain our full right, Israel should not be there. We can also get our share from the Yarkon River, which springs from the hills of Jerusalem-Nablus.

So, if we can get back all these resources, we can have enough water to really develop our agriculture and industry, and provide for domestic use and for the returnees. There should be a reconsideration of the water-sharing plan of the Johnston project, water which the Israelis are now using. We are on the bank of the Jordan River, we have the right to water. The Johnston project allowed us to get water from here by a siphon to the whole West Bank; now we are deprived of that. By taking water from all these sources, we can get 500 mcm.

**EIR:** That, however, does not solve the problem of water shortage in Jordan.

**Nashashibi:** No, it doesn't. The Jordanians have to solve

their problem by two projects, corresponding to their share in the Yarmouk and Jordan rivers. And they will try to build more dams, and conduct rain harvesting and treatment of sewage water. For them also this is a problem.

**EIR:** Even if all this were done, all water rights reclaimed, still there would not be enough for all the people in the region. **Nashashibi:** The Jordanians are 3.7 million people. The Israelis have enough water, they are using more than international standards. The only question is, if they insist on bringing in more immigrants, they need more water, and this means depriving others, which would lead to an unstable peace.

**EIR:** What about creating new sources of water, through nuclear desalination? Many say it is expensive, but in the long run, it's not.

**Nashashibi:** Clean nuclear power? Yes. Of course, then you have the question of the environment. I have been studying the question of nuclear projects for desalination of water with the Arab Atomic Energy Commission for peaceful uses, and it is still not commercial or economic, but it might be a solution to two issues: generating electricity and desalination of water. At the current stage, only the Gulf countries make use of desalinated water for drinking purposes and not for agriculture. Of course if we can provide desalinated water for domestic use at a reasonable cost, then it will solve part of the problem. But we all face a very difficult future regarding water resources. And then we have to consider, first, the challenge of population increase, second, the most technically advanced management of water, especially in irrigation, and third, the development of water desalination technology.

**EIR:** We have proposed a canal going from the Dead Sea through Gaza to the Mediterranean, with nuclear power plants floating along the canal, with desalination units attached. The plant can provide water for domestic, agricultural, and industrial use for a city.

**Nashashibi:** If you use this water, not for the production of electricity and not for cooling the Israeli Dimona nuclear plant, but only for desalination, then the whole project is different. Of course, it's very expensive, but if the energy generated can also be used for the production of electricity, then it is a very important project.

**EIR:** The nuclear aspect is key, because instead of trying to pull the blanket which is too small for the bed, fighting over scarce water resources, we get a bigger blanket by producing new water.

**Nashashibi:** Yes, even if we distribute the water equitably, among all the legal users of the water resources in the Middle East, especially in the Jordan basin, we still need new sources. The Turkish "peace pipeline" is not enough. I have studied it carefully; first of all it costs about \$22 billion in

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*The World Bank has no right to say yes or no to the project. If it does not want to finance the project, then there are other resources. It does not mean that we give up; we look for other sources of financing. We have the patience to work hard and to insist on what is right.*

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1989 dollars, and the cost of a gallon of water arriving to the Gulf would be about 20 times the cost of desalinated water, which is not feasible.

But we must find ways. The Syrians and the Iraqis might solve their problem with the Euphrates and the Tigris rivers, and in coordination with Turkey, which is not showing a real interest in solving the issue. The Egyptians do have enough water resources, and they will not face a crisis before 2007. And they have large huge reserves of underground water. Their share in the Nile River is 70 billion cubic meters; that's the maximum they can get. They can now do better than that using the rain water in Sinai, and they are now constructing another canal under the Suez Canal from the Nile to Sinai. But for the states around the Jordan basin, especially Jordan, Palestine, and Israel, they should look for new sources of water.

**EIR:** The other aspect of the nuclear option is that it creates the basis for new cities, nuplexes. Of course, the World Bank's approach is the opposite, based on so-called appropriate technologies. They do not even reference the nuclear option.

**Nashashibi:** Certainly, if there is any importance for such a canal, it is the nuclear plants.

**EIR:** Yes, the canal becomes the waterway for floating the plants, which provide the energy to build cities.

**Nashashibi:** Indeed, cities have grown up historically around water. No, the World Bank is speaking about something entirely different. They talk about how they, through such projects, can secure peace and security for a continuous flow of oil from the Gulf to America. They want the Arabs to invest their money in American projects. What I am afraid of is that we will become a state living off external financial support for many, many years. And this will deprive us of the right to independence and a solution to the situation. This will not affect us only, it will affect Jordan and the other neighboring countries.

Now, how are they trying to convince Syria for instance? By telling them, look here, this is the flow of funds to Palestine, because they signed a peace treaty, and Jordan now is dreaming of something similar. Prince Hassan made a hint toward this yesterday, when he said that the World Bank should not think that the Palestinians are the only ones that have suffered. And I am sure they [the World Bank] will say,

"The price for this is cooperation and the American flag so that peace and security will prevail in the area on that basis—free flow of oil to this part of the world and under American supervision."

**EIR:** If you consider the history of the World Bank and International Monetary Fund activities, it is clear, from their intervention into Ibero-America, eastern Europe etc., that they are extending speculative financial structures, not introducing real economic development. Real wealth in an economy is not measured in monetary gains, but in the development of the productive powers of labor—for example, children going to school who will become engineers and scientists. That is why advanced technologies are so important, and why we are proposing the project for the canals, with nuclear-powered desalination units.

**Nashashibi:** This should be a regional project, advanced by three parties, Israel, Jordan, and ourselves, because we are the users of the Dead Sea waters and it affects the Dead Sea. If such a project cannot be considered seriously by the World Bank, then perhaps the Arab League or Arab Monetary Fund could finance it. Desalination of water and building new cities are very important for us, because we need the new cities. If we had the energy sources, we could build new cities in the West Bank and at least resettle 400,000 returnees there. The area is potentially a very rich agricultural area.

I am interested in the nuclear sector, but, you know, people who are not well informed object that it would hurt the environment, they talk about pollution and nuclear dangers. This is all not true. We have clean nuclear plants. We could use the plants for desalination and also for electricity, which we so urgently need.

**EIR:** Lyndon LaRouche has emphasized that the crucial question for the region is nuclear energy. But the World Bank is against it. In the last analysis, why should the World Bank have its say at all?

**Nashashibi:** Let me make this clear. The World Bank has no right to say yes or no to the project. If it does not want to finance the project, then there are other resources. The World Bank for us is not a problem. If the World Bank does not agree to a project, it does not mean that we give up; we look for other sources of financing. We have the patience to work hard and to insist on what is right.

# The Palestinian economy needs protection in order to survive

*Dr. Fahed Fanek is a well-known Jordanian economist and financial consultant, who contributes to the mainstream newspapers, including Al Ra'i and the Jordan Times. A senior researcher and the publisher of a newsletter, he is also a leading member of the Arab Thought Forum. Although Dr. Fanek is not an official member of the Jordanian delegation to the peace talks, his views on economic and political affairs are considered to reflect those of the established institutions. He gave an interview to Muriel Mirak-Weissbach on Oct. 31 in Amman, Jordan, the second part of which, focusing on political aspects of the peace negotiations, will appear in an upcoming issue.*

**EIR:** You have written about discrepancies between the Israeli and Palestinian versions of the accord. Could you explain?

**Fanek:** I finally got the English version and found it more similar to the Israeli version. In the Arabic PLO version, it said there is a committee to discuss the use of common water in the area; in the Israeli version, they said they would discuss the water of the West Bank and Gaza. That's what's there in English. So the Israelis are trying to say, "My water is mine but your water is negotiable." They want to interfere with the West Bank water, but the Palestinians have no right to the water which Israel is using.

**EIR:** What is the real economic content of the PLO-Israel agreement?

**Fanek:** The economic content puts the West Bank and Gaza as an annex to Israel. The Israelis will continue to be the decision-makers in every respect except tourism, income taxes, and the day-to-day life of the Palestinians. They will continue to be in control of the bridges, highways between cities. In effect, the solution helps Israel to continue to tell the world that it is giving concessions and it is for peace, so that would alleviate the pressure on Israel. At the same time, its economy is arranged in Israel's favor. Until now, during the interim period, Israel continued to export goods to the West Bank, to prevent Jordan from exporting goods to the West Bank, and to prevent the West Bank from exporting goods to Israel, which is unfair. It means it is not an agreement between equals; it's an agreement between the victor

and the defeated.

**EIR:** Why would it be accepted then?

**Fanek:** We should understand it and not deceive ourselves, that's all. I am not refusing the agreement; I am saying it is better than nothing because the alternative is even worse. But we should understand it and call a spade a spade.

**EIR:** Dr. Jawad Al Anani, minister of state for prime ministry affairs, has raised concern that massive investment in the West Bank may generate a disparity with the East Bank, which he thinks could be destabilizing. What do you think?

**Fanek:** By disparity, I think Anani means that their standard of living is higher, and I think that's simply a distortion. The calculation was done by the World Bank and no one can believe it. It says that the per capita income in Jordan is \$1,050, and almost double that on the West Bank. No one would believe that. Everyone knows that the standard of living in Jordan is better than on the West Bank, except that the prices there are twice or three times higher. So if you talk about it in real terms, it is different.

Furthermore, the World Bank accounted for the expenditures of the occupation administration as "public sector," and used that to tally part of the income of the Palestinians, which is not true. If you spend money on the occupation, or the income of the Israeli settlements, this is not part of the Palestinian economy; the World Bank treated the expenditures of the occupation administration and the Army as "public sector expenditure," so it figures as part of the income. Plus, they added the income of the Israeli settlements, which is very high of course, because they are subsidized. So, when you make an average, it looks nice. But if you segregate the Palestinian economy from the Israeli settlements and the occupation, then the standard of living there, even in nominal dollar terms, is lower than Jordan's, let alone accounting for the higher prices there.

**EIR:** What is your view of tax and customs regulations on goods moving to and from the Occupied Territories?

**Fanek:** I think it is necessary because the Palestinian economy and industry is an infant industry which needs protection for at least 10 years. Without that, there is no hope that

anyone would start a new industry on the West Bank, because it would be overrun by the Israelis. So customs is a must.

Now, the World Bank allowed Jordan to impose protective customs up to 30-50%. No one says that the Palestinian economy is stronger than the Jordanian economy. If the Jordanian economy is justified in having such protection, then what about the Palestinian economy? It needs protection. Remember, when Portugal, as a backward country, joined the European Community, it was allowed to send its products to the EC with no restrictions, but it continued to protect its own industry from the EC in a transitional period. I think that should be applicable. But, unfortunately, the plan to be implemented is the opposite. The West Bank, according to the plan, is to be more receptive to Israeli products, while Israel is not receptive to Palestinian products.

**EIR:** There have been proposals for the Palestinians to send their agricultural produce to the EC.

**Fanek:** Just to bypass Israel. That should tell you something. Why should they bypass the Israeli market, which is close? Proximity says that Palestinians should be able to sell in Israel, as long as the Israelis are selling in the West Bank.

**EIR:** What can you say about the projects listed in the annexes to the PLO-Israel agreement?

**Fanek:** There are some joint projects, Palestinian-Israeli joint ventures in the West Bank, which means that it is Israeli capital and Palestinian labor. The Israeli products would have the "Made in Palestine" label, and that would help them market these products in the Arab world. There will be Israeli capital, technology, machinery, etc., with cheap labor from the West Bank. They will pretend that this is Palestinian production so that it can be sold on the Arab markets.

**EIR:** The Palestinians, however, want to develop their own industries and technological capabilities.

**Fanek:** Yes, they will try, but they cannot compete with the well-established Israelis. They will remain inferior in this respect to the Israelis, at least as long as they do not have the right to make decisions. You cannot imagine an economy when the decisions are made by another power, not by a national power.

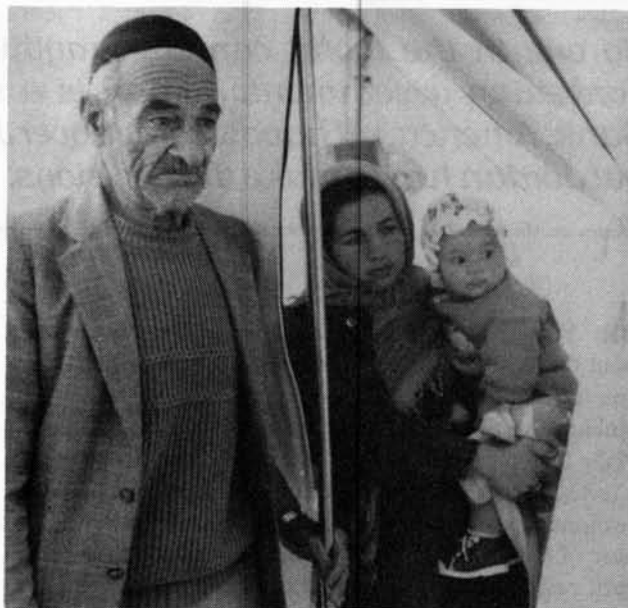
**EIR:** Who will be making the decisions?

**Fanek:** Israel will make the decisions during the interim period.

**EIR:** All the decisions?

**Fanek:** All the decisions, except those relating to tourism, health, education, income taxes, and the like. Otherwise, everything else; for instance, banking and currency are left to the Israelis.

**EIR:** But just two days ago, there was a PLO-Jordanian



*Palestinians on the West Bank, whose house was demolished by the Israeli Armed Forces. After decades of occupation, argues Dr. Fanek, the Palestinian economy will require protective customs and other special measures in order to survive.*

meeting to discuss setting up joint banking institutions for the interim period.

**Fanek:** Yes, but this is only a friendly exercise between Jordan and the Palestinians who do not have the right to decide on this subject. Jordan, which will negotiate this subject with the Israelis as the real decision-makers, would like to know what the Palestinians would like to see. So it's only because we like them to be happy that we talk to them to see what they will accept. That means a guarantee that what Jordan would agree on with the Israelis would not be rejected by the Palestinians. But it is not binding on anyone. The agreement between Jordan and the Palestinians is only a goodwill gesture; it is not for implementation until the Israelis agree with Jordan on these subjects.

**EIR:** What is the role of international institutions such as the World Bank and International Monetary Fund? The World Bank has conducted several studies and the IMF has had a lot of say regarding Jordanian and Israeli economic policy.

**Fanek:** No one in the world can say anything about Jordanian policy except the Jordanian government. Of course, the World Bank has the right to put Jordan under pressure, but Jordan is a sovereign country, only Jordan can make decisions. The IMF, the World Bank, America, all have leverage over Jordan, they can put pressure on Jordan, but Jordan has to make the decisions. If they are bad enough, they will not be made, despite the pressure, because we are a rather democratic country, and there is public pressure as well. The government has to weigh these pressures and make decisions.

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*No one in the world can say anything about Jordanian policy except the Jordanian government. Jordan is a sovereign country. The IMF, the World Bank, America, all have leverage over Jordan, they can put pressure on Jordan, but Jordan has to make the decisions.*

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**EIR:** You wrote an article in the *Jordan Times* in October about the IMF's decision to stop its program in Jordan, in protest over the country's credit policy.

**Fanek:** Yes, this was a way of pressuring Jordan. Fortunately, the IMF retreated, and the program is back in operation. In fact, it accepted amending the conditions to accommodate the discrepancy [in the credit creation ceiling] which was the cause of IMF's anger. The IMF has now agreed to raise the credit ceiling, which is proof that what happened was not wrong, it was right; and the IMF finally admitted that it was right in response to the actual economic situation of the country.

**EIR:** Has Jordan been seeking debt relief in the United States?

**Fanek:** No, Jordan is not seeking debt relief because we are *getting* debt relief. Jordan is seeking debt *reduction* and got debt relief. That's the paradox. Prince Hassan went to America to ask for debt reduction, just as Egypt and Poland had done, and they received 50% forgiveness. But Clinton did not use the word "debt reduction," he used the term "debt relief," which may mean reduction, but not necessarily so. It may mean many things—lower interest rates, rescheduling, stretching out debt repayments, giving a grace period. That is debt relief. I think that what Jordan is after is debt reduction, and so far it has not gotten it.

**EIR:** You said before that Israel would be making the decisions in the economic policies implementing the agreement. What about the World Bank?

**Fanek:** As everywhere, the World Bank has to coordinate with the authority concerned, so most likely the World Bank will coordinate with both, with Israel and with the Palestinian autonomy. I think the World Bank will have some autonomy itself, because the World Bank is paying the money and is acting on behalf of the donors, who are superpowers, so it will not be an employee to obey orders from Israel. But it doesn't have the power to enforce anything, except its moral power, which is strong enough, I think. So the World Bank will have its way in the West Bank, most likely.

**EIR:** Will it be possible for independent industrial groups, from Europe, for example, to invest in the West Bank?

**Fanek:** The whole world will be invited to invest in the West

Bank, in Jordan, in the region, everywhere, it is open for everybody.

**EIR:** What are the guidelines on technology, particularly to solve the water problem?

**Fanek:** Guidelines will be at a minimum, because the Palestinian economy will be arranged on a free market basis, and they say they are lucky they got their autonomy only after the collapse of the Soviet Union, which means that the other way, of going socialist, is out of the question. So guidelines are not needed, businessmen will make their own guidelines. But water is a real problem, because all the sources of water are not enough to satisfy the needs of the Middle East. So the question is a matter of priority. For instance, why should Israel grow cotton, which uses one-third of the entire water in the region? In fact they are not selling cotton to the world, but water. I think Israel should cease to grow cotton and Jordan should cease to grow bananas, then the water available would be enough not only for now but for 20 years to come, according to research institutions.

**EIR:** What about the use of nuclear energy to desalinate water?

**Fanek:** It's very expensive, and we don't have the technology. Israel has the technology, so let them give us the natural water and they use nuclear-generated water for their own use. We don't have the technology and we don't have the funds to build the stations.

There were plans put forward by the Americans, for example by Johnston in 1952, to divide the water. Since the Israelis took what is theirs and what was [not] theirs, it's only normal to go back to that plan. Jordan is not getting its share now, although it's carrying the burden of 2 million Palestinians and does not have the water to feed them.

**EIR:** The nuclear technology may not exist here, but it does exist in Europe and in India. Introducing nuclear-powered desalination would change the parameters of the water crisis.

**Fanek:** Yes, but Jordan has a small shore, just some kilometers, and to depend on sea water is not good from a security point of view. You can knock out such a facility in one minute and leave the country without water.

**EIR:** The newspapers here have just reported on the decision



to go ahead with the Red Sea-Dead Sea Canal project.

**Fanek:** Yes, but that is not for desalination, it is only a replacement for the Mediterranean Sea-Dead Sea Canal. We admit that the Dead Sea needs water to keep its level, so instead of bringing it from the Mediterranean, it makes more sense to bring it from the Red Sea, because it would require relatively little to build the canal, and it would serve as a tourist attraction as well as a natural border between Israel and Jordan. So it is much better, especially because the little piece of land there is not good for agriculture, it is a desert, so there is no loss, whereas bringing it from the Mediterranean means a loss of arable land. If the Israelis would like to use it to cool its reactor in Dimona, that's another story. In that case, it is not a Dead Sea Canal.

**EIR:** Tourism is being pushed by certain international financial groups as if it were the main industry for the region. What is your view?

**Fanek:** I think tourism is the only sector which will no doubt benefit from peace. Other sectors? It's controversial whether industry will benefit or will be damaged. No one knows for sure. But for tourism, it is agreed that it will benefit, doubling or tripling over one or two years. That's why in Jordan, for instance, there are new hotels under construction, seven in Petra alone. So expectations are very high and I think they are justified, because, with security and stability in the Middle East, the package we can offer is unique in the world. Most likely, it will be the number one attraction in the world: Sinai, Eilat, Aqaba, Petra, Jerusalem, Bethlehem, etc., when you combine them in one package, that's the best for any tourist in the world. So that for sure is coming.

**EIR:** What about the plans for building up infrastructure?

**Fanek:** That is left to the private sector. They smell the market and they react accordingly, and I trust their instincts more than the government, because if it were left to the government, they would make the wrong decision and they can't react to the signals of the market. Most businessmen are in hotels already, so they know better how to build hotels, how to market them, there's no complaint. The new hotels are coming now, in Aqaba, in Amman, in Petra especially.

**EIR:** Can the region survive on tourism?

**Fanek:** No. For Jordan, tourism represents only 4% of Gross National Product, so if it doubles or triples, it will be 8% or 12%. Tourism is not so essential to the economy of the Middle East, but it is a fact. Hopefully, Jordan will benefit also from transportation, because it is located centrally. Syria cannot reach the Gulf without Jordan, Israel cannot reach the Arabs without Jordan, Iraq cannot reach the Red Sea without Jordan, and so on. Turkey cannot reach the Arab world. It is the mid-point for transportation grids. That is a sector which will benefit; if it is now 10% and grows to 20%, while tourism grows from 4% to 12%, then that is a growth of 18% over

five years which would add to the annual 3% growth of the economy overall.

