

EIR

Executive Intelligence Review

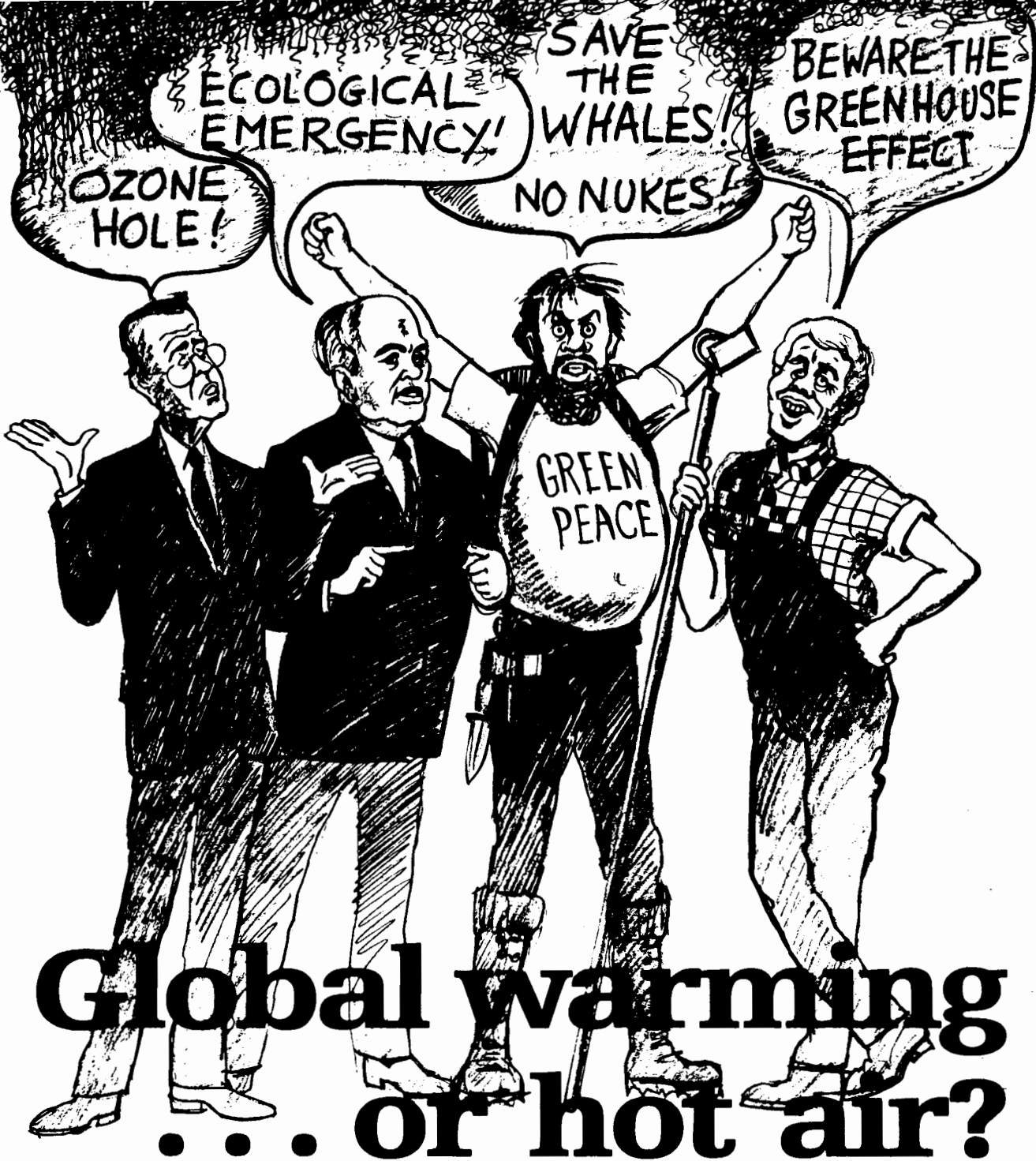
April 20, 1990 • Vol. 17 No. 17

\$10.00

Project Democracy candidate obliterated in Peru
Import-dependent U.S. risks new oil shock
United Nations gets LaRouche rights case

**Gorbachov's 'Clean Air Act':
designed to destroy the West**





The environmentalists say that "industrial pollutants" are heating up the world's climate-what a hoax!

First, the evidence that such a heating is occurring is dubious; if it is occurring, what can be proven is that industrial emissions are not the cause. And the "remedies" proposed by George Bush, Mikhail Gorbachov, and the other "greenies" will only make things worse.

Executive Intelligence Review's Special Report, "The 'Greenhouse Effect' Hoax: A World Federalist Plot," assembles the scientific evidence, and analyzes the political purpose behind the hoax: the drive to use "ecological emergency" as the pretext to destroy the sovereignty of nations.

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EIR

From the Editor

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Lyndon H. LaRouche, Jr.

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European Headquarters: Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, Dotzheimerstrasse 166, D-6200 Wiesbaden, Federal Republic of Germany
Tel: (06121) 8840. Executive Directors: Anno Hellenbroich, Michael Liebig

In Denmark: EIR, Rosenvaengets Alle 20, 2100 Copenhagen OE, Tel. (01) 42-15-00

In Mexico: EIR, Francisco Díaz Covarrubias 54 A-3 Colonia San Rafael, Mexico DF. Tel: 705-1295.

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Gorbachov's Easter weekend ultimatum to bring independent Lithuania to its knees, makes it clearer than ever how obscene is George Bush and Margaret Thatcher's appeasement of the Soviet leadership. But how many people realize that the spate of wicked "environmentalist" legislation enacted by the administration and Congress is also the result of Gorbachov's orders to the weak Bush administration? That George Bush will do *anything* to get a summit with Gorby, in the hopes of distracting attention from the economic crisis engulfing the United States—and the economic crisis overwhelming the Soviet Union?

That's the subject of our *Feature* report this week, and we refer readers back to a more extensive analysis of the Clean Air Act, published in the March 16 issue. Lyndon LaRouche, who has not let his unjust imprisonment keep him from running for Congress, is taking the lead in his campaign to stop the Clean Air Act from becoming law, and to rally the majority of Americans who have been disenfranchised by the Bush Republicans and Democrats alike.

As for the upcoming monstrosity known as "Earth Day," we'd just like to remind everyone that only the most backward societies worship Mother Earth. Do the people promulgating "Gaia" instead of God, really want us to go back to the level of hunting and gathering cultures, or the Neolithic period, when Earth could only support a few million people? Wittingly or not, Western environmentalists (p. 67) are the Kremlin's tools to spread this insanity in the West, in order to overcome the disadvantage of the Earth-based Russian culture in today's pre-war, disintegrating world.

Let us end on the note of cultural optimism that is most appropriate for this Passover and Easter season, and embodies what our publications stand for. In the hope that it is not yet outlawed by the U.S. Supreme Court, we would like to quote and editorially endorse the injunction of the first chapter of the Book of Genesis:

"So God created man in His own image, in the image of God created He him; male and female created He them.

"And God blessed them, and God said unto them, Be fruitful, and multiply, and replenish the earth, and subdue it; and have dominion over the fish of the sea, and over the fowl of the air, and over every living thing that moveth upon the earth."

Nora Hamerman

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Corrections: In the March 30 issue, the book review on p. 16, "India braces for new Dope, Inc. assault," misspelled the name of the author of *The Narcotic Drugs and Psychotropic Substances Laws of India* several times. The correct name is B. V. Kumar and he is not a "new member" at the Central Board of Excise and Customs in the Finance Minister, but rather "now Member . . . and formerly Director General of Revenue Intelligence." We apologize to Mr. Kumar and our readers for this extreme lapse in attention by our proofreading staff. In the April 13 issue, p. 13, Figure 2 had an incorrect headline, due to a production error. It should have been titled, "U.S. raw steel production capacity."

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Bush tries to 'just say no' to financial cataclysm

by John Hoefle

The perilous state of the U.S. financial system was again demonstrated April 10, when the Resolution Funding Corporation (Refcorp) returned to the market a second time to try to sell 40-year bonds in order to raise money for the Resolution Trust Corporation (RTC). Refcorp, set up by the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) to raise "off-budget" funds for the RTC, put \$5 billion of the so-called "bailout bonds" on the market Jan. 23. The auction was a fiasco, with the dealers who bought the Refcorp bonds taking a beating. "It was a disastrously bad auction," S.G. Warburg analyst Joseph Liro told the *Wall Street Journal*.

Refcorp surprised many observers when it announced that it would offer a second bond issue, but, as several analysts noted, if Refcorp didn't return to the market, it would be widely seen as an admission that the first auction was indeed a flop—something the government has steadfastly denied. The primary securities dealers reportedly urged Refcorp to reduce the amount of bonds offered on the second issue, which Refcorp did, marketing only \$3.5 billion the second round. Once again, the entire issue was sold to dealers, and once again, the dealers were stuck, and "forced to cut prices in an attempt to attract buyers," in the words of the *Journal*.

"It was a rerun of the last auction. It was pretty bad," said Shearson Lehman Government Securities senior vice president James Capra.

While the analysts and financial press debated the reasons why the Refcorp bond met with such a resounding lack of success, the reason is simple: No one wants to be stuck holding 40-year government junk bonds.

The thrift "bailout" is proving to be a bottomless pit, just as *EIR* has forecast. The Bush administration's original \$166

billion estimated cost was a fantasy, a number pulled from some bureaucrat's hat for public consumption. The RTC has repeatedly demanded more money in the form of working capital—funds above and beyond the original allocation. The latest manifestation of that process is the \$43.5 billion the RTC has been authorized to borrow from the Treasury for the second quarter. Theoretically, the principal will be paid back from the sale of assets from the 141 thrifts the RTC plans to sell or liquidate in this quarter, with only the interest being paid by the taxpayer—some \$28 billion over 30 years, according to government estimates.

The figures on the ultimate cost of the "bailout" keep rising. The latest figures released by the Government Accounting Office project that the program will cost \$350 billion over 30 years, compared to the administration's claimed \$166 billion and previous GAO estimates of \$257 billion. But that cost could rise even higher. "If we ever get the economy working against us, such as a recession, then the estimate that some have made that it will cost half a trillion dollars is possible, unfortunately," said Comptroller General Charles Bowsher, head of the GAO.

Since the nation is in the midst of a worsening depression, that \$500 billion figure is, if anything, on the low side. Even RTC Chairman L. William Seidman, who also heads the Federal Deposit Insurance Corp., refused to rule out the possibility that the cost might exceed Bowsher's \$500 billion estimate.

For comparison, Bowsher noted that even at \$325 billion, the thrift package would exceed last year's defense budget of \$303 billion.

The administration's response to this, aside from conceding that the thrift package might cost a bit more than planned,

is to move to strengthen its political control over the thrift system. Immediately following the release of the GAO study, Attorney General Richard Thornburgh met with Timothy Ryan, the new head of the Office of Thrift Supervision, to plan the crackdown. The government's response was enunciated by Justice Department spokesman David Runkel, who announced that the government will begin seizing the assets of institutions and individuals accused of thrift fraud before they are ever brought to court, "to prevent the assets from being dissipated." Concepts such as due process and "innocent until proven guilty" are apparently considered unnecessary expenses in Bush's administrative fascist regime.

In lockstep, the Federal Bureau of Investigation has requested that Congress give it the power to seize office documents, bank files, and related records of individuals and businesses without a subpoena. The process, known as "administrative summons," would allow the FBI to seize records on its own initiative, without authorization from a judge. The power, if granted, would give the FBI much freer rein to conduct its notorious politically motivated witchhunts against opponents of Establishment policy.

LaRouche's analyzes the situation

The Bush administration continues to insist that there is no crisis, even as it runs covert warfare against those who dare to reveal the truth. As political prisoner Lyndon LaRouche—himself a victim of the Bush police-state apparatus—stated April 12, "The Establishment in the United States is faking the news; virtually nobody is carrying the truth, either because they don't know it, or because they're outright lying, or because they're simply hysterical to go along with the Bush consensus, say, in the case of the United States.

"We're at a crisis," LaRouche said. "The economy is collapsing, the financial system is being held together by sheer force of political will and the authority of governments; nobody dares bring forth publicly what was discussed at the G-7 meeting, just these reverberations, in the midst of the greatest financial crisis of the 20th century; we're in an economic collapse, bankruptcies piling up day by day in the United States at rates we've not seen since 1931-32, and on a larger scale: absolute catastrophe. The government of the United States is in a state of decay like nothing we've seen since the founding of our federal republic and similar cases in Europe.

"The important thing is we have to get into reality. I think my campaign slogan, with all its ironical implications—the campaign slogan more or less forced upon me by circumstances, and George Bush—is the most appropriate thing to sum up the situation: 'Eat It, George!'"

As an indicator of the U.S. economy's downward spiral into oblivion, the *EIR* Bank Stock Index, which includes 60 money center and regional banks, dropped 12.5% between March 6 and April 6—a 150% annual rate—with the worst performing banks all located along the East Coast, reflecting the mounting real estate crisis in the region.

Meanwhile, rumors abound nationally and internationally that Chemical Bank, the sixth-largest bank in the nation, is near collapse. Chemical was the first big bank to move into Texas, with its purchase of Texas Commerce Bancshares. The combination of Texas Commerce's well-known real estate problems and Chemical's growing problems with its own real estate loans, leveraged buy-out debt, and developing sector loans is proving too much for the bank to overcome. According to *EIR* sources, the Federal Reserve is desperately seeking to find a buyer for Chemical.

The failure of Chemical would be especially embarrassing to the Bush administration, given the intimate relationship between the bank and two members of the Bush cabinet. Secretary of State James Baker's family has historically played a key role at Texas Commerce, and Baker was forced to sell his stock in Chemical—acquired when Chemical bought Texas Commerce—under a cloud of conflict of interest allegations. Commerce Secretary Robert Mosbacher was a director of Texas Commerce; his brother Emil Mosbacher is a director of Chemical. Were Chemical a thrift, these men would be logical targets for the FBI's fraud squad.

Bailout bill, or looting permit?

The FIRREA thrift bailout bill is not, and never was intended to rescue the savings and loan system. The purpose of FIRREA is just the opposite: It is a vehicle for looting the assets of the thrifts in order to prop up the commercial banking system. Under FIRREA, the Resolution Trust Corporation is well on its way to becoming the largest bank in the world, as well as the nation's largest real estate company and the nation's largest junk bond owner—and, some would say, the world's largest boondoggle as well.

This financial Frankenstein's monster now wields enormous financial power, capable of terrorizing the financial system. When the RTC hinted that it did not have to continue to pay interest on mortgage-backed securities it obtained from seized thrifts, it sent shock waves through the financial system, prompting Moody's Investors Services to consider downgrading all \$26 billion of mortgage-backed securities issued by the nation's thrifts. While the RTC has since stated that it will generally continue to honor such obligations, the point is clear: The RTC is the administration's—and thus the financial elite's—pet monster, to be used to keep the players in line during the unadmitted collapse.

The RTC is also in a position to manipulate the market on a large scale. By holding its billions of dollars of junk bonds off the market, it props up the entire junk bond market, thereby protecting the big commercial banks which hold billions of junk bonds and junk bond-related bridge loans.

By keeping billions of dollars of worthless paper and nearly worthless real estate and related assets off the market, while deploying the FBI to destroy all those who would object, the Bush men think they can hold the system together. Such delusions are the hallmark of great tragedy.

Sachs's shock therapy and Moscow are ripping Poland apart

by Konstantin George

Poland and its economy are being torn apart by an International Monetary Fund- and Soviet-imposed austerity that is ensuring incalculable social and political explosions which may begin as early as the latter part of April. The Polish economy has already been looted to the point of physical breakdown by a combination of usurious interest rates dictated by Western creditors, and Soviet-enforced pricing policies that took out Polish products at prices below the cost of production and pumped in Soviet energy and raw materials at artificially high prices. Starting in September 1989, the disaster started becoming a potentially irreversible catastrophe, when Poland's new Solidarnosc government under Prime Minister Tadeusz Mazowiecki accepted the IMF "shock therapy" proposed by quack Harvard economist Jeffrey Sachs.

Sachs had gained acceptance of his ruinous program by devising a "clever" sales approach, taking full advantage of an understandable syndrome in both the Solidarnosc leadership and the Polish population, who were filled with hatred of 45 years of communist rule, that "anything is better than socialism," and "we've suffered for 45 years, so if we have to suffer a while longer to make a 'painful' transition to a Western economy, then we'll bear it." Sachs told the Poles that the "transition" would be extremely painful, bringing with it hyperinflation, mass unemployment, and drops in living standards—a "long, dark tunnel." But, he lied, it was one with the light of prosperity at the end. Poland is now in that "long, dark tunnel" of shock therapy, with no lights in sight, and indeed with no way out unless policy is changed, drastically and rapidly.

Mass unemployment is the real story

The Polish economic crisis is far worse than the official unemployment figure of 266,000 released April 1 by the Polish Labor Ministry, or the Labor Ministry's conservatively estimated future unemployment projections, would indicate. The Polish Labor Ministry projected unemployment to reach 400,000 by April 30, and an incredible 1.7 million by the end of 1990. The dizzying rate of increase can be seen even in the official figures to date: Feb. 1: 56,000; March 1: 152,000; April 1: 266,000.

Real unemployment however, both permanent and temporary layoffs, had already passed 1 million by April 1. Temporary layoffs which began on March 15, have taken the form of four to six weeks of enforced "vacations" at 80% of wages. This hidden unemployment is the result of plummeting demand caused by the collapse of purchasing power, under the hyper-inflationary spiral launched by the Sachs shock therapy model. The collapse of individual and family purchasing power has led to the situation where Poland's food-processing industry is producing at only 50% of capacity in a hungry country, where *real* demand, in terms of actual human needs, is higher than ever. The story of the food-processing industry is typical. The enforced "vacation" closures of production capacity, because of the "collapse of demand," have struck across the board in enterprises which produce for the internal market.

To survive this nightmare, the Poles have become a "nation on wheels," with a large part of the "vacationed" and unemployed workforce taking off for the West, mostly to West Germany, Austria, and West Berlin, to work "off the books" at any job they can find, for one, two, or three months, reducing non-food expenses to near zero by sleeping in their cars or tents (Polish "car parks" and tent encampments are now part of the Western Europe landscape). With the money earned, a family in Poland can live for the rest of the year. Added to this, both in Western Europe and in Hungary and Czechoslovakia, are the Polish "export" and "import" statistics which no ledger book records—the huge volume of goods and currencies that change hands at Polish "flea markets," another current feature of the West European landscape, especially in the big cities.

An insight into how big the gray and black market volume is, by which the people of Poland, having no other choice, have been able to eke out a survival, is provided by the official statistics on arrivals of Polish "visitors" in the West in the period from Jan. 1 to March 31. Over 1.5 million arrived in both West Germany and Austria, and an incredible total of over 1 million for the city of West Berlin alone.

The horrors of shock therapy are a bottomless pit. The first permanent closings of entire enterprises have now be-

gun, and the pace will accelerate. In many cases, the enterprise or economic branch being hit is the main or even sole means of livelihood for an entire town. Close the plant, and the town dies. The first town to get the axe was Sanok in southeastern Poland, where the main employer of the town's workforce, a bus-manufacturing plant, was shut down. The next victims will be small coal-mining towns in Lower Silesia, scheduled to be shut down before the end of April.

Looting escalates; the revolt begins

The joint looting of Poland by the Soviet Union and the IMF, which has escalated on both fronts during 1990, has created a tinderbox which is close to exploding. In this regard, an anti-austerity revolt within the ranks of Solidarnosc has already begun.

A gauge of the stepped-up looting by Western creditors has been the huge increase in food and goods exports to the West to meet debt payments. In the first quarter of 1990, mostly through *food* exports, Poland achieved a "record" trade surplus of \$780 million. This was a prime factor in triggering the beginning of a Polish revolt against usury and looting.

The revolt broke out into the open April 3, when, in a front-page interview in the Solidarnosc daily *Gazeta Wyborcza*, Polish Foreign Minister Skubiszewski, disgusted with his own government's irrational fear and hysteria over a united Germany, revealed he had "spoken out" at a cabinet meeting to call for the creation of a "Polish-German community of interest" and for Poland's close association with Germany and the European Community. Without a close economic association with Germany, Poland does not have a chance to escape the pincers of IMF and Soviet looting.

The outbreak of a public fight over policy toward Germany was soon followed by the first public condemnations by Polish cabinet ministers against Russia's brutal looting of Poland. On April 7, Justice Minister Bentkowski, speaking at a rally in the town of Rzeszow to commemorate victims of Stalin's wartime and postwar mass deportations and murders of Poles, declared that Poland will demand from Moscow "at least 4 billion rubles" in compensation for these crimes. This demand has become Poland's riposte to Moscow's latest demand that Poland *further increase* its flow of artificially low-priced goods to the U.S.S.R. to cover Poland's accumulated 4.5 billion ruble trade deficit with the Soviet Union.

Bentkowski was no "voice in the wilderness." *Gazeta Wyborcza* revealed on April 8 that Polish Foreign Trade Minister Marian Swiecicki, in Moscow days earlier for trade talks, had told the Russians bluntly that "low-wage forced labor contracts for Polish construction workers in the Soviet Union" throughout the 1970s had cheated Poland of 3 billion rubles, and, by "adding on the interest," Moscow owes "4 billion rubles," roughly equal to Poland's so-called accumulated trade deficit with the U.S.S.R. The statements by Swie-

cicki are very revealing as to how deep the popular mood of revolt against Imperial Russia is. Swiecicki, now with no party affiliation, was, until its dissolution in January, a member of the Polish communist party.

The Polish message to Moscow was clear: The limits of your looting us have been reached. The April 9 *Gazeta Wyborcza* quoted Swiecicki further that during his talks in Moscow, he had denounced the Soviet policy of imposing artificially low prices on Polish goods exported to Russia. Swiecicki declared that Russia has been receiving goods from Poland at prices averaging only "one-third of the cost of production," causing Poland losses of 3-4 billion rubles per year, which was the *sole* reason why Polish trade with the U.S.S.R. is in "deficit." The Russians have used the "deficit" as an excuse to slash their exports of oil to Poland. Russian oil exports to Poland for the first quarter of 1990, measured in tons, were 28% lower than in the same period of 1989.

Russian brutality

Russia's response to the Polish revolt against Soviet looting, and to Poland's support for independent Lithuania, has been swift and brutal. On April 10, the Soviet Union unilaterally, and without warning, lowered the price it will pay for Poland's spring potato harvest from 320 to 150 rubles per ton, calling the move a "sanction" against Poland for its support of Lithuania. At this time of the year, the sale of early potatoes is the main income for Poland's private farmers, and the only markets have been the Polish state, private purchases within Poland, and exports to the U.S.S.R.

In one stroke, Moscow has forced Warsaw to either buy up at a fair price the *entire* crop or to face a revolt of Poland's farmers. Rural Solidarnosc, the mass organization of Polish farmers, already enraged at the Warsaw government's shock therapy policy of low prices paid to farmers for their produce, juxtaposed to skyrocketing prices for farm machinery, diesel fuel for tractors, fertilizer, and other farm inputs, issued an ultimatum to the Solidarnosc government: If the government does not purchase the entire potato crop by April 20, the 500,000 farmers of Rural Solidarnosc will begin blockading roads all over Poland in protest.

The mass social revolt now brewing against shock therapy will not be confined to the rural sector. A trade union revolt within Solidarnosc, against the policy of wholesale closure of plants and mines, is growing by the week. If the Solidarnosc government continues to implement the IMF-dictated austerity, political explosions will follow the social explosions. As editorial statements in *Gazeta Wyborcza* by its editor-in-chief, Adam Michnik, have warned, the economic and social misery generated by the government's implementation of IMF-dictated shock therapy is threatening to split Solidarnosc into two or even three "parties" by the summer, creating unpredictable consequences for Poland's future.

Friedrich List's program for Hungary's industrial development

by William Jones

The election in Hungary has created the possibility of putting the nation back on the road of economic development. If the new coalition government wants to avoid the devastation which the free market radicalism of Harvard economist Jeffrey Sachs has forced upon Hungary's neighbor Poland, they must go back to the roots of their own initial industrial development during the hectic years following the 1848 revolt, to find the principles they need to revive the Hungarian economy now. In such an investigation, they cannot but encounter the efforts of German economist Friedrich List, an integral figure in bringing the American System of Political-Economy to Hungary.

List can rightly be proclaimed the true theoretician of the American System of Political-Economy. Although the system itself was well into operation when List arrived here in the United States in 1825, and a great deal of theoretical material on its operation existed in the works, in particular, of Alexander Hamilton, Mathew Carey, and Henry Clay, it was List who first systematically elaborated its principles, in a series of letters (later published as the *Outlines of Political Economy*) to Charles P. Ingersoll, the president of the Pennsylvania Society for the Promotion of Manufactures and the Mechanic Arts.

The ideas spelled out there were later incorporated into List's major German work, *The National System of Political-Economy*, published in 1844. As List explains in his *Outlines*, he himself had been a follower of the British "free market system" of Adam Smith and Benjamin Say, until he saw the devastating effects of that system on the German economy after the defeat of Napoleon and the subsequent destruction of the Continental System. Ironically enough, German industry had flourished under the restrictions of the boycott of English goods, imposed by Napoleon as a weapon against the British maritime power. Not able to import cheap British manufacturing goods, the Germans were forced to develop their own fledgling industries, on the basis of which they later became a major industrial power. But it was only when List had succeeded in uniting the small principalities

of Germany economically in the *Zollverein* (the customs union), that the political basis for such a development was established.

List in Hungary

List's interest in Eastern Europe was aroused by his early contacts with Hungarian refugees whom he met in Augsburg. Hungary, at that time a part of the Austrian Empire, was experiencing its first pangs of nationalist ferment among the dominant Magyar population. Far from opposing the development of nationalism based on the Magyar language, List felt that this indeed would be the ideal means for creating a strong national unity in one of the key countries bordering Russia, and could serve as a bastion against any threatened Russian aggression against central Europe.

Even before his celebrated visit to Hungary in 1844, List had shown a keen interest in the economic conditions in Austria-Hungary. His preoccupation with the extension of the European railroad system into the area (the development of a German railroad system having been the linchpin of his development project for Germany) as well as his general economic interest, had been expressed in numerous articles and economic treatises. He was also receiving economic publications from Austria and Hungary. In spite of numerous other commitments in Germany, List could not let rest his desire to win the Austrian government for his plan to build a railroad line from Hungary through Austria and Bavaria to the West. This project led to List visiting both these countries in 1844.

At that time, List's name was already well known. His *National System* had been translated into Hungarian and had been extensively read by the leading political figures. In Austria, List's polemical writings had prevented the British from succeeding in eliminating Austrian protective tariffs, which would have allowed them to flood the area with cheap English manufactured goods.

When he arrived in Vienna, List was received by the Archduke Ludwig and leading statesmen like Count Franz

Kolowrat-Liebsteinsky and the Austrian finance minister, Count Karl Friedrich Kubeck von Kubau. Also the industrial associations set up receptions in his honor.

Very soon, he was on his way to Hungary, stopping first at Pressburg (present-day Bratislava, in Czechoslovakia), where he was grandly received by the Hungarian magnates. Pressburg, then a part of Hungary, was the location of the Hungarian National Assembly. List had a longer audience in Pressburg with the Archduke Palatin Joseph, who enjoyed the particular confidence of the Hungarians. All the leading members of the nationalist Hungarian opposition were present at a reception in List's honor, including the "father of the Hungarian reforms," Count Stephen Szechenyi.

Szechenyi described the United States as "the land where the rights of mankind are the most equal, where the Constitution is the best." Because of his affinity for the United States, Szechenyi was called "der Amerikaner." Szechenyi had translated Friedrich Schiller's play *Don Carlos* into Hungarian. A Catholic by upbringing, Szechenyi described his economic principles in the following way: "The real power of a nation lies in the number of its scientifically educated heads. . . . Public strength consists not of fertile plains, mountains, minerals, climate, etc., but of reason being able to make sensible use of them." Szechenyi would later, as a leader of the Hungarian reform movement, implement many of List's ideas.

List's contacts in Pressburg were not only with the members of the National Assembly and the leading government officials, but also with shop owners and craftsmen, the *Mittelstand*, on whose initiative any successful economic reform would depend.

On Nov. 13, 1844, List continued on to Pest (incorporated later with Buda into the nation's capital). Here he was given the highest honors. List was asked for his advice on a variety of questions with regard to the economy, agriculture, industry, and immigration. Everywhere he helped stimulate the entrepreneurial spirit of the country.

At the beginning of December, List returned to Vienna, full of new hope for the success of his reform plans. Shortly after his arrival there, he was granted an audience with Count Clement von Metternich, to whom he presented his plans. Metternich, the mastermind of the reactionary Holy Alliance aimed at preventing the establishment of American republican principles on European soil, viewed List as a dangerous republican. Metternich had been receiving reports from a police agent who had all of List's activities in Hungary under surveillance. Metternich, expressing a mild interest in List's ideas, told him to present a written draft to the president of the Royal Court, von Kubeck. Metternich wrote a letter to von Kubeck with regard to List's ideas, some of which Metternich found of practical use. He warned von Kubeck, however, that he should never allow List to become anything more than a "dabbler in projects."

On his return to Germany, List then began work on his

paper for the improvement of the transportation system in Hungary, later drafting a longer treatise entitled *On the National Economic Reform of the Kingdom of Hungary*.

A mercantilist reform plan

In the post-1814 Europe, dominated by the decisions of the Congress of Vienna, a republican revolt to upset the political structures of the European *entente* (consisting of Austria, Prussia, Russia, and Great Britain), showed little chance of immediate success. List's economic policies were a flanking maneuver in this tightly controlled political situation, aiming at establishing the American System in Europe. A successful introduction of these policies would lead to the establishment of a strong *Mittelstand* of small entrepreneurs, who could then become the political basis for the movement for republican reforms. The general thrust of List's economic policies would thereby undermine the structures of the autocratic states.

There were two major threats that List saw as the most immediate to his policies. The first was the threat from England, which was attempting to use its manufacturing capabilities to flood the less-developed European countries with cheap goods, thus maintain of industrial underdevelopment. The second threat was from Russia, which had been proclaimed the "policeman of Europe" by the Congress of Vienna. Against the British, List used the weapon of his customs union, with a protective tariff wall against the English goods, behind which a viable domestic industry could be built up. As for the Russian threat, List thought that the creation of strong nation-states in Eastern Europe was the greatest defense.

List's view of the Russian Empire was indicated in no uncertain terms later, in his draft on Hungarian reform: "The violence, which unites such a great mass of barbarian hordes into a nation, is purely of a military nature, lacking almost any internal coherence. The normal, orderly civilizing process occurs much too slowly in such a country for the government to be able to hope in this manner to establish a more stable basis for their power within a reasonable period of time—a basis more suited to the well-being of the individual. Developed out of the bayonet, asserted and maintained by the bayonet and by the bayonet expanded and secured—only through the bayonet does it have a future; any essential deviation from that principle of existence would be considered an abdication of power. Conquest is its natural instinct, just as the ravenous beast must hunt the weak and the lame. Also beasts of prey occasionally appear peaceful and calm, particularly when they lie still; this does not mislead the student of nature about the true nature of the beast. . . . All of Russia is one great military colony whose forces double every 50 years, and it is worlds apart from the Austrian military colony in that the former is primarily used for attack against neighboring countries, whereas the latter is planned and organized only for the defense of the country."

Hungary: free marketeers and communists lose

On April 9, in the first free elections since 1945, Hungary cast off the communist yoke with a major victory for the Hungarian Democratic Forum, giving it 165 of the 386 contested seats in the new Parliament. The HDF will be the linchpin in whatever coalition emerges from the elections. The remnant of the old Hungarian Communist Party, repackaged as the Socialist Party, which had ruled the country for over 40 years as a satrapy of Moscow (albeit of later date in the somewhat milder form of "goulash communism") suffered a resounding defeat. The Socialists received only 8.3% of the votes. The foreign minister in the Socialist Party government, Gyula Horn, came in second behind an HDF candidate in his district near Lake Balaton. Another leading former communist, Imre Pozsgay, who four months ago had been regarded as a strong contender for President, withdrew after he came in third two weeks ago in his district.

But not only the communists received a stinging rebuke from the voters; also the Thatcherite "free market" liberals went from the elections licking their wounds. The Alliance of Free Democrats, an urban-based party of former dissidents and intellectuals which advocated a rapid transformation to free market economics received only 92 seats in the Parliament and only 24% of the votes. The Alliance also lost heavily in Budapest, which had been expected to be its stronghold. The Alliance had stooped to using smear tactics during the elections, attempting to portray the patriotic appeal of the Democratic Forum as "Nazi propaganda."

The victory of the HDF could mean that the "Hungari-

an experiment" would not so easily traverse the dangerous path taken by the Solidarnosc-led government in Poland. Poland's complete submission to a murderous International Monetary Fund austerity policy, in a plan authored by Harvard's "free market" advocate Jeffrey Sachs, has wrought havoc with the Polish economy. The HDF is also committed to introducing market reforms into Hungary's statist economy, but has clearly indicated that it advocates a careful transition to a market economy and a convertible currency. It has also indicated that it will tightly regulate the privatization of Hungarian industry and use the powers of the state to ease the pain of unemployment. It is also opposed to the debt-for-equity swaps being proposed by the international financial institutions as a solution to Hungary's economic problems.

The party's leader, Jozsef Antall, presented a strong nationalistic appeal calling for a "united Hungarian nation" and promising to protect traditional family values and to look after the rights of the estimated 3.5-4 million ethnic Hungarians living in bordering countries. The party also emphasizes basic Christian values. The scurrilous slander of the Free Democrats about the Forum's alleged "anti-Semitism" appears rather ludicrous, in the light of Jozsef Antall's own background. His father, a founder of the rural-based Smallholders Party in the 1930s, helped save Jews during the war until the Nazis imprisoned him. His son was active in that party when it briefly revived during the 1956 Hungarian uprising, an uprising sabotaged by the failure of the West to respond to the appeals of the Hungarians for assistance. The Forum has also a strong public record in support of Hungary's 80,000 Jews. Antall responded to the attacks of the Free Democrats by saying, "We don't like it when ex-communists teach us liberalism," accusing the Free Democrats of using "Bolshevik" tactics. Antall is referring to the fact that many of the leading people in the Alliance of Free Democrats have backgrounds as radical Maoists. "We have different polit-

Hungary's role in Europe

List was very favorably inclined to the national aspirations of the enlightened Hungarian nobility. He clearly warned the Austrian government that if it did not place itself at the head of his outlined reform and recognize the national aspirations of the Hungarians, the unavoidable upsurge in Hungary would be used by the Russians against the West. "The wounds of the Hungarian disorder are immediately the most abundant source of weaknesses for Austria," he said, "while an agreement and reconciliation between the government and the people based on a sincere political and economic reform would threaten to put an end to the short-term and long-term threat from Russia."

The Hungarian opposition, in desperate search for help

in its fight against the Austrian autocracy, might be lured into an alliance with the Russians—a development which would spell disaster for the Hungarians. "Russia, itself swollen with its own surplus of agricultural production and standing on the lowest level of culture—how would it be able to have a civilizing effect, by means of its trade, on other barbaric countries, when it has only agricultural products to offer for their manufacturing needs? These countries would only exchange the condition of a mild barbarism and despotism for a harsh one."

The only hope for a rapid industrial development of Hungary would be in a closer economic relationship with Austria and the West, a relationship which would require recognition by the Austrian imperial bureaucracy of the legitimate aspira-

ical roots," Antall said in a recent interview. "We are the two poles of Hungarian political life." Antall describes the HDF as a "European center party" with strong similarities with and ties to the European Christian Democratic parties.

Rejecting any coalition with the Free Democrats, the Forum is holding discussions with the Smallholders Party and the Christian Democratic People's Party to try and forge a strong government coalition. The Smallholders Party won 43 districts, with 11.1% of the vote.

The party wants to move for a rapid integration into the European Community. It has also said that it wants U.S. troops to remain in Europe in order to balance a united Germany and a Soviet Union threatened by instability.

The victory of the Forum met with mixed reactions from the U.S. media. The *New York Times* played up accusations of anti-Semitism. But the real fear of the U.S. Eastern Establishment is that Hungary under a nationalist leadership will not be prepared to sell its industrial patrimony at bargain-basement prices, as demanded by the U.S. financial elite and by their political underlings like Henry Kissinger. The former ambassador to Hungary, R. Mark Palmer, of the Kissinger grouping, is now shuttling between Prague and Budapest, hoping to accomplish just that in the newly liberated countries of Eastern Europe.

