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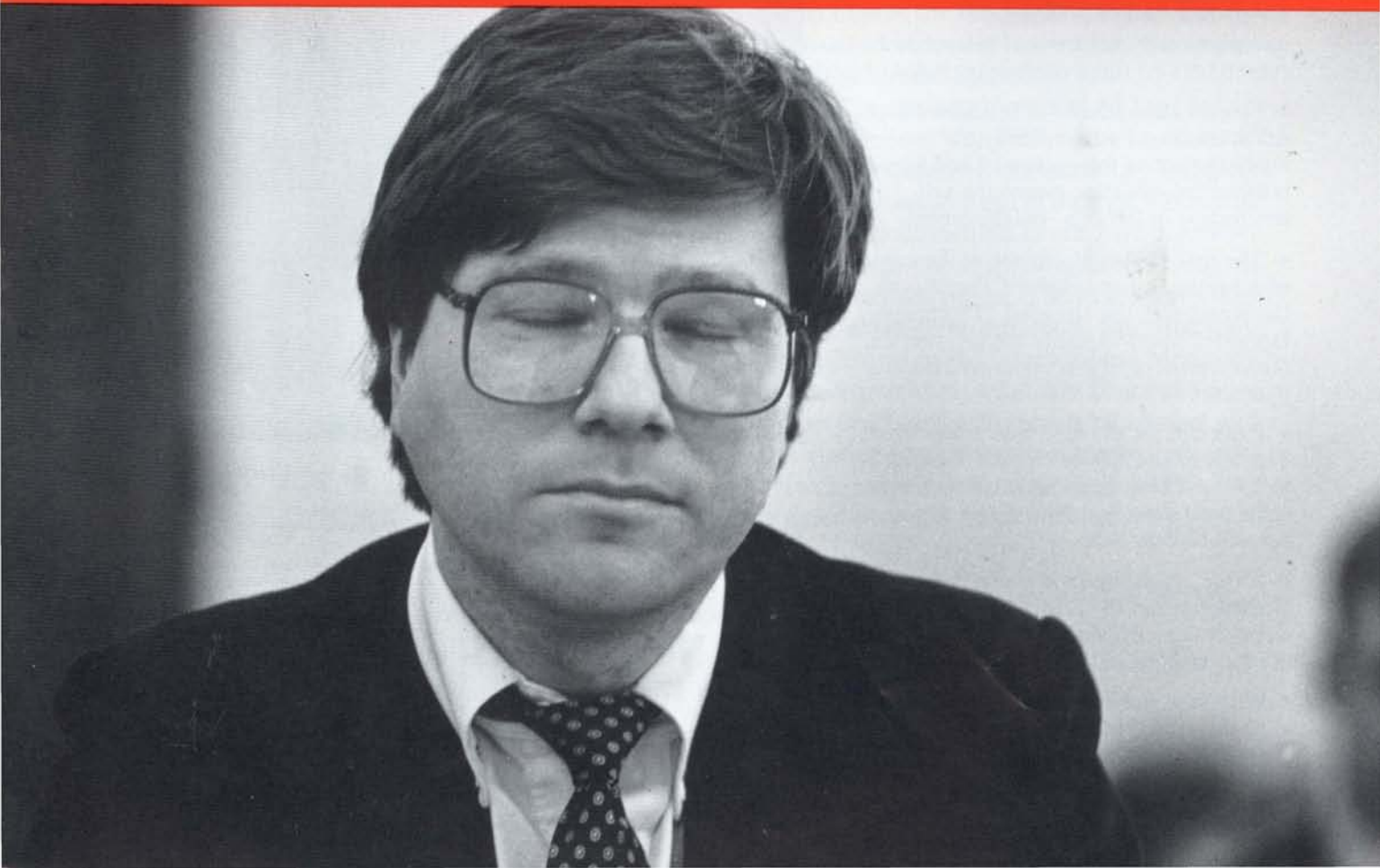
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Stop the ongoing killing of children in Iraq  
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## From the Editor

Our photographer caught Harvard youngster Jeffrey Sachs in a moment perhaps of subliminal communication with the “magic of the marketplace” for the cover photo, taken in Washington. Sachs was far less meditative during a recent session in Moscow, where he went to peddle his “shock therapy” to officials trying to deal with a sick economy amid a rapidly shifting political order (page 26). It seems that no one was buying the Harvard potions which have nearly killed what was left of the Polish economy after the communists got through with it. Professor Sachs threw a veritable tantrum right on the spot.

Many Americans are as confused as some patriots in the newly liberated “socialist bloc” countries. They believe that the “free market” means setting up small and medium-sized businesses in order to produce useful goods and increase one’s family’s living standard. That’s not the kind of “freedom” the people behind the baby-faced Sachs have in mind. Our *Feature* profiles the crowd the Bush administration has unleashed to “advise” and control economic relations with the East: a small band of financial interests, heavily interlocked with the racist Zionist Lobby and its organized crime cronies, the very same people who are to blame for the bankruptcy of family farms and small and medium-sized industries as well as the crumbling of infrastructure all over the United States.

These enemies of industrial capitalism have forked tongues to match their double chins, and “freedom” for them is the freedom of the financially powerful to loot the weak—if necessary by bringing in the U.S. military to enforce the ultimate form of looting, known as genocide: witness the case of Iraq documented in our *Investigation*.

One reason that Sachsmania was not snapped up in Moscow is that more rational approaches have been posed. The *Economics* lead story reports on some creative short-term measures for launching trade outside the imperialist strictures of the International Monetary Fund/World Bank. The second article in Jonathan Tennenbaum’s series on guidelines for the economic development of central and eastern Europe, shows what kind of great projects must be undertaken at the state level and between sovereign states. Only in this way can we realize a real era of freedom—the freedom to develop.

*Nora Hamerman*

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**Correction:** Last week's cover photo was taken by Philip Ulanowsky. The credit line was inadvertently omitted.

## Polish-Russian barter deal sets model for trade in East

by William Engdahl

The bilateral Polish-Russian Trade Agreement signed in Moscow Sept. 3 between Polish Finance Minister Leszek Balcerowicz and Russian Prime Minister Ivan Silayev, provides the model for the type of pragmatic trade agreements which will emerge between Russia, Ukraine, and other republics in the former U.S.S.R., as well as with other nations, according to European trade specialists familiar with the state of affairs in eastern Europe.

The new agreement abandons the monetarist hard currency "shock therapy" approach to Soviet-Polish trade which was imposed in late 1990. Since the adoption of that hard-currency payment system, Soviet-Polish trade fell by 70% from 1989 levels.

Now, trade will be conducted in a form of barter, with the first such deal to be an agreement by Russia to deliver crude oil and natural gas to Poland in exchange for Polish grain and agriculture products worth an estimated \$200 million. The role of hard currency in their mutual trade will thus be sharply reduced, priority instead being placed on trade clearances for exchange of hard commodities. Of all Polish trade with the former U.S.S.R., over 80% was with the Russian Republic.

Similar bilateral agreements are soon expected to be signed between Russia and Estonia and Latvia, modeled on an already existing agreement with Lithuania, as well as between Poland and Ukraine.

Russian Prime Minister Silayev emphasized this cautious approach toward monetary reform when he told a Moscow press conference that same day, that a "shock" approach to monetary and price reform in the transition to a market economy must be avoided. He stressed that the Russian population is "tired," and cannot sustain such a shock. In trade relations with third countries, Silayev envisions a kind of central bank clearinghouse which could settle outstanding

annual trade balances in "either rubles or ECUs." Silayev, former chairman of the German-Soviet Economic Commission, did not mention the U.S. dollar. The ECU is a basket of western European currencies dominated by the German mark, indicating the direction of future trade orientation of the resource-rich Russian Republic.

The policy of cautious pragmatism and emphasis on rebuilding hard-commodity trade flows in the wake of the failed Moscow putsch in August, was seen in statements by Volodimir Pilypchuk, head of the Economic Committee of the Ukrainian Parliament. He said on Sept. 3, "We must have an appropriate market-oriented infrastructure and a balanced budget. After all this, we can talk about freeing prices and creation of a new currency." Also, according to Lithuanian National Bank Vice President Kazys Ratkevicius, until Russia or Lithuania's other main economic partners are able to recognize a Lithuanian national currency, "We would turn to settling our trade in the old system of transfer rubles."

### Addressing the intra-CMEA trade collapse

Adoption of a de facto form of Polish "shock reform" between the U.S.S.R. and former members of the east European CMEA trade bloc ("Comecon") during 1990, was responsible for a precipitous collapse of intra-CMEA trade, as no partner had sufficient western hard currency to maintain trade flows. In a recently issued review of the economic situation in eastern Europe, including the U.S.S.R., the Geneva-based Economic Commission for Europe (ECE) notes the dramatic impact of the shift during 1990 among the countries of the old CMEA of settlements in hard currency rather than in the former transfer ruble accounting arrangement. This shift "was the major new element in the current year, and the impact of the shift to world market prices and convertible currency settlements on trade among the member countries



the main element of uncertainty.”

The ECE reports that the ensuing fall in volume of intra-CMEA trade—for example, between Poland and the U.S.S.R., or Czechoslovakia and Poland—was expected, to a certain degree, by the trading countries, but “the depth of the actual decline clearly exceeded expectations on both sides. In the east European countries, the fall of sales caused severe problems for industries that had long been specialized to service the Soviet market.” The ECE reports that many east European factories have been forced to produce for inventory stockpiling in hopes of someday resuming exports.

This is the background to the trade negotiations now under way between the major republics of the former U.S.S.R. and their major trading partners. According to Austrian trade insiders familiar with the situation in the east European markets, Boris Yeltsin’s Russian Republic had quietly begun such bilateral barter-type arrangements over the recent months, well before the failed Aug. 19 putsch, including with Hungary, Turkey, and other states.

Senior British Foreign Office economic consultant Peter Oppenheimer of Christ’s Church College, Oxford, indicated a growing sentiment in British circles against the radical Harvard monetary “shock therapy” reform approach of Jeffrey Sachs and the International Monetary Fund (IMF) toward eastern Europe. In a recent interview, Oppenheimer stated, “I do not actually see the need for ruble convertibility for years. It would be ridiculous of them to begin with this. First they must rebuild their industry to make it economically competitive. In the meantime you can have a kind of ad hoc payment in commodities, without convertibility.”

Oppenheimer is outspoken in his criticism of British- or American-style finance as any model for eastern Europe. In a commentary in the Aug. 27 London *Independent*, he called for a “prioritized” sequence of reforms in various sectors of the economy of the former U.S.S.R., and a banking and credit model based on continental European, especially German or French banking, since “attitudes to economic policy on the continent have a more dirigist tendency than in America and Britain. If the Soviets want a few modest lessons on how to do it, they should go to the Germans or French. When on the other hand, they feel ready to meet the financial equivalent of second-hand car salesmen, they will find themselves welcome in London or New York.”

### **The foreign debt problem**

The next difficult decisions for the future of the economic and trade relations of Russia, Ukraine, and the other emerging republics will be around the significant foreign hard currency debt repayment falling due before the end of December. According to ECE calculations, of an estimated \$64 billion in total hard currency foreign debt, the U.S.S.R. must pay \$12 billion by the end of December. In addition, it owes some \$4 billion in trade arrears to western companies, and some \$2 billion in short-term debts (less than one year). With

export revenues from oil and gas sales falling, along with internal production capacity, the crisis is reaching proportions which alarm certain western creditor countries.

Germany has been chosen as the lead western debt negotiator, as by far the largest share of credits to the U.S.S.R. come from German banks—some \$20 billion, most guaranteed by the German government. Influential German bankers including Friedel Neuber, the chairman of West LB bank, and Deutsche Bank chairman Hilmar Kopper, have called for an emergency “bridge loan” to be given the Soviet Union through the private agency of the Basel, Switzerland-based Bank for International Settlements, in order to see it through the present transition from the old order into the emerging European Community-style confederation of republics. City of London financial sources say this proposal has a strong likelihood of being approved. “The BIS, unlike the IMF, is not dominated by Washington. At this point, Bush administration policy would favor maximum financial chaos from the U.S.S.R. toward western creditors because it would affect the Germans most heavily,” noted one senior London banking source. “The use of the BIS, which tends to reflect the policy consensus of continental European central banks, especially that of Germany and Switzerland, would circumvent likely U.S. blocking as would occur from use of, say, the IMF. The U.S. does not have any voting rights in the BIS.”

If such short-term problems can be rapidly resolved, leading west European industry and banking circles are optimistic that a dramatic change in the economic prospects of all of eastern Europe will emerge for the first time since the fall of the Berlin Wall in November 1989. Numerous west European industrial companies would then be ready to commit significant capital to development of the vast resources of Russia, Ukraine, and the rest of eastern Europe. Already, in addition to German firms, Danish, Swiss, and, for the first time, British firms such as the ICI chemicals group, have begun direct negotiations with the various republics for concrete projects from oil drilling to laying a modern fiber-optic telecommunications link to western Europe. Japanese industry is also reported eager to get a major new market as well as to secure future vital industrial raw materials from the Russian and other republics.

Little wonder that with the U.S. economy collapsing, with bankrupt banks, falling real estate prices, and a soaring U.S. budget deficit, the Bush administration is frantically trying to prop up the old central bureaucracy behind Gorbachov and block the development to a union of republics. Washington fears, with good reason, that if the economic and political situation in the Soviet Union were now to stabilize, as one well-placed Danish banker expressed it, “It would leave the U.S. out of the game. Bush is appearing isolated in this entire process since Aug. 22. A strategic shift in world relations of enormous import is under way, and he sees the influence of Washington eroding dramatically under the new conditions.”

# The transportation infrastructure needs of the republics in the East

by Jonathan Tennenbaum

*The following was prepared to serve as a guideline for the economic recovery of the new republics formed from the former Soviet Union. In the Sept. 13 issue of EIR, Dr. Jonathan Tennenbaum, director of the Fusion Energy Forum in Germany, discussed the general principles to effect an economic recovery in the East. In this article, he focuses on the need for road and rail infrastructure construction and modernization.*

We have already said why an uninterrupted improvement of basic infrastructure, including the appropriate transportation connections to Europe's "Productive Triangle"—a proposal by economist and statesman Lyndon LaRouche to build up infrastructure in an area between Paris, Vienna, and Berlin as the motor for a worldwide economic recovery—would represent in the republics of the former Soviet Union, the primary locomotive for all consequential economic reform. The grounds and reasons for this are all part of one package to be thought of as follows:

1) The increase of the productivity of the domestic economies of the republics, which essentially depends upon the coming into being of a strong agricultural and industrial Mittelstand—small and medium-sized high-technology and industrial firms—presupposes the guarantee of a broad availability of the necessary capital goods (not the least of which are simple tools, construction materials, and replacement parts).

A flow in the reverse direction, efficient delivery of products to regional and extra-regional markets, is also required. Both demand an infrastructure much more efficient than exists today in most of the regions of the former Soviet Union. Above all, what is needed is an improvement in the production and delivery of energy, water delivery and sanitation, transportation, and communications.

## **The infrastructure 'spark'**

2) The same holds true for providing the population with food and other consumer goods.

3) On the other hand, a massive buildup of infrastructure serves as an "ignition spark" for an economic upswing, in that an enduring demand for countless goods and services necessary for the process of this buildup will be created and produced by, among others, the businesses and industries of the newly arisen Mittelstand.

4) Moreover, this is the only realistic means for quickly absorbing the great mass of those unemployed and underemployed in the labor force, and avoiding an otherwise dangerous rate of unemployment. This must not be done by primitive, labor-intensive methods; rather, the buildup of infrastructure must occur at the highest possible technical level, through which those employed in the project might become qualified for future work (for example, in construction).

5) Infrastructure projects are ideal areas for investments by the state, as well as for foreign economic aid, credits, and investments. The products are project-specific; "hard," durable goods of immediate usefulness are produced. The improvement of infrastructure contributes substantially to guaranteeing present and future investments, and to raising the general productivity of the domestic economy.

6) The material that needs to be imported—machinery, construction materials, technically skilled labor, etc.—with most infrastructure projects takes up only a small part of the total investment. The lion's share is provided by the domestic labor force and domestic production.

Correspondingly, well-planned infrastructure projects are ideal targets for state credit creation along Hamiltonian methods (so-named after the first U.S. Treasury Secretary Alexander Hamilton).

According to this economic policy, the governments of the individual republics (with or without a central institution), in order to finance their share of the project, bring new bank notes into circulation; this credit creation has the effect of mobilizing idle labor power and idle productive capacity. In the current situation, the success of this process will depend in its turn upon the injection of modern capital goods



from western Europe, which will play a catalytic role in cranking up economic activity as a whole.

### **Greater security of investment**

7) The greatest part of investment, vis-à-vis basic infrastructure, can only be undertaken by governments. Yet private investment can play a very useful role. Although investment in infrastructure and related projects in general do not bring in such large rates of return as one is used to on the international capital markets—one cannot in general expect 12-15% rates of return for the financing of infrastructure—yet their security is incomparably greater. Given the exhausted condition of the Anglo-American financial system today, there is awakened interest in such projects. It is possible that a precondition for the incurring of long-term obligations on the order of billions of dollars for concrete infrastructure projects in the various republics, were that these projects should be underwritten and supported by Western governments. Under such conditions, there might even result a flow of money out of the speculative markets in the direction of “hard” infrastructural investments.

8) Bringing the former Soviet Union back into economic health can only be achieved through an intensive reciprocal exchange with Europe, and above all with the Paris-Berlin-Vienna Productive Triangle. This is not only a matter of the massive transfer of high-cost capital goods which are primarily produced in the Triangle, but also a question of tying the republics of the former Soviet Union as tightly as possible to the economic dynamic and the technological, scientific, and cultural development of the Triangle. Of decisive significance for that will be the extension of the transportation network of the Productive Triangle to the regions of the former Soviet Union.

It is necessary to consider the essential infrastructural needs in the context of the “extended triangle”—its spiral arms to the east.

We first concentrate on transportation infrastructure, specifically upon the European part of the former Soviet Union. We do not intend to give here a comprehensive catalogue of measures to be taken, but only some of the most important projects. The general modernization of the entire Soviet railway network, we will deal with elsewhere.

### **1. The Black Sea area**

First in line of those affected are Ukraine, Georgia, Turkey, Bulgaria, and Romania, but indirectly also Moldova, Armenia, and Azerbaidzhan, and, by connecting the Volga to Rostov on the Don, also the Russian Federation. Next year, the Rhine-Main-Danube Canal will be opened. The infrastructural conditions for the rapid growth in the east-west internal shipping from the industrial centers on the Rhine through the regions adjacent to the Danube up to the harbors on the Black Sea must be still further improved, above all through modernizing and building of appropriate

installations for the transfer of goods from ship, to railroad, to truck.

As for railroad connections, the following are of primary importance:

a) The reactivation of the old “Orient Express” line: Paris-Vienna-Budapest-Istanbul, centered on transportation of goods to the Black Sea and further into the Near East (see below).

b) The reactivation of the old “Anatolian Express” line from Istanbul up to Erzerum and then over the Caucasus to Rostov and into the Ukrainian industrial region of Donbass.

c) Conversely, the extension of the “middle corridor” from Leipzig-Dresden through Wroclaw and Krakow to Lvov, and then to Kiev and also to Odessa; from Kiev to Kharkov, and then into the Donbass. The extension would then run through the Caucasus, on one side through Sochi and Sukhumi along the eastern border of the Black Sea, on the other side, through Baku to the Caspian Sea to Tbilisi and Yerevan. It is here a question of modernizing existing stretches of track, and especially building new track for high-speed transport of people and goods. The “middle corridor” of the European triangle runs outward from there in the direction of India (see below).

## **2. Ukraine**

Of all the republics, Ukraine has the best natural prerequisites for becoming a leading industrial nation. With about three times the area of Germany, and a population density relatively high for a former Soviet republic, with 51 million inhabitants, the development of Ukraine is closely connected to the improvement of infrastructure.

a) Apart from the just-described measures, the transportation connections to Czechoslovakia (through Kosice) and to Hungary, must be very substantially improved. For the further renovation of the Ukrainian railroad net, see below.

b) For the modernization of the agriculture in this former “breadbasket of Europe,” a massive improvement of highways beginning with the major transportation corridors is urgently necessary.

c) In the north-south direction, there must be created rapid transit connections, above all Odessa-Kiev-Minsk, Kiev-Moscow, and Odessa-Krivoi-Rog-Dniepropetrovsk-Zaporozhye-Kharkov-Moscow.

d) Improvement of inland shipping on the Dnieper, and modernization of the transshipment facilities.

## **3. Russian Federation**

The economic geography of Russia has the form of a fish with a long tail. The “tail” is essentially given by the path of the trans-Siberian railway from the Urals to the Pacific Coast. The “head” is the relatively dense area around Moscow with a connection to St. Petersburg (the former Leningrad). The backbone runs from Moscow to the Urals, and then along the trans-Siberian “tail.” More or less perpendicular to that, there

are the north-south axes connecting St. Petersburg-Moscow-Voronezh-Rostov, and the Volga to the Ural region.

A context of far-reaching intricacy of the Soviet economy brought about a heavy interdependence between the industrial centers in the west and the widely dispersed Ural and Kuzbass regions. The latter lie more than 3,000 kilometers removed from Moscow. The improvement of traffic along the "backbone" is indispensable, but fortunately seems to be a natural extension of the Paris-Berlin-Warsaw-Moscow axis. Hence, here we are dealing with a decisive historic project for "Eurasia" as a whole, an ultra-modern traffic corridor which reaches from the Atlantic to the Pacific. Of that, at least the stretch Paris-Moscow must be built for high-speed passenger transport. Also of high priority, are the elimination of the narrow pass at Brest-Litovsk, among other things, by building entirely new passes and expediting the transport of goods along the main axis, primarily consisting of trucks piggy-backed on trains.

It remains to be discussed whether or not a new stretch of track should be begun to Moscow, using standard gauge European track.

The main high-speed connections (magnetic levitation being the best) that come to mind are the ones between Berlin-Warsaw-Moscow and Moscow-St. Petersburg, (in addition to Moscow-Kiev).

What is true for the buildup and improvement of highways in Ukraine, is even more true for Russia. This is a giant task which cannot be carried out by foreign efforts. Obviously, within the armed forces, an engineering corps should be created which can be employed in such a gigantic infrastructural task.

#### 4. The Baltic republics

In the Baltics, connecting up to western Europe has a special priority. Already under discussion is a highway connecting Warsaw through Riga to Tallinn, with links to St. Petersburg and (by ferry) to Helsinki—the so-called "Via Baltica."

This should connect up—which is likewise under serious discussion—with another one to run from Hamburg over Szczecin to Gdansk and further eastward. In the other direction, there were the connections with the already begun "Trans-European North-South Highway," which will run from Gdansk through Lodz, Ostrava, and Bratislava to Budapest, Belgrade, Sofia, Istanbul, Ankara, and farther southward, with branches toward Milan, to Zagreb and Rijeka, to Sarajevo, to Ploce, and to Athens.

The construction of these highway connections should be linked to improvements of railway traffic. Interesting are the plans of the Polish railway for a "northward transversal" from Szczecin through Gdansk to the Baltic states. This connection can be integrated into the network of the Triangle, in that on the one hand it connects to the improved stretch of the Berlin-Szczecin, and on the other, will be extended to

St. Petersburg. This stretch as a whole will be primarily important for the transport of goods. Somewhat to the south of there, it is possible to build a rail connection for rapid passenger transport from Warsaw to St. Petersburg across the Baltic republics.