**EIR:** When you speak of transportation, are you referring to rail systems?

**Fanek:** I mean land transportation mainly, but also air travel. We have a big airline and the best land trucks and refrigerators in the area. Plus, we have the port of Aqaba, which means access for Saudi Arabia, Iraq, Jordan, Palestine, and perhaps Israel. The Israelis say they want to relieve Eilat from being a transportation port and let it be only a tourist spot. They would use Aqaba as their port. So, in any case, this sector represents a growing industry in Jordan.

**EIR:** Your reference to Iraq raises another question. Israeli Foreign Minister Shimon Peres has proposed that Jordan-Palestine-Israel become a sort of Benelux [Belgium, Netherlands, Luxembourg]. In Europe, the Benelux countries exist as an economic unit, but only by virtue of the industrial power represented by Germany and France. Of all the countries in the Middle East, Iraq is the only Arab nation with comparable industrial infrastructure and potential, the only national economy in that sense.

**Fanek:** That's right. And so far, Iraq is not part of the deal, and that is a big problem for Jordan, because all the markets of Israel and Palestine combined would not compensate for one-quarter of the Iraqi market. So it is to our benefit not to enter into such a Benelux unless Iraq is part of the deal. Iraq can be part of the deal only if the sanctions are removed and we get access there. Unfortunately the Americans are unable to see this, and don't see that Syria cannot move until Iraq says okay, because it is two branches of the same party rivalling each other. The Iraqis would be in a comfortable position to say that the Syrian Ba'ath sold out to Israel, signed for peace, shook hands with Rabin, etc.—that may mean the death sentence for the Syrian Ba'ath Party. So it is in everybody's interest to get an accommodation with the Iraqis. That's the only way to make Jordan enthusiastic about peace.

**EIR:** People here say, in fact, that they do not believe the United States wants real economic development here, if they destroyed Iraq. Some say the United States would like to replace Iraq with Israel as the central economic power.

**Fanek:** I do agree of course. I think the war with Iraq was inspired by the Israelis and the Jewish lobby in the United States. The Israeli writers and the American Jewish writers were for war. I think it was a defeat for America, because when a superpower is unable to get its way except by war, that's a weakness, not a strength. The Americans would have been able to get the Iraqis out of Kuwait without war, as everybody knows, but they closed the door and insisted on going to war. That I think was a defeat for America, which will carry a price that will have to be paid someday.

## Italy's Northern League threatens to secede

by Claudio Celani

By this Christmas, there could be two separate Parliaments going into recess in Italy, if the Northern League's "duce" Umberto Bossi puts his money where his mouth is. Bossi has announced that from Dec. 10-15, his party, which swept Northern Italy in local elections held on June 6, will convene to decide whether it is time to withdraw its parliamentary delegation in Rome and establish "the first Parliament of the Republic of Northern Italy." Some observers are dismissing Bossi's threat as pressure to hold early national elections; but Christian Democratic leader Mino Martinazzoli has warned that "Bossi wants to turn history backwards, and when that happens, guns will speak."

Bossi in fact may not carry out his secession threat this time, since the League's opponents in the Parliament may capitulate to his blackmail. But the breakup of Italy as a nation-state has already been decided; now it is only a matter of time. Gianfranco Miglio, the League's chief ideologue, has just released a book where he sets the year 1996 as a deadline for the League's seizure of power and the creation of a "federalist" Italy, splitting the country into three parts: the League-controlled North, the central region around Rome, and the impoverished South. In his book, framed in the form of fictitious chronicles written by several real national figures (including industrialist Giovanni Agnelli and President Oscar Luigi Scalfaro), Miglio explains that the League has nothing else to do than wait and see that the "old system" collapses under a combination of scandals, economic crisis, and fiscal revolt.

### It could have been avoided

Many Italians, not only Northern League voters, fatalistically see the breakup of Italy as the inevitable result of an internal dynamic of forces. Nothing could be further from

the truth. It is part of the general destabilization of continental Europe, decided and steered by forces who sit in London and on Wall Street. As a matter of fact, even back in 1946, the British Foreign Office tried to break up Italy, advocating a North-South division similar to the East-West division imposed on Germany. It is not by accident, therefore, that in her recent appearance in Paris, former British Prime Minister Margaret Thatcher declared that as far as the British establishment is concerned, there are only four nations in Europe: Great Britain, France, Spain, and Portugal—i.e., Germany and Italy are not included. Thus, when we follow recent events in Italy, we must keep in mind that just as in 1929, Germany must soon expect a repetition of the Italian "revolution" on its own soil.

The tripartition of Italy had already been decided last summer when the Parliament, working under the government of Prime Minister Carlo Azeglio Ciampi and molded by scandals and a series of terrorist destabilizations, approved a new election law. The new law changed the mechanism from a purely proportional one into a British system, whereby in each district the winners take all. This automatically ensures that in the next general elections, the League will win by a landslide in northern Italy. The left, represented by the PDS (the former Italian Communist Party) and other forces, will take over central Italy, while traditional parties such as the Christian Democracy (DC) will retain their hold over southern Italy.

Bossi, along with PDS leader Achille Occhetto, are pushing for early elections to be held this coming spring. As Miglio explains in his book, electoral results will not give the League enough strength to form a government, which would probably be run by a DC-PDS coalition. Predictably, such a government would have an inflationary economic poli-

cy, since it would refuse to cut public expenditures and unemployment benefits, and would encourage the fiscal revolt of the middle class through demagogic "tax the rich" sloganeering. But at that point, the League would be called into the government by international pressures as the only force that could guarantee stability to foreign creditors and money markets. As a condition, the League would then demand and obtain a revision of Italy's Constitution, which would make the country's de facto partition de jure.

### Still more scandals

Miglio's scenario is now being borne out every day. The push toward early elections was dramatically accelerated in recent weeks by a crescendo of scandals which have hit the last national institutions to have held on to some stability. First, it came out that a high officer of the internal secret service, SISDE, was responsible for having staged a false terrorist attempt, by putting a bomb on a train and then sounding an alarm to the police. Then, three generals of the Army were forced to resign after having been accused of plotting a coup d'état; one of them is also accused of having planned the bombing of the historic Uffizi Gallery in Florence.

The chief accuser, one Donatella Di Rosa, a right-wing extremist and probably a foreign agent, is now in jail, accused by Florentine prosecutors of "disrupting the constitutional order." But for one whole week her story filled the print and electronic media.

Di Rosa's alleged lover General Monticone was a brilliant officer who was chief of the newly created Rapid Deployment Force. His superior, Gen. Biagio Rizzo, was designated successor to the present chief of staff of the Army. The chief of staff himself, General Canino, was the real target from the beginning, because of his public attacks against the U.S.-U.N. policy in Somalia, and because he accused League sympathizers in the military of being "traitors." All these generals have now been dismissed.

### Traditional parties witchhunted

But this was nothing compared to what came out of the investigation, opened a few months ago by Rome prosecutors, of secret service officers accused of fund mismanagement. One must say, in parenthesis, that such an investigation would hardly take place in a normal situation; but in Italy, nothing is normal anymore. The SISDE officers were accused of having used secret funds for personal enrichment; and to defend themselves, they accused their superiors, the presiding interior ministers of the last ten years, of having taken similar sums of money. One of them is the current President, Oscar Luigi Scalfaro.

Usually the purpose of an investigation is to prove someone's guilt, and until that is done, the person is presumed to be innocent under the law. But that is in normal times. Since the beginning of the Italian "revolution," the careers of powerful politicians, such as Giulio Andreotti, Bettino Craxi,

Arnaldo Forlani, and Ciriaco De Mita, have been finished in a matter of hours, simply because prosecutors opened investigations on them. In the case of Scalfaro, the implications of a conviction would be far-reaching: The Parliament would be forced to elect a new President, automatically postponing the date for general elections.

For that reason, all traditional political forces have closed their ranks in defense of Scalfaro. The Rome prosecutors have decided to accuse the authors of the revelations of "conspiracy against the presidency," and Scalfaro himself went on television on Nov. 4 to reject the accusations and denounce the accusations as a "destabilization attempt."

Who is pulling the strings of the destabilization? Explanations of internecine fights, such as that Andreotti and Craxi are behind an attempt to blackmail Scalfaro into getting the Parliament to whitewash them from corruption scandals, explain only part of the truth.

More is explained by what happened the day after Scalfaro's television speech. A rumor originated in the City of London that Scalfaro had resigned. Without waiting for confirmation, City brokers in the derivatives market began to sell futures on Italian Treasury bonds. The Milan stock exchange promptly fell by almost 3%.

Who had started the rumor? "The usual people," a banker from First Boston Crédit Suisse told the Milan daily *Corriere della Sera*, meaning those whom one could define as "institutional speculators": Citibank, Rothschild, Goldman Sachs, but above all mega-speculator George Soros. Indeed, last September, at an Aspen Institute seminar in Berlin, Soros delivered a speech on "Prospects for European Disintegration."

### The hand of British Freemasonry

Unlike Ciampi, some forces in national institutions have understood that they have to fight back against the real enemy. On Nov. 8, Giuseppe De Gori, representing the Christian Democracy at the trials of the terrorist Red Brigades for the 1978 assassination of former prime minister Aldo Moro (the fourth such trial is just now taking place), held a press conference in London accusing British Freemasonry and the British secret services of being responsible for the Italian destabilization. De Gori, who is also lawyer for Francesco Pazienza, former member of the secret P-2 masonic lodge, accused the British Mother Lodge of having ordered the assassination of banker Roberto Calvi in 1981. Calvi, who was head of the Banco Ambrosiano, Italy's biggest (Catholic) private bank, was found dead, hanging under Blackfriars Bridge in London. Scotland Yard's official verdict of Scotland Yard was "suicide."

That was the beginning, De Gori said, of an assault against Italian Catholic groups which culminated in the recent attack against Giulio Andreotti (accused by the FBI and some mafiosi of Mafia connections). De Gori also said that the MI-5 "knows the truth and is not talking."

# Moscow's river of blood

*Rachel Douglas reports on the true extent of casualties from the October events, which is much greater than either Yeltsin or Christopher admit.*

A set vocabulary for describing the bloody events of Oct. 3-4 in Moscow is already in use in most American newspapers. The shelling of the Russian Parliament building has become an incident in which, at most, a few hundred people died. Boris Yeltsin's abrogation of the Constitution of the Russian Federation, his abolition of the Supreme Soviet and Congress of People's Deputies on Sept. 21, has become "a rebellion by lawmakers," or "the parliamentary uprising," in the words of the *Washington Post* of Nov. 7.

Maybe this doublespeak made it easier for Secretary of State Warren Christopher to maintain that his meeting with the Russian dictator, Boris Yeltsin, was "an endorsement of democracy and free-market reform in Russia," during Christopher's late October visit to Moscow. Or, maybe he didn't need an excuse. Christopher apparently had no trouble with Yeltsin's extraordinary assertion, that he had secured the path to democracy *by crushing the opposition*.

The secretary of state invoked ignorance of "the circumstances here," as he refused to answer a reporter's question about the lack of access to state-run TV and radio for candidates in the Dec. 12 elections called by Yeltsin, from slates other than those headed by his supporters. Christopher did not want "to deal in the nuances of a particular television policy that I am not fully informed about."

More and more reports are surfacing on the real magnitude of casualties on Monday, Oct. 4, when Russian Army tanks shelled the White House, seat of Russia's Parliament. Seen against the backdrop of those reports, Christopher's mission to support Yeltsin closely resembles that of the State Department's Lawrence Eagleburger and Brent Scowcroft of the National Security Council to Beijing, just a few weeks after the massacre at Tiananmen Square in 1989.

Unlike Eagleburger and Scowcroft, however, Christopher did not feel compelled to make a secret of U.S. support for the brutal acts of a dictatorial regime. He stood with Yeltsin, on Yeltsin's side of the river of blood that flowed through Moscow in early October.

## Thousands dead

Inside Russia and among some human rights activists in the West, it is believed that not hundreds, but thousands of

people died in Moscow from Sept. 21 through Oct. 4.

According to information compiled by elected deputies of the Moscow City Council, before they were arrested by pro-Yeltsin security forces on Oct. 3 and the council abolished, the first death occurred on Sept. 28. A man who was beaten by special security forces, deployed to break up street demonstrations in support of the Parliament, died in a Moscow hospital of his injuries.

On Sunday, Oct. 3, there were two major skirmishes in the city. After police lines ringing the White House fell back, a crowd of demonstrators surged around it. (The Parliament was in session, despite Yeltsin's ban, and despite the ringing of the building by troops and razor wire, and the cutoff of electricity, water, and heat.) Eyewitnesses report that the first shots into the crowd came from the Moscow mayoralty building next door, headquarters for Yeltsin's forces besieging the Parliament. (See article by Konstantin Chermnykh in *EIR*, Oct. 22, 1993 p. 39.) Earlier, shots had been fired into the air. There were a handful of casualties around the White House on Oct. 3.

At Ostankino television center, in northern Moscow, the fighting was heavier that evening. Various estimates put the number of dead there at around 150 people. Many victims were accidental onlookers, as was recounted in a dramatic eyewitness report published in *Nezavisimaya Gazeta* of Oct. 16, where a Moscow mother described how she and her young son barely escaped through a hail of bullets. The writer also strongly made the case that there was no organized "storm" of the TV station, but rather a boisterous crowd of demonstrators, into which bullets were fired first, from inside the Ostankino buildings.

At least six journalists were killed at Ostankino and elsewhere, leading to a widespread belief that pro-Yeltsin forces deliberately targeted them in order to minimize reporting on the events.

The question remains open, of how many people died at the White House on Oct. 4. Yeltsin evidently does not wish the matter to be discussed. When *Nezavisimaya Gazeta* appeared on Oct. 6 with two large blank spots on its front page, in place of articles forbidden by Yeltsin's censors, Moscow sources said that one of the missing articles was about the

number of casualties.

During the shelling of the White House by tank guns and other artillery pieces that Monday. Cable News Network at first broadcast that 400 to 500 people were believed dead inside the building already. Those numbers disappeared from subsequent broadcasts. On Oct. 7, the first official report put the number of corpses found there at only 49. By Oct. 8, Yeltsin staff spokesmen were giving the total number of dead in the clashes as 131. The official toll later rose to the vicinity of 200.

These figures were dubious from the outset. Eyewitness Chermnykh reported:

"There were about 3,000 people inside the White House when the attack started, and only 1,800 came out and surrendered. Therefore, a large number of people just disappeared. At the same time, some volunteers counted the corpses that were brought that day into the Moscow morgue: This number was 720 on the evening of Oct. 4. But the storm of the White House continued until the morning of Oct. 5. . . . Even after most deputies . . . surrendered, others continued to resist. And we don't know anything about what happened to these people."

The fate of a large number of young Internal Affairs soldiers, who put themselves at the disposal of the besieged Parliament, remains a mystery. Taped testimony of a member of Parliament, related by Svetlana Gannushkina in issue No. 40 of the human rights weekly *Ekspress Khronika*, raised this question a few days after the bloodshed:

"The Sofrinskaya brigade of Internal Troops came over to the side of the Parliament. This was around 1,000 men. The soldiers were disarmed and their weapons given to officers and Afghan war veterans [defending the Parliament], while the youngsters were dispatched to the 16th floor [of the White House]. . . . There were around 2,000 of us in the White House, sitting with candles, without food and water. At around 2:00 p.m. [on Oct. 4], tanks began to fire on the building, causing fearsome destruction. . . . There were constant artillery rounds, and everyone was afraid to come out. The 16th floor burned, where the boys from the Sofrinskaya brigade were. I still don't know what happened to them."

### Reckoning demanded

On Oct. 20, *Nezavisimaya Gazeta* called for citizens to write to the editors about persons missing since the October events. It requested no anonymous reports. The paper was now officially freed from censorship, but publishing under a death threat; it was warned that Yeltsin's chief censor, Deputy Prime Minister Vladimir Shumeiko, wanted to ban or take over *Nezavisimaya*, on the pretext that it officially was chartered by the now banned Moscow City Council. But Editor-in-Chief Vitali Tretyakov placed a premium on bringing out what really happened Oct. 3 and 4.

*Nezavisimaya* published the first results on Oct. 30, under

the front-page headline, "How Many Corpses Were There in the White House? About 1,500, Says an Internal Affairs Officer."

The correspondent wrote:

"I am an officer of the Interior Troops, and for me it is a question of honor, to tell you what I know. The official authorities and the officious mass media are consciously covering up everything connected with the mass murder of those who were inside the White House. . . . There were around 1,500 corpses found there, women and children among them. They were taken thence in secret, through an underground tunnel . . . to the Krasnopresnenskaya metro station, and then outside the city, where they were burned. There was no question of identifying them. I don't know where they were burned. There were so many dead, because the tanks fired . . . cumulative action charges. The shock wave that formed when they exploded inside the building was so great, that the victims' heads exploded."

A second writer, Nikolai Nikitenko, compared the cover-up and disappearances of corpses in Moscow, to the assassination of President Kennedy in 1963, when "there was a file of coffins carrying the bodies of witnesses, and of those who got too close to the truth. May God save us!"

*Nezavisimaya's* report was covered in the German daily *Frankfurter Allgemeine Zeitung*. On Nov. 3, the Paris daily *Le Monde* also picked up on the rising doubts in Moscow, about the fate of the dead.

The burning question, wrote Jan Krauze in *Le Monde*, is "the number of victims. The official account (around 140 deaths) is not taken seriously by anybody: The authorities had, originally, made known that this was not taking into account bodies found inside the 'White House,' before suddenly announcing that this figure was definitive. . . . There is much question, in certain editorial boards, about a letter addressed jointly to Boris Yeltsin by the ministers of defense, interior and security, and giving the number of 947 deaths; but no witness has seen this ostensible document with his own eyes. . . . The daily *Novaya Yezhednevnyaya Gazeta* has received the testimony of an employee from one of the cemeteries around Moscow, Khavansk, where 300 bodies were reportedly incinerated. Individuals who were at the White House until the middle of the afternoon of Monday, like [parliamentarian] Iona Andronov or the President of Kalmykia, affirm that at this time, already, there were several hundred dead."

On Nov. 6, *Le Monde* reported that the Movement for the Defense of Democracy and Human Rights in Moscow had demanded an independent investigation into the official count of dead in the October events. The group of Russian university staffers, headed by Aleksandr Burgalin, stated, "According to the official figures, around 200 Russian citizens are dead, but the deaths are much higher, according to non-official sources."

Already on Oct. 10, Zurich-based Russian human rights

activist Dr. Anatoli Koryagin proposed formation of a Committee for the Rights of Prisoners-Defenders of the Russian Parliament, with three goals: 1) establishing the names and number of the dead, wounded, and arrested in Russia in October 1993; 2) compiling a list of missing persons and discovering their fate; 3) ensuring the civil and human rights of persons arrested in connection with the events.

### Deputies threatened

Burgalin's group, according to *Le Monde*, also called upon the government to make public the names of all persons detained since Oct. 3.

Some members of the Russian Parliament are still unaccounted for, among them Col. Vitali Urazhtsev (ret.). The leader of the anti-communist reform group Shield—he was expelled from the Soviet Army in 1989 for founding the organization—Urazhtsev was active in opposing Yeltsin's coup from Sept. 21 through Oct. 4. During its first week, he was arrested and beaten once, but returned to the White House. He was seen to exit after the shelling on Oct. 4, and then disappeared.

In mid-October, relatives of Urazhtsev received a letter from him, saying he had gone underground. Urazhtsev warned that if he were found dead with a weapon in his hands, Defense Minister Pavel Grachev, Yeltsin's ally, would be to blame.

Unconfirmed reports received by acquaintances of Urazhtsev in Moscow, are that security forces had orders to shoot him on sight, if he were discovered.

There is also an abiding threat from national security forces and the Moscow city administration, under Yeltsin loyalist Mayor Yuri Luzhkov, to re-arrest members of the Moscow City Council who opposed the coup. Five deputies were held for two days without being charged, and released Oct. 5.

With special stridence, in interviews with the publications *Argumenty i Fakty*, No. 41, October 1993 and *Tverskaya*, 13, No. 40, Oct. 8-14, 1993, Luzhkov aides have called for the arrest of Moscow City Council Deputy Chairman Yuri P. Sedykh-Bondarenko. A jurist who worked in the Soviet Ministry of Internal Affairs in the late 1980s, Sedykh-Bondarenko was fired after speaking out against its practices. He left the Communist Party and was elected to the Moscow City Council in 1990, where he specialized in questions of legality.