But if Antall is successful in creating a strong three-party coalition, the Hungarian government will undoubtedly opt for linking the country with the Paris-Berlin-Vienna railroad triangle now dominating European, and particularly West German, industrial efforts in Eastern Europe, rather than allowing itself to become a low-price bazaar for the financial speculators. At any rate, Hungary has been given a new lease on life by the elections. If the new government moves for industrial and infrastructural projects, it could open up a new era for a rapidly growing Hungarian industrial economy. —William Jones

tions of the Hungarian people.

List distinguished three major political groups in Hungary: the ruling nobility, the agricultural workers of all classes and races, and the residents of the cities, who were at that time deprived of all political rights. Within the nobility there were two basic groups: those who politically lived in the 19th century, and those who lived in the 13th—the educated nobility on the one side, and the peasant nobility on the other. Among the former, especially among the younger members, the "aristocratic-democratic element" was very strong. This element, List saw as the real bearer of his reforms.

Hungary looks on Poland, List points out, "with the same feeling that might seize a noble steed when it has the corpse of another steed in view. It is gripped with fear, it snorts and

stamps its feet, it lurches back, it obeys neither reins nor spurs, neither coaxing nor insults, finally rearing up, threatening to throw its rider." The state of Hungary, however, was "afflicted with the same illness which has killed Poland: with the servility and apathy of the working classes, with the lack of rich, flourishing and free cities and grand industries, and generally, with the lack of a wealthy and efficient *Mittelstand*, that is, an energetic, industrious, thrifty, enlightened, orderly, patriotic and freedom-loving democracy, without which there could never be a wealthy and respectable and powerful nobility, capable of greater achievements and patriotic sacrifice nor a great monarchy which in the long run would be capable of weathering all storms coming from without."

The suspicious attitude of the Austrian nobility and state bureaucracy toward the national aspirations of the Hungarians was creating growing mistrust between the two sections of the Empire. An arrogant imperial attitude toward the Hungarians could only create an irreparable conflict between Austria and Hungary. The development of the Hungarian nation could only be accomplished by an industrial alliance with the industrially more developed nations of the West, in particular with Austria.

Such an alliance, respecting the legitimate national aspirations of the Magyar people, would also have a positive effect on Austria. It would come into closer contact with Hungary's more vibrant democratic life, where the organization of the Hungarian district councils had given the members of the enlightened nobility their first school of politics. In this respect, List understood that Austria was a hundred years behind the Hungarians, and considered it something of an anomaly that the Austrian bureaucracy would want to rule a constitutional republic. He warned the Austrians not to attempt to force their bureaucratic methods on the Hungarians, noting the potential beneficial effects of Hungary's constitutional structure on the autocratic Austria. The example of Hungary could help "place the state bureaucracy in a subordinate position, where, supported by constitutional organs, it could fulfill its mission." The way to such a goal was the "alliance of the government [Austria] with the intelligent and civilized section of the ruling element [in Hungary], in order to subdue the portion of the population still sunk in barbarism and to lead them to reform."

The Hungarian Company

List called for the establishment of a stock company to be called the Hungarian Company, which would be responsible for the development of a transportation system connecting Hungary to the West. The main artery of this would be a railroad line from Vienna to Budapest, following the Danube River. The construction of railroads and canals would call upon the wood resources in the Slovakian forests, whose increased exploitation in building the new railroads and canals would serve to develop a skilled labor force. Roads and

Sacrificing for 'Great Russia'

There was no joy in this year's pre-Easter message from the Soviet government to the population of Russia and the peoples of the empire's Captive Nations. Czar-President Mikhail Gorbachov, sitting in the Kremlin, in a moment of profound inspiration generated by the "New Thinking," had, dialectically of course, devised a "solution" to the Russian empire's systemic crisis. Being a Czar, he had of course access to the Czarist archives, and, looking in the subject catalogue under the heading, "Systemic Crisis solutions," found what he sought. It was, frankly speaking, not a very original solution, but it was traditional, in the Great Russian autocratic tradition. And for a modern-day Czar what could be more important?

The solution was that prescribed by pre-1917 Czars, and rediscovered by those post-1917 holders of eternal wisdom, Vladimir Lenin and Josef Stalin. Czar Gorbachov's "solution" is to have his subjects, led by the Great Russians, sacrifice under a brutal austerity program so that, through their "patriotic" blood, sweat, and tears, Russia may resurrect itself and remain a "Great Power."

Czars being Czars, the "mission" of conveying this latest flash of "New Thinking" to the population, in case its implementation should produce a revolt, was relegated to a court servant; in this case, U.S.S.R. Deputy Prime Minister Leonid Abalkin, who delivered his address on Palm Sunday, April 8. Abalkin announced that price con-

trols will be lifted starting this year, making all items much more expensive than they now are. However, Imperial proclamations cannot be framed in mundane words like "price increases." The poor subjects must be told that their misery is serving noble causes. To quote Abalkin, "austerity" has been regally named "Economic Revolution": "The Economic Revolution will be painful and difficult . . . but without such a transition, the country has no future as a Great Power. . . . We have to sacrifice, but there is no other option . . . [otherwise] we will deprive ourselves and our children of the benefits of a Great Power."

However, will Russians really listen to an Abalkin, a mere economist, and a Communist Party member? The Czar did not overlook this problem. Every Czar has at least one Rasputin for such emergencies, and Czar Gorbachov is no exception. His new Imperial ruling body, the Presidential Council, contains Valentin Rasputin, the Russian chauvinist writer who is not a Communist Party member, who was placed on the Council, in his own words, "because I represent Russia."

So, for those Russians who would ignore a "patriotic" appeal to sacrifice, coming from Abalkin, an authentic "Voice of Mother Russia," as authentic as, say, Fyodor Dostoevsky, has been provided by His Majesty, to ensure compliance with the sacrificial requirements of the systemic crisis. The requirements, according to Rasputin, are: "An end to the consumer society," which is a "Western" evil imposed upon Russia, and with this end, a "re-birth of Russia," freed from "Western influences." Abalkin's price increases will ensure the "end of the consumer society." Rasputin's job is to make sure it happens without a revolt. Will he succeed and save the throne and empire? The last Rasputin didn't.

canals would have to be built to create direct links between the mountainous regions of the north and the central plains regions and between the Danube and all parts of the country. This would also enhance the export possibilities for Hungarian agricultural products. List also called for a program of land reclamation in the swampy areas.

List realized that feudal privileges would have to be significantly curtailed and a system of taxation established also for the nobility, in order to create a financial basis for these projects. The Hungarian Company should also be granted state-guaranteed loans from the Austrian government to initiate its projects. The program called for the exploitation of the bituminous coal deposits and iron ore which were to be found in the country. The increased skill levels of the labor force which such a program would require demanded the

improvement of the national education system.

The Listian program received little immediate response from the imperial bureaucracy, whose failure to act undoubtedly contributed to the outbreak of the 1848 Revolution. When the Dual Kingdom of Austria-Hungary was established in the aftermath of that revolution, the Listian program was by and large implemented, under different conditions, creating the infrastructural basis for Hungary's industrial development 20 years later.

Then as now, Hungary's future lay in the implementation of a Listian development program, rather than British "free market" follies. In that respect, a Hungarian connection today to the Central European railroad triangle would provide the only workable basis for its national industrial development.

Budhoo to organize to halt IMF crimes

by Ronald Kokinda

Davison L. Budhoo, a London-trained economist from Grenada who resigned from the International Monetary Fund in May 1988, accused the IMF of a "systematic pattern of violation" of his human rights and those associated with his work, and of conducting a campaign of "covert harassment and underhanded intimidation . . . [which are] among the most reprehensible forms of criminal behavior" in the two years since his resignation. Budhoo's open letter of resignation had charged the IMF with deliberate statistical fraud, using its power to deepen poverty and destitution in the Third World, forcing nations to follow policies that are self-defeating and in the interests of only a few major shareholders and the major commercial banks, and of racism.

Budhoo's latest charges were contained in a press release issued by the Council on International and Public Affairs based in New York announcing that its imprint, New Horizon Press, will be publishing his open letter in book form entitled *Enough is Enough: Dear Mr. Camdessus*. . . . The official launching will occur in the United Kingdom in London on April 11 when Budhoo is expected to elaborate on the IMF harassment in a scheduled press conference. The American edition is scheduled to be released in the United States, Canada, and Ibero-America in May.

Lengthy excerpts of Budhoo's open letter were published by *EIR*. In the author's preface to the book written in February 1990, however, Budhoo admits that his expectations that his charges would lead to investigations and internal IMF reform were "naively inflated." "The Fund remains a law unto itself, impervious to questions about its performance, its human rights record, and its accountability to its victims," Budhoo writes, and "it appears that the effort from 'outside' forces for meaningful reform that will lead to civilized and responsible behavior can continue for some time to be thwarted."

Budhoo writes that the IMF refuses to respond to any substantive charges, while some of the world's outstanding jurists have accused the Fund of "perpetration of massive crimes against humanity." "Does it mean nothing to the Fund . . . that tens of millions of people in the Third World should have suffered needlessly and many died since 1988 because the Fund and the interests it represents still continue to dominate the pages of human history?"

Budhoo's conclusion is that a worldwide mass movement is necessary to bring the IMF to account. "There must be an intensification of the effort to reach the hundreds of millions of Fund victims all around the world," he writes. "We need to educate them about the institution that dominates their lives and to elicit a worldwide reaction sufficiently strong and broad-based and vocal to convince the High Priests in Washington and elsewhere that the day of reckoning is finally at hand."

Eastern Europe

The council press release notes that this "campaign is all the more urgent because of the role the Fund is playing today in Eastern Europe." President of the council Ward Morehouse compares the struggle against the IMF to the upsurges against communist tyranny. "The new decade now upon us," Morehouse writes in the Note by the Publisher in the book, "has been characterized by sweeping political and economic change. Starting in Poland, this extraordinary process of change spread rapidly across East Europe and the Soviet Union.

"Demonstrating the power of grassroots political mobilization, the forces behind this change quickly challenged established centers of political and economic power. The common denominator of the demands generated by these forces has been an insistence upon accountability to those whose lives are directly affected by those who wield power.

"It is unlikely that this contagious mass mobilization will be easily contained in one region of the world. Nor is it likely to be confined to producing change only in national governments. Established economic and political institutions everywhere are going to be, in the years ahead, subject to demands for greater accountability for their actions.

"Accountability is, in the final analysis, what Davison Budhoo's Open Letter of Resignation . . . is all about."

IMF reform impossible

While Budhoo reports he will continue his work to "reform" the IMF, a foreword to the book by Errol K. McLeod, president general of the Oilfields Workers' Trade Union in Trinidad and Tobago, gets closer to the appropriate conclusion that the IMF is unreformable when he writes that the IMF is a powerful institution which has implemented a "systematic process of recolonization." "Through the rigid implementation of structural adjustment policies, the IMF and the World Bank are ensuring that the governments of countries that seek IMF and World Bank loans become faithful adherents to the philosophy of monetarism. And because the philosophy *was never intended to create meaningful and sustained development*, the result of the structural adjustment policies has been the deepening crisis of debt for Third World countries and rapidly growing poverty which leaves much of the peoples in these countries in a state of marginalization at best, and abject misery at worst," (emphasis added).

Nepal's 'white gold': When will it be exploited?

by Ramtanu Maitra

It is a vital question for Nepal, the tiny Himalayan kingdom sandwiched between India and Tibet, whose 19 million people are among the poorest in the world. The "white gold" is Nepal's massive hydroelectric power potential which, if exploited to the full, can make Nepal one of the wealthiest nations in South Asia and help transform the social fabric. But a stagnant and self-perpetuating monarchy, surrounded by a coterie interested only in lining their own pockets, has so far done little to exploit what is Nepal's single most important natural resource, despite the fact that plans and proposals have been put forward for years. Today, however, a wind of change is blowing in Nepal (see p. 38), and though it is yet to be seen whether the change will be cosmetic or real, a new opportunity for serious development initiatives may be at hand.

Nepal's economic performance under an absolute monarchy has been little short of a disaster. The country competes with Afghanistan and Bhutan in infant mortality, illiteracy, and low life expectancy. Nepal's energy consumption per capita (in kilograms of oil equivalent) is one of South Asia's lowest—half that of Bangladesh, and about one-ninth that of Pakistan! More than 90% of its population, living in isolated rural areas where not even a shred of infrastructure exists, depends on agriculture, even though less than 10% of the country's land mass—slightly larger than Bangladesh—is arable, because of the mountainous terrain. Moreover, agriculture in Nepal has stagnated, if not actually regressed, over the past two decades.

Economic hope

In the midst of this dire poverty and perpetual darkness, course four major, fast-flowing river systems that themselves account for nearly 90% of Nepal's surface water and hydroelectric potential. These four river systems—the Mahakali, Karnali, Sapta Gandaki, and Sapta Koshi—and their tributaries are fed by snow and glacier melt from the Tibetan Plateau and the Himalayas, and by heavy monsoon rainfall. Just one project, which has been hanging fire for decades, the Chisapani hydroelectric project located on the Karnali River, could itself produce 4,000 megawatts (MW) of electrical power at peak capacity—about 25 times more than Nepal's present installed capacity of 166 MW.

Besides the large hydroelectric potential of the major rivers, Nepal is endowed with many, many narrow, yet fast-flowing tributaries where small hydroelectric plants could harness the power potential for rural use. But performance in this sector has been as abysmal as in building large hydroelectric plants. Nepal has harnessed less than 5 MW from such small units, while its total electric power potential, including both large and small hydropower, is estimated at 83,000 MW.

Harnessing Nepal's astonishing hydroelectric potential is not a new idea. For decades, many Nepalis have been convinced that their nation's economic hope rested in tapping the potential of the mountainous rivers and selling the power to India. Northern India is terribly short of electrical power. The development of Uttar Pradesh and Bihar, two north Indian states whose population of 200 million dwarfs that of most nations, has been seriously hindered by the shortage of power for agriculture and industry. No doubt, India could be virtually a captive market. Indian officials friendly to the idea and well aware of the great mutual benefits, have made detailed proposals, including for financial assistance in the projects.

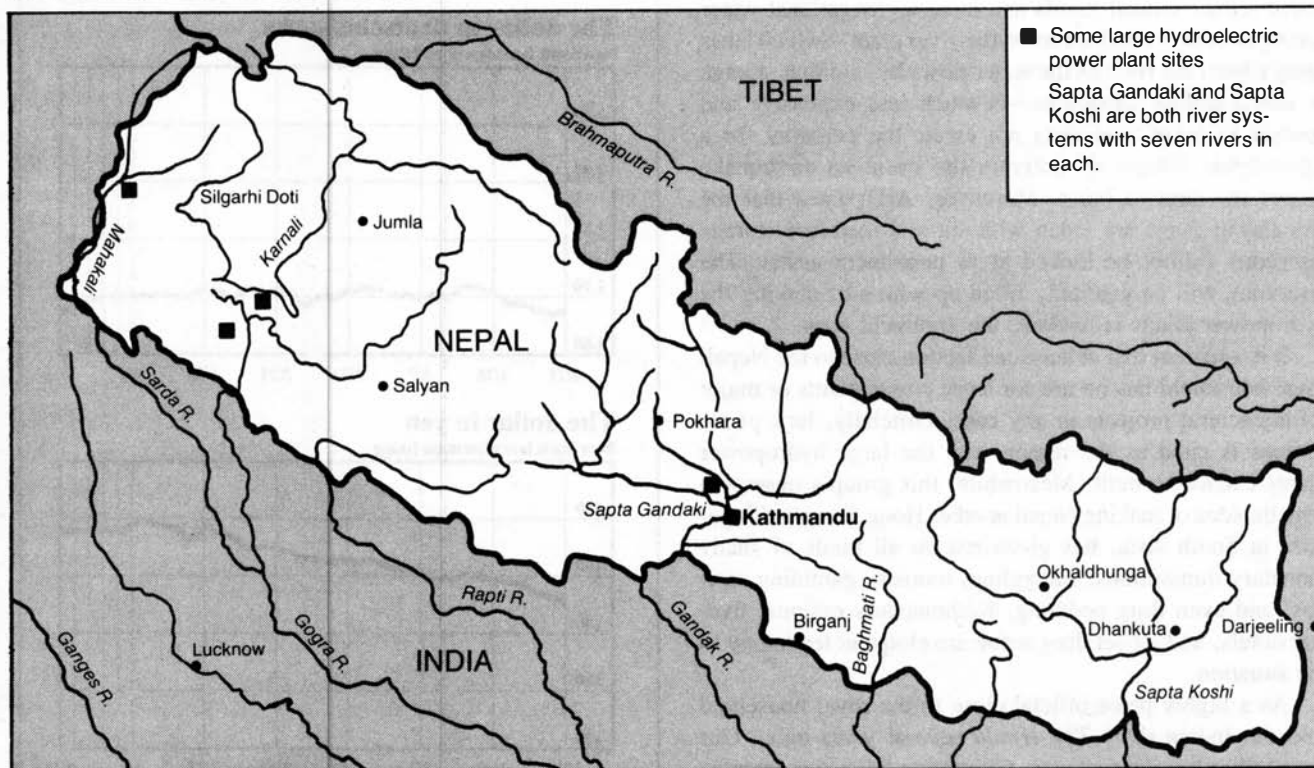
Ironically, the fact that such projects would help India has often been used by the Nepali elite as the reason not to undertake them. The arguments go as follows. First, since the major hydroelectric power plants will need a long gestation period, India may meanwhile build its own thermal or nuclear power plants to meet the shortfall, leaving Nepal holding the bag with massive surplus power and nowhere to sell it. To make this fear scenario convincing, Nepali bureaucrats point out that India does not catalogue sites in Nepal as being among its potential energy sources.

Second, the Nepali monarchy and its coterie have sowed suspicion among Nepali nationalists who might otherwise sympathize with such programs, by suggesting that while Nepal's electricity will make India stronger, Nepal will remain a slave to India's whims as to whether or not to buy electricity.

Economy of looting

India, admittedly, has done precious little to counter this propaganda and alleviate fears that may already have spread

Nepal's hydropower potential



to Nepalis in general. But what really surprises is the fact that the Nepali monarchy does not seem to have ever considered development of large hydroelectric plants to be vital for Nepal's own well-being. Besides the enormous economic benefits of abundant electrical power, the reservoirs connected with the large hydro projects will make it possible to store water for agricultural, industrial, and domestic use.

Out of an average runoff of close to 200 billion cubic meters, Nepal has succeeded in capturing a mere 1 billion cubic meters annually, about 0.5% of the total. Of an irrigable area estimated at close to 1.5 million hectares, fewer than 0.2 million hectares have so far been brought under command. As far as domestic water consumption goes, less than 10% of the population—95% of whom are in Kathmandu, Pokhara, Biratnagar, and a few other towns—have access to safe drinking water.

The lack of basic infrastructure and an extremely low literacy rate—19%—has turned Nepal's economy into one of looting. In 1956, when the first five-year plan was begun, 75% of total spending was for general administration and internal and external security. Then the looting was direct, with the nobility and elites enjoying the fat. Later five-year plans have helped to bring in new groups of looters—bankers and others. Developmental expenditure, which

now competes with internal debt payment, has become increasingly dependent on foreign aid and grants. In 1961, almost 50% of overall development spending was supplemented through internal resources. When the Seventh Plan was initiated in 1985, it showed that Nepal would have to depend on foreign aid and grants for 70% of its planned expenditure.

As a result of the government's inability to finance its developmental plans and increasing dependence on foreign money, Nepal has been opened up for foreign looting too. The foreign debt is now more than \$1 billion, about six times annual export earnings. Rising inflation, now at 20-40%, has been a definite factor behind the recent political turmoil.

Naysayers and schemers

Not surprisingly, the foreign aid providers have expressed much concern about the safety of the proposed big hydroelectric projects. Much anxiety has been shown about the seismic activity of the Himalayan area. Although it is widely admitted that techniques have been developed to make dams earthquake-proof or -resistant, the aid donors are very worried that such new engineering techniques have not been fully tested and may turn out to be quite costly.

A recent pamphlet "Eastern Waters Study," sponsored

by the U.S. Agency for International Development (AID) and compiled by a galaxy of U.S.-based experts, argues that while building high dams with large reservoirs may help Nepal reduce annual floods and increase irrigational water supply at time of need, a run-of-the-river plant—which takes energy from the river as the water flows by, without storage or timed release capacities—is much less expensive and quicker to build, and does not create the potential for a catastrophic release of water in the event an earthquake causes the dam to burst. Moreover, AID states that the Himalayan rivers are laden with silt and therefore storage reservoirs cannot be looked at as permanent assets. The reservoirs will be gradually filled up with silt, making the hydropower plants redundant, the argument goes.

It is apparent that at least one faction close to the Nepali royal household has no use for large power plants or major infrastructural projects in any case. Officially, lack of resources is cited as the reason why the large hydropower plants cannot be built. Meanwhile, this group's obsession with the idea of making Nepal another Hong Kong or Singapore in South Asia, has given rise to all kinds of shady monetary transactions, smuggling, tourism, gambling casinos, and even drug peddling. Kathmandu's casinos, five-star hotels, and jet-set drug scene are eloquent testimony to the situation.

As a highly placed official close to the royal household told the Indian daily *The Hindu* several years ago: "Our moral fiber has degenerated. Corruption has never been so rampant as today. Smugglers with their black money and international links are virtually controlling the country. They have corrupted the Nepalese upper and middle classes. Smuggling is now a recognized, legalized trade in Nepal. Corruption at the top now permeates to the bottom." There are strong rumors that a part of the royal household, under the control of Queen Aishwarya, is even involved in the drug trade.

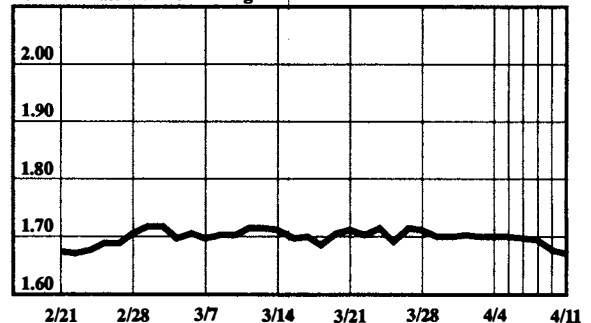
For Nepal, the only way out of the economic and social quagmire is through development of its physical economy and making the best use of every citizen's potential. Building large hydroelectric plants will provide sufficient amounts of inexpensive electrical power which can be effectively used to make agriculture productive and convert Nepal from a food-importing to a food-exporting nation. But with only 10% of its land mass arable, Nepal can never remain an agricultural nation; there is no other choice but to build up industry.

The abundant electrical power from the Himalayan rivers can help Nepal to build up a highly sophisticated, small-scale sector that will not only provide employment to the millions, but generate enormous wealth for the nation. It is this development which can transform Nepal's depressing rural scene into a vibrant one. The resultant economic surpluses can be plowed back into education, transportation, and communication for all.

Currency Rates

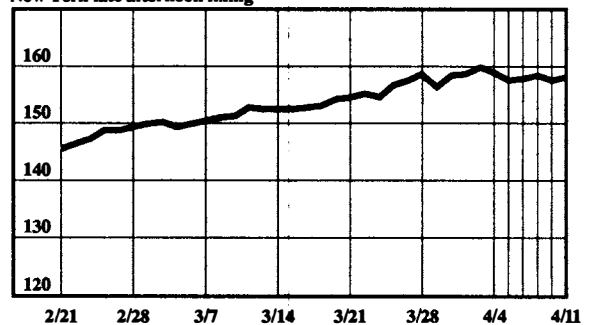
The dollar in deutschemarks

New York late afternoon fixing



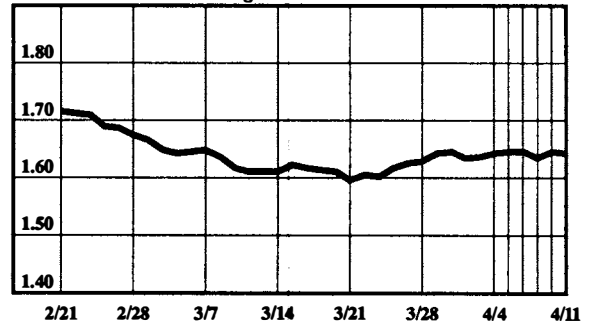
The dollar in yen

New York late afternoon fixing



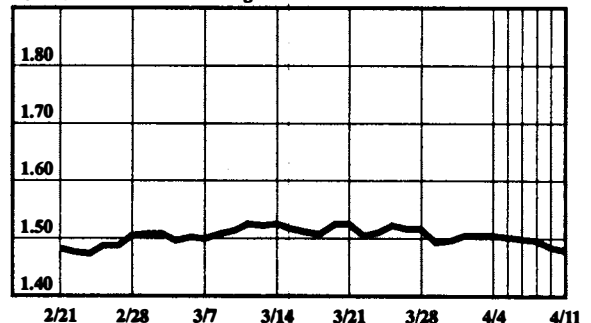
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Import dependency leaves U.S. open to new oil shock

by Anthony K. Wikrent

In 1989, the daily average of U.S. crude oil production fell to a 26-year low, and exploration activity by the U.S. oil industry practically ceased. But federal officials displayed no concern whatsoever, even as experts began warning that the U.S. was becoming dependent on imports for more than half of its daily oil consumption. The consequences of the failure to enact an import tariff trigger price of \$20 per barrel when it was proposed by economist Lyndon LaRouche in 1986, are now plain to see as U.S. oil production has dwindled, the domestic oil industry lies in ruins along with the shattered economies of Texas and Oklahoma, and the U.S. government has abandoned the principle of energy independence.

The second largest factor in the chronic U.S. trade imbalance of \$100 billion-plus per annum is crude oil, with an annual deficit of around \$36 billion. In dollar terms, and as a percentage of U.S. oil consumption, U.S. oil imports are at record highs. The highest level of oil import dependency ever—54%—was reached in January 1990 as distributors struggled to replace stocks badly depleted by the unusually severe cold wave of December 1989.

As recently as 1985, when higher prices were still driving domestic production, imports were less than one-third of consumption. In 1963, when domestic demand was about half of what it is currently, imports accounted for only 16% of supply. But now, oil industry experts say that relying upon imports for half the nation's oil supplies will soon be the norm. Imports of petroleum rose 17% in 1989 alone. In July, imports of 8.6 million barrels per day (mbd) exceeded domestic production of 8.4 mbd. It was the fourth month ever that imports surpassed domestic production—the other three months were in 1977. (See **Figures 1 and 2.**)

This new level of import dependency is attributable not to an increase in consumption, but to an accelerating collapse of domestic production. The daily average of crude oil production for all of 1989 was 7.6 mbd, the lowest since 1963, according to the American Petroleum Institute. The 1989 average was down 553,000 barrels per day (bpd), or 6.8% from the 1988 average. Production of oil on Alaska's North Slope fell for the first time since the field was opened in 1977,

by 140,000 bpd. By contrast, oil imports increased 8.2% from 1988, to an average of 7.9 mbd. (See **Figures 3 and 4.**)

In January 1986, the *EIR Quarterly Economic Report* for the fourth quarter of 1985 predicted a spiraling collapse in commodity prices, as the looting (decapitalization) of basic manufacturing and production resulted in a collapse of demand. *EIR* specifically predicted that the 10% decline in commodity prices in 1985 would accelerate to a 20% collapse in 1986, and warned that the price collapse would not ignite an "economic boom" as was expected by almost all economists, but rather would eliminate entire chunks of mining, processing, and manufacturing capacity.

In March 1986, the *EIR Quarterly Economic Report* for the first quarter of 1986 predicted that the collapse of world oil prices to under \$10 per barrel, which had just then occurred, would devastate the U.S. economy. *EIR* specifically warned that "two-fifths of U.S. oil production will shut down, one out of five Alaskans will lose their jobs, 9 out of the top 10 Texas banks will fail, and some of the biggest U.S. industrial sectors will shut down, in the wake of the rounds of oil price cutting. The collapse of oil production, oilfield services, and oil-related capital investments will eliminate 5% of total U.S. industrial production—not counting the disastrous side-effects due to bankruptcies, layoffs, and financial panic." The predictions proved prescient.

To avoid such a disaster, then-presidential candidate LaRouche proposed, in his own "State of the Union" address on Jan. 29, 1986, the adoption of an oil import tariff with a trigger price of \$20 per barrel. Rather than heed LaRouche's warning of impending economic disaster and adopting his proposal, the elites of the Anglo-American Establishment decided to prepare for the mass discontent such an economic collapse would incur by accelerating their preparations for a police state in the United States. In December 1988, a federal court with intimate connections to the "parallel government" of the Anglo-Americans railroaded LaRouche into prison.

Decapitalization

In August 1989, Gary Nicholson of LTV Energy Products Co. estimated that the U.S. oil industry had been decapi-

talized by 75 to 80% since 1982. The industry had been forced to “downsize,” with many companies forced out of business, while others were consolidated or merged. Plants were closed and equipment sold at auction at 10% of cost and inventories were liquidated at 5 to 10 percent on the dollar, resulting in enormous financial losses for the entire industry.

In addition, as much as 50% of known U.S. oil reserves have been abandoned, according to a new Energy Department study. That figure is up from 30% in 1980, and estimates may go as high as 70% by 2001. Even if oil prices rise to \$34 a barrel, the study predicted that 60% of oil reserves, excluding Alaska, will be abandoned. Making matters worse, abandoned wells cannot be brought back into production because environmental laws require that they be cemented shut, and the surrounding land restored as close to its natural state as possible.

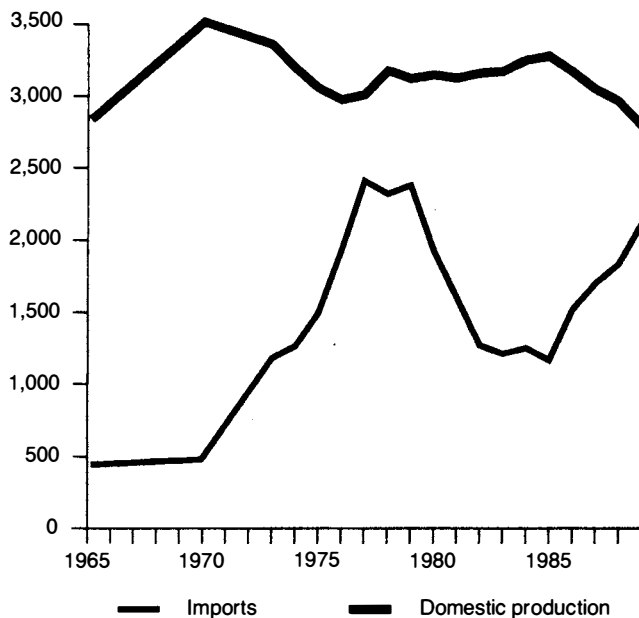
In September 1989, the *Houston Post* reported that of 106 publicly held oilfield service firms operating in 1981, there were 42 that had been liquidated, sold, or had discontinued oilfield service-related operations. Matthew R. Simmons, president of the Houston consulting firm Simmons and Co. International, told the *Post* that 1989 “will go down in the record book as the worst ever for the oilfield service industry—worse than '86 or '87.”

Exploration collapses

Especially alarming is the collapse in exploration activity, which ensures that the decline in U.S. production will continue. According to Reed Tool Co.'s 37th annual drilling rig survey, the number of rigs now available for drilling is 2,542, compared with a high of 5,644 rigs in 1982. The Reed Tool survey includes only rigs that have been worked in the last three years, or can be refurbished and returned to service for less than \$50,000. In previous years, most attrition came from aging rigs being retired from service. But last year, the primary cause of reductions was cannibalization—taking replacement parts for one rig from another—a blatant form of decapitalization.

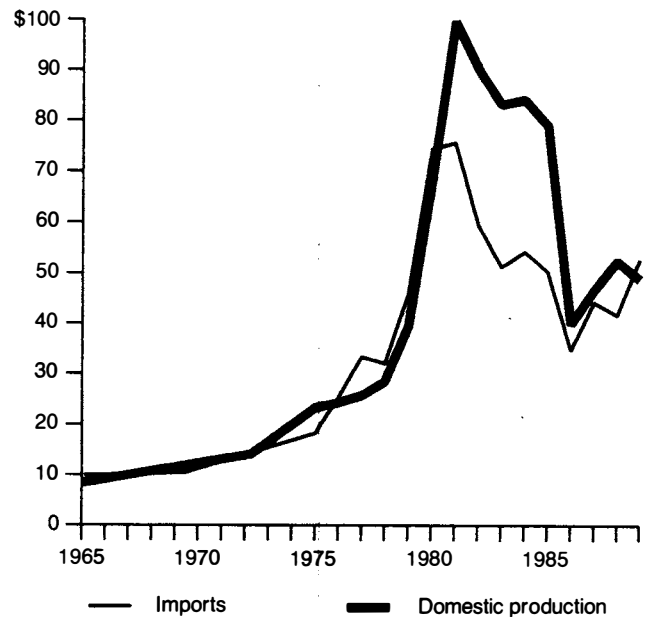
Until last year, a closely watched indicator of oil exploration activity was the number of drilling rigs in operation, which has been reported each week since the early 1940s by Baker Hughes Inc., the Houston-based manufacturer of oilfield equipment. According to Baker Hughes, the U.S. operating rig count is now comparable to the pre-World War II years when our nation's Gross National Product was roughly one-eighth what it is today. The monthly average operating rig rate for 1989 was 816, the lowest rate since 1942 when drilling was nearly halted due to diversion of steel use to the war effort. For 1990, Baker Hughes is forecasting that the rig count will fall below the 1942 monthly average of 761.

FIGURE 1
Crude oil production and imports, 1965-88
(millions of barrels)



Source: *Statistical Abstract of the United States*

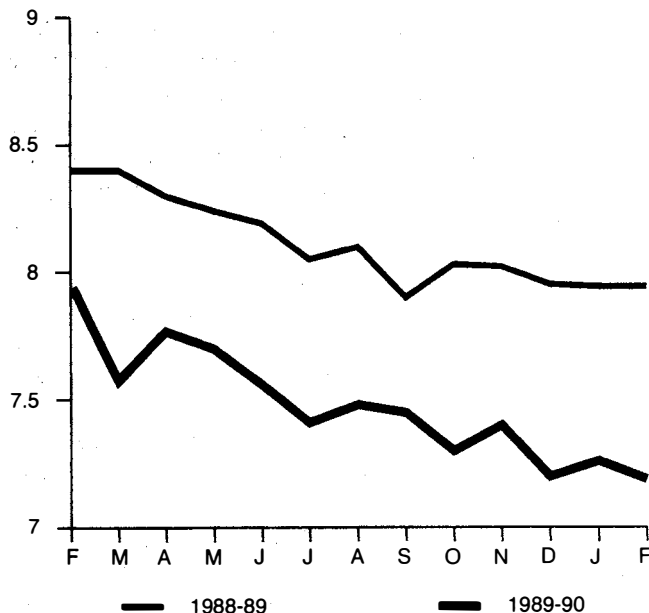
FIGURE 2
Dollar value of oil production and imports, 1965-88
(billions of \$)



Source: *Statistical Abstract of the United States*

FIGURE 3
Monthly crude oil production, 1988-90

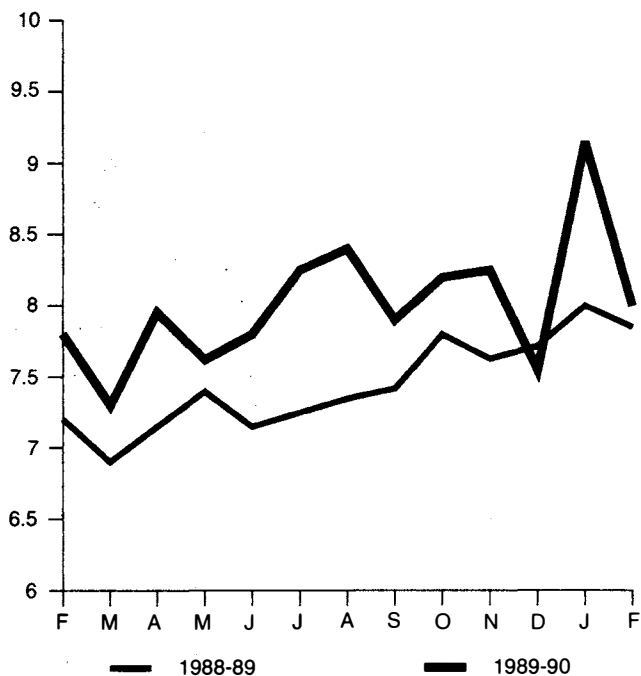
(millions of barrels per day)



Source: American Petroleum Institute Monthly Statistical Report

FIGURE 4
Monthly oil imports, 1988-90

(millions of barrels per day)



Source: American Petroleum Institute Monthly Statistical Report

Between 1944 and 1985, the Baker Hughes annual rig count averaged less than 1,000 only one time; on a monthly basis, it averaged less than 1,000 only 14 times in those 41 years. Since 1985, it has been below 1,000 for 32 of 41 months. By contrast, in December 1981, there were 4,500 rigs engaged in the United States with 1,317 rigs in Texas alone. (See Figure 5).