#### 5. Modernizing the Soviet railways

A German railway consulting firm has issued a comprehensive study on the collaboration required for reconstructing and modernizing the largest railway network in the world. Soviet railways move more than half of all rail freight in the entire world. In spite of their enormous capacity, the Soviet railways are not up to the tasks of today. Among other things, the following measures must be taken:

Modernization of the most important stretches with increased freight transport:

- Moscow-Perm-Sverdlovsk
- Kupiansk-Pensa- Kuibyshev-Chelyabinsk-Omsk-Novosibirsk-Irkutsk-Khabarovsk
- Zelinograd-Chu-Aryss-Tashkent-Samarkand
- Moscow-St. Petersburg
- Moscow-Kharkov-Rostov-Baku
- Delbazevo-Snamenka-Fastov-Lvov

The building of 5-9,000 kilometers of new railway. The building of 13-15,500 kilometers of secondary track. The electrification of 15-18,000 kilometers. The modernization of 300 freight and passenger yards. Modernization and expansion of 148 passenger railway stations. The construction of 170 new shops for the maintenance and repair of track-building machinery; 76 shops for the repair of track and engineering construction work; and 13 design and construction shops. Modernizing 192 shops for repair and maintenance of track; 24 general maintenance and trouble-shooting shops; and eight shops for rail-switch repair.

The creation of 40-45 regional, automated transport centers.

Outfitting of 22,500 kilometers of track with signal boxes and dispatch centers.

Modernizing the automatic switches and dispatch centers on 35,000 kilometers of track.

Equipping at least 80,000 switches with centrally controlled electric drive.

Modernizing the electric control of 35,000 switches.

Laying down 70,000 kilometers of cable for the switches.

Mechanizing at least 100 and automating at least 50 terminal yards.

Acquisition of 7,830 electric locomotives; 14,000 diesel locomotives for normal transportation; 5,000 diesel locomotives for shunting; 900,000 freight cars; 70,000 passenger cars; and 115,000 different kinds of computers.

This is an enormous market also for east German and eastern European enterprises which will be able to renew, under new, more favorable conditions, their economic relations with the republics of the former Soviet Union.

## A railway system for all of Eurasia

It is important to think of the extension of the transportation network of the Productive Triangle in coherence with Eurasia as a whole. The revitalized "Orient Express" line (Paris-Istanbul) shall be extended in various directions:

- a) over Syria and Jordan to Aqaba;
- b) along the Mediterranean coast to Egypt and then along the south coast of the Mediterranean to the planned bridge over Gibraltar to Spain, with southern connections in the east, west, and central areas of Africa;
- c) over Ankara to Baghdad and Basrah ("the Baghdad line");
- d) over the "Anatolian Express" line to Erzerum (with connection to Yerevan, Tbilisi, and Baku) and then farther in Iran to Tabriz and Teheran. From there, there are two natural lines to India: the first further east from Teheran to northwest Afghanistan, then south around the mountains to Industral, Pakistan, and from there to Punjab. Secondly, from Teheran south to Kerman and Quetta directly to Pakistan, and along Industral to Punjab.

The modernization of the trans-Siberian railway also signifies the possibility of improved land connections to China. The "classic" route, still used, runs over the trans-Siberian to Ulan-Ude and then southeast through Mongolia to Beijing. A second connection goes from Chita over the Transiberian into Manchuria, and a third from Kazakhstan over Tashkent and Alma Ata to Kuqa and Urumqi in Xinjiang, and from there into the heart of China.

## Rail connection to Japan

Last, the possibility of a future land connection to Japan should not remain unmentioned. Within the context of a modernization of the trans-Siberian railway, according to German experts, a transport time of 9-11 days for goods from central Europe (Frankfurt, for example) to Vladivostok could be attained. From there, it is a relatively short stretch of sea to Japan.

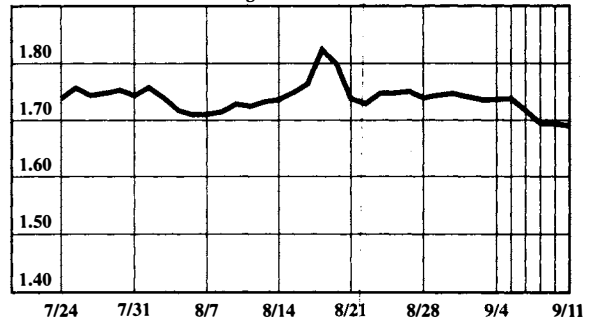
With that, the trans-Siberian should be in a very good competitive position relative to the long sea route from Europe. But the sea route might be completely avoided; namely, a tunnel of only a few kilometers could be built to connect the mainland to the island of Sakhalin, travel on the island to its southern tip, and from there go by a longer tunnel, about 50 kilometers long, to reach the Japanese island of Hokkaido. Hokkaido is already connected by a 54 kilometer tunnel to the main Japanese island of Honshu. The possibility of the transport of goods from Europe over the trans-Siberian to Japan is already being investigated by a Russian-Japanese joint venture.

Through these Eurasian connections, the Productive Triangle would on the one hand be connected to the economic giant of Japan, on the other hand, have direct access to the 800 million people in India and over one billion people in China.

## Currency Rates

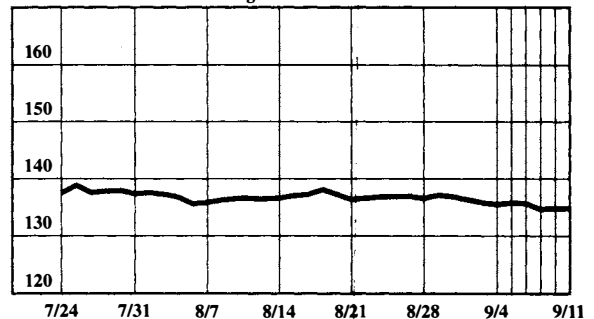
### The dollar in deutschemarks

New York late afternoon fixing



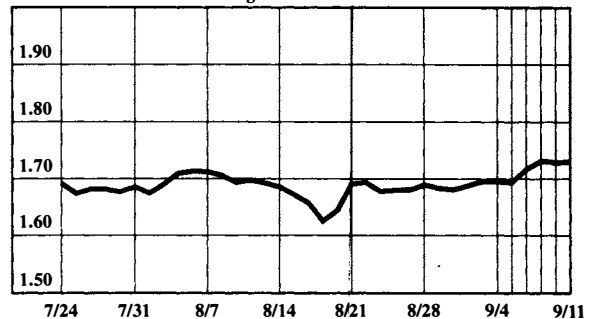
### The dollar in yen

New York late afternoon fixing



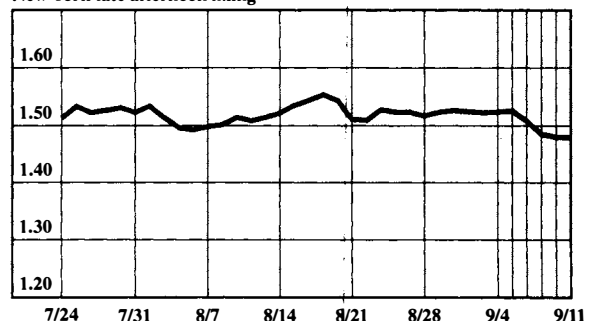
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# Shocking revelations on AIDS research

by Debra Hanania Freeman

Dr. Abdul Alim Muhammad, national spokesman for Minister Louis Farrakhan and the Nation of Islam, dropped a bombshell on the nation's capital at a mass rally held at All Souls Unitarian Church on Sept 8. Although the event had been planned for some time to celebrate the 10th anniversary of the Washington, D.C. ministry of Dr. Muhammad, he turned the event into a report on his recent fact-finding mission to the African nation of Kenya.

Dr. Muhammad startled the standing-room-only audience when he announced that a research team working out of the Kenyan Medical Research Institute, led by the Harvard-trained immunologist Dr. David Koech, had made dramatic advances in the treatment of AIDS. Dr. Muhammad also charged that the U.S. government was leading a major effort by the international medical establishment to suppress this groundbreaking research.

Among those who packed the church to hear Dr. Muhammad speak on the theme "Can We Survive Genocide," were clergy from several denominations along the East Coast, civil rights leaders, community activists, leaders of the Nation of Islam, elected officials and political leaders from Maryland, Virginia, and the District of Columbia, and hundreds of ordinary citizens. Amelia Boynton Robinson, author of the recently released book *Bridge Across Jordan*, was greeted with warm applause, as were Lawrence and Debra Freeman, who were representing jailed American economist and presidential candidate Lyndon H. LaRouche. The introduction of Washington's former Mayor Marion Barry—the man on whom the Bush administration spent millions to remove from office—brought the house to its feet in an extended ovation.

## A policy of genocide

In his remarks, Dr. Muhammad quoted extensively from a 1985 *EIR* article authored by LaRouche, "The Looming Extinction of the 'White Race'" (Vol. 12, No. 20, May 21, 1985). In that piece, LaRouche documents that the imperial policies intrinsic to oligarchism have set into motion the self-destruction of the population levels and economies of those "white" nations that have complicitly tolerated oligarchical policies—most specifically the United States and Great Brit-

ain. LaRouche states that since what the oligarchs call the "Great White Race" is dying out at an accelerating rate, and threatening the supremacy of the Anglo-American financial establishment, we witness a fanatically malthusian commitment to a policy of genocide directed against people of color; a genocide consciously implemented through the conditionalities policies of the International Monetary Fund (IMF).

"That," Dr. Muhammad charged, "is one of the reasons they've got him locked up; because he's got the guts to tell the truth."

Dr. Muhammad went on to present extensive evidence that the policy of deliberate genocide is fully operational. He described the CIA's support for the cause of population control during George Bush's tenure as Director of Central Intelligence, and reported the contents of National Security Study Memorandum 200, written during the Ford administration, which advised that the preservation of U.S. political and commercial interests "will require that the President and Secretary of State treat the subject of population growth control in the third world as a matter of paramount importance. . . ." To the amazement of the audience, Muhammad identified the authors of the internal memo as Henry Kissinger and Gen. Brent Scowcroft, now Bush's national security adviser. (See *EIR*, May 3, 1991.)

Dr. Muhammad used the case of Brazil, which has the second largest black population in the world, to prove that the memorandum was being implemented. "Today in Brazil, 40% of the women of childbearing age have been surgically sterilized with funds provided by the USAID," he said, "and 90% of those sterilized women are black."

He insisted that this genocide was the real agenda of Bush's new world order; that it not only motivated the invasion of Panama and the kidnaping of Gen. Manuel Noriega, but also the continuing murder of the nation of Iraq. He told the audience that these were just the opening battles in the war of the advanced sector nations of the North against the developing nations of the South. Dr. Muhammad denounced George Bush as a wicked man who cherished his membership in the satanic secret society Skull and Bones. He reminded the audience that the "skull and bones" was also the emblem on the flag flown by the slave traders who raided Africa, as well as of the latter day pirates.

## AIDS and 'population control'

Given the Anglo-American establishment's commitment to mass murder, the effort to suppress the promising research of Dr. Koech and his colleagues should come as no surprise to anyone, the Nation of Islam leader said. In fact, he contended, there is substantial evidence to indicate that AIDS was developed as a race-specific population control measure. Dr. Muhammad ridiculed the theory that AIDS originated when the virus made a species jump from the African green monkey to the African population. "We lived with the green monkey for thousands of years and never had any problems.

The green monkey isn't our enemy. The IMF is."

Dr. Muhammad, who is a trained surgeon, said he traveled to Kenya to see for himself what the alpha interferon derivative, which goes under the trade name Kemron, was really all about. Dr. Muhammad reported that he interviewed the research team in their laboratory, was permitted to review their data, and to examine AIDS patients currently undergoing treatment with Kemron and with a new, more advanced form of Kemron, the drug Immunex, which contains a greater number of alpha interferon components than the original drug. Dr. Muhammad stressed that although the new drug was only a treatment and *not a cure* for the deadly HIV virus, he was tremendously hopeful and encouraged by the dramatic improvement in the condition of those undergoing treatment.

Dr. Muhammad introduced Dr. Barbara Justice, a well-known New York City-based cancer surgeon who has sent 54 AIDS patients to Kenya for treatment over the past year. Dr. Justice reported that 97% of her patients showed marked improvement within eight weeks of beginning treatment, and that most were able to regain some degree of normalcy in their ability to function.

### The coverup

It has been almost impossible for anyone outside of Kenya to assess the work of the Kenyan team, which has been administering Kemron on an experimental basis in the treatment of AIDS since 1989, since it has been systematically blacked out of the scientific literature. Dr. Koech was to present his data, first at the International AIDS Conference in the United States in 1987, and then again at the 1991 AIDS Conference in Italy. On both occasions, his invitation was inexplicably withdrawn.

Last year, Dr. Koech decided to take his data directly to the U.S. medical community, and an extensive U.S. lecture tour was planned. That tour was abruptly canceled when the State Department refused to issue Dr. Koech the necessary permission to enter the United States.

This is certainly not the first time that important AIDS research has been suppressed. Quite the contrary, it is part of a continuing criminal pattern of lies and coverup. The importance of a rapid evaluation of Dr. Koech's work with Kemron and Immunex is obvious. Currently, the only treatment available to AIDS victims is the drug AZT; however, AZT therapy is prohibitively expensive and carries with it extremely destructive side effects, especially with prolonged use. Additionally, a recent study conducted by the U.S. Army showed that, for unexplained reasons, AZT therapy is not only largely ineffective in the treatment of blacks, but that, in fact, AZT seems to aggravate symptoms in an alarming number of black patients.

Kenya's President Daniel Arap Moi clearly finds the Koech team's findings to be convincing. He recently announced that his government was building a factory to allow the mass production of alpha interferon.

## Milk 'strike' aimed at Bush food policy

by Marcia Merry

Plans are taking shape for a widespread milk "strike" by dairy farmers on or about Oct. 1. This protest action reflects the revulsion felt in farm communities against the Bush administration's overall agriculture policy. So far, farmers in 15 states are involved. There will be a national meeting in Vermont Sept. 20-21 to debate dairy policy. Farmers are now getting 30% less per gallon of their milk than they were getting a year ago, and cannot stay in operation.

The Bush administration holds that low farm prices manifest the "free market" at work, and no remedy will be taken. Sen. Patrick Leahy (D-Vt.) and others in Congress have voiced objections to this, but so far they have been ineffectual in legislating relief. Leahy has recently announced new legislative efforts to relieve the farmers—two previous attempts failed during the last session. Leahy complained to reporters in August, "The administration won't raise the support price by even one cent to help our dairy farmers." The current floor price for farm milk, set by federal order, is \$10.60 per hundredweight (cwt, roughly 12 gallons). A year and a half ago, some farmers received about \$15 per cwt. At present, some farmers may be getting over \$11 per cwt, but this is nowhere near the parity price level needed to meet their costs, provide a return, and guarantee supply to the public. A parity price would be about \$26 per cwt. Most farm strike coordinators are asking at least \$17.

Some farmers are discussing dumping milk, but the more informed strike coordinators are working out plans to deliver milk to processing plants, and arrange to obtain milk-equivalent dairy products like cheese, butter, or dried milk to give to those in need. Farmers are discussing sending dairy foods to food banks, hungry children, and for shipment to children in Iraq. A series of meetings to organize the nationwide action has taken place in Pennsylvania, New York, Missouri, Wisconsin, and other states, with an eye to planning a coordinated strike action Oct. 1 that would dramatize the fact that dairy farmers are being ruined by the government-sanctioned low farm prices, while milk shortages hurt millions.

As of June, several Wisconsin dairy counties have declared themselves economic disaster areas. Even the U.S.

Department of Agriculture statisticians project that, due to the low farm milk price, aggregate dairy farm income this year is expected to drop by \$3 billion. The USDA condones this extermination of dairy farms. In a recent report, "Toward 2005," the USDA made these projections for the Northeast United States, currently an important "milkshed" to supply fresh milk for fluid consumption in the major cities: The number of dairy farms is to decline from 37,016 to 21,650; cows per worker to increase from 28 to 42; number of processing plants to decrease from 686 to 189; total processing employment to decrease from 30,100 to 9,600; number of dairy farm employees to decrease from 80,600 to 43,300.

Despite the national news blackout to date, there has been strong regional attention to this crisis. Local television in Erie, Pennsylvania covered a farm strike meeting of 70 people which convened Sept. 6 in western Pennsylvania. In western New York, there are signs dotting the countryside with such messages as, "This farm will strike Oct. 1."

### **European farmers protest cartels**

Farm strike action in the United States could potentially boost the expected farm protest demonstrations in Europe this fall. The German Farmers Federation has announced a series of protest rallies and demonstrations beginning in late September against farm income cuts being demanded by the U.S. at the General Agreement in Tariffs and Trade (GATT), and the European Community's compromise position. The rallies will take place all over Europe. Addressing the question of so-called surpluses, German Farmers Federation President Constantine Heeremann said Sept. 10 that food surpluses should be used up for food aid to eastern Europe and the republics of the former Soviet Union. He warned against excessive trade liberalization for eastern Europe which would expose it to the "brutal force of the market," and destroy traditional agricultural structures. There would be two effects from such "liberalization," he said: either to reduce eastern European farmers to mere producers of cheap food for western cartels, and/or to turn those countries into a consumer market for western food production.

Farmers have joined in support of German mine workers who have been involved in symbolic protest actions for the past year against U.S. GATT demands for subsidy cuts which will eliminate 40-50% of the mines. Employing similar polemics as the farmers, the coal miners have protested the importation of cheap coal, both because it hurts German workers, and because it is produced under inhuman conditions.

### **Milk for children**

One of the foremost issues under discussion by farmers is how to bring home to the public the moral question of allowing nobody to go hungry.

One farm leader, John M. McGuire of Union City, Pennsylvania, who is the northwest Pennsylvania coordinator for

the Oct. 1 milk strike, has been circulating a resolution which states in part, "Our cause is not just a 'special interest' of dairy farmers. Unless the independent family farm system is protected and strengthened, then *all people*, especially poor people in the big cities, along with people in the poorer countries around the world, will be at the total mercy of giant food conglomerates.

"Farmers need to receive a fair, minimum price for their product, just like a worker needs a decent minimum wage. Today, the dairy farmer gets less for a quart of milk than it costs to buy a postage stamp. Not only has the federal government refused to set a fair, minimum price to farmers, but the U.S. Department of Agriculture has a plan, called 'Toward 2005,' to eliminate over 40% of dairy farmers in the Northeast!

"The government tells us that there's a 'surplus' of milk. But we add up the growing millions of poor in America, the hundreds of thousands whose unemployment benefits are running out, plus malnourished people in other countries who are dying needlessly of disease and hunger, and we know there is no 'surplus.' The nation of Iraq, for example, needs about 40 million pounds of powdered milk this year alone, just to save the lives of hundreds of thousands of innocent children.

"We can no longer afford to sell our product for less than it costs to produce it. So, as part of the planned milk strike, we will offer to give away our milk to food banks and charitable organizations, to help feed those hungry people at home and abroad.

*"We call upon every American who values his or her freedom as much as do those brave people in Eastern Europe, to support the independent family farmer in this crisis."*

### **Why the low farm milk prices?**

A small number of mega-companies are imposing the low milk prices on farmers—with the connivance of the USDA and Department of Justice; the famous name processors include Kraft, Borden, and some others. Typical is the Bronfman dairy empire, connected to the Seagram's whiskey group, which dominates fluid milk sales in the Northeastern cities. Over recent years, the Bronfman family firm Labatts Brewery Co. of Canada systematically bought up dairies in Pennsylvania, New Jersey, and nearby regions. Now this chain underpays farmers and continues high prices to consumers. The Justice Department has turned a blind eye to this blatant food profiteering.

Internationally, the "free trade" movement is a front for similar profiteering on a grand scale. The looting to date has been severe—family farms have been destroyed and malnutrition and starvation are spreading. The companies of the international dairy cartel include Nestlé and Unilever.

But the farm protest actions hold promise that even at this late hour there is potential for public revolt against the evil agriculture policies behind the usury and misery.

# Americas approach African disease level

by Gretchen Small

The collapse of the physical economy of Central and South America has transformed many of these nations into gigantic petrie dishes of disease. In addition to cholera, also malaria, tuberculosis, leprosy, AIDS, and even measles are now at epidemic proportions in several countries.

The advance of cholera remains unchecked. Health officials reported the first cases of cholera in Bolivia on Aug. 26, and one week later, announced that the disease had claimed its first victim. Argentine authorities immediately ordered stricter controls on the border with Bolivia, because of the amount of fresh food, and numbers of migrants, which enter into Argentina.

So far, in Brazil, 99% of the cholera cases have been limited to the Alto Solimoes River region, near the Peruvian border. The numbers of infected have risen steadily. In April, when the disease first appeared in Brazil, there were only 1.3 new cases identified each week; by mid-August, that number had risen to 19 new cases per week. Health Minister Alenci Guerra requested on Sept. 3 that the government allocate another 10 billion cruzieros to finance anti-cholera programs there and in other parts of the country, which he has warned could face outbreaks at any time. As Baldur Schubert, a member of the National Commission to Combat Cholera, pointed out, for every person infected with the disease there are another 8-10 carriers who are asymptomatic but who can infect others. With an official count of 103 cases so far, that means there are an estimated 700 asymptomatic carriers capable of spreading the disease, who cannot be subjected to any type of control, Schubert noted.

In Colombia, "cholera has already . . . become a calamity," *El Tiempo* warned Aug. 27. Chastising the Health Ministry for inaction, the paper noted that the disease "has already been detected in 13 departments. . . . Cholera has been affecting the continent and the country for months, sufficient time for a good campaign—both curative and preventive—to have been mounted. Perhaps it is already under way, but if it is, it must be intensified, because the disease has already begun to get the upper hand."

Colombia's health system is so collapsed from the past decade of underinvestment that hospital workers in the Cauca region went on strike at the end of August over the lack of equipment. *El Tiempo* cited as an example Aug. 28, the fact that a shortage of disposable syringes has forced hospital employees to reuse needles, creating conditions for an explosion of diseases such as AIDS.

## Summer holocaust

All this is minor compared to the expansion of cholera expected in the Southern Hemisphere once warmer weather arrives. Peruvian Health Minister Victor Yamamoto reported Sept. 6 that there is already a new severe outbreak in the Amazon River region, caused by heat and the lack of drinking water, which has killed 400 people so far. The outbreak is particularly intense in the Amazonian city of Iquitos, and in indigenous communities near the Brazilian and Colombian borders, Yamamoto said.

More than 2,500 people have died from cholera in Peru since the epidemic began at the end of January. But the epidemic could worsen with the imminent arrival of the "El Niño" current, the Pacific Ocean's warm water flow which makes an appearance every six or seven years, Yamamoto stated. The warm water current kills cold-water marine mammals and causes droughts and floods throughout the continent. Combined with the onset of summer in December, he said, the El Niño current could cause a resurgence of the disease in coastal areas where it had been previously brought under control.

Argentine health officials have privately warned that the summer will bring cholera into their country as well. The collapsing health system is already strained by a measles epidemic and severe outbreaks of leprosy and tuberculosis. Forty-one children have died from measles so far this year, because they were not vaccinated. As an emergency measure, the government had to import 236,000 vaccine doses from Chile and Brazil.

Peru, the hardest hit by cholera, faces a myriad of epidemics. Four people have died thus far from malaria in the northern city of Piura, according to *La República*, the first time that disease has struck this area of the country. The primary cause of the population's increasing vulnerability to multiple diseases is the collapse of nutrition levels and sanitation resulting from the economic "shock therapy" of the government's International Monetary Fund program which has driven the population down to African levels of consumption.

What no government has been willing to face, however, is that the AIDS epidemic may reach African levels of infection within the decade. Opening the Fourth Brazilian Congress on Infectious Diseases on Aug. 28, U.S. Dr. Warren Johnson warned that, by the year 2000, Brazil could have the largest number of AIDS carriers in the world. Johnson, considered one of the world's leading experts on infectious disease, reviewed the poor conditions in Brazilian hospitals where the risk of contracting any disease is so high that 20-25% of Brazilian patients die of infections contracted while hospitalized. As another U.S. doctor, Richard Roberts from Cornell University, reminded the conference, the rapid propagation of AIDS and rate of hospital infection in Brazil will only be resolved through a political decision on the part of the Brazilian government.