In early October, Sedykh-Bondarenko publicly refuted the insinuations from the Moscow Mayoralty, that he had provoked violence during the crisis. In a precise statement, he accounted for his whereabouts and actions during the days in question and demanded legal action against the Mayoralty for slander. During the first week of November, however, Sedykh-Bondarenko was twice summoned for interrogation at the Russian Federation Ministry of Security, indicating a continuing interest in framing him up.

## Dutch Senate to vote on euthanasia rules

by Linda Everett

Long before U.S. newspapers sported front-page headlines featuring President Clinton's Nov. 7 suggestion that "living wills are a way to cut health care costs," Americans closely watched the euthanasia policies of the liberal government of the Netherlands. In fact, every facet of the "Who lives? Who dies?" debate that First Lady Hillary Clinton hopes to launch soon, will be shaped directly by several upcoming euthanasia decisions in the Dutch Parliament and Supreme Court.

After two decades of promoting the practice of so-called voluntary euthanasia, the Dutch government is now considering demands that handicapped newborns, the mentally ill, patients in coma, and others who cannot express a wish to be killed, should be killed anyway. As a recent American visitor to Amsterdam commented, "It sounded a lot like Nazi Germany in the '30s." What bitter gall for those Dutch who remember that their country's doctors once faced concentration camps and death rather than practice the euthanasia that the invading Nazis demanded. Some feel that nothing less than an international economic boycott of the Netherlands will bring Dutch leaders to their senses.

In a statement on Sept. 30 on the Canadian Supreme Court's ruling against the request of a 42-year-old woman to obtain physician-assisted suicide, the Canadian Conference of Catholic Bishops commented that "to accept killing as a private matter of individual choice is to diminish respect for human life, to dull our consciences and to dehumanize society." Accepting this ever-expanding Dutch policy of euthanasia connotes not so much a "dulling of our consciences," as a deadening of them.

On Nov. 23, the Dutch Senate will vote on new rules for reporting the practice of euthanasia. The rules, which already passed the Second Chamber of the Parliament last February, allow physicians to kill outright just about anyone for any reason—whether the patient asked to die or not. Doctors are guaranteed virtual immunity from prosecution if they follow new governmental guidelines, which are full of loopholes. Any doctor who administers a lethal injection must inform the coroner and report that he or she has paid strict attention to all requirements. Not only is the coroner not allowed to do an autopsy to confirm the cause of death, but the public prosecutor is not allowed to carry out an independent investigation,

beyond a review of the doctor's own report of the death.

Any investigation should begin with the government's own Justice Minister Ernst Hirsch-Ballin and State Secretary for Welfare, Health, and Cultural Affairs Hans J. Simons, who say that the new law is needed to regulate "mercy killings." These ministers are responsible for a massive coverup of the involuntary killing of tens of thousands of patients. The 1990 study of the government's Rummelink Commission on the practice of euthanasia found that one in every six deaths is caused by the intentional killing of patients, most of whom *never asked to be killed*. Of the 20,000 deaths reviewed, 1,000 patients killed by lethal injections never asked to die; 8,000 patients who never asked to be murdered, were intentionally killed by doctors who ended their treatment, food, and water; 8,000 others who never asked to die, were intentionally killed by drug overdoses. The government's experts did not consider these intentional killings "euthanasia," since patients were killed *involuntarily*. They called them "normal medical practice."

### Lies and coverup

On the basis of their study, the same ministers asked for judicial guidance in the use of medical murder for mentally ill or comatose patients. One of the Big Lies circulated internationally about the Dutch euthanasia policy, is that euthanasia is allowed only for those mentally competent, terminally ill patients who are in intractable pain and who repeatedly ask for it. This lie is repeated every time Dutch experts speak before U.S. medical conferences.

But a case now before the Dutch Supreme Court involves a psychiatrist who was acquitted last April for setting up the "suicide" of his patient, Hillie Hasscher, who was *not* terminally ill. She was depressed over a bitter divorce and the death of two sons. It is not known whether the doctor attempted to treat her for depression after she attempted suicide. But, two years ago, in front of several witnesses, the psychiatrist gave her the barbiturates that ended her life. The lower court acquitted the psychiatrist on the grounds that he put an end to her misery. It is doubtful that the Supreme Court will reverse that ruling, given that at least one former Dutch Supreme Court Judge, Huib Drion, has publicly called for a "death pill" to be given to old and sick people who "want" to die.

Reuters notes that Prince Claus of the Netherlands, husband of Queen Beatrix, recently admitted his own relapse of the severe depression that plagued him in the early 1980s. Prince Claus was hospitalized in July 1991 and released in November of that year, after he responded positively to treatment. It appears that the Dutch courts do not think all Dutch citizens merit the same opportunity.

### TV game show decides who lives, who dies

It was said that 50-year-old psychiatric patient Hillie Hasscher had "lost her will to live." Now, it appears that the

Dutch Health Ministry is determined to induce other patients perceived to be a burden to themselves, their family, or the state, to surrender their "will to live." In a ruthless effort to stimulate a national debate on how to control health care costs, the Health Ministry has partially financed a television game show called "A Matter of Life and Death." During each show, two patients describe their life-threatening illnesses, their prognosis, and what medical treatment is needed to save their lives. Then, in what can only be called a modern-day reenactment of the barbaric Roman circus, where martyrs were thrown to the lions while the bloodthirsty crowd cheered, the studio audience votes electronically to decide which of two patients is to be sacrificed, and which is allowed life-saving treatment.

It hardly matters that viewers are reminded that doctors make the medical decisions about the patients' care. The aim of the show is to get the viewers to accept killing patients as part of health care rationing. The same Secretary Simons whose ministry financed the TV game show, also launched the "Choices in Health Care" campaign committee, which called for sweeping budget cuts and rationing in the nation's health care system.

It's likely such rationing propaganda will expand, given what economists call the "Achilles' heel of the Dutch economy"—its shrinking work force. The Dutch Central Bureau of Statistics recently revealed that Holland's active work force is only 6.5 million out of a population of 15 million. While enormous numbers of workers are reportedly "disabled" due to stress, the government's policy of drug legalization, which destroys tens of thousands of lives, is also a factor. Of the 1.4 million Dutchmen between 55 and 64 years of age, only 400,000 still have paying jobs. The shrinking tax base led to a government-revamped hospital budgeting policy, cuts in rates of hospital occupancy and hospital beds, and to the euthanasia-murder of the Dutch people.

Letters urging the Dutch Senate to vote "no" on Nov. 23 should be addressed to the Senate Chairman. They can be sent by fax to the Royal Netherlands Embassy in Washington, D.C., (202) 362-1859, % Attaché for Health and Environment.

Letters can also be sent directly to:  
Mrs. M.J.C.A. Ermen, Chairman  
Senate Committee on Welfare and Health  
P.O. Box 20017  
2500 EA The Hague, Netherlands

Newspapers:  
*Dagblad*  
P.O. Box 111  
NL-3770 AC Barneveld, Netherlands

*Katholiek Nieuwsblad*  
P.O. Box 1270  
NL-5200 BH Den Bosch, Netherlands

# France girds for a social explosion

by Christine Bierre

“Is France on the eve of a great social explosion?” asks *Le Monde* editorialist Ignacio Ramonet. Such warnings come on the heels of President François Mitterrand’s own statement, in a recent televised speech, concerning the danger of a new “May 1968” upheaval.

The economic crisis has hit France with fury. Official unemployment figures have reached the 3 million mark (10% of the work force), and these figures do not even take into account all the people participating in government make-work projects, nor those who are unemployed and receiving some form of welfare from the state. The total figure reaches some 6 million, of whom 3 million live below the minimum poverty level, with an income of less than 60 francs (\$10) per day. Unemployment has hit managers and salaried workers as well, tripling over the last four years to 6% of that white-collar sector of the work force.

In this context, the austerity package of Prime Minister Edouard Balladur has set the social situation on fire. Balladur made it very clear from the start that rather than attack the speculators and the laissez-faire system responsible for France’s crisis, his government would tax productive labor instead.

In an attempt to reduce its whopping 350 billion franc deficit, the government opted for a policy of selling the “family jewels”—privatizing the public sector companies—raising taxes, and especially lowering social expenditures. New taxes will bring 70 billion francs in surplus revenue per year, while unemployment and retirement compensation, as well as social security reimbursements, have all been cut.

## The ‘Employment Bill’

What really took the lid off, however, was the discussion in the National Assembly in October of the “Employment Bill.” By calling for “greater flexibility” of employment—part-time work, work-sharing schemes, etc.—the law attacks head-on the protection of full-time employment which the unions had fought so hard to obtain. Up to now, laws had been quite tough on preventing layoffs and penalizing a company for hiring part-time employees. There was extensive opposition to the bill from within the government’s ranks, on

the grounds that it did not go far enough in the direction of work-sharing schemes. Parliamentarians from the RPR and UDF parties called for the introduction of a four-day (32 hour) work week, with proportional pay reductions.

While this discussion was going on in the National Assembly, corporate leaders such as Claude Bebear of AXA, the large insurance group, and Antoine Riboud of the food multinational BSN, were publishing newspaper editorials castigating the French population for living “beyond their means” and for resisting wage reduction.

As Ramonet put it in his *Le Monde* editorial, the government is adapting to the free-enterprise logic of the General Agreement on Tariffs and Trade (GATT). “The government is suspected of pursuing an old, ultraliberal aim,” he wrote, “to restore competitiveness by all means, by putting pressure on wages, in order to better confront international competition. The logic of globalization and of worldwide free exchange pushes everybody, as the current GATT debate shows, to bring their wage and social protection policies into alignment with those (very inferior) of the competitive Asian-Pacific countries.”

## Farm protests

How many Frenchmen will accept reduction of their wages? This question undoubtedly poses a nightmare for the government. In September, the Rural Coordination farmers group launched a successful mobilization in the Paris area, aimed at reinforcing the government’s determination to reject any compromise on GATT. For an entire week, starting on Sept. 15, the group used a “Robin Hood” style of political action: decentralized operations coordinated through walkie-talkie, in order to avoid phone taps by the police. Three hundred farmers, divided in groups of 50, set up road barricades, demonstrations, and interventions. In one day alone, the police counted 140 barricades in the Paris area. Meanwhile, in heavily agricultural areas of the southwest—Bayonne, Albi, Pau, Toulouse, and other cities—roads and railways were blocked for a few hours or days.

There is no doubt that this mobilization is one of the factors that accounts for the government’s rejection of U.S. demands for the GATT agreement, which involve cutting subsidies to agriculture.

Other sectors of the working population, such as artisans and artists, supported Rural Coordination, in a pattern which points toward a mass strike phenomenon.

## Trade unions on strike

On Oct. 12, two of the main trade unions (CGT and FO) of the public sector companies—Air France, railways, public utilities—joined forces to organize a national day of demonstrations and work interruptions. Some 20-25,000 workers demonstrated in Paris. Even though the official reason for the demonstrations was to protest against the government’s



privatization policy, the real issue was unemployment. So long as these companies remain public, the workers are, in principle, guaranteed their jobs. According to reports, more workers (75%) joined the strike at the national telephone company, France Telecom, than had been the case in 1968.

On Oct. 18, the Air France workers protested against an austerity package which would result in 4,000 layoffs and wage reductions. Air France is going bankrupt, like most airlines, due to international deregulation policies; it rents its airplanes, and recently even sold its own central office building. It is now taking on the only thing left: its labor force. Its restructuring plan calls not only for people to be laid off through various pre-retirement schemes, but also for cuts in extra pay for overtime night work and cuts in compensation benefits for weekend travel. A worker earning 7,000 francs per month could thus take a wage cut of some 477 francs.

For over a week, workers blocked most domestic Air France flights, in a strike that cost the company nearly 1 billion francs. They went so far as to occupy the runways—a first in the history of air travel. Fearing the spread of the ferment—Rural Coordination and other opponents of GATT had called to support the strike—the government withdrew the restructuring plan entirely, provoking Air France President Bernard Attali to resign.

## French observer warns of 'New Middle Ages'

by Mark Burdman

As the political-economic crisis in France, Europe, and most of the rest of the world worsens by the day, leading spokesmen for the French political class have begun to speak openly about the depths of this crisis and to insist that France launch initiatives to reverse the process of degeneration and decay. One important manifestation of this attitude is a book released in early November, authored by French businessman-intellectual Alain Minc, entitled *The New Middle Ages (Le Nouveau Moyen Age)*. The thesis of the book, in its essence, has received an important endorsement from European Community President Jacques Delors, who is also a Frenchman.

Minc formerly directed the CERUS financial group in Paris. He has assumed the role, in recent years, of the "pen"

for the center-left faction of the French establishment, associated with the daily *Le Monde* and other "trend-setting" publications. What he says reflects less his personal opinion, than the consensus of an influential policy grouping within the French elites.

### Feudalism and tribal warfare

From preliminary accounts available in the French and British press, Minc's main concern is that the world is heading into a new feudalism, similar in its basic features to the most precarious moments of medieval times. The world today is increasingly marked by tribal conflicts, chaos and misery, uncontrolled armed bands, the collapse in the belief in reason as a basis for making judgments, the return of irrational fears and superstitions, and the assertiveness of primitive impulses. We witness the emergence of "gray societies," where authority has broken down and given way to the rule of local warlords, to the "mafia" and to cutthroat economic buccaneers who lay waste under the banner of the "free market." In some cases, matters have so degenerated that entire nations are becoming "black holes," where the classical notions of territory, state, and rules of the game no longer apply, or *terrae incognitae*, as is the case in parts of Africa, Burma, and elsewhere. Also noteworthy, he writes, is the disappearance of the taboo of the inviolability of national borders.

All this, in Minc's view, represents a significant threat to Europe, a situation that is, in some ways, riskier than the kinds of threats which prevailed during the Cold War.

Much of what Minc is talking about echoes the warnings made over years by Lyndon and Helga LaRouche, and by this magazine, that the world is rapidly plunging toward a "New Dark Age," unless the policy axioms and postulates that have prevailed within the transatlantic policy establishment during the greater part of the past three decades are changed.

### France could be a 'civilizing force'

According to Minc, in this situation, France, with its resistance to "law of the jungle economics" and its social cohesion, can be a civilizing force. He calls for a "bold pessimism," an "active" response, to replace the "passive optimism" that might have prevailed in recent years.

Writing in the Nov. 6-7 weekend issue of *Le Monde*, the EC's Delors stated, "I totally share [Minc's] fundamental intuition," especially that the "historical optimism" that might have prevailed in former times, is no longer applicable today.

It is not certain, however, whether either Minc or Delors is willing to enunciate a clear and effective policy to reverse the slide into a "New Middle Ages," along the lines of the LaRouche Paris-Berlin-Vienna "Productive Triangle" of development for Europe. In his review, Delors implicitly re-

jects the LaRouche approach, when he answers those who criticize the European Community for having responded ineffectually to the situation in eastern-central Europe following the collapse of communism in 1989-90, by saying that he does not believe in "miracle recipes."

### Specters of Joan of Arc and Colbert

One indication that Minc has hit a raw nerve, is the agitated response that the book received in the London *Times*. Paris correspondent Charles Bremner, writing Nov. 8, fretted that *The New Middle Ages* was receiving "sensational promotion" among what he calls France's "chattering classes," who "fear a return to medieval chaos, with society dominated by local barons, the mafia, and cutthroat economic bureaucracy." The article was headlined "France Fends Off World's Medieval Ways: Paris Prepares to Rescue Humanity from Its Dark Destiny." It was accompanied by a drawing of a young woman in chains, looking to the heavens, and hovering over a cathedral: Joan of Arc, whom the English burned at the stake in 1431.

Bremner began his article: "While European ministers prepared over the weekend for their umpteenth attempt to speed the [General Agreement on Tariffs and Trade] world trade accord despite French intransigence, the chattering classes of Paris were worrying about the Middle Ages. More precisely, they were wondering if France, with its system of powerful central authority, might not be ideally placed to lead the world away from a return to medieval chaos. . . . What is noteworthy about M. Minc's pessimistic book, and the surrounding fuss, is its illustration of the gulf that divides the Gallic world view from the outside perspective. While many foreigners see France as a trouble-maker afflicted by demons from its darker past, opinion at home is convinced the country is a bastion of humanity whose ills are the work of barbarous foreign forces."

Earlier, on Oct. 27, Bremner had written a biting article about the fact that French President François Mitterrand and the government of Prime Minister Edouard Balladur had reversed policy and given in to the demands of striking Air France workers, soon after the workers had received support from French farm organizations. Bremner fretted that Mitterrand and Balladur were correctly reading the mood of the French population, and that the French nation was reverting to its tradition of economic dirigism. "Dirigism," he noted, has its roots in the 17th-century policies and theories of King Louis XIV's adviser Jean-Baptiste Colbert. The same approach made France "so prosperous" when it was applied under President Charles de Gaulle in the 1960s. Bremner complained that "France still has the most state-dominated economy in the G-7 group of rich nations," and demanded that supporters of "free trade" act to "change the culture" of the country. The British correspondent characterized tentative steps toward a revival of dirigism as a "flight from economic reality."

## The U.N. embargo is still killing Iraq's children

by Felicity Arbuthnot

*The author is an Irish journalist.*

I was last in Iraq in May 1992. It was hard to imagine that conditions could deteriorate. In a country where in 1990, U.N. figures estimated that 92% of the population had access to clean water and 93% to free and sophisticated health care, medicines were virtually unattainable, operations had been carried out without anesthetics for two years, and Unicef estimated that 100,000 civilians a year were dying as a direct result of the embargo—mainly children under five, the vulnerable, and the elderly.

Food prices had soared such that staples—pulses, beans, rice—were sold in tiny packages, by the gram. Traditionally, these are sold in 50 kilo (110 pound) bags.

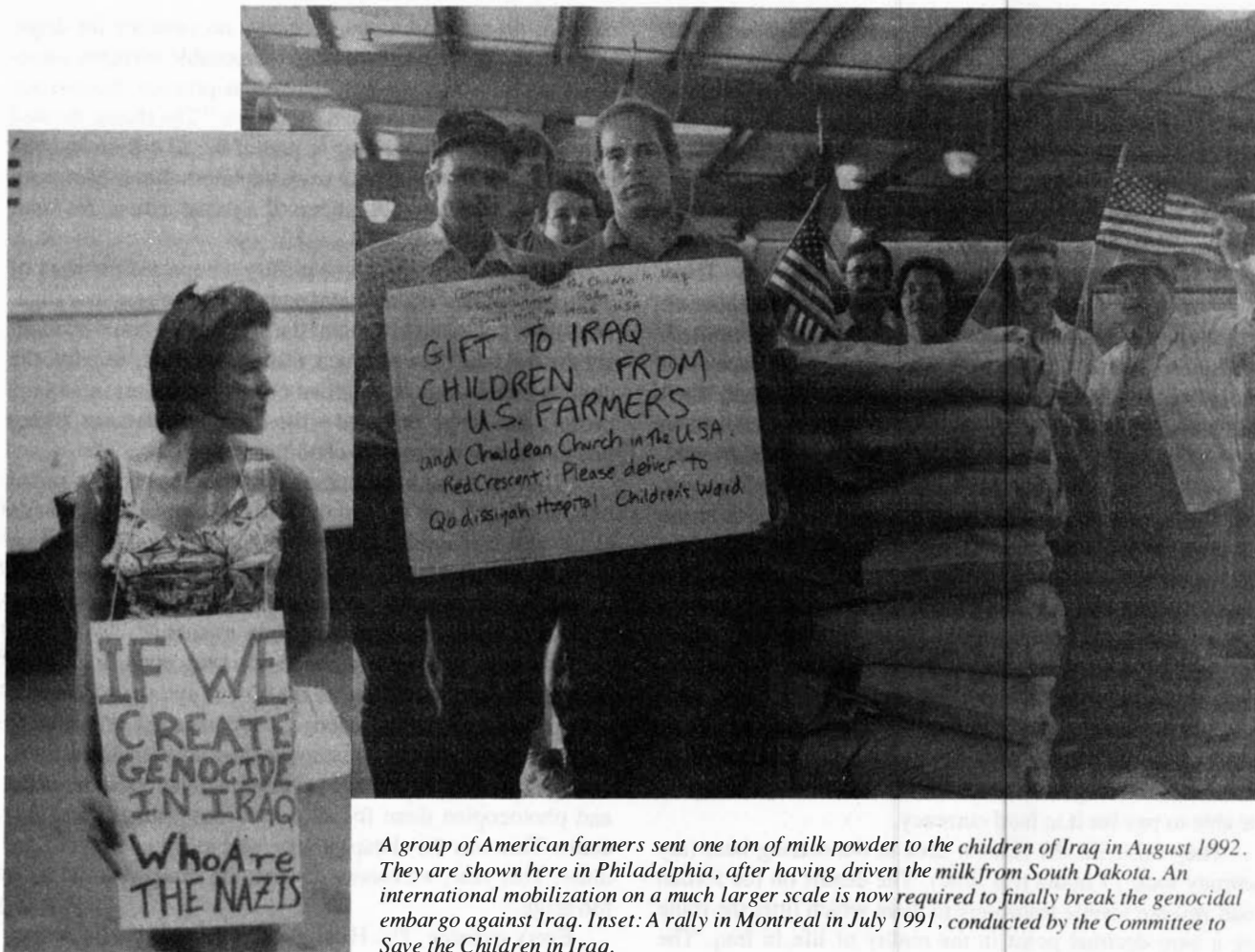
In July of this year, the Food and Agriculture Organization of the U.N. noted "with deep concern, all the commonly recognized signs of pre-famine conditions being in place." Further, that "large numbers of Iraqis now have food intakes lower than those of the populations in the disaster-stricken African countries."