Though the number of working rigs has risen slightly, oil industry experts say that it is not enough to reverse the decline in production. "The increase is not enough to turn production around. Two hundred [more] rigs wouldn't do it. I doubt we'd even see the impact of 200 rigs," I.C. Kerridge, vice president of Baker Hughes, told the *Journal of Commerce* in October 1989. Kerridge added that doubling the number of rigs is required to merely maintain oil production at its current level.

J. Steven Larkin, executive vice president of the Houston-based Petroleum Equipment Suppliers Association said that 60% or more of the oilfield service industry's sales originate overseas because of the collapse in the number of operating rigs in the United States. He expressed concern over the decline in domestic drilling, stating, "If we compress exploration and development drilling by two-thirds, we will have essentially taken ourselves out of oil and gas drilling by 1995."

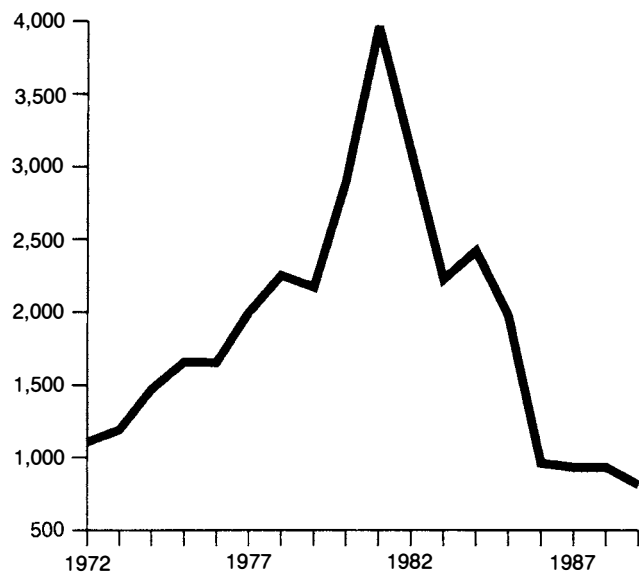
In February, the American Petroleum Institute released figures showing that all other indicators of oil exploration have collapsed as well. The total number of feet drilled dropped 16.8% in 1989 to 130,689 feet, compared to 157,076 in 1988. In 1981, there were 406,520 feet drilled. The number of exploratory feet drilled dropped 22.7%, to 28,477 feet, from 36,861 feet in 1988. The total number of oil and gas well completions declined 12.8% to 28,804, from 33,041 in 1988. In 1981, 90,030 wells were completed. According to the Society of Exploration Geophysicists, the monthly average of seismic crews in the field—trying to find the best place to drill an exploratory well—collapsed 27.5%, to 132 crews, from 182 in 1988. In 1981, there was a monthly average of 681 seismic crews in the field (Figures 6 and 7).

Moreover, the success rate of exploratory drilling has declined alarmingly, to 12.5% in 1989, compared to 14.3% in 1988, and an historical level of between 17% and 18%. The decline of the success rate illustrates the pressing urgency of defeating the genocidalist environmental movement, and opening areas such as offshore California, and the Arctic National Wildlife Refuge in Alaska to exploration. But, President George Bush, who has very close links to Big Oil, has proved true to his campaign statement that "I am an environmentalist," and is now pushing to elevate the Environmental Protection Agency to cabinet status.

U.S. unarmed

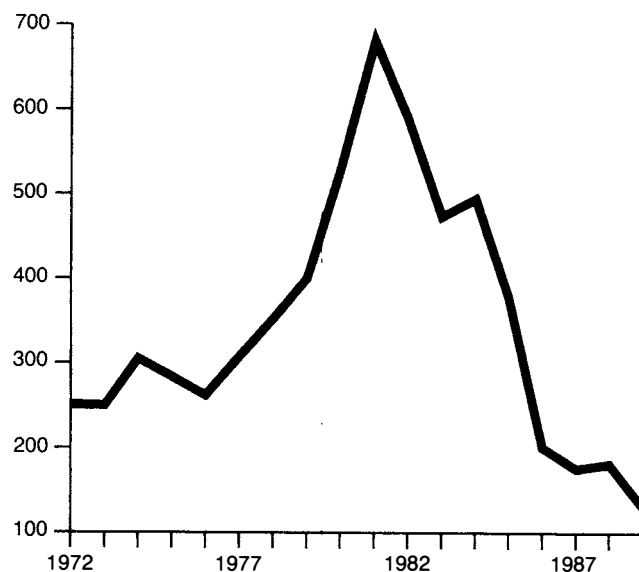
While the large Anglo-American oil companies, such as Exxon, British Petroleum, and Royal Dutch Shell are

FIGURE 5
Number of operating oil rigs in U.S.
 (monthly average)



Source: *Petroleum Independent*

FIGURE 6
Seismic crews in the field
 (monthly average)



Source: *Petroleum Independent*

conspicuously silent about the destruction of the U.S. oil industry, the smaller independent operators are not. In September 1989, Eugene Ames, chairman of the Economic Policy Committee of the Independent Petroleum Association of America, charged that the “economic collapse” of the industry from 1985 on “proved we not only had no energy policy, but not even a glimmer of a plan to deal with such catastrophic events.” Ames said that the Reagan administration should have realized that the free fall in oil prices in 1985 was “much more than a little economic pain for a Mickey Mouse industry, but was a calamity for the whole economic infrastructure of the nation. The fallout from the administration’s hands-off approach is now plain to see in hundreds of billions of dollars in costs too large to total . . . destruction of a trillion-dollar supply, service, drilling, and producing industry . . . bank failures and foreclosures on every hand . . . taxpayer losses of tens of billions in federally insured real estate foreclosures, many settled for pennies on the dollar.”

The IPAA committee which Ames heads is drafting a policy to revive the domestic oil industry before the next oil shock hits. “What is needed,” Ames said, “is some means of restoring confidence that oil prices will stabilize at \$20 with an expectation of improvements from there. The President of the United States should make clear that he will not tolerate cartel price manipulations that yoyo the U.S. oil economy and create disruptive uncertainty.”

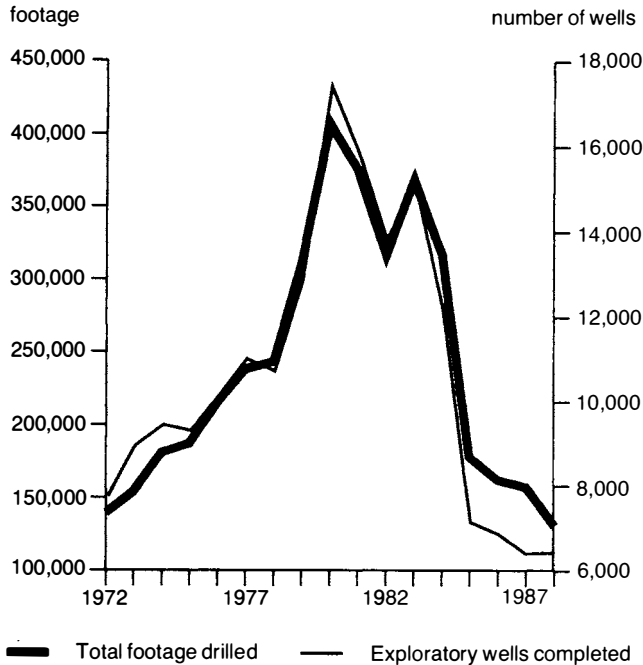
Barry Russell, general counsel of the IPAA joined Ames in warning that the U.S. was ill-prepared for another oil

shock. In the August issue of *Petroleum Independent* magazine, Russell wrote that “conditions have changed dramatically in the petroleum industry since the 1970s. . . . In 1979, industry response to higher prices was strong. The industry was already in an expanding mode and there was a strong expectation shared by bankers and investors that prices would go even higher. Universities were enrolling record numbers of geologists and petroleum engineers, and service and supply companies were prospering. Today after the industry has suffered through a severe contraction, many stacked rigs have been sold or cannibalized, workers have moved into other jobs and careers, and banks and investors will be less likely to provide funds for drilling. In short, the industry’s ability to respond to the next crisis may not be nearly as strong. As the domestic industry continues to collapse and imports increase, the United States appears to be heading into the next energy battle unarmed.”

And it is not just the oil industry that ought to be of concern to U.S. policymakers. According to energy expert Melvin A. Conant, also writing in the August *Petroleum Independent*, during the 1973 oil crisis the United States was spared a complete breakdown of its economy by a rapid growth in nuclear power generation. This time around there will be no nuclear, or any other, cushion to fall back on. “At the time of the 1973 embargo,” Conant wrote, “U.S. utilities were constructing more than 50 large nuclear power plants. Twelve new ones began operating that year, 14 the next year, a total of 87 in the years since. Today, though, the situation

FIGURE 7

Exploratory wells and total footage drilled



Source: American Petroleum Institute

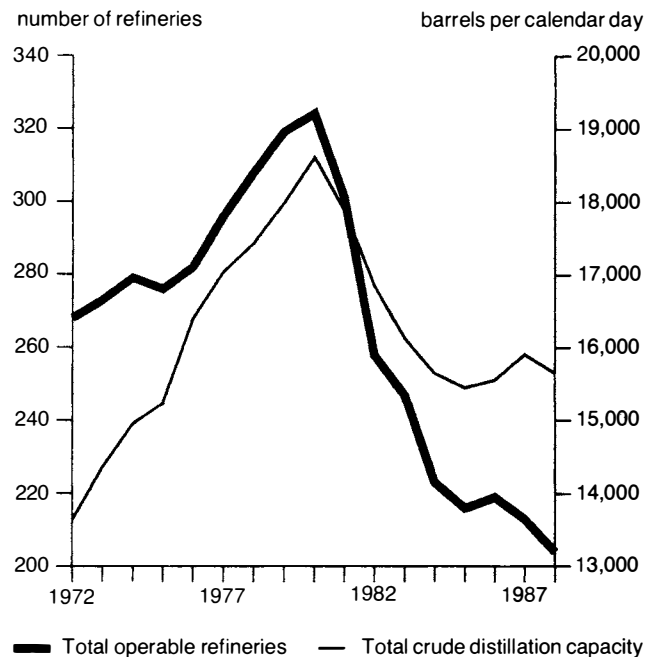
is very different. There is not a major power plant under construction in the entire country that was started in the 1980s, and none on the drawing boards. Even though our use of electricity is climbing by more than 4% a year, utilities are making essentially no commitments to new baseload power plants.”

Oil shock to prop up financial system

Increasingly, there are signs that the Anglo-American elites who concocted and implemented the “post-industrial” policies, are now preparing a new oil shock as a means of saving their bankrupt system of usury. Since international oil contracts are denominated in dollars, a steep run-up in the price of oil would benefit the ailing financial institutions of Wall Street and London enormously by increasing the demand for dollars. The Anglo-Americans have twice before used an oil shock in this way, in 1973-74 and in 1979, when the Saudis and other Persian Gulf oil producers deposited their petrodollars in London and New York banks, providing liquidity for years of bailouts. In the case of an oil crisis, the big winners would be the U.S., the Soviet Union (the largest producer, badly in need of foreign exchange to buy the consumer goods and food needed to quell the upsurge of rage against the communist system), and the British, with their North Sea oil. The big losers would be Europe, Japan, and Third World industrializing countries like Brazil and Argen-

FIGURE 8

U.S. oil refining capacity



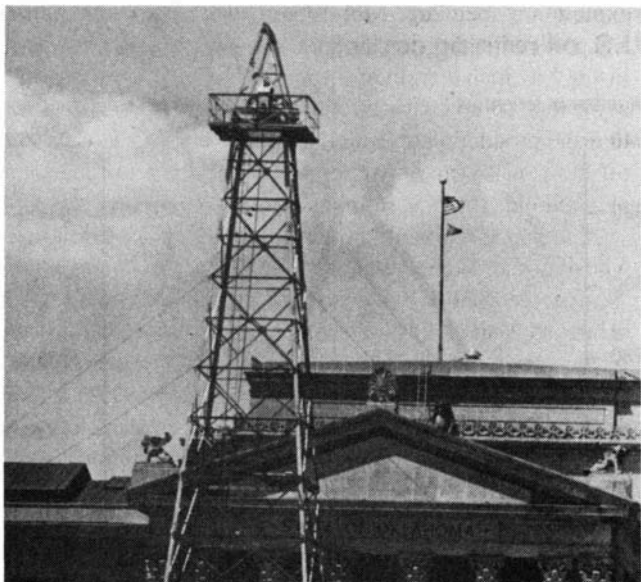
Source: Energy Information Administration

tina, whom London and New York desire to cripple economically, and especially a reunified Germany.

On March 26, a top Anglo-American operative, James R. Schlesinger, who has been, at various times, the first Secretary of Energy, Secretary of Defense, and Director of Central Intelligence, told the Senate Energy Committee: “That we will see a price surge in the decade seems to me beyond question.” Schlesinger predicted that the expected rise in oil prices would result in the U.S. expenditure on imported oil in 1995 being greater than the entire 1990 trade deficit.

The next day, Schlesinger’s predictions were echoed by Deputy Undersecretary of Energy Linda Stuntz who is in charge of preparing a national energy strategy commissioned by President Bush in July 1989. Stuntz told the Senate committee that over the next few years, electricity and motor fuel prices will rise 5 to 20% higher than inflation.

But the clearest indication that the Anglo-Americans have a new oil crisis in the works were the bizarre actions of the Saudi Arabian central bank, beginning March 26. That day, the Saudi Arabian Monetary Authority stunned traders around the world by selling 3 million ounces of gold, worth about \$1.62 billion, driving gold prices into the steepest one-day decline in a decade. More surprisingly, the Saudis bought an enormous amount of British pounds-sterling with their gold sales proceeds. Then, on March 28, the Saudis swept



Producing oil wells grace the Oklahoma State Capitol lawn. The Capitol area was a part of the Great Oklahoma County Oil strike in 1928. Now, disinvestment of the petroleum industry has turned Oklahoma into a pocket of depression.

into the primary U.S. Treasury bond market and placed bids for \$1.5 billion of the \$8 billion in notes that were up for sale. As a result, dealers who had placed low-priced bids for the securities were forced to go to the secondary markets to buy what they wanted, which had the effect of driving up prices on all Treasury securities.

According to high-level sources in London, the Saudis undertook these bizarre sales and purchases under heavy pressure from certain U.S. and British elites. The Anglo-American thinking behind these machinations is that bludgeoning the gold markets half-to-death with such unexpected and enormous sales will convince investors that the dollar is a safer investment than gold, making it easier to continue financing the deficits of a bankrupt U.S. economy. This is especially crucial at a time that the Germans and Japanese appear increasingly unwilling to continue pouring billions of marks and yen into the U.S. sinkhole.

Limited reserves

Just as important to take into account as the demented financial machinations of the Anglo-American Establishment, are the very limited reserves currently held by the large

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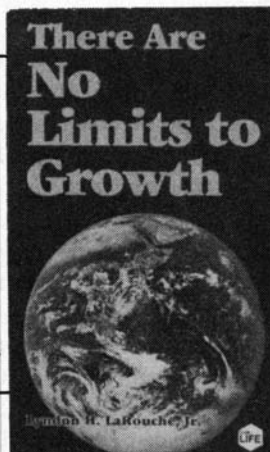
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Overpopulation Isn't Killing the World's Forests— the Malthusians Are

There Are No Limits to Growth

by
Lyndon H. LaRouche, Jr.



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Anglo-American multinational oil companies. Based on known reserves and current production rates, Exxon has current reserves of only 7.4 billion barrels, giving it only 11 years of production left; Royal Dutch Shell has only 14 years of reserves left; Mobil has 12 years; British Petroleum has 13 years; and Chevron has 9 years. By contrast, Saudi Aramco, the Saudi national oil company can continue to pump oil for at least 126 years; Kuwait has 171 years of reserves left; Iran has 110 years; Iraq has 101 years; Libya has 61 years; and Venezuela has 80 years.

But the big Anglo-American oil companies are not planning new capacity; rather, they are cutting back exploration and production staffs, eliminating the potential for future increases in production. The president of Amoco's production operations, Patrick J. Early, told the *Wall Street Journal* on Oct. 27, 1989, that Amoco plans further decreases in

exploration spending. Mobil Corp. has cut its exploration and production division by over 20% over the past two years. In 1989, British Petroleum eliminated 1,700 jobs, about 10% of the total company workforce—almost all from its exploration and production operations. Since 1988, Texaco has sold off most of its "marginal" producing operations. The same picture holds for U.S. refining capacity (Figure 8).

Cui bono? Certainly not U.S. industries and consumers who may soon be once again sitting in lines, queueing up for "scarce" petroleum-based fuels. By creating another round of artificial shortages—by simply reducing capacity—the Anglo-Americans perhaps believe that they will extract as much as they can for the little oil they have left, and keep their system of usury intact that much longer. The real question is: Will the American people allow themselves to be suckered a third time?

Dr. Gallo and AIDS— 'let's restore truth'

In a statement released the first week of April, Twenty-First Century Science Associates congratulated the National Cancer Institute for finally admitting that Dr. Robert Gallo borrowed the AIDS virus he claimed to have discovered, from the Pasteur Institute of France. "This tardy acknowledgment, of what had been well known in the scientific community for years, should be the beginning of a campaign to restore science to the pursuit of truth," the scientific organization which publishes *21st Century Science & Technology* stated.

"The issue of the discovery of the virus, now known as HIV, is exemplary of the type of moral and intellectual corruption which currently permeates science today. This corruption reached its height in the agreement between the laboratories of Robert Gallo, at the National Cancer Institute, and Luc Montagnier, of the Pasteur Institute, which settled the patent dispute between them. The settlement included a jointly fabricated 'history of the discovery of the AIDS virus,' which was totally at variance with the published scientific literature.

"This substitution of a legal fiction for scientific fact was then enforced by brutal suppression of any attempt to portray the documented truth of the matter. One of the most frightening forms this took was the heavy-handed thuggery of Assistant Secretary of Health and Human

Services, Dr. Robert Windom, who intervened with the full force of his agency to suppress publication of an English translation of the book *AIDS vom Molekul zur Pandemie*, by Dr. Michael Koch of the Federal Republic of Germany. One cannot underestimate the deleterious effect on scientists of witnessing this bureaucratic censorship of a thoroughly documented scientific publication."

The statement continued, "It is ironic that after Dr. Gallo and Dr. Montagnier cut their deal to divide the royalties of the AIDS antibody test kits, the actual discoverers of the virus, Dr. Jacques Chermann and Dr. Françoise Barre-Sinoussi, were eased out of the Pasteur Institute. What message does this send to those young people who look to scientific careers as an opportunity to pursue truth?

"The issue is larger than the personal foibles of Dr. Gallo or Dr. Montagnier. The issue is 'mafia science,' exemplified by 'cutting deals' and 'plea bargains' in a manner analogous to our corrupt judicial system. It is the use of brute force to constrain those who speak the truth. Unless the agencies which initiated the investigations that led to the National Cancer Institute findings are prepared to tackle these issues, and correct these abuses, then the 'Gallo affair' will simply be one more amoral witchhunt carried out in the name of administrative fascism.

"It remains to be seen whether Dr. Gallo is simply one more casualty of the gang warfare which characterizes the governing process in this country, or whether this case represents an actual attempt to rescue science from the cesspit into which it has fallen. One thing is certain. The type of sleazy science exemplified by this case will not produce the weapons we require to fight AIDS and the other pandemics which will inevitably follow it."

A growing economy?

The only thing that's growing in the United States is the rate of unemployment and bankruptcies.

There were as many layoffs in the first three months of 1990 as there were in all of last year, according to data compiled by Cleveland-based consultant Dan Lacey, the *Wall Street Journal* reported April 9. Some 110,152 layoffs were announced in January through March, compared to 111,285 layoffs announced for all of 1989.

But that bit of news, and its significance, seemed lost on George Bush and his economic minions. On April 7, the President told assembled journalists, "Thank God we have a growing economy. The [budget deficit] problem would be a lot worse if we didn't."

Bush's comment came only three days after the U.S. Department of the Treasury announced that on April 2 the official U.S. national debt had surpassed \$3 trillion. Of course, that's nothing compared to the total U.S. public and private debt, which *EIR* estimates at about \$20 trillion.

Bush's comment is helpful, though, since it highlights the contrast of the criminal insanity now guiding the affairs of the nation, to the economic reality of onrushing depression. The banking system continues its slide into the abyss, especially in the Northeast, where the Bank of New England is eliminating one-third of its workforce. The Eliot Bank of Boston and the Home National Corp. of Medford announced April 9 that they had insufficient capital and may have to close its doors. Rumors that Chemical Bank is about to blow are reaching critical mass, and close behind is

Chase Manhattan (p. 4).

On April 9, Fitch Investors Service downgraded the credit card-backed securities of Sears Roebuck. The *Wall Street Journal* was forced to admit that, though not as influential as Moodys or Standard and Poors, Fitch's downgrading "does raise questions about the 'bullet-proof' status of some asset-backed securities offerings."

As expected, General Development Corp., one of the largest Florida real estate developers, filed for bankruptcy protection, after negotiations for a new \$60 million line of credit collapsed. Among the creditors turning down the emergency request for new credit was Prudential Insurance Co., which holds a \$75 million note from General Development.

Following the liquidation of Bonwit Teller, now another large retail store chain was forced to admit that its income structure has disintegrated. Ames Department Stores, which borrowed \$778 million to buy the Zayre department store chain in 1988, announced April 10 that it expects a loss of \$228 million for the year, and will close 74 of its 680 stores. Two days later, the *Wall Street Journal* reported that suppliers are refusing to ship to Ames, until Ames pays for merchandise shipped as long ago as November. As one retail analyst in Boston put it, "Ames is a Campeau in the making."

Southland Corp. issued a long-term prospectus admitting that the company expects to show a loss in 1992, negative cash flow in 1993, and

will at best only break even until 1997, even if its junk bond holders agree to swap the junk for a 10% equity stake in the company. It is highly unlikely the junkies will agree, since the swap is worth only 15 to 35 cents on the dollar on Southland's \$1.8 billion of debt. Meanwhile, the owners of 7-Eleven franchises are seeking reassurances that Southland will continue to pay its vendors and honor leases, even if bankruptcy is declared. But that's hardly likely.

Integrated Resources, the first Drexel Burnham Lambert leveraged buy-out to go sour last summer, was back in the news when it agreed to sell its only profitable subsidiary, Learjet Corp., to Bombardier Inc. of Canada, for \$75 million. Since at least one-third of Learjet Corp.'s \$260 million in revenues is derived from defense subcontracting, it is notable that there was no media hype about "foreigners buying control" surrounding the sale—perhaps because most Canadians are lighter-skinned than most Japanese.

The Anglo-Americans keep rather tight control of the U.S. media. But, there are signs that this, too, may change: Rupert Murdoch, the media magnate, announced that he will make no further major acquisitions for at least two or three years. Murdoch must be worrying about the \$6 billion in debt he has to service.

But the most amusing financial running sore at the moment is Eastern Airlines, the once-proud airline brought to its knees by George Bush's union-busting buddy Frank Lorenzo. Eastern's preferred shareholders and unsecured creditors have both petitioned the bankruptcy court to dispose of Lorenzo's management goons, and to appoint a court trustee to take over the airline. It's rather like watching a skunk fight a rat for control of an abandoned farmhouse.

AIDS continues to spread

Reports from different parts of the world make it obvious that poor, non-white populations are the main victims.

A newly released study of AIDS by the Centers for Disease Control shows that one out of every four men aged 25-44 admitted to surveyed hospitals in New York City tested positive for HIV infection. The April 4 edition of the newspaper, *New York Newsday* reports that Dr. Timothy Dondero released the most comprehensive results to date of the so-called Sentinel Hospital Survey at an AIDS conference at Johns Hopkins University. For two years, CDC has carried out large-scale anonymous testing of people treated for non-AIDS-related ailments at 26 hospitals nationwide, selected to reflect different segments of the population. Three hospitals in New York City and three in New Jersey participated.

Dondero said, "The overall rate for New York City hospitals was 8% positive." The highest rate was in the male population aged 25-44, where 24% of men and 8.1% of women tested positive. Dondero told the press, "This rate [of 24% among men] is higher than what has been reported out of Africa." He also said the CDC believes the only declines in rates of new infections are among homosexual men in New York, San Francisco, and Los Angeles. Elsewhere, he said, the epidemic is growing. The Sentinel Hospital Survey shows a steady increase for all demographic groups nationwide.

Dr. Gerald Friedland of the AIDS program at Montefiore Medical Center in the Bronx said he found the CDC study "very, very sad. The epidemic is clearly not declining, and I think all indicators for our environment are that things will get much worse. . . . The

potential consequences of this information are staggering."

At a Mexico City conference held to discuss training personnel involved in prevention and control of AIDS, Mexico's Health Secretary, Jaime Sepúlveda Amor, who is also the director of the organization dealing with AIDS in Mexico, Conasida, revealed on March 27 that 1 out of every 200 men in Mexico City aged 25-45 is infected with the HIV virus. He added that he assumed that those infected were sexually active. Taking this to the national level, Sepúlveda reported that 1 out of every 4,000 men was either infected or had already died of the virus. While there are 3,800 AIDS cases officially reported, Sepúlveda said that in reality, there were probably more than 6,000 cases.

At the same conference, the director general of Medical Services at the National University (UNAM), Rafael Valdes, warned that in proportion to its population size, Mexico has the fifth-highest number of AIDS cases in the world. The UNAM is also a high-risk location for the spread of AIDS, Valdes said, due to the age of the student population.

Findings by a team of Thai and international AIDS experts are putting the number of people infected with HIV in Thailand at 45,000-50,000, more than three times the official figure of 14,000. "The review team has made a very broad attempt to make a rough estimate of infected persons in Thailand, based on very incomplete information," Dr. Gary Slutkin, one of the team members attached to the Global Program on AIDS of the World Health Organization, is quoted

in the *Bangkok Post* March 30. Dr. Slutkin said that the team is beginning to see "the most early evidence of infection in groups that may represent the general population." The team discovered that HIV was spreading faster than expected.

The *South China Morning Post* reported March 28 that Hong Kong doctors are warning that AIDS is no longer confining itself to non-Chinese and homosexuals. The chairman of the AIDS scientific committee of the Department of Health, Dr. Yeoh Eng-kiong, is quoted saying that the virus is becoming more deeply rooted in the local Chinese community and heterosexual infection has increased. "What is worrying is the increasing number of infected persons you find among the heterosexuals . . . there has been quite a marked increase," Dr. Yeoh said. Of 140 registered as carrying the HIV virus, 95 were Chinese and 45 non-Chinese, while among Hong Kong's 36 AIDS victims, 19 were Chinese and 17 non-Chinese. There has been a total of 20 heterosexuals diagnosed as carrying the AIDS virus.

What is striking about these reports from diverse parts of the world is that the disease continues to spread among impoverished non-white populations. Given the general policy of the Bush administration toward Mexicans, Asians, and blacks in the United States and elsewhere, it is hard to escape concluding that the administration isn't very upset about this.

The idea of mass depopulation appeals to Mr. Bush and his environmentalist utensils, such as EPA chief William Reilly. The nice thing about disease is that the less you spend on it, the more effective it is. The continuing spread of HIV infection indicates that time is running out for those who believe in the future of the human race.

Business Briefs

IMF

West German firms say IMF ruining business

The directors of eight West German industrial firms in Egypt charged the International Monetary Fund with ruining their business, in a meeting in Cairo with Hans-Jochen Vogel, the party chairman of the West German Social Democrats, who toured the Middle East in the second week of April.

The industrial managers, which included the firms AEG, Kloeckner, Hoechst, and Daimler-Benz, told Vogel that they would like to see Bonn follow the governments of Italy and Japan in taking the side of their industries against the IMF's request for conditionalities against Third World countries they do business with. Meeting the IMF demands, which the German managers called "too tough," would ruin options for industrial contracts for the future at a moment when small and mid-sized firms in the Egyptian economy are beginning to recover after a period of decline.

The German managers also called on Bonn to break the IMF's credit ban on Egypt and reissue the government's Hermes export insurance for West German companies planning to invest in Egypt.

Housing

Environmentalism costs home ownership

Saving the spotted owl will squeeze 65,000 households out of new home ownership because of the increased costs of lumber used in home construction, according to an analysis done by the American Forest Resource Alliance and the National Association of Home Builders.

Restrictions on logging imposed by the U.S. Forest Service caused harvests to drop almost 3 billion board-feet from 1988 to 1989—enough to build 270,000 homes—which drove lumber prices up 20%. Restrictions to protect the spotted owl will drive prices up another 20%. Since wood products account for 7% of the sales price of a new home, the

cost of a \$120,000 home would go up another \$1,680. A potential home buyer would need an additional annual income of \$570, for a total income of \$46,500, to qualify for a 30-year home mortgage with 10% down, forcing 65,000 home buyers out of the market. Frances Hunt of the National Wildlife Federation claimed the increase was only \$13 a month on a 30-year home loan, which she said is "peanuts."

Mark Rey of AFRA noted that the increase most affects those least able to afford it. "We are in need of a different public policy balance when we are squeezing 65,000 families out of affordable housing to provide \$95 million bird houses for spotted owls," the loss from not processing the timber, he said.

Medicine

Spinal cord injury treatment shows promise

A breakthrough in the treatment of spinal cord injuries shows promise in the recovery and improvement from acute paralysis, according to the National Institute of Neurological Disorders and Stroke which announced the results of a national study in early April.

Patients who received the drug methylprednisolone within eight hours of a spinal cord injury recovered more motor and sensory function than those patients who received a different drug. The study is the first to demonstrate positive results from treatment of acute spinal cord injury.

At least 10,000 Americans suffer acute spinal cord injury every year, causing complete paralysis below the neck or waist. The treatment holds enormous potential for brain injuries as well, since the drug prevents the swelling of the tissue after the trauma, which is what causes cell and tissue degeneration and subsequent nerve damage and paralysis.

Dr. Michael Bracken of the Yale University Medical School and coordinator of the study, said the treatment could allow those who would otherwise be confined to a wheelchair for life to use crutches, and those facing total paralysis to retain the use of their hands—all for a 24-hour course of treatment costing about \$300. The annual cost of medical treat-

ment for spinal cord injury is about \$4 billion, and another \$4 billion is lost in earnings.

Debt

Developing nations to seek common position

The leaders of 15 developing sector nations will attempt to forge a common platform on world debt and trade, Malaysian Foreign Minister Abu Hassan Omar told a news conference April 9.

Abu Hassan said the 15 leaders meeting from June 1-3 in the Malaysian capital of Kuala Lumpur hoped to show the Group of Seven industrialized nations that they could reach broad agreement on key economic issues.

The 15 include Algeria, Argentina, Egypt, India, Indonesia, Jamaica, Malaysia, Nigeria, Peru, Senegal, Venezuela, Yugoslavia, and Zimbabwe, the 13 members of the Non-Aligned Movement that agreed last September in Yugoslavia to form such a group. The other two members are Brazil and Mexico.

"If we can cooperate, then we can become a useful forum to tell the North that we can work together, so treat us on equal footing," Abu Hassan said.

AIDS

French researchers stop AIDS from reproducing

French researchers said on April 7 that they had succeeded in stopping the AIDS virus from reproducing in a human cell, bringing science a step closer to preventing the deadly disease from taking hold in the human body, Reuters reported.

Professor Jean-Claude Chermann, a researcher at the National Institute of Health and Medical Research in Marseille, announced that his team had found an antibody that prevents the virus from replicating when it enters a healthy human cell. The *in vitro* results of the research showed an antibody could inhibit a vital signal which allows the virus to latch on

to the genetic material of a healthy cell and reproduce.

"By blocking the signal with the antibody anti-B2 microglobulin, we have established a significant delay in the replication of the virus, and even its inhibition inside the lymphocyte," a statement by Chermann's group said. "If we find the signal that opens the trap, I think we will have an important therapeutic target. It would be a major contribution to the fight against AIDS."

Investment

Thai banks told to halt unproductive lending

Commercial banks in Thailand have been instructed to stop extending loans to non-productive sectors, Finance Minister Pramuel Sabhavasud said April 2. Lending activities which are classified as non-productive include commercial bank loans for land or stock market speculation, and developing luxury condominiums or golf courses.

The order flies in the face of monetarist policies which make no such distinctions between productive- and non-productive.

In a related development, Pramuel said he was trying to help low-income home buyers from being affected by the lending rate ceiling for banks. "I've instructed the Revenue Department to study the possibility of allowing small-income housing buyers to use additional interest burdens as deductible expenses when filing their personal income tax return."

Space

Pegasus space booster launched successfully

The Pegasus space booster rocket was released from under the wing of a B-52 at 40,000 feet on April 5, which, after going through three stages, inserted a satellite into a polar orbit at about 290 miles above the Earth. The flight data from the mission will help in the design of future hypersonic aircraft such as the X-30

National Aerospace Plane.

Pegasus has a delta wing and control fins on its first stage for aerodynamic flight. When the first stage rocket motor burns out, the vehicle is traveling at mach 8. The low-cost space booster is 49 feet long, has a 22-foot wingspan, and weighs 20 tons, about the size of the X-15. It was jointly developed by Orbital Sciences Corp. of Fairfax, Virginia and Hercules Aerospace Co. of Wilmington, Delaware.

The Pentagon's Defense Advanced Research Projects Agency is the first customer and it was their GLOMR data relay satellite that was put into orbit. NASA also sent up a barium chemical release experiment to use in studying the Earth's magnetic field. The cost per launch is less than \$10 million, which is about half that of ground-launched boosters—one-third the cost on a "per pound" basis. This makes it economical for packages up to 900 pounds.

Soviet Economy

First trade deficit since 1975

The Soviet economy suffered a trade deficit of 3.3 billion rubles in 1989, the Communist Party weekly *Ekonomika i Zhizn* (*Economics and Life*) revealed April 8.

The deficit was led by a fall-off in energy exports and a jump in grain imports. Oil exports were down 11.7% from 144.2 million tons in 1988 to 127.3 million tons. Coal exports fell 4.8% from 39.4 to 37.5 million tons. Grain imports swelled 5.7%, from 35 to 37 million tons.

The report blamed the deficit on the collapse in world commodity prices. "In order to compensate for lower oil prices," which "in comparison with 1985 totaled \$73 billion . . . the Soviet Union was selling more raw materials than it did before," it said. But while this was true for average tonnages exported during 1986-1989 compared to 1982-1985, tonnages dropped in absolute terms during 1989.

The government daily *Izvestia* reported that productivity for the first quarter of 1990 was down 1.2% compared with 1989, with the biggest losses in the volatile southern republics of Azerbaijan, Armenia, and Tadjikistan.

● **THE NATIONAL DEBT** of the United States surpassed \$3 trillion on April 2, according to the U.S. Treasury. It had reached \$1 trillion in 1916 during World War I, but declined to \$278 billion by the end of World War II.

● **BECHTEL GROUP, Inc.** has been chosen by the U.S.S.R. to build a "technopolis" at the Troitsk Research Center, where the Kurchatov Institute of Atomic Energy is located. The Soviets' goal is to build a center of "entrepreneurial ventures capable of jump-starting the nation's faltering economy," a Bechtel spokesman told the April 9 *Journal of Commerce*.

● **SOUTH KOREAN** business concerns trying to expand exports to the Soviet Union will be hurt by foreign exchange shortages, the April 5 *Korea Times* said. The Korea Trade Promotion Corp. said the U.S.S.R. has defaulted on \$100-500 million since October 1989.

● **IRANIAN** exports of natural gas to the Soviet Union at market prices were scheduled to resume April 9, the Iranian news agency IRNA said, April 6. Gas exports to the Soviet Union stopped in 1980 after Moscow rejected demands for a threefold price increase.

● **THE JAPANESE** Federation of Economic Organizations (Keidanren) president Eishiro Saito said April 1 that the organization is financially supporting the Global Infrastructure Fund which will "seek greening of the Sahara Desert" and construction of a second Panama Canal.

● **ITALIAN PREMIER** Giulio Andreotti told a conference in Parma on April 1 that Italy has adopted a "no-choice" energy policy. "It is shameful that in Italy we see demonstrations against nuclear energy and in the meantime we import energy from France, wasting trillions" of liras, he said.

LaRouche: repeal Gorbachov's Clean Air Act

by Marcia Merry

Lyndon LaRouche, the political prisoner running for U.S. Congress in Virginia's 10th District, has called for repeal of the Clean Air act, if it becomes law, calling it the "Gorbachov Clean Air Act." In a statement issued April 10, he said, "I want to take the lead in committing myself, as a candidate, to the repeal of the Clean Air Bill—the Gorbachov Clean Air Bill, and to have, instead, economic recovery bills."