# World 'free trade' volumes manifest the workings of colonialist looting

by Anthony K. Wikrent

*The conclusion of a two-part analysis of maritime trade. Part 1 appeared in our Aug. 16 issue.*

Today's world maritime trade flows have been determined by the very same system of Anglo-American "free trade" usury that has utterly failed even to provide replacement costs for the physical economy. Over two-thirds of the world's oceanborne trade, as measured by weight, is the movement of raw materials, primarily from the developing nations to the developed nations. In short, world trade flows today are what might be expected of a world still in the thrall of colonial empires.

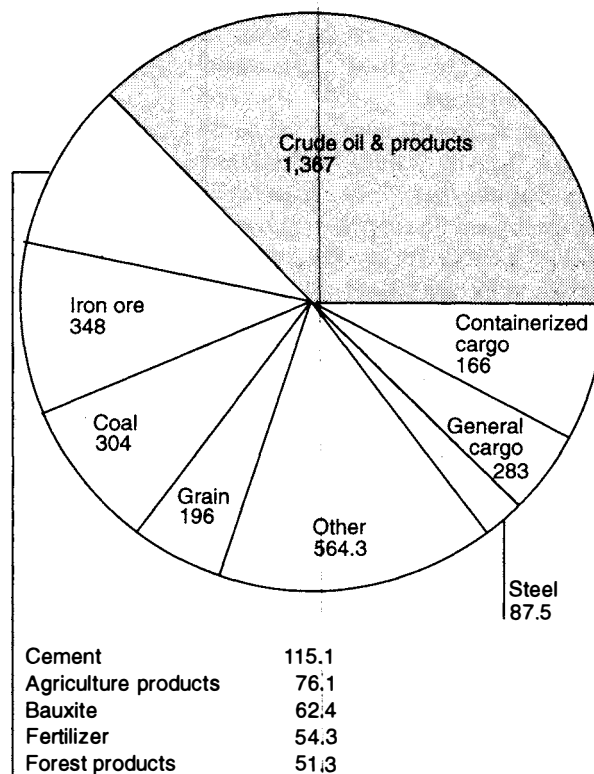
These trade flows can be generally divided into three categories: 1) The flow of raw materials, mostly from Third World countries, but also including raw commodities outflows from industrialized or post-industrialized countries, such as bauxite from Australia and coal from the United States. These flows of raw materials account for over two-thirds of all oceanborne trade. 2) The trade in finished goods, which is overwhelmingly dominated by flows into North America, to maintain the appearance of prosperity in a bankrupt, deindustrialized United States. 3) A small subcategory of finished products and capital goods to destinations other than the United States.

Contrary to all the plaudits for free trade, since the end of the Tokyo Round of the General Agreement on Tariffs and Trade (GATT) negotiations in 1979, world trade has stagnated, when measured not by dollar value, but by actual weight of goods moved (see **Figure 1**). Well over one-third of the world's maritime trade is the carrying of petroleum and petroleum products. Another one-third is the carrying of bulk commodities, such as iron ore, bauxite and alumina, coal, and grain. Only about 8% of world shipping is containerized cargo, and another 5% is general cargo. Most, but not all, of these last two categories are finished goods.

## Africa exports steel to the U.S.

A review of U.S. trade with Africa reveals the classic imprint of neo-colonialism (**Figures 2 and 3**). Raw materials account for over 95% of U.S. imports from Africa. Petroleum and related products alone accounted for over 80% of Africa-to-U.S. tonnage in 1988. Ferrous metals and scrap

FIGURE 1  
**Composition of world seaborne trade in 1988**  
(in million metric tons)



Source: Institute of Shipping Economics and Logistics, Bremen, Germany, in *The Journal of Commerce*, Nov. 30, 1990; *Review 1989*, Fearnley's, Oslo, January 1990, cited in OECD, *Maritime Transport 1989, 1990; Review & Outlook of Shipping Market*, Nippon Yusen Kaisha Research Division, December 1990.

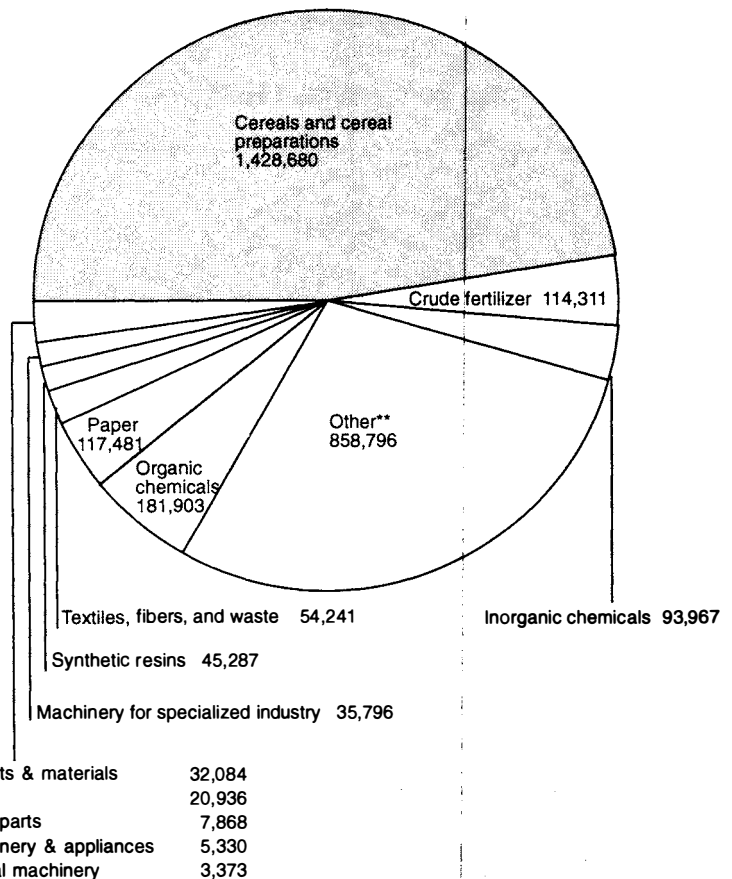
were the second largest import group, accounting for an additional 15%.

The modern "post-industrial" twist is provided by movements of iron and steel *out of Africa, into* the United States. In 1988, the U.S. imported 494,786 tons of iron and steel

FIGURE 2

**Total U.S. exports to Africa, 1988\***

(in long tons)



\*Not including Morocco, Algeria, Tunisia, Libya, Egypt, and Spanish Africa.

\*\*Other\*\* represents those exports that make up less than 1 or 2% of the total, consisting mostly of wood and paper products, edible animal and vegetable fats and oils, and meat and vegetable exports.

Source: *United States Oceanborne Foreign Trade Routes*, U.S. Department of Transportation, Maritime Administration, April 1991.

from Africa, while exporting only 20,936 tons. It is criminal that any “industrialized” country should have a net trade deficit of iron and steel with Africa, which so desperately needs to build the economic infrastructure required for industrial development—rail lines, bridges, pipelines, etc.

Almost half the tonnage of U.S. exports to Africa in 1988 was accounted for by cereal grains and cereal preparations, conforming to the pattern that could be expected in a trade system wherein the Anglo-American-dominated food cartel companies wield “food as a weapon” to keep the developing countries in line. This trade is dominated by a select handful of mega-firms: Cargill, Louis Dreyfus, Continental, Archer Daniels Midland, Garnac/André, Bunge and a few others.

The sixth largest category of U.S. exports to Africa is called by the U.S. Maritime Administration “textiles, fibers, and waste.” This means used clothing. In 1988, the U.S. shipped 54,000 tons of used clothing to Africa!

The export of used clothing provides the starkest imaginable contrast to those categories of U.S. exports that would be expected were the U.S. seriously attempting to aid the industrial development of Africa. In 1988, the U.S. exported only 35,796 tons of “machinery for specialized industry” to Africa—about equal to one small shipload of freight or grain. A mere 3,373 tons of “general industrial machinery and equipment” was shipped. One hundred ninety-eight tons of

“power-generating machinery” was recorded—the equivalent of a single turbine generator.

In fact, U.S. exports of manufactured, high-value freight to Africa are almost entirely limited to oil equipment, destined for the fields being explored and developed along Africa’s West Coast—Nigeria, Angola, and Gabon, primarily.

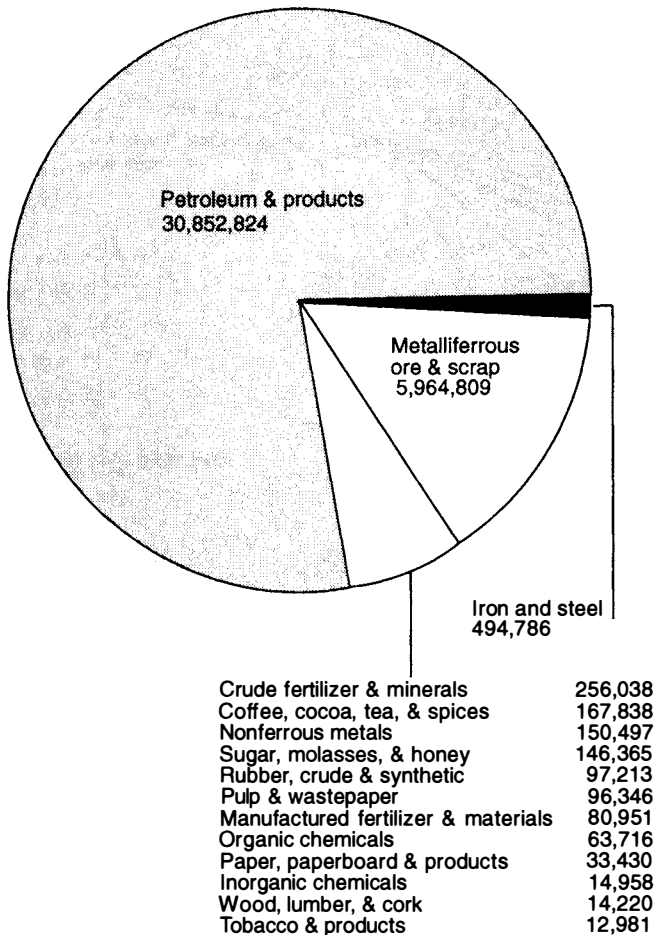
To see that the neo-colonial structure of U.S. trade with Africa is the rule, not the exception, look at the decline in exports of farm machinery and related equipment in **Figures 4 and 5**. When the Tokyo Round of GATT was signed in 1979, U.S. manufactures of farm and construction tractors still had deserved reputations for quality and efficiency. Caterpillar and John Deere in particular were among the most admired companies in the world. According to the tenets of “free market” economics, U.S. manufacturers should have easily swept all world competitors before them.

But exactly the reverse transpired.

U.S. exports of farm tractors plummeted from 38,092 in 1977, to 17,890 in 1982, reaching a low of 5,731 in 1987 before rebounding in 1989 to less than half the level of 12 years earlier. The same pattern obtained in U.S. exports of construction tractors. From 2,542 new tractors exported in 1975, U.S. manufacturers shipped only 1,381 units overseas in 1980, with a low of 279 shipped the following year. Since then, U.S. exports of construction tractors have crawled up

FIGURE 3

**Total U.S. imports from Africa, 1988\***  
(in long tons)



\*Not including Morocco, Algeria, Tunisia, Libya, Egypt, and Spanish Africa.

Source: *United States Oceanborne Foreign Trade Routes*, Department of Transportation, Maritime Administration, April 1991.

to less than one-third the level of the 1970s.

Another way to grasp the neo-colonial pattern of world trade is to think of the gigantic dimensions of steel- and energy-related freight that should have been "on the move" in recent years to provide for real per capita development.

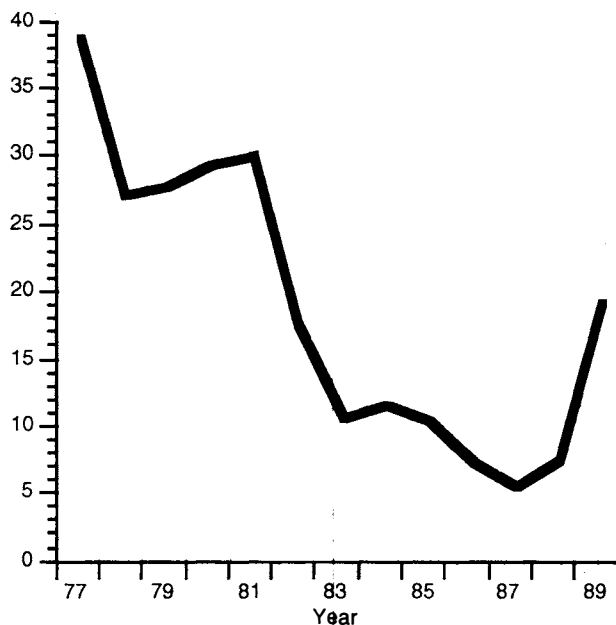
**World electricity and steel requirements**

Consider, for example, the requirements for achieving worldwide electrification, using per capita electricity output in the United States as a comparison. In 1987, the U.S. produced about 10,500 kilowatt-hours (kwh) per capita (or 2,487.3 billion kilowatt-hours overall), with 718.1 million kilowatts of installed capacity. That is, 1 kilowatt of installed capacity supplied 3,460 kilowatt-hours.

In order to provide a U.S. level of living standard for the

FIGURE 4

**U.S. exports of farm tractors collapsed in the 1980s**  
(thousands of units)



Source: Department of Commerce *Current Industrial Reports*, MQ-34A, "Farm Equipment."

world's 5.5 billion people, we give a ballpark estimate of 1 gigawatt (GW) of electrical generating capacity per million population as a requirement. This estimate accounts for industrial, commercial, and household use of electricity. Therefore, if the world's people were to have a per capita consumption of electricity comparable to U.S. levels, we would need 5,500, one thousand megawatt (1 GW) power plants operating worldwide. Third World countries without developed power grids would be more likely to need smaller plants—500 MW units—and therefore 11,000 power plants of 500 MW would be needed. This would mean an approximately additional 10,000 power plants to be constructed.

A construction program of this scale would have resulted in a dramatically different structure of world trade, given the tonnages of steel, cement, and other inputs per plant. Look at the steel requirements for constructing a single 500 MW nuclear power plant:

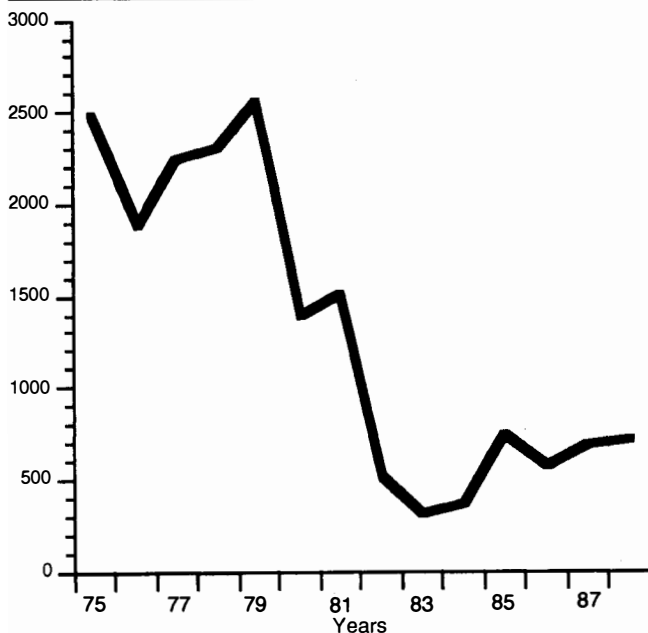
- 47,900 tons of plain carbon steel
- 4,900 tons of special alloy steels
- 2,100 tons of stainless steel.

Then there is the contrast between tonnages of fuel requirements for fossil fuel plants, versus nuclear-powered electricity generation. For example, in the United States, there were 5,677 electrical generating plants of all types in 1987. Of those 5,677 plants, 97 or 1.7% were nuclear, but these

FIGURE 5

**U.S. exports of construction tractors collapsed, also**

(units)



Source: Department of Commerce, *Current Industrial Reports*, MQ-35A, "Construction Equipment."

nuclear plants supplied 16.2% of the U.S. output. Think of the tonnages of oil and coal saved.

According to a study for the U.S. Council for Energy Awareness by Science Concepts, Inc. in July 1989, the world's net nuclear generation of 1,660.8 billion kilowatt-hours (kwh) in 1987 displaced 1.790 billion barrels of oil, or about 251.7 million tons (at an average 315 pounds per barrel). In addition, 185 million tons of coal were displaced, as well as 3.103 trillion cubic feet of natural gas.

To visualize this, consider the calculations of just one nuclear plant for one year, in oil-equivalent fuel terms. On Christmas Day, 1989, wrote the *Palladium News* of Owsego, the nearby FitzPatrick nuclear power plant just outside Owsego, New York, reached an annual output of 6.06 billion kwh of electricity. If FitzPatrick "were an oil-burning plant producing the same amount of power, it would have consumed 4.5 billion gallons of oil. Not too many of us can visualize that much oil, but it's approximately 4,100 times the amount that was spilled by the *Exxon Valdez* off the Alaskan coastline."

The same exercise of calculating world requirements can be performed for steel. Taking a factor of 0.45 tons of steel produced annually per capita (which is a recent, depressed U.S. average, below the historical U.S. highs of 0.6-0.7 tons a year, and well below Japan's), then for 5.5 billion people

in the world there should be 2.475 billion tons of raw steel produced each year. Instead, there is less than 1 billion tons. The figure for 1985 was 908 million tons.

If you use the metric of one ton per capita—the average in Japan in the 1960s—then overall world needs for steel would be more than doubled.

That these required flows of capital goods into the developing nations did not occur is the direct result of official policies. *The spread of industrial and agricultural technology has been deliberately hindered and sabotaged as a means of reducing world population growth.* "Free trade" was—and is—merely the Anglo-American tool used to prevent or hinder countries from implementing the sovereign economic measures that could have been taken to shield nation-states from the effects of this "demographic warfare."

**The pattern of U.S. trade**

Were the United States fulfilling this world mission of helping the Third World develop, it would be expected that the value of exports would far exceed the value of imports. The grim fact is that exactly the reverse is true. An analysis of trade through U.S. West Coast ports conducted by the Port of Los Angeles, released in January 1991, found that 1989 imports averaged \$2,511 a ton, five times more than the \$450 a ton for exports. The highest value export to Japan was cigarettes!

These figures show, in fact, that the U.S. not only is not producing capital goods for export to the Third World, but in fact is no longer producing enough capital and consumer goods to sustain its own economy! The flow of Asian-produced goods through U.S. West Coast ports is what has allowed the illusion of U.S. prosperity to be maintained. One-third of the automobiles, over one-half of the clothes and shoes, and over 80% or 90% of the consumer electronics purchased in the U.S. each year are produced overseas.

A comparison with figures from 1983 reveals how rapidly the U.S. system of production has been shut down. In 1983, the average value per ton for imports through the West Coast was \$1,348, and for exports was \$322. The growth in the value of imports from 1983 to 1988, from \$1,348 a ton to \$2,468, is an increase of 83.1%. By comparison, the value of exports per ton rose from \$322 to \$403, an increase of 25.2%.

**Implications for merchant fleet composition**

Look at the case of the Roll-on/Roll-off (RO/RO) ships: In the 1950s and 1960s, the U.S. maritime industry pioneered the development of a special type of cargo ship called Roll-on/Roll-off, which could operate in the poorly equipped ports typical of developing countries. These ships were designed with special ramps built into the hull which allow cargo to be driven on and off board easily, eliminating the need for heavy cranes and advanced port facilities. Even today, heavy industrial equipment, such as trucks, bulldozers, tractors, transformers, generators, locomotives, and large machine

## Algeria's Ghozali in a vise

The Algerian National Assembly rejected, on Aug. 26, the increases in prices for basic consumer goods proposed by the government of Sid Ahmed Ghozali in the 1991 supplementary finance law. Ghozali's government succeeded that of Mouloud Hamroush in June, after riots broke out, led by Islamic Salvation Front (FIS) radicals.

Economics Minister Hassin Benissad reacted to the Assembly vote by stating that this will not make his job any easier and that he will have to try to do something to reduce outside pressures. The government's maneuvering room is limited, he said, recalling that it had inherited an accord with the International Monetary Fund (IMF) signed by the previous government, with stringent conditionalities.

Benissad was referring to the second credit tranche granted by the IMF on June 3, 1991, a \$300 million loan with draconian strings attached—including price hikes for basic consumer goods. The riots which brought down the Hamroush government broke out at that time. Among the other measures which had figured among the IMF demands, but which it was rumored the Hamroush government itself would impose, were: 1) completion of a major program to free imports, 2) freeing of internal prices to reach market prices, and 3) changes in fiscal and monetary regulations.

The Ghozali government's supplementary financing bill already foresees a major dropping of import barriers,

which would hurt domestic production badly. It calls for lower tariffs on imported textiles, lumber, and certain capital goods; cutting the uniform tax on spare parts, vehicles, and engines—and *total exemption* for food products, medicines, notebooks, books and manuals, and industrial equipment.

During the National Assembly session, the deputies lambasted the Hamroush government for not abiding by transparency, since the Assembly had never been informed in time of the content of the pact with the IMF. The Hamroush government was also accused of not having kept the promises made when its program faced a confidence vote, especially regarding protecting purchasing power and reviving investment.

Despite the vote, the new government seems to have decided to go further. According to the paper *Alger Républicain* of Sept. 1, Minister Benissad said during a discussion about the Algerian financial situation that "Algeria would confirm its international commitments" with the IMF. To be sure, Algeria has a knife at its throat. How can it buck IMF conditionalities when it is trying to get a \$1 billion loan to refinance its overall debt? Or when an IMF delegation has just dropped in on Algeria to check whether the second credit tranche conditions were enforced?

Today, the FIS opposition seems to be in retreat. But tomorrow, if the prices of basic necessities keep climbing (meat now costs \$16 a pound), the FIS will again appear to be a bulwark for tens of thousands of disinherited citizens.—Axel Yougoruthen

tools, are most easily loaded and unloaded from RO/ROs. These types of freight are best associated with major construction and development projects.

(These RO/RO vessels are made-to-order for delivering emergency food relief for the Sahel and other places of need. But instead, the U.S. deployed them in the supply operations for the U.S. Desert Storm attack on Iraq. The RO/ROs carried outsized cargo such as main battle tanks and helicopters.)

However, with world trade locked into colonialist patterns of raw materials flows, the demand for RO/ROs has been limited. The imposition of International Monetary Fund (IMF) and World Bank conditionalities on developing countries has derailed almost all major development projects, with the result that the largest business for RO/ROs is the carrying of Japanese- and European-made automobiles to the deindustrialized English-speaking countries.

Demand for RO/ROs has declined by almost one-third since 1988, according to estimates by Michael Sclar, a senior consultant at Data Resources Institute/McGraw-Hill. Of the 22,983

merchant ships in the world's fleets at the beginning of 1990, only about 200 were RO/ROs, or about 1.6% of the general freighters, and less than 1% of the total number of ships.

Though there are now 23 RO/ROs on order, they are all between 10,000 and 20,000 deadweight tons. The average deep sea container ship in 1989 was 27,244 deadweight tons, while the average size of newly completed deep sea container ships that year was 34,646 deadweight tons.

Ingar Skaug, president and chief executive officer of the large Norwegian shipping firm Wilhelmsen Lines, estimated that a newly built RO/RO would cost 33-50% more than a newly built container ship of the same size. That is partially offset by the fact that owners and operators of RO/ROs need not worry about purchasing, maintaining, and repositioning thousands of containers.

Skaug noted that it has been nearly a decade since a RO/RO vessel larger than 20,000 deadweight tons has been built anywhere in the world. Clearly, there is no rush expected in helping the development of the Third World.