That was four months ago, this is *Apocalypse Now*. Food has risen in price 1,000 times.

With U.S. dollars, one can buy black market dinars: 10,000 dinars to \$100. A ten-inch-high wad which fills one with shame and echoes chillingly the suitcases of notes needed to buy bread in Germany after 1945.

For the Iraqi people, with no dollars, the rate is 36 dinars to the dollar. In context, an average monthly salary is 200-300 dinars, approximately \$6-9. This is a "looking-glass" world. The cheapest fill-up on earth can be had in Iraq, just cents per tank. A bottle of water is \$35.

In the foyer of the Rashid Hotel, former home in Iraq to so many foreign visitors, is one of the most magnificent displays of beautiful artifacts ever to be seen: jewelry, paintings, crystal, porcelain, superb, rare antique boxes, chandeliers. They are the belongings of the middle classes, displayed in the hope that they might be sold for dollars to the few foreign visitors who now reach Iraq. Living for a few more weeks. The poor have no antiques. (There are less visible auctions all over town.)



*A group of American farmers sent one ton of milk powder to the children of Iraq in August 1992. They are shown here in Philadelphia, after having driven the milk from South Dakota. An international mobilization on a much larger scale is now required to finally break the genocidal embargo against Iraq. Inset: A rally in Montreal in July 1991, conducted by the Committee to Save the Children in Iraq.*

In the Showaka market, one of the poorest districts in town, oranges—in normal times so plentiful that they are just cents above free—are, at 40 dinars a kilo (approximately \$130 for 2.2 pounds), not even on display. The fresh, sweet, golden dates, traditionally offered with yogurt as a welcome in shops, homes, and to passing callers, are \$10. Yogurt is not seen, milk being unattainable. (There is a new medical diagnosis in Iraq: Babies are brought to the hospital chronically malnourished and unbelievably bloated. They have been dubbed the “sugar babies” by doctors. Milk being unbuyable, babies are frequently fed on sugar and water, and tea and water. They become starved, stunted, and all in this condition die.)

Grapes are 9 dinars a kilo (\$25), rice 12 dinars (\$33), and feta cheese, another staple, sold by the kilo in rounded, succulent blocks for a few cents in the past, is now nearly 60 dinars (approximately \$200.) Mutton, the base of a million national dishes, is barely a memory at 110 dinars a kilo. Fish from the great Tigris River, which divides Baghdad, are, like eggs, from another era. An era before the embargo and August 1990.

Prior to 1990, malnutrition had been virtually eradicated, due to a response undertaken to initiatives of the 1979 Year of the Child. Now, stick-thin children are everywhere. They beg, or sell the cigarettes which three months ago became included in the monthly government ration packages of rice, oil, tea, one bar of soap, and other basics.

A four-year-old begs to clean shoes outside my hotel. The box he carries is almost bigger than he. This is a new phenomenon, like crime, virtually unheard of, until the sanctions started to bite and the specter of starvation became reality.

In a small grocery store yesterday morning, a child of perhaps five came in, clearly proud to be doing an important errand, clutching a 5 dinar note (approximately \$15). A fortune—nearly three months’ salary. It bought one egg, which he carefully carried to the door—and then it dropped. He was literally traumatized. He fell to the floor and tried to gather it up in his small hands. As I searched in my pocket, the shopkeeper went over and tapped him on the shoulder and proffered another.

Novelist and translator Nasra Sadun, whose great-grand-

father's statue stands on Sadun Street in Baghdad, who speaks three languages and is at home in Paris, London, or New York as in Baghdad, boils rose petals for face cleansers, concocts a mixture of boracic and herbs for deodorant, and uses clay for hair conditioner. She keeps chickens on what was the patio. (Deodorant costs the equivalent of \$175.)

Her last novel is trapped in her computer for want of a few dollars' worth of spare parts. It has been there for three years. If it were released, it would be useless anyway. There is no paper on which to print it. Doctors have no paper on which to keep notes. The national newspaper is still printed, but is down from 16 pages to 8. No one has toilet paper. All paper is compulsively collected and recycled. Legend has it that when the United States dropped vast tons of leaflets on the Marsh Arabs, telling them that they were their friends, the illiterate but never stupid Marsh people collected up these tons of paper gold from the sky, and sold them back to the government for recycling.

Recently a burst car tire on the freeway nearly killed Nasra Sadun. The car was bought in 1986 for 8,000 Iraqi dinars. Now 8,000 dinars would not buy two car tires. Shoe repairers have a second job: resewing split tires. None have been imported since 1990, and the rubber factory was bombed in the war. Yet people have to drive the grueling, isolated, desert road to Jordan, or to conduct any business, or for medical help, if they are the rare ones lucky enough to be able to pay for it in hard currency.

They drive on the resewn tires in the searing heat (my journey took 17 hours this time). The deaths on the Jordan road and the visible testimony to them which litter the route are a bare decimal point in the reality of life in Iraq. The U.N., of course, flies in.

### **A wound on the soul of the nation**

Here, the infant mortality rate is not a statistic; it is a gaping wound on the soul of the nation.

At the Saddam Children's Hospital, with its high-tech, western-supplied equipment and British- and American-trained, English-speaking staff, the incubators in the premature baby unit were working again—except for the most vital part: the light tube essential for the warmth needed to kindle fledgling life.

Tiny Ali Lazam ("the vital one") is four months old, with great black eyes set in the face of a waxen pixie. He weighs barely four pounds and will be dead this morning. He cannot tolerate breast milk or normal formula (even were it available, at 450 dinars per kilo). With the resultant diarrhea, for which there are no medicines or replacement fluids, he had starved and dehydrated to the point of death for want of a soya-based formula, available at any chemist, pharmacy, or supermarket, as near as neighboring Jordan—but as it has to be bought in hard currency, it is beyond reach and unavailable anywhere in Iraq.

Dr. Mohammad Hilal (30) is in despair. "There is no

oxygen, no antibiotics, no vaccines, no canulars for drips: We use and reuse what we have (disposable syringes sometimes ten times). It is a very dangerous practice. Sometimes we re-use the canulars from dead babies." The shame showed in his face. He was standing in part of the \$3 billion hospital complex, built without help from the International Monetary Fund or World Bank. A citizen of a proud nation, his heart too was breaking.

The pathology lab is still mostly unrepaired for want of western-supplied replacement equipment. Urgent investigations have to be sent to Jordan, the grueling 17 hours by road. By the time they are returned with a diagnosis, usually, the child is either dead or an allied condition has set in and the process has to be repeated—life-saving procedures taking just minutes under normal conditions.

"There is a rise in premature births due to napalm, radiation, and fear," said Dr. Hilal. "Also in spina bifida, Down's syndrome, congenital abnormalities, and mental retardation: a condition previously rarely seen here." Immaculate in pressed white coat, as we walked through sunlit corridors, the reality behind the facade became apparent.

"We have no sterile gloves and rising cholera, typhus, hepatitis B, and AIDS, due to the lack of syringes." There is even an embargo on knowledge. "We have not been able to import medical journals, textbooks, and manuals since 1990. Last year we bought one of each new publication from Jordan and photocopied them for all the doctors, nurses, and students. This was the cheapest way, due to the collapse of the dinar. This year, we cannot do that, the shortage of paper is too acute."

Every evening, Dr. Hilal goes home to his wife Anam, an electrical engineer, and his children Rusol (2) and Luma (5 months). "I wash my hands over and over in spirits," praying that he has not contracted some deadly disease, "which I might pass on to them." He earns 500 dinars a month, just 50 dinars more than the price of a box of milk powder. "Before the war, we lived well, spending just 70 dinars a month for food."

In an acute ward were two children with myeloid leukemia. One, not quite three, was lying, making little mewling noises with pain. His small body was covered in great, black bruises: arms, legs, groin. He was also bleeding invisibly, internally. There was no treatment for what is now relatively simple to maintain and stabilize. There were no pain killers. The other child was five, his eyes full of tears and, in addition to the bruising, his small body and face was bloated with edema. As I leaned over to stroke his face, a little hand instinctively came up and clutched at mine. At that moment, I knew it was possible to die of shame.

Dr. Hilal walked me out into the sun and put out his hand. Suddenly his control snapped, he ran his hand through his hair, then put his hands to his face. "What more does the U.N. want of us, what more can we do?" he asked.

I had no answer.

# Colombian amnesty for drug cartels is victory for 'narco-democracy'

by Andrea Olivieri

On Nov. 2, both houses of the Colombian Congress overwhelmingly approved a new criminal code which constitutes a virtual amnesty for the so-called Cali Cartel of cocaine traffickers. Four days later, Senate Vice President Darío Londoño Cardona, one of the principal sponsors of the criminal code reform and a leading advocate of "negotiating the law to win the peace," was assassinated by terrorists in the city of Medellín. Both events tragically demonstrate the extent to which the nation of Colombia has served as a laboratory experiment in "narco-democracy."

Years of terrorist blackmail by the narcotics cartels and their guerrilla allies, combined with political sabotage by their protectors in high places, has significantly eroded Colombia's moral foundations and opened the door to the phony "democracy" arguments of the international human rights lobbies, the demilitarization strategists, and the free-trade fanatics. Today, in the name of that same "democracy," the government of President César Gaviria has emasculated its own defense capability, while creating the conditions for virtual dual power with the narcotics cartels and their terrorist allies.

Colombia's new criminal code, known as the CPP, represents a major step forward on this road to hell. As a result of the reform, individual prosecutors have now been given autonomous discretionary power such that each drug trafficker can negotiate his own private "surrender" deal. Those criminals who surrender, confess to a crime, and hand over illegally acquired assets, become eligible for unprecedented benefits, including a suspended sentence or house arrest. If the crime carries a prison term of under five years, the sentence can be waived. If murder and/or terrorism is the charge, the sentence could be reduced by as much as two-thirds, and possibly be served at home!

## Special treatment for the Cali Cartel

The CPP was approved by the Colombian Congress following weeks of an intense lobbying effort by a score or more of cartel lawyers. It is the culmination of many months of negotiations between the Gaviria government and the powerful cocaine cartel headquartered in the southwestern city of

Cali, run by Gilberto and Miguel Rodríguez Orejuela.

Unlike the ostentatious Medellín Cartel, which sought to win political power through sheer terrorist muscle, the Cali Cartel has gone for economic power. Working on the inside of the system, it has bought its way into the financial markets and deployed high-powered lawyers and public relations firms to whitewash its image both at home and abroad. With few outstanding warrants against the Cali Cartel's chieftains, the CPP will function as a virtual laundromat for these mafi-osi-turned-businessmen and their drug dollars.

Little wonder that the cartel lawyers' chief demand to the Colombian authorities is that they cease any investigation of cartel kingpins who have not yet been charged with a crime.

## A decade of infamy

The deal Gaviria has struck with the Cali Cartel is not very different from that offered Pablo Escobar's Medellín Cartel by former Colombian President Alfonso López Michelsen back in 1984, immediately after the cartel assassinated anti-drug Justice Minister Rodrigo Lara Bonilla. The 1984 offer proposed that, in exchange for an amnesty and an end to extraditions of drug traffickers to the United States, the cartel would dismantle its illegal smuggling apparatus and invest its drug money inside Colombia. In light of the nationwide revulsion over Lara Bonilla's murder, then-President Belisario Betancur had no choice but to reject the amnesty proposal.

In 1989-90, the amnesty proposal was revived by López Michelsen and fellow member of the ruling elite Joaquín Vallejo Arbeláez. According to handwritten notes on the proposed deal by Vallejo, a facsimile of which was published in the local press, the cartel was offering to facilitate a deal whereby the United States would legalize cocaine consumption and the Colombian government would get the monopoly on export of the drug.

The amnesty deal fell through when popular anti-drug candidate Luis Carlos Galán, a shoo-in for the 1990 presidency, was murdered by the drug mob. Nonetheless, then as now, legalization of drugs is the flip side of any amnesty deal. It is no accident that today, the front-running presidential

candidate of the ruling Liberal Party, Ernesto Samper Pizano, is not only a protégé of cartel advocate López Michelsen, but is also the country's most prominent lobbyist for drug legalization. Congressional approval of the CPP represents a major political boost for Samper's electoral chances.

### Cornering the military

President Gaviria's step-by-step capitulations to the drug mafia—including his sponsorship of an illegal Constituent Assembly which constitutionally banned extradition of traffickers, and continuing through his decree of a "surrender" policy for the cartels which raised plea-bargaining to a fine art—would not have been sufficient, by themselves, to ensure the government's amnesty deal with the Cali Cartel. What was required was the straitjacketing of the Colombian Armed Forces, and Gaviria's government has now effectively accomplished this.

From the very beginning of Gaviria's presidency, he sent a loud and clear challenge to the military by naming Antonio Navarro Wolf, head of the "former" M-19 narco-guerrilla group, to his cabinet. He delivered his second challenge by appointing Rafael Pardo Rueda to head the Defense Ministry. Pardo Rueda had headed up government efforts to negotiate a peace agreement with the guerrillas.

At the same time, the anti-military attorney general's office was given increasingly greater oversight over the Armed Forces, leading to thousands of "human rights" investigations into military behavior. The investigations, many of which were prompted by complaints presented by frontmen for the guerrillas themselves, have effectively hamstrung the military's anti-subversive operations.

Military hardliners have been a special target. In late 1990, the attorney general's office demanded the dishonorable discharge of Gen. Jesús Armando Arias Cabrales, the man who put an end to the M-19's bloody siege of the Justice Palace in Bogotá five years earlier. In 1992, a gaggle of international human rights organizations published a book on "state terrorism" in Colombia, containing 500 profiles—with photographs—of leading military and police officers who have been in the forefront of fighting narco-terrorism. The book was based in large part on material leaked by a former attorney general. Many purges have since followed.

The latest outrage is the government's decision in October to boot Gen. Harold Bedoya, commander of the Second Army Division in Bucaramanga, upstairs into a desk job at the Inter-American Defense Board in Washington, D.C. General Bedoya was considered the most effective military commander in the field, and had succeeded in reclaiming a large part of Santander province from the National Liberation Army (ELN) terrorists who had infested it. It is well known that the ELN has managed, through intimidation and bribery, to worm its way into a dual-power situation in towns and cities across the province, and it was this political power that Bedoya threatened.

The new commanding officer in Bucaramanga is Gen. Manuel José Bonnet, formerly chief of Army intelligence and known as a "paperclip general" with little or no combat experience. Bonnet is also the brother of Pedro Bonnet, a senator from the M-19. Thanks to General Bonnet, the military never gathered the intelligence to "prove" what arms traffickers have openly admitted: namely, that the M-19, despite its "legalized" status, is continuing to purchase and stockpile weapons.

The Gaviria government's blatant alliance with terrorists was hard even for the pro-government newspaper *El Tiempo* to stomach. A Nov. 5 editorial protested that "this doesn't seem to be the opportune moment to send into the golden exile of diplomacy one of the generals who has shown the best results in the fight against the drug trade and subversion. . . . Bedoya is obviously not one of the ELN's favorite generals, since he has unmasked many of their allies' maneuvers and captured their most prominent leaders. It would be lamentable if a coalition of local electoral interests with the tactical objectives of the guerrillas, has succeeded in presenting [Bedoya] as an obstacle to peace."

### Opposition figures speak out

Lamentably, the opposition to these appeasement policies is increasingly reduced. Former Justice Minister Enrique Parejo González, a presidential candidate whose refusal to break with the anti-military left has isolated him, despite his courageous stand against narco-terrorism, has slammed Gaviria for "dismantling the institution of justice piece by piece."

In his Nov. 8 newspaper column, Parejo charged that the government has negotiated a new criminal code with the very criminals it is supposed to punish. The CPP, said Parejo, is nothing less than "a pardon for those who have committed the crime of drug trafficking, or worse. . . . The criminals will not go to jail. The system that has just gone into effect will make prisons obsolete."

A strong statement rejecting the CPP was also issued on Nov. 9 by the National College of Colombian Attorneys, which denounced the "permissiveness of the political-judicial-legislative system," and which warned that "this institutional disorder is due in large part to the political equivalence of 'negotiating the law' and of dividing the administration of justice among those interests . . . who through intimidation, threat, bribery and violence end up imposing norms at their whim and to their benefit."

The Gaviria government has repeatedly attempted to justify its appeasement policies toward the narco-terrorists as designed to bring "peace" back to Colombia. But the brutal Nov. 6 assassination of CPP sponsor Londoño Cardona, and the more recent police discovery of several large guerrilla arms caches, along with plans for a new wave of assassinations and economic sabotage, should serve as a reminder that capitulation to such an enemy can only bring the peace of the grave.

## Another corrupt U.S. asset in Venezuela

*The U.S. State Department is promoting the leftist Causa R party, in support of the IMF's austerity agenda.*

Several Venezuelan press commentators have recently pointed out that Andrés Velásquez, presidential candidate of the Radical Cause or Causa R party in the Dec. 5 elections, has been seen on a number of occasions in the company of the new U.S. ambassador, Jeffrey Davidow.

In an article published in the Nov. 1 *El Nacional*, historian Agustín Salinas, president of the Bolivarian Youth of Caracas, pointed out that it is not only depressing to see Velásquez begging for U.S. support, but dangerous as well. Velásquez "uses the U.S. ambassador as a crutch," Salinas said, "in order to capture votes . . . and what's worse, reinforcing the old Third World dependency on a power that still considers us its back yard."

A full-page article in the Oct. 31 *El Globo* by José Sant Roz made the point even more forcefully. Under the headline "Causa R's Dramatic Decline," Sant Roz nastily charged that Andrés Velásquez's actions "make him look more every day like Carlos Andrés Pérez," the deposed President who is about to go on trial for massive corruption and abuse of power. Now, Sant Roz argued, "it is the United States and not the Venezuelan people which awaits Causa R's triumph; what's important for Mr. Andrés Velásquez is the opinion of the 'gringo' ambassador, not his compatriots."

The comparison of Velásquez to Carlos Andrés Pérez is appropriate in many regards, particularly in their shared penchant for corruption. In a Nov. 1 *El Nacional* article, writer

Manuel Alfredo Rodríguez denounced a series of irregularities in the administration of Bolívar state, where Velásquez is governor. Rodríguez pointed to several Causa R "excesses," such as using the state budget to finance bashes at luxurious restaurants, and unlimited use by Causa R members of the governor's car pool. Referencing Velásquez's promise that, should he win, he will govern "with the people" and his ministers will be chosen "from the people," José Sant Roz revealed that one potential ministerial choice, deputy David Fermín of Mérida, has a pile of unpaid bills in practically every bar in the state.

For decades, Carlos Andrés Pérez was the State Department's prime example of a "democratic" Ibero-American leader whom it defended even when the evidence of his political corruption exploded into a public scandal too big to ignore. Velásquez has tried to pass himself off as a leftist alternative to the corrupt Venezuelan "partyocracy" which was the target of two attempted military coups in 1992. In fact, he is nothing but an asset of the Inter-American Dialogue (IAD), the Washington think-tank which dictates the Clinton administration's policy for Ibero-America.

The IAD and the State Department are desperate to contain the continent's growing nationalist civic-military resistance to the International Monetary Fund's (IMF) austerity policies and the corruption of existing political structures; their strategy is to

promote the Ibero-American political parties belonging to the São Paulo Forum, a coalition of leftist parties and "reformed" narco-terrorists set up by Cuba after the fall of the Berlin Wall. Six parties belonging to the forum are running presidential candidates in their respective countries, among them Causa R.

The policies the São Paulo Forum defends are the same ones backed by existing political parties. They support IMF policy and payment of the foreign debt; demand the destruction of the armed forces and other institutions of the nation-state; and promote satanic New Age cultural and educational reforms. The only difference is that Forum members dress these policies in leftist and "democratic" rhetoric, in an attempt to attract those forces which might otherwise rebel against the IMF. Given Venezuela's very unstable situation, the State Department doesn't want to risk having the country fall into nationalist hands.

In April of this year, Princeton University hosted six of the IAD's preferred presidential candidates, among them the stand-in for Andrés Velásquez, Causa R's Pablo Medina. Immediately following this, Medina and two others were invited to Washington for discussions with high-level administration officials, including former IAD president Richard Feinberg who now handles Ibero-American affairs at the National Security Council.