The Clean Air Bill, passed out of the U.S. Senate on April 3 and now making its way through the House of Representatives, is a landmark act of stupidity by the legislative branch and the Bush administration. But much worse is involved.

The "Gorbachov Clean Air Act" is in reality a set of regulations whose known impact in terms of shutting down the United States basic economy is part of the deal struck by the Reagan-Bush team with Soviet leader Mikhail Gorbachov at the end of 1988. At that time, the issue of the supremacy of controls over an economy, in the name of environmentalism, was part of the talks on relations in the superpower condominium, involving rights over regions of the world shared and delineated between the United States and the Soviet Empire.

The Gorbachov Clean Air Act, if implemented, will result in at least 750,000 jobs lost in forced industry shutdowns; 5,000 coal-mining jobs lost immediately, an expense of at least \$21 billion a year for scrubbers and various emissions control equipment on smokestacks, cars, and light trucks; and much more economic havoc.

In his address to the United Nations on Dec. 7, 1988, Gorbachov explicitly made the priority environmentalism over industry. Immediately after Bush's inauguration and the jailing of LaRouche in January 1989, the new President set into motion the appointments to his administration, and the initiatives in the Executive Branch and in Congress, which would follow through on his part of the bargain to use environmentalism to dismantle the productive potential of the United States economy as a means of placating Moscow.

Every aspect of the Clean Air Act—its origins, and its content, its speed of passage so far—shows it to be part of an international strategic dirty deal. In his



The thuggish Mikhail Gorbachov at his December 1988 United Nations appearance, where he proclaimed the "green" goals of the emerging super power condominium.

United Nations

April 10 call for repeal of the bill, LaRouche stressed that the bill in no way is merely the final outcome of years of lobbying by American "grassroots" constituents, concerned over air quality. That is a myth. After all, if achieving clean air were the objective, then *more* technology and rising living standards would be called for, because these are the means of maintaining and improving the ecology. Poverty and declining technology degrade both populations and the environment.

Russia's cultural inferiority

"The point behind Moscow's insistence on the deal," LaRouche said, "is that the Russians don't trust the West to be destroyed adequately, as an economic-military power, unless they're under the kind of international environmentalist control embodied in the Clean Air Act. Whatever economic activity is still left in the United States that could foster technological progress—and however decrepit it may be, the Russians want it shut down." He added that the Russians would also like to see it shut down in West Germany and Japan, and would like to have environmentalist agreements there too, to that effect.

Why the perceived threat from Western technological progress? Besides the obvious point of sheer military counterforce, LaRouche pointed out that "the deeper threat is that the Russians—the Great Russians—cannot keep pace with technological progress, because they are culturally inferior. They can't stand technological progress in the West, because they cannot keep up; they can't assimilate it. That does not

mean that the Russian scientists cannot generate advances; but the Russian people, the *raskolniki*, cannot assimilate it, because of their cultural inferiority to the West."

That is the essential background to understanding why the Bush administration's Gorbachov Clean Air Bill is whizzing through Congress. Rep. Don Ritter (R-Pa.), a member of the House Energy and Commerce Committee, wrote in the April 10 *Washington Times* that "the legislative process [around the Clean Air Bill] is moving like a speeding bullet. There's virtually no 'sunshine' on the process—hundred-page documents are presented for votes moments after they're written by small cliques. In 11 years in Congress, I've not seen anything like this one. The deals have been cut, and the American worker, consumer, motorist, ratepayer, and taxpayer were not part of the process."

As of April 12, no copy of the bill, as passed by the Senate April 3, had yet been printed up for government officials or the public!

The autocratic carry-through on this bill shows that the policymaking processes of the Bush administration are the reincarnation of those of the Trilateral Commission Carter administration. Indeed, on performance, the Bush administration is far worse than the Carter administration, in terms of long-term impact on the United States. In his call for repeal, LaRouche observed, "The Bush administration is softer on Moscow; it's insane; and it is more Trilateral than the Carter administration. Carter was constrained by the fact that there were still some constituency forces left in the nation"—the remnants of the nuclear industry, for example.

A "Trilateral Commission" government is, by definition, incompetent. Over recent decades, the Trilateral Commission policy initiatives have repeatedly backed "restructuring" Western economies in ways that are shutting down the very basis of physical output of goods and services, upon which society's existence depends. Trilateral policies include "downscaling" agriculture production and food reserves, "deregulating" industry and services, and imposing killing austerity. This has characterized the Reagan-Bush foreign as well as domestic policies.

"Essentially," LaRouche emphasized, "the Bush administration is a Kissinger administration in terms of policy, especially all aspects of diplomatic and foreign policy, Third World policy, and so forth." (LaRouche pointed out that there are in fact three sexes: men, women, and Trilaterals.)

Back to the Stone Age

Just to rub it in, Gorbachov chose Pearl Harbor Day, Dec. 7, 1988, to deliver his "back to the Stone Age" declaration to the United Nations General Assembly. Gorbachov said that the "old patterns of industrialization" must be scrapped *in toto*, in favor of a one-world system of "environmentally clean" production. "The scientific and technological revolution has turned many economic, food, energy, environmental, information, and population problems, which only recently we treated as national or regional ones, into global problems.

"Today, the preservation of any kind of 'closed' societies is hardly possible. This calls for a radical review of approaches to the totality of the problems of international cooperation as a major element of universal security.

"The world economy is becoming a single organism, and no state, whatever its social system or economic status, can normally develop outside it. . . . At the same time, the growth of the world economy reveals the contradictions and limits inherent in traditional-type industrialization. . . .

"Hence the need to begin a search for a fundamentally new type of industrial progress—one that would meet the interests of all peoples and states."

In speeches preceding Gorbachov's address, Soviet Foreign Minister Eduard A. Shevardnadze listed specific environmentalist issues Moscow viewed as connected to disarmament, such as "aggression against nature . . . the greenhouse effect . . . holes burnt in the ozone layer . . . acid rains . . . nuclear warheads and tons of toxic agents."

As for solutions, on Sept. 27, 1988 speaking at the United Nations, Shevardnadze was already using the Moscow environmentalist doublespeak about "the world's growing maturity, which makes it possible to pose and solve global problems on a planetary scale: the growing worldwide 'green peace' movement; shared perceptions of environmental scientists and policymakers who are becoming increasingly active as environmentalists."

Following Gorbachov's call for a one-world supranation-

al "ecologist" dictatorship, the drumbeat began in the United States for Bush to comply. *Time* magazine named Earth "Planet of the Year," in place of its usual "Man of the Year." Armand Hammer, the aging Soviet asset in the West, called the Gorbachov speech "terrific, great . . . it shows he is not interested in exporting communism." Dwayne Andreas, president of Archer Daniels Midland food giant, political heir-apparent to Hammer, and president of the U.S.-U.S.S.R. Trade and Economic Council, gloated that Gorbachov's initiatives for arms reduction and his environmental concerns laid the basis for a dramatic increase in East-West economic dealings.

With Hammer and Andreas in the lead, a network of in-place East-West agencies and individuals went into high gear on implementing the environmentalist measures to undermine the U.S. economy:

- An international convocation of legal experts met in Moscow, including Attorney General Richard Thornburgh, to discuss collaboration on environmentalist and other areas of law.

- A U.S.-U.S.S.R. legal exchange program began, in which Soviet jurists are guest members of Department of Justice and other offices.

- Exchange programs on "sustainable agriculture"—i.e., low-technology, environmentally "sensitive" farming—were arranged.

Environmentalist czar Reilly

President Bush's appointment of William K. Reilly as head of the Environmental Protection Agency guaranteed the implementation of the Gorbachov demands to undercut the U.S. economy. At his press conference called last year to announce his selection as EPA head, Reilly stated outright that his priority would be to comply with Gorbachov's call for building international cooperation on environmental issues.

Similarly, James Baker made environmentalism and cooperation with the Soviet Union the themes of his first major address as Secretary of State.

Reilly's background shows the direct hand of the Trilateral Commission. Reilly came to the administration from his position as head of the joint World Wildlife Fund and Conservation Foundation. Here he was the protégé of Russell Train and William Ruckelshaus, two of the most important Establishment ecology fanatics in the United States today. Both Republicans, Train and Ruckelshaus have served as EPA directors at various times, and have made decisions on pesticides and other matters that have cost the lives of millions around the world.

A member of the Trilateral Commission and Council on Foreign Relations, Train is a close friend of Bush, and reportedly recommended Reilly for the EPA post. Reilly studied at Harvard, then worked as executive director of the Rockefeller Task Force on Land Use, and as a staff member of the President's Council on Environmental Quality.

Bill means worse electric shortages

by Marsha Freeman

Whether or not utilities are required to meet the amendments to the Clean Air Act, the United States is developing a critical shortage of electric power generating and transmission capacity. Forcing this already financially strapped and disinvested industry to waste yet more resources on unnecessary "pollution control" devices will only hasten the demise of reliable electric power.

Since 1977, when the last round of amendments to the Clean Air Act went into effect, coal-burning electric utilities have had to spend approximately \$10 billion per year to bring their power plants into compliance with federal regulations. In an economic growth environment, this wasted money alone could have placed at least 10 brand-new 1,000-megawatt baseload electric power plants on line per year.

The Edison Electric Institute (EEI) has conservatively estimated that the new amendments could cost the utilities an additional \$6 billion annually. Caps placed on total emissions mean that *no* coal-fired plants can be brought on line if they produce *any* emissions, unless further reductions are found from already operating plants. According to EEI, "These additional reductions will be so expensive that it would severely restrict future coal use for electricity production."

The financial and political strangulation of nuclear power, combined with the new environmental regulations, will leave the nation with *no* possibility for building new power plants.

Even at the most conservative projection of a 2% per year rate of growth in electricity demand over this decade, by the turn of the century the United States will need at least 100 gigawatts (1 gigawatt = 1,000 megawatts) of new baseload generating capacity. Today, only 44% of that 100 gigawatts is under construction. Considering the fact that it takes a decade to put baseload capacity on line, we are headed for a crisis in the ability of utilities to provide electric power.

For the first time since the Great Depression, electric utilities are finding themselves in bankruptcy court. State regulators have refused to allow them to recoup their cost of providing new capacity, and Wall Street has made it nearly impossible for them to raise new capital.

Now, new regulations would require coal plant emissions of sulfur dioxide to be cut by half, or by 10 million tons per year, by the turn of the century. Since 1973, coal-burning utilities have already cut sulfur dioxide emissions by 8 million tons per year. All of this has been done, despite the fact that the relationship between these emissions and acid rain is scientifically questionable.

Midwest hit hardest

The day after President Bush announced his proposals to amend the 1970 Clean Air Act last June, the Environmental Protection Agency made available its hit list of 107 coal-burning plants that it expects will be out of compliance. This list is optimistic, since it excludes plants that are under 100 megawatts of rated capacity, and assumes utilities will switch to lower-sulfur western coal, which actually cannot be economically burned in many eastern boilers.

Estimates of how large the rate increases to consumers will be to pay for either energy-wasting scrubbers, or the simple shutdown of older capacity and the purchased replacement power, ranges from 5-20%. For example, Cincinnati Gas and Electric, in the coal-burning Midwest industrial heartland, estimates its customers' rates will increase 12-16% by the year 2000.

The hardest-hit region will be the Midwest. The East Central Area Reliability region, or ECAR, which includes parts or all of the states of Ohio, Indiana, Pennsylvania, Kentucky, and Michigan, produces 85% of its electricity by burning coal. Out of the 107 power plants on the EPA hit list, 40 are in this region.

According to ECAR regional managers, 10,000 megawatts of coal capacity would be shut down if the amendments become law, in addition to the 137 coal-burning plants which are more than 30 years old and should be retired; this represents 10% of the region's total capacity. None of the plants that would be needed to replace that power are in any regional construction plan.

In addition, when scrubbers are added to a power plant, 5-6% of the plant's capacity is used just to run the scrubbers. That lost capacity will also have to be replaced. There will be a premature retirement of older plants, where the cost of bringing them into compliance cannot be economically justified. And since plants with scrubbers break down more frequently and suffer more forced outages, in the ECAR region alone, 1,500 megawatts of additional capacity will be needed just to keep the equivalent level of reliability the region now has.

There is no scientific basis upon which any of these environmental standards have been set. It would be more forthright and honest to simply say that the goal is to shut down a significant fraction of existing electric capacity, make sure no new plants are built, and raise the price of energy to industrial as well as individual consumers to cut consumption, because those are exactly what the results will be.

Defense implications of the Clean Air Act

by Anthony K. Wikrent and Carol White

The amended Clean Air Act will have serious impact on U.S. defense capabilities. Because it will levy a tax on the economy of over \$50 billion per year for non-existing benefits to the economy, it may well precipitate a chain reaction of bankruptcies and plant shutdowns, and not only in immediately affected areas such as coal production. It will also dampen investment in high-technology areas such as lasers and plasma processes, because funds otherwise available will be siphoned off into non-productive, anti-pollution investments.

Despite Soviet advances in many areas of military deployment, emphatically including the application of new physical principles to develop whole new areas of weaponry—as is the case with radio frequency weapons—the U.S. has so far maintained a military advantage because of the far greater productivity of its civilian economy. This is now in danger of rapidly eroding.

When economist Lyndon LaRouche proposed a crash program to develop the Strategic Defense Initiative, he proved that it would not be a cost to the economy because of the spinoff benefits of newly developed technologies in the civilian economy. The Clean Air Act will have precisely the reverse effect. It will be impossible for the economy to make the necessary investments to absorb and take advantage of technologies developed for the military; it will reduce the U.S. economy to the level of the stagnant Soviet economy by stripping away the cultural advantage which it formerly enjoyed with the capability for rapid assimilation of new technology.

Abuses under existing environmentalist laws

The act will have unforeseen consequences caused by dislocations, as capabilities are unpredictably lost. Examples of this already exist.

The eco-facists are targeting industrial capabilities ever more precisely. Avtex Fiber Co., of Front Royal, Virginia, for example, announced in October 1988 that it was being forced to shut down its manufacturing plant after having spent millions of dollars attempting to comply with environmental regulations applied to the 50-year-old plant. While problems were being discussed with the Environmental Protection Agency, Virginia Attorney General Mary Sue Terry slapped Avtex with a \$19.5 million lawsuit for violations, ensuring the plant was shut down forever.

After the plant was in the process of shutting down, the Department of Defense and National Aeronautics and Space Administration discovered that Avtex was the *only* facility in the United States able to produce a resin-impregnated rayon material used in the nozzles of solid rocket motors for the Space Shuttle and the MX missile. The Air Force and NASA had to come up with \$38 million to keep the plant open, producing the specialized material they needed.

The act is an administrative nightmare. The EPA will be enabled to enforce police-state type regulations over every area of production, and failure to comply even with the red tape involved may involve confiscatory fines as well as criminal penalties.

Ban on petroleum derived chemicals

The Clean Air Act is *designed* to replicate these examples dozens and hundreds of times over. Presently, under existing law, there are only eight “air pollutants” which are regulated: mercury, asbestos, beryllium, vinyl chloride, benzene, radionuclides, inorganic arsenic, and coke-oven emissions. The amended Clean Air Act establishes a new list of 191 substances to be identified as “hazardous air pollutants.” “Major sources” of these substances will be strictly regulated. A “major” source is defined as a facility that emits only 10 tons per year of any listed substance, or 25 tons per year of any combination of listed substances.

One of the substances that will be totally banned by the year 2000 is methylchloroform (MCF). On April 11, syndicated columnist Warren Brookes reported in the *Washington Times* that he had received confirmation from a panic-stricken White House aide that the ban of MCF will absolutely eliminate the U.S. electronics industry, because MCF is a critical factor in the production of computer chips and circuit boards. “A total MCF ban,” Brookes noted, “would leave this industry and its defense products naked.” Ironically, MCFs were developed because they are supposedly one-tenth as destructive of ozone as chlorofluorocarbons.

Especially targeted are virtually all chemicals and substances derived from petroleum. The EPA has concluded that all nine plants which produce butadiene will have to shut down. Some 22 plants which produce styrene butadiene and six plants which produce polybutadiene will also be closed. According to the U.S. Department of Commerce, butadiene is an essential ingredient in the manufacture of synthetic rubber for which there is no immediately available replacement. Thus, under the act, the U.S. will be prohibited from producing almost all synthetic rubber products, and will probably end up importing all of its tires, hoses, belts, and other rubber items.

The implications for U.S. military-industrial capabilities in time of war are serious. Rather than pass a law guaranteed to be of advantage only to the Soviets, the Congress would be better advised to investigate how such a law came to be promulgated in the first place.

'Clean Air' could defeat Bush in 1992

Robert J. D'Anniballe is a small businessman in Steubenville, Ohio. In early April, he led a local delegation of a dozen labor union officials and community leaders to Washington D.C., to lobby against Senate passage of the Clean Air Bill. The group has since constituted itself as Save Our Families.

The following is excerpted from an interview conducted April 12 by Andrew Rotstein.

EIR: What is the current condition of the economy in your area?

D'Anniballe: We never really recovered from the deep recession of the early 1980s. For example, very recently, we had a steel mill that was going to hire 75 people. Over 2,000 got in line, starting at 4:00 a.m., just to file an application.

EIR: What provisions of the bill threaten industry there?

D'Anniballe: First of all, there's a Midwest Cap, which would limit power plant emissions to those of 1985. You're capped forever at that level. As I mentioned, we're still trying to recover from the early 1980s recession, so this bill would freeze us, permanently, in a depressed economy. If anyone ever builds a new power plant, the emissions must be at net zero. That is, an old power plant must be shut down. It means no growth—*no growth!*

There's another provision in the bill that would force a reduction of power plant emissions like SO₂ by 10 million tons a year, from 23 million estimated now. Everyone in Washington insisted that this 10 million figure is fixed in granite, cannot be changed.

From what we can tell, there would be a significant job saving if the reductions are only 7 or 8 million, if the deadline could be stretched from the year 2000 to 2005. Such a compromise, we're told, could reduce the utility rate increases by 40 or 50%.

EIR: What is the estimate of job loss under the bill?

D'Anniballe: In this area, up and down the Ohio River 100 miles in either direction, you're talking about a loss of around 100,000 jobs. In the state of Ohio as a whole, one study puts it at 326,000 jobs eliminated. For the Midwest as a whole,

anywhere from 1.3 to 3 million jobs. What's that going to do to our budget deficit? What are we going to do with 2 or 3 million more people out of work?

We have one company, Wheeling-Pittsburgh Steel, that's in bankruptcy, and presently trying to come out of bankruptcy. This company cannot afford high increases in its utility cost that the bill will cause. The workers have given concessions, and are presently negotiating a contract. So all the sacrifices by these workers would be in vain.

Across the Ohio River, in Weirton, West Virginia, you have the Weirton Steel Company, which was a part of the old National Steel Corporation. When National was going to shut it down, the employees bought this mill, and this is one of the largest ESOPs [Employee Stock Ownership Plans] in the country. Now, these people sacrificed a great deal. With their sacrifices, they are trying to build a continuous caster in this mill. This company, too, would be in serious jeopardy under higher electric power rates.

Up and down the river, we have an Ormet, an aluminum company that's heavily reliant on electric power in the manufacturing process, you have Titanium, other corporations that face real disaster.

In addition, small businesses—local dry cleaners, guys with a small shop who paint a few cars, the printing establishments, the little bakeries—these people won't be able to afford to comply with this law, and they'll go under.

EIR: What are your group's plans?

D'Anniballe: We've had some people from the coal miners come in. We had a lot of press here the other day; we have some educators joining in. We plan to reach out more.

Now, we don't want to make this into a political issue, or a partisan one, but I will say this. I'm a conservative Democrat. There's no doubt in my mind: *If this bill passes, and puts 3 million people in the Midwest out of work, George Bush is going to be defeated in '92.* So, we're taking on each politician, regardless of party.

EIR: Speaking personally, as a Democrat, since the Democratic Party used to identify with working people, what do you think the current situation says about the state of the Democrats these days?

D'Anniballe: Well, I'm not sure it says anything different about the Democratic Party. It tells me something about the Republican Party. The Republican Party in recent presidential elections has embraced the conservative Democrat. Now, today, we don't have that person in the White House. This Republican Party looks at us, they figure they can't pronounce our name, and we didn't go to Yale.

Now, the conservative Democrats feel we were used. I could see this group going back to the Democratic Party, and asking for a conservative Democratic candidate. Now, if that happens, you're going to see the whole political structure of this country change.

Project Democracy candidate is obliterated in Peru

by Peter Rush

The Peruvian electorate on April 8 resoundingly voted against both communism and Thatcherite liberalism, in the first round of presidential elections. The darling of U.S. neo-conservatives of the "Project Democracy" stripe, Mario Vargas Llosa, who once had more than 60% backing according to polls, garnered just over 30% of the votes. He is now almost certain to lose in the second round in two months. His defeat has sent a loud message that, when given a choice, people do not vote for Thatcherite "free market" austerity policies. And the socialist and communist left, which received 25% of the votes in 1985, received less than 10%, split between two candidates.

The surprise winner of the first round of the elections was Alberto Fujimori, who promised to raise income levels, not lower them on the Thatcherite model. He rocketed from 3% support just one month before the elections, to 30% on election day, ensuring himself a run-off spot against Vargas in the second round elections June 3. The collapse of support for Vargas was due in large part to rejection of his "shock" economic program, which he promised would lead to widespread layoffs and economic recession.

Also crushed was the ruling APRA party, widely blamed for the country's devastating economic crisis. The APRA candidate, Luis Alva Castro, received only about 15%, as against more than 50% for APRA in 1985. While APRA and the left attacked Vargas for his shock policy, all three parties espoused their own variants of austerity policies only slightly less radical than his.

The defeat for Vargas, a radical libertarian, is also a defeat for the international network that has been pushing Thatcherite liberalism throughout Ibero-America. The Liberty and Democracy Institute (ILD) of Hernando de Soto, an asset of the Washington-based Project Democracy apparatus, saw Vargas as its candidate, who was thought to be a shoo-in until just

a few weeks ago. A leading U.S. backer of Vargas, former U.S. Ambassador to the United Nations Jeane Kirkpatrick, eulogized Vargas Llosa in a syndicated article one week before the election, gushing that his victory "will give the world an example of a Latin version of government by a brilliant, creative intellectual who knows his times as well as his country."

Nothing could have been further from the truth. It is now clear that Vargas Llosa's 60%-plus margin in early polls represented support that was a mile wide and an inch deep. It was based largely on the fact that he was viewed as the only credible alternative to the discredited APRA party. This support evaporated in the final weeks, as Fujimori came to be seen as a viable alternative.

Vargas Llosa's shock program

Vargas Llosa based his campaign on promising to implement an "orthodox shock" of the type visited on Bolivia in 1986, whose program, designed by Harvard economist Jeffrey Sachs, has destroyed every sector of the Bolivian economy except drug production. Now being applied also in Poland, such programs fight inflation by freezing liquidity, leaving industry without the means to operate. The result is mass layoffs, deflation, and economic depression, as Poland is now experiencing.

Only "shock therapy," Vargas said, "applying the program without any kind of gradualism," will kill inflation. He proposed to free all prices, wages, and exchange rates, which would immediately unleash higher inflation and lower real incomes. He promised to raise taxes, auction off 200 government-owned enterprises, end restrictions on foreign trade, and fire up to 500,000 state employees—half the government workforce. He also said he would reverse one of the few popular measures of the present government, its break with the

International Monetary Fund. "Approval from the IMF is always needed to get out of poverty," he said on March 14.

Vargas's campaign paid a fortune for a U.S.-style media blitz. Vargas retained the New York City firm of Sawyer/Miller, which was paid a reported \$1 million since last October to advise the campaign. Overall, the campaign spent \$12 million, largely on advertising, a sum far larger, proportionally, than that spent by either Reagan or Bush in their election campaigns. The extravagance of the Madison Avenue television ads, contrasted with the poverty afflicting most Peruvians, caused revulsion among Peru's poor.

So far out of tune with the average Peruvian were Vargas and his campaign staff that, early in the race, they aired an ad showing a monkey, meant to symbolize a bloated government bureaucracy, eating a banana, accepting a bribe, and finally swinging from the rafters and defecating on the desk. The negative reaction was so strong that the campaign hastened to pull the ad off the air, while the APRA tried to pay to have it continue.

Vargas, a haughty member of the white oligarchy that has ruled Peru for most of its 450-year history, had no contact with, and no rapport with, the large majority of the population who are Indian or of mixed race. Fujimori, by contrast, was seen as more Peruvian than Vargas, despite his Japanese descent, because he based his campaign on personal contact with the poor, largely darker-skinned majority.

Finally, Vargas's revolting personal characteristics were well known. A pornographic novelist who entitled one of his books *The Perpetual Orgy*, his first wife was his aunt, and his second wife his aunt's daughter. The stench of incest around him has always been strong. An avowed agnostic in a devoutly Catholic country, he wrote in one of his novels that human beings have an "incurable materialism," a "predilection for the pleasures of the body over those of the soul, a preference for the earthly life over anything else. . . . [This is] what religion and Western morals have barbarically combatted throughout history."

'Work, honesty, and technology'

The contrast between Vargas and Fujimori could not be starker. Fujimori, a mathematician and agricultural engineer by training, was head of the National Agrarian University until he resigned to run for President last fall. A devout Catholic, he also hosted a television show for several years which focused on economic and social issues. He had no prior political experience, received almost no media coverage, and until a month before the election, was given less than 3% of the vote in polls.

But as Vargas began spelling out the full extent of his proposed austerity measures in March, popular interest in Fujimori began to zoom. He campaigned in Lima and from town to town in other parts of the country riding on a tractor, preaching the necessity of using technology to overcome Peru's economic crisis. "Work, technology, and honesty" was

his campaign slogan, and a picture of a tractor was his campaign symbol. While he never spelled out in detail a program for dealing with inflation or recession, much less drug trafficking or the guerrilla threat, he inspired those who saw him with his honesty, and with the fact that he was not a politician. His movement was seen as "technocratic, humanist, scientific."

Peru's Japanese minority is highly regarded by most Peruvians for their industry and honesty, and Fujimori played on the hope that he could attract significant economic assistance from Japan if he were President.

Explaining how Fujimori could have won without advertising, a leftist Lima city councilman quoted in the *Washington Post* of April 10 said, "There are other means of communicating in Peru. People talk to each other. Word gets around. [Vargas's campaign] didn't understand how the country really works." The proof of this was the drubbing Fujimori administered to Vargas in dozens of remote Andean villages, where most people speak the Indian language Quechua, have no electricity or television, and where word of mouth is the only means of communication.

Fujimori has announced that he will release details of his program on April 16. However, during the campaign, he and the party he founded last year, Change 90, called for revitalizing the country's collapsed agriculture, industry, and infrastructure, based on raising demand, but also on offering fair prices to farmers, and on investment in agriculture and industry. He also said that such measures were the first step toward combatting the Shining Path terrorists.

Fujimori also made clear that he favored retaining tariff protection for national industry for a period, and would only privatize parts of the state sector industries slowly, in contrast to the programs of his opponents.

The night before the election, Vargas's campaign rented the entire Sheraton Hotel in downtown Lima for their planned victory celebration. Vargas himself announced that after the election he would rest for 24 hours before announcing his cabinet. Stunned by the returns showing him only neck and neck with Fujimori, he canceled the celebration, and asked Fujimori to withdraw and spare Peruvians another election. But hours later, rumors circulated that it was Vargas who had decided to withdraw. Pressured by the right-wing coalition Fredemo, which had backed him, he withdrew his resignation. But on April 11, the press again reported that he was likely to announce his resignation as a candidate, amid rumors that he intended to take off for Europe for at least a month to pursue his writing—hardly likely to win him votes in the second round.

By contrast, Fujimori said he looked forward to the second round, and announced that when elected, he would form a non-party government composed chiefly of technocrats, to tackle the economic problems. If Vargas remains in the race, all observers believe that Fujimori's victory is all but assured.

Fujimori wants science and technology for Peru

In an interview with the Peruvian daily La República of March 17, Peruvian presidential frontrunner Alberto Fujimori answered a question about his government program:

In the first place, what we want is a more technified government . . . without creating a technocracy. It is necessary for the country to begin to solve its programs and not engage in endless back and forths. . . . The first measure is moralization. . . . All propose it, but there are some who lack the moral authority to speak of moralization. We must moralize

the country and eliminate corruption as quickly and strictly as possible.

The second task is agrarian development. . . . I propose the mechanization of 800,000 hectares of national agriculture. In Peru, there are 1,200,000 hectares that can be mechanized, of which 400,000 are more or less mechanized. With this, productivity is increased. In the second place, great projects must be carried out. . . .

I am not going to impose a shock policy, because that would mean a drastic paralysis of demand. I would do the opposite; that is to say, seek an increase in supply, particularly in food supply. If production is increased, then prices fall. . . . The increase in consumption [inspired by the ruling APRA party] was intended to reactivate the economy. But unfortunately, reactivation was not complemented by a massive investment program, which would permit us to create at least 1 million jobs within a two-year period. For this, a minimal investment of at least \$2 million is required in the first year, and a similar amount in the second. These investments must stem from international technical cooperation.

Vargas Llosa's campaign against mercantilism

The vote against Mario Vargas Llosa represents a devastating defeat for the continent-wide network of "free enterprise" institutions created, financed, and promoted by what Lt. Col. Oliver North hailed as the "Project Democracy" secret government apparatus in the United States. That network was put in place to do battle with national industrialist forces and with those elements in government committed to fighting their way out of underdevelopment with science and technology—in short, to do battle against the mercantilist world view.

Mercantilism is, in fact, identified as *the* enemy in Ibero-America by the institute personally associated with Vargas Llosa in Peru, Hernando de Soto's Institute for Liberty and Democracy (ILD). Best known for its 1986 book *El Otro Sendero (The Other Path)*, the ILD is a Project Democracy showpiece, heavily funded by Rockefeller's Americas Society and by Project Democracy's own Center for International Private Enterprise (CIPE). Peruvian oligarch De Soto is himself a creation of the Milton Friedman/Mont Pelerin Society/Friedrich von Hayek circles internationally, which champion the "invisible hand" and "freedom of the marketplace" as the pre-

texts for legalization of what they call the "informal," "underground," or "black" economy—the illegal economy which is dominated by one source of funds the dope trade.

Vargas Llosa is not only a board member of the ILD, but is credited as the inspiration behind *The Other Path*. Vargas Llosa's prologue to the book—which has been endorsed by such luminaries as Ronald Reagan and former U.S. Assistant Secretary of State for Inter-American Affairs Elliott Abrams—describes the informal economy as "in many respects, more authentically hard-working and creative than that which usurps the title of 'legitimate.'" That same "informal economy" is endorsed by Peru's Shining Path narco-terrorists as "providing the basis for a new economic system." In *The Other Path*, one finds the argument that "the informal institutions and the protected space they have created now permit anyone to confront the mercantilist state instead of succumbing to its yoke."

The ILD is but one of more than a score of similar such institutions worldwide which claim credit for creating the ideology of Thatcherism, now going down to ignominious defeat in England. These include the Adam Smith and David Hume Institutes in London, the Manhattan Institute, Mid-America Institute, and Pacific Institute in the United States, and various ILD clones in Mexico, Venezuela, and elsewhere. A unifying theme of all of them is the need to use the "informal" (i.e., illegal) sectors within developing nations to "stabilize the region's debt-ridden economies."

Canadian tax revolt looms for Mulroney

by Gilles Gervais

At the opening game of the baseball season in Toronto on April 10, President Bush and his host, Prime Minister Brian Mulroney, were treated to a Canadian double-header: an explosive constitutional crisis and a growing tax revolt.

Blue Jay fans, who are usually polite and patriotic Canadians, started booing when Canada's national anthem "O Canada" was sung in both English and French as is the custom at public events involving the presence of the prime minister. Shortly after that, a second verbal salvo hit the dignitaries, when shouts from all over the stadium were heard denouncing the proposed "goods and services tax"—Mulroney's answer to the poll tax in Great Britain which has brought Margaret Thatcher into an abyss of unpopularity.

Canada will reach a watershed in its history on June 23, the deadline for the ratification of the so-called Meech Lake accords, a series of changes to Canada's constitution which would recognize the French-speaking province of Quebec as a "distinct society" within Canada, and which would shift many powers of the federal government to the provinces. Quebec has made the formal adoption of the Meech Lake accords contingent on its own signing of Canada's constitution, which was drawn up ten years ago following Canada's "independence" from Great Britain. But as of now, the New Brunswick, Manitoba, and Newfoundland provinces have refused to ratify the accords.

The Meech Lake impetus toward breaking Canada up into competing regions fits just fine with the U.S. Establishment's plans to formalize Mexico's and Canada's colonial status as part of a North American Common Market. So while the formal topics of Mulroney's talks with Bush were the Eastern European and Soviet situations, and free-trade treaties with Mexico, the break-up of Canada was top on their informal agenda. That was made explicit on April 12, when the *Washington Post* bluntly recommended in an editorial that Canada follow the "Scandinavian model," arguing that there is nothing wrong with having an autonomous nation of less than 10 million people. The following day, Canadian External Affairs Minister Joe Clark protested against the editorial, calling it "surprisingly ill-informed," but he did little to dispel the sense that a break-up of Canada is precisely what is being worked on by the Mulroney and Bush administrations.

A variation on the same theme appeared in an opinion

column in the national newspaper of Canada, Toronto's *Globe and Mail*. Under the title "A Strong and United Europe Should Be Canada's Model," former Canadian Ambassador to Washington Allan Gotlieb argued that "in Western Europe national sovereignty is being dismissed as a viable concept. . . . There are no conflicting trends in Europe today; there is only one. It involves the realization of a grand scheme for the unity and prosperity of a Europe from the Atlantic to the Urals."

The parallel, of course, is entirely false: Quite in contrast to the supranational fascism pushed by the originators of the European Common Market, today's moves toward European economic integration have become inextricably linked with the idea reconstructing the shattered economies of Eastern Europe and high rates of capital-formation—not exactly what Bush and Mulroney have been talking about.

Canada's economic and foreign policy has been a disaster. Half of the passenger railway capacity across Canada has been shut down. Promises of big yields from Canadian investments in Poland, Hungary, and Czechoslovakia have not and will not materialize, since these are all contingent on those countries' acceptance of the International Monetary Fund's ruinous conditionalities. Earlier this year, Canada adopted a deeply slashed federal budget in order to substantially reduce its deficit, even though the government could not meet the IMF's demand for a full \$10 billion deficit reduction.

A 20% sales tax

But as the boos from the stadium attested, the success of Mulroney's policy direction is by no means assured. There is a growing revolt against the imposition of an across-the-board "goods and services tax" of 7%, a sales tax which would be placed on all items except medical supplies and basic foodstuffs. The tax was passed in the House of Commons on April 12, under the pretext that that will be fairer substitute for the current "hidden" 13% manufacturers' tax. But many Canadians suspect that manufacturers will keep their prices at current levels even after the old tax is eliminated. Moreover, the new tax would impose heavy burdens on consumers in many provinces, who already have to pay provincial sales taxes ranging up to 10% (in Newfoundland). There is even talk in some provinces of imposing an additional *provincial* goods and services tax, which would drive total tax on sold goods well over 20%.

Therefore, even though the tax made it through the House of Commons dominated by Mulroney's "Tory" Progressive-Conservative government, it is likely to be rejected by the Canadian Senate, a non-elected body which is still dominated by the liberal forces of former Prime Minister Pierre Trudeau. But here again, a constitutional crisis is in the offing, since the Tories are arguing that the Senate's vote will be meaningless, since it is a non-elected body which does not reflect "public opinion."

Beijing butchers fear Tiananmen anniversary

by Mary McCourt Burdman

The first anniversary of the Tiananmen Square massacre on June 3-4 is looming, as the murderous Beijing regime of Prime Minister Li Peng and President Yang Shangkun, with Deng Xiaoping behind the scenes, is nervously aware. The trappings of alleged "return to normality" in Beijing are being stripped away, as April, May, and June bring a series of anniversaries of critical events which sparked the democracy movement and demonstrations last year. These anniversaries began April 5, the Qing Ming Festival for honoring the dead. On that day, Tiananmen Square was roped off and surrounded by hundreds of paramilitary riot police armed with AK-47s—the first police with modern riot-control equipment seen in China. Secret police were everywhere.

China's rulers had reason to be afraid. In 1976, thousands of people gathered in Tiananmen Square on that day to mourn the death of Prime Minister Chou En-lai and to protest the "Gang of Four," the hard-core Maoists, including Mao Zedong's wife Jiang Qing, who were attempting to seize power as Mao was dying.

There were no outward signs of protest in Beijing this year, except the sudden appearance of hundreds of crude white paper flowers—white is the color of mourning in China—blown by the wind toward people standing in front of the Revolutionary History Museum opposite Tiananmen Square. Leaflets calling for white flowers had been circulating throughout the city.