# Anti-nukes lie about food irradiation

by Marjorie Mazel Hecht

“Do you want a kook telling you what to eat or do you want to listen to the scientific evidence about the benefits of food irradiation?” This is the question *21st Century Science & Technology* magazine posed to Florida consumers and producers in a Sept. 9 news release announcing its special report in the Fall 1991 issue on the benefits of food irradiation and the lies of the Food & Water, Inc. group, which opposes the nation’s first food irradiation plant, scheduled to open this fall in Mulberry. Food & Water, a New Jersey-based group that has gained notoriety inventing scare stories about food irradiation, is carrying out a noisy campaign to bully Florida policymakers, supermarkets, and food producers. Their object is to keep business away from the Vindicator of Florida food irradiation plant, now that they have lost the battle to prevent the plant from opening. (This is, by the way, an important victory for science; the anti-nukes won similar battles in Alaska and Hawaii.)

Two decades ago, the antics of this anti-nuclear group would have been laughed out of town, pelted with rotten fruit along the way. But in today’s climate of irrationality, even rational people are fearful of speaking out against the anti-scientific propaganda and lies that characterize Food & Water. Thus Florida Citrus Commission members and various elected officials who privately acknowledge that food irradiation is safe, are publicly silent in the face of Food & Water’s fear campaign. And the big green foundations, including most recently Rockefeller, along with Hollywood activists like Barbara Streisand, are continuing to pump money into the Food & Water anti-food campaign.

## Killer strawberries?

The Food & Water group is spending \$30,000 in Florida alone on radio ads, blaring that food irradiation “might kill you.” Printed ads proclaim, “Stop the killer strawberries,” one of the crops intended for processing at the Vindicator plant. A typical ad that appeared in the Tampa paper, *Creative Loafing*, has a big headline “Warning,” with the text: “If you’re looking to add radiation to your diet, you won’t find it here! These stores care about your health. They have pledged they will not knowingly sell radiation-exposed food.” At the bottom of a page full of health food store business cards is a “Mango Action Alert,” urging people to

write the Florida Mango Forum to tell them they will not buy “radiation exposed mangos and you expect their organization to protect consumers by opposing the use of this process.”

A similarly unscientific, “non-profit” organization, the American Natural Hygiene Society, Inc., based in Tampa, has recently joined Food & Water in making money by spreading hysteria. A Sept. 1 fundraising letter from executive director James Michael Lennon alerts members to the new plant and says, “We *desperately* need the help of every member! if you plan to help with *any* cause this year, *Please Make This The One!* This plant will use *deadly radiation* from nuclear waste to ‘sterilize’ the food we eat, putting our food into rooms filled with radioactive materials . . . rooms *So Lethal* the walls need to be *four feet thick!* . . . *Imagine What It Does To Our Food!*”

## The scientific truth

None of these allegations—on the basis of which people are asked to sign a petition to Gov. Lawton Chiles and to send money—is true. Radiation per se is not deadly: The Sun’s radiation is essential for life.

The radiation source in food irradiation is cobalt-60, not nuclear waste. Every nuclear facility by law must protect its workers from radiation. The food product moves on a conveyor belt past the radiation source, receiving a controlled, tiny dose of radiation that is tailored to the particular product. The radiation kills the microbes in the food—salmonella and campylobacter in chicken, or insect larvae in citrus fruit—not the food itself. After 40 years of research, food irradiation is perhaps the most thoroughly researched food preservation technology. The scientific and medical community support irradiated food as safe and wholesome, from the American Medical Association, to the Health Physics Association, to scores of scientific organizations. “Irradiation is the best method for destroying the things that cause food poisoning,” Secretary of Agriculture Edward Madigan said Aug. 5 in a statement to *21st Century*. “It is a process that has been approved by the Food & Drug Administration (FDA), and it is a process that is used in other countries.” In a later statement, Madigan’s office added, “The safety of irradiated foods has been evaluated by scientific and medical experts from many health-focused organizations, who have concluded that the irradiation processes for [preservation, disinfection, and reduction of microorganisms] is safe and efficacious.”

A spokesman for the FDA, Chris Lecos, added: “It is very easy to promote public fear over the word radiation. It’s disturbing that this would be done with such language as food irradiation ‘may kill you,’ as stated in the ad Food & Water has sponsored in Florida.”

*EIR* readers who are looking forward to getting rid of the microbes in food are urged to write tell their elected officials—and their supermarkets—that they support food irradiation.

# Outlook for nuclear energy in Africa

*Let's use nuclear power to desalinate water and irrigate the Sahara-Sahel, says Amadou Sakho—and launch a new era between Europe and Africa.*

*Dr. Sakho, an architect from Guinea, has long studied the technological and economic development of Africa, and has written a book on high-speed transport for the continent. The following is the translation of a speech on May 22 he gave to a Schiller Institute conference in Paris on the economic imperatives of a united Europe.*

The control of nuclear energy by Africans is a vast program which, for many people, is not on the immediate agenda. And this will be so for some time to come. And then, who knows?

Fundamentally, nuclear energy originates from three materials: First, there is *gray matter*, which is found principally in Europe, which guards over it with a wicked jealousy. "She" alone is able, throughout the world, to decide who has the right to control this energy. Next, *uranium*, the source of heat (the same as coal or fuel), of which Africa is already an important producer and holds the most important (known) reserves in the world. Finally, *water*. Sea water and fresh water also constitute the raw material that is otherwise the most widespread of our planet. Outside of its function in a nuclear reactor, water, as you know, has other functions. It is generally recognized, since the dawn of time, that water is the source of life. In this speech, which must be brief, I will limit myself to the production of fresh water by means of nuclear energy. There you have it: a completely peaceful use for nuclear power!

Why should we desalinate sea water? To irrigate the Sahara-Sahel. Don't laugh! This is serious and quite feasible. In producing millions of cubic meters of fresh water by desalinating sea water—which is inexhaustible—one can give rise to a truly continental water industry, an industry which could give work to hundreds of thousands of people, well paid, and this for several decades. In order to put this industry into place, in a continent as vast as our own, the contribution of Europe, the keeper of gray matter, could become an important factor. But this is not all. I accept the fact, loyally, that in the course of "humanity's" long history, the Europeans have been among the people who have sought and succeeded

in controlling the flow and flooding of water. This mastery over water had often been motivated solely as an ornamentation of daily life. It was only much later that the European made use of water as an energy source.

## **Water management as a source of pleasure**

After having made your mouth water by what I just told you, I owe you a few "textual illustrations." Sit still, this will be quick. Utilization of water as a source of pleasure is several thousand years old.

**Rome:** "The Eternal City" is not an empty term. Everyone who has visited this capital has remarked on the incalculable number of fountains with running water. Some of these fountains date back to the Roman era. The centerpiece of this aquatic magic, even in 1991, is still the gardens of Hadrian's villa at Tivoli, built during the first century—in other words, 2000 years ago.

**The Alhambra of Granada** in Spain: On the same order of reference, but a bit closer in time, the *generalife* of the Alhambra of Granada, built by the Arab emirs 800 years ago, is such a marvel of water management, that it is unanimously classed as one of the Seven Wonders of the World. The Spanish guard it with a well-justified jealousy, keeping in mind that, even in 1991, this marvel is an important source of tourist income, and therefore hard currency.

**Versailles** of Louis the Great: Closer still to us is the Versailles of Louis XIV, which is relatively yesterday, since this masterpiece of the Sun King is no more than 300 years old. And furthermore, at Versailles, the mastery over the water sprite is of an unsurpassable perfection, even with the most sophisticated means we have today! And this very fact renders the sumptuous pace of life itself timeless. Here, the water took routes, eruptions, sonorities, at which we marvel endlessly. Better yet, the lifestyle is so timeless that the G-7 itself, the greatest among the great, could find no better place than the salons of the Sun King to swill champagne.

**The Bois de Boulogne:** Even closer to us, since that's just outside the door, the Bois de Boulogne. A tourist guide who might have a sense of humor would tell you, with a



straight face: "You see all these rivers, these waterfalls, the islets, the lakes? Okay: They are all artificial, created by the hand of man."

After this long detour, you are asking yourself what I'm getting at? Okay, I am coming to the power of knowledge: The *power of knowledge* is the unshakeable will that some people have to create what others think or believe is impossible to create. Thanks to this power of knowledge, the human species was able to take a walk on the Moon, exactly the way someone spends a weekend at Deauville. With the technological means we possess even today, and if Europe does not withhold its cooperation from Africa, either by playing at defeatism, in rage over decolonization, [or] by being the gold-braided avenger . . . I affirm before you all that it is possible to irrigate the Sahara-Sahel. Thanks to nuclear energy, it will be possible to desalinate considerable quantities of water, every day . . . all 12 months of the year.

### **The irrigation of the Sahara-Sahel**

Let's make things clear: I am not saying that it were necessary to transform the 8 million square kilometers of the Sahara into a vast vegetable garden, or a giant park, verdant and flowering every square meter of its expanse. No! That is not what I mean to say here. Roughly several tens of thousands of years ago, the Sahara was not this immense desert of sand, arid and without vegetation. Along its entire expanse, from the Western Sahara to the Red Sea, from the Niger River to the Mediterranean, or even from Lake Chad to the Gulf of Syrtes, streams of water (wadis) and lakes (sebkas) irrigated the Sahara. Some of these streams ran more than 300 km in length. The surface of the lakes varied from 2 square kilometers to several tens of square kilometers.

Most of the riverbeds have not been filled in with sand. Hence they are recoverable. In the case of particular ones, it will be sufficient to feed the source of the stream by a forced canalization (under pressure)—as this is done at the Bois de Boulogne. The peculiarity of the African network will be that the canals will be hundreds of kilometers long, perhaps even thousands. In the U.S.S.R., there is a pipeline that runs nearly 5,000 km long. In Saudi Arabia, the pipeline going from Ghawar to Yanbu is over 1,200 km long, with a potential annual output of nearly 100 million cubic meters. If that were fresh water, this would be 100 billion liters, otherwise, the annual household consumption of a total of 1.5 million inhabitants. That is quite considerable!

It goes without saying that in order to achieve such a program, we will require several power plants for the treatment of sea water. These power plants will be sited along the coastlines, of which, happily enough, our continent has no dearth. What this means is, it is not economically feasible that a power plant at the mouth of the Senegal River would provide Djibouti with fresh water. The power plant for Djibouti will be installed on the Red Sea. Such a program of providing fresh water for consumption and irrigation would

involve directly nearly 27 of the 54 states that make up the continent and its islands. That is, from Namibia to Algeria, from Senegal from Somalia, while going through the entirety of the states of the Sahel and the Savannah.

With no doubt whatever, this program for development will have happy repercussions on the other activities of the continent. Notably on:

- Since millions of kilometers of canals will have to be manufactured, this will mean the creation of a strong metallurgical industry. When I say millions, you are thinking I exaggerate? Not in the least! Presently in the U.S., the network of pipelines runs over 800,000 kilometers long for all fluids combined. In the U.S.S.R., this is not less than 200,000 kilometers.

- Irrigation will return to use lands that have lain fallow for several dozen centuries. A true agricultural industry would be thereby developed. Thus, the deadly effects of all the droughts and the famines in their wake will be forever banished from our continent.

- There will certainly be an ecological effect: Rather than allow the Sahara to advance toward the Equator, we will roll it back to its outermost limits. After decades of irrigation, the Sahara-Sahel would be able to become one of the granaries of our vast continent.

### **European-African complementarity**

One can raise this question, for, within this complementarity, it has been Europe which, for the last six centuries, holds the "big bite." Africa plays the role of the "servant," and Europe the "served," also known as the "All Powerful Master." By this title, Africa owes it an unwavering and unconditional fidelity, always at the ready to mobilize to the last man to resolve the problems great and small of the European master. Once they have found a happy solution, thanks, in part, to the Africans, Europe dons again the mantle of "Supreme Master."

Africa owes it everything: cacao, coffee, bananas, palm trees, peanuts, cotton, wood, sugar, etc.—and all these for nothing, or a pittance, if you prefer. Benefiting from this situation, and adding to it their mastery of science and technology, some of the European agents have built up a dynasty of several billion French francs, British pounds, dollars, Swiss francs, several times over. Despite the accumulation of these fabulous fortunes, with a smile on their lips, they watch the ruin of Africa, the goose that laid the golden egg. For this reason, I ask myself if, tomorrow, the Euro-African complementarity will be a beneficial reality for our continent.

This said, I owe you a specification: In the present collapse and degradation of Africa, starting from the 1960s, the European political authorities of all stripes bear no responsibility for this. The responsible policymakers in Europe are democratically elected. Hence, they have accounts to settle, in perpetuity. It is also necessary that Africa acknowledge its responsibilities in the present situation.

## Eurasia's Baltic gate to the world

*The three newly independent Baltic states are well positioned for a future role in transportation.*

At the June 19 meeting of the Conference on Security and Cooperation in Europe, held in Berlin, the foreign ministers of Lithuania, Latvia, and Estonia were still forced to attend the sessions as "guests" of the Scandinavian states. At the opening of the CSCE human rights panel in Moscow Sept. 10, the three foreign ministers were officially welcomed as the "new colleagues from the Baltic."

This marks a significant change in the political landscape of eastern Europe. With independence restored after 51 years of Soviet occupation (since the 1939 Hitler-Stalin Pact), the Baltic states can begin to rebuild their economies in their own interests.

Understandably, there is resentment against continued trade links with the former Soviet republics, but that does not mean that they will necessarily break existing trade ties with those countries. The Baltic states are rediscovering their past as the gateway for commerce between Europe—most notably the once-powerful merchant alliance of the "German Hanse"—and the Russian heartland.

If done in the right way, reinvigoration of "Hanse" policy would open up a new role as economic mediators between Europe and Russia. For Germany, which will have an increased role as the number-one supplier for Russia and the other former Soviet republics, access to the coastal transport infrastructure of the Baltic states is crucial.

The German port city of Bremen, which still carries the old title of

"Hansestadt," began two years ago to restore relations with Riga, the capital of Latvia. The port of Lübeck, once a powerful "Hanse" base, officially opened a "Hanse Bureau" in Riga in late August. Rostock, a third German port, is planning to reaffirm sister-city relations with Riga, which were established while the two cities were within the former Soviet bloc.

The new situation is characterized by efforts, for example, to turn the bases of the former Soviet Baltic Navy into efficient civilian ports. Janis Aboltinsh, the Latvian minister of economics who toured Germany in early September, mentioned a project to demilitarize the Soviet base of Liepaja (Libau) and turn it into an "important port" for commerce once again.

The same perspective should also apply for the Lithuanian port of Klaipeda (Memel), which presently serves as a ferry link from the German port of Mukran that is being used for the withdrawal of Soviet troops and military matériel from Germany.

If based on trade and economic cooperation between the three Baltic coastal states and the former Soviet republics, ports like Riga, Liepaja, and Klaipeda can contribute a lot to the "westernization" of the former Soviet Union. Transit fees, paid on the large volumes of goods transferred through the Baltic states, will contribute to their future hard currency earnings.

The Baltic ports are all linked to the railroad system on the Russian mainland. Investments from the West

can modernize these rail links within a short period of time.

Germany, which maintains (through the eastern parts of the country) close technological cooperation with the Soviet State Railways, may further consider investments into the Latvian production of rolling stock for Russia. Some 32% of all railcars of the Soviet State Railways are "made in Latvia."

In late 1990, the U.S.S.R. Transportation Ministry published plans for the replacement of no fewer than 100,000 obsolete freight cars in the 10-year period beginning 1991. If that plan is realized now, it offers a profitable perspective for the Latvian rail technology sector.

It is up to Latvia whether it wants to remain a producer of rolling stock. But if it does, it ensures that Latvia will be an industrial state of some weight.

For lack of "indigenous" capital, Europe, and especially Germany, should provide low-interest loans to the Baltic states. The German government already granted a DM 1.3 billion (\$720 million) loan for projects in the modernization of textile production in Latvia, agriculture in Lithuania, and the cement industry in Estonia. But the assistance must go beyond that and concentrate on the development and modernization of the Baltic transport infrastructure as well.

The reopening of the Via Baltica highway along the coastline from the Estonian capital of Tallinn to Riga, to the former Lithuanian capital of Kaunas, and to Warsaw and the rest of Europe on Sept. 6, was good news. But the highway is urgently in need of repair. Once made fit for modern road transport, the highway will provide an efficient land freight route between Europe and the Baltic states, parallel to revived large-scale civilian sea trade on the Baltic Sea.

## End of 'Thatcherism' in Scandinavia?

*It will take decades and billions in taxpayers' money to undo the effects of Thatcherism.*

Sweden and Norway have joined the list of countries where the "Thatcher revolution" in market liberalization has come crashing down, joining the United States, Canada, New Zealand, Australia, and of course Thatcher's own Britain, which in the last 24 months have sunk to their worst economic levels since the 1930s.

The dramatic bankruptcy on Aug. 26 of the business empire of Swedish financier Erik Penser, and the simultaneous illiquidity crises in Norway's three largest banks, were both symptoms of the same disorder: wholesale banking and financial market deregulation, introduced in the early 1980s' heyday of "Thatcher economics" by the social democratic regimes.

Sweden's largest bank, the state-owned Nordbanken, was forced to take control of the Nobel Industries arms and chemicals group formerly controlled by Penser. Nordbanken, Penser's major creditor, will also assume control of his Yggdrasil holding company. His insolvent real estate subsidiary, Gamlestaden, whose losses set off the crisis, will be under receivership of a syndicate of banks led by SE-Banken.

The social democratic government of Ingvar Carlsson, which faced a close election in mid-September, was panicked into the bailout, agreeing to "guarantee" a new 5 billion Swedish kroner share issue for the Nobel group. Swedish observers say that the government was frantic to avoid blame for the bankruptcy of one of Sweden's oldest and largest industrial firms.

Nordbanken reportedly had insid-

er deals last year with Penser in which Penser got a whopping SKr 14.6 billion "bridge loan" from Nordbanken, SE-Banken, and other banks to prop up Gamlestaden. Penser argued that because he was so big, he could hold on until real estate prices improved. They worsened. It is alleged that Penser got preferential access to huge credits from Nordbanken because he also owned 13.5% of Nordbanken shares.

Sweden's speculative real estate bubble grew after 1982. When Olof Palme returned to office in 1982, his finance minister, Kjell-Olof Feldt, deregulated banking and financial markets to "stimulate" the flagging economy. The "leftist" Palme government adopted the same foolhardy deregulation the "rightist" Reagan and Thatcher governments had.

Today, Feldt claims he had won a private "gentlemen's agreement" from Sweden's bankers that they would not abuse the new liberties by creating excessive real estate and other speculation. Within weeks of deregulation a construction and stock market boom began. Real estate prices rose.

But in early 1990, Sweden's kroner began sinking, forcing the Central Bank to raise interest rates to double digit levels to shore it up. Sweden's socialists had also moved to remove foreign exchange and other capital controls in their push for "free markets." As interest rates soared, the real estate boom of the century shriveled.

In Norway, similar bank deregulation was introduced by the socialist Gro Harlem Brundtland government

in 1984. All of the major banks recently received state bailouts, including the three largest—Den Norske Bank, Christiania Bank, and Fokus Bank. Last January, the Brundtland government proposed a new Government Bank Insurance Fund, a "second defense" for deposits. The commercial bank insurance fund had already been exhausted in the past three years.

In the mid-1980s, shortly after the controls on banking and finance were removed by Norway's Parliament, banks lent at a feverish pace to construction and land speculation. So long as Norway's North Sea oil revenues were growing the economy seemed impervious. In early 1986 Saudi Arabia pulled the plug on world oil prices. North Sea oil dropped from \$26 a barrel in late 1985 down to below \$10 by early summer of 1986. A panic run out of Norway by international speculators ensued. The Norwegian Central Bank hiked interest rates into double digits to defend the kroner. Industry went into deep recession. The bad slump in North America and Britain—Norway's major trading partners—made things so bad that by early this year authorities became alarmed over the very future of the banking system.

The London *Financial Times* on July 19 noted, "Norway's banking crisis has reached such serious proportions that the government is encouraging some of the country's biggest companies to help rescue the banks from possible collapse."

In late August the Brundtland government formed an emergency committee to probe the causes for the crisis over the past four years. Fokus Bank, reported first-half 1991 losses of more than \$80 million. The week before Christiania Bank, reported similarly devastating losses. For all of 1990, Norway's commercial banks recorded a net loss of \$1.2 billion.

### Ibero-American energy targeted

*Bankers warn that an energy collapse and social chaos await those that fail to undergo free market "reform."*

The resort center of Cocoyoc, in central Mexico, was the site of an energy seminar Sept. 4-6, sponsored by the World Bank and the Latin American Energy Organization (OLADE). Attended by economic ministers from Ibero-America and the Caribbean, and by the directors of state energy companies of Ibero-America, France, and England, the seminar purported to formulate a new Latin American Energy Pact. In fact, it was designed as a warning to countries still resisting total free market "reform," that social and economic chaos, such as that currently wracking Guatemala, await them.

At the meeting, World Bank Vice President for Latin America Shahib Husain not only announced his veto of any energy project that involved nuclear energy, but declared, during his official presentation to the seminar, that "privatizing Latin America's electricity sector is the key to preventing a shortage of energy resources from choking off economic development of the region." Husain made it clear that the World Bank would only support those governments which had made their commitment to such "necessary economic reforms."

Husain offered as examples of such "cooperation" the governments of Mexico, Bolivia, Chile, and Jamaica, and praised them for heading up the effort to raise restrictive barriers and to give full rein to the free market ethic. Husain predicted that Argentina and Central America would soon follow. "There is a new generation of leaders in their forties, like Mexican President Carlos Salinas, who have no

links to the disasters of the past and whose influence will extend to the 21st century," said Husain. "They all speak the same language." Indeed, that of Harvard University!

Husain acknowledged that investment to renew and expand installed energy capacity had become the single most serious obstacle in the region, lagging so far behind growth that some Ibero-American countries were being forced to ration their electricity supply from 12 up to 24 hours a day.

However, the World Bank official said his bank would not pick up the tab for such desperately needed investment, but would instead concentrate on a strategy to transmit *existing* electrical energy capacity from one country to another.

Even as Husain spoke, President Jorge Serrano Elías of neighboring Guatemala was forced to declare a state of emergency in response to violent disturbances and looting, triggered by severe energy rationing that had been imposed for the previous week. According to news reports, "the lack of energy has more than half of Guatemala's 9 million people in total darkness."

During the meeting in Cocoyoc, the Inter-American Development Bank announced authorization of a new \$300 million credit for the Mexican electricity sector in 1992. James W. Conrow, vice president of the IADB, said that the credit was part of a \$5 billion investment program foreseen for Mexico.

Conrow said that his bank was ready to help those countries of the

region which needed help, but that individual energy companies would have to seek out alternatives, such as increases in electricity rates to consumers, private and multilateral sector loans, and direct private investment. He stressed: "The electrical companies, be they public or private, should be managed from a commercial rather than political standpoint, to achieve required levels of efficiency and development."

Mexican Undersecretary of Finance José Angel Gurria readily agreed that his country's Federal Electricity Commission "could explore access to international financial markets, for the purpose of acquiring needed resources for electricity generating projects."

Both World Bank and OLADE officials emphasized that at least \$20 billion a year needs to be invested in electricity generation projects in the region, with Mexico alone requiring \$4-5 billion. However, neither agency was prepared to specify where such funding would come from.

Indeed, in an interview with Reuters news agency, Husain referred to the dismembering of the Soviet Union and warned that Ibero-America needed to urgently accelerate its economic reform programs if it wanted to be able to compete for scarce economic resources with the newly emerging free market economies of eastern Europe and the Soviet Union.

While Husain did not identify which countries in the region were resistant to the "reforms" his bank was demanding, he did warn that if they persisted in that resistance, they would end up paying a very high price.

The warning could not have gone unnoticed by Mexico's President Salinas, who for all his Harvard training and current "Golden Boy" status, has yet to hand over the state oil company Pemex.