So Andrés Velásquez's cozy relationship with Ambassador Davidow is no accident. Before Davidow's arrival, Velásquez used to hang out with U.S. Ambassador Michael Skol and frequently attended U.S. Embassy functions. Skol was a special invited guest at the inaugural ceremony of Andrés Izturiz, the Causa R candidate who became mayor of Caracas.

# International Intelligence

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## ***Bosnian premier says peace talks are doomed***

Bosnian Prime Minister Haris Silajdzic said on Nov. 3 that the peace negotiations being conducted by Lord David Owen (European Community) and Thorvald Stoltenberg (U.N.) are doomed. "The peace process will continue," he said, "but it will not break any new ground as long as it is handled by the same old people. We are willing to re-enter peace talks with some substance. We're not willing to repeat London and Geneva."

Silajdzic charged, according to Reuters, that the mediators were avoiding dealing with the Bosnian government, because they are bent on carving up Bosnia according to the Serbian-Croatian prescription for ending the war. Neither Owen nor Stoltenberg had contacted the Bosnian government for at least a month, he said. Such "uninspired and amateurish" negotiating would bring "only bloody results for Bosnia," he said. "They are spending two to three months to prepare for this new conference. Then they will take us out of the political refrigerator to sign it. Do you think it will happen?"

Summing up the situation in his country now, he said: "Bosnia is a slaughterhouse, in a stone age situation . . . where I fear many people will die of hunger and exposure this winter." As for the western powers, "the message now is that aggression and land grabs are okay as long as you have enough tanks, arms, as long as the territory you want has no oil."

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## ***Turkey asks Germany to outlaw Kurdish group***

The Turkish ambassador to Bonn, Onur Oyman, on Nov. 5 urged the German government to outlaw the Kurdish Workers' Party (PKK) and associated groups in Germany. The request was made on Nov. 5, following a wave of terrorist attacks on Nov. 4 by Kurdish militants across Europe.

The ambassador added that there were close links between terrorism and the illegal drug trade, which Germany is anxious to curb. "Our information indicates they col-

lect a lot of money, millions of marks, from the drug trade in Germany," he said.

German police believe the PKK was behind simultaneous assaults on Turkish consulates, travel agencies, and airline offices in at least 28 German cities as well as in London, Copenhagen, Vienna, Strasbourg, and in Switzerland. One person was killed and 20 injured in the attacks on German cities. Arson attacks occurred also against three Turkish bank offices, the office of the Turkish Airlines in Frankfurt, and against the editorial offices of the Turkish daily *Hurriyet* in Neu-Isenburg near Frankfurt.

The PKK claimed responsibility for most of attacks, saying they were aimed against the threat by Turkish President Suleyman Demirel that the PKK would be eliminated inside Turkey by armed force, and through new anti-terror measures in Europe, by the spring of 1994.

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## ***ADL brings 'World of Difference' to Germany***

The Anti-Defamation League of B'nai B'rith is bringing its racist "World of Difference" (WOD) school curriculum to the German cities of Bremen, Rostock, and Berlin. In October, New York ADL official Robert Goldman and World of Difference trainers ran conferences for teachers in the three cities. They also plan to found a tax-exempt organization.

The program is being sold as a way to overcome prejudice of the kind that has resulted in violent attacks against foreigners by skinheads and neo-Nazis in Germany. But, as *EIR* documented in an article on Sept. 24 (p. 58), the program actually inculcates racism by emphasizing racial and other differences between people, rather than what they have in common as human beings.

A Bremen official described the ADL program as "based on emotional aspects and not cognitive faculties, with role playing designed to get the teachers to recognize their own prejudices first, then, to respect cultural differences." As in the United States, the ADL will use the program to infiltrate police departments in Germany with "psychologi-

cal schooling" of police.

Robert Goldman met several Bonn cabinet officials and parliamentarians to discuss the program. The German Foreign Ministry has been paying the fees and travel costs of the ADL officials, with additional funds coming from the foundations of the three largest political parties. Apart from this, however, the Bonn government has not yet committed funds to the program.

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## ***Haiti's Cédras: 'We are not store owners'***

In a speech to the graduating class of his country's military academy on Nov. 3, Gen. Raoul Cédras praised the Haitian Army and attacked international hostility against the Armed Forces. "We want to offer young Haitians an example of courage and nationalism," he said.

Warning that "today's collaborators are of a new breed, more subtle but with no democratic vision," Cédras said that the military has no intention of taking power. "We believe that power has to be civilian . . . but the Army refuses to be in servitude." He also warned that graduates should be prepared to face the "unbridled ambition of collaborators."

As for Haiti's enemies, the general bitingly said, "They think of the people as little store owners who will sell the country. We are not little store owners."

Reuters described Cédras as "coolly ignoring questions from a swarm of international reporters" and making a speech "filled with nationalist rhetoric." He "gave no sign whatsoever that he was ready to step down," said the British wire service with evident dismay.

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## ***Doubts aired over murder of Mexican cardinal***

The Mexican daily *La Jornada* on Nov. 2 reported that the Italian magazine *30 Giorni*, linked to circles in the Vatican and to Christian Democratic politician Giulio Andreotti, has rejected the official Mexican government version of the May 24 assassination of



## Briefly

● **EHUD OLMERT** of the Israeli Likud Party has been elected the new mayor of Jerusalem, replacing Teddy Kollek, who was mayor for 28 years. Olmert said that Jerusalem will be "a Jewish city," not "a province of a Palestinian state."

● **THE BRAZILIAN** journal *Ombro a Ombro*, organ of the retired military, called in its October issue for the "immediate release" of Argentine Col. Mohamed Ali Seineldin, as the first step toward "restoring the dignity of the Armed Forces of our brother country." Seineldin, a nationalist leader, is currently a political prisoner.

● **MALAYSIAN** Prime Minister Dr. Mahathir Mohamed told the convention of his country's ruling party on Nov. 4 that "there are indications that the West now regards Islam as a threat to them. . . . There is a possibility that we will become the direct target of western attacks and, based on the weak position now, we can be totally destroyed by such attacks." He added that he was not anti-West, but that it was more a case of "the West being against us."

● **INDIAN** security forces have captured the main Sikh separatist leader in the state of Punjab. Sohan Singh, who is believed to be one of the masterminds of the British-sponsored Sikh militant campaign for an independent homeland they call Khalistan, was captured on Nov. 3. "The backbone of the separatist Khalistan movement has been completely broken," Punjab Chief Minister Beant Singh told a news conference.

● **ARGENTINA'S** Anglophile foreign minister, Guido Di Tella, said in London that the South Atlantic should be policed by the United Nations. If Britain and Argentina come to an agreement on the status of the Malvinas Islands, he said, the United States should serve as guarantor. This "necessarily implies the establishment of a multilateral security scheme for the area," he said.

Mexican Cardinal Juan Jesús Posadas Ocampo. The government claims that Posadas, the archbishop of Guadalajara, was killed by drug lords on May 24, in a case of mistaken identity; but considerable evidence exists that the murder was a deliberate project of the Freemasons.

The Italian magazine points to a possible conspiracy between freemasonic "dinosaurs" within Mexico's ruling Revolutionary Institutional Party (PRI) and the government, and "anti-traditional" elements of the Mexican Catholic Church, such as pro-masonic Cuernavaca Bishop Sergio Méndez Arceo.

Suggesting that in 1978 Pope John Paul I was murdered just as surely as Cardinal Posadas was, *30 Giorni* reveals that the murdered Mexican cleric could have been "the first Latin American pope."

### **Gorbachov tells U.S. to reject shock therapy**

Former Soviet leader Mikhail Gorbachov, speaking to the Fortune 500 Forum in Richmond, Virginia on Nov. 4, repudiated the "shock therapy" economic doctrine, and gave his views of the current Russian political crisis.

"If we don't overcome this crisis," he said, "the pillars of modern civilization could be undermined." According to the *Richmond Times-Dispatch*, Gorbachov gave an hour-long address to "some of America's top capitalists" and said that "shock therapy has failed" and that a "new world order," neither capitalist nor communist, must be built. That new world order, he stressed, must not be at the cost of "a global environmental crisis."

Gorbachov said he "no longer can regard the government as democratic" because Boris Yeltsin, whose name he never used, had dissolved the Parliament. Asked if he would be running for President, he replied, "I don't foresee a presidential election. Therefore, the question is moot."

As to which candidate he will vote for when elections are held, he said, "I will not vote for those who chose the road of shock therapy, the road that led the country into

this dead end."

Gorbachov urged the businessmen, "who by then were becoming fidgety," according to the *Times-Dispatch*, to invest in Russia, which he said is a "less risky proposition than in many other countries." However, he warned against just grabbing Russia's raw materials: "Russia will never accept a role of a kind of junior partner. The world would get not a partner, not a friendly country, but a heavily armed hostile regime."

### **Malaysia resolves succession crisis**

Anwar Ibrahim, Malaysia's 46-year-old finance minister, was declared deputy president of the ruling United Malays National Organization (UMNO) on Nov. 4. This settles the issue of who will succeed Prime Minister Dr. Mahathir Mohamad. Mahathir has given no indication so far that he plans to retire.

Like Mahathir, Anwar is somewhat of a maverick. He was jailed for 20 months in 1974 for leading anti-government demonstrations. The founding leader of the Malaysian Muslim Youth Movement, Anwar already had a national following when Mahathir invited him to join UMNO in 1982. Anwar is the son of a hospital orderly who later became a member of parliament. After graduating from the University of Malaya in 1971, he set up a private educational institution for poor Malay students.

An attack on Anwar was recently published in the Indonesian press by Malaysian journalist M.G.G. Pillai, who writes for western media and sometimes the Thai press. The writer described Anwar as formerly a mediocre student who entered the University of Malaya with the lowest possible grades. It also called him a fascist, who had converted the ruling UMNO party, UMNO Youth, and the Malaysian Muslim Youth Movement into his stormtroopers. Pillai claimed that there are close ties between Anwar and a Sudanese fundamentalist Islamist by the name of Dr. Tourabi. The Malaysian Information Ministry has protested the Pillai article.

## FEMA, ecologists declare war on the Mississippi

by Richard Freeman

The Federal Emergency Management Agency is steering a destructive policy shift in American flood control policy, by closing down hundreds of Midwest communities, and paying sums of money to relocate their populations. Working with a hard-core group of environmentalists in the Clinton administration, FEMA is preventing the rebuilding of levees, and uprooting 60 years of high-technology engineering development, including the building of river diversion channels and floodways, that led to the birth of waterborne commerce, agriculture, industry, and civilization along the Mississippi River System. This shutdown is being done allegedly to help the victims of the Flood of '93 who live in the nine states that define the Upper Mississippi Valley: Minnesota, Wisconsin, North Dakota, South Dakota, Missouri, Illinois, Iowa, Nebraska, and Kansas.

Scott Faber, a director of the extremist environmentalist American Rivers group, jubilantly proclaimed Nov. 9, "This is revolutionary. People may not appreciate it, but this is reversing 100 years of federal flood control policy. As part of the relocations, people will be moved out of the Mississippi floodplain areas. There should not be and there will not be development in these areas anymore. This development had to be stopped." Faber announced that "in the 1930s, there was building of levees [to halt and mitigate flooding]. Levees are really bad for rivers. They should never have been built. If we don't rebuild the levees now, we won't have the development. But this is also a good policy because it reduces the long-term burden of [future] flood relief." Faber asserted that farmers living on and farming the rich Mississippi riparian plains will have to move away to higher bluffs and come down to farm the area when the Mississippi is not flooding, as they did 100 years ago. The Washington, D.C.-based "conservationist" American Rivers is funded by "green foundations," including the World Wild Fund for Nature of Brit-

ain's Prince Philip.

Faber's elation over a new Clinton policy is based on the announcement by Richard Krimm, deputy associate director of FEMA, who stated on Nov. 2 in a telephone press conference that the federal government will spend \$400 million—of which \$286 million is available, and the rest will have to be appropriated by the Congress—to relocate 10,000 buildings, mostly homes, out of the 90,000 buildings damaged in the Midwest by the flood.

Under the program, according to the Nov. 3 *Chicago Tribune*, "local governments would pass ordinances preventing future development in the areas that are purchased in the buyout program." Instead, FEMA's Krimm stated, the areas would be turned into parks, recreation areas, and above all, wetlands. Krimm reported that 53 entire towns and villages, mostly in Iowa and Illinois, will be funded to relocate immediately. In some cases, this means moving to higher ground, if the community has enough money to buy new land and transfer services such as water, electricity, etc. But in most cases, the communities, many a hundred years old or older, will be wiped out. An additional 150 communities are on a waiting list to be "relocated."

Because of the severe flood damage, and because of the depression, many financially desperate communities approached by FEMA to relocate can't refuse the money: Either they move or they dissolve on the spot. The leaders of one 900-person community, Grafton, Illinois, told *EIR* several weeks ago that they did not want to be relocated. They proposed a plan to relocate their vital infrastructure (sewer works, main roads, etc.) to higher ground in order to keep their town otherwise intact. But they are under severe budgetary constraints. With the government denying them levee-building, and any other funding, Grafton is now close to accepting blood money from FEMA to shut down most of its

community forever.

Though FEMA is directing a portion of the policy, two individuals stand at the center of the administration's program for the shutdown and depopulation of the Upper Mississippi Valley effort: T.J. Glauthier, the associate director for Natural Resources, Energy, and Science, of the Office of Management and Budget, a little-known but extremely powerful post; and Kathleen McGinty, the director of the White House Office of Environmental Policy, and the former chief environmental aide to then-Sen. Albert Gore. On Aug. 23, Glauthier and McGinty issued a directive, in which they enunciated the policy on flood control that would be binding on the entire government. Their directive was sent to the Departments of Agriculture, Transportation, Housing, and Interior, as well as to FEMA, the Army Corps of Engineers, the Environmental Protection Agency, and other federal agencies.

### **Radical environmentalist destruction gang**

In the directive, Glauthier and McGinty stress that "in evaluating applications for levee repair and restoration in the region of the Midwest floods of 1993, each agency shall consider . . . non-structural design alternatives . . . lower long-term cost to the federal government, and natural resource protection."

"Non-structural design alternatives" is a euphemism for tearing apart the Army Corps' engineering achievements, starting with the 1928 Rivers and Harbors Act. These achievements made the Lower Mississippi River System, south of Cairo, Illinois, which used to suffer violent flood damage, virtually impregnable to such damage: During the Flood of '93, the Lower Mississippi suffered no damage. The crime is that such engineering means were only spottily applied to the Upper Mississippi region, which suffered \$15-25 billion worth of damage during the Flood of '93, three-fourths of which was preventable. Lyndon LaRouche has called for extending the Army Corps' infrastructural flood control methods used on the Lower Mississippi to the Upper Mississippi.

Glauthier and McGinty's alternative is called "flood control management," which would let the Mississippi River, when it floods, rage and destroy wherever it chooses.

Where did Glauthier and McGinty obtain the expertise to run the nation's flood control policy? The answer is, they have none; they are both radical environmentalist lunatics. Glauthier today has budget approval for all OMB expenditures for environmental, interior, agricultural, energy, and science issues, and heads what is unofficially called the Inter-Agency White House Task Force on Flood Control. His background? As director of Weather and Climate Change at the eco-fascist World Wide Fund for Nature (formerly the World Wildlife Fund, or WWF), Gauthier pushed the ozone hole scare, a hoax which is being used to shut down the production of life-strengthening chlorofluorocarbons

(CFCs), and now even chlorine production. According to his own biography, Glauthier "led WWF's U.S. participation in the international negotiations leading to the treaty on climate change, which was signed at the Earth Summit in Rio de Janeiro in June of 1992." This is the summit that declared war on manufacturing, technology, and the concept of man in the image of God.

McGinty has spent her short life on the fringes of the radical environmentalist movement, and also attended the 1992 Rio Earth Summit as the personal assistant and policy aide of Albert Gore, who endorsed the Earth Summit's goals. Thus, the two most powerful persons determining flood control policy for the United States are implementing the Earth Summit's anti-human agenda.

### **Attack on the Lower Mississippi**

The Lower Mississippi is also under attack. On April 8, 1992, Kevin Coyle, president of American Rivers, held a press conference to announce the allegedly "ten most endangered rivers." American Rivers started in the 1970s as a group to oppose the development of hydro-power and the building of any dams on America's rivers, and eventually expanded into attacks on scientific flood control methods.

At the April 1992 press conference, Coyle gave a rambling tirade of lies about the Lower Mississippi, which in fact, is one of the world's famous engineering achievements. "Last year," he stated, "we listed the Upper Mississippi River on our most endangered rivers list primarily because of the movement of toxic materials and petroleum products that could at any time break and leak into the river and destroy its wildlife values and its other significant values." However, this year, he stated, "the lower part of the Mississippi is often called 'Cancer Alley,' and indeed the cancer rates in that area are higher than in many parts of the country, and we view this as one of the outcomes of rivers being the collectors of our land use abuses and in addition to that the whole plumbing system of the Mississippi River is skewed toward navigation and toward the control of the mighty river, which at one time spread over its delta . . . and now its silt that comes down the river is literally washing out into the Gulf of Mexico and the shoreline along Louisiana and other parts of the Gulf is eroding because that natural process is no longer taking place. The Mississippi is, in our view, extremely endangered."

Senator Gore attended the American Rivers association "endangered rivers" press conference as a featured guest. Following Coyle to the microphone, Gore proclaimed, "I'm concerned about all of the rivers included on this list, particularly, may I say, the Mississippi. And having recently written about the problems in the lower Mississippi and 'Cancer Alley,' I agree with you that those problems should be included with the ones in the Upper Mississippi that you talked about last year."

With Gore endorsing this strategy, unless voices are raised in opposition, it will go forward.

# Globalists push Clinton into North Korea confrontation

by Edward Spannaus

The foreign policy priorities set by the Anglo-American establishment powers behind the Clinton administration, are propelling President Clinton into a series of crises which portend strategic and economic disaster. The most dangerous situation is the drive to provoke a crisis around North Korea; but the President's "free trade" agenda is also setting him up for a mighty fall around the issue of the North American Free Trade Agreement (NAFTA).

In both cases, the President is being warned that the "credibility" of his administration is at stake. Regarding North Korea, the issue is posed as the credibility of the announced nuclear non-proliferation policies; around NAFTA, the President is being cautioned that the "moral authority" of the United States and his own image will be severely tarnished if he cannot get NAFTA through the U.S. Congress.

By following an agenda designed by globalist utopians who profess that "free trade," "democracy," and control over technology are the mainstays of U.S. policy, Clinton is careening from crisis to crisis, and will rapidly find his administration destroyed by the attempt to pursue such illusory objectives.

## Russia: the biggest crisis

The biggest crisis for the administration, as Lyndon LaRouche has repeatedly warned, is Russia; yet the administration continues in its delusions that Boris Yeltsin is taking Russia down the road to "democracy." On the contrary, the new military doctrine disclosed during the first week of November shows that Yeltsin is in fact a captive of the Russian military. If the military rules by default, without a new leadership for the Russian intelligentsia, we will be faced with what LaRouche calls "a Third Rome Russian military dictatorship"—which he describes as "an imperial Third Rome, as the current military doctrine specifies in some great detail, taking over control of former Soviet territory, and also prohibiting—and that's very explicit—NATO or other western institutions from taking over through treaty organizations Poland, the Czech Republic, Slovakia, Hungary, and so forth."

"The great opportunity of 1989 for building peace," LaRouche said, "has been shot largely by the work of George

Bush and Margaret Thatcher, their policies; and by the shock therapy/IMF [International Monetary Fund] policies. So that is the greatest crisis of the Clinton administration."

## Christopher's six priorities

While disaster stalks U.S. policy not only in Russia, but also in Bosnia, Somalia, and Haiti—to cite only the most obvious—Secretary of State Warren Christopher went before the Senate Foreign Relations Committee on Nov. 4 to present what was billed as a major policy statement on the six foreign policy goals of the Clinton administration. His six fantasy-land priorities are:

1) Economic security, which Christopher stated is "at the heart of our foreign policy." Christopher highlighted three events, all occurring within the next 40 days, which "will help determine the strength of our economy and the standard of living for our people as we enter the 21st century." These are the vote on NAFTA, the decision on the Uruguay Round in the General Agreement on Tariffs and Trade (GATT), and the Asian Pacific Economic Cooperation (APEC) meeting in Seattle.

2) Support for reform in Russia and the newly independent states. "We're placing special emphasis on our support for political and economic reform in Russia, in Ukraine, in the other states of the former Soviet Union and the new democracies of central and eastern Europe."

3) Europe and NATO, where the United States is proposing to transform NATO's relationship with the new democracies of the East. To that end, said Christopher, we have proposed a partnership for peace open to all members of the North Atlantic Cooperation Council as well as others.