On April 15, China will mark the first anniversary of the death of the ousted Communist Party leader Hu Yaobang. Thousands of students in Beijing first came out last year to mark Hu's death, and from these demonstrations grew the mass protests of as many as 1 million people in late May.

There are indications of strong resistance to the Beijing regime inside China. A new organization, the Democratic Front for the Salvation of China, has been established by some 100 activists representing networks of hundreds more. The group's leader, Zhai Weimin, said that the death of ousted CP head Zhao Ziyang, or even of Deng Xiaoping, could be the catalyst for the movement.

Even more telling is the escape of Chai Ling, one of the best-known Tiananmen Square student leaders, and her husband Feng Congde, from China in early April. The pair had been on the run in China for 10 months before they finally escaped, most likely through Hong Kong, to France. The escape demonstrates the existence of an underground capable of hiding and moving fugitives in one of the most repressive

countries in the world.

It is for such reasons, that Chinese Procurator General Liu Fuzhi told the National People's Congress on March 29 that the public order situation was "quite grim." Liu said, "The task of maintaining social stability is very arduous."

He was not alone in asserting that maintaining the police state was a heavy task. Ren Jianxin, the president of the Supreme People's Court, who said earlier this year that the Communist Party is above the law, told the National People's Congress the same day that the courts were being urged to "step up their hard strikes," and claimed huge increases in prosecutions of "law breakers."

Ren stated that "In 1989, people's courts . . . handled 392,564 criminal cases at first instance, 25.3% more than in the preceding year. Trial of 389,597 criminal cases of first instance was concluded, a rise of 24.68% compared with the preceding year. A total of 482,658 criminals were sentenced. This figure was 30.88% more than that for criminals sentenced in the preceding year."

In prosecuting economic (white-collar) crimes, Beijing achieved such efficiency as must make the U.S. Justice Department envious: There were 76,758 cases of economic crime in the courts in 1989, trials were concluded in 75,904 cases—and 105,818 people convicted! Of these cases, 31 were "arch-offenders" who had allegedly taken huge bribes or embezzled large amounts of public funds. All were sentenced to death.

Despite the repression, the anniversaries are having an effect outside China. At least 30,000 people demonstrated in Hong Kong during the Qing Ming Festival to commemorate the deaths in Tiananmen. This was the biggest demonstration in Hong Kong since 1 million people marched in support of the Tiananmen demonstrators in May 1989.

Bush exposed

President George Bush is also being forced to mark the anniversaries. Under Henry Kissinger's influence, Bush has done nothing but bow to the Deng-Li-Yang government, as demonstrated most clearly when he vetoed, at the end of last year, a bill passed unanimously by the Congress to guarantee extended visas to any of the some 40,000 P.R.C. students in the United States. Bush had claimed he was issuing an executive order to guarantee the students' visas in America.

Bush was exposed on April 5 when White House press secretary Marlin Fitzwater admitted that the President had issued no such order. Instead, he had turned the students over to the jurisdiction of the Justice Department.

The chairman of the National Committee on Chinese Student Affairs in the United States, Haiching Zhao, reported that some students have already had difficulty returning to the U.S. after going abroad, and some are being rejected when they apply for changed visa status.

On April 11, under heavy criticism, Bush finally gave the order he had promised in January.

Nepal's King Birendra relents on constitution, but tension still high

by Susan Maitra

On April 8, facing mounting popular pressure against the existing *rashtriya panchayat* (partyless democracy) system of government, Nepal's King Birendra agreed to delete the word "partyless" from the Nepalese Constitution and lift the 30-year-old ban on political parties in his mountain kingdom. Following the King's proclamation, the Nepali Congress-United Left Front (ULF) alliance called off its 50-day agitation for restoration of a multi-party democracy in the country. The King also reportedly promised to set up a committee to amend the present Constitution.

But the ink was barely dry on the royal proclamation when the glow of the popular victory began to fade. As of April 12, it was impossible to foretell what the coming days' negotiations between the King and his government and the opposition would produce. The precedents are not reassuring, and there is no doubt that the King still holds many cards.

King Birendra's decision to bow to popular demands followed a week or more of heightened confrontation. On April 6 the King's Israeli-trained security guards were given shoot-to-kill orders as a crowd of 500,000 people attempted to storm the palace. On April 7 army helicopters were swung into action in Patan in Lalitpur district and in the hilltop town of Kirtipur and Panga village to fire on people demanding a multi-party system. The strafing incident and shooting culminated a week-long intensification of the agitation, during which a number of *rashtriya panchayat* leaders quit the administration in protest over the government's excesses against the demonstrators. According to some estimates, 400-500 were killed.

In fact, the resignation of Nepalese Foreign Minister Shailendra Kumar Upadhaya on March 29, barely 24 hours before his scheduled meeting with an Indian delegation to conclude the trade and transit treaty which has been hanging fire for about a year, was the giveaway that the ruling *panchayat* setup would not be able to stem the rising tide. The Nepalese government also was confronted with a new set of allegations, not the least of which is the alleged clandestine arrival of some 50 truckloads of Chinese arms.

King Birendra then moved to sack Prime Minister Marich Man Singh Shrestha and his cabinet colleagues and name a former prime minister known to have connections to the Nepali Congress, Mr. Lokendra Bahadur Chand, to head a

new government. A last-ditch attempt by Prime Minister Chand to persuade Nepali Congress leader Ganesh Man Singh to call a halt to the agitation on the strength of Shrestha's ouster fell flat on April 6, and the die was cast.

The power of the King

Despite King Birendra's agreement under pressure to install a multi-party system of government, a number of imponderables remain, the most basic of which is the issue of the monarchy itself. In December 1960, after a brief 19-month experiment with parliamentary democracy, Birendra's father, King Mahendra, used the absolute authority that comes with absolute monarchy to dismiss the elected Nepali Congress government, ban all political parties, and put the ruling party leaders in jail. Mahendra then established the royal dictatorship that came to be known as "partyless democracy." Birendra has never given any indication of wishing to dilute the absolute power he was bequeathed.

Although acting Nepali Congress president Krishna Prasad Bhattarai did state that his party wanted the Nepalese King to be a constitutional monarch, who would remain the focal point for different ethnic groups in the context of a parliamentary democracy, the commitment to constitutional monarchy may simply be rhetoric. Subsequent fawning by the same Mr. Bhattarai, that "the King is a very gentle person whose liberal disposition and his love for the people are truly deep," and "that is why he accepted our request for a multi-party system," indicates that the King is very much in the driver's seat.

One reason the King has remained the absolute arbiter of events in Nepal is that the Nepali Congress leaders are a group of urban elites with few rural contacts, and little or no base in rural Nepal where more than 80% of Nepalis live. In rural Nepal, where illiteracy and poverty reign supreme, the King is considered to be a reincarnation of Lord Vishnu, a Hindu god. The opposition leaders are not in much of a position to challenge this. Virtually by definition as urban elites in a feudal society, they in one way or another owe their status to royal blessing.

Déjà vu?

Once before, in 1974-80, there were efforts to break the royal stranglehold. On May 24, 1979, facing an onslaught

from urban-based student groups, King Birendra made a proclamation asking the population to choose between a "reformed" *rashtriya panchayat* system and a multi-party system. The proclamation was generally heralded as a turning point by the Nepali Congress leadership—"a forceful stroke by King Birendra," said one. The King "threw the dice against himself," exclaimed another.

What happened next is history. When the referendum was held in May 1980, the Nepalis voted to continue with the King's *panchayat* system. Political parties remained banned. Allegations of vote rigging were downplayed by the opposition, whose veteran leader, B.P. Koirala, adopted a new strategy of "national reconciliation." (The same Mr. Koirala had been jailed by King Mahendra as the first elected prime minister of Nepal.) Indeed, King Birendra's "forceful stroke" allowed him to continue with absolute monarchical rule for another decade.

With the April 8 proclamation, King Birendra has left ample room for himself to maneuver. The growing gap between popular aspirations and the government's intentions, as reported from Nepal, is testimony to that. On April 11, Nepal Foreign Minister Pashupati Singh Rana reminded one and all that all executive, judicial, and legislative powers still "emanate" from the King. Rana added that the present

government should not be disbanded, but simply expanded to include the Nepali Congress leaders and others. Already, at rallies in the capital Kathmandu, the charge had been sounded that the monarchy's concessions are merely cosmetic, and allegations are circulating that pro-democracy leaders have sold out to the palace.

It is likely that the Nepali Congress leaders will decline to press the absolute monarchy issue. They will also be unable to hang the blame for the death of hundreds of protesters on the King's neck. Birendra was careful to condemn the violation of law and order without making any provocative statements directed toward the protesters as such in recent weeks. Now it is clear that he has succeeded in directing the entire blame for excesses toward his former Prime Minister Shrestha—the protesters have been demanding his head—even though it is most implausible that the former prime minister was taking decisions on how to handle the escalating confrontation by himself.

Further, King Birendra is well-positioned now to provoke a split or splits within the opposition alliance between the Nepali Congress, allegedly pro-India and backed by some Indian politicians, and the ULF, allegedly pro-Beijing and previously participants and active proponents of *rashtriya panchayat*.



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Makran coast, a world drug depot

by Linda de Hoyos

On March 17, sixty tons of hashish were interdicted by Pakistani naval patrols in a fishing trawler off the Makran coast, reported the Pakistani daily the *Muslim*. The haul is new evidence that the desolate Makran coast—where Pakistan and Iran meet the Arabian Sea—has become a major depot for international drug trafficking, which operates with amazing ease across country boundaries and which has found little attention in the world's press.

The fishing trawler captured was one of three vessels, all registered in the United Arab Emirates state of Ajman, which left the Makran coast of Pakistan on March 10 with a total haul of 100 tons of hashish. The fishing boats were heading toward a European cargo vessel which was anchored in international waters. This mother ship was bound for Malaysia before heading for North America, the final destination for the hashish. The dope, reportedly of top quality, was packaged into brand names—Scorpion, STS, and Golden Nugget. It had been prepared in the Pakistani tribal belt of the Northwest Frontier Province (NWFP) and Afghanistan.

Heroin a major commodity

The Makran coast's role in dope trafficking first came into public view last October, when the Pakistani magazine *The Herald* reported that the Makran coast in Baluchistan had become a major route for drugs after the Benazir Bhutto government launched a crackdown against drug traffickers in the port city of Karachi, in Sind province. Heroin has become a major commodity in Baluchistan, a region which is otherwise completely devoid of the basic infrastructure which would permit real economic growth. And along the coast, heroin addiction has also skyrocketed. In one town, for example, 17% of the 7,000 people are addicted to heroin.

According to *The Herald*, heroin in particular was rerouted from Karachi to the Baluchistan cities of Ormara, Pasni, Gwadar, and Jiwani. In addition, drugs come from Waziristan and other Northwest Frontier Province areas. The dope is transported largely through trucks, across a forbidding route of deserts. But the region is pockmarked with caves and ridges, ideal hiding places for storing drugs and dropping off "pick-ups." Both refined heroin and hashish are brought in on trucks, with the dope hidden in bags of rice, flour, and other edibles.

From the coast, the dope is loaded onto the fishing vessels which are owned by families in Gwadar, Jiwani, and Pasni.

From there, it is transshipped onto larger vessels waiting in international waters, which traffic the dope to Africa and the Persian Gulf.

The financing and money laundering for dope transactions along the coast are carried out in Dubai and Abu Dhabi, two enclaves on the Persian Gulf with strong ties to Great Britain.

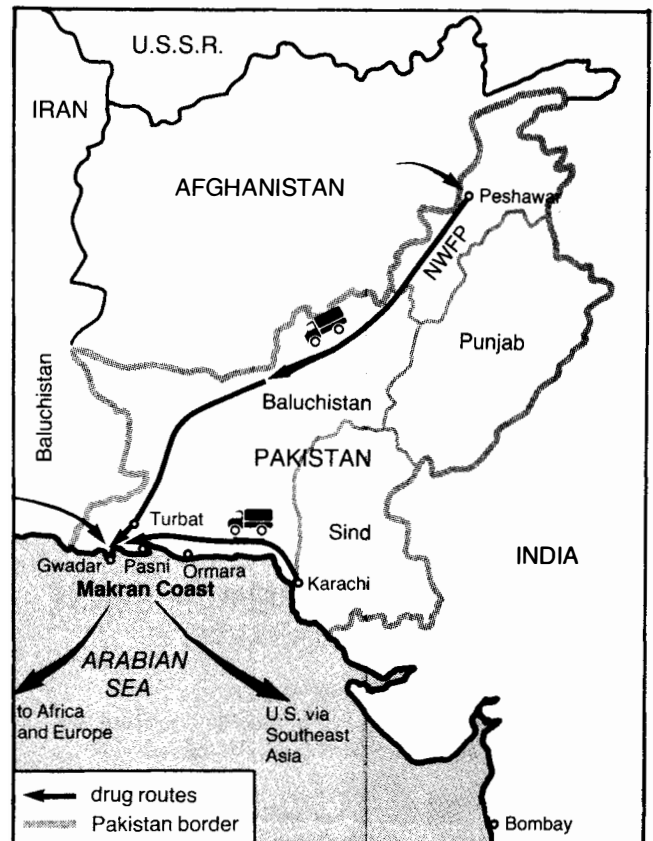
The Iran connection

Even before the crackdown in Karachi moved dope dealers into the Makran coast area, Baluchistan had become increasingly involved in the dope trade since 1979, when two major events impinged on the area: the overthrow of the Shah of Iran and the Soviet invasion of Afghanistan.

In the latter event, opium and heroin became a major currency in the barter for guns among the Afghan mujahideen, leading to a drastic increase in the flow coming from Afghanistan and the Northwest Frontier Province, where millions of refugee Afghans settled.

In the case of Iran, according to *The Herald*, after the Khomeini revolution and the imposition of the death penalty for trafficking and addiction, "Iranian addicts in Chahbanhar,

Makran coast drug flows



Mand, and Pishin, formed a pipeline to Teheran chalking out a tortuous route from the NWFP. . . . The close ties and relations between the people of this area and those across the border in Iran, Afghanistan, and Oman, combined with inter-marriages between the all-Sunni population across the borders, also helped in boosting the trade.”

Despite the death penalty, heroin addiction remains high in Iran, where it was traditional to pass opium pipes crafted of solid gold. “In the past,” reported *The Herald*, “relatives of people living in Iranian Baluchistan often returned home to Pakistan with tales of deadly white powder that had plagued Iran.”

In addition, a sizable number of Iranian Sunni Muslims also migrated across the border to the Makran coast cities. “According to accounts by local fishermen, many of these people are fabulously rich and moved in to capture the already-thriving smuggling business in the area. VCRs, tape recorders, gold, whiskey, and motorcycles have long been smuggled from Iran and sold for nearly half the market price. What made things smoother was the fact that Iranian Baluchistan is known as one of the major heroin markets in the Gulf.”

Pakistani intelligence sources told *The Muslim* that the drug shipments captured March 17 would not have been possible without the assistance of alleged tribal drug baron Haji Ayub Afridi. Ayub Afridi’s close associate Anwar Khat-tak has been under detention in the Central Prison at Karachi for the last nine months. But Ayub Afridi is the only big fish in Pakistani drug trafficking under detention. The hunt is now on for one Mullah Khuda Bux, who allegedly arranged the captured shipment and whom police say has been involved in numerous hashish shipments in the past year, along with his sidekick Arif Baluch (a.k.a. Noora Teddy). Arif Baluch was arrested for heroin trafficking in Karachi last year but was acquitted. For some reason, the government did not appeal the acquittal.

‘From the prison in which the politician’s career expires, the influence of the statesman is raised toward the summits of his life’s providential course. Since Solon, the Socratic method has become the mark of the great Western statesman. Without the reemergence of that leadership, our imperiled civilization will not survive this century’s waning years.’

—Lyndon H. LaRouche, Jr.

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Thornburgh Doctrine targets Thailand

by Linda de Hoyos

On March 15, the Bush administration made a splashy show on the war on drugs front, with the handing down of a 10-count indictment on charges of drug trafficking against Khun Sa, the famed druglord of the Golden Triangle of Southeast Asia. The indictment appeared as the next step in the Bush administration’s carrying out of the “Thornburgh Doctrine,” the concept put forward by U.S. Attorney General Richard Thornburgh by which U.S. courts and law enforcement agencies violate the sovereignty and laws of other nations in order to arrest and bring to trial foreign nationals believed to have violated U.S. domestic law.

A month later, it is clear that the highly publicized indictment against him has done nothing to damage Khun Sa’s thriving business. U.S. Assistant Secretary of State Melvin Levitsky announced in Bangkok April 1 that the United States was not planning any military action against Khun Sa, who operates in the northeastern corner of Burma. Not only would military action involve invading a sovereign country (Burma), but even if Burmese authorities were willing to cooperate, Khun Sa maintains control over his own Shan state area, Levitsky said.

Then why the indictment? The most immediate answer is that by handing down an indictment against the world’s most famous druglord, Thornburgh and company hope to lend some veneer of credibility to the indictment of Gen. Manuel Noriega and the U.S. invasion of Panama in order to capture him. Since Khun Sa has been indicted and it is known that he is a drug pusher, then, by inference, Noriega must be too—goes the syllogistic logic expected by the public.

Second, the U.S. intelligence community has been unhappy with Khun Sa for the last two years, since he released the names of high-level U.S. officials that he claims he was involved with in Southeast Asian drug trafficking. Khun Sa called the CIA “his best business partners for 20 years,” and pointed to Richard Armitage, currently undersecretary of state, as his key partner.

Third, the Thornburgh Doctrine has become a convenient tool for the U.S. bullying of allied nations, in this case Thailand.

Propaganda barrage

Following a congressional delegation visit to Thailand in February, led by Rep. Charles Rangel, Thailand has become a focal point for U.S. pressure on the flow of heroin and other

drugs coming from the Golden Triangle. It is estimated that heroin from the Golden Triangle—the area of northeast Burma, northern Thailand, northwestern Laos, and (until Henry Kissinger excised it from the map) Yunnan province of the People's Republic of China—accounts for at least 40% of the heroin on the U.S. market.

Upon returning from its Asian drug tour, the congressional delegation began singling out Thailand as the key transshipment point for Golden Triangle drugs. In congressional hearings held in early March, Levitsky bluntly stated that “corruption” in Thailand was a major obstacle to adequate anti-drug law enforcement. At the end of March, Levitsky embarked on a “drug tour” of Thailand, Laos, Pakistan, India, and Turkey.

Thailand Narcotics Control Chief Chavolit Yodmani on March 29 dismissed Levitsky's charges, saying that the State Department officer failed to pinpoint which Thai officials may have been involved in drug trafficking or through what part of Thailand's long border with Burma and Laos, drugs may have been smuggled into the country.

The attack has also been waged in the media, beginning with a March exposé in the *Foreign Eastern Economic Review*, a magazine editorially associated with the London School of Economics, on lucrative Thai lumbering operations in Burma. The unproven implication is that the same Thai businessmen are making money on dope, in collusion with the Burmese government. The primary source for the attack has been one Bertil Lintner, a Swedish national who has made his career attacking the Burmese government and defending the Kachin Independence Army. The Kachins, who have close relations with the P.R.C., are one of several dope-trafficking ethnic groups in northern Burma, including Khun Sa's Shan.

The propaganda war escalated again on April 11, when British journalist Martin Smith gave an interview to the British Broadcasting Company (BBC) on the just-concluded World Ministerial Drug Conference in London, where Thailand came under fire. Smith asserted that Thai officials, including Army officers and local police as well as many businessmen, are becoming “more and more involved” in the drug trade. Thai Police General Chavolit Yodmani, secretary of the Thai Narcotics Suppression Agency, denied the charge, stating that Thailand was trying to bring Burma and Laos into its drug-eradication program. That program, involving aerial spraying and crop substitution, has largely eliminated Thailand as an opium grower for the world market.

Thailand is not expected to relent on issues of national sovereignty, even if Washington uses the drug issue to demand it. Thailand has resisted pressures coming from the U.S. embassy to introduce conspiracy law into Thai jurisprudence. In August 1989, a U.S. federal grand jury in Brooklyn, New York indicted Maj. Gen. Veth Petchborom, former head of a Thai military unit, on charges of possessing heroin

and conspiring to import heroin into the United States in 1984. The Thai investigation has concluded that he should be dismissed from the military, but that the evidence is not sufficient to prosecute Veth, and he will not be extradited to the United States.

Thailand has also begun cracking down on networks known to be involved in couriering drugs out of the country. On April 10, the *Bangkok Nation* reported, the Thai foreign ministry decided to revoke visa privileges for citizens from Nigeria, Saudi Arabia, and 13 other African and Middle East countries. Formerly nationals from these countries did not need a visa to visit Thailand.

Coverup of P.R.C.'s role

The attack on Thailand also serves the purpose of drawing attention away from the growing role of the P.R.C. in Golden Triangle drugs. As the Rangel delegation was informed in Hong Kong, a large part of the heroin coming out of Hong Kong is Golden Triangle heroin coming into the port city via the P.R.C. Heroin is shipped across southern China from Yunnan province.

The State Department “International Narcotics Control Strategy Report,” published in March 1990 and partially compiled under Levitsky's direction, has only praise for Communist China. Contrary to reports on drug-growing and refining in Yunnan in particular, the State Department report states that “China does not produce a significant amount of illicit narcotics and does not have a significant narcotics abuse problem.”

The report then praises P.R.C. anti-drug “efforts”: “The P.R.C. is a regional power and an influential neighbor of almost all major Southeast and Central Asian heroin-producing countries. China realizes the threat drug trafficking poses and is moving aggressively at home to crack down on domestic drug use and trafficking.” The State Department accepts at face value P.R.C. claims that any drug production and trafficking that does occur is due to strictly private criminal organizations.

It is hard to determine what expertise, if any, Levitsky has in drug-related matters. His first State Department appointment was as vice consul in Frankfurt, West Germany, in 1963. In 1971, he was detailed to study Russian and was sent to Moscow as political officer from 1972-75. In 1975, he became officer-in-charge of bilateral relations, Office of Soviet Union Affairs, from whence he moved to the Office of U.N. Political Affairs in 1978. Since 1982, he has served as a deputy assistant secretary for human rights and as deputy director of the Voice of America. In 1984, he became ambassador to Bulgaria, a key drug-trafficking country.

In his capacity as director of the International Narcotics Matters division of the State Department, he played a key role in establishing U.S. cooperation with the Soviet Union on “anti-drug” matters, including a ‘memorandum of understanding’ in January 1989.

U.N. gets LaRouche rights case

The extraordinary case of the unjustified political prosecutions of Lyndon LaRouche and associates is now before the United Nations. Part I of a series.

The Paris-based Commission to Investigate Human Rights Violations and Helga Zepp-LaRouche, wife of political prisoner Lyndon LaRouche, filed a second petition to the Commission on Human Rights of the United Nations in Geneva, Switzerland on Feb. 2, 1990, seeking U.N. action against human rights abuses committed against LaRouche and his political movement by federal, state, and court authorities in the United States. A first petition had been submitted at the end of May 1989, but has yet to be deliberated upon.

The United States has never ratified any of the human rights conventions, and the United Nations can only involve itself against human rights violations committed within the United States under Resolution 1503 of the United Nations Economic and Social Council. This requires proof of a "consistent, widespread pattern of human rights violations" in the country. Multiple complaints blaming the United States for such violations thereby increase the chances that the human rights bodies might intervene.

For this reason, the petition references a pattern of "unjustified criminal prosecutions against individuals and organizations, that are politically motivated and aim at the elimination of social, political, cultural, or religious minorities," which goes beyond the LaRouche movement per se. The petition cites the attacks upon "dissident" political representatives, holders of public office, independent trade unions, the anti-abortion movement, and the targeting of victims by the Office of Special Investigations in the U.S. Department of Justice.

Supporters of the commission are expected to begin soliciting endorsements both for the LaRouche complaint, and the filing of complaints with the U.N. by persecuted individuals and organizations themselves.

In this series, we publish the slightly edited text of the petition.

The following communication is a formal request addressed to the Commission on Human Rights of the United Nations. According to the provisions of Resolution 1503 of the United Nations Economic and Social Council, the United Nations are asked to appropriately intervene into a present situation

of widespread violations of human rights.

The undersigned had addressed the Commission on Human Rights of the United Nations with an earlier communication dated May 29, 1989. The situation described in that earlier document has deteriorated in a dramatic way. Therefore, we herewith renew our urgent request for appropriate intervention. The following detailed argument for our request consists of two parts: First, a description of the developments that occurred after our first request was filed, and second, the wording of our first communication. The numerous exhibits to the latter submitted in five copies each are *not* included again to spare duplication of reading work.

I. COUNTRY RESPONSIBLE FOR HUMAN RIGHTS VIOLATIONS

The responsibility for the widespread violations of Human Rights as addressed by this communication lies with the United States of America.

II. VICTIMS

As described in our request of May last year, we are concerned with a consistent pattern of unjustified criminal prosecutions against individuals and organizations, that are politically motivated and aim at the elimination of social, political, cultural, or religious minorities.

These involve, *inter alia*, arbitrarily construed criminal charges, unprecedented interpretations of U.S. law-provisions, selective and/or vindictive targeting as well as deliberate frameups. There are many cases of judicial abuse against "dissident" political representatives, often holders of public offices, independent trade unions, the anti-abortion movement or those victims of the questionable activities of the "Office of Special Investigations" (OSI) within the U.S. Department of Justice.

Legal opinions issued by the Department of Justice, executive directives of various agencies, and, above all, the clear trend in recent U.S. Supreme Court decisions, are paving the way for the "legalization" of such infringements on human rights: The same Supreme Court, that decided to extend the death penalty to minors and the

mentally retarded, ruled that it is admissible to apply the famous RICO [Racketeer Influenced and Corrupt Organizations] statutes, originally conceived to fight the mafia, on political and social organizations in cases, where there is no profit-making element. Especially anti-abortion activists and trade unions have already been convicted under RICO. The Department of Justice promotes assaults on the right of defendants to legal counsel—defense lawyers may be forced to testify against their clients; prosecutors are authorized to ignore ethical rules governing contact between prosecutors and defendants who have retained counsel, etc. The government may seize the property of criminal suspects, long before they are convicted of any crime, including monies necessary to pay defense lawyers. Mr. Neal Sher, head of the OSI, explicitly defends the use of evidence in Western courts that is supplied from Communist countries. And so on. In a recent report to the Commission to Investigate Human Rights Violations, American civil rights lawyer Edwin Vieira, Jr. described the prevailing legal philosophy of the Bush administration including the open defiance of international law:

Within the last few months, a new theory of international law—or perhaps more accurately put, international lawlessness—has emerged from the fertile minds of Attorney General Richard Thornburgh of the United States Department of Justice and Director of Central Intelligence William Webster of the Central Intelligence Agency. According to this “Thornburgh Doctrine,” the United States enjoys an exclusive privilege and power, within its spheres of influence throughout the world,

- to assassinate leaders of foreign countries in the course of instigating or aiding coups d'états in those countries;
- to kidnap alleged fugitives from United States justice from foreign countries, without the permission of the governments of those countries;
- to invade with United States military forces any country in which such fugitives may be found; and
- to offer immense bounties—not unlike the reward the late Ayatollah Khomeini promised for Salman Rushdie—for the apprehension of such fugitives, apparently “alive or dead.”

The world has just witnessed the first major implementation of the Thornburgh Doctrine in the recent invasion of Panama, the installation of a new regime subservient to the Bush administration and the seizure of General Manuel Noriega for trial in the United States on charges of criminally trafficking in narcotics.

Many legal scholars, experts in international law and others, have rightly condemned the U.S. invasion of Panama as an act of international piracy. They consider the “Thorn-

burgh Doctrine” as one further piece of unmistakable evidence for the evisceration of law by the U.S. government—inside and outside U.S. borders.

The judicial targeting of Mr. Lyndon LaRouche and a growing number of his political collaborators and associates is merely one of many examples for the abuse of judicial/executive means at the disposal of United States authorities for the purpose of silencing “dissident” voices.

The following is an updated and expanded list of those persons who so far have been most immediately affected by the judicial measures directed against the “LaRouche movement”:

Lyndon Hermyle LaRouche, Jr., American Citizen, born Sept. 8, 1922 in Rochester, New Hampshire, economist.

William Wertz, American Citizen, born July 28, 1945, in Summit, New Jersey.

Edward Spannaus, American Citizen, born April 3, 1943 in Seattle, Washington, staff director of the Constitutional Defense Fund.

Michael Billington, American Citizen, born July 8, 1945, in Jacksonville, Florida.

Dennis Small, American Citizen, born December 16, 1950, in Miami Beach, Florida.

Paul Greenberg, American Citizen, born December 19, 1949, in Levittown, New York.

Joyce Rubinstein, American Citizen, born April 18, 1952, in Philadelphia, Pennsylvania.

Rochelle Ascher, American Citizen, born April 23, 1951, in Cleveland, Ohio.

Robert Primack, American Citizen, born May 1945 in Boston, Massachusetts.

Lynne Speed and Marielle Kronberg, both American Citizens.

All correspondence in the matter addressed by this communication should be directed to the Commission internationale d'enquête sur les atteintes aux droits de l'homme, 10 rue Juliette Lambert, 75017 Paris, France.

III. AUTHORS OF THIS COMMUNICATION

This communication is submitted by Mrs. Helga Zepp-LaRouche, the wife of Mr. Lyndon LaRouche, and the Commission to Investigate Human Rights Violations. Both have direct and reliable knowledge of the violations described herein.

This petition to the United Nations also enjoys the support and express endorsement of numerous jurists, human rights activists, and others internationally, who regard the persecution of the political movement around Mr. LaRouche as a particularly troubling example of widespread human rights violations in and by the United States.

IV. AREAS OF HUMAN RIGHTS VIOLATIONS

This communication deals with three major areas of human rights violations:

A. Violations of Articles 1, 7, 18 and 20 of the Universal Declaration of Human Rights regarding the equal rights and personal freedom of each individual, equality before the law, the right to freedom of thought and manifestation of political belief and the right to freedom of peaceful assembly and association.

B. Violations of Articles 10 and 11 of the Universal Declaration of Human Rights regarding the right to a fair trial by an independent and impartial tribunal, the right to be presumed innocent until proven guilty in a public trial at which the accused has had all the guarantees necessary for his defense, and the protection against conviction for any penal offense on account of any act or omission which did not constitute a penal offense, under national or international law, at the time when it was committed.

C. Violations of Articles 5 and 9 regarding the protection against inhuman or degrading treatment or punishment and against arbitrary arrest and detention.

V. STATEMENT OF THE FACTS—INTRODUCTION

Mr. Lyndon LaRouche is an author and economist, who founded the National Caucus of Labor Committees (NCLC) and the U.S. Labor Party and ran for the office of President of the United States as an independent Democrat in 1980, 1984, and 1988. The NCLC is an unincorporated political and philosophical association which was formed on the basis of a series of classes being taught by Mr. LaRouche in New York City in the late 1960s. The U.S. Labor Party was a political party founded by members of the NCLC which functioned actively throughout the United States by running candidates for public office and promoting its policies during the period from 1973 through 1979. In 1979, many of the leading members of the U.S. Labor Party joined the Democratic Party. The U.S. Labor Party became defunct as an active political organization at that point.

Mr. LaRouche's conceptual contributions inspired various political, scientific, and cultural organizations. As a political action committee, the National Democratic Policy Committee (NDPC) has supported many political candidates who ran for office on a "LaRouche platform." Since the late 1970s, political enemies of Mr. LaRouche have engaged in numerous efforts to damage the political movement associated with him. The political motive behind these efforts derived chiefly from Mr. LaRouche's widely debated concepts for the reorganization of world finances, his proposals for an uncompromising "war on drugs," his acknowledged influence on U.S. defense policy as highlighted by the genesis of the "Strategic Defense Initiative" (SDI), and more recently from his publicized opposition to the disastrous Iran-Contra policy.

In June of last year, Mr. LaRouche, who is still imprisoned, announced his candidacy for the 10th U.S. Congressional District [in Virginia]. In the following months, the "LaRouche for Justice" campaign has become another sub-

ject of continued government harassment and attempts to disrupt legitimate First Amendment activities.

In our appended earlier request, we described the more than twenty-years-long history of efforts by political enemies of Mr. LaRouche to damage the political movement associated with him by causing U.S. authorities and the U.S. judiciary to investigate, prosecute, convict, and jail political associates of Mr. LaRouche and otherwise impede the legitimate activities of the group. We also explained how this interfering activity led to the criminal indictment of Messrs. LaRouche, Wertz, Spannaus, Billington, Small, Greenberg and Mrs. Rubinstein, who were tried and convicted in Alexandria, Virginia.

Under Section A of this communication, we will describe, how more and more associates of Mr. LaRouche are being persecuted all over the United States, how three organizations and publishing companies were illegally forced into bankruptcy, and how a political action committee is being "fined" out of existence.

Section B of our earlier communication was devoted to the unconstitutionality of the trial in Alexandria. Under section B of this document, we describe the unsuccessful attempts to overturn this unjust verdict with the appeal. Although this appeal was supported by the highest authorities in the legal science from all over the world, the Appeals Court decided to uphold the verdict and order Mr. LaRouche and his six co-defendants to remain in jail. We also describe the parallel "LaRouche cases" tried in state courts in Virginia and New York.

Section C describes the unusual and degrading punishment imposed especially on Mr. LaRouche which at one point involved acute risks for his life, and on Mr. Billington, and Mrs. Ascher.

A. Violations of Articles 1, 7, 18 and 20 of the Universal Declaration of Human Rights

1. Twenty years and more of unlawful interference

Our earlier communication referred to the decades-long efforts chiefly by the Federal Bureau of Investigation to interfere with the legitimate political activities of Mr. LaRouche and his collaborators. We went into the history of the efforts undertaken by political enemies of Mr. LaRouche, such as Dr. Henry Kissinger, to involve the FBI, efforts to disrupt electoral campaigns of Mr. LaRouche, and his increasing political influence on high levels of U.S. government.

The March 1986 election victory of two individuals associated with Mr. LaRouche in the Democratic primaries in the State of Illinois caused the leadership of the Democratic Party

to press for intensified governmental actions directed against the NCLC, its members, and its supporters.

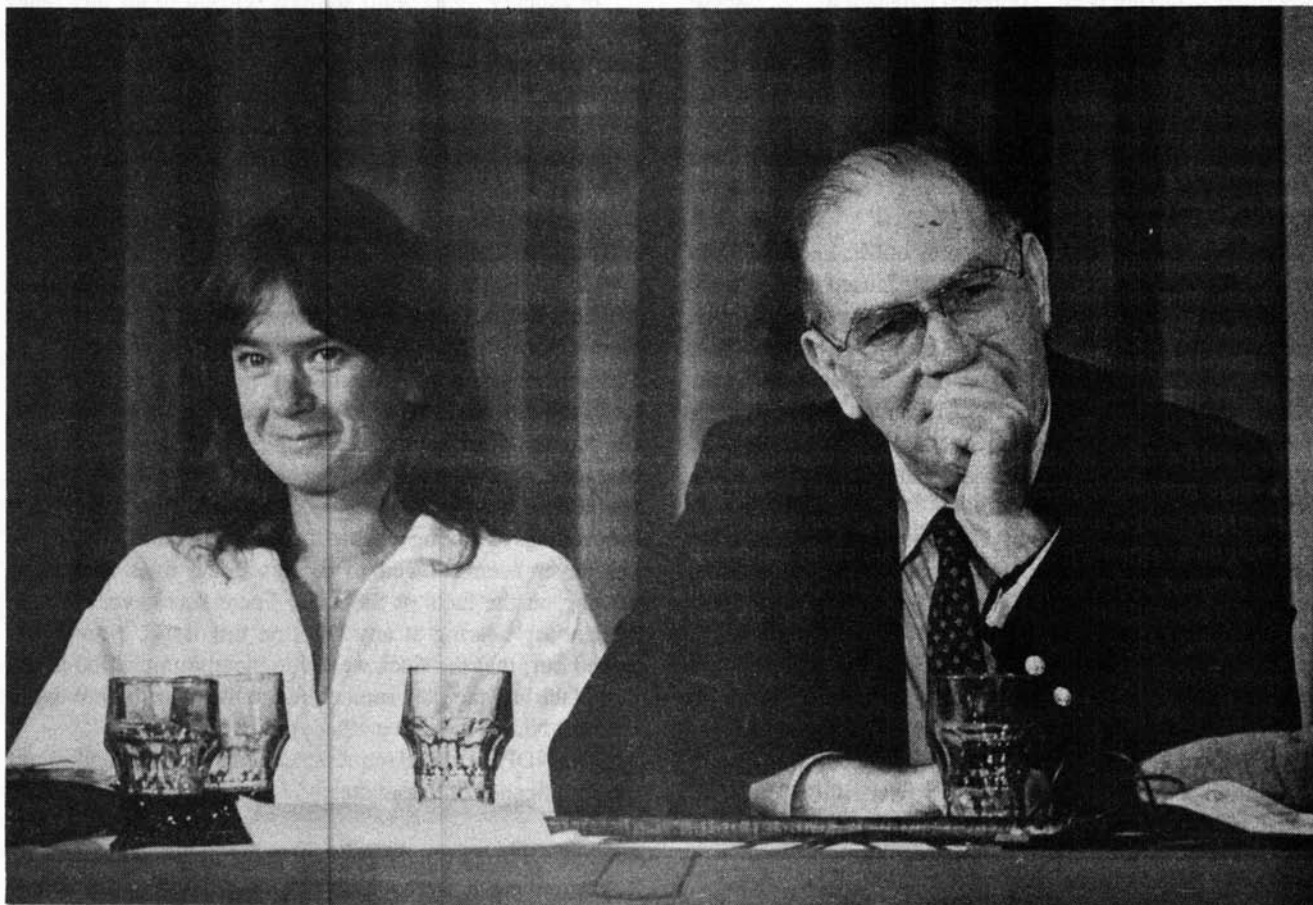
This activity included the targeting of political funds. Since an early date, the FBI was interested in the sources of funding for the NCLC and took actions aimed at both uncovering the funding base for the group and interfering with that base in order to disrupt its political activities. (We herewith enclose Exhibit No. 36 already mentioned in our communication of May 29, 1989. This FBI document dated November 1984 shows the direct involvement of U.S. Attorney William Weld, who started the first grand jury investigation against the LaRouche presidential campaign, in freezing campaign bank accounts at that time.) As documented, from an early time on, the question of political funds for Mr. LaRouche was a subject of discussions between various authorities, the President's Foreign Intelligence Advisory Board, private and official political enemies, government-funded and/or -influenced media outlets and others.