## No relief from Bush

*The White House is refusing to permit emergency measures to alleviate crop losses from drought, floods, and freezes.*

**G**eorge Bush's administration has threatened to veto House legislation authorizing \$1.7 billion in disaster payments to the nation's farmers who have suffered a heavy toll in crop losses so far in 1991. The disasters range from heavy rains and flooding which affected much of the corn belt and delayed the spring planting in Iowa, parts of Minnesota, as well as the Mississippi Delta planting areas, to intense heat and drought this summer which has damaged the corn belt from Iowa, through Indiana, Ohio, Pennsylvania, Maryland, and Virginia.

A late freeze destroyed much of the citrus crop in California. Fruit and vegetable growers in Michigan suffered severe damage from a combination of freeze and heavy rains this spring. The drought emergency conditions required farmers in 23 states to request and receive permission for grazing on lands taken out of production through government programs (Conservation Reserve Program and set-aside) because of shortages in livestock feed, and burned-up pasture land. As of Sept. 5, some 264 counties nationwide had been declared disaster areas due to drought. A total of 900 counties out of 3,000 in the U.S. have been declared eligible to apply for low interest loans under the Farmer's Home Administration (FmHA) disaster program. Estimated losses range from \$93 million for corn, hay, and soybean farmers in Maryland and Virginia, to \$300 million for farmers in Indiana, and \$800 million for farmers in Pennsylvania.

The disaster aid bill, H.R. 2893,

was sponsored by the House Agriculture Committee. It authorizes a program of disaster assistance payments to farmers by extending coverage for disasters authorized under the 1990 Farm Bill. The bill passed the House in July and went to the House Appropriations subcommittee on agriculture, where it was reported out to the full committee for \$1.75 billion worth of assistance.

There it was stalled by administration representatives who opposed the funding by threatening a veto. Administration spokesmen questioned a) whether a disaster exists, and b) whether an emergency exists, continuing a pattern set early in the year by the administration on withholding support for agriculture.

Agriculture Secretary Edward Madigan was severely criticized for responding slowly to the Iowa corn crop disaster, which developed this spring from heavy rains and flooding, and delayed the planting in many counties. Madigan dragged his feet in declaring flooded counties in Iowa and other state disaster areas, which would have made farmers eligible for low interest loans, and other considerations under the FmHA disaster program, such as allowing an extension on repayment of certain advances farmers are allowed on deficiency payments, or extension of planting deadlines, which affect farmers' incomes. He responded county by county and only under extreme duress.

When high temperatures and drought affected Midwestern farm states this summer, legislators de-

manded more immediate action because the FmHA disaster aid is only available to farmers who can demonstrate a 30% crop loss and prove they can repay the low interest loans. Rep. Jim Jontz (D-Ind.) pointed out that farmers would be in the poorest position ever to repay such loans this year because of depressed commodity prices. He demanded direct payments to compensate for crop losses.

Secretary Madigan has refused to say where he stands on the direct aid demanded by farm state congressmen. He has stated that he believes disaster relief can be handled through normal channels, a prescription for delay and ultimate inaction. Official estimates are that corn yields will be reduced 6% over last year. Private estimates, are, however, that the yields on the Iowa crop alone, which is 20% of the total U.S. crop, could be reduced by as much as 20%.

The administration's Stonewalling follows a pattern of criminal inaction on all the agricultural crisis spots. It has refused to take action to halt the precipitous decline in dairy prices. Dairy farmers are expected to lose \$3 billion this year. George Bush's administration has threatened to veto action taken by lawmakers to lift dairy support prices. The Justice Department has refused to take action against the cartelization of beef into the hands of ConAgra, Iowa Beef Processors, and Cargill, which is causing a spiraling downward of producer prices for livestock by as much as to \$150-200 per head. Subsidies paid to the cartels for wheat exports have been upped to \$1.75 per bushel, while the average wheat price paid to farmers has dropped by 35% since last year. When peanut growers were hit by drought, the administration's reaction was to authorize the import of 100 million pounds of peanuts, which is expected to lead to a nosedive in peanut prices.

# Business Briefs

## Development

### Italian industry takes anti-U.S. stand

"For a certain period we imitated the Americans and their *financial* capitalism. If we want to be able to compete at the international level, the model we must follow instead must be the *industrial* capitalism of the Japanese," wrote Italian Industry Minister Guido Bodrato in an interview published by *La Stampa* in mid-August. Bodrato said that it is necessary to invest more in "research and technological innovation" so as to create the conditions for higher productivity.

*La Stampa* Aug. 26 published an editorial which read: "It is necessary to transfer resources from the West [into the Soviet Union] by an amount of approximately 1-2% of the annual Gross National Product of the OECD countries from now through the year 2000. This capital must mostly be made available as aid at the state level for the construction of new infrastructure networks and as direct investment by private industries, in joint projects and other forms of collaboration. . . . If we are not ready to accept this change, it is useless for us to express solidarity with Yeltsin: Sooner or later some generals will again try a coup and will go back to aiming atomic missiles at us."

## The East

### Soviet proposals make Jeffrey Sachs go ape

Harvard's Jeffrey Sachs, the youth who designed the drug-linked Bolivian economic "miracle" and the Polish economic disaster, has recently been extremely upset to hear Soviet economists proposing that their economy be put on a productive basis.

For example, prominent politician and economist Arkadi Volsky, chairman of the Association of Industry and Science, wants to revitalize the Council of 1895, the Imperial Russian Association of Industry and Commerce founded under Prime Minister Count Sergei Witte to promote industrial development.

Soviet economist Stanislav Shatalin wants to create a "Euro-Asiatic currency zone," dealing in some form of European Currency Unit, which would institutionalize "one economic entity" extending from Brest-Litovsk to Vladivostok, including Hungary, Poland, Czechoslovakia, and Bulgaria.

Meanwhile, Russian economist Grigory Yavlinsky stressed "the opportunity to design a new generation of high-speed trains, with the chance for Western businesses to become involved in joint venture manufacture in a Soviet factory." This was included in a "dossier of up to 100 specific projects" presented to Western economists and business leaders who were in Moscow to attend a meeting sponsored by the Davos, Switzerland World Economic Forum, reported London's *Guardian*. The paper said that the dossier "highlights the country's pressing need for investment in the transport, telecommunications, consumer goods, and high-technology sectors."

Jeffrey Sachs was there, and threw a tantrum. Sachs was demanding immediate, International Monetary Fund-supervised convertibility of the ruble, and "extraordinary clashes" broke out over this issue. He "fidgeted furiously," and called all the Soviet proposals "silly." At one point, the *Guardian* reported, Sachs was forced to apologize for his insulting comments.

## International Exchange

### Americans are indifferent, so who wants to invest?

Why is there such a precipitous drop in foreign direct investment in the United States? asked Edward Graham, senior fellow at the Institute for International Economics in Washington, in a commentary in the Sept. 2 London *Independent*. Direct foreign investment in the United States in the first quarter of 1991 showed an annual rate of scarcely 11% of the 1989 rate.

There are the "deep social and economic problems facing the United States," with the combined "fiscal deficit of the U.S. federal, state, and local governments set to rise." There are continuing drug problems, "murder rates remain scandalous," scholastic achievement

of Americans is collapsing, and "forecast future bank failures are likely to wipe out the reserves of the Federal Deposit Insurance Corp."

But even such explanations don't go far enough. Graham wrote: "As deep as these problems ran, they are far less severe than those of, say, the Soviet Union. But what might appall the foreign direct investor much more than America's problems per se is the apparent apathy of the American people and their elected leaders to them. . . . At least, the people of the Soviet Union and their popular leaders have shown they are willing to risk their lives to stand up to the KGB."

## AIDS

### Asia, South Africa face virus explosion

Asia faces an explosive epidemic of AIDS on the scale of Africa, a medical conference in Kuala Lumpur, Malaysia was told Sept. 5. John Dwyer, chairman of the AIDS Society for Asia and the Pacific, said, "The epidemic in Asia is young but spreading rapidly." He said that although the number of cases of full-blown AIDS was small compared to world figures, Asia now accounted for about 10% or 800,000 of the known cases of infection. Dwyer is professor of medicine at the University of New South Wales in Australia.

Meanwhile, 10,000 new AIDS cases are being detected each month in South Africa, according to an editorial in the Sept. 3 issue of the Johannesburg paper *The Star*. The editorial bemoans the fact that the country "is nowhere near ready for a major pandemic. . . . Many blacks believe AIDS is a plot to deter them from having babies. And white leaders have similarly failed to convince white people, who perceive AIDS as preponderantly a black disease, of its dire economic and social consequences for everyone."

The editorial surmises, "There has probably been no deliberate coverup of statistics in South Africa—not like in Zimbabwe where the new Minister of Health suddenly revealed that more than one in four workers are HIV positive. But our figures may not be that differ-

ent. One thing seems certain: HIV infection will have to become a notifiable disease!"

Authorities in Mexico are alarmed over the incidence of AIDS, especially among females. In the Mexico City municipality of Nezahualcoyotl, there are reports of 400,000 carriers of the virus. The ratio of AIDS-infected women to men has gone from 1 woman for every 25 men, to 1 woman for every 4 men. Recent reports show that the majority of carriers in this area of the city are housewives.

### China

## European firms to build third-largest dam

Italian, German, and French firms in partnership with China are to build the world's third-largest dam in Sichuan Province, in a significant departure from the labor-intensity that dominates foreign investment in China. The World Bank is lending almost half of the \$1.9 billion needed for the 240 meter dam on the Yalong River, only a few meters short of the world's highest dam in the Soviet Union.

Dumez International and GTM International (French), Impreglio SpA and Torno (Italian), and Philip Holzmann AG and Hochtief AG (German) signed the contract with Premier Li Peng in August.

The project will have six 550 megawatt generators. Agence France Presse reported, "Annual production has been put at half the province's energy production, still far short of needs."

### Malthusianism

## AID complains of food distribution

The U.S. Agency for International Development (AID) and local Peruvian businessmen are protesting the fact that the managing director of the H.B. Fuller Co., Bernardo Wagner, has set up free daily distribution of high-protein porridge to tens of thousands of poor Peruvian children. One Peruvian businessman who is active in the Peruvian-American Chamber

of Commerce lamented, "I'm against handing out food. All you are doing is encouraging these people to produce more children."

U.S. AID hasn't yet decided what to say officially about Fuller's program, since it prefers "self-help" programs. One AID official said, "We are committed to supporting community organizations in their own initiatives . . . [which] may on occasion be a less efficient way of tackling the feeding problem, [but] we feel so much is to be gained from people developing their own methods."

Isn't that what Fuller has done? He explained, "I'm a capitalist, but the kind of capitalism I see here is a monstrosity. . . . The first priority is to feed these children. To do it in a socially acceptable way is wonderful, but that comes second."

### Canada

## Project delays linked to 'eco-fascists'

Delays in projects in the province of Quebec have been blamed on "eco-fascists" by industry leader Richard Le Hir, head of the Quebec Manufacturers' Association. Branding some environmental groups "eco-fascists" and "eco-terrorists," he proposed on Sept. 3 that "irresponsible" environmental groups that propagate information based on "fear instead of facts" be barred from hearings of the provincial Office of Public Hearings on the Government (BAPE), according to the *Montreal Gazette*.

BAPE, at the urging of a number of environmental groups including Greenpeace, recently rejected a \$230 million Soligaz natural gas storage project in Varennes, Quebec as unsafe for residents, even though similar facilities in France have proven safe.

Expressing concern over scores of lost jobs and a damaged Quebec economy resulting from environmentalist tactics, the Quebec manufacturers presented eight proposals on how to streamline the BAPE proceedings. "As much as we want Quebec to be green, we mustn't allow it to become an economic vegetable," Le Hir said. The QMA's members account for 60% of manufacturing production in Quebec.

## Briefly

● **A CHOLERA** epidemic that hit near Tokyo in late August has continued to spread, with one death, 15 confirmed cases, and five others suspected. Authorities are quoted "suspecting a type of surf clam taken from Tokyo Bay" as the source of the epidemic. The epidemic was first reported in Chiba prefecture, on the eastern edge of Tokyo's suburbs.

● **JAPAN** will host a development conference on Cambodia, said a Japanese Foreign Ministry spokesman Sept. 2, who added that Tokyo hoped this would take place in 1991. He said Tokyo would be talking to the International Monetary Fund, the World Bank, the Asian Development Bank, and industrialized countries seeking credit to rebuild the war-devastated country.

● **THE SOVIET** space program is virtually on hold following the political upheaval there. Testing of the small space shuttle and huge Energiya rocket are indefinitely postponed, it would appear. Soviet space managers have tried to get the U.S. to purchase some Soviet space assets or capabilities, to get some cash into the program. Broad estimates are that the Soviet space budget was cut 20% over the past two years, and will be cut by half over the next five.

● **A MAGLEV TRAIN** in Germany's north to connect Berlin and Hamburg was endorsed by the R&D section of the Christian Democratic parliamentary group in Bonn Sept. 4. Spokesman Christian Lenzer said with an estimated 100 trains running between Germany's two largest cities every day, the investment would clearly pay off.

● **318,000 PEOPLE** in the United States exhausted their unemployment benefits in July, the highest level in more than 40 years, according to a study of Labor Department statistics prepared by the Center on Budget and Policy Priorities. According to the statistics, 8.5 million Americans were out of work in July.



## The Kissinger-Sachs 'shock therapy' mob kills nations

by an EIR Investigative Team

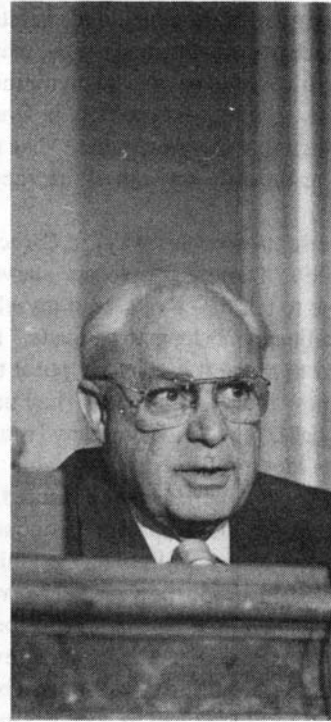
They reduced Poland to bankruptcy. They fomented war in Yugoslavia. Now the same people insist that the former Soviet Union must be put through the same type of process. They call it "shock therapy," a name for a monetarist cult policy which destroys nations, and reduces their populations through genocidal policies modeled on those of Hitler's Economics Minister Hjalmar Schacht.

What we present here is a profile of some of the individuals and institutions involved.

Bush administration policy toward Eastern Europe has been conducted under the authorization of the Support Eastern European Democracy (SEED) Act of October 1989. Initiated by George Bush, and put into law by Democratic Senators John D. "Jay" Rockefeller of West Virginia and Joseph Lieberman of Connecticut, the act created a position within the U.S. Department of State entitled "Coordinator for Eastern European Affairs," to which Lawrence Eagleburger, number two in the Bush State Department, was appointed in January of 1990.

Under the provisions of the SEED Act, Eagleburger has been empowered to coordinate the deployment of an apparatus which includes: on-the-ground penetration along with psychological, economic, and financial warfare operations within eastern European nations; financial institutional backup for such operations from within the United States; support from America's leading universities, like Harvard and Stanford; and political subversion through the National Endowment for Democracy and affiliated institutions. The whole is affiliated with narcotics-pushing organized crime networks through the Anti-Defamation League (ADL) of B'nai B'rith of Kenneth Bialkin, and the World Jewish Congress of Edgar Bronfman. The ADL was given veto power over appointments made to positions created under the SEED Act.

The political and financial apparatus which filled out the provisions of the SEED Act was established with the transfer of resources which had been deployed in Ibero-America. This was the capability which was used in 1982 after the



*A few of the gangsters and gangsters' cronies whom Bush has put in charge of pillaging the former East bloc: Kissinger clone Larry Eagleburger, Ambassador Robert Strauss, former national security adviser Zbigniew Brzezinski.*

Malvinas War, under the Kissinger-Eagleburger-initiated Project Democracy to counter Lyndon LaRouche's book-length proposal *Operation Juárez*. LaRouche had called for Ibero-American continental integration, on the basis of debt reorganization and economic policies based on technologically progressive capital- and energy-intensive development. According to the National Republican Institute for International Affairs, the Republican Party's political component of the bipartisan Project Democracy apparatus, fully one-half of their resources were transferred from Ibero-America to eastern Europe in the aftermath of the revolutions of October 1989. Project Democracy's Ibero-American apparatus is that which developed the multibillion-dollar weapons for narcotics trade associated with support for Nicaragua's Contras, Colombia's M-19 terrorists, and the Peruvian Shining Path killer cult. This was partially revealed during the U.S. Congress's investigation of the Iran-Contra affair during 1987.

### **What is Jeffrey Sachs?**

The same apparatus has been deployed into eastern Europe to oppose the LaRouche designed Paris-Berlin-Vienna Productive Triangle concept of European integration based on the development of transportation and related infrastructure. This group unleashed the same wrecking operation employed in 1982 and after, against Ibero-American countries, in the name of "free enterprise" and "democracy."

Harvard's Prof. Jeffrey Sachs, whose name has become associated with the ultra-liberal "shock therapy" privatiza-

tion and free market model as applied in Poland, Yugoslavia, and other eastern European nations, is a front for the apparatus created on Bush's initiative in October 1989, and run, to this day by Lawrence Eagleburger.

Sachs, the youngest professor ever to achieve tenure at Harvard University, made his name as "the man who conquered inflation in Bolivia," according to former U.S. President Jimmy Carter. Sachs's name has been associated with the "shock policies" that have been applied in Bolivia, Venezuela, Peru, Argentina, and Ecuador. Lately, the Harvard punk has been seconded to the Mexico of President Carlos Salinas de Gortari (also a Harvard grad).

In Bolivia, he may indeed have reduced inflation, but he also destroyed the economy, and with the policies he took responsibility for, produced a doubling of employment in cocaine production and processing, and a near doubling in the acreage devoted to the cultivation of the coca bush. In Venezuela, the implementation of the policies associated with his name produced the mass protest uprising of February 1989, and reduced Venezuela's imports and cultivated land area by half. The consequences are genocide. He, and the people he works for, transformed Peru into a breeding ground for cholera, and deprived the country of the means with which to fight the disease.

He summarized his approach in an interview with the Brazilian newspaper *O Estado de São Paulo*, published on July 16, 1990: "It is necessary, I say, to deepen the recession to eliminate flexibility of prices and wages. . . . The Brazil-

ian government must be firm and control the web of fiscal policy, contain expenditures, increase taxes, and maintain monetary policy. . . . And the period of pain in Brazil, which entails slow and negative growth, will have to go on for more than two years." In his view, the biggest problem in Brazil is the "ethic of growth," such that the government "has not accepted a deep recession as the only way out of macroeconomic instability."

He talked about the consequences this way, in Caracas, Venezuela on Feb. 1, 1989. "I know people are starving down there, you don't have to tell me. I've seen it myself." That's why, he insisted, "adjustments have to be made." His adjustments were designed to make it worse. He put it this way: "They don't need a new monetary system. They need a new arrangement for the debt." His "shock therapy" monetarism has been designed to loot for the account of debt.

Sachs's deployment in Ibero-America was sponsored, in part, by the World Institute for Development Economics Research, a Helsinki, Finland-based affiliate of the United Nations University. Founded in 1985, the year Sachs went to Bolivia, the institute focused at first on the Third World, producing two reports; one was issued in August 1989, even as Sachs's policy was being put forward as that which the Solidarnosc government in Poland had to accept. Dutch Sufi mystic Johannes Witteveen, the former managing director of the International Monetary Fund, led the team which produced the report. Also included along with Sachs, were higher-ranking luminaries from the world of high finance, such as the former president of the Bank for International Settlements, Fritz Leutwiler, and Brown Brothers Harriman's Robert Roosa.

The same agency has sponsored Sachs's work in eastern Europe under its program "Communist Economies in Transition," and has provided funds for a Washington, D.C.-based consulting firm, Jeffrey Sachs Associates.

### **The Polish model**

In Poland, the implementation of the policies associated with the SEED Act and Sachs has led to large-scale unemployment, social and economic dislocation, and bankruptcy, and provides one model for how the apparatus deploys, and to what end. The former Yugoslavia provides another: There the Serbian-Bolshevik allies of Eagleburger and company have launched war on European territory for the first time since 1945. The economic disintegration, produced by the Sachs-type free-marketeers, is what fueled the Serbian Communists' war of expansion.

Working with Poland's National Bank and Ministry of Finance, U.S.-trained bankers have moved into position in 56 banks across Poland, from where they deploy 75 Polish officials in the credit operations associated with Sach's radical free market policy. The internal penetration complemented the externally imposed credit and fiscal policies under which Poland was advised to free prices, eliminate subsidies,

make its currency convertible at below bankruptcy rates, and cut its state budget. The combination produced the destructive results intended.

SEED-mandated guidelines for Poland included: formation of a currency stabilization fund; small credit guarantees from the U.S. Export-Import Bank; elimination of agricultural subsidies; establishment of a \$240 million investment fund; promotion of environmentalism; and backing for the "democratization" programs of the National Endowment for Democracy.

The "Polish-American Enterprise Fund" was established to carry out the mandate. The fund began its operations in mid-1990, according to its own most recent "Progress Report," "introducing western business practices, technical expertise, management tools and free market economic concepts." Poland's banking system was targeted through a subsidiary deployment which came on line in the Fall of 1990, and is known as the Enterprise Credit Corporation. Working with the Southshore Bank of Chicago, it is the ECC which has physically moved its personnel into Poland's banks. Southshore Bank of Chicago was put in charge of the deployment on the recommendation of Harvard University. It sponsors "sweat equity"-type programs in Chicago's ghettos. Later, an Enterprise Capital Corporation was also spawned.

The board of directors of the Polish-American Enterprise Fund was appointed by Bush. It includes, as of May 1, 1991: John Birkelund, chairman; Nicholas Rey, vice chairman; and Zbigniew Brzezinski, Jerzy Dietl, Robert Faris, Charles Harper, Pawel Jagiello, and Lane Kirkland. Kirkland and Brzezinski, both members of the Trilateral Commission, are also part of the "Project Democracy" apparatus. Vice Chairman Nicholas Rey is from the Wall Street investment house Bear Stearns.

The Enterprise Credit Corp. operates through branches of the following banks: Panstowy Bank Kredytowy w Warszawie, Bank Gdanski w Gdansku, Bank Przemyslowo-Handlowy w Krakowie, Bank Depozytowo Kredytowy w Lublinie, Powszechny Bank Gospodarczy w Lodzi, Wielkopolski Bank Kredytowy w Poznaniu, Pomorski Bank Kredytowy w Szczecinie, and Bank Zachodni w Wroclawiu.

The Polish-American Enterprise Fund admits that it "may well" have been the agency which provided funds for the massive skimming operation known as "Art-B" (see *EIR*, Aug. 30, 1991, "Art-B Scandal Hits Poland; Shows Insanity of 'Sachs Maniac' Economics").

### **Backing Yugoslavia's communists**

In Yugoslavia, it has been the same combination. Sachs provided the free enterprise ideological package to the central government, and to the Republic of Slovenia. Eagleburger ran the political operations through his long-standing friend Slobodan Milosevic, the head of Serbia's Communist Party, and earlier, a Harvard graduate who moved on to run Beo

Banka in the capital of Belgrade.

Eagleburger, a foreign service flunky deployed into Yugoslavia in the 1960s, and again as U.S. ambassador, from 1977-81 under the Carter administration, helped set up the present arrangement with the Serbian communists and military, through financial relations developed with Slobodan Milosevic, when Milosevic was the head of Beo Banka. Relations developed through the U.S. government were continued when Eagleburger went to serve at Kissinger Associates under his old boss, former Secretary of State Henry Kissinger. They were continued when he returned to the number-two position in the Bush State Department. At Kissinger Associates, Eagleburger organized the U.S. marketing of the Yugo automobile, which resulted in the bankruptcy of the Yugoslav partner. Milosevic's Beo Banka was, together with Yugo Banka, the Yugoslavian side in the transaction. Eagleburger is also linked to LBS Bank, where he served on the board of directors. When the Yugoslav-based bank was prosecuted in Philadelphia on money-laundering and weapons-running charges, pressure from the U.S. government kept his name out of the proceedings, even though Eagleburger had arranged for the bank's presence in the United States.