4) Asia and the Pacific, a region "which contains the world's most dynamic economies, and it is the most lucrative terrain for American exports and jobs. It is thus most crucial to the President's domestic agenda."

5) The Middle East, where the Israeli/Palestinian accord must demonstrate to all other parties that negotiations work and that extremists cannot stop the march toward peace.

6) Non-proliferation, because "the proliferation of nuclear weapons is the most serious security threat in the post-Cold War era." Christopher described the regions where there are

real risks of proliferation as the Middle East, the Korean peninsula, the Persian Gulf, South Asia, Russia, and the newly independent states.

Obviously not having mentioned Bosnia, Somalia, or Haiti in his list of priorities, Christopher referred to the "set-backs" which could occur in trying to resolve regional conflicts, and appeared to blame television for highlighting those areas. "Television is a wonderful phenomenon, and sometimes even an instrument of freedom. But television images cannot be the north star of U.S. foreign policy," he said.

### Heating a hot-spot

While Christopher was speaking, his last point was being especially emphasized by fast-moving developments. That morning, neo-conservative spokesman Charles Krauthammer published a commentary in the *Washington Post* entitled "North Korea's Coming Bomb," which screamed that the impending nuclearization of North Korea is "the single most dangerous problem in the world." Citing the precedent of the Persian Gulf war, Krauthammer called for Clinton to take action, including an immediate economic blockade, saying that "if there is one lesson to be learned from the Gulf war, it is that a President has to prepare the nation for conflict if he is to expect popular support."

As Krauthammer's ravings were being read in Washington, a high-level U.S. official traveling on the plane carrying U.S. Defense Secretary Les Aspin home from South Korea told reporters that North Korea had massed 70% of its military force near South Korea and might "launch a desperate conventional attack on the South."

"The North Koreans have continued to increase their production of [military] equipment," said the official. "They are more forward deployed and I think we may be entering a kind of a danger zone here."

During his "Meet the Press" interview on Nov. 7, President Clinton picked up the theme, warning that North Korea cannot be allowed to build a nuclear bomb and that any invasion by North Korea of South Korea would be considered an attack on the United States.

"North Korea cannot be allowed to develop a nuclear bomb. We have to be very firm about it," Clinton said. Asked whether the United States would be willing to stage a preemptive strike to prevent that, he replied, "I don't think I should discuss any specific options today."

In the days following Clinton's comments, the war-mongering continued from the likes of the Rand Corp.'s strategy director Zalmay Khalilzad, who called for the United States to increase its military capability in the region, and even proposed "surgical air strikes" to take out North Korean nuclear facilities.

### The cost could be war

However, some in the U.S. military were taking a more sober approach. On Nov. 7, the *New York Times* reported

that the South Koreans are endeavoring "to impress upon the United States how high a price they might pay if it forced [Kim Il] Sung's desperate, often irrational-sounding government into a corner." By the time Secretary Aspin and his aides left Seoul, the *Times* noted, they "were openly talking about their growing worries that the wrong kind of pressure on the isolated North Korean government could provoke it to lash out."

The impulse behind the building confrontation was dramatized by U.S. officials cited by the *New York Times* who noted that if the United States and its Asian allies don't impose sanctions on North Korea over the nuclear inspection issue, this failure "would totally undercut the Clinton administration's repeated policy that 'counter-proliferation' is a new mainstay of Washington's post-Cold War foreign policy."

The utopian nature of such concerns was highlighted by the U.S. commander on the ground in South Korea. "It is easy in Washington to regard this as just a chess game," he said. "I keep reminding people that this is for real, and it's real scary."

Rep. Dave McCurdy (D-Okla.), arguing against such "nuclear brinksmanship" in a *Washington Post* commentary, concluded: "In Somalia, the price of failure is 29 American lives; in Korea, that price could be war."

### NAFTA disaster

The same sort of "credibility" arguments are being used to induce President Clinton to make the approval of NAFTA the be-all and end-all of his global foreign policy. He has stooped so far as to bring Henry Kissinger into the White House, where Fat Henry declared that this is a "once in a generation" opportunity "to do something defining, something that establishes the structure for decades to come."

As Lyndon LaRouche pointed out on Nov. 10 in an interview with the weekly radio program "EIR Talks," Clinton did not start out as a NAFTA enthusiast, but he was pushed into it by the establishment. "It's a deeply embedded policy in a certain part of the establishment, but it cannot work in any way, and the Clinton administration has been stuck with this thing, and it's got to get out of it somehow or other."

"Everything that the administration is proposing—GATT, NAFTA, health care—threatens to become a disaster on the domestic front and the North American front," LaRouche said, "while U.S. European policy is a disaster; Russian policy is a disaster; China policy is on the verge of becoming a disaster—this conference up in the Northwest, this Asia-Pacific economic cooperation zone, that's an absolute disaster; policies toward Japan are a disaster; and policies toward the Third World are a disaster."

"So there's a disaster on every front facing this administration; not that it caused the problems; in point of fact, it inherited these problems from Margaret Thatcher and George Bush," LaRouche concluded, "but they've got the problems."

# McCloskey: 'shameful' U.S. record on Bosnia

Indiana Representative Frank McCloskey (D) delivered a blistering attack on U.S. policy toward Bosnia, during a House Foreign Affairs Committee hearing on the North American Free Trade Agreement on Nov. 5. McCloskey remarked that he had first felt proud when Secretary of State Warren Christopher said in February that the United States had "direct strategic concerns in Bosnia, including preventing the destruction of a U.N. member state by force." But, McCloskey continued, "unfortunately, the administration began an about-face soon after that was slower and more convoluted than the ones in Somalia, and was abysmally shameful. During the rest of the winter and the spring of this year, the Bosnian Serbs and their backers in Belgrade carried out the worst and bloodiest offense of their terrorist campaign by ethnically cleansing hundreds of thousands of innocent civilians from eastern Bosnia."

McCloskey reviewed how the administration had acquiesced to European objections to allowing the Bosnians to defend themselves, and then signed on to the joint action program, "a meaningless plan which called for safe areas that . . . are still not safe. In fact, 50 years after Buchenwald and Auschwitz, there are giant concentration camps in the heart of Europe."

"On June 29th," he continued, "because the United States declined to lobby on its behalf, the nonaligned countries' draft resolution to lift the arms embargo failed in the U.N. Security Council."

"On July 21st, Secretary Christopher said this administration was doing all it could in Bosnia consistent with our national interests. The very next day, consistent with that statement, the Serbs launched one of their largest attacks ever in the 17-month-old siege of Sarajevo."

"Even now, we won't lift the sieges," McCloskey said. "The U.S. and the U.N. strained even to avoid admitting there is a siege, to take necessary steps, including opening Tuzla Airport, to prevent people from starving this winter."

## Hundreds of thousands may still die

McCloskey concluded: "Genocide is taking place in Bosnia. Mr. Christopher knows this, but Secretary Christopher won't say so. On at least two occasions of which I am aware, State Department lawyers and representatives of other relevant bureaus have recommended that he state this

publicly, but we still do not have an answer. That request was first made publicly and in writing about 200 days ago.

"Mr. Chairman, I won't go on. I appreciate the time. But when the history books are written, we cannot say that we allowed genocide because health care was a priority. We cannot say that we allowed genocide because the American people were more concerned with domestic issues. History will record, Mr. Secretary, that this happened on our watch, on your watch, that you and the administration could and should have done more. I plead to you, there are hundreds of thousands of people that still can die. The people of Sarajevo are being besieged. One weekend about ten days ago, some 2,000 to 3,000 shells or more came down—"

**Rep. Lee Hamilton (D-Ind.)**, chairman of the House Foreign Affairs Committee: "Will the gentleman—[yield?]"

**McCloskey**: "One moment. The situation is even worse, as you know, Mr. Secretary, in the outer areas of Bosnia. We have to do something. The winter comes on every day. This is Nov. 2 [sic]. I plead for you and the administration to take a more aggressive interest in this."

"Thank you very much, Mr. Chairman."

**Hamilton**: "The time of the gentleman has expired. The secretary should respond."

## Christopher lashes out

**Christopher**: "Mr. McCloskey, you and I have got a fundamental difference of opinion on this subject. At rock bottom, you would be willing to put hundreds of thousands of American troops into Bosnia to compel a settlement satisfactory to the Bosnian government. I would not do so. I don't think our vital interests are sufficiently involved to do so. I don't see any point in our debating this subject further. You and I have discussed it several times in this forum. We have got fundamental differences of opinion. I do not believe that we should put hundreds of thousands of troops into Bosnia in order to compel a settlement."

"I'd go on to say, Mr. McCloskey, that it seems to me that your very strong feelings on this subject have affected adversely your judgment on other matters."

Later, in an interview on Cable News Network, Christopher was asked, "The reporters who were in the hearing room today said, at that point, your face grew red and you leveled what they said was an uncharacteristic, for you, personal comment directed at the congressman. What happened?" Christopher reiterated what he had said before and added, "At the end of the day, his proposal would require putting 200,000 or 300,000 American troops into Bosnia to try to take the country back—to put it back in its pre-war status. I simply disagree with that."

McCloskey was eventually able to explain, later in the House hearing, that he supported the administration's "lift and strike" plan, and had never called for use of American troops in the Balkans.

# Bank official's testimony nails Bush, Kissinger at House hearings

by Edward Spannaus

Telling his story for the first time in four years, the branch manager of the Atlanta branch of Italian Banca Nazionale del Lavoro (BNL) ripped the lid off the Bush administration's cover-up of its role in providing loans and credits to the Saddam Hussein regime in Iraq. The Nov. 9 hearing in front of the House Banking Committee also confirmed many things first revealed by *EIR*, including the role of Henry Kissinger and Kissinger Associates in setting up the 1990-91 Persian Gulf war, and the key role of Alfred Hartmann—the now-exposed link between BNL, the Bank of Credit and Commerce International (BCCI), and the Rothschild banking interests.

The hearing was one of a series by Rep. Henry Gonzalez (D-Tex.) on topics including the North American Free Trade Agreement (NAFTA) and the role of the Federal Reserve in ruining the nation's finances. Gonzalez commented in his opening remarks that the committee's investigation of BNL "originally grew out of my concern that our financial system was vulnerable to abuse by not only foreign banks, but the course of tremendous sums of so-called international funds through the arterial system of our banking and financial networks." He noted that the BNL scandal "serves as a shocking reminder of the ease at which our financial system can be manipulated."

The testimony of BNL branch manager Christopher Drogoul, coupled with comments interspersed by committee chairman Gonzalez, highlighted the corruption of the Bush administration, and especially of Bush's Justice Department, prompting Gonzalez to declare that this was "the most corrupt Justice Department that I have witnessed" in 32 years of government service.

## Bush coverup exposed

To review some background of the Nov. 9 hearing: Following an anti-Iraq media campaign led by Israeli and British intelligence assets in the London *Financial Times* and elsewhere, U.S. officials raided the Atlanta branch of BNL in August 1989, and subsequently prosecuted branch manager Drogoul and other local officials for fraud. The Justice Department's contention was that the Atlanta branch had made over \$2 billion of loans to Iraq *without* the knowledge of BNL headquarters in Rome (thus allegedly "defrauding" BNL Rome); they were also charged with withholding information from U.S. bank regulators.

In fact, there was nothing wrong *per se* with the provision of loans, or even weapons, to Iraq; but after Bush and Britain's Margaret Thatcher provoked the 1990-91 Gulf War, he and his administration scrambled to hide their embarrassment over having done so, and thereby perpetrated a massive injustice in the prosecution of the local officials of the Atlanta BNL branch.

During the sentencing hearing for Drogoul in 1992, federal Judge Marvin Shoob concluded that Drogoul could not have acted alone; his conclusion was backed up as evidence multiplied that U.S. government agencies—including the CIA—knew full well that BNL's Rome headquarters had authorized the Iraq loans.

In his testimony, Drogoul smashed the theory that his branch was making loans to Iraq on its own, and without the knowledge of the U.S. and Italian governments, or of BNL headquarters in Rome. Drogoul said that BNL Atlanta "was no more and no less than a tool of the United States and the Italian governments used to carry out foreign policy towards Iraq and other countries."

Drogoul detailed the close ties between BNL and U.S. government agencies and the CIA, and made it clear that everything he did was encouraged by the U.S. and Italian governments, and was well known to the CIA.

For example, said Drogoul, once, when he was with one of the directors of the Ministry of Industry in Iraq, he noticed that they were being shadowed; when he brought the matter up, he was told: "I don't know what you're worried about; we've been working with the U.S. intelligence community"—and specifically he said the CIA—"for a number of years, and they follow our activities on a regular basis."

## The 'most corrupt' Justice Department

Drogoul testified that as manager of the Atlanta agency of BNL from 1984 to 1989, he had managed the bank in accordance with his instructions from his superiors in Rome. "When criminal charges were being considered in connection with the activities of that branch," Drogoul continued, "the bank took the position that it was a victim of the actions of the Atlanta agency. And that's another thing that galled me."

"It has always been my view that the political power of the United States and Italy reached right down to the U.S. Attorney's office in Atlanta to ensure that only those associat-

ed with the Atlanta agency would suffer the consequences of the revelation surrounding the search of the agency in 1989. I really don't know whether Mr. [Federal Reserve Chairman Alan] Greenspan's personal visit to Atlanta shortly after the search or whether the subsequent direct contact by the Bush White House solely contributed to the bias by the lead prosecutor in Atlanta, but certainly there was an impact.

"It is my view that the local U.S. Attorney's office was overwhelmed by political pressure by the United States and Italy . . . because what had occurred was not properly a bank fraud; it was more a foreign policy fraud," Drogoul told the committee.

Drogoul described for the committee how he had initially attempted to cooperate with the prosecutorial task force in the U.S. Attorney's office in Atlanta, and how they continually tried to get him to change his story to conform to the Justice Department coverup. For four or five months, Drogoul said, "they asked me to tell them things that they knew, I believe, and that I knew were not correct." The task force would keep telling Drogoul: "Oh, no, no, Mr. Drogoul, you've misunderstood. You don't know that for a fact. This is what took place. . . . Can't you see this is what took place?"

As Drogoul finished his description of these events, Gonzalez commented: "The sad, lamentable thing of this whole deal is that we have become corrupted in our country."

Gonzalez then commented that "I have had the privilege of serving in this representative capacity in the United States House of Representatives for 32 years. . . . So I have served with about eight Presidents, and I have very diligently observed the various and sundry attorney generals. But I think the most corrupt Justice Department that I have witnessed was the immediate past one." In a warning to the Clinton administration, Gonzalez added: "I've said this before, and I have no reason not to repeat: As to what this present Justice Department does—they have not yet filled a majority of the positions. So the same hands that were there a year ago are still there."

### **Kissinger exposed again**

The other explosive element of Drogoul's testimony was his confirmation of much of what both *EIR* and Gonzalez have charged about the role of Henry Kissinger and Kissinger Associates.

Drogoul said that after 1986 he had become aware that Kissinger was a member of the bank's international advisory board. Following the end of the Iran-Iraq War, in the 1988-89 period, he said, "it was fairly clear to me that Kissinger and Associates [sic] people were involved in some way in trying to enhance and develop the relationship between Iraq and the United States." Much of this was carried out through the Iraqi-American Business Forum, in which many people from Kissinger Associates were involved.

Drogoul told the committee that he was told by an associate in 1989 that Kissinger "is the architect of foreign policy

in the United States."

What Drogoul was unable to point out, however, was Kissinger's actual role with respect to Iraq, particularly as carried out by Kissinger Associates senior economist Alan Stoga. As *EIR* has documented, their objective was absolutely not the economic development of Iraq, but rather economic warfare against it. Stoga and the Iraqi-American Business Forum demanded that Iraq "privatize" its oil and restructure its war debt; this economic warfare and credit squeeze was an important element in driving Saddam Hussein into the 1990 invasion of Kuwait.

Drogoul also explained that another way in which Kissinger Associates was involved was through Bush's Deputy Secretary of State Lawrence Eagleburger, onetime president of the consultancy. "We in Atlanta developed a relationship with Yugoslav Bank by the name of Ljubljanska Banka which ultimately opened a branch or a subsidiary I should say in New York. . . . [W]hen I spoke to the people at Ljubljanska Banka in Lugano and in New York, they were very clear about the role that Mr. Eagleburger played in helping them establish their subsidiary bank in New York. I don't want to suggest from that that there was anything wrong with that, I'm just trying to tell you that that was something that was made very clear to us."

### **Those 'funny little links'**

Gonzalez pointed out that during the committee's hearings last year and the year before, they had brought out and published documents showing Kissinger's membership on the international advisory board of BNL. Although Kissinger has denied that he ever discussed Iraq with other BNL officials, Gonzalez said "The minutes today will show—and these are direct from the advisory board's minutes—a meeting of the international advisory board in Madrid, May 4 and 5, 1987, and then subsequent to that, Mr. Kissinger's opinion is in part changed with respect to his observations on the Iran-Iraq conflict, on its results, on its outcome and the consequences. And he's quoted as saying, 'I give the victory of Iran over Iraq at 55% and recognize I've changed my percentage with respect to previous evaluations,' and what follows, clearly showing that Henry Kissinger did have more than just a passive role as a member of the international advisory board of the BNL."

Drogoul noted that "another curious link on that same advisory board" was the chairman of Volvo, Per Gyllenhamm (also a board member of Kissinger Associates).

"I'm not suggesting there is anything wrong with the chairman of Volvo being on the international advisory board of BNL," Drogoul continued, "but the last transaction that I was asked to engage in for the Iraqis involved General Motors and Volvo, and it was a project managed by Volvo. But here again, I don't want to suggest that there is a tie necessarily, but we always found these funny little links that went back to a few people."



# Californians nix school vouchers

by H. Graham Lowry

A California ballot initiative to establish a school voucher system went down to resounding defeat Nov. 2, and was rejected by nearly 70% of the voters. But the scheme still remains a threat to the public educational system, especially at a time when collapsing budgets are driving the functions of government to the point of disintegration.

Beneath the lure of providing state grants for parents to send their children to the school of their choice, voucher plans in reality are designed to destroy public education. In the case of California's Proposition 174, the plan would have provided parents with a voucher worth \$2,600 per child, to be used for tuition at public, private, or religious schools. Supporters claimed that the measure would improve public schools, by forcing them to compete for students; but even state officials put forth the obvious conclusion that the plan would force further budget cuts in public education.

State Controller Gray Davis announced in late July that Proposition 174 would force public schools to slash annual spending by 10%. When school opened in September, the state's acting school superintendent William Dawson denounced the plan as one that would divert hundreds of millions of dollars away from an already-underfunded educational system. "The school voucher initiative has the potential to tear apart public schools—not only in California, but across the nation," Dawson said. He might have added that the proposed \$2,600 grant amounted to barely more than half the per pupil cost of public schooling in California.

Even President Clinton got into the act during his appearance before the AFL-CIO national convention in San Francisco on Oct. 4. Urging voters to reject the voucher plan, Clinton said he opposed taking \$1.3 billion "right off the top to send a check to people who already have their kids in private schools and who didn't need any government money to do it." The next day, the plan's leading backer, California Gov. Pete Wilson, "reluctantly" announced that he had decided to oppose it, after receiving a report from the state Department of Finance projecting that the scheme would cost at least \$1 billion in start-up costs during the first three years. Ironically, despite Wilson's well-known fondness for austerity, the voucher plan was simply too expensive in the short term to

implement in deficit-wracked California.

Across the country, however, the increasing attention being devoted to voucher plans goes hand-in-hand with budget-cutting schemes. In Michigan, Gov. John Engler signed a bill on Aug. 19 to eliminate the use of local property taxes to fund public schools, beginning with the 1994-95 school year. The state's elementary and secondary schools currently derive two-thirds of their funds, totaling \$6 billion a year, from local property taxes. Engler said he would use the resulting crisis to force a complete restructuring of public education—including a system to "empower our families with choice."

Engler has suggested that he favors uniform vouchers which families could use to send children to any public school in the state. He said nothing of how they would get there, nor of the current inequities in per-pupil spending, which range from \$3,000 a year in the poorest areas to over \$9,000 in the wealthy suburbs of Detroit. In October, the legislature began considering proposals by Engler for a flat grant of \$4,500 per student, to follow each pupil from school to school; for specialized "charter schools" which would accept students from anywhere in the state; and for eliminating all funding for transportation!

In Illinois, Republicans in the state legislature used the funding crisis which delayed the opening of Chicago's public schools to push a \$1,500 voucher plan for public or private schools. Opponents quickly noted that the scheme would siphon funds from schools in poorer districts, especially in urban areas.

## 'War on public schools'

In Ohio, a Commission on Education Choice created by Gov. George Voinovich has drafted a plan for private school vouchers which the president of the State Board of Education has called "the greatest threat to the public schools we have ever faced." Though it has not yet been submitted to the legislature, State Superintendent Ted Sanders declared Oct. 7, "If this legislation is introduced, it will be interpreted as a declaration of war against Ohio's public schools." The state's 107,000-member American Federation of State, County and Municipal Employees branch has already announced its opposition to the plan, charging that it "can only lead to the further crippling of our public education system." Ohio's public schools receive state funding based on the number of students enrolled and average daily attendance.