Government attempts to disrupt the NCLC and cripple its fundraising reached a peak with the investigation which culminated in the Virginia [federal] prosecution and the parallel prosecution in Boston.

New evidence

In the course of a civil litigation initiated in 1975 by Mr. LaRouche against unconstitutional interference by the FBI (*LaRouche v. Webster (FBI)*), it was acknowledged as undisputed fact, that from 1969 through 1977, the FBI conducted an "internal security" investigation (later captioned "domestic security") of the NCLC and its members. The FBI claimed that since 1977 there have been "no domestic security or foreign counter-intelligence investigations" of LaRouche, et al. Yet new evidence has surfaced that the FBI has conducted "a sensitive, national security" type investigation of LaRouche, et al. as recently as 1986.

The judge in the *Webster* case has refused to make any ruling on the discovery issue since 1985. Since that time, it was revealed that the FBI has indeed continued to conduct investigations into the political activities of LaRouche. This new evidence suggests *inter alia* that the FBI maintains so-called "Do Not File" files. Such a file dated February 1985 was already in existence at the time the government filed a motion in the *Webster* case saying "Plaintiffs' purported suspicions regarding . . . maintenance of secret files are completely groundless, and are "idle and unfounded specula-



German political leader Helga Zepp-LaRouche with her husband, American congressional candidate Lyndon LaRouche, the leading political dissident imprisoned in the United States today.

tion that sequestered files, such as . . . 'Do Not File' files, were withheld from them." Other documents released in a civil rights action brought by LaRouche associate Paul Goldstein show that from 1982 to 1986, FBI officials repeatedly raised questions about the financial resources of the LaRouche movement. Moreover, it was revealed that FBI and CIA used informants to gather information and infiltrate the LaRouche organization. Lastly, there are eleven instances which show that from 1981 on, the FBI engaged in deliberate defamatory dissemination to foreign countries in an effort to discredit Mr. LaRouche. (See Section B. 1. d. for further details.)

In a sworn affidavit filed in federal court in the civil rights suit *LaRouche v. Webster* in November 1989, the FBI's acting chief of records, Vernon Thornton, reaffirmed that Lyndon LaRouche has in fact been the subject of a classified file compiled under Executive Order 12333. It was E.O. 12333, dealing with covert foreign intelligence operations, that created the "secret government" apparatus which came to light during the height of the Iran-Contra affair. Thornton's response was provoked by a LaRouche motion that pointed out that there are nineteen documents released in a related Freedom of Information Act case from a much larger file described as having been "compiled pursuant to . . . Executive Order 12333." Knowledge of this file had been obtained independently in the above-mentioned civil rights action.

Continued harassment

A few more recent examples of government harassment and "financial warfare" included:

After the conviction and sentencing of Mr. LaRouche and six of his collaborators in January 1989 caused international protests and many people turned to the embassy of the United States of America in their respective country to inquire about this, responses from U.S. embassy personnel contained misrepresentations of the facts of the Alexandria trial, misstatements about the charges involved, and even included the continued dissemination of slanders that had appeared in the media about Mr. LaRouche.

Several letters sent out by U.S. embassies repeated for example, the prosecution's demagoguery of a "\$30 million fraud scheme," although less than \$300,000 of loans were at issue in Alexandria. The American Consul General in Hanover, West Germany, told a caller, that he would have wished "LaRouche had gotten 30 years." Similar reactions were reported from U.S. diplomatic personnel in Milan and Rome, Italy. There a U.S. diplomat claimed LaRouche was a communist, a spy, and an agent of the Soviet KGB. The U.S. embassy in London lied that the court had imposed a fine of \$3.25 million on Mr. LaRouche.

In July 1989, it came to our attention that the Minnesota Attorney General's office mailed an article that appeared in

The New Republic and was slanderous about Mr. LaRouche, to a woman who intended to contribute to Mr. LaRouche's campaign. An accompanying letter advised her that LaRouche had "recently been sentenced to Federal Prison."

In October, U.S. Circuit Court Judge George Pratt in a political use of the notorious RICO statute, issued an *ex parte* order freezing the bank accounts of the Constitutional Defense Fund (CDF), LaRouche for Justice (LFJ), and Hamilton System Distributors, Inc. (HSDI). CDF is a legal defense fund, LFJ is the federal campaign committee for Lyndon LaRouche's U.S. Congressional campaign, and HSDI is a company which sells and distributes *New Federalist*, *Executive Intelligence Review*, and other political publications. Judge Pratt signed the order in connection with a frivolous civil RICO suit which was filed against Lyndon LaRouche, CDF, LFJ, HSDI, three banks, two stock brokerage firms, and LaRouche associates Elliot Greenspan, Margaret Greenspan, and Lewis du Pont Smith. The suit makes the wild allegation that the defendants are engaged in a conspiracy to defraud the public by raising money to promote the political and economic views of Lyndon LaRouche!

In January 1990 radio stations refused to air any radio spots of the LaRouche for Justice campaign committee other than those approved by the Department of Justice. The reason given for this unusual procedure was that in cases of "controversial" advertisements the stations have to consult with groups or persons considered to hold "opposing views."

2. Economic death penalty against a political action committee

On July 3, 1989, Supreme Court Justice William Brennan denied without comment an application by the National Democratic Policy Committee (NDPC), to stay the execution of \$2.7 million of fines levied upon the political action committee of the LaRouche wing of the Democratic Party. The fines for "contempt of court" were imposed by Judge A. David Mazzone of Boston in 1986 at the initiative of FBI agent Richard Egan, who has since been exposed in numerous court proceedings as having repeatedly lied under oath. The NDPC has never been allowed to challenge the fines in a court hearing on the facts of the case. There was never a single evidentiary hearing at any level on this issue. Now it has turned out, that the fines were completely unjustified in the first place and the government lied to the court in moving to hold the NDPC and three other entities in contempt.

The NDPC's initial request to Justice Brennan underlines the significance of this matter:

NDPC is a purely political entity, a political action committee. It faces a multimillion-dollar fine that can terminate its political activity; it has no funds and cannot raise funds to pay millions of dollars to the United

States because it is restricted by federal law to fundraising for political purposes. The fine, moreover, is a completely judicial act, arising from the unique law of civil contempt, and thus uniquely represents the judicial extinguishment of a political organization. That extinguishment occurred simply because, of thousands of documents that were produced, certain index cards were alleged not to have been produced to a grand jury. In this context, the First Circuit has held that no hearing need precede a contempt judgment, that financial resources and proportionality need not be considered when the fine is finally calculated, that clear and convincing evidence of contempt need not be shown, and that there is no time limit upon the imposition of a coercive civil contempt fine.

On Aug. 25, 1989, the NDPC filed a new petition to the U.S. Supreme Court requesting to halt the "economic death penalty." The NDPC petition presented the following two fundamental questions to the Supreme Court based upon "the First Amendment protections of political association and Fifth Amendment due process protections":

1. Whether a district court may enter judgment imposing a multimillion-dollar civil contempt fine against a political action committee (a) in the absence of a hearing of any kind, (b) in the absence of clear and convincing evidence of contempt, and (c) without consideration of the good faith nature of the organization's subpoena compliance or the absence of its financial resources to pay the fine?

2. Whether, more than a year after expiration of the grand jury that subpoenaed an organization's records, a district court may enter a "coercive" civil contempt judgment against the organization upon a motion that was filed by the government after the grand jury had expired?

On Oct. 3, 1989, the U.S. Supreme Court decided, that it would not hear the final appeal of the NDPC.

3. Political persecution in Illinois

On Aug. 17, 1989, an Ogle County, Illinois grand jury handed down indictments against three LaRouche Democrats named Patricia Schenk, Ron Fredman and Richard Blomquist, the indictment containing 18 counts for theft, residential burglary, robbery and intimidation. According to state prosecuting attorney Dennis Schumacher, the accused are being charged solely for the "crime" of obtaining a political contribution. Schenk and Fredman are running on a statewide slate with gubernatorial candidate Mark Fairchild, the Illinois Democrat who caused nationwide hysteria when he and his running mate, Janice Hart, won the 1986 Democratic primary for Lieutenant Governor and Secretary of State. Attorney

General Neil F. Hartigan, Schumacher's superior, is currently a candidate against the LaRouche Democrat Mark Fairchild.

According to prosecutor Schumacher's statements to the press, the charges, which even he himself described as "novel," are based on the premise that the three violated the robbery and residential burglary statute by entering a political supporter's home "with the intent to get money from her," and that their alleged use of intimidation was based on the fact "that they did not leave until they got it." In other words, the Illinois prosecutor is defining the solicitation of a political contribution as a criminal act.

The intention of Dennis Schumacher's investigation to target the financial backbone of political associates of Mr. LaRouche in Illinois was again revealed, when Schumacher requested the records and files of all employees, volunteers, related companies, organizations and supporters to Midwest Circulation Corporation, a LaRouche-related publishing company in Illinois. Schumacher also openly tried to badger and terrorize witnesses and moved to hold witnesses in criminal contempt for not appearing before the grand jury on August 31, 1989, although the same grand jury had been dismissed on Aug. 29. Attorneys for the witnesses argued in court, that the subpoenas had not been continued, causing Schumacher to ask that the attorneys be held in contempt as well.

Simultaneous with the state prosecutor's actions, Illinois Congressman Durbin sent out a letter to his constituents, entitled "Consumer Warning to All Illinois Residents." The letter instructs constituents to contact the Illinois commerce department if approached by individuals soliciting subscriptions to *New Federalist*, the LaRouche-affiliated newspaper.

Since the end of December, the campaign of Attorney General Neil Hartigan, who is running for governor against Mark Fairchild, tried to challenge the election petitions filed by the LaRouche slate, which also includes Janice Hart, Pat Schenk, and Ron Fredman. In January of this year Hartigan moved to reject all of the 10,010 signatures for the slate claiming "a pattern of fraud." He attempted to back this charge by affidavits that were obtained by coercion: people employed by the office of the Attorney General flashed their official badges to those being pressured to recant their signature, as well as subpoenaed them to sign "fill-in-the-blank" affidavits, notarized by these hired employees of the Attorney General's office.

4. Conclusion

The executive department, through the instruments of the FBI, intelligence apparatus and various levels of the judiciary is continuously interfering with legitimate political activities of a political movement, whose members are harassed and prosecuted for their political beliefs under the guise of violating certain criminal statutes. Such action contravenes the preemptory norm of free exercise of political expression.

Patriots commemorate the Malvinas War

by Alejandro Peña Esclusa

Between 5,000 and 7,000 people met April 2 in the neighborhood of Lugano, on the outskirts of Buenos Aires, to commemorate the eighth anniversary of the battle for the Malvinas Islands. On April 2, 1982, Argentinian troops landed on the Malvinas to reclaim them from Great Britain, which had illegally occupied the islands since 1833. During that war, which unleashed nationalist sentiment throughout Ibero-America, the United States betrayed its hemispheric allies, in violation of the Monroe Doctrine, and sided with Great Britain.

During the ceremony, songs, chants, and tears of emotion overflowed among the nationalist Argentinians who attended the ceremony, which was compared by observers to the revolutionary ferment sweeping across Eastern Europe. The difference was that this rally was not against communist dictatorship, but against the dictatorship of hunger and misery imposed by the International Monetary Fund (IMF), and President Carlos Menem.

The meeting was a clear example of the nationalist revolution that Lyndon LaRouche predicted for Ibero-America.

The Lugano rally was organized by the Argentinian Veterans Federation, and was attended by representatives of political groups—including Peronist deputies—businessmen, professionals, trade unionists, housewives, students, and, of course, veterans of the Malvinas War, who marched to the beat of martial music. It was the first time since 1982 that the veterans have been allowed to march in public.

From the windows of the tall adjacent buildings, the residents of Villa Lugano shouted slogans of support, while the local neighborhood association sent a message of greeting, expressing delight at the honor of having the Malvinas veterans among them.

The event began with the reading of messages sent by various national and local organizations. It continued with the highly emotional words pronounced by the mother of Capt. Pedro Gianchino, the first Argentinian officer to die at the Malvinas landing. Her statement was followed by a parade of Army regiments: the Third from Tablada, the Sixth from Mercedes, the Seventh from La Plata, the Tenth Logistical Regiment from Villa Martelli, and so on.

The crowds shouted slogans taken from the many banners

at the event, and from the wall paintings that have appeared throughout Buenos Aires: "God and the Fatherland, or Death" and "Seineldín Is the Fatherland and the People." The latter is a reference to the hero of the Malvinas, Mohamed Alí Seineldín. Colonel Seineldín is known for promoting the unity of the Army around a nationalist program supported neither by the IMF nor the oligarchy, which hopes to recolonize Ibero-America through foreign debt collection, and through a counterculture offensive of rock, drugs, and pornography.

Rallying cry from Seineldín

The Lugano rally concluded with the reading of a letter sent by Seineldín from La Pampa—where he is serving a 20-day jail term for his public statements on the need to unify the Argentinian Army—and with a rendition of the national anthem. Thousands, holding up the "V" for victory, sang with tears streaming down their cheeks.

Seineldín's letter, which calls for defending the nation through defense of the Armed Forces, was the high point of the day: "I say to you, veterans of the Malvinas," it reads, "the Armed Forces and the Argentinian people were defeated, not only by the material superiority of the enemy, but also by the moral inferiority of the defeatists. . . . To 'de-Malvinize' was an imperative, and that imperative became enraged at the great pillars of the real Argentina: the people and the Armed Forces.

"The people, this people of the Argentinian nation, which, despite the prolonged, insidious, and harmful campaign to degrade and humiliate their human condition, to reduce them to penury and to spiritually prostrate them, remain stubbornly and unshakably devoted to their religious faith and love of country.

"And the Armed Forces, which this same people organized and fed with their blood from before Independence; the Army of San Martín, which made the people protagonists in the wars for Hispano-American emancipation and unity; the Army which affirmed national sovereignty in the vast Patagonian territories; the Army, which promoted the industrialization of the Republic. . . . The Armed Forces, finally, which helped to shape an autonomous national project for the development with justice of the Argentinian nation and its people.

"The people and the Armed Forces are not two different entities, much less contradictory ones; [they are] flesh of the same flesh, blood of the same blood, indissolubly linked in the common goal of building a great and sovereign Argentina. Today, in anguish, they witness these grave hours of a sick nation, because today it appears that there is no place for us in the demobilized and de-Malvinized Argentina. . . .

"We must be firmly convinced, and have the humble serenity . . . of one who is willing to give his life for a noble and just cause; because when a man knows where he is going, the whole world stands aside to let him pass."

Satanic roots of Gnostic Church exposed by Italian magazine

by Silvia Palacios

In its February 1990 issue, the Italian Catholic magazine *30 Giorni*, which is published in several languages, carried an article entitled "The Return of Gnosticism." That article offered substantial proof that the Gnostic Church and its guru, Samael Aùn Weor, are a key element of a mass satanic movement. The article's author, Massimo Introvigne, describes the *modus operandi* and black history of the Gnostic Church, and reveals the source and nature of the power of satanism.

The activities of the Gnostic Church crudely demonstrate that satanism's objective is the destruction of Christian civilization, and in particular, the principle that man has been created in the living image and likeness of God—*imago viva Dei*. The recruitment method of the Gnostics, designed by the satanic Ordo Templi Orientis (OTO) sect, lies in the destruction of human dignity and in the annihilation of the individual personality, which is why the author of the *30 Giorni* article compares it to the communist movement, described as the "gnostic movement of the masses *par excellence*."

In 1984, when leaders of the Universal Christian Gnostic Church (of Colombia) coordinated the kidnaping in Bogota of Patricia Paredes de Londoño, leader of the National Anti-Drug Coalition of that country, *EIR* documented for the first time the perverse activities of the Gnostic Church in Ibero-America. *EIR* exposed, among other things, gnosticism's links to narco-terrorism, its Nazi genealogy and, above all, the perverse sexual rituals with which it recruits and controls its victims. In May 1985, *EIR* elaborated on that material in a special report entitled "Narco-terrorism in Ibero-America."

30 Giorni author Introvigne asserts that the Gnostic Church, "due to its system of sexual magic, has tens of thousands of followers," and in 1984, aroused the concern of CELAM (the Latin American Bishops' Conference, headquartered in Bogota.) As far as is currently known, Colombia, Mexico, and Venezuela are the countries where the Universal Christian Gnostic Church has the majority of its followers and where it has most penetrated into political circles. In Venezuela, for example, one of its founders and leaders, Walter Márquez, is a congressman for the Movement to Socialism (MAS) party. In 1989 he was on the verge of winning the governor's race in the important state of Táchira. Márquez lost his bid only when various concerned circles came together to denounce the perversions of Márquez's satanic

so-called "church."

Gnostics have also penetrated narco-terrorist circles, as demonstrated by Jaime Bateman, the late leader of Colombia's M-19 guerrilla group. Bateman told a Peruvian interviewer in 1983 that his mother was a gnostic, that the gnostics protected the M-19 "with a mental chain," and that gnostic leaders sent the M-19 "congratulations from time to time."

Samael Aùn Weor, an OTO creation

The *30 Giorni* article offers a great deal of evidence about the origin and satanic nature of Aùn Weor's Gnostic Church. For example, the article notes that the Aùn Weor church emerges in a direct line from the gnostic movement created by German physician Theodore Reuss (1855-1923), who introduced "forms of sexual and ceremonial magic" into the hierarchy of the Gnostic Church. Reuss's ideas were brought to South America by his disciple Arnold Krumm Heller. Krumm Heller's direct successor, says the article, is Samael Aùn Weor, founder of the Gnostic movement with headquarters in Mexico and followers throughout Latin America, Canada, the United States, and Italy.

In Germany, Reuss founded a chapter of the Ordo Templi Orientis, one of the most famous satanic cults, created by British satanist Aleister Crowley. Crowley is believed to have also been an agent of the British intelligence services. Crowley's networks, along with the CIA's MK-Ultra project, created a counterculture movement in the early 1970s based on rock, sexual libertinism, and drugs. This movement later produced heavy metal music, which specializes in the open worship of Satan and incitement to ritual human sacrifice, while reducing sexuality to mere orgiastic impulses. Research has revealed that "heavy metal" produces effects in its victims similar to those experienced by participants in satanic initiation rites.

Another feature of the Gnostic Church which makes it the twin of more openly satanic movements, is its rituals of self-degradation. In an article published in *EIR*'s Jan. 20, 1989, issue, Lyndon H. LaRouche posed the issue in these terms: "Imagine a criminal mind which has undergone a curious transformation. Perhaps, formerly, this fellow was an habitual thief, even of that sort of twisted mind which delighted . . . to exert the power of life or death over some

chance victim on the scene of his crime. Yet, up to that point, robbery or kindred results were always the prompting of his criminal activity.

“Now, he has changed. Crime is no longer motivated by the impulse to employ cruel means for personal gain. Instead, the pleasure of the sense of power realized in employing viciously cruel means, becomes an end in itself. This form of criminal pleasure becomes a blend of rage and sexuality. Jaded appetites create the mental state in that man, that he must do something more monstrous than he has done before, to realize the desired level of orgiastic pleasure from the evil deed. Evil for the purpose of doing evil, has become for him a goal in and of itself. This man has become a beast, a virtual satanist. This is the state of mind which satanism seeks to develop in its initiates. . . . Satanic cults organize that degraded process of self-degeneration.”

From this perspective, take a look at Crowley’s manuals on satanic practice, or at Aúñ Weor’s books, which offer the individual a “religious” ritual which opens unlimited possibilities of orgiastic self-degradation. This is precisely how the movements that preceded contemporary gnosticism, such as Arianism, the Albigensian heresy in France, Nazism, and more recently, the hordes of the ecology movement, were created.

The process by which the individual goes about destroying that which is divine within him or herself is dubbed “annihilation of the ego” by the Gnostic Church itself. Samael Aúñ Weor says that “the individual is transformed, if he is not concerned with the dissolution of the I.” As we will see, gnosticism’s shared identity with the ideology and practice of both communism and Nazism lies in this brainwashing process.

‘Mount Truth,’ a club of Nazi-communists

A prominent figure in the New Age variant of contemporary satanism, was the Swiss psychoanalyst Carl Jung. According to the Gnostic Church, Jung’s hallucinations are the all-powerful cement of a “revolutionary ethic, based on a revolutionary psychology.”

The *30 Giorni* article identifies a place where Gnostics, Communists, and Nazis came together: Mount Truth, a place frequented by Aúñ Weor’s predecessor Reuss. The article says that Jung also “frequented Mount Truth, the main sanctuary of modern gnosis. It was a retirement center and vacation resort in the vicinity of Ascona, Switzerland, and was founded as a utopian and naturalist colony where theosophists, neo-gnostics, artists, radical politicians, intellectuals, and occultists of all sorts could congregate.”

In 1917, the article continues, “Reuss organized a peace congress there: Among the participants were Lenin, Trotsky, and a group of Arianologists who had transformed the gnostic doctrine into a racist gnosis which exercised a certain influence (sometimes exaggerated) over the Nazi movement.” Author Introvigne asks: “What did Theodore Reuss, Jung,

Lenin and the pre-Nazis have in common? All felt the need for a gnostic scheme to interpret the world. . . . At Mount Truth, political gnosis and occultist neo-gnosticism found each other.”

And it is true. From an early age, Adolf Hitler was inculcated with the gnostic concept that Judaism and Christianity—which share the fundamental idea that man is created in the image of God—are religions of the stupid masses. The SS monstrosity created by Hitler practiced horrible sexual and occultist ceremonies. Carl Jung himself wrote in his 1938 essay “Wotan,” that Hitler was an instrument of the collective unconscious of the German people. Hitler “is not a politician, but a magician,” wrote Jung, who then celebrated the Nazi tyranny as “the dawn of the Age of Aquarius,” also known as the New Age.

It should come as no surprise that the circles which followed President Theodore Roosevelt, who wanted to extirpate Catholicism from Ibero-America, supported both the Bolsheviks and the Nazis at the same time. Why? Because the racist Roosevelt and his political cohorts—organized around the American Euthanasia Society and the American Museum of Natural History in New York—believed that through the Bolshevik Revolution, communism would be able to destroy Judeo-Christian culture and impose a romantic New Age philosophy in its place.

As LaRouche notes in his “Theory of the Satanist Personality” (published in the recently issued *EIR* Special Report “Satanism: crime wave of the ‘90s”) the romantics “are the gateway from existentialist irrationalism into satanism,” of which composer Richard Wagner “is among the best examples. . . . Wagner was introduced to satanism as young Karl Marx was, as a recruit into the orbit of Giuseppe Mazzini’s ‘Young Europe.’ During the period of 1848-49, Wagner was a Mazzinian bomb-thrower, in the circle of fellow-satanist and Mazzinian bomb-thrower Nikolai Bakunin. Bakunin later became an enthusiastic apologist for Wagner’s musical standpoint, as one committed to destroy, especially, the Ludwig van Beethoven whom Wagner hated.”

Samael Aúñ Weor boasts of being more communist than the Soviets: “Social equality, the classless society to which the fanatics of the U.S.S.R. aspire, is impossible as long as the psychological ‘I’ exists. Classless society was first preached by the early fathers of the primitive Christian gnostic church and only the saints could truly have a classless society. Saints are those who have dissolved the psychological ‘I.’ No human being could be a saint until that which we call my family, my name, my nobility, my royalty, my nation, my money is dissolved,” says Aúñ Weor in his book *The Social Transformation of Society*.

The *30 Giorni* article concludes: “In 1990, the fragmented Universal Christian Gnostic Church celebrates its centennial. Communism, the gnostic movement of the masses, is drained of its historic impulse, but it does not appear that the neo-gnostic residue is ready to retire.”

East Germany enters a new era

A seven-party, non-communist coalition government is taking office in East Berlin.

On April 12, the East German Parliament voted in the first head of a non-communist government in 45 years. Prime Minister Lothar de Maiziere, the party chairman of the Christian Democrats, which came out strongest in the March 18 elections with 48% of the vote, leads a grand coalition that controls 301 out of 400 seats in the parliament.

The new government consists of the three parties (CDU, DSU, DA) of the conservative Alliance for Germany, the three parties of the Liberal Alliance (LDP, FDP, DFP), and the Social Democrats (SPD), the second-largest party which garnered 21% of the vote on March 18. The seven parties share in a cabinet of 23 ministries, of which the Alliance has 13, the SPD 7, the Liberals 3.

It took almost four weeks of hard bargaining after the March 18 elections before the coalition deal was sealed on April 11. Some issues in dispute between the CDU and the SPD have been set aside as "unresolved" in order to form the government without further delay. Prime Minister de Maiziere, for example, favors membership in the Atlantic Alliance, but his foreign minister, transition SPD chairman Markus Meckel (chairman Ibrahim Boehme resigned shortly after the elections) is opposed—he emphasizes Soviet security concerns.

The CDU also wants to dismantle the big, but inefficient state-run industrial and farm cooperatives, to create a potential for a strong sector of productive small- and mid-size firms. The SPD wants to keep the cooperatives and offer workers company shares.

This momentary freeze of disputes leaves room for potential conflicts which may break out when the respective sister parties of the CDU and SPD in West Germany enter the hot phase of the election campaign for "their" parliament on Dec. 7.

De Maiziere's CDU has, among others, the ministries of economics, transportation, agriculture, health, family, education; the SPD controls the ministries of foreign relations, labor, technology; the Liberals have the ministries of construction and justice; the DSU holds those of the interior and Third World affairs, and the DA has the defense ministry.

The new government has three domestic priorities: 1) building post-communist structures of a democratic government, reorganizing the entire administrative apparatus; 2) launching a program for rapid economic recovery; and 3) dismantling the remains of the old regime, and opening trials against former top communist functionaries, the state security police, and the judicial system.

At the same time, the best of the revolutionary spirit that helped to overthrow the SED party regime in October-November 1989 has to be preserved for the future. This spirit is something that the West does not yet have; it is a genuine property of the Germans in the East that they share with the East Europeans and the Chinese democracy movement. The West Germans—and this is true for the government, industry, and citizenry—did not encourage the revolution in the East, but accommodated to it.

The degenerative aspects of Western liberalism—like pornography and

drug abuse—are strongly opposed in the East, and there is a good potential, if the East Germans can predominate in their views, for moral repair of the society in the West.

This also holds for economic policy. The East Germans want decent homes like their brothers and sisters in the West, and they want the investments of West German construction firms, but they don't want the real-estate speculation that is driving land prices sky-high in West German cities.

A sensitive issue will be how the two German governments shall deal with the Soviet Union, which still has 380,000 soldiers occupying East German territory. The stationing of the troops demonstrates the Soviet interest in full access to East Germany's economic potential, especially in the machinery and spare parts sectors.

This delicate issue was discussed in a Bonn meeting April 9 between Stepan Sitaryan, the Soviet vice premier, and Helmut Haussmann, the West German minister of economics. Sitaryan reiterated the Soviet view that Bonn has to give guarantees to Moscow that deliveries of machinery and spare parts from East Germany to the Soviet Union are maintained at the level defined by existing contracts. These contracts were signed, however, by East Germany's previous communist regimes, and it remains to be seen how many of these can be kept in the future.

The next session of the joint West German-Soviet commission on economic cooperation will take place in Moscow on May 21. But since the next summit between Bush and Gorbachov takes place only days later, it is not certain whether these talks will be productive. Getting away with its sabre-rattling against Lithuania, Moscow may be tempted to intensify the pressure on the Germans.

CIA's ties to drug runners exposed

A top CIA asset is under investigation for his role in murdering U.S. anti-drug operative Enrique Camarena.

In one of its rare truthful articles, the *New York Times* on March 25 revealed that the U.S. Central Intelligence Agency maintained close ties with José Antonio Zorrilla Pérez, the former director of Mexico's Federal Security Agency (DFS) from 1982-85, who is currently imprisoned for his role in protecting that country's drug czars and for ordering the 1984 assassination of prominent journalist Manuel Buendía.

The most striking aspect of the article is that it mentioned, for the first time in any U.S. press, that Zorrilla is being investigated for his possible participation in the drug mob's assassination of U.S. Drug Enforcement Administration agent Enrique Camarena.

According to the article by Jeff Gerth, federal officials in the United States told him that Zorrilla "was now under investigation by the Los Angeles grand jury which is investigating Mr. Camarena's kidnaping and murder." Until now, Zorrilla has never been mentioned in connection with the Camarena affair. In fact, only *EIR* has dared to suggest that Zorrilla was being protected by the CIA from exposure for his involvement, because of the numerous "dirty tricks" he has done for them in Mexico and Central America, particularly in support of the Nicaraguan Contras.

The *New York Times* confirmed *EIR*'s assertions, citing "a 1987 Drug Enforcement Administration report on the Camarena case [which] indicates that Miguel Angel Félix Gallardo, described in the indictment as a top drug trafficker and principal in the kidnaping, supported the CIA-backed

Nicaraguan Contras by smuggling arms and providing them money."

The DEA report has not, however, been released to the public, which suggests that Zorrilla, in fact, did maintain a connection to the CIA, to the international drug trade, and to the Contras. During Zorrilla's ongoing trial in Mexico City, it was confirmed that the former security chief protected Félix Gallardo's criminal activities. Félix Gallardo is considered the main partner of the Colombian cocaine cartels in Mexico, charged with cocaine distribution inside the United States.

Despite these known relations between Zorrilla and Mexico's leading drug chieftains, the CIA office in Mexico maintained a surprising collaboration with Zorrilla even as Mexican political and police circles distanced themselves. Gerth reports that former DEA director Francis Mullen encountered one of the most disagreeable surprises of his life when "he sought information on the Camarena killing" and "was angered that the local CIA station chief in Mexico City took him to see the chief of the unit, José Antonio Zorrilla, 'who might be involved in the whole thing—his guys were actually involved.'"

The reports published by the *Times* reinforce the hypothesis that Camarena was assassinated because he had discovered that both Mexican and Colombian drug traffickers were involved in support operations for the Contras that had been approved by the White House, Lt. Col. Oliver North, and the CIA.

In light of these latest revelations, it would appear appropriate to call the

former CIA station chief of Mexico City who worked with Zorrilla, to appear before the Los Angeles grand jury pursuing the Camarena investigation.

Another key element which helps to confirm this hypothesis can be found in a report submitted in December 1988 by the narcotics subcommittee of the U.S. Senate, headed by John Kerry (D-Mass.). The report contains several explosive revelations, including that Honduran drug trafficker Juan Ramón Matta Ballesteros received financing from the Office of Humanitarian Assistance of the U.S. State Department, to provide logistical support to the Contras. Matta received the money through his private airline, SETCO, headquartered in Honduras. SETCO'S employment by the U.S. government was approved by then-U.S. Ambassador to Honduras John Negroponte, who conveniently ignored the fact that since at least 1983, the U.S. Customs Service considered Matta to be "a class I [drug] violator," as the *Times* itself reveals.

If the evaluations by his own customs service were not sufficient evidence, Negroponte might have bothered to scan the Mexican press during the days following the Camarena assassination, which published statements from various DEA spokesmen in Mexico and Washington describing Matta as the man believed to be behind the Camarena murder. During 1984 and 1985, Matta worked in Mexico as the liaison between Félix Gallardo's gang and that of the Colombian cocaine cartel of Pablo Escobar and Jorge Ochoa, whom he represented inside Mexico. Upon learning of the Camarena assassination, the DEA requested Matta's capture by Mexican authorities, but he managed to escape the country—the result of complicity between Mexican and U.S. officials.

Narcos' demands terrorize Colombia

Close to winning on extradition, the "Extraditables" now say legalization is their most important concern.

For our military-political organization, the problem of extradition has become of secondary importance," said the latest communiqué released on April 7 by the so-called Extraditables, the narco-terrorist organization led by drug kingpin Pablo Escobar Gaviria.

The communiqué was issued after President Virgilio Barco promised from Europe that if Pablo Escobar or other traffickers surrender, his government would not extradite them.

With that, the narcos decided they had sufficiently terrorized the country to issue new demands. Assassins hired by the mafia had killed the presidential candidate of the Patriotic Union party and two other political leaders, and kidnaped the Antioquia state campaign manager of Liberal Party presidential candidate César Gaviria, all in less than two weeks. They also attacked the police of Medellín. On April 3, ten policemen were killed in the city, and more killings followed.

The Bush administration's ambassador, Thomas MacNamara, joined the attack on extradition. "Let me repeat what I have said many times in Colombia: Extradition is a useful tool with a strong foundation in the international law. However, it is not the long-term solution for the problems of Colombia's justice system," he stated on April 7.

Most of Colombia's major political figures have reacted by fearfully softening their line on the drug traffickers. Proposals range from pardon to peace treaties and international verification commissions for "verifying" pacts with these killers. In each case,

the first step of the proposals is the suspension of extradition.

The kidnaping of Sen. Federico Estrada Vélez in Medellín on April 3 exemplifies how Colombia's political system is being destroyed by the same kind of systematic terror which castrated the judicial system.

Estrada, Gaviria's campaign manager in Antioquia (the state which includes the cartel's center, Medellín) was kidnaped just after he issued a statement opposing ongoing negotiations between the Extraditables and the so-called "Notables," led by former President Alfonso López Michelsen. Estrada was released three days later, but immediately called on the government to stop its war against trafficking.

Juan Gómez Martínez, Medellín's pro-narco mayor, announced that he had contacted the Extraditables to negotiate Estrada's release. Gómez Martínez, who has repeatedly urged the government to hold dialogue with the narcos, called Estrada's release an example of how negotiations are better than war.

The Social Conservative Party's presidential candidate, Rodrigo Lloreda Caicedo, then issued an elaborate proposal for how "Colombia should force through and initiate internationally the legalization of cocaine." He went so far as to propose an international commission be established to verify agreements with the drug traffickers and the "surrender" of the drug lords.

Alvaro Gómez Hurtado, a dissident Conservative Party presidential candidate, proposed April 9 to pardon the traffickers as part of a universal

legalization of drugs. "You can talk to them. Ask them what they want and see what can be given to them," he said.

Military officers replied to the chorus that extradition should end, by reminding the politicians that there will be no justice system as long as the drug mafia is not defeated.

"Nobody in Colombia dares to accuse a drug trafficker. Nobody reaffirms before a judge what they have previously said to the military authorities or the police," said Gen. Harold Bedoya Pizarro, commander of the Fourth Brigade, headquartered in Medellín.

"The potential witness knows that he does not face a hired assassin or a drug trafficker, but an entire criminal organization. No witness dares to declare before a judge when his or her denunciation could cause his or her own death."

Every judge who has attempted to indict Pablo Escobar for his crimes of mass murder and assassination is dead or in hiding outside the country—an indication that the criminal organization must be destroyed in order to have a "solution to Colombian justice system."

Military and police have continued the fight, despite the wavering. On April 7, police announced the capture of Jairo Rodrigo Rodríguez, who is the successor of the late cocaine czar Gonzalo Rodríguez Gacha, who is wanted for extradition. On April 8, police in Medellín captured eight hired assassins who had killed 18 policemen the previous week.

On April 7—the same day the U.S. ambassador was insisting extradition must become a thing of the past—President Barco reversed himself. "The government has not, and will not, suspend extraditions to Europe and the United States," he stated.