The relationship is still under scrutiny in the U.S. House of Representatives, on the grounds that it was a cover for secret arms production and distribution agreements.

No SEED Act fund or funding was provided for Yugoslavia; rather, the Project Democracy apparatus has been deployed under Eagleburger's direction through National Endowment for Democracy (NED) chairman Carl Gershman.

Now, the Eagleburger team backs Serbia's communists in a war which threatens to engulf all of Europe.

Under the terms of the SEED Act, Enterprise Funds were also established in Czechoslovakia and Hungary. The president and chief executive of the Hungary Fund is Alexander C. Tomlinson, retired chairman of investment bank First Boston Corp. The Hungary Fund board of directors includes John C. Whitehead from the New York investment house Goldman Sachs; George D. Gould, Daniel B. Bourke, and Robert D. Hormats, also from Goldman Sachs; and Prof. Paul Marer. Launched with money from the State Department's Agency for International Development (AID), the Hungary Fund plans to establish a merchant bank affiliate in Budapest. Its loans are offered through the Szechenyi Bank, a division of the Hungarian Credit Bank and MEZO Bank, which is said to be owned mostly by cooperatives. Fund placements have most recently been handled by Salomon Brothers in New York.

The Czechoslovakia Fund is headed by John Petty, the former chairman of Marine Midland Bank of Buffalo, New York. Marine Midland, once the major bank in the offshore money-laundering center of Panama, is owned by the central bank of the international drug trade, the Hongkong and Shanghai Bank. The Czechoslovakia Fund was also provided

with \$5 million in startup funds from U.S. AID.

The financial operations are paralleled by those of the National Endowment for Democracy under another former Kissinger subordinate, Carl Gershman, who was also an official in the ADL at one time. Along with the National Democratic Institute for International Affairs, the National Republican Institute for International Affairs, the Free Trade Union Institute of the AFL-CIO, and the Center for Independent Private Enterprise, the NED sponsors education programs in "democracy," helps organize elections, and is involved in writing constitutions for newly liberated states. It is part of the same apparatus.

### **Kissinger's SEEDy network**

Initiated by Bush, administered by Eagleburger, the core of the apparatus is associated with the political and financial networks associated with Henry Kissinger, and his international consulting, influence-peddling, and money-making company Kissinger Associates. Kissinger Associates represents a faction of combined British, Canadian, and American financial and political power. It is co-extensive with the Canadian-based Hollinger Corp. of media magnate Conrad Black, and with the drug money interests associated with the Hongkong and Shanghai Bank, and the Hong Kong-based financier Li Kai Ching, who funds Hollinger.

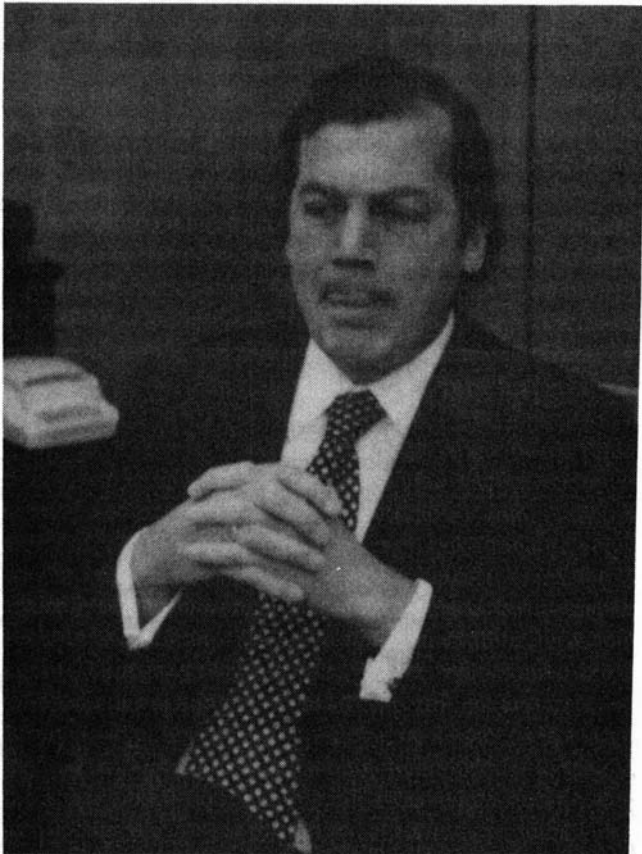
The present operations in eastern Europe represent a further continuity with the career of Kissinger. When he was Nixon's secretary of state, during the period of "détente" with the Soviets under Leonid Brezhnev, Kissinger and George Shultz organized the U.S.-U.S.S.R. Trade and Economic Council (US-TEC). This outfit promoted economic relations with the Soviets from 1973 onward, and pursued the same approach after the Communist governments were successively overthrown in the revolutions which began in the fall of 1989.

The first of the ventures created under the SEED Act demonstrates the involvement of the Kissinger crowd.

The Central European Development Corp. was proposed in January 1990 and established during the spring. Initially based in Budapest, CEDC later moved to Berlin, where operations are conducted from the site of the former "Checkpoint Charlie."

The corporation was intended, within the scope of the SEED Act, to provide "technical assistance," "entrepreneurial training programs," and "democratic training" from its base in Hungary. CEDC chairman R. Mark Palmer, formerly a subordinate of Kissinger and Eagleburger within the State Department, left his post as ambassador to Hungary to found the corporation. Funding was provided by former Ambassador to Austria Ronald Lauder, heir to the cosmetics fortune of Estée Lauder.

The individuals brought together in the Central European Development Corp. were a strange bunch to assist in the democratization and reform of eastern Europe. With the ADL's Edgar Bronfman, they had organized the slander cam-



*Whisky tycoon Edgar Bronfman, friend of communist dictators and head of the World Jewish Congress, is a key player in the looting game against the newly liberated republics of eastern and central Europe.*

paign against Austria's President Kurt Waldheim; helped Moscow's Communists, through Eagleburger, to back the Harvard-trained Serbian Communist Slobodan Milosevic; and in 1988, Bronfman, in his capacity as head of the World Jewish Congress, had publicly received a state award from East German dictator Erich Honecker.

The CEDC bought a 50% share in the General Bank and Trust Company of Budapest as its base of operations, ostensibly to promote tourism, communications, and commercial real estate ventures. With the affiliated Hungary Fund of George Soros, a training school was established in a castle on the outskirts of the capital, where targeted individuals from across Eastern Europe, and from within the Soviet Union were brought for "education." The work of the school was endorsed by former Gorbachov economic adviser Abel Aganbegyan. Staff for the CEDC were recruited from the U.S. Foreign Service Institute and from the ranks of eastern European emigrés in the U.S. Democratic and Republican parties. Appointments were vetted by the Anti-Defamation League of B'nai B'rith.

Beyond Lauder, financial backers of the CEDC included: Albert Reichmann, one of the three Toronto-based Reich-

mann brothers, who own the real estate giant Olympia and York; Andrew Sarlos, a Toronto-based Hungarian expatriate who heads the Roy-L Merchant Group, the Hume Group, the Horsham Group, and other companies, and is a partner of co-CEDC funder George Soros in the First Hungary Fund; Eddie Cogan of Toronto; and Melvin Simon of Melvin and Associates.

Where Eagleburger and Palmer are tied through the Kissinger State Department Foreign Service, Reichmann's connection runs through the Hollinger Corp. Reichmann owns 35% of the property company, Tri-Zec, whose leading partner is Edgar Bronfman, head of the World Jewish Congress. The WJC played a major role in parallel with the subversion emanating from the CEDC, in the earlier with the witchhunt against Austria's Waldheim. Both the WJC and the ADL use fraudulent charges of "anti-Semitism" to isolate and disarm the opposition to the policies associated with the CEDC crowd and the affiliated organizations spawned from the SEED Act. A good example was the targeting of Polish President Lech Walesa and Jozef Cardinal Glemp. Most recently, the Lithuanian government, which stood up so courageously to the Kremlin and the KGB and has finally won its independence, has been targeted (article, page 44).

The CEDC planned to use its initial Budapest base as the launching pad for operations into the Soviet Union, where George Soros had already gained a foothold through the Soviet Cultural Foundation of Raisa Gorbachova, and through his own Foundation for the Soviet Union; Reichmann, in turn, is reported to be promoting commercial real estate ventures in Leningrad (St. Petersburg) and Moscow.

Placement of funds for the CEDC is handled by the New York investment house of Bear Stearns and Co. and by the International Financial Corp. of the World Bank. Bear Stearns also places funds for the Soros Hungary Fund. Former Bear Stearns Managing Director Nicholas Rey was selected by Eagleburger for the Polish-American Enterprise Fund. Bear Stearns board member John Kluge, one of the U.S.A.'s richest individuals, is also a supporter of Project Democracy and member of the organized crime-tainted ADL. Bear Stearns is now reported to be working on establishing a venture capital fund for Russia. Theodore Strauss, whose brother Robert is the new U.S. ambassador to the Soviet Union, runs the Dallas office of Bear Stearns.

### **Robert Strauss: targeting the Soviet Union**

Although the Soviet Union is not formally included in the SEED Act superstructure, it has been subjected to a similar targeting, carried out in parallel with the deployment in eastern Europe. What this apparatus would now attempt to do in the former Soviet Union is indicated by the appointment of Robert Strauss as U.S. ambassador.

Former chairman of the Democratic National Committee, Robert Strauss was first considered for the ambassadorial post in the early spring of 1990. The appointment was said

at that time to be related to the establishment of the CEDC. Strauss, known as a "deal-maker," is an associate of the ADL, and was a director of Lew Wasserman's Music Corporation of America (MCA) as well as Dwayne Andreas's grain cartel company Archer Daniels Midland. MCA is one of the public fronts for organized-crime control of Hollywood.

Strauss, prominent in the U.S. and Texas Democratic parties for years, has also been a longtime business partner of Bush's Secretary of State James Baker, going back to the 1960s when they ran a joint beer distributorship.

Strauss's mob ties (he is known as someone who moves between the respectable world of business, and the quasi-underground of organized crime with facility) have prompted questions about the claims of O. Roy Chalk to represent the Russian Republic in Washington, through something Chalk calls the Intra-National Fund. A former bag-man for Meyer Lansky, Chalk claims to be under contract to the Russian Republic, and to be its legal representative in Washington, D.C.

The associations are highlighted by two ventures which both Trade Representative Carla Hills and President Bush have made the litmus tests for a trade agreement with the Soviet Union and for further economic agreements. These involve: the rights to movie re-runs and copyrights for videotapes, a persistent feature of MCA's agenda for over 40 years, back to the time Ronald Reagan was under contract with MCA; and the American Trade Consortium, which sponsors a proposed venture centered in the Tenghiz oil fields in Kazakhstan.

### **Free enterprise, Texas-style**

The consortium's sponsorship is through James Giffen's Mercator merchant bank, and was proposed by Chevron, RJR-Nabisco, and Archer Daniels Midland. The latter deal, which reportedly demands a 25% guaranteed annual rate of return for the Western participants, directly involves Bush, Baker, and Strauss. More than 9% of the Chevron oil company is held by Pennzoil, which was formed in 1963 through the merger of Zapata Petroleum, Stetco Petroleum and the South Penn Oil Co. Zapata Petroleum was founded in 1953 out of the Bush-Overbey Oil Development Co., by George Bush, J. Hugh Leidtke, and William Leidtke. J. Hugh Leidtke, who was president of South Penn with Zapata and Stetco, is today the chairman of Pennzoil. Through Ben Love and others, Pennzoil is related to James Baker's former bank, Texas Commerce Bancshares, which assimilated into Chemical Bank of New York in 1988. Bush campaign fundraiser Robert Mosbacher was on the board of Texas Commerce, his brother Emil ("Bus") Mosbacher on the board of Chemical. James Baker held Chemical Bank stocks, before public disclosure. Graham Allison, the former Kissinger protégé who designed the so-called Grand Bargain agreements with Moscow's Grigory Yavlinsky, is on the international advisory board of Chemical Bank. Allison's paramour, Anne Getty, helped set off the chain of events which led to Pennzoil's

acquisition of Chevron. RJR-Nabisco is associated with American Express, and also with the family of Bush's White House Counsel C. Boyden Gray. Strauss, in turn, has ties to Archer Daniels Midland. Finally, Robert Strauss disclosed during his confirmation hearings that he had received royalty payments from Chevron.

Some members of this combination also show up with Burlington Northern, a Dallas-headquartered railroad and raw materials conglomerate, which has been working on a proposal to open up the Soviet Far East. Burlington is working on ventures to develop what it calls port and rail infrastructure in the Soviet Far East for expanded grain shipments from the U.S., and at the same time, to open up cattle raising and food processing in that area. Burlington Northern Railroad is the largest rail-based grain hauler in the United States. Burlington Northern's board overlaps with the same Texas Commerce Bancshares crowd that has been involved with the Chevron deal, Bush, and Baker. In the northern part of the Soviet Union, Edgar Bronfman's Du Pont oil and gas subsidiary Conoco has its eyes on the Shockmanskoy gas field in the Barents Sea.

Graham Allison is also an adviser to the Soviet Companies Fund of the Batterymarch Group, a Boston, Massachusetts-based business trust. Batterymarch manages equity investments for U.S. pension funds and others. Working with Allison, Yavlinsky, and the late Marshal Sergei Akhromyev, former Defense Minister Dmitri Yazov, and former Chief of Staff Mikhail Moiseyev, Batterymarch established a fund for Joint Ventures with the Soviet State Commission on Military Industrial Production of the Council of Ministers of the U.S.S.R. The fund establishes joint-stock companies that are spun off from plants administered by the State Commission, which are to be owned by institutional investors or global companies. U.S. Fortune 500 companies invested \$20 million each in the fund to secure a position in the Soviet Union and gain access to Soviet military technology. The sponsors of the venture say it "might be the core of leading to a real free market." Leningrad Optical and Mechanical Enterprises is one such venture cited. Batterymarch's other investment targets include Brazil, India, and China.

These operations overlap with the Eagleburger-centered eastern European apparatus. Allison and Robert Blackwill, both formerly associated with the Kissinger apparatus in the U.S. government, report to the Eagleburger-headed inter-agency task force through State Department official Robert Zoellick. Allison says of Jeffrey Sachs, "He's on my team." The Stanford University radical free enterprise "opponents" of the Grand Bargain led by former Secretary of State George Shultz, also report to the Eagleburger group through Michael Boskin, chairman of Bush's Council of Economic Advisers.

The hideous consequences of what this apparatus stands for have been proven in Ibero-America, as well as in Yugoslavia and Poland. The venality and thievery go along with the doctrine of "free enterprise."



## Stop the continuous killing of the children in Iraq

by Dr. Margit Fakhoury

*The following was prepared as testimony to groups concerned with international human rights. Dr. Fakhoury was part of the delegation of the Committee to Save the Children in Iraq, which visited hospitals in Iraq July 7-30, and brought 30 war-wounded children to Germany for treatment. Dr. Fakhoury works as a pediatrician in the Elisabeth Krankenhaus in Essen, Germany.*

*Unfortunately, the pictures which belong with the presentation are not available.*

In March, I visited Baghdad for the first time since the war. Baghdad was a dead city without electricity, telecommunications, or traffic. Hospitals were empty, you saw only a few patients, mainly dying children, whose parents thought they still could find some sort of treatment there. But how could doctors treat incoming patients without medicine or medical equipment? Malnourished babies and toddlers could be seen—cases you never saw before—with kwashiorkor, severe deficiencies of vitamins, or dying of a simple flu or diarrhea.

Now, after four months, has the picture changed?

If you look superficially around the town, you think yes, because there is electricity, traffic, people, shops opened again, and in many areas of Baghdad telephone connections. But this is not the real Baghdad. If you just look a little bit deeper inside, you see all the tragedy the embargo and this surgical, or as some call it, “neuro-surgical,” war had imposed on the people.

### **Malnourished babies and toddlers**

The picture is the same or even worse than before. A young mother, herself undernourished, with her 40-day-old baby. Old face, accusing eyes, skin, and bones. The mother

had no breast milk (undernourished or malnourished pregnant women are prone to have premature deliveries and after delivery, little or no breast milk). This mother couldn't find milk on the market, and when she found some on the black market, she couldn't afford it. The result: She feeds her first-born with water and sometimes sugar water. What will be the future of this infant? If he survives, there will be a long-term negative effect on development, especially of the brain. But, as it looks, he'll not manage to survive, though the doctors are trying with all their available means to help.

Because of the lack of breast milk, young infants develop diarrhea or other infections very quickly. In our countries, artificial formula is nearly as good as breast milk. In Third World countries too, many mothers think they would be doing a special favor to the infant with artificial formula. If you are well educated, know how to prepare the milk, and, last but not least, have clean water which should be boiled, it's okay. But what about the circumstances in Baghdad (and, even worse, in other parts of Iraq)?:

1) No clean drinking water and till now not enough fuel to boil it.

2) Not enough milk—the ration that the mother is receiving for her young infant is enough for one week (an infant needs about 1 kilogram of milk powder per week), and now she'll try to use it for one month. The result is a continuous low caloric intake which leads to more and more malnourishment. The problem in these undernourished and malnourished babies is that their resistance to any infection decreases with the increasing severity of malnutrition. So a simple flu can be deadly. All the doctors in the infants' hospitals or the infants' wards of general hospitals were saying that they lost too many children because the weak body couldn't fight a simple flu or diarrhea. This did not happen only to the babies



and toddlers but also to adults—and this in winter and springtime, when diarrhea had never been a health problem in Iraq—due to the bad water and health situation. Now in summertime, the problem is getting worse with the hot weather. In all hospitals, be they in Baghdad, north or south Iraq, the doctors see increasing numbers of cases of cholera and typhoid fever.

I'll show you now a few samples of malnourished children.

### Lack of medicine

**Antibiotics.** The situation now is improving a little bit because many Non-Governmental Organizations are sending medicine. Before, Iraq was able to produce penicillin, ampicillin, and some other basic antibiotics. With the war, the production stopped. With the embargo, no medicine except through humanitarian help entered Iraq. If you take, for example, a newborn baby with septicemia or meningitis, you treat it in Europe for about two weeks with ampicillin, 100-200 milligrams per kilogram per day, and a second antibiotic. That means 0.5-1 gram ampicillin per day or 10-25 grams for one baby and another antibiotic accordingly. How many bottles of ampicillin can be bought by one organization? Our initiative, for example, bought the last time DM 1,000 (\$556) of ampicillin, which means 120 bottles of ampicillin of 2 grams, enough for a treatment of 10 babies. For older children or adults you need much higher doses.

This is one of the simplest examples. The doctors were forced to use the antibiotics in lower doses and for a shorter time than necessary, or, since they didn't have the intravenous one, they used the intramuscular kind, with the result being ineffective treatment, long-term brain damage, or after a short time a second, fulminating infection. If they do not treat the meningitis patient, either he will die or be mentally or physically disabled for life. Both are disastrous, both unacceptable for a physician.

In many infections you need more sophisticated antibiotics for the right treatment. They were available before the embargo and the war, but now you can hardly find them, and if you do, most of the time it's not enough for one course of treatment for one patient. For typhoid fever you need chloramphenicol, a drug also rare in Iraq now. If you don't treat it in the right way and long enough, you'll get severe complications, some of them deadly, or increasing numbers of carriers, which is dangerous for the household or a whole area.

### Cholera

Contaminated water and food plays a major role in transmission. After an incubation period of six hours or two days, there is a sudden onset of painless and profuse, watery diarrhea. The patient can lose many liters of fluid. Especially in young infants and children, a severe diarrhea not treated in time can be deadly. It leads to severe dehydration, acidosis,

brain damage. For the treatment you need mainly electrolyte solution intravenously or orally. Neither is available in the necessary amounts. You need certain supplementary solutions like potassium, sodium [sodium], and hydrogen carbonate, which are scarcely to be found. For antibiotic treatment you need erythromycin for young children and tetracycline for older children and adults, both difficult to find.

There is an increase in fetal deaths during the third trimester of pregnancy, mainly in severely dehydrated patients who delay seeking hospital care.

All kinds of infectious diseases can be disastrous because of the lack of availability of suitable antibiotics.

### Tuberculosis

As we know from postwar Germany or from poor parts in different areas of the world, in malnourished people and lower social groups the incidence of tuberculosis increases:

- a) crowding: the principal route of infection is by inhalation of contaminated droplets;
- b) decreased resistance of the body to any kind of infection due to the impaired socio-economic situation in Iraq;
- c) lack of BCG administration: because all the vaccines were destroyed through the cut of electricity in the first days of war, now, because of the embargo, no vaccine is available;
- d) right diagnosis: no availability of diagnostic skin tests;
- e) if you are able to diagnose tuberculosis you'll not find the right antibiotics.

Result: Miliary tuberculosis, tuberculous meningitis in young infants is increasing with their bad effects on later life.

### Osteomyelitis, a bacterial bone infection

Open fractures which are not treated in the right way, in time, and long enough can lead to infection of bone, joints, and even septicemia.

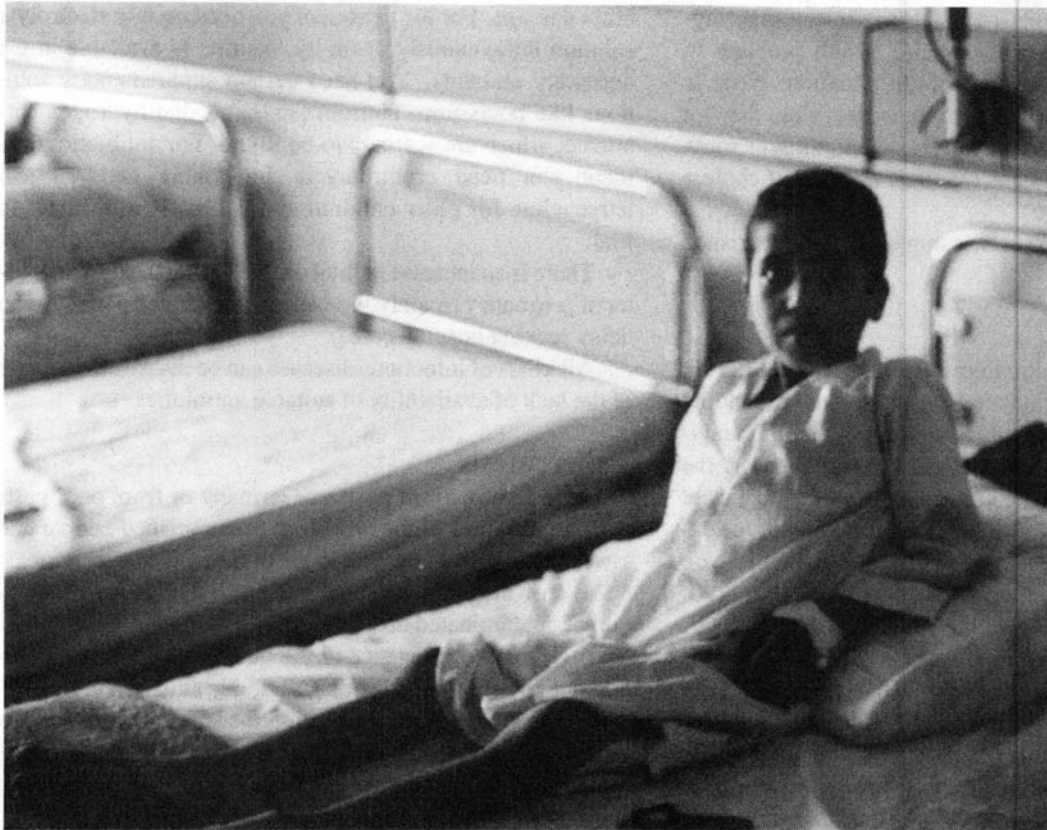
- 1) For diagnosis you need not only your suspicion, but also a well-functioning laboratory with X-ray.
- 2) For treatment you need:
  - a) certain antibiotics in a certain amount for a long period—weeks, even months, sometimes years;
  - b) needles for intravenous application, syringes;
  - c) sterile bandages, gloves, scissors, drainage facilities for purulent materials;
  - d) immobilization.