The overwhelming defeat of the California voucher plan has already spurred some rethinking in other state legislatures. Two days after the vote, a coalition of lawmakers and education groups in Pennsylvania called for the defeat of a pending "school choice" bill there, charging that it "has the same problems" as the California measure. A bill now in committee would give parents up to \$700 for private and parochial school tuitions through eighth grade, and \$1,000 a year for high school.



## How my campaign helped finish off Mary Sue Terry

Nancy Spannaus, the editor of the *New Federalist* newspaper and an international leader of the political movement associated with jailed U.S. statesman Lyndon LaRouche, ran for governor of Virginia in the Nov. 2 election. Spannaus ran a high-profile independent campaign around the theme of "Virginia Is for Mothers," which included a declaration of war against New Age education reforms called outcome-based education (OBE), and agitation for a return to industrial progress and integrity in the criminal justice system.

The unofficial results show Spannaus having gotten only 1% of the vote, about 15,000 total, with the victory going to Republican George Allen. Spannaus's targeted opponent, former Virginia Attorney General Mary Sue Terry, was humiliated with only 41% to Allen's 58%.

But the vote totals do not reflect the actual dynamic of this election. Spannaus's presence in the race shaped its overall character, both through the mass propaganda which the campaign put out on outcome-based education (OBE), and through the impact which it had on Mary Sue Terry herself. The fact that the campaign's spread of these themes was not reflected in a vote for Spannaus, was largely due to the nearly complete blackout in major television and newspaper markets of Spannaus's presence on the ballot. This blackout crossed political party lines, and seems to have reflected the fear of party elites that the election could have had an Illinois 1986-style result—with a Spannaus victory or near-victory—if Spannaus had received regular coverage as a contender. The *Richmond Times-Dispatch*, the state's second largest paper, didn't even cover Spannaus in its voters' guide; the *Washington Post* ran no more than two articles in the entire campaign, and never mentioned Spannaus in coverage of Allen and Terry.

Spannaus ran with a slate of 17 candidates for the Virginia House of Delegates. The votes for those candidates ranged from 1 to 15%.

Spannaus was interviewed on Nov. 9 by Lonnie Wolfe.

**EIR:** What is your assessment of the election results? What do you think the voters were saying?

**Spannaus:** I believe that this election was a massive repudiation of Mary Sue Terry by the traditional Democratic elec-

torate—the labor movement, the civil rights movement, and ordinary working people. This was demonstrated in a couple of extraordinary facts: first, the decline in voter turnout in traditional Democratic strongholds; and second, the extraordinary victories for the Republican Party in areas which have been diehard, or "yellow dog" Democrat, for decades.

The situation in Southwest Virginia is the one which I am most familiar with. This is an area where I had a campaign office from early September on, and which I was assured would go Democratic, no matter how much the miners, who dominate the area, hated Mary Sue. But the turnout was quite low, and George Allen took all the coal counties! This occurred despite the fact that the miners' union, at the last moment, decided to declare for Mary Sue.

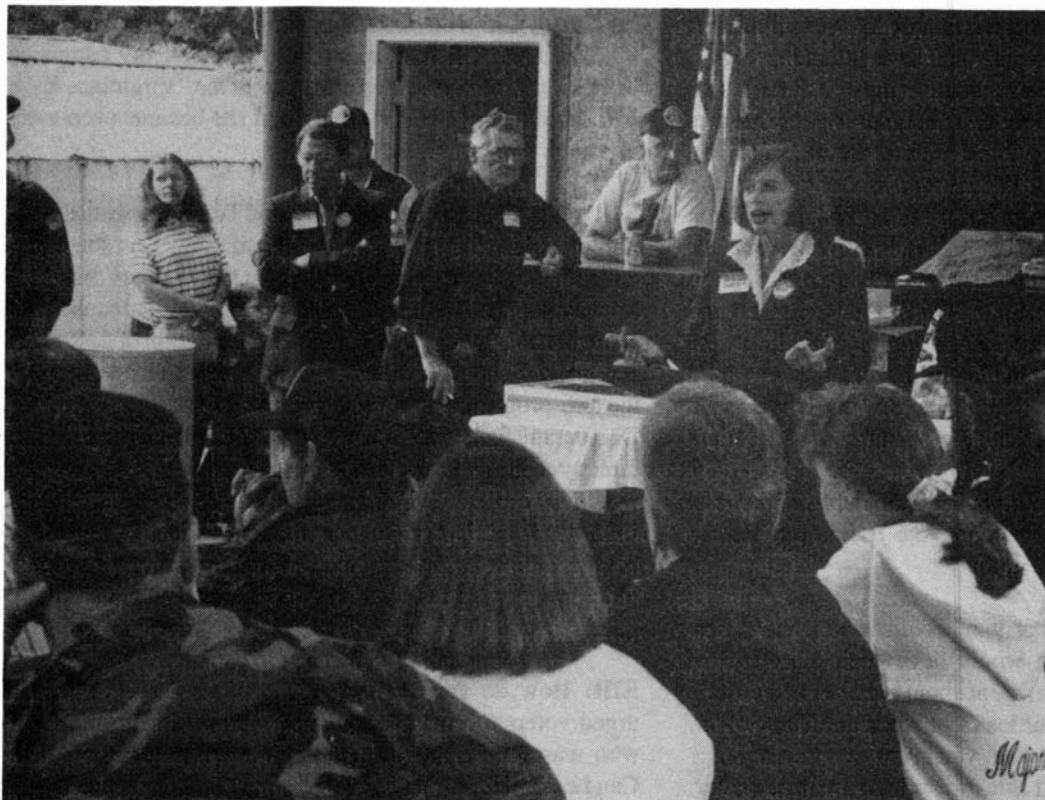
Now, why was this the result? First and foremost, because I was in the race—and therefore, someone was exposing Mary Sue's venality on the issues. The working class and civil rights milieu were responsive to our exposés, because they hate Mary Sue's New Age barbarism—which ranged from her support for perversion in the schools, to injustice in the courts.

Remember, the state AFL-CIO didn't dare endorse Mary Sue in this race, and an endorsement by African-American groups was quite belated.

To sum up, this election confirmed for Virginia Democrats the same thing that the Reagan election in 1980 confirmed for the national Democratic Party—the leadership has abandoned the base. It was not a victory for the Republicans or their program—but a repudiation of the New Age Democrats.

**EIR:** You campaigned hard against New Age educational reforms and for the LaRouche program of economic recovery. Do you think that people understood your message?

**Spannaus:** To the extent that we were able to reach people, I think we got a very positive response—both from Democrats and Republicans. The movement against the New Age educational reforms is going to build with the incoming legislature, I think, and this will have everything to do with our efforts, because unfortunately, the Christian Coalition group in the Republican Party has been too easily satisfied by the



*Nancy Spannaus addresses a Vietnam Veterans picnic in Grundy, Virginia. "As I told the voters before the election, we need an independent movement around the principles LaRouche's movement represents. I think more and more people will realize that as the crisis deepens."*

Wilder administration's promise to eliminate outcome-based education.

The declining economy was the major thing on the electorate's mind, however. But outside the opposition to the North American Free Trade Agreement, which certainly grew during the course of the campaign, people tended to be very pessimistic about doing anything about the job loss. They agreed with me on the need to turn away from the post-industrial, criminalized economy, but were not ready to fight on this issue.

**EIR:** How do you explain your vote total? Certainly it was lower than what you would have wanted.

**Spannaus:** Although some of the media got tired of hearing it, the truth is that the press and media blackout dramatically crippled my campaign. Even when I got feature coverage, this did not, and could not, compensate for the fact that I was omitted from all the "regular" campaign coverage, and therefore was not seen as a contender in the battle between Allen and Terry.

So the campaign really didn't experience a "breakout" mode until the half-hour television spots began to air the Thursday before the election. The response to those spots, which were seen by more than 211,000 people throughout the state, was very encouraging and exciting to me. "Where have you been?" person after person would ask. Well, the reality is that I had been there all along, but the media had

succeeded in preventing people from knowing the content of my campaign.

I am positive that the lateness of this "breakout" hurt my vote a great deal. People who had just found out about the alternative of economic growth and morality which I offered, felt I was too "new" to vote for. Most of them probably didn't go to the polls at all, because of their disgust with the two major candidates.

There were some selected areas where my vote reflected our work, however. I averaged 2% in the coal counties, but reached over 4% in Buchanan County, and into the double digits in some precincts. In some precincts in downtown Norfolk, including the area where we had held loud protests against OBE, I averaged over 4%, and there were precincts in [the cities of] Newport News and Suffolk where I did very well. These are places where we had been able to mobilize our own political machine, and had had consistent exposure to the electorate, unlike most places in the state.

**EIR:** Do you think there was vote fraud, that your votes were stolen?

**Spannaus:** There are some areas where I think this is quite possible, but it's hard to tell. Take Martinsville, for example. That's a labor town where I had been endorsed by two Du Pont worker union officials, and had gotten consistent press coverage over the last two weeks before the election. I have personally met a dozen people who voted for me, yet the

announced total for my campaign is only 37 votes. I think it likely the Democratic Party may well have stolen my votes.

Then there was the Shenandoah Valley, a Republican stronghold, but the area where the official polling companies reported that I was getting 2-5% before the election. My result ended up at the same 1% average as elsewhere in the state, so I wouldn't be surprised if there had been some Republican tampering with the vote in this area. After all, despite the great friendliness of many Christian Coalition members to my campaign against OBE, Pat Robertson and the guys at the top blacked me out as thoroughly as the Democrats did. The Christian Coalition wouldn't even send me their questionnaire, and didn't include my existence in their voters' guide. This creates the conditions where fraud is quite possible.

Unfortunately, we do not yet have the depth of political machine to catch, and prosecute, vote fraud. But I think that's coming.

**EIR:** Is there anything that you would have done differently? For example, what would have been the effect of spending more money? You spent about a quarter of a million dollars, compared to the millions that Allen and Terry spent. In comparison to everyone else, you spent next to nothing.

**Spannaus:** If we had been able to purchase TV time earlier, it would have helped a great deal, and I wish we'd been able to do so. It's amazing how much impact TV advertising has on the political environment.

Of course, there would still have been major roadblocks. The TV stations in the Washington, D.C. area and the Lynchburg area, for example, refused to offer us any time—except for the 1:30-2 a.m. spot. Therefore, we never did get to break into those areas in the same way we did in the Tidewater, Southwest Virginia, and Richmond areas. While those were our targeted areas, they necessarily eliminated the major concentration of Democratic voters, northeastern Virginia.

**EIR:** That brings me to the question of your effect on the campaign. You were unrelenting in your attacks on Terry, and she seemed shaken by them. It seems that you set the tone for the campaign.

**Spannaus:** I think the fact that I was criss-crossing the state and had a major propaganda presence, fed her paranoia about facing the public. Mary Sue ran a terrible campaign, as everyone says. She constantly snubbed old political associates by just not showing up, and appeared totally arrogant. In many cases, I think this was due to her fear of meeting me, or another LaRouche associate, at that event.

This was underscored by the result of the NAACP conference, where she was scheduled to be on the podium with me. The prospect so rattled her that she held up the event for half an hour, while issuing demands that the format be changed. Although the NAACP eventually acceded, I think this hurt

her a great deal with that constituency.

When she did start appearing in public, my campaign workers confronted her frequently with the "Virginians Have a Right to Know" flier. At that point she became even more paranoid.

**EIR:** Was the issue between you and Terry simply the question of your being an associate of LaRouche, as she maintained? She placed you pretty high on her enemies' list.

**Spannaus:** The issue was not just Terry's guilty conscience about the corruption involved in the prosecution of LaRouche and his associates. It was also precisely because I represent the pro-progress social and economic policies which the Democratic Party base is looking for, and which she has gone directly against. If she had been on a podium with me, this would have been obvious to everyone.

Otherwise, Terry wanted to have it both ways. She bragged about the prosecution of LaRouche in her campaign literature, but did not want to be confronted on the issue in a public forum.

**EIR:** How do you see the new administration? You had urged voters to vote for someone who could run the state, who was competent—you. They voted for George Allen. Can he do the job? What should we be looking for as key to assessing his performance?

**Spannaus:** I am very hopeful that George Allen will move on the mandate which he has against perversion in the schools, and that he will also eliminate the corruption in the attorney general's office, which has led to the targeting of political enemies by the state.

Unfortunately, I think the governor-elect will be less positive in his approach to the economy and to the criminal justice system as a whole. The economic crisis is going to intensify, and that will simply underscore the bankruptcy of the [Texas Sen.] Phil Gramm approach to economic collapse.

As I told the voters before the election, we need an independent movement around the principles LaRouche's movement represents. I think more and more people will realize that as the crisis deepens.

**EIR:** What do you see as your role, now that the election is over? You have said that you will continue to lead the fight for issues that you have raised in the campaign. How will you do that?

**Spannaus:** I would like a positive role in rebuilding the state Democratic Party, now that Terry is gone. As the governor said, she wasn't a Democrat in her policy on labor, social issues, and the like. I may disagree with the governor on the precise nature of pro-labor policies which have to be fought for, but the party sorely needs to hammer out a platform that addresses the interests of the majority of the people in the state—working people and unemployed of all ethnic backgrounds.

## Henry spins scenarios for new Mideast war

On Oct. 26, Henry Kissinger gave a speech to the Anti-Defamation League's (ADL) London affiliate, the Institute for Jewish Affairs (IJA), making dire predictions of a multitude of potential Mideast wars that were likely to derail the PLO-Israel Accords. Some arms of the Anglo-American establishment are seeking to foment another conflict of the size of the Persian Gulf war for this purpose.

Kissinger has a long track record, both in public office and through his "private" consulting firm Kissinger Associates, of making such scenarios turn into reality by fomenting convenient wars for the British oligarchy. He was given the IJA's Golden Jubilee award at the fundraising dinner.

He started his speech by saying that the PLO-Israel negotiations might fail: "The outstanding issues are in effect all the issues that have been on the table before and they have produced deadlock before. Jerusalem, settlements, final borders and of course, the idea of the political status of what a Palestinian entity will be. None of these issues have been settled, they have always in the past produced deadlock and therefore it is reasonable to expect that the negotiations will be extremely difficult."

First, Kissinger projected that the Palestinians, who make up 70% of Jordan's population, might collapse that crucial state: "I think a three-cornered arrangement, Jordan, PLO, and Israel will require the utmost delicacy. Any collapse or disintegration of the Jordanian state is likely to produce an international crisis in the region. . . . The conflict between the PLO and Jordan may be far more bitter than any potential conflict between the PLO and Israel."

On peace with Syria, Kissinger proposed his usual tactics of manipulation leading to explosion. While suggesting that step-by-step diplomacy be used to settle Syrian-Israeli differences, he called on Israel "to contain the Syrian military," while Israel pressured Syria to loosen its hold on Lebanon. Kissinger added: "Assad does not believe in peace. . . . Assad believes in the correct calculation of elements of power."

## 'Fundamentalist threat'

Kissinger claimed that it is Iranian-backed Islamic fundamentalism that poses an imminent danger to peace, not only in the Gulf, but in North Africa: "The position of Iran, and the threat it potentially poses to Madrid [sic—IJA transcript] regimes in the Gulf . . . will create some new dangers. . . . I believe that the threat of religious fundamentalism is the most serious danger Saudi Arabia faces and that if such a revolution were to threaten Saudi Arabia, deep interests in the West . . . would be involved. . . ."

"Then there is growing fundamentalism in Egypt, and of course the fundamentalists won the Algerian election, and Morocco, one cannot know what will happen after the King dies. . . . These . . . serious dangers . . . affect the West hugely. A crisis in the Gulf would require to be dealt with by measures analogous to the Gulf war or at least based on the same principles, and should not have to be improvised as it was then. Therefore it is one of the subjects the United States and its allies ought to discuss.

"A crisis in North Africa on the other hand would likely see the Europeans play a more leading role and it is something that Americans have never really thought about. And it is

therefore a subject that the Atlantic Alliance ought to think about or deal with quietly.

"[Also,] if religious fundamentalism were to sweep through the Middle East it would affect the interests of the West and it would seriously affect the prospects" of peace with Israel.

## Spies and speculators

Apart from some members of MI-6 associated with the British Arab Bureau who were interviewed by *EIR*, those agreeing with Kissinger's analysis that Islamic fundamentalism posed an imminent threat of war, were the American Israel Public Affairs Committee (AIPAC) and its offshoot, the Washington Institute on the Near East (WINEP). NSC Mideast chief Martin Indyk, who had worked for WINEP before joining the Clinton administration, announced the "dual containment" policy of Iran and Iraq at a WINEP dinner later.

The London fundraising dinner was presided over by IJA president Lord Jacob Rothschild, the son of the notorious British double agent Lord Victor Rothschild, and the brother of Marxist radical Emma Rothschild. Lord Jacob made a fortune as part of a junk bond buyout predator's ball in the 1980s. Today he is a partner in the Quantum Fund NV of George Soros, the megaspeculator. Also present was IJA patron Edgar Bronfman, president of the World Jewish Congress, ADL honorary vice-chairman, and chairman of the ADL's most lucrative fundraising in greater New York.

The IJA shares several members and joint research projects with the Royal Institute of International Affairs (Chatham House), which has run self-described British agent Henry Kissinger since the 1950s.

## Cabinet status for EPA gets House panel okay

The House Government Operations Committee on Nov. 4 approved a bill to make the Environmental Protection Agency a cabinet-level department. The bill to create the federal government's 15th cabinet department is similar to legislation passed by the Senate in May. The bill renames the EPA the Department of Environmental Protection, reforms its oversight of federal contractors, and creates separate agencies to collect environmental statistics, ensure environmental justice for minority communities, and assess environmental risks. The House could vote on the bill as early as mid-November.

The House Merchant Marine and Fisheries Committee is also expected to approve a bill to abolish the White House Council on Environmental Quality, create a new office to oversee the National Environmental Policy Act, and transfer CEQ's remaining authority to the EPA and the Office on Environmental Policy. The two bills will then be merged on the House floor, according to sources.

The Senate bill requires the EPA to do cost-benefit analyses on all regulations they may institute, a measure which opponents hope will halt some of the more radical environmental proposals by exposing their cost. Administration officials say they will fight to have that provision removed in conference.

Cabinet status would greatly enhance the EPA's powers. The EPA "oversees more laws that affect more federal agencies than any other department head," said Rep. John Conyers (D-Mich.), sponsor of the House bill.

The administration argues that elevating the EPA would give it more clout internationally, while ensuring that environmental concerns remain

integral to U.S. policy decisions, even under future administrations. As EPA Administrator Carol Browner put it on Nov. 3 at a press conference on Capitol Hill, "This legislation will ensure that environmental concerns continue to be in the middle, not at the margins, of all policy decisions. . . . The environmental concerns will be part and parcel of the decision-making, not just for this administration but for future generations." Vice President Al Gore, attending the press conference, said the Conyers bill would put the "EPA elbow-to-elbow with the other major players in the government."

## President wins victory on troops in Somalia

The House Foreign Affairs Committee approved by a vote of 22-21 on Nov. 3 a resolution supporting President Clinton's plan to keep U.S. troops in Somalia until March 31, thereby narrowly averting a measure offered by Republican members which would have brought 11,000 U.S. troops back by Jan. 31. The Senate had voted on Oct. 15 to support Clinton's decision to withdraw U.S. troops from Somalia by March 31.

The proposal to force earlier withdrawal was put forward by Rep. Benjamin Gilman (R-N.Y.), the committee's ranking Republican, and won support from all 18 Republicans plus three Democrats on the committee. "Let's face it, the U.S. mission in Somalia has changed from saving lives to saving face," Gilman said. "It is not worth one American life to help the authors of a failed policy save face."

Committee Chairman Rep. Lee Hamilton (D-Ind.) said the Republican proposal would undermine Clinton's effort to bring about a peace agreement. "If we pull the plug now,

the outcome will be starvation," Hamilton warned.

Clinton announced the March 31 pullout in response to an outcry for immediate withdrawal after 18 American soldiers were killed by Somali gunmen on Oct. 3. Gilman introduced his resolution relying on the War Powers Act, which was enacted into law by Congress over President Richard Nixon's veto after the Vietnam War. It prohibits Presidents from committing U.S. combat forces abroad for more than 90 days without Congress' approval.

## Crime legislation passed in sections

The House passed on Nov. 4 a \$3.5 billion measure to put 50,000 more police on the streets. It also passed three other measures which mandate drug treatment for federal prisoners, authorize \$100 million in state grants to reduce gang activities and drug trafficking by juveniles, and authorize \$100 million for drug treatment for state prison inmates. The bills were part of the omnibus crime bill which was dismantled because of opposition to some of the death penalty clauses.