Holocaust still active issue in U.S.

Try what he may, Bush cannot rid himself of the albatross of the U.S. massacre in Panama.

More than 100 days have passed since President George Bush ordered his attack against Panama last Dec. 20. In the first flush of an easy victory over a country about the size of Delaware which has an army smaller than the New York City Police Department, the President's popularity rating zoomed. But now that the euphoria has passed, Americans are beginning to wonder if the capture of one man, Gen. Manuel Noriega, an ally of the U.S. war on drugs whom the government now alleges is a drug trafficker, was worth the cost of destroying Panama.

Despite Bush's desire to put Panama behind him and the Establishment media's complicity in covering up what really happened, U.S. citizens are anxious to learn the truth.

This was evident on April 5 when an overflow audience of 1,600 people—twice what organizers expected—crowded New York's Town Hall for "Voices from Panama," a forum organized by the Independent Commission of Inquiry on the Invasion. Hundreds more, unable to enter the packed hall, listened to the meeting on loudspeakers outside.

Olga Mejia, president of Panama's National Commission on Human Rights who traveled from Panama to participate in the event, moved many to tears as she described how "people, running away from the fires and the bombs, were machined-gunned by U.S. troops."

Mejia said that the Red Cross was not allowed to pick up the wounded and the dead. Many cadavers were thrown into the sea, while others were incinerated with chemicals or buried in mass graves. "This crime should

never be repeated," she said, comparing the wanton killing with Lidice, the Czechoslovakian village that was destroyed by the Nazis in retaliation for Czech resistance actions.

Legislator Mario Rognoni said he had come to help bring democracy to the U.S. Democracy depends on people being informed of the truth, and you certainly have not been given the truth by the media, he said.

"We used to have one view of the U.S. Army," Rognoni said, "now we have another." The invading troops behaved like "looters, thieves, and mercenaries. . . . They went into homes and stole the jewelry and the silverware," he said. "I saw a soldier who was so afraid that he was pointing a machine-gun at a 4-year-old girl." Rognoni said the issue was never Noriega, but the deliberate destruction of the Panamanian Defense Forces, because they had become "too nationalistic and too independent."

Attorney Graciela Dixon, who represents the war refugees, described the concentration camp conditions under which the refugees are being kept. They are only provided two meals a day, they need permission to use toilet facilities, and they are not allowed visitors without the written consent of Gen. Marc Cisneros, head of U.S. Army South. Alberto Barrows, of the Black Panamanian Congress, said that most of the victims of the invasion were non-white and that the great majority of the war refugees are black. Only 5% of Panama's total population is white, he said, yet the U.S.-installed government is almost completely white. The U.S. "has reestablished a system of apartheid in Panama," said

Barrows.

Hector Aleman, head of Panama's 100,000 member Public Workers Union (FENASEP), said that 12,000 state employees have been fired since the invasion "for the crime of fulfilling their constitutional obligation of taking up arms to defend their country." He said that 55% of the work force in the city of Colón and at least one-third of the labor force in Panama City and the rest of the country is currently unemployed. Edilma Icaza, a Kuna Indian, said that she, her husband, daughter, and her son have all lost their jobs because they supported the former government. She said that Panamanians put up a courageous resistance, but were overwhelmed by a massive force armed with sophisticated weapons. Those included the Stealth F-117 fighter which was employed, for the first time ever, against Panama.

Dean Cecilio Simon, of the University of Panama's School of Public Administration, the first black ever to be elected as a dean of the University, said that Bush has installed a "narcology" and a military dictatorship as the new government. Most senior officials, including the Chief Justice of the Supreme Court, are tied to drug money-laundering banks. Even elected officials, he said, require a pass from U.S. General Cisneros to travel across Panama.

"The people of the U.S. have a moral obligation to demand as thorough an account of the deaths as possible," said former U.S. Attorney General Ramsey Clark. "Doesn't anyone care how many people died in Panama?"

To judge by the audience at Town Hall, the American people do. Not so the media. Not one television station or one newspaper, including the "newspaper of record," the *New York Times*, saw fit to print a single word about the event.

An Amazon trusteeship

The condominium is using a pincer movement to trap the Collor government into delivering up the Amazon.

The immense international pressures that the Anglo-American-Soviet condominium has wielded for the past year and a half in an attempt to limit Brazilian sovereignty over the Amazon region and to secure control over its immense natural reserves, has resulted in the naming of José Lutzemberger as secretary of the environment, and José Goldemberg as secretary of science and technology, to the newly inaugurated government of President Fernando Collor de Mello.

In his recent international tour as President-elect, Collor experienced firsthand how the countries of the Northern Hemisphere—especially the United States, England, and the Soviet Union—insisted on a supposed concern for preserving the environment as the centerpiece of their relations with Brazil. That “concern” cloaks their real demand, that Brazil become a minor partner—within the U.S. orbit, of course—of the condominium, which seeks to sustain the superpowers in their position of decadent world supremacy. It was with no other intention but this that President George Bush sent a personal message—through incoming president Collor de Mello—to his Soviet counterpart.

During the European portion of his tour, Collor was most aggressively met by Britain’s Prince Charles, who called the Amazon situation “a terrible model of collective genocide.” Various environmentalist groups under the control of the British royal house conducted noisy demonstrations against Brazil in London. The pressure

worked: Prince Charles and his consort Diana will be visiting the Amazon soon as Collor’s invited guests.

Much worse, however, was the naming of Lutzemberger to the environmental post. Lutzemberger openly displays his hostility to Brazilian national sovereignty as a faithful agent of the Anglo-American oligarchy. He also does not hide his mental disturbance stemming from his affiliation to the pagan cults of Mother Earth Gaia. For Lutzemberger, the Amazon region is not merely a part of Brazil, but “she is of the entire planet, a vital organ of the living being known as Gaia, who is the Earth.”

Lutzemberger defends the idea of swapping foreign debt for conservation projects in the Amazon jungle, a concept related to his close ties to Brazil Network, which in turn coordinates all ecologist actions against the country. Lutzemberger’s most intimate ties to the networks of Anglo-American intelligence are through Scotland’s Findhorn Foundation, a think tank which churns out the deeply anti-Christian philosophical and theological treatises upon which all environmentalist organizations operate. The Gaia Foundation, of which Lutzemberger is president inside Brazil, is a direct offshoot of the Findhorn Foundation, whose financial resources are provided by such foundations as the Rockefeller Foundation and the satanic Lucis Trust (formerly the Lucifer Trust).

The “Gaia” hypothesis of Briton James Lovelock identifies humanity as a perverse virus which could be

eradicated at any moment. The defenders of Gaia explicitly oppose the development of science and technology, promoting instead a return to “natural agriculture,” without the “contamination” of human creation.

The appointment of physicist Goldemberg to the cabinet is equally indicative of the influence of the U.S.-Soviet condominium within sectors of the Brazilian government. During his visit to the Soviet National Academy of Science, Collor was surprised by the lavish praise of Goldemberg he was treated to, especially from academy vice president Yevgeny Velikhov, an adviser to Mikhail Gorbachov in matters of non-proliferation and disarmament.

It was through Velikhov’s intervention that Goldemberg was made a member of the board of the International Fund for the Survival and Development of Humanity, founded in Moscow in 1989. Goldemberg later participated in Moscow’s Global Forum on human survival, which shares its financing with Greenpeace.

Lest there be any doubts as to what the perestroika policy toward Ibero-America is, we cite V.V. Volski, director of Latin American Affairs for the Soviet Academy of Sciences: “The U.S.S.R. supports the idea of the ecological security of the planet and . . . is ready to join forces in the fight to protect the environment. . . . Even in Brazil, where previously the future of the Amazon jungles was considered an internal matter, can be heard a growing chorus in support of a coordinated international effort to save the ‘lungs of the world.’ ”

If President Collor appointed Goldemberg and Lutzemberger to quiet international pressures, he may in fact have let the fox into the henhouse. Meanwhile, the condominium advances in its efforts to establish a trusteeship over the Amazon.

International Intelligence

Israeli demonstrators fed up with political crisis

The largest demonstration in Israel in eight years took place in Tel Aviv on April 7, demanding an end to the political paralysis gripping the country. Up to 100,000 people, the biggest turnout since the protests against the Israeli invasion of Lebanon in 1982, demanded reform to permit direct popular election of the prime minister.

The country has been in crisis since the Labor-Likud coalition dissolved in March, with a procession of backroom deals aimed at establishing a new government scandalizing the country. Israel has been subjected to a process in which tiny religious parties have demanded large government grants to their sectarian schools and other projects in exchange for political support. One splinter faction, in exchange for its votes, demanded that the Likud bloc guarantee the terms of the pact with a \$2.5 million bank note.

The demonstration included broad representation from various political factions, and was sparked by a hunger strike undertaken by two Army veterans outside the Knesset (Parliament) building 10 days before. Since then, the number of hunger strikers has swelled to the dozens, and 70,000 Israelis have signed petitions supporting the reform.

Euro-Parliament votes appeasement on Lithuania

The European Parliament on April 5 passed a resolution on Lithuania which follows the "Neville Chamberlain" appeasement line of George Bush and Margaret Thatcher. Acknowledging the March 11 decision of the Lithuanian Parliament to declare independence, the reaction of the Soviet leadership to this, and the movement of Soviet troops in Lithuania, the statement "reaffirms that the right to self-determination in Europe must not lead to a renaissance of nationalism."

It then "invites the Soviet authorities, as

well as those of the Republic of Lithuania, to open a process of constructive dialogue," in the context of the Helsinki Accords and in view of the upcoming Helsinki II conference.

This is only the latest indication of the rotten record of Europe, with the partial exception of Denmark, on the Lithuania question. While the most egregious case is Mrs. Thatcher's Britain, not one European government has recognized free Lithuania.

'Sophisticated KGB operation' in Lithuania

Former British Foreign Secretary Dr. David Owen says that a "sophisticated KGB operation" is unfolding in Lithuania, and takes Prime Minister Margaret Thatcher to task for backing up Gorbachov at all costs. In a commentary published in the *Daily Express* of London on April 6, Owen, a Social Democrat, points out that Mikhail Gorbachov himself is a KGB product, who "did not arrive suddenly out of nowhere in Britain at the end of 1984 as 'someone we could do business with.'"

Gorbachov is out to increase the power of a "KGB-dominated oligarchy" in the Soviet Union, Owen states. "Mr. Gorbachov is a product of a serious power elite in Moscow that had its origins in the international section of the KGB in the late 1970s. That KGB elite took power in November 1982 when Yuri Andropov, head of the KGB for 15 years, became General Secretary. . . .

"Installed as President with all his new executive powers, the KGB has in Gorbachov a far more effective vehicle for control than ever the Communist Party provided with its cumbersome Politburo decision-making."

According to Owen, "What we have witnessed in Moscow over the last decade is a transfer of power from the Communist Party under Brezhnev to the KGB. Gorbachov is now the most important player, but he is part of the deliberate strategy of managed dissent and managed democracy as the tools for achieving and holding power. It is not power for the people but power for a

KGB-dominated oligarchy.

"We are witnessing in Lithuania the start of a reassertion of centralized discipline. . . . The Soviet occupation of Lithuania is illegal. It is a Hitler-Stalin war crime."

French conclude deal to free hostages

Three European hostages held by radical Palestinians were freed in Muslim West Beirut on April 10, in exchange for French Mirage jets. Witnesses said the Fatah Revolutionary Council (FRC) handed Frenchwoman Jacqueline Valente, 31, her Belgian boyfriend Fernand Houtekins, 42, and their baby daughter Sophie to officials at the French embassy.

The FRC, led by Abu Nidal, who is termed by the United States one of the world's most wanted men, said the previous week that the three captives would be freed in response to an appeal by Libyan leader Muammar Qaddafi, and after fruitful contacts with the French government.

Palestinian sources in Beirut told Reuters that the hostages were freed as part of a deal between France and Libya which involved Paris supplying Libya with three Mirage war planes. The delivery of the planes was a breach of a 1986 European Community embargo. "Their release is part of the war planes deal," a senior Palestinian source said.

In Paris, the Foreign Ministry said that "this happy event is the outcome of the April 4 appeal and efforts of Colonel Qaddafi."

Soviets, Arafat see war coming in Mideast

In an interview published in the Italian daily *Il Giornale* on April 3, Soviet First Deputy Minister for Foreign Affairs Yuli Vorontsov said that the risk of a new conflict in the Middle East is "not very far away and could

Briefly

be a new kind of war. In that region the weapons have changed dangerously: missiles, nuclear means."

Vorontsov said that accusations that Iraq has nuclear bombs are false, but that Israel does have them. Vorontsov identified the big inflow of Soviet Jews into the West Bank as a danger. "We are against that, and . . . if Israel insists, it can go as far as provoking a military conflict. . . . It is clearly a plan, and the other element of the plan is a confrontation with the Arabs."

The following day, Palestine Liberation Organization chief Yasser Arafat, in an interview published in the Italian newspaper *Avvenire*, charged even more specifically that Israel is planning a new war. "They rejected all the peace initiatives," he said, "Resolution 161 of the U.N.O., the Palestinians' initiative, the French-Soviet one, the Egyptian 10-point one, and even the Baker plan. What other possibilities are there? They are increasing their military power in all fields: They have 200 nuclear bombs, besides chemical and conventional weapons."

Arafat also spoke of the danger represented by the inflow of 300,000 Russian Jews every year into the occupied territories. At this rate, he said, by the year 2000, some 3 million Jews will have entered Israel, especially from the U.S.S.R., the Eastern European countries, and Ethiopia. "This corresponds to the Greater Israel plan, as it appears on the 10 agorot coin, minted in Israel in 1989," he said. On that coin, Israel is shown according to an ancient map that includes most of Lebanon, Syria, and Iraq, a part of Egypt, and all of Jordan.

Marshal Ogarkov opposes German reunification

Marshal Nikolai Ogarkov, the most influential of Soviet strategic planners, declared himself to be not "indifferent" to events taking place in Germany, in an interview published on the front page of the Soviet military daily *Krasnaya Zvezda* during the first week of April.

Adopting a high public profile in his new capacity as chairman of the Soviet All-Union Council of Veterans of War, Labor, and the Armed Forces, Ogarkov spoke about "the social and political power of the veterans' movement." The "tens of millions" of veterans, he said, are the people in the Soviet Union "with a clear position . . . guardians and bearers of the revolutionary, combat and labor traditions of the Soviet people."

Talking about the political activation of veterans around the upcoming 45th anniversary of VE Day, Ogarkov stressed that "we veterans, and all Soviet people, are far from indifferent to the processes taking place today in Europe, especially in the German states."

On March 3, *Krasnaya Zvezda* had printed a tirade from the veterans' council, opposing German reunification as an attempt to build a "German Europe" instead of a "Common European Home," as Gorbachov wants.

Iraq denies intent to use chemical weapons

The government of Iraq on April 9 said that it was expelling an American diplomat, in a further sign of worsening relations with the West, but tried to counter Israeli fears that it would attack Israel with chemical weapons.

The official Iraqi news agency INA said Baghdad was expelling the unidentified U.S. diplomat in retaliation for Washington's expulsion of an Iraqi diplomat based at the United Nations the week before.

INA quoted President Saddam Hussein as saying that his country's intentions were peaceful and that his threat to burn half of Israel with chemical weapons was in response to Israeli threats. "Any weapon we possess . . . would not be used but for self-defense. . . . Peace is a fixed slogan in our policy and in our program," he was quoted.

Egyptian President Hosni Mubarak, the main bridge between the Arabs, Israel, and the West, met with Saddam Hussein in Baghdad two days before, in a bid to calm Middle East tensions.

● **LECH WALES**A announced he would run for the office of Polish President, and an aide said the Solidarnosc leader was ready to force President Wojciech Jaruzelski to resign. Asked by the official news agency PAP to comment on a statement by one of his senior collaborators that he wanted to replace Jaruzelski soon, Walesa said, "I confirm."

● **THAI AND BURMESE** government officials on April 9 signed an agreement to establish a regional border committee to coordinate security along their 2,000-kilometer border.

● **BRITISH** Foreign Secretary Douglas Hurd called himself a successor of Viscount Castlereagh, in an interview with the *Independent* April 4. Hurd, who is being mooted as a successor to Margaret Thatcher, said that after the defeat of Napoleon, Castlereagh "had to put together a Concert of Europe, as we are now putting together a Concert of Europe. . . . We have to find a way of creating European structures which don't humiliate Gorbachov. Just as Castlereagh had to do it in a way which didn't humiliate the French."

● **SOUTH KOREA** on April 4 announced its formal agreement to the U.S. plan to cut 7,000 of the 43,000 U.S. troops stationed there by 1993. The defense ministry said the troops would be withdrawn in 1990-93, and that then the two countries will review the situation to decide whether to make more cuts in 1994-95.

● **ALGIS CEKUOTIS**, foreign affairs adviser to Lithuanian President Landsbergis, said recently that British government fears that Gorbachov might be toppled by a "hardliner" if it recognizes Lithuania show a lack of understanding of the situation in the Soviet Union. "There is no need to remove Gorbachov, because a hardliner is already at the wheel of the country."

Appeasement emboldens Moscow into new strategic offensive

by Kathleen Klenetsky

George Bush's outrageous aping of Neville Chamberlain's appeasement of Adolf Hitler in his relations with the Soviet Union, especially in his handling of the Lithuanian crisis, is producing precisely those consequences of which *EIR* has warned: Moscow's imperial rulers are demanding bigger concessions, and Bush is giving in. Moscow is returning to the strategic offensive, because of Bush's capitulation to the Soviets on Lithuania.

That is the only conclusion that can sensibly be drawn from the developments surrounding the three days of meetings which Soviet Foreign Minister Eduard Shevardnadze conducted with President Bush and Secretary of State James Baker in Washington early in April.

The round of meetings were supposed to produce further agreements on arms control and other issues, which would then be formalized at the upcoming Bush-Gorbachov summit. Instead, they demonstrated that Bush is so desperate to maintain the fiction of cozy U.S.-Soviet relations, that he is willing to pay any price and suffer any humiliation. They further demonstrate that the Soviets realize this and are playing the "Bush card" to advance their own strategic gameplan.

The decision to go ahead with the summit underscored Bush's subservience to Moscow. As the *Washington Post* noted in its April 8 lead editorial: "The President had the choice of slowing summit preparations until Soviet policy in Lithuania had passed the test of American conscience and opinion. Instead, he decided to keep up the superpower momentum and to forge ahead with a Washington summit, starting on May 30, and even to advance it a few weeks. . . . In other words, he apparently did not make the early summit meeting contingent on the outcome of the Soviets' power squeeze on Lithuania."

The meetings with Shevardnadze went so badly, that both

Baker and White House spokesman Marlin Fitzwater had to admit they were a "disappointment"—strong language for the rarified atmosphere of international diplomacy!

The "disappointment"—i.e., major setback—stemmed from the fact that the Soviets have suddenly adopted harder positions on the key arms-control issues which were supposed to have been on the verge of final resolution. Thus, where Bush had been expecting to come out of the summit with a much-needed political plum, i.e., a treaty on strategic missiles and/or conventional forces in Europe, he instead is facing the prospect of getting no agreement, or having to offer massive new concessions.

The Soviets have "tried to walk away from virtually all of the previous momentum in [troop talks] and other negotiations," a senior U.S. official told the April 9 *Washington Times*. This is indeed the case: In the two weeks preceding Shevardnadze's arrival in Washington, the Soviets pulled the rug out from underneath every arms control agreement touted as a Bush administration success.

- In the Conventional Forces in Europe talks, the Soviets reversed a previous agreement reached in Ottawa in February, under which the Central European troop deployment of each side would be limited to 195,000 while the United States would be allowed to deploy an additional 30,000 troops in Britain, Italy, Greece, and Turkey. In early April, Soviet negotiators announced that Moscow no longer agrees with the Ottawa formula, unless troop limits are placed on European nations, especially Germany, as well as the U.S. The Soviets have also explicitly linked the Vienna negotiations to the outcome of the talks on German reunification.

- The Soviets have made new demands in the Strategic Arms Limitation II talks, reopening the issue of limitations on sea- and air-launched cruise missiles which Baker thought

he had settled during his Feb. 7-9 trip to Moscow. Apparently, the Soviets are now saying that the previously announced agreement on the cruise missile issue no longer holds—throwing the future of START II open once again.

- Gorbachov, in a letter delivered by Shevardnadze, reportedly rejected a proposal by Bush to ban land-based multiple-warhead missiles, and instead demanded that any ban on MIRVed missiles should include sea-based missiles, in addition to those deployed on land. Sea-based missiles are a crucial component of the American nuclear deterrent.

- Moscow rejected a U.S. offer to bridge differences on the “Open Skies” surveillance flights program.

- The Soviets have been blatantly cheating on the Intermediate-range Nuclear Forces Treaty. Moscow transferred SS-23 missiles—banned by the INF accord—to three Eastern European allies; when questioned about it in Washington, Shevardnadze claimed neither he nor Gorbachov had been aware of the transfer—an incredible statement, which the administration nevertheless appears intent on swallowing.

The administration has been at pains to minimize the significance of the Soviet shift in negotiating position, but even so, it has been forced to concede that things have become very rocky. Bush spokesman Fitzwater admitted at the April 9 White House briefing that the prospects of an arms-control treaty by the summit are extremely dubious. Asked if an arms control treaty was “do-able” by the time of the summit, Fitzwater reiterated that “there are great questions” about it now, and “it is an open question if all the major points can be resolved.”

Bush is the desperate one

Despite these setbacks, Bush is rushing ahead as if nothing has happened. Why is he scrambling so to make nice to Moscow, when Moscow is now giving him one slap in the face after another? Contrary to the conventional wisdom that Bush is trying to prop up Gorbachov, the reverse holds true: Bush needs the appearance of successful U.S.-Soviet relations in order to prop *himself* up.

In a statement issued April 10, U.S. congressional candidate Lyndon H. LaRouche, an especially acute observer of global strategic developments, attributed Bush’s groveling before Moscow to the U.S. internal economic crisis. Bush has been thrown into desperate straits by the economy’s galloping collapse. To get himself through next November’s elections, he needs to hold out the prospect that there are massive future profits to be made in the Soviet market—even if these profits never materialize.

The change in the Soviet arms-control negotiating position, and Bush’s rush to the summit, makes it look as though Bush is desperate, said LaRouche. “Well, there’s every indication to see that George is completely desperate. On the one hand, he’s following a completely Kissinger policy. . . . At the same time, we see that not only is Moscow in an economically desperate situation, but Mr. Bush is in an eco-

nomically desperate situation. . . . So George, who doesn’t care about next year, but only about tomorrow, seems to be rushing into agreements with Moscow for the purpose of getting Moscow to sign its name to economic concessions which won’t pay off earlier than five years from now, but which George and company might make appear as a new kind of international junk bond to try to prop up investments in the New York financial markets. That’s what it appears to be. And certainly, it’s as least as bad as that.”

The United States has indicated that it wants observer status at the General Agreements on Tariffs and Trade talks for the Soviets; it is expected that the summit will produce agreement to rescind the Jackson-Vanik amendment and grant the Soviets Most Favored Nation trade status. Meanwhile, Pepsico is trying to give substance to the illusion that East-West trade means prosperity for the U.S., with its announcement immediately after the Shevardnadze visit that it has struck a \$3 billion deal to exchange Pepsi products for Soviet ships and vodka.

A key indicator of Bush’s desperation was his push to advance the summit date. It was expected that it would take place in late June and that Gorbachov would probably spend a few days, at least, at the Bush family compound in Kennebunkport, Maine, to further the image of U.S.-Soviet friendliness. The meeting has now been scheduled for May 30 through June 3—ending on the eve of the anniversary of the Tiananmen Square slaughter in Communist China—and, according to Soviet spokesmen, will be strictly business.

LaRouche predicted that the summit will produce an agreement on Lithuania and related issues modeled on the agreement struck at the Congress of Vienna in 1815. “What Bush is doing to Lithuania is the same thing that the Congress of Vienna did to Poland,” LaRouche warned. “Poland was kept in slavery primarily to the Russians for about a century” as a result of the Congress of Vienna. “That’s what George Bush is doing to Lithuania. He’s also doing to Lithuania what Neville Chamberlain did to Czechoslovakia in 1938.”

The Bush administration has produced plenty of evidence to prove LaRouche’s charge. While Shevardnadze was in Washington to discuss arms control, he also indicated the Soviets have no intention of moderating their campaign of terror and intimidation against Lithuania. Shevardnadze stated that Lithuania is a “domestic affair of the Soviet Union,” and if Moscow decides to use violence to ensure “public order,” this should constitute “no basis for a deterioration in Soviet-U.S. relations.”

Bush officials’ wimpish protests that they will take “seriously” a Soviet crackdown in Lithuania came as though that is not already taking place.

Bush responded to Moscow’s humiliating treatment by giving gushing praise of Gorbachov. Bush called Gorbachov a “remarkable” reformer, and praised his record of “encouraging . . . the peaceful evolution of democratic change in Eastern Europe.”

Soviets, U.S. map attack on free speech

by Leo F. Scanlon

Parallel laws passed by the top legislatures in Washington and Moscow in April foreshadow an attack on free speech and a desperate effort to silence resistance against the policies of the condominium partners. In both countries, the laws bear the dubious title of "Hate Crimes" acts, and serve to criminalize broad categories of speech deemed "offensive" to one or another constituency. In the Soviet Union, the law is clearly aimed at insurgent nationalities; in its U.S. guise, the law is the spearhead of a complex of state and federal statutes which constitute an "Orwellian" attack on free speech, according to Supreme Court Justice Antonin Scalia.

The French daily *Le Figaro* reported that the Soviet legislature passed a bill which aims at preserving "territorial integrity" of the U.S.S.R. by strengthening punishment against any movement or group that undermines the "equality of ethnic and national rights" and that harms the "unity of the territory of the Soviet Union by force." According to the paper, the legislation also mandates that any group that appeals to "national hate" can be declared illegal. As *Figaro* comments, "with this law, it becomes possible to suspend all types of organizations. And why not the Baltic Popular Fronts?"

The French daily says that under the rubric of "protecting the interests of the Russians," the Soviets can invoke the law in various Soviet republics against groups of movements seen to be anti-Russian. It can be invoked in various ways, including by direct presidential decision. *Figaro* calls this the "most disturbing" of a series of laws that have been passed with the purpose of reinforcing "public order" against "nationalist" movements, but in such a way that the overt brutality of the April 9, 1989 bloody crackdown in Tbilisi, Georgia is avoided.

The Hate Crimes Statistics Act was passed by the U.S. House of Representatives within days of the Soviet act and will require the Justice Department to report the number of "crimes" stemming from bias based on race, religion, sexual orientation, or ethnicity. The bill has been bouncing around in the Congress since 1985, when it was first proposed by forces connected with the Anti-Defamation League of B'nai B'rith, an organized crime-linked outfit pretending to be a civil rights group. The ADL has orchestrated support for the

bill on the spurious contention that there is an increase of anti-Semitic incidents in the country—of the sort which the ADL itself has been caught instigating in the past, as a means of motivating its fundraising drives.

Prominent support for the bill has also come from the well-organized homosexual lobby, which hopes to criminalize the teaching of traditional, family-oriented notions of sexual behavior. The ADL has been at the forefront of legal efforts to outlaw expressions of religious belief which are considered "offensive" to atheists, pagans, and sodomites.

Statistical reporting to create 'race laws'

The ADL will now be in the center of a reorganization of the Uniform Crime Reporting program (UCR) by which the FBI collects and publishes national crime statistics, which in turn motivate various types of anti-crime legislation. "Hate Crimes" are a separate category, and will bring law enforcement powers to bear in any number of cultural and religious matters of conscience.

The FBI has been developing a substantial revision of the UCR since 1982, which is now complete. The new system, known as the National Incident-Based Reporting System, will collect information on a much wider variety of crimes and will catalogue the race, age, ethnicity, and gender of the victim and perpetrator. Now, isn't this handy: The ADL will get a free, *government-staffed, financed, and approved* set of statistics to use for fundraising!

The FBI's statistical procedures are consistent with the curious features of the 1990 Civil Rights Act which creates an "anti-discrimination" enforcement apparatus which is nothing less than a system of race laws—in no way different from the apartheid system, or the laws that define and control nationalities in the Russian empire.

Supreme Court attacks free speech

The effort to restrict speech is not limited to the cultural and religious dissent which is the real target of the Hate Crimes Act. A Supreme Court ruling on March 27 has given important support to laws that aim to shut down political debate in the United States. The Court upheld a Michigan statute that prohibits corporations from endorsing or supporting political candidates or their platforms. Justice Kennedy, dissenting from the ruling, pointed out that, "with the imprimatur of this Court, it is now a felony in Michigan for the Sierra Club, or the American Civil Liberties Union, or the Michigan State Chamber of Commerce, to advise the public how a candidate voted on issues of urgent concern to their members. In both practice and theory, the prohibition aims at the heart of political debate."

A Florida law, modeled on a statute passed by 20 state legislatures, defines an editorial endorsement of a candidate as "contribution in kind" to the campaign, thereby including press coverage in the spending limits otherwise imposed on political organizations.

Poindexter convicted; will truth about Irangate now come out?

by Herbert Quinde

Admiral John Poindexter, the former national security adviser to President Ronald Reagan was found guilty on April 7 on five felony charges stemming from the Iran-Contra scandal. The conviction decisively establishes that there was a broad conspiracy to cover up the worst debacle of the Reagan-Bush years. "High men in government office that have the responsibility for the national security of this nation ought not to be allowed to commit crimes to pursue their own self-interest," said chief prosecutor Dan Webb. The conviction has breathed life into Independent Counsel Judge Lawrence Walsh's investigation, which has been continuously obstructed by both the Bush administration and the U.S. Congress.

Leaks have already appeared in the national media to the effect that Judge Walsh is developing a list of new targets for perjury indictments. Walsh and his staff for the first time are systematically reviewing immunized testimony given to Congress by both Lt. Col. Oliver North and Admiral Poindexter, and are comparing it to the sworn testimony given by other members of the "Iranamok" administration. Because immunity was given by Congress to the two White House staffers, Walsh and his team of prosecutors were prevented from using the transcripts earlier, while North and Poindexter were still on trial.

Judge Walsh has the option of hauling North and Poindexter before a grand jury and compelling them to reveal whether other Iran-Contra players committed perjury before the Congress or in court testimony. If that happens, both Presidents Bush and Reagan would again be in the hot seat. This is no idle threat. National Public Radio and the *New York Times* have speculated that both Presidents may be targets. Pat Buchanan, the conservative ideologue and syndicated columnist, also sounds the alarm in the April 11 issue of the *Washington Times*. He writes, "Special Prosecutor Lawrence Walsh now wants to recall to the grand jury all Reagan officials connected to Iran-Contra, including the ex-security adviser to then Vice President Bush. Purpose: Produce for his Hill patrons a report that will document the depravity and sweep of the great conspiracy, and tar, if possible, the new President of the United States."

Those heading the target list for potential perjury indictments include U.S. Ambassador to South Korea Donald Gregg and former Assistant Secretary of State for Inter-American Affairs Elliott Abrams.

Ambassador Gregg is best known in Washington as "Bush's bodyguard of lies." Although Gregg was a career CIA official and served as Vice President Bush's national security adviser, he has maintained that he never told his boss anything that would confirm widespread speculation that Bush knew what North and Poindexter were up to, in diverting proceeds from Iranian arms-for-hostages deals to the Nicaraguan Contras. During his confirmation hearing before the Senate, prior to being shipped away from the clutches of congressional investigators and inquisitive journalists, Gregg put on two performances of outrageous lying which left some legislators commenting that he was seemingly incapable of shame. When one memorandum surfaced explicitly stating that the agenda of a meeting he had with Bush and another CIA operative was about "Contra" aid, Gregg blamed his secretary for mistyping what he said should have read "copter" aid.

Elliott Abrams, who is now at the American Enterprise Institute, a haven for social democratic moles who served the Reagan administration, was formally responsible for coordinating the Contra program through the Restricted Interagency Group (RIG), yet contends he knew nothing of North and Poindexter's illegal activities. The April 10 *New York Times* reports, "Mr. North testified at his trial last year that his activities were widely known within the Reagan Administration. The current prosecutors could be interested in questioning him about his discussions with the Restricted Interagency Group, a committee whose members included officials deeply involved in policy on Central America."

EIR's April 1987 Special Report, "Project Democracy: The 'Parallel Government' Behind the Iran-Contra Affair," documented that the "RIG was formed in 1981 by then-Assistant Secretary of State for Inter-American Affairs, and longtime CIA hand, Thomas Enders, to coordinate the Contra policy of regional wars in Central America. When Enders left his position at State, to become ambassador to Spain, the RIG chairmanship was given to . . . Elliott Abrams. . . . The RIG served to reconstitute a number of covert operations under Enders' 'old boy' network. This network had worked together for two decades, going back to the Phoenix program in Vietnam. RIG's membership . . . included: Duane Claridge, representing the covert operations division of the CIA; Nestor Sanchez, former CIA operative, representing the Defense Department's Latin American division; Vice Adm.

Arthur Moreau, representing the Joint Chiefs of Staff. Since 1983, Lt. Col. Oliver North was permanent member of RIG, representing both the NSC, and the FBI anti-terrorism sections assigned to him under Executive Order 12333."

The frameup of LaRouche

It comes as no surprise that Judge Walsh's target list includes senior government officials who played a role in the political frameup of Lyndon H. LaRouche and associates. Among other pieces of evidence, attorneys for LaRouche are in possession of a letter obtained through the Freedom of Information Act, written by Elliott Abrams to the FBI in 1984, attacking LaRouche's policies. Investigators established that Abrams was part of a network at the State Department which included Bureau of Intelligence and Research head Morton Abramowitz and others, who reported LaRouche's activities and policy influence with the Reagan administration to Leo Cherne, the vice chairman of the President's Foreign Intelligence Advisory Board and the godfather of Oliver North's "Project Democracy."

Donald Gregg was part of the "CIA cell" directed by Cherne and CIA director William Casey, which included Walter Raymond. Raymond is an expert in political dirty tricks, which is why Gregg had him brought to the White House from his career position at CIA, to run "public diplomacy" campaigns at the NSC in support of the covert agenda of Project Democracy's "parallel government." Court testimony in the LaRouche trials given by a former White House aide revealed that Raymond, along with other social democratic moles linked to the Anti-Defamation League working at the NSC, agitated to blacklist LaRouche and undermine his policy input in support of the Strategic Defense Initiative and the War on Drugs.

LaRouche's opposition to an unconstitutional "parallel government" that had seized the reins of power by the time of Reagan's second term, meant that he had to be silenced. LaRouche and associates were jailed in January 1989, for exposing the insanity of numerous Reagan-Bush foreign policy gambits which were the foreplay to the intimate relationship that has subsequently developed between Moscow and Washington. Among those foreign policy disasters was the selling of arms to the terrorist government of Ayatollah Khomeini, then using the profits to purchase weapons from the communist government of East Germany, which were used to arm the Contras.

The refusal of President Bush to release thousands of "LaRouche File" documents is a critical part of the coverup. The FBI, whose former director William Webster is now head of the CIA, has admitted to LaRouche's attorneys that at least 5,000 pages of the file have been withheld for "national security" reasons. It would seem that investigators for both the independent counsel and Congress would have an interest in having the documents released, if they want

to crack the Iran-Contra coverup.

LaRouche: Don't put the lid back on

The day of Poindexter's conviction, congressional candidate Lyndon LaRouche released a statement about the jury findings. He said, "I have just reviewed the initial reports on the conviction of Admiral Poindexter on the charges in his recent trial. My reaction to Poindexter's plight is, for understandable reasons, emotionally inert; and thus I can speak with a certain special kind of objectivity perhaps lacking in some other commentators.

"First of all, I regret deeply that the truth of Contragate did not emerge to the public in any of the trials so far. What went on in the back rooms, of course, I don't know; but the important thing is that the public, the U.S. citizens, finally be told the truth about what was behind the Iran-Contra scandal. That truth has not been served by this conviction, because those issues have not yet been addressed before the public, except as I and a few others attempted to present them.

"I am emotionally inert on the issue, because Poindexter and North were an integral part of the task force, a conspiracy in government, which was determined to have me set up for imprisonment. They were part of the accomplices and there was a conspiracy. Of course they weren't charged with that, but they were guilty of that. On what Poindexter was charged of, to the best of my knowledge, Poindexter was carrying out orders from above, and I'm not certain that the orders from above were those of President Ronald Reagan. There was another Enterprise involved, a larger Enterprise, which is somewhat independent of elected officials, and higher officials in that Enterprise had something to do with what Poindexter was doing, as well as with my present plight.