If you cannot treat properly the result will be:

- a) chronic disease, fulminating infection;
- b) permanent orthopedic deformity.

Most of the patients who were brought to Germany for further treatment had severe osteomyelitis:

1) Sabreen, a 3-year-old girl, fell from a height of about two meters. She broke her right lower leg and got severe infection of the bone. Antibiotics were given for some time. When we saw her in July, four months after the accident, she still had pus discharge from the wound. The doctors told us



*A badly injured and malnourished boy in Saddam Children's Hospital in Iraq. Because of the embargo, hospitals cannot offer the vaccinations, tests, surgery, and medication that were once a routine part of national health care.*

they couldn't do anything more for her.

Now she is in one of the hospitals receiving antibiotic treatment and has had an operation to remove the dead and infected bone. In a few months we hope she'll walk normally.

2) Alah, an 8-year-old girl, was hit by a bomb explosion of a small bus. She lost her mother during this accident. She also has a severe infection of bone and knee joint. She was brought to us by her father. In the hospital there was no efficient treatment any more. Here she has received antibiotics, blood transfusions, and operations for removal of the dead bone. But she will not be as fortunate as Sabreen, her roommate in the hospital: Her leg will remain stiff, the infection will affect the growth of her leg—resulting in a short leg with later orthopedic problems and most probably further surgical intervention.

3) Ijad, a 19-year-old youth. He lost both legs through a hit on a shelter in Baghdad. As he tells it, one leg was blown away directly, the other leg half cut below the knee. He also was sent home from the hospital with pus discharge from the infected bone, because of lack of available treatment.

Here in Germany they performed an operation which lasted many hours in hopes of getting rid of the infection. If not, he'll have an amputation of the left upper leg too, with the problem to fix prostheses for him.

4) Amira, a 21-year-old girl, who stayed in the hospital for four months. When we saw her there she was severely

depressed. The doctors told us they couldn't do anything more for her. They couldn't treat the infection of the bone anymore. Most probably she would have lost her leg. Here they are trying operations and antibiotics to help her.

5) Ali, a 17-year-old youth, who was hit by a bomb in the kitchen at home. During the same accident he lost one sister with her two children and a brother. Another sister lost her ear. After the accident he was brought to Yarmouk teaching hospital where he remained the entire time before coming to Germany. In Baghdad, he had had several operations, he lost his broken leg completely because of gangrene, he has osteomyelitis in the broken arm, and had severe septicemia and malnutrition. He was in such a miserable state that you could hardly look at him. Now his general condition is improving slowly, and when we saw him last week, he already could joke with us.

Other children lost parts of their extremities during the war like Saed, Afag, and Alah.

We hope we can help them here with prostheses and further treatment. Because of the war, the department for care of the disabled has no capability for producing artificial limbs.

Maisoon, a 16-year-old girl, got severe burns nearly one year ago. She was admitted to different hospitals many times. Because of shortage of medicine and medical equipment, she was discharged soon after admission. We saw her at home.

When we opened the door a putrid odor came toward us. The girl was extremely pale, severely malnourished, and in such bad shape that I didn't dare to take her on the trip in this condition. We sent her to the children's hospital I had been working in before. With blood transfusions, antibiotics, and a better caloric intake (the food in the hospitals now is below the necessary caloric needs, but still better than in many homes), her general condition was improving a bit. Now she has received several blood transfusions, courses of antibiotics, and the first skin grafts were done for her in one of the German hospitals.

## Other medicines

There is a lack of basically needed medicines. Children need antipyretics for high temperatures. In young patients, often febrile convulsions develop due to sudden increase of body temperature. At the moment no antipyretics are available in Iraq. The body temperature cannot be diminished, the convulsions continue, and more and more nerve cells will be destroyed.

Patients with epileptic seizures need anti-convulsants, which is also rare, and prescribed in small amounts. This results in more epileptic seizures, which leads to more and more destruction and the children get more handicapped with time. In a bad situation where it is impossible to stop it, a status epilepticus develops, which if not broken by intravenous anti-convulsants, can lead to the death of the child.

Babies, children, and adults with thyroid dysfunction don't find the needed drugs. For the child this means the development of the brain is affected, the child will be debilitated. Some babies and children need special formula because certain enzymes are missing.

We saw a 4-year-old boy with convulsions, the developmental status equal to a 6-month-old baby. He had phenylketonuria, and if not fed with phenylalanin-reduced milk, the cells are destroyed by the toxic product, especially nerve cells are affected and destroyed. As a result, this boy gets worse, and maybe totally handicapped. He has a 2-month-old sister. The same diagnosis was given when she was 40 days old. If she cannot get the special milk, the outcome will be the same as with her brother. In Baghdad, we tried to find some milk for her, but in vain. Back in Germany, we asked the factories about the price of the milk. For 1 kilogram of milk powder, which is just enough for one week, it costs about DM 300 (\$167), and for one month more DM 1,000 (\$556). Who will be so generous as to spend every month this amount for just one patient? We couldn't find one. So the outcome will be the same as with her brother.

But the lack of basic medicine is not only affecting the children, but also adults. No antihypertensive drugs. Result: increasing numbers of patients with cerebral strokes, who cannot be treated, the end result being more and more handicapped elderly people, if they manage to survive the initial stroke. No drugs for heart patients, no antidiabetic drugs.

I think the number of drugs I could list would fill pages, but all lead to the same result. Patients cannot be treated, doctors cannot help without medicine, words alone are not enough.

Patients with acidosis need sodium bicarbonate. If you can find it, it should be given with monitoring of the blood gases. But how can this be done, if you lack the solutions you need for the blood gas analysis?

How can you treat meningitis, if you don't have the spinal needles to take the cerebrospinal fluid to diagnose the disease? If you have got the spinal fluid, often you don't find slides to examine the fluid under the microscope. Now you have electricity to use the microscope; before, during, and in the first months after the war, this was also missing.

In Iraq much more than in Europe, newborn babies develop neonatal hyperbilirubinemia. You use phototherapy treatment to reduce the amount of indirect bilirubin, which has a toxic effect on certain cells in the brain. In the children's ward we visited, the director was very angry because he could not find any lamp in Baghdad, and this for weeks. He knows the complications of untreated hyperbilirubinemia, and this innocent child will bear the marks all his life, if he lives. Perhaps you will say, there are other ways of treating this. Yes, you can do an exchange transfusion, if you have transfusion sets, transfusion bags, and the suitable blood type for the blood. But how can you be sure, if you don't have the test sera to do it? If you give a wrong blood transfusion, you may kill the baby, so both can be fatal. With the help of my hospital in Germany we were able to purchase 100 lamps, but how many babies will that help?

As a medical student, you learn in the first semesters that preventing is better than treating disease.

## Vaccinations

In Iraq, a well-functioning health system existed before the war, with many health centers distributed throughout the country. There were special centers to give a full-scale vaccination program to the population. Because of this, the number of cases with tuberculosis decreased rapidly, as the doctors were telling us, and for years they didn't see the complicated cases in children I had seen there before. Diphtheria, polio, pertussis, and tetanus vaccinations were given routinely to the babies to get rid of these disastrous diseases. But now with the embargo and war, no vaccines are available anymore. And the thousands, if not to say millions in a population of 18 million, of doses that you need in order to get an effective result, means that no Non-Governmental Organizations, even if you take them all together, can afford to buy it. Result: Many babies will get sick, will be disabled, or die unnecessarily because of the embargo.

## Food problems

Take a small baby—he needs 1 kilogram of milk powder for one week, about five for one month. In a poor area of

Baghdad, Sheikh Omar, we visited the health center. The person responsible for the feeding program told us that before the embargo, they had started not only to educate the mothers in how to feed their babies and how to prepare the right food for them, but also provided them with baby formula, cereals, vitamins, and all they needed to guarantee the healthy development for the youngest.

With the beginning of the embargo, the food and also the milk was rationed—the beginning of the low caloric intake for a large part of the Iraqi population. Milk was given by prescription, and only to the sick. After some time even this was not possible any longer. The doctors had to close their feeding centers. They could not soothe the anger of poor mothers who were depending on this supply for their children. This health center is responsible for 86,000 citizens, among them 50-60% of the children under five, and up to 20% of the children under two. How many tons of milk powder do you need to provide them with the necessary daily calories? One ton of milk from the factory costs about DM 6,000 (\$3,333). How many tons of milk can Non-Governmental Organizations send to Iraq? One thousand, 2,000 tons or even more; but for how long? If the embargo is not lifted soon, thousands of innocent children will die of hunger. Is this necessary? And if so, why?

The bad effect on health of low caloric intake, you saw in the beginning. Also, I tried to show you how quickly a simple flu can lead to death. The low caloric intake does not only include the children, but adults as well, and an intake of 1,000 calories a day, half the normal amount you need, will not pass by without having dangerous side effects. I think you have heard it from all the committees or organizations you have spoken to, working in or coming from any part of Iraq.

## Medical equipment

**Infusion.** As you have seen, there are many children in Iraq suffering from diarrhea and severe infection, which needs intravenous fluid and intravenous antibiotics. First you need butterflies or IV cannulas in certain sizes, you need plaster adhesive to fix it, you need infusion sets and IV fluids. For the antibiotics you need needles and syringes, so that you can administer them to the patients. In all the hospitals we visited, there is a severe deficiency of all these items. As the doctors in the central teaching hospital for children were telling us, we lost and lose even now many patients, because these necessary materials are missing completely or the quantity is insufficient. Of course, you have to have antibiotics, as mentioned before.

**Transfusion.** Because of malnutrition, vitamin deficiencies, and of course the many congenital kinds of anemia you have in Iraq, blood transfusions are more necessary than they were in the past. To give the right blood for transfusion, you need serological test sera, a good working laboratory, slides, tubes, microscopes, electricity. All this is even now

not functioning because of the lack of one or more items you need. If one is lucky enough to confirm the right blood type of donor and patient, then one needs special blood bags, transfusion sets, cannulas to give it. These items are also rare or not available now.

## Laboratory tests

To make certain blood or urine exams, you need special solutions, certain apparatus, slides, tubes, and so on. Most of the necessary blood exams cannot be done, because one or more of the needed items are missing. Patients with diabetes cannot be treated properly, not only because there is no insulin, insulin needles and syringes, or other antidiabetic drugs for the adult, but also because the material to test blood or urine sugar is lacking.

Blood urea and creatinin testing is not possible. One of the children we brought with us to Germany for further treatment had an impending renal failure. But how could you treat it without knowing the real values? How can you treat renal failure if you don't have the fluids for dialysis, nor the sets or apparatus to perform it, or if one of them is not working because of a missing spare part?

How can you treat meningitis properly, if you do not have the lumbar puncture needles to confirm your suspicion? How can you treat it right if you cannot do the culturing of the cerebrospinal fluid, because there are no bottles for the culture, no special plates to put it on later?

You can continue and continue, and the list will not end.

## Surgical operations

Operations are normally done in sterile surroundings. Is this possible when the windows are broken, air conditioning is not working, sterilization equipment is out of order for different reasons?

The first rule before you start an operation is not fulfilled, because you should work in a sterile environment. The result is wound infection, gangrene, osteomyelitis, sepsis, all of which could be prevented.

The surgeon needs special tools for operations. The simplest things are missing: sterile disposable scalpels. Because of this lack, doctors are forced to use them as often as possible, and only throw them away when they do not cut anymore. Gauze is missing, bandages, surgical thread.

Normally, operations are done in full narcosis. How can you do it, if the drugs are not available, the narcotic gas is missing? This is the reason why many patients, including children, had limbs amputated without narcosis, as well as painful wound dressing without painkillers. Because of the lack of material, drugs, and narcotic gases, only emergency operations are performed.

As the director of the neurosurgical hospital reported:

"Before the embargo and the war, I had about 240 neurosurgical operations per month. Now, because I receive only one bottle of gas per week, I have only 6-10 operations per

## U.N. body asks human rights probe in Kuwait

The Sub-Commission on Prevention of Discrimination and Protection of Minorities of the Commission on Human Rights of the U.N. Economic and Social Council, meeting in Geneva on Aug. 20, passed a resolution extending the mandate of the United Nations special rapporteur on human rights in Kuwait by a wide majority. This resolution, together with the longer one published in *EIR*'s last issue condemning Israel for its treatment of Palestinians, reflect the growing resistance against the Anglo-American "new world order" under which the war on Iraq was run in defense of the feudal regime of Kuwait.

The resolution submitted to the 43rd session of the Sub-Commission under Agenda item 6, "Question of the violation of human rights and fundamental freedoms; including policies of racial discrimination and segregation and of apartheid. . . ." reads in part:

"Recalling General Assembly resolution 45/170 of 18

December 1990 concerning the situation of human rights in occupied Kuwait,

"Also recalling Commission on Human Rights resolution 1991/67 of 6 March 1991, in which it strongly condemned the Iraqi authorities for their grave human rights violations in occupied Kuwait and in which it decided to appoint a special rapporteur to examine the human rights violations committed in occupied Kuwait, and Economic and Social Council decision 1991/251 of 31 May 1991 approving that decision,

"Concerned at reliable and specific reports of arbitrary arrests, torture, unfair trials, enforced or involuntary disappearances, deaths in custody, and possible extrajudicial executions in Kuwait, as well as deportations and other abuses against non-Kuwaitis since the withdrawal of Iraqi forces,

"Expresses its hope that the special rapporteur appointed pursuant to Commission resolution 1991/67 of 6 March 1991 will give due attention to alleged gross violations of human rights currently occurring in Kuwait and will inform the Commission of developments affecting the situation of human rights in Kuwait since the withdrawal of Iraqi forces."

week. I get furious, because I have to tell my patient I cannot operate on him, even though I know I could save his life. On the other hand, especially in neurosurgical cases, you must investigate very carefully. Prior to operation you need certain exams of your patient, be it X-ray, CT scan, NMR, or similar things. All this cannot be done now. So if you do the operation without knowing the certain place of a foreign body, for example, you may harm your patient more with the operation than without it. Neither way is tolerable to me as a physician, but how can things be changed with the embargo still going on? Really, I do not know how to help the people."

Here you see two patients, who could not be operated on in Baghdad because no investigations could be done:

1) Amar was injured during the war by a bullet in his neck. The projectile was not removed. Now it has been removed here. As the CT scan shows the spinal cord was injured, the NMR will tell whether an operation can help to diminish his right-sided hemiparesis.

2) Rasul, a 20-month-old boy, had epidural hematoma after a fall. He developed increasing cerebral palsy with impairment of drinking. He cannot speak or walk. Here the hematoma was removed in the neurosurgical hospital and he is improving slowly.

### A 'post-Gulf war generation'

In addition to all this and as a result of this, the people are living in continuous psychological stress because of the

continuing of the embargo and the continuous threat of another possible attack. Therefore, the parents live troubled, not only because of the lack of food, medicine, work, and money. This has a bad effect on the children.

Even if the embargo were lifted, were lifted now, the people and especially the children would suffer from this for a long time after the war, not to say all their lives. It is right, as some called it, we will have to speak of the post-Gulf war generation.

Ladies and gentlemen, I am not a politician. I spoke to you as a doctor and a human being, but I dare say that all laws say that for people who kill by decision and in full conscience, the punishment should be stronger. Don't you agree with me, that the continuing of the embargo means the death or killing of children every day, who are innocent? I do not know on what laws, religion, or other principles this is based. Here in the West we speak a lot of human rights. But what remains of human rights, if you prevent people from living a normal life, from finding food and medicine? I believe no one of us has the right to do this. Logic, laws, principles, morals, resolutions of the United Nations, principles of Unicef, the World Health Organization, they all must oppose what the Security Council is doing against the children of Iraq. I know I cannot change the decisions, but it is my duty, especially as a doctor, to say this. If every one of us raises his voice against the situation, we could do something to stop the continuous killing of children.

## Lord Carrington's Yugoslav peace conference is a fraud

by Konstantin George

A so-called international peace conference on Yugoslavia opened on Sept. 7 under the auspices of the European Community (EC), in the Netherlands' capital of The Hague. The "peace conference" is chaired by Britain's Peter Lord Carrington, a former British foreign secretary and secretary general of NATO. It came into being as the result of an Anglo-French power play, which, instead of bringing an honorable peace, will commence a months-long process whereby the Serbian war against Croatia will continue. During that time, a fraudulent "compromise accord," drafted by Anglo-French interests, with American backing, will sanction a partition of what had been Yugoslavia, with the internal borders redrawn, truncating the republics of Croatia and Bosnia, to the territorial advantage of a "Greater Serbia."

The "peace conference" is an ugly turning point, reflecting the failure of the EC, because of Anglo-French sabotage, to take decisive steps to end the war on the territory of Croatia. These steps ought to have been: 1) immediate recognition of the independence and territorial integrity of Slovenia and Croatia, based on the inter-republic borders; 2) immediate resumption of trade and economic aid to Slovenia and Croatia, while enforcing a strict embargo against Serbia, until Serbian forces depart from Croatian territory; 3) extension of the EC embargo to any country that aids Serbia; 4) defensive military assistance to Slovenia and Croatia (Germany was moving in this direction, and in fact was on the verge of recognizing the independence of Slovenia and Croatia). Furthermore, as the Schiller Institute emphasized in a statement on Aug. 28, a program of economic assistance to Croatia and Serbia should be undertaken, integrating them into the rest of continental Europe, in the context of Lyndon LaRouche's "Productive Triangle" proposal for high-tech-

nology infrastructure and industry.

Trapped by the absurd rules of first forging an "consensus" on Yugoslavia—which means adapting to the policies of Britain—the EC policy to date, even before the "peace conference" was embarked upon, has been a series of disasters, the sort which inevitably flow from the false axioms of "consensus" politics.

The first and legally decisive false axiom is the fraudulent term "Yugoslav civil war," which maintains the fiction of a nonexistent Yugoslavia, or, otherwise, the "war between Serbia and Croatia," placing both parties on an equal footing. There is no "equal footing." The EC has adopted a de facto embargo in all trade and economic relations with "Yugoslavia." In real terms, this is, whatever the intentions, an embargo against Slovenia and Croatia, the two republics with which EC nations have always conducted the overwhelming portion of their business. Thus, a policy labeled as "fair play" has exclusively benefited the aggressor, the Serbian communist regime of Slobodan Milosevic (see box, page 43).

Serbia has already effectively annexed about 25% of the territory of Croatia. The offensive has had two overall aims: the gaining of territory and the mass expulsion of Croats from the zones conquered. The main aim of the daily shelling of Croatian cities, towns, and villages is not to kill on a mass scale, though about 1,000 Croats have been killed in two months of fighting. The main Serbian aim is to create an uninhabitable zone of war devastation which the Croatian population is forced to vacate. This is a pogrom war in which for every Croat killed, at least 100 are forced to become refugees. By Sept. 10, well over 100,000 displaced Croats had been forced to flee their homes.



## Is European Community becoming superfluous?

*This statement was issued by Helga Zepp-LaRouche, president of the Schiller Institute in Germany, on Sept. 9.*

As expected, the extraordinary conference of the EC on the crisis in the former Yugoslavia, has produced less than nothing. While Croatian villagers too old and weak to run away continue to be bestially murdered by the Serbs, the EC has again proved itself completely useless vis-à-vis this war being played out in the middle of Europe. The very idea that this conference, in the face of the catastrophe in Croatia, might be dragged out over half a year, is the absolute height of absurdity.

When in the face of a fundamental crisis—and this war is precisely that—institutions prove themselves completely incapable of responding in an adequate way, but instead stage trivial discussions, then these institutions will not long survive. When Lord Carrington, no less, thinks that he can play the role of “honest broker,” when we should be putting a stop to bestial genocide occurring right in front of our eyes, then we have to ask ourselves,

what is really behind all this?

If the EC as an institution, and the governments that support it, again let themselves be made into fools, the laughing-stock of their own peoples, then they put their own existence into question. Why should our taxes support a huge bureaucracy which does nothing? And why should we elect governments that, in the face of the aggression of inhuman tyrannies, do nothing?

The EC were well advised to remember, that it was the total incapacity of the League of Nations to react to the crisis of Ethiopia which brought about its discrediting, and the widespread opinion that its representatives were no more than a heap of fools. Clearly the EC, faced with a crisis of incomparably greater import, runs the same danger.

Close at hand lies the suspicion that this is precisely the aim of those sabotaging decisive action by the EC. The intent of the Anglo-American opponents of the idea of European unity is very clearly to make the EC into a laughing-stock, precisely because they fear the positive potential for all of Europe implicit in the current historic situation. It is high time that we draw the consequences from this. The immediate recognition and adequate defense of Croatia and Slovenia, is the first step long overdue. Ridding the EC of elements hostile to Europe, the second.

### A New Congress of Berlin?

The EC's establishment of a “peace conference” process, chaired by Lord Carrington, and thus under British hegemony, has undercut any positive efforts by nations of continental Europe to render effective assistance to embattled Croatia. Specifically, as was bitterly noted in a Sept. 11 press conference by Croatian Foreign Minister Zvonimir Separovic, the “peace conference” prevented an otherwise inevitable recognition of Slovenia and Croatia as independent states by Germany, which was moving rapidly in this direction. The German move would have opened the door to recognition by Austria and Hungary, which border on Slovenia and Croatia, thus creating first a central European corridor of assistance, with other EC members expected to follow.

The “peace conference” process contains many haunting parallels to the 1878 Congress of Berlin, convened at British initiative to impose a European “Concert of Powers” territorial settlement on the Balkans, in the wake of the Russo-Turkish War of 1877-78, which militarily had driven the Ottoman Empire off the European continent. The Congress of Berlin was chaired by Britain, and its deliberations dragged on for months, as the present case will be under the Carrington script. It devoted itself solely to redrawing the map of the Balkans. It neither solved nor attempted to solve any of the

problems that were leading to war in that region, beginning with the miserable economic and social status bequeathed by four centuries of Ottoman rule. The republics of former Yugoslavia have also been bequeathed a staggering economic crisis, with its roots in 45 years of communist rule, and accelerated to beyond the breaking point by the last several years of stringent International Monetary Fund conditionalities, an exorbitant debt repayment burden, and the enforcement, through Harvard's Jeffrey Sachs, of the mass shut-down of industrial enterprises.

The 1878 Congress of Berlin imposed a deceptive pseudo-stability on the Balkans, while in reality its decisions created the preconditions for World War I. In much the same way that a historically dead “Yugoslav Federation” is being artificially propped up today as the pseudo-legal cover for Milosevic's expansionism, the Congress of Berlin artificially kept alive the European part of the Ottoman Empire, by restoring the Turkish hold over much of the southern Balkans. This policy created the basis for the subsequent manipulation by Britain and other powers of the Balkan states, drawing them into the wars of 1912 and 1913 over the division of the remaining Ottoman territories.

The failure to solve or even address vital economic questions provided the basis for the bankrupt countries of the



Balkans to distract their people from internal crises by raising the banner of war to “protect” and “liberate” their ethnic kinsmen who formed minorities in adjacent countries. This was the basis for the Second Balkan War of 1913, and the 1914 Serbian drive to “liberate” Austrian-held Bosnia, which created the matrix for the Sarajevo assassination of the Archduke Ferdinand, which triggered World War I.