The House rejected a measure which would have set up "boot camps" and other alternative punishments for offenders up to age 22. This measure, under special rules for the vote, required two-thirds approval for passage.

On the same day, the Senate approved \$22 billion to fight violent crime by hiring 100,000 more police officers and building more prisons. The bill also contains a "hate crimes" amendment, which provides "sentencing enhancement" of not more than three offense levels (which would increase sentences by approximately one-third) if the crime

is characterized as a "hate crime." This amendment was approved by a vote of 95-6.

The Senate also approved sentences of mandatory life imprisonment without parole for anyone found guilty in federal court of a third violent felony. The measure was proposed by Sen. Trent Lott (R-Miss.). "Three strikes and you're out," Lott commented. A measure which would have barred death sentences for anyone younger than 18 who committed a murder was rejected.

## **M**erger of bank agencies proposed

Sen. Don Riegle (D-Mich.), chairman of the Senate Banking Committee, and Sen. Alfonse D'Amato (R-N.Y.) introduced legislation on Nov. 8 that would create a single agency to regulate the banking industry. The bill would merge the Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Corp., and the Office of Thrift Supervision into a single Federal Banking Commission.

The legislation reflects "the need to modernize and streamline the outdated anachronistic system," said Riegle. "Opponents of this long overdue change are the agency bureaucrats bent on protecting their fiefdoms," D'Amato added. Riegle, D'Amato, and House Banking Committee Chairman Henry Gonzalez (D-Tex.) also sent a letter to the White House, urging it to support the legislation.

In response to this and to efforts by Gonzalez to bring the Fed under the control of the government in accord with the U.S. Constitution, Rep. Lee Hamilton (D-Ind.), chairman of the House Foreign Affairs Committee, has introduced legislation to re-

form the Federal Reserve, which he hopes will assuage its opponents without changing the way the Fed does business. Hamilton says that his proposal would make the Fed "more accountable to the American people." It would: 1) make the Federal Reserve bank presidents, who are appointed primarily by commercial banks, "advisers" rather than voting members of the Federal Open Market Committee; 2) require the members of the FOMC to meet with the President's top economic advisers periodically, to improve communication between the President and the Fed; 3) enable the President to appoint a Fed chairman in the first year of his administration, instead of the last; 4) require the Fed to announce immediately any changes in monetary policy, including changes in interest rates; and 5) give the Government Accounting Office more responsibility to audit the Fed.

Hamilton assured supporters of the Fed that his bill would not give "the President or the Congress more control over monetary policy. I do not believe that such a change should be made. . . . The basic independence of the Fed is not something that needs to be altered."

## **C**ompromise forced through on grazing fees

On Nov. 9, Senate leaders abandoned attempts to increase grazing fees and tighten rules for using federal range lands, after they failed to break a filibuster by Western senators opposed to increased environmental restrictions sought by the administration.

The Department of the Interior could now implement changes administratively, but an official indicated that these changes would be less drastic than those originally put forward

by Interior Secretary Bruce Babbitt. "We want to take everybody's temperature and see where we are," said Tom Collier, Babbitt's chief of staff.

## **D**ole requests GAO probe of U.N. humanitarian aid

Senate Minority Leader Robert Dole (R-Kan.), in a letter to Comptroller General Charles Bowsher, has requested a General Accounting Office (GAO) investigation of allegations that the U.N. is using humanitarian aid to further "the flawed Owen/Stoltenberg negotiations" over Bosnia-Herzegovina.

"I am writing in regard to the United States and United Nations practices regarding the provision of humanitarian assistance to Bosnia-Herzegovina. I am deeply concerned about reports that the United Nations is engaged in the manipulation and use of humanitarian assistance for political objectives. In view of the fact that the United States is the largest contributor to the United Nations, and has the largest bilateral humanitarian assistance program for Bosnia-Herzegovina, I am requesting that the GAO investigate," he wrote.

"There are indications that U.N. officials have prevented the creation of large stockpiles of food and medicine in Bosnia, apparently to avoid giving the Bosnian government hope that it can survive another winter without a peace settlement. Such efforts would violate congressional intent and legislative language regarding the provision of humanitarian aid."

Dole instructs the GAO to examine 11 questions, and whether U.S. government agencies had knowledge of or were witting participants in U.N. manipulation of aid for political purposes.

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# National News

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## RTC probes S&L tie to Clinton campaigns

The Resolution Trust Co. (RTC), caretaker of failed savings and loan associations, has set in motion an inquiry into possible financial wrongdoing by the gubernatorial campaigns of Bill Clinton during the 1980s.

According to the Nov. 1 *Baltimore Sun*, the RTC sent information to U.S. Attorney Paula Casey in Little Rock, Arkansas about transactions at the Madison Guaranty Savings and Loan Association. Some of the transactions involved the Whitewater Development Corp., once owned by Bill and Hillary Clinton and Madison owner James B. McDougal and his former wife Susan McDougal. Whitewater developed land in the Ozarks, and had an account at Madison. According to Nov. 9 news reports, Casey's office has asked the Department of Justice to take over the investigation, citing conflict of interest.

The RTC is now probing whether Clinton's two gubernatorial campaigns received checks written on various Madison accounts. James McDougal was an economic aide to Clinton during his first term as governor, and was president of Madison when it failed in 1989 at a cost to taxpayers estimated at \$47 million.

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## Russia's Kuzin tells Americans to wake up

Russian human rights leader and elected Moscow City Council member Viktor Kuzin completed a two-week U.S. tour on Nov. 1, sponsored by the Schiller Institute, during which he alerted thousands of Americans to the fact that Boris Yeltsin is a tyrant who has shut down democracy in Russia. Kuzin's address to the National Press Club in Washington, D.C. appeared in *EIR* on Nov. 5.

In St. Paul, Minnesota on Oct. 25, Kuzin was quoted on local TV news as saying: "The United States used to have a very high reputation in Russia, a reputation as a model for democracy. But under this condition of full support for Yeltsin, this reputation has sharply fallen."

At an evening meeting in St. Paul, Kuzin charged that several thousand Russian citizens, not just the "fascists and communists" claimed by Yeltsin and the western press, were killed defending the Russian Parliament. He said he was discussing only what he personally knows to be true. That number included at least six journalists who were killed to prevent news from reaching the outside.

On Oct. 26, Kuzin appeared on Chicago's clear-channel radio station WLS on a live talk show hosted by former Cook County Democratic Party Chairman Edward Vrdolyak and African-American commentator Ty Wansley. Kuzin told listeners that, since the arrests of Parliament Speaker Ruslan Khasbulatov and Vice President Aleksandr Rutskoy, a major problem for true democrats in Russia is that so many westerners, including Bill Clinton, are praising what Yeltsin is doing and calling it democracy.

In Long Beach, California, where Kuzin addressed his largest audience, he called the recent events in Moscow a "violent coup d'état" by Yeltsin. He warned that Yeltsin must now decide what to do with Khasbulatov and Rutskoy, who are imprisoned in the KGB's Lefortovo Prison. There is no legal basis for charges against them, Kuzin said, and there is "great fear that both will be liquidated," possibly through faked suicides in their jail cells.

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## New York museum gets rare Verdi collection

The Pierpont Morgan Library in New York City has received the collection of 350 scores and librettos from George W. Martin, the author of a standard biography of Giuseppe Verdi. Many are in early or first editions. The bequest joins an already important collection of the composer's manuscripts, letters, and printed works to make the library a major center for Verdi studies.

In all there are full printed scores of 19 of Verdi's 26 operas. Full scores of Verdi's works are especially rare, because they were never offered for sale but available only on rental from his publisher, Ricordi. Among the librettos, one notable one is for a perfor-

mance of *Rigoletto* in the small papal state of Sinigaglia. Because of the church's position on suicide, Gilda is allowed to live, and the story's setting is changed from Mantua to Boston in order to move it farther from Rome.

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## U.S. Jewish figure finds ADL embarrassing

At a November conference on Christian-Jewish relations in Lower Saxony, Germany, a senior official from the American Jewish Committee confided to a journalist what he really thought about the Anti-Defamation League: "To tell you the truth, my view is that the ADL suffers from the sin of hubris. They've overstepped their bounds, and that's a real mistake. It's one thing to maintain press-clipping files on known anti-Semitic groups; it's another thing to procure confidential police files, and to get caught doing that. Our organization would never get involved in obtaining police files; this is overstepping the bounds."

At a conference workshop, the AJC official tried to change the subject when the journalist raised the ADL scandal. However, this obstruction only further whetted the curiosity of German Jewish attendees, who are subjected to a 100% blackout in Germany about the scandal. Even usually well-informed and well-briefed Jewish influentials in Germany had no idea about the dimensions the ADL scandal has reached, and were eager to get more information, especially as the ADL has been very active in Germany recently.

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## Senate candidate files IRS complaint vs. ADL

Ted Andromidas, a political collaborator of Lyndon LaRouche, announced on Nov. 4 that he will run in next year's Democratic Party primary for the U.S. Senate seat held by Dianne Feinstein of California. At the same time, Andromidas released the text of a complaint to the Internal Revenue Service about the Anti-Defamation League of B'nai B'rith (ADL), regarding the violations of its



## Briefly

tax-exempt status.

In a statement, Andromidas revealed that "in May of 1993, I and several other individuals and organizations associated with presidential candidate Lyndon H. LaRouche were informed by the San Francisco Police Commission that our names had been discovered in the files of Tom Gerard, a former San Francisco police inspector. The Gerard files were nearly identical to some of the files seized in raids on the ADL offices in San Francisco and Los Angeles, and at the home of Roy Bullock, a longtime ADL undercover operative."

In his IRS complaint, Andromidas charged that the ADL's "World of Difference" program specifically violates its tax-exempt status through "the ADL's publication and wide-scale public dissemination, nationwide, of specific printed materials in opposition to U.S. Democratic presidential candidate and statesman Lyndon LaRouche through the ADL's curriculum for schools. . . . The ADL's clear purpose in publishing and disseminating these materials is to adversely affect the electoral efforts of both LaRouche and his political associates. These ADL 'teaching materials' single out only one candidate and political movement for attention, that of LaRouche."

### Minneapolis turns schools over to private firm

The Minneapolis, Minnesota School Board voted to turn over management of all city schools to a private consulting firm called Public Strategies Group, Inc., according to the *Washington Post* of Nov. 5. The firm will run the 75 schools with a budget of \$220 million. Sources say that move was precipitated by the bankruptcy of the school district. The president of Public Strategies, Peter Hutchinson, has been acting as a financial consultant to the district since last spring, when the superintendent resigned after being accused of financial mismanagement.

Hutchinson, a former Minnesota finance commissioner, will now become superintendent, the paper says, possibly leading to a trend where districts are run by financial managers rather than educators. Public Strategies will run the district for a fee which

"will not be paid unless certain student performance goals are met."

In a related development, communications magnate Walter Annenberg is planning to pump up to \$1 billion into an "education reform" initiative for public schools. Annenberg collected \$3 billion from the sale of his Triangle Publications and intends to make substantial donations to reform the public schools in league with the New American Schools Development Corp. (NASDC), Stanford University's Accelerated Schools Project, and the Harvard Project on Schooling and Children. Annenberg expects to give \$50 million to NASDC. Annenberg's plan is to include incentives for schools, especially in the inner-city ghettos, to participate in the reform project.

### Educrats' new report card dazes parents

The lead article in the Nov. 5 *Houston Chronicle* reports on the new report cards, which will replace grades with "outcomes," being issued in 57 elementary schools in the Houston Independent School District (HISD). "Some HISD parents say they are dazed and confused by an experimental report card that replaces letter grades with technical, educational lingo," wrote the *Chronicle*.

The report cards cover grades K through 4 with eight "developmental stages": discovery, exploration, developing, expanding, connecting, independent, application, synthesis. The discovery stage is at the kindergarten level, while synthesis is at fourth grade level. Instead of stigmatizing a student with an F in a higher grade, the report card might place the failing student in a developmental stage for a lower grade. Each grade is composed of two to four developmental stages, with some grades sharing developmental stages.

Parents didn't like it, according to the *Chronicle*. "I'll bet you the majority of parents of HISD kids will be hopelessly lost," said one. "They'll probably throw their hands up and say the heck with it. . . . Is he [his son] 'expanding'? I don't know what that means." A nine-page guide, complete with glossary, purports to explain the new system.

● **THE IRS** is taking a closer look at the Thatcher Foundation according to the German weekly *Wirtschaftswoche* of Nov. 5. The Washington branch of the former British prime minister's foundation was "too political" to be eligible for tax-exempt status, and the IRS is concerned that the foundation "is merely using funds raised in the U.S. for the propagation of the ideas of Margaret Thatcher in Britain and elsewhere," an unnamed spokesman of the IRS is quoted as saying.

● **'SKIP' HUMPHREY**, Minnesota's attorney general, was awarded the "Al Capone/Kid Cann Organized Crime Award for Lifetime Achievement" at a Democratic Party dinner in South Dakota on Nov. 6. The award was made by protesters who seek to have him impeached. As Humphrey was presented the framed certificate featuring mugs of Kid Cann, Meyer Lansky, and Lucky Luciano, dinner guests politely applauded.

● **DEATH ROW INMATE** Keith Sanford Hitchens of California, who has spent the last 10 years at San Quentin proclaiming his innocence was granted a new trial by the California Supreme Court on Nov. 4, in a rare reversal. The court has reversed only 6 of the 95 death sentence appeals they've heard since 1990.

● **CLINTON'S** nominee for director of the National Institutes of Health, Harold Varmus, stressed the need for open-ended basic research, in confirmation hearings before the Senate Labor Committee. Varmus won the Nobel Prize for discovering oncogenes.

● **JACK KEVORKIAN** is a student of Lucifer Trust founder Alice Bailey, according to an expert assisting the prosecution of Kevorkian. One of the expert's assistants discovered in the courtroom enlarged photocopies with Kevorkian's annotations of Bailey's works. They appeared to have been copied from a new anthology of Bailey's works titled *Death: The Great Adventure*, printed by Lucis Publications.

## Editorial

### *Doing the FBI's dirty work*

In 1976, U.S. Attorney General Edward Levi imposed a set of guidelines on federal law enforcement agencies. The "Levi guidelines" were designed to curb abuses against the constitutional rights of freedom of speech, assembly, etc., of U.S. citizens committed by federal agencies, abuses which were revealed in testimony before Congress.

These abuses included illegal "eavesdropping," such as widespread use of wiretapping and bugging; infiltration of organizations by agents who served as "agents provocateurs," who initiated illegal acts and incited violence to discredit the organizations; theft of documents, membership lists, etc., as well as planting of incriminating evidence, the so-called black-bag jobs.

Much of this was done by the now-infamous "Coin-telpro" section of the FBI, set up by its cross-dressing director J. Edgar Hoover. Targets of these actions included President John F. Kennedy, Martin Luther King and numerous other civil rights activists, and anti-war protesters. Among those subjected repeatedly to such illicit FBI activity was Lyndon LaRouche, who was a target of an assassination scheme run by the FBI through one of its top-level operatives in the Communist Party of the United States in 1973.

In the case of LaRouche, such illegal actions by the FBI did not cease with the introduction of the Levi guidelines. Attorneys for LaRouche have compiled a lengthy paper trail which demonstrates continuous FBI violations, especially after the written request in August 1982 by Henry Kissinger to FBI Director William Webster that the FBI act against LaRouche on his behalf. Deputy Assistant FBI Director Oliver "Buck" Revell was deployed by Webster to coordinate the "Get LaRouche" task force.

In a speech at a conference cosponsored by the Anti-Defamation League (ADL) on "Hate Crimes: Progress and Problems" delivered in Austin, Texas on Oct. 16 of this year, Revell spilled the beans on how the FBI is evading the constraints imposed by the Levi guidelines.

Revell, who is presently FBI station chief in Dallas, said there are limits to what the FBI can do to enforce "hate crime" laws. The FBI, he said, faces "significant constraints in looking at rhetoric, in listening to, collecting, analyzing and in any way taking cognizance of rhetoric. . . . We are prevented by the guidelines of the attorney general from collecting any information that relates to speech."

He continued: "That means that much of the collection of information which ultimately leads to investigations is done by nongovernmental entities. The ADL collects information, the NAACP collects information, even the ACLU collects information. All these entities . . . have brought to us facts and circumstances which they believe do in fact constitute violations of federal law. *We encourage that*, because we must be blind and deaf in the process until there is an ongoing conspiracy. . . . We cannot act until we have that basis" (emphasis added).

For starters, Revell is lying. From Revell's active involvement with private entities, such as the ADL, NBC-TV and the Cult Awareness Network (CAN), in the LaRouche case, it is clear the FBI did not wait for evidence before it acted against LaRouche: It worked hand-in-hand with these entities to manufacture a case to railroad LaRouche to jail.

To use such private entities so that federal law enforcement agencies can claim to be "blind and deaf" is terribly wrong. The criminal investigation into ADL spying in San Francisco, and revelations of CAN operatives' role in the ATF raid against the Branch Davidians in Waco and the subsequent slaughter of 85 people due to the FBI's final assault demonstrate the danger of encouraging such private entities to do the dirty work once done covertly by federal agencies.

Organizations such as the ADL and CAN have private agendas. It is clear that, in the case of CAN in Waco, and both CAN and the ADL in the persecution of LaRouche, their private agendas were adopted and furthered by federal agencies, resulting in horrific injustices. This was not the intention of the Levi guidelines, and is a practice which must be ended.

# SEE LAROCHE ON CABLE TV

All programs are *The LaRouche Connection* unless otherwise noted.

## ALASKA

■ ANCHORAGE—ACTV Ch. 40  
Wednesdays—9 p.m.

## ARKANSAS

■ LITTLE ROCK—Storer Ch. 18  
Tuesdays—9 p.m.  
Thursdays—8 p.m.

## CALIFORNIA

■ E. L.A. to SANTA MONICA—  
Century Cable Ch. 3  
Mon., Nov. 22—5 p.m.  
■ E. SAN FERNANDO VALLEY—  
United Artists Ch. 25  
Sundays—3:30 p.m.  
■ HOLLYWOOD—  
Continental Ch. 37  
Sun., Nov. 28—8 p.m.  
Sun., Dec. 5—8 p.m.  
■ LANC./PALMDALE—Jones Ch. 3  
Sundays—2 p.m.  
■ MODESTO—Access Ch. 5  
Thurs., Nov. 25—6:30 p.m.  
Thurs., Dec. 16—6:30 p.m.  
■ MTN. VIEW—MVCTV Ch. 30  
Tuesdays—4 p.m.  
■ SACRAMENTO—Access Ch. 18  
2nd & 4th Wednesdays—10 p.m.  
■ SAN FRANCISCO—  
CitiVision Ch. 53  
Fridays—8:30 p.m.  
■ SANTA ANA—Comcast Ch. 20  
Sundays—4 p.m.  
■ WALNUT CREEK—TCI Ch. 6  
Thurs., Dec. 2—9:30 p.m.

## DISTRICT OF COLUMBIA

■ WASHINGTON—DCTV Ch. 25  
Sundays—12 Noon

## FLORIDA

■ PASCO COUNTY—TCI Ch. 31  
Tuesdays—8:30 p.m.

## GEORGIA

■ ATLANTA—People TV Ch. 12  
Fridays—1:30 p.m.

## IDAHO

■ MOSCOW—CableVision Ch. 37  
Wednesdays—7 p.m.

## ILLINOIS

■ CHICAGO—CAN Ch. 21  
Mon., Nov. 29—10 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  
Mondays—9 p.m.  
■ MONTGOMERY—MCTV Ch. 49  
Tuesdays—11 p.m.  
Thursdays—2:30 p.m.  
■ WESTMINSTER—CCTV Ch. 19  
Tuesdays—3 p.m.

## MICHIGAN

■ CENTERLINE—  
MacLean-Hunter Ch. 34  
Tuesdays—7:30 p.m.  
■ TRENTON—TCI Ch. 44  
Wednesdays—2:30 p.m.

## MINNESOTA

■ EDEN PRAIRIE—Paragon Ch. 33  
Wednesdays—5:30 p.m.  
Sundays—3:30 p.m.

■ 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  
(Check Local Channel)  
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.  
■ BROOKLYN—  
Time-Warner B/Q Cable Ch. 34  
CableVision of NYC Ch. 67  
Wednesdays—11:30 p.m.  
■ BUFFALO—BCAM Ch. 18  
Mondays—6 p.m.  
■ HUDSON VALLEY—  
U.S. CableVision Ch. 6  
2nd Sunday monthly—2 p.m.  
■ MANHATTAN—MNN Ch. 69  
Saturdays—12 Noon  
■ ROCHESTER—GRC Ch. 15  
Fridays—10:30 p.m.  
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