"So, I do not think the truth has yet come out. I wish Admiral Poindexter to receive justice, because everybody must receive justice, whether we like them or not; and I frankly don't like Admiral Poindexter, for good reasons, but he should still receive justice. I hope that he's given justice; but I fear that the sentencing of Admiral Poindexter, some weeks down the road, will be used as a pretext by some in Washington, to attempt to put the lid on the whole affair, and thus prevent from coming to the surface, the real truth about U.S. weapons traffic to Khomeini's Iran, beginning the period of the Carter administration. That truth has yet to be addressed; until it is, the lid should not be put on this legal process."

One source close to the Poindexter defense reports that the White House is confident the lid will be kept on: The admiral will keep his mouth shut, if he is assured no jail time. The *New York Times* in an April 9 article titled "Tough call for Bush: A Presidential Pardon for Poindexter," says the "decisive verdict could make the pardon risky." On the other hand, the source says the "arrogance of power" dominating the White House has the President thinking more like the *Mad* magazine's Alfred E. Newman, whose cynical slogan is, "What, Me Worry?"

Heir wants Du Pont to boycott Russia

Lewis du Pont Smith, an heir of the du Pont family and a supporter of the policies of Lyndon LaRouche, announced April 6 that he was launching a stockholder's initiative to force his family's firm, E.I. Du Pont de Nemours and Co., Inc., to suspend "all economic and financial activity" with the Soviet Union until the Soviets recognize the sovereign rights of the Republic of Lithuania and withdraw their troops from Lithuanian territory. The initiative will be launched at the April 25 annual company meeting.

Smith's announcement, on the steps of the West Chester County, Pennsylvania, courthouse where Judge Lawrence Wood declared Smith mentally incompetent in 1985 because of his political support for LaRouche, coincided with his announcement of an independent bid for the U.S. Congress from the 5th District of Pennsylvania.

Smith elaborated on his demands to the company board of directors at the National Press Club in Washington on April 10. Continued trade in the face of the Soviets' brutal tactics in Lithuania "flies in the face of the traditional commitment to freedom and national sovereignty which gave birth to the company in the 19th century," he said, noting the firm conducted over \$250 million worth of trade with the Soviet Union in 1989.

Smith demanded that the firm also launch a public relations and lobbying effort to ensure that the U.S. immediately recognize the sovereignty of Lithuania.

Smith also demanded that the company triple its approximately \$30 million of humanitarian outlays that it made last year and deliver a \$100 million aid package President Vytautas Landsbergis for the people of Lithuania.

Smith challenges Bronfman

Smith personally challenged Edgar and Charles Bronfman, the brothers who sit on the board and whose Seagrams Ltd. owns 25% of Du Pont stock. He challenged Edgar, who works closely with Gorbachov, to use his personal connection to force a shift in Soviet policy. Smith warned that if Bronfman and the company do not back this initiative, it will signify that they "recognize the Hitler-Stalin Pact as valid, and still in force."

Twelve reporters attended National Press Club briefing including Gannett News Service, Federal News Service, KYW all-news radio of Philadelphia, Radio Marti, Voice of America, the Spanish news agency EFE, States News Service, CBS radio, a Turkish daily newspaper with a circulation of 350,000, AP photo, the *Cleveland Plain Dealer*,

Agence France Presse, and NBC radio. Smith also gave interviews to Reuters, ABC News, NBC News, and to all the papers and four radio stations in his district.

Press questions ranged from his court challenge to restore his constitutional rights, to questions about LaRouche, the implications of his information on the financial collapse, whether his latest initiative will succeed, and whether he had discussed it with his family and other stockholders. The Turkish reporter, who remarked that LaRouche is highly regarded in Turkey, asked what Smith thought about Du Pont opening trade with Azerbaijan. Agence France Presse wanted to know why he focused on Lithuania, and not also Latvia and Estonia.

Smith endorsed LaRouche's congressional campaign statement "The Lesson of Appeasing Hitler was World War II," saying that LaRouche is the only statesman in the West to insist upon the sovereignty of Lithuania. Smith stressed that the only solution for all of these crises is the "European Triangle" program of LaRouche and outlined the role he foresaw of the Du Pont Co. in that context. This is the proper focus of the tradition of Du Pont, he said.

Smith outlined his campaign platform for a return to "competence in economic policymaking"; to effect judicial reform and restoration of the rule of law including his own constitutional rights, especially his right to "put his money where his mouth is"; and his campaign motto, "Rebellion against tyranny is obedience to God." Smith called for the immediate recognition of Lithuania, and the dispatch of an ambassador; repudiation of the Hitler-Stalin Pact; and the release of the 5,000 pages of exculpatory documents by Bush, which would free the jailed LaRouche. He said that as long as the Hitler-Stalin Pact stands, in effect there is no international law. The behavior of the United States in failing to recognize Lithuania is symptomatic of the collapse of law, he added.

In Delaware, the *Wilmington News Journal* ran an article in its second section headlined, "Du Pont wants company to drop Soviet Business." It reported in its coverage that Smith is a major company stockholder.

Soviet representatives reacted sharply to Smith's action. "Yes, I know about the du Pont heir's press conference yesterday. It's reminiscent of the Cold War," Vitali Verzhbitsky, the Third Secretary of the Soviet Embassy in Washington who handles trade matters, told *EIR* at a conference entitled "On Doing Business in Eastern Europe and the Soviet Union" co-sponsored by the U.S. Chamber of Commerce and the Department of Commerce. "It's a dangerous precedent," Verzhbitsky said. "Lithuania is an internal affair. I hope no one else follows it. Du Pont's been doing business in the U.S.S.R. for a long time, since the days of Lenin."

Robert N. Ruzanov, Trade Representative of the U.S.S.R., responded similarly and stressed that Foreign Minister Eduard Shevardnadze had told Secretary of State James Baker not to meddle in Soviet internal affairs.

Thornburgh fails to bury Inslaw case

by Jeffrey Steinberg

It's an open secret around the halls of U.S. justice that Attorney General Richard Thornburgh has "high political ambitions." Next to Secretary of State James Baker III, the attorney general reportedly spends more time lusting for Dan Quayle's vice presidential spot on the 1992 Republican Party ticket than anybody else in Washington.

It therefore raised many eyebrows when Thornburgh, known around the administration as "Mr. Control," went way out on a limb in a letter to Rep. Jack Brooks (D-Tex.) last August defending the behavior of the Justice Department under his predecessor Edwin Meese, in the now-infamous Inslaw case.

Inslaw was a small Washington, D.C.-based computer software company that had developed a criminal justice data system that the Justice Department planned to use in an ambitious upgrading of its case management system. The eventual price tag on the contract was in the hundreds of millions of dollars. However, from 1982 to 1986, according to court records and judicial findings, high-ranking officials of the Justice Department conspired to bankrupt Inslaw, drive the company into forced liquidation, and steal the software in order to hand the contract over to a rival company that had been apparently slated from the outset to reap the profits. The rival company was headed by a California Reagan "insider," Dr. Earl Brien, with longstanding ties to Ed Meese among others.

Such senior department officials as Reagan administration Deputy Attorneys General Lowell Jensen and Arnold Burns, as well as Wall Street high roller Herbert Allen, Jr., apparently figured prominently in the trashing of Inslaw. According to one West Coast source, Brien had been slated to snare the software contract as payback for campaign favors to the Reagan-Bush team prior to the 1980 general elections.

In June 1986, Inslaw brought a suit against the Department of Justice in the U.S. Bankruptcy Court in the District of Columbia. On Jan. 25, 1988, Judge George Francis Bason, Jr. ruled in favor of Inslaw and ordered the Department of Justice to pay \$6.8 million plus attorneys' fees. Judge Bason's findings of fact established that the Justice officials "took, converted, stole" Inslaw's software through "trickery, fraud, and deceit."

Despite these uncharacteristically harsh words by Judge Bason, Attorney General Thornburgh, writing to the chair-

man of the House Judiciary Committee 14 months later, chose to defend the department's behavior up and down the line, thereby putting his own reputation at risk. Thornburgh stated: "As you know, most of the Inslaw allegations involve events that occurred prior to my tenure as Attorney General. Nevertheless, I have had an opportunity to review the matter and I feel qualified to comment on it. . . ."

"Rather than pursue its legitimate disputes before the Board [of Contract Appeals], Inslaw has found it profitable to spin multiple conspiracy theories and proffer them to whomever will listen. I recognize and agree that, if supported, the allegations recited by Inslaw in your letter would indeed raise serious oversight concerns for the Committee. On the other hand, however, I urge you to review some of the available information about Inslaw and its allegations before committing the resources of the Committee to a full-fledged investigation based upon unsubstantiated innuendoes."

The letter went on in a similar vein for four pages. Thornburgh's message was clear: the Judiciary Committee should drop any thoughts of pursuing the Inslaw matter.

If the Attorney General thought that the fix was in and that the Inslaw affair would die on the vine through the use of strongarm tactics, he was mistaken.

Guilt found in 'higher echelons'

Three months after Thornburgh's reply to the Brooks inquiry, the U.S. District Court for the District of Columbia, acting as the appeals court in the Inslaw matter, upheld Judge Bason's ruling *in toto*. Former Chief Judge of the District Court William B. Bryant went even beyond the Bankruptcy Court's ruling by issuing a detailed finding of fact which found "striking evidence" that the effort to harm Inslaw had emanated from "higher echelons" of the Justice Department.

Last Dec. 20, Inslaw attorneys delivered a Christmas present to Thornburgh in the form of a petition for a writ of *mandamus* in U.S. District Court (before the same Judge Bryant) to order the Justice Department to open an untainted criminal probe into the circumstances surrounding the sinking of Inslaw. That case is still pending.

Attorney General Thornburgh's handling of the Inslaw affair has raised a number of questions—particularly given his penchant for protecting his own political hide above all else: What is the Justice Department covering up? How high up does the scandal reach inside the government and inside the Republican Party? Is the Department's criminal data base itself contaminated as the result of the unscrupulous handling of the software contract?

One senior Justice Department official reportedly described the Inslaw case as "bigger than Watergate." If the Watergate analogy proves to be accurate, then the people involved in the apparently ongoing coverup may be committing crimes an order of magnitude worse than those carried out in the sinking of Inslaw.

Book Review

Mother Earth's little eco-terrorist helpers

by Margaret Sexton

Desert Solitaire

by Edward Abbey
New York: Simon & Schuster, 1990
269 pages, paperback, \$9.95.

Hayduke Lives!

by Edward Abbey
Little Brown and Co., Boston, 1989
308 pages, hardbound, \$18.95.

Edward Abbey, who died in 1989, was the founder of the eco-terrorist group Earth First!, the so-called environmentalist group perhaps best known for driving metal spikes into trees slated to be logged. When the trees are cut down, the chainsaw hits the spike. Many loggers have been killed or maimed.

Desert Solitaire, first published in 1968, consists of essays and yarns on the general theme of Abbey's working as a National Park Service ranger at Arches National Monument, Utah. While the book contains amusing anecdotes about cattle ranching, even lovely descriptions of the beauty of the desert wilderness, there is an ugly punchline.

Abbey is a quintessential eco-fascist, who hates people, and loves "nature." The desert Southwest is hauntingly beautiful, and should be celebrated; who likes tourists who dump trash all over the place, or drive off-road vehicles up and down, causing erosion?

But Abbey takes the idea that man should take care of his

environment to the misanthropic extreme:

"It will be objected that a constantly increasing population makes resistance and conservation a hopeless battle. This is true. Unless a way is found to stabilize the nation's population, the parks cannot be saved. Or anything else-worth a damn. Wilderness preservation, like a hundred other good causes, will be forgotten under the overwhelming pressure of a struggle for mere survival and sanity in a completely urbanized, completely industrialized, ever more crowded environment. . . ."

Never mind that in the 20 years since Abbey wrote those words, the U.S. birthrate has fallen to below replacement levels. Never mind that the United States has collapsed, and our economy is based on "services," like fast food restaurants and paper shuffling. Never mind that the U.S. has to import food, and that millions of people living in underdeveloped nations are, at this moment, starving, or dying of diseases like AIDS.

Eco-terrorist recruitment manuals

Hayduke Lives! is the second of Abbey's two novels concerning the members of the "Monkey Wrench Gang," which, while superficially entertaining, seem to serve a far more sinister purpose: as training and recruitment manuals for eco-terrorists of the Earth First! stripe. *Hayduke Lives!* is dedicated in part to Earth First! founders Dave Foreman, Bart Kohler, Mike Roselle, and Howie Wolke, whom Abbey calls "true American heroes."

The true American heroes of Abbey's 1975 novel *The Monkey Wrench Gang* (Avon Books) specialize in sabotage and destruction of earth-moving equipment, bridges, trains, fences, helicopters, and so on, in the Utah-Arizona canyon country. In that novel, their dream is to blow up the Glen Canyon Dam, though that act of sabotage is never realized. After a manhunt throughout the canyon country by (apparently) the National Guard, the gang of four is caught by the evil, fascistic authorities, and does jail time—after they plea bargain, of course.

In the second novel, we find three of the foursome initially retired from the eco-terrorist milieu, and enjoying a middle-class lifestyle of working, raising families, and playing poker with their probation officer. But George Hayduke, the psychopathic Vietnam veteran, who was never caught, and was for a time believed to be dead (hence the title of the book, *Hayduke Lives!*), is still acting as an "eco-warrior" against the evil (Mormon) promoters of uranium mining and nuclear fission, strip mining, electric power plants, logging, and other resource extraction industries.

Hayduke's character (besides his own statements that he is a psychopath, after his Vietnam experiences) is evidenced by his intense involvement with his penis. He drinks gallons of beer, and is always having to urinate (polluting the groundwater) and otherwise spends a lot of his time (as do most of the male characters in the book) thinking about having, or

having sexual intercourse with whatever woman happens to be around.

Sabotage doesn't pollute?

Hayduke specializes in gaining access to projects he doesn't like, using various disguises, and then sabotaging them. He is dressed as a cleaning lady, and throws radioactive waste on the table at a board meeting of the uranium cartel in Denver; he dresses as a security guard to blow up the cyanide leaching plant; and he engineers the spectacular destruction of the Goliath Earth-moving Machine, which includes—gunfire, and the murder of a security guard. This is a change, since the other members of the Monkey Wrench Gang—jack Mormon “Seldom Seen” Smith, “Doc” Sarvis, and Bonnie Abzug-Sarvis, each eschewed violence, at least until *Hayduke Lives!* After the GEM incident, Hayduke flees (in an automobile that burns fossil fuels and pollutes the air) and while he could have been caught by the Feds, is allowed to escape to Mexico.

The chief “villain” in *Hayduke Lives!* is Mormon Bishop J. Dudley Love, an exaggerated archetype of the hypocritical “jack” Mormon (he takes a second wife) who is making piles of money because he allows the destruction of the earth through strip-mining of coal, the mining of radioactive metals such as uranium and strontium, which cause cancer deaths, and otherwise flattening Utah, by means of the Goliath Earth-moving Machine, the largest earth-flattener known to man.

Abbey blames much of the degradation of the earth's environment on overpopulation; in the dedication to *Hayduke Lives!* we find that Mr. Abbey fathered five children. So if he is contributing a goodly number of family members to walk this Earth, where is it overpopulated? This reviewer can also vouch for the fact that Utah, Arizona, and the Southwest in general, are *not* overpopulated.

The Earth First! motto is “We stand *for* what we stand *on*.” Well, the acts of eco-terror sabotage described in these books surely do a lot of environmental damage: pushing bulldozers over cliffs, causing explosions and fires, etc., would result in substantial air pollution from burning fossil fuels, water pollution from leaking fossil fuels, and the needless deaths of little animals and plants, when tons of machinery land on them.

‘Monkey wrenching’

On top of which, we find graphic enough descriptions in *The Monkey Wrench Gang* of “monkey wrenching”—sabotage—that a dedicated Earth First!er would certainly get the idea of how to put a bridge out of commission: “She found Hayduke and Smith mixing their powders, rolling them back and forth in a big closed canister: three parts iron oxide to two parts pulverized aluminum equals thermite. Then the igniting mixture: four parts barium peroxide to one part magnesium powder.”

In *Hayduke Lives!* we find the basic techniques for spiking trees: “They were not dressed as skiers should be, in fashionable nylon stretch suits of gaudy orange, blazing blue, flashy yellow and hotdog red but in baggy wool pants and loose forest-camouflage coats from Goodwill, Bob's Bargain Barn, Woolco, K mart and Yellow Front. Each of the four carried a big olive-drab pack on his or her back; two of them . . . carried green canvas ammo bags slung across one shoulder. The athlete also carried a three-pound singlejack hammer, attached by a lanyard to his wrist; the young woman an ordinary carpenter's hammer of medium weight.

“At every third tree of saw-timber quality the man with the sledge stopped, pulled an eight-inch helix spike from his ammo sack and drove it into the trunk as high as he could reach, leaving the head protruding slightly. As soon as he moved on the girl followed, driving two 60-penny nails into the same tree, at a lower height, also letting the heads jut forth a bit. Behind them came the man with another hammer and the bolt cutters. He clipped the heads from the spikes, hammered the spikes deep into the beneath the bark, and disguised the shiny dots of hot metal—where necessary—with a dab of brown ink from a Permo-Marker.”

The process is described by Abbey as “vaccinating the trees for protection against a possible chainsaw massacre in the future.” But of course, “when the Forest Service was informed and interested logging companies tipped off, as they would be, by anonymous communication, about the preventive measures taken here, it was then most probable that the timber sale would have to be canceled and this particular patch of forest saved. There is nothing that the clearcutting timber corporations hate more than a tract of forest defended by direct citizen action: one spike in a log can strip the teeth from a ten-thousand-dollar circular saw, put a crimp in profits, deter further logging, and thus preserve those living breathing respiring trees whose right to continued existence is at least as legitimate as that of any other creature including, but not limited to, the human.”

We ask the question: Do Earth First!ers use forest products in their own lives? Or are they like George Hayduke, who uses juniper twigs instead of toilet paper—still a forest product, but at least bypassing the paper industry? And what about the danger to human life, if a spiked tree should be felled? Much more than a chainsaw would be ruined.

The overall philosophy preached by Edward Abbey is that there are too many people, that man has used up his natural resources, and is destroying the Earth.

What Abbey and the Earth First!ers overlook is that man is a problem-solver. And if man has caused a problem, he can solve it. And must solve it. While eco-terrorists exploit the fruits of man's technological ingenuity, and use the same products of man's “stewardship”—from agriculture to manufacturing—they would deny to millions of people suffering from the lack of even the basic necessities of life the right to enjoy what they, the Earth First!ers have. What hypocrites.

Media credit Gorby for Eastern Europe

Center of news shifts overseas as Bush's blizzard of words provides little content for reporters.

The Center for Media and Public Affairs in Washington D.C. publishes a monthly magazine based on monitoring the balance, or lack of balance, of coverage of issues that appears on the major television networks. The magazine *Media Monitor's* reports frequently count the number of jokes told by Johnny Carson, for example, about Republican versus Democratic political figures. (It comes as no surprise that Vice President Dan Quayle has repeatedly been reported as the subject of the highest number of jokes by Carson and other TV comics).

The Center characterizes itself as a non-partisan, non-profit organization that conducts scientific analysis of news and entertainment media. While the statistics provided by the Center provide a certain insight into the "slant" the media places on political events, its "bean counting" approach does not reflect the more subtle ways in which major network programming advances their pet causes. Issues such as environmentalism, animal rights, abortion, and euthanasia are so deeply interwoven into the fabric of almost all the most popular situation comedies, not to mention the "news magazine" and nightly news broadcasts, that they are hard to ferret out and clearly identify.

It is this kind of "ambience" of values which has the most insidious effect on shaping the values of the television-viewing public, especially of the young. Still, the *Media Monitor* approach does at least document, with hard numbers, some reflections of trends of bias in network coverage.

Its most recent study was on the ways in which the major networks

have explained the rapidly unfolding events in Eastern Europe. Most revealing, according to a *Media Monitor* press release, "TV news sources gave Gorbachov credit for the reforms in Eastern Europe five times as often as they credited the Reagan-Bush defense policies." The findings, based on an analysis of 1,068 stories on Eastern Europe broadcast on the ABC, CBS, and NBC nightly news during 1989 (total airtime 27 hours, 48 minutes), included:

- Events in Eastern Europe received more TV coverage than any other news topic in 1989. The 1,068 stories on the region made up 7% of all the news broadcast throughout the year on the network evening news shows.

- Gorbachov was praised 20 times for helping along the fall of Communism in Eastern Europe. Reagan-Bush defense policies were cited only four times as contributing to the changes.

- Coverage of German reunification was balanced (50% in favor, 50% opposed), but opinion varied greatly between networks: 78% in favor on CBS, only 43% on ABC and NBC. What confounds journalists in Washington is the fact that most of the important news being made now is coming from outside the U.S.

It is slowly beginning to dawn on the White House press corps that there is no real dividend in the unusual accessibility which President Bush has provided. While White House spokesman Marlin Fitzwater bragged that the President's March 13 press conference was his 43rd in less than 14 months in office, and the press confer-

ence, as usual, went on longer than most daily White House briefings, most reporters walked away from it shaking their heads. For all the verbiage, they were at a loss to figure out what, if any, substance, or news, had been provided.

Bush press opportunities are now regularly buried in the back pages of the major newspapers, and whatever news Bush might provide at his press briefings is increasingly being left to the reader to decide for himself from printed excerpts of the official transcript. Some reporters are already fondly recalling the days of President Reagan. "At least with Reagan, you could prod him to say something what would give a clue to what kind of gut reaction he had to an issue," one veteran said. "With Bush you get buried under a blizzard of words, and come away with almost nothing of real substance."

For all the legacy of Reagan the actor, as the master of media manipulation, especially when aided by Michael Deaver, the wizard of the ideal "photo opportunity," White House journalists are finding that Bush is proving a more skilled media manipulator than his predecessor. His first-name-basis style of dealing with reporters has disarmed the media from the sharp-edged approach well-paid White House reporters are supposedly famous for.

Bush's approach has had the effect of causing these reporters to worry more about whether they will continue to have the high degree of access they've enjoyed to date, and so they've become veritable kittens. Bush periodically threatens to cut off accessibility if coverage does not improve. Most journalists react predictably to such ploys, although it is slowly occurring to some that they wouldn't be much worse off for news if Bush went completely silent.

National News

Bush sitting on volcano, says GOPer

Doug Bailey, a principal of the Republican political consulting firm of Bailey Dear-dourff, said that polling data show that the U.S. population is full of anxiety and discontent about the nation's "longer-term" prospects, in a commentary in the April 8 *Washington Post*.

The implication is that President Bush is sitting on an economic and social volcano.

Americans want to be led in a promising direction, and sense that will require change; but are hostile to the idea that they must sacrifice materially to clean up the blunders of the political establishment, he wrote.

Economist says abortion will lead to euthanasia

Paul Craig Roberts, an economist with the Center for Strategic and International Studies, wrote that abortion is paving the way to enforce euthanasia among the elderly, in the April 10 *Washington Times*.

This is so especially since the decision will be made by those "whose conscience has been hardened by decades of legal and social acceptability of abortion," Roberts wrote. "People inured to disposing of the unwanted unborn are unlikely to shrink from disposing of those who have lived a long life and enjoyed an adequate retirement at human expense."

Roberts wrote that the swelling number of retirees in the U.S. will soon overburden the shrinking working population, and although he softly protests "regulated life-spans" or euthanasia, he lists all the malthusian arguments for cutting social programs for the elderly.

At the current rate of 1.5 million abortions a year, a decade of abortions means there will be 15 million fewer people in the future supporting the payroll tax. Since those aborted cannot procreate, society is deprived of their children and grandchildren as well and the toll rises over time, he

pointed out.

"It is not far-fetched," Roberts wrote, "that the young feminist of today fighting to secure her right to abort her progeny is in fact limiting the social acceptability of her own life span. Others might say it's poetic justice."

Maglev technology clears committee

The magnetic levitation transportation act of 1990 was passed unanimously by the Senate Commerce, Science, and Transportation Committee on April 3. The bill, sponsored by Sens. Ernst Hollings (D-S.C.) and James Exon (D-Neb.), authorizes \$50 million to be appropriated for "maglev" technology, for each of the next two fiscal years.

The bill puts federal support behind the development, demonstration, and testing of advanced, third-generation, superconducting maglev systems. According to Dr. Gordon Danby, one of the two U.S. scientists who holds the original 1960s patents for superconducting maglev, this would be enough money to show good faith by the government, leading to like investment by private industry.

Within five years, a 30-mile demonstration line could be operational, according to Danby. A consortium of architectural and engineering firms and companies which would produce the components already exists, and would invest their own funds to help build a demonstration project.

Florida considers bill to limit free speech

A bill has been introduced in the Florida legislature which would regulate the political content of newspaper editorials, the April 6 *Washington Post* reported. The bill has gained 32 supporters and has cleared a committee on its way to the House floor.

The proposal would make it illegal for unsigned editorials to be run which advocate support for a candidate or his program. Editorial board members would be required to

file financial disclosure statements or face a \$5,000 fine. An amendment proposed by Florida State House Minority Leader Dale Patchett (R), would require that all editorial endorsements of political candidates be considered in-kind contributions.

This is identical to the proposals developed by Lloyd Cutler's Committee on the Constitution, which are being pushed in the U.S. Congress by Sens. Ernst Hollings (D-S.C.) and Alan Cranston (D-Calif.). These schemes propose to have all political advocacy be regulated by the Federal Election Commission. Even speech concerning issues in an election, should be considered a form of "contribution in kind" according to the architects of this proposal.

Lynne Speed sentenced in N.Y. 'LaRouche case'

Judge Stephen Crane on April 5 sentenced Lynne Speed, an associate of Lyndon LaRouche convicted in the New York "LaRouche cases," to five years probation and six months incarceration in the New York City prison, Rikers Island, known for some of the worst conditions among U.S. jails. Crane also ordered her to pay \$16,000 restitution to four lenders who testified for the prosecution.

Speed was convicted on Aug. 31, 1989 on one count of scheme to defraud and acquitted of the broader ranging charge of conspiracy to commit fraud. Judge Crane also summarily denied motions for Speed and another defendant, Marielle Kronberg, to dismiss the verdict on jurisdictional grounds and for prejudice of conspiracy evidence.

Prosecutor Dawn Cardi demanded that the defendant be taught a lesson and be imprisoned for the maximum sentence of four years. But before he pronounced the sentence, Judge Crane talked about the sincere dedication of Lynne Speed to noble causes on behalf of humanity.

Speed's attorney, Lawrence Hochheiser, asked why, if the case was not about politics as the judge and prosecutor claimed, was jail even considered for a first-time offender charged with a white-collar crime? The sentence is stayed pending appeal.

Briefly

Poll shows Americans back German unification

A *New York Times*-CBS poll shows that Americans favor a reunified Germany. Asked about the future of Germany, 76% of those polled said they favored unification, a significant increase of 9% from last November's survey, the April 6 *New York Times* reported.

Forty-nine percent said that they did not think a single Germany would try to dominate the continent economically, but 36% thought it could happen.

Memories of World War II were not a factor: There were no consistent differences on these issues between Americans surveyed between the ages of 18 and 29, and those over 64. Only 29% of those polled think American military presence in Europe should be decreased, and 51% say it should be maintained or increased.

While only 19% of those polled disapproved of Bush's handling of the Lithuanian crisis, 31% think that supporting Lithuania is more important than good relations with Gorbachov.

Virginia defendant seeks judge's recusal

Attorneys for Richard Welsh, the next defendant to go to trial in the Virginia "LaRouche cases," filed a motion with Judge Clifford Weckstein asking him to disclose all extrajudicial sources of information and to recuse himself on the basis of bias.

The 18-page motion, accompanied by at least 100 pages of documentary exhibits, targets Weckstein's connections to the Anti-Defamation League and to the *Roanoke Times and World News*.

The motion documents the role of the ADL in the prosecutions of the NCLC since 1975. "Since the present round of prosecutions of NCLC members began with the Boston grand jury investigation in November of 1984, Welsh believes the ADL has served as a full private sector partner to state

and federal investigators in the task force assigned to the investigation," it read.

The motion notes Weckstein's personal relationship to the *Roanoke Times and World News*, including his brother-in-law, Robert Eure, the current political editor of the paper, and his father-in-law, the former publisher—to whom Weckstein has a current outstanding debt—which has published approximately 179 articles, including editorials, against LaRouche and the National Caucus of Labor Committees.

Weckstein's off-the-record discussions with John Russell, Brian Gettings, and Patrick Monaghan, all of whom have expressed their hostility to LaRouche and the NCLC, are also cited as evidence of bias.

Bias resulting from Weckstein's involvement in previous prosecutions, including the trial of LaRouche associate Michael Billington, demonstrate the judge's bias, the motion read. It also noted that Weckstein's willingness to uphold outrageous sentences further demonstrating bias.

War on drugs absent from Thornburgh's DOJ

A strange encounter which Rachel Ehrenfeld, author of *Narco-Terrorism*, had while visiting the offices of the Department of Justice recently, seems to indicate that Attorney General Richard Thornburgh has never brought the war on drugs to the Department of Justice.

Ehrenfeld relates in a commentary in the April 9 *Wall Street Journal* entitled "The Drug War in the Halls of Justice," that after passing through a metal detector and a security check, she proceeded to her meeting one floor below that of Attorney General Thornburgh. In the hall, she was accosted by a man who offered to sell her crack cocaine. When she ran into a nearby office and reported that someone had just tried to sell her illegal drugs, the office workers "were not interested and went on with their work as though nothing had happened." Ehrenfeld concluded, "Bush administration officials have just admitted that the war on drugs has been a failure in the streets of Washington. Perhaps it has failed in the corridors of power as well."

● **GEN. BRUCE MEDARIS** has been elected to the International Aerospace Hall of Fame in San Diego, California. A release said, "after the Soviet Union surprised the world by putting its Sputnik I in orbit, the U.S. raced to get its own entry into the space race—and the Redstone rocket team Medaris headed launched Explorer I."

● **THE GREYHOUND** bus company said April 9 that it filed a \$30 million civil racketeering (RICO) suit against the Amalgamated Transit Union, whose members have been on strike against the bus company for more than a month.

● **VERNON S&L** chairman Woody Lemons, convicted of defrauding Vernon, was sentenced April 5 to 30 years in prison by Judge Robert Maloney of the Northern District of Texas. FDIC chairman L. William Seidman wrote the court asking for the stiff sentence, citing public "perceptions that such conduct has been taken lightly."

● **CINCINNATI** police officials issued an indictment April 8 for pandering obscenity against curators of the Contemporary Art Center displaying Robert Mapplethorpe's photos, which depict homo-erotic and sadistic acts of bondage such as those abused children often report they witness during satanic rituals.

● **JESSE JACKSON**, who recently decided not to run for Washington, D.C. mayor, borrowed a few lines from Lyndon LaRouche's congressional platform, and proposed a recovery program, fueled by credit at 2% interest, to rebuild America. Jackson was addressing the National Conference of Black Mayors April 6.

● **THE ACLU** "has declared war on Christianity in America," says a full page ad in the March 22 *Wanderer*, announcing the formation of the American Catholic Lawyers Association to combat the "orgy of anti-Catholic bigotry."

Editorial

Who needs Henry?

Some gullible individuals may have breathed a sigh of relief to notice that Henry Kissinger seems to have disappeared from public view. Alas! His spirit still haunts the U.S. government. Ironically, like the good prophet Elijah in the Jewish Passover ceremony, for whom a chair is always left vacant, the evil Kissinger was present in spirit, if not body, during the recent negotiations in Washington, to prepare for the June Bush/Gorbachov summit.

The summit as now scheduled will occur at the beginning of June, when the rest of the world will be commemorating the brave victims of the Tiananmen Square massacre, which, of course, Bush now implicitly follows Kissinger in supporting. Indeed, there is nothing different in George Bush's policy than Kissinger's policy over the past three or four decades. We have a Kissinger administration, not a Bush administration; we have just to look at the Soviet policy aspect of this, or the European policy, to confirm the unfortunate truth that the present administration in Washington is a Kissinger administration, no matter where Kissinger is.

By putting forward the date of the summit, rather than delaying it, Bush gave the world a signal that he was giving Czar Mikhail carte blanche in Lithuania. What George is doing to Lithuania is not only what Neville Chamberlain did to Czechoslovakia back in 1938 (and both George and Neville call this a concession for the sake of peace); but George is doing to Lithuania, together with the British, of course, exactly what Kissinger's admired Castlereagh, the foreign minister back then in 1815, did to Poland at the Congress of Vienna.

It was Neville Chamberlain and his friends in 1938, who by their betrayal of Czechoslovakia ensured World War II. If we allow the modern "Czechoslovakia," the Baltic nations, to go down for the sake of policy, as Chamberlain let Czechoslovakia go down for the sake of policy, we unleash something which may be—and probably will be—irreversible.

In one respect it is incorrect to compare the current Bush administration with that of Britain's Neville Chamberlain, or even with the Reagan administration

of 1982-83. The present gang is far more stupid; indeed, they verge upon psychosis. When trying to understand the present debacle of Bush's foreign and domestic policy—as in the case of the Clean Air Act—it is important to bear this in mind.

One reason for this is the greater homogeneity which has been achieved within the Establishment, today, than under Reagan, where a conflict over ideas was tolerated, even if its resolution was in terms of finding a lowest common denominator. Today, no disagreement with the prevailing line is tolerated.

Anyone who wishes to be heard or influential, or to maintain a foothold or position within the Establishment, must not be caught or overheard thinking in terms which are at variance with the prevailing line. Such an individual must adapt himself or herself to a world view which is axiomatically consistent with the assumptions of George Bush, a man who thinks that the rise to the presidency of the United States of America is synonymous with liberation from the compulsion to eat broccoli.

U.S. policy is presently based upon bluff and bluster; it is the policy of a bully—in other words, the policy of Kissinger. And like the typical bully, the U.S. attacks its allies and appeases its enemy.

In the face of a deepening economic crisis, and despite the fact that the Soviets have now virtually dropped the charade of glasnost, Bush is trying to maintain policies which can only lead the United States into a worse and worse position.

Bush is desperately trying to maintain the appearance that he is the man in charge, by denying reality, and pretending that he is in control. To maintain this fiction, he must still all dissent. Thus Lyndon LaRouche and his associates remain in prison.

It is still not too late to reverse the descent into the abyss. Merely by releasing LaRouche from prison, a major step forward will have been taken. Merely his presence on the scene, as a factor with which the administration is forced to contend, will force the consideration of reality back into the fantasy-ridden environment of Washington.

LaROUCHE

YOU MAY LOVE HIM

YOU MAY HATE HIM

BUT

YOU'D BETTER

KNOW WHAT

HE HAS TO SAY



The Power of Reason: 1988

an autobiography by Lyndon H. LaRouche, Jr.



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SATANISM

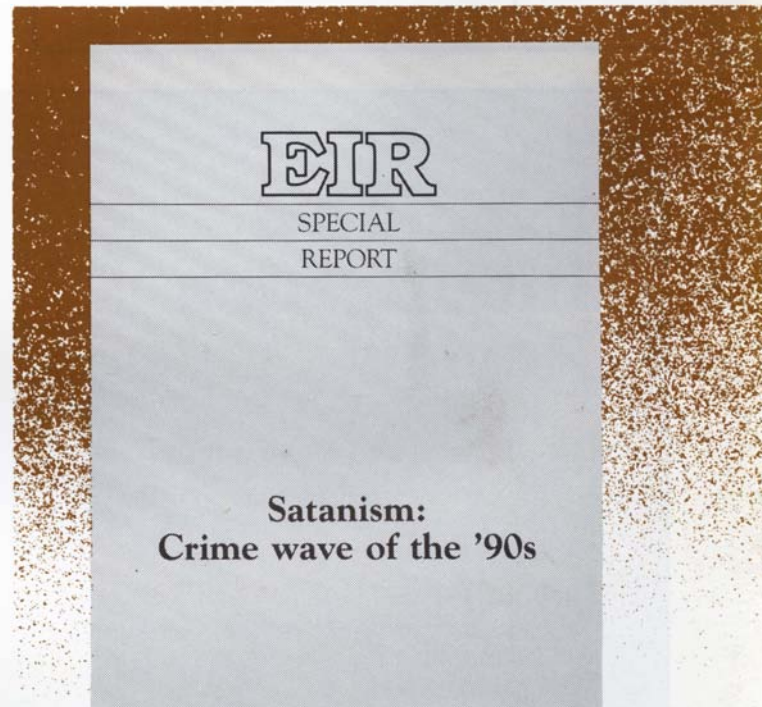
Crime Wave of the '90s

Who is right?

New York Archbishop Cardinal John O'Connor has denounced heavy metal rock as "a help to the devil" and said that "diabolically instigated violence is on the rise." (March 4, 1990)

But the Federal Bureau of Investigation's expert, Kenneth Lanning, claims: "Far more crime and child abuse has been committed in the name of God, Jesus and Mohammed than has ever been committed in the name of Satan." (June 1989)

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