The parallels to today, where the bankruptcy of Serbia acts as a driving force in its war of conquest, are striking. Serbia is striving to conquer and annex economically lucrative areas. Slavonia, for example, has the only oil and gas deposits in Yugoslavia. Another objective is the southern half of Croatia’s Dalmatian coastal region, Yugoslavia’s major source of foreign exchange earned from tourism. Not accidentally, the Serbian attacks of Sept. 10-12 were aimed at cutting off southern Dalmatia. This was preliminarily achieved on Sept. 11, when the vital bridge at Maslenica, on the coast, southern Dalmatia’s only link to the rest of Croatia, was attacked and forced to close. On the third front, the Banija region, southeast of Zagreb, economic considerations also play a major role. A primary Serbian objective there is the vital rail and road junction of Sisak, which also houses one of the two largest oil refineries of Croatia.

The Carrington “peace conference” process has sabotaged any early European recognition of Slovenia and Croatia, and any near future chance for effective measures against the Milosevic regime. It has officially opened the door for redrawing the internal borders. The “peace conference” began on an ominous note, by accepting the negotiating guidelines set by a “Yugoslav Presidential Commission” which, acting as a front for Serbia, called for the “fate of Yugoslavia” to be decided by “the freely expressed will of the six nations,” and specified the admissibility of border changes through negotiations, corresponding to the “will” of a “nation.” In Yugoslav parlance, “nations” is limited to the dominant ethnic group of each republic, referring, for example, not to Serbia or Croatia, but to Serbs and Croats. Otherwise, the “nations” are the Slovenes, the Montenegrins, the Macedonians, and the Bosnians. The definition explicitly omits Albanians and Hungarians, who are listed as “national minorities,” and therefore rules out any changes within Serbia, concerning the regions of Kosovo and Vojvodina.

This little-noticed declaration, which opens the door for redrawing the map in the republics of Bosnia and Croatia, where the Serbian “nation” is numerically strong, was warmly endorsed by Serbia’s Milosevic, and rejected by Croatia.

While the “peace conference” deliberates, and in Carrington’s words, attempts to “find a joint basis” for a solution, 25-30% of Croatia will remain occupied by Serbian forces. The “peace conference” opened with an EC declaration, signed by the foreign ministers of the six Yugoslav republics, agreeing that there should be “no border changes without negotiations.” Thus, border changes through negotiations—the Serbian position—have now been legitimized.

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Interview: Michael Montillo, Antun Irek

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## ‘Anti-Semitic slander supports genocide!’

*Michael Montillo is deputy foreign minister of Croatia. A Sephardic Jew, a partisan during World War II, and awarded the Knighthood of the Italian Republic in 1982, Montillo strongly rejects the slander that Croatians are anti-Semitic and “Ustashi” (Nazi collaborators). “It is a campaign conducted to justify the genocide against our people. It is totally false and people should learn history not rumors.”*

*Montillo talked to EIR from Zagreb’s Dubrovnik Hotel, where he was expressing support to a Jewish-American citizen of Croatian extraction, Antun Irek, who has been on hunger strike since Aug. 29. Mr. Irek, a piano teacher with 200 very young pupils in Los Angeles, is not the only example of international solidarity for the Croatian cause. Several foreign citizens who were vacationing in Croatia joined the defense of the republic when they saw the horrors the Federal Army is perpetrating without any serious reaction from the outside world. Both Montillo and Irek talked to Umberto Pascali on Sept. 11.*

**EIR:** Mr. Irek, why this hunger strike in Zagreb?

**Irek:** Because I think that my country, the United States of America, must recognize Croatia and Slovenia immediately. When I was in Los Angeles the news of this war was not circulating. When I arrived here and I saw what was happening I was very disappointed to discover that people in the U.S. do not know anything. I want to get the attention of the U.S. people and the administration.

**EIR:** Why do you think the U.S. refuses to recognize the two countries?

**Irek:** Somebody in the U.S. has been blocking the news. I think the Serbian lobby has succeeded in lying about Croatia and convinced people that being Croatians is the equivalent of being Nazis and genocidalists so that people don’t care about Croatia. They think that maybe if they are eliminated from the face of the earth nobody will really care. As long as this war was going on in Slovenia, it was everyday front-page in the Los Angeles media, with big color pictures. But as soon as it came to Croatia it stopped completely.

**EIR:** What would you say to people who believe in these slanders?

**Irek:** This is a 100% lie. First of all, besides isolated events, the Croatian people have not been anti-Semitic. There is a

long tradition of friendship. There has been a Jewish community in Croatia from the very beginning of the Croatian nation. Our first king nominated as top advisers two Jewish thinkers. Minister Montillo is here with me. He can explain it to you.

**Montillo:** It was King Kreshmir IV in the 10th century. But what I would like to point out for your magazine is that today we have in Serbia the last Communist regime in Europe. They only changed the name into Socialist Party. And the Serbians intend to conquer a large part of Croatia. That's why we have this bloody aggression. Chetniks cross our borders to lead gangs of terrorists to terrorize our people. So far we lost 30% of our territory. Everyday there are 20, 30, 50 or 60 dead.

Let me tell you something about the so-called anti-Semitism of the Croats. I am a member of the Jewish Council in Zagreb and I am deputy minister of foreign affairs. Our

health minister is a Jew and the president of the Constitutional Court is a Jew, together with some other very important figures. The president of the American-Croatian Society is a Jew.

**EIR:** So the whole campaign is a big slander?

**Montillo:** Yes. It is false. I witnessed a few days ago a meeting of 30,000 people in Zagreb. There was a 10-meter-long Jewish banner. The President of the Republic of Croatia arranged with the representatives of the Jewish community to restore, after 40 years, our synagogue in Zagreb. It had been destroyed in 1941. Under the Communist regime it was impossible to restore it. But nobody noticed it!

Over the last year we had 70,000 Jewish tourists in Croatia and all enjoyed our hospitality. Our government is very explicit in guaranteeing the rights of minorities in Croatia. Let's not believe in speculation from journalists or intellectu-

## EC grovels to Milosevic

*"Would we really go to war in Yugoslavia?" Italian Foreign Minister Gianni De Michelis, at a press conference in The Hague following the EC meeting, sneered in answer to a question from the correspondent of the Catholic daily Avvenire. The journalist printed the details of the performance on Sept. 11 in the article excerpted below. A top aide of De Michelis called Avvenire to pressure the journalist and his editor after the article appeared:*

The European Community, in order to open the talks pompously baptized "Peace Conference for Yugoslavia" in The Hague, had posed an end to fighting as the condition. The Yugoslav Army continued to bomb Croatian villages. The EC decided to hold the conference anyway. "We cannot silence the guns, but at least the guns do not silence us," said Dutch Foreign Minister Van Den Broek, trying to present the humiliation as a success.

It is a success: People were saying last Saturday in The Hague, that the six leaders of the Yugoslavian republics came, including the Croatian Tudjman, and the Serbian Milosevic. So as not to spoil the "success," the Europe that met in The Hague avoided reminding Milosevic that the Serbian rebels and the Yugoslavian (Serbian) army are occupying a third of the Croatian territory with the declared aim of annexing it to Serbia. Europe limited itself to warning, while looking the other way, that "changes in the borders obtained by violence will not be accepted."

Milosevic contemptuously replied that the borders between Serbia and Croatia are "internal and simply

administrative." . . . The EC tried to see even this as an act of good will. "There is room for negotiation," our De Michelis crowed. In his view the opening of the conference "makes escalating the confrontation inconvenient" for the forces in Yugoslavia that want war. Forces, he insinuated . . . located more in the attacked Croatia than in the aggressor Serbia. And he almost bet that the clashes would end. On cue, the contrary happened. War rages on in Yugoslavia.

Radio Belgrade announces Nazi-style retaliations: "If the army is attacked for any reason, Vukovar [in Croatia] will be annihilated." So, the Yugoslav Army will bend to the demands of Europe, while it is in doubt that they obey the orders of any legal authority in Yugoslavia? "For all I know, the army obeys the federal authorities," De Michelis replied with a straight face. His words are denied once again by Stepa Mesic, the legal chairman of the Yugoslav Federal Presidency, in theory the supreme commander of the Army. Mesic asked the Army to withdraw to barracks: He got no answer. The day before the conference in The Hague, Ante Markovic (head of the federal government legally recognized by Europe) had also denounced the Army for "excessive use of force." And what if the Communist Yugoslav generals were, as Mesic says, "coup-makers" who keep the whole country hostage?

. . . The EC avoids the question because, as De Michelis says, "Let's be clear, would we really go to war in Yugoslavia?" To die for Zagreb? Surely not. But De Michelis had been inflexible in defending the war against Iraq. . . . The only thing to do is to recognize the two republics (Slovenia and Croatia). But the EC in The Hague appeared to be less worried about stopping the massacre than about an increase in German influence.

als—let people come here and witness the reality. We are fighting for a system based on Western democracy. We are rebuilding in Zagreb a big Jewish center with 10,000 rare books.

I visited last year Mr. Singer of the Jewish Congress and I organized the visit in Zagreb of the very famous Rabbi Arthur Schnier. He is member of the White House commission on human rights and visited Zagreb last year, in the fall. He was received by President Tudjman and by the Cardinal of Zagreb. At that time the decision was made to rebuild the synagogue. Rabbi Schnier is the president of the ecumenical delegation in the U.S.A. and he was part of the U.S. delegation at the United Nations. He has contacts with the most important figures in the world. In Rome he visited the Pope, in Moscow the Patriarch, and he is respected by all the statesmen of Europe, a very known figure in the Jewish world. Why there are people who want to stick to this dangerous slander of the anti-Semitism of the Croatians?

**EIR:** Why in your opinion does the U.S. not recognize Croatia?

**Montillo:** Formally, the U.S. ambassador came here to Zagreb and recognized that Croatia has been attacked by Serbia. Officially the State Department recognizes it, but words are not enough. The statements are there, but we need action. We ask all the governments of the world to recognize Croatia. Nobody should forget: We had a referendum and 94% of the people voted for independence.

The other problem is the Serbian lobby in the U.S. You have people like Congresswoman [Helen] Bentley [R-Md.]. She goes to Congress and she says: Croatia was on the wrong side in World War I and World War II, and Serbia was on the right side. Well in a sense this could be true for World War I. My father, for example, was in the Austro-Hungarian army because these regions were part of the Austro-Hungarian empire. But in World War II in Croatia we had 1% of the people with the Ustashi and with Hitler, but there were 200,000 guerrilla partisans that fought against that.

More than half of the partisans in the whole of Yugoslavia were in Croatia, while in Serbia they fought only three months in the beginning of 1941, then they would break for years and wait for the Red Army. So the war of Serbia was very symbolic, only three months in 1941! But the biggest anti-Nazi forces, the partisans, were in Croatia, this is a historical fact. More than half the partisans were in Dalmatia.

I personally was a partisan. I was 16 years old, and I fought in northern Croatia. But now the Serbian lobby, I suppose, would say that I am a Ustashi! As they said about our [Federal] President Mesic [a Croatian], who was a partisan and had 11 members of his family killed by the Nazis!

The problem is this Serbian lobby. You know, Lawrence Eagleburger. He was ambassador in Belgrade. Lived there for a number of years. He got involved in some business in Serbia like the production of the Yugo cars, this I know.

## ADL and Bronfman defame Baltic states

by Ronald Kokinda

The Anti-Defamation League (ADL) and friends of world Zionist figure Edgar Bronfman have opened a defamation campaign against Lithuania and the Baltic states as being filled with "Nazis" and "Nazi collaborators." The attack is part of an Anglo-American effort to keep a grip on the Baltic states in the vacuum left by the dissolution of Bolshevik-Stalinist tyranny.

The ADL "collective guilt" propaganda campaign went into high gear on Sept. 5 after Lithuanian prosecutor Arturas Paulaskas announced that several Lithuanians who had been convicted in a Soviet communist court of being Nazi war criminals, or accomplices in Nazi war crimes, would be rehabilitated. Paulaskas made no apology for the Nazis, but stressed the illegitimate way the individuals were tried: "These people were convicted not by courts of law, but by special commissions established by Moscow after the war. They were forced to make concessions. Witnesses against them were coerced. They had no right to a legal defense. The trials were corrupt, and therefore the verdicts have no legal standing."

World Jewish Congress President Edgar Bronfman said in a letter to the *New York Times* that the rehabilitations would diminish Lithuania's reputation just as it was becoming independent, and would "cast a shadow on its soul." The Simon Wiesenthal Center in Los Angeles demanded an immediate halt to the rehabilitation process.

The Bronfman-ADL apparatus instigated the creation of the Office of Special Investigations in the U.S. Department of Justice, which, using KGB evidence, stripped naturalized American citizens (such as Karl Linnas, an Estonian) of their citizenship and deported them to face communist "justice." The Bronfman-ADL collaboration with the communists runs deep, and Bronfman personally received an award from former East German dictator Erich Honecker. The shrillness of their campaign may arise from fear that the KGB files will be opened.

That Paulaskas's action was merely a pretext was clear from the series of inflammatory statements which preceded the campaign, including an editorial in the Henry Kissinger-linked *Jerusalem Post* on Sept. 3, entitled "Baltic Debt." The editorial claimed: "The Baltic people in the main were pioneers in implementing the 'final solution.' . . . Throughout the war they were the Nazis' most ardent helpers in the work of extermination."

## Landsbergis fights back

Lithuanian President Vytautas Landsbergis, in a letter to Bronfman on Sept. 6, denied that Lithuania was pardoning Nazi war criminals, but said that it did want to rehabilitate people the KGB had framed for war crimes. He denied that certificates of exoneration were being issued to thousands of people condemned as Nazi war criminals by Soviet courts, without a review of case records.

"Claims that Lithuania is rehabilitating criminals from the years of the Nazi occupation—people who committed crimes against humanity, who were the executors of the Nazi Holocaust—are particularly provoking," Landsbergis said. Lithuania, he said, had stated many times that there was no statute of limitations for those who committed Nazi or Bolshevik crimes and that even if they had served their sentences, they would not be rehabilitated. He said that the Lithuanian prosecutor was investigating each case instigated by the KGB "during the years of Soviet occupation," and that when the evidence was found to be insufficient, the sentences are declared null and void.

"To act otherwise, to leave standing a Stalinist sentence without having it backed up by reliable accusatory material, would be completely unjustified," he said. Landsbergis said the two cases mentioned in the *New York Times* article would be investigated to see if any mistakes had been made.

## 'Stop trying to revive Soviet empire'

The Bronfman-ADL campaign comes as eastern European leaders are realizing that the Anglo-Americans do not support their independence. President Landsbergis addressed the more fundamental point at issue in an interview with the German daily *Frankfurter Allgemeine Zeitung* on Sept. 6, demanding that western countries stop trying to revitalize the dying Soviet empire.

"The objectives of the Soviet government," he warned, "to secure Lithuania as a property of the Soviet empire, have failed, but it would be too bold to declare already now that the Soviet Union has ceased to pursue its objectives." The sympathy in certain western governments for the Moscow view that the Soviet Army needs bases in the Baltic states in the future, will meet the strongest opposition, said Landsbergis. He likened the Soviet campaign for the preservation of these bases to a "Molotov-Ribbentrop Pact in new clothes."

Certain Western tendencies to revitalize the U.S.S.R. while all the peoples of the former union tried to dissolve it and build democratic and sovereign republics, were the more despicable, Landsbergis said. The existence of the two super-powers led to the partition of the world, which was especially dangerous for the enslaved nations like the Balts. Only "those forces that have imperial objectives," he said, could miss the usefulness of the present changes in world politics which have reached a "turning point." One of the main results of the process of changes is that Europe no longer has to fear the Soviet Union, the Lithuanian President declared.

## Argentine resistance worries Anglo-Americans

by Cynthia R. Rush

A Buenos Aires federal appeals court ruled Sept. 1 to uphold a sentence of life imprisonment for Malvinas War hero Col. Mohamed Alí Seineldín, charged along with 14 other officers with "mutiny with the shedding of blood." The officers were on trial for their participation in the Dec. 3, 1990 military uprising through which they had attempted to force President Carlos Menem to halt the destruction of Argentina's most vital institutions, including the Armed Forces, under the aegis of George Bush's "new world order." Menem has aligned his government completely with the policies of the Bush administration, in domestic as well as foreign policy, allegedly to permit Argentina to "enter the First World."

Last February, a military court had imposed life sentences on Seineldín and six officers associated with him. Eight other officers received sentences of 12-20 years amidst government claims that the uprising had intended to overthrow Menem and even assassinate him. In the immediate aftermath of the Dec. 3 uprising, Menem had demanded that the rebellion's leaders be executed.

The appeals court threw out the government's contention that Dec. 3 was a coup attempt; it reduced the jail terms of most officers, converting the life sentences of all officers *except* Seineldín to terms of between 10-20 years. Just hours before the court announced its decision, Menem ranted that the nationalist leader should be locked up for life, and that this "would be to Argentina's benefit." Interior Minister José Luis Manzano later complained that the sentences were "too light," and announced that the government would take the case to the Supreme Court to seek stiffer ones.

## Why Seineldín?

The Argentine military leader may be locked up, but this hasn't calmed the nerves of the Anglo-American political establishment which is intent on destroying all resistance in pursuit of its usurious policies. The institution of the Armed Forces, traditionally a defender of national and territorial sovereignty, is clearly an obstacle to implementation of this policy.

Menem has authorized the slashing of Argentina's defense budget, to the point that the Army is now in virtual "hibernation" until February 1992, in the words of the Bue-



Col. Mohamed Ali Seineldín, third from left, with fellow defendants in the recent trial in Buenos Aires. He chose obedience to the Constitution over obedience to his superiors and the U.S. "State Department communists," and this has earned him a life sentence in prison.

Carlos Pérez Galindo

nos Aires daily *Clarín*. Army captains have been sent home because there are no funds to pay for the specialized courses they normally take once they reach this rank. The budget crunch is so severe that it is uncertain whether the Army will be able to incorporate the next class of recruits. While neighboring Chile is permitted to develop its military industries and arm itself with the backing of Great Britain and the United States, Menem is disarming the nation, selling off its defense industries for a song under the supervision of the World Bank.

The Sept. 7 *New York Times* acknowledged that Argentina's Armed Forces, "through budget cuts, have been significantly reduced and are now poorly equipped." It expressed pleasure that Menem complied with U.S. demands to scrap the Air Force's Condor II missile, and quotes one analyst pointing to the lack of discipline and advancing disintegration among the Armed Forces. Nonetheless, the *Times* laments, even despite past military uprisings, "Colonel Seineldín has become a kind of folk hero among militant nationalist sectors of Argentine society, with graffiti appearing on many walls and kiosks around town saying 'Seineldín is the people.' "

In his Aug. 8 testimony before the appeals court, Seineldín identified the international campaign centered in Great Britain, designed to finish off what remains of Argentina's sovereignty and open it up to wholesale looting by foreign financial interests. In view of attempts to subject Argentina to this new world order, Seineldín told the court, he was

forced to choose between obedience to his military superiors and obedience to the Constitution which establishes the Armed Forces' primary mission as "defense of the highest interests of the nation . . . its honor, [its] territory." Because of bankers' policies, the colonel explained, the Armed Forces today are in no condition to carry out that mission.

What really frightens the *New York Times*, a mouthpiece for the banking community, is the fact that Seineldín's principled defense of national sovereignty, and willingness to identify Washington's rotten policies, is quietly catalyzing resistance to Bush's new world order throughout Ibero-America. Increasingly, military leaders in several countries recognize that the Anglo-Americans prefer to hand their nations over to drug-traffickers and communist guerrillas rather than permit patriotic forces opposed to bankers' usury to take power. Colombia, Guatemala, and El Salvador are examples of how U.S. policy is encouraging communist takeover in the Americas even as revolutions overturn communism in Eastern Europe and the Soviet Union.

Perhaps this is why the *New York Times* worriedly reported in the same Sept. 7 edition that the philosophy of the Argentine Army nationalists, known as *carapintadas* or "painted faces," is that the "Argentine civilian government has compromised its traditions by aligning itself with the United States, which it considers has supported communism in the Soviet Union. Colonel Seineldín has asserted that the State Department is 'filled with communists.' "

# Ibero-American leaders demand OAS investigation of LaRouche case in U.S.

by Dennis Small

Letters continue to pour into the office of the Secretary General of the Organization of American States, Ambassador João Baena Soares, demanding that that international body conduct a full investigation of the U.S. government's scandalous violations of human rights in the case of jailed U.S. economist and statesman, Lyndon H. LaRouche. As of this writing, the office of Ambassador Baena Soares has not yet rectified last month's decision by the OAS Inter-American Commission on Human Rights to reject consideration of the LaRouche filing on spurious technical grounds.

Among the more notable of the letters sent to the OAS, are the following:

## From Brazil

Dear Ambassador:

The ideas of freedom and the affirmation of human rights constitute the basis upon which the National Spirit of the great republic of the United States of America was founded; this spirit was the motor force of its people and of the immigrants from around the world who made this nation their home, and which was capable of consummating the greatest economic, cultural and political development in the history of humanity.

Moved by these ideas, which also inspire the great admiration we Brazilians feel for the United States, I take this opportunity to appeal to Your Excellency to take steps to ensure that a competent investigation is initiated on the complaint regarding violation of human rights presented to your organization by the economist, journalist and politician, Lyndon H. LaRouche and five of his closest collaborators.

I do not personally know Mr. LaRouche, but for the past ten years, I have read and followed with interest his opinions and proposals published in the magazine he directs. Although I don't always agree with their content, I can comment on them as follows:

1) His judgments and formulations are both serious and profound, and have merited my attention, along with that of many U.S., Central and South American citizens concerned with the future of the continent; 2) they are opinions and

proposals which confront, head-on, the policies which have been applied by the government of the United States, and strongly oppose the international financial system's interests.

The hypothesis that Mr. LaRouche has been politically persecuted in his country and victimized by powerful interests because of his ideas, is one which profoundly disturbs all those admirers of American ideas; it also heightens our desire to see this shocking and barely plausible suspicion clarified, through a careful investigation by an organization with the credibility and respectability of the Organization of American States.

I am convinced that this is the aspiration of all Americans from the three parts of the continent, and it is on the basis of that conviction, that I take the initiative of presenting this appeal for Your Excellency's consideration, with the certainty of it being understood and deserving of your attention.

With my admiration and respect,

Roberto Saturnino Braga

Former Senator, Former Mayor of Rio de Janeiro

Rio de Janeiro, Brazil

August 26, 1991

Dear Sir:

The case of Lyndon H. LaRouche, because of the peculiarities it presents, is causing concern among all persons and social layers that struggle for the defense and guarantee of human rights.

For us Brazilians, this case demands energetic and essential action in light of the known problems that affect our society, in particular, and Latin America in general.

We fear that, should there not be a just and humanitarian decision, this case will serve as a precedent for other, more grave ones.

For this reason, as a citizen and as a former President of the Brazilian Lawyers Association, I entrust to Your Excellency's efforts the presentation of this matter before U.S. authorities so that the case be reexamined.

I believe that the fact that a 69-year-old citizen has been

sentenced to 15 years in jail, for supposedly committing financial crimes, constitutes an affront to Human Rights, especially the rights of an older citizen in the twilight of his life, because it is established that the tendency of contemporary Criminal Law is to abolish sentences that permanently deprive one of freedom, except in highly exceptional circumstances, which, everything indicates, do not apply in the case of LaRouche, a U.S. citizen, as it presents political connotations.

It is necessary, in my view, to review the process which led to the sentence, and to adopt, ahead of time, measures which such a revision might require, eliminating the barrier [to a fair trial] posed by alleging that certain documents are secret.

It is necessary, on the other hand, that we fight for a universal new legal order so that truly democratic world legality be created, founded on the inalienable rights of man, which place him on the highest level.

With the certainty that Your Excellency will pay special attention to the LaRouche case, thus contributing to his freedom, I am respectfully yours,

Hermann Assis Baeta  
Former President, Brazilian Lawyers Association  
Rio de Janeiro, Brazil  
August 29, 1991

### From Barbados

I write in support of the complaint filed with the [OAS Human Rights] Commission on July 30, 1991 by Mr. Lyndon LaRouche and a number of his associates. I have followed very closely the cases and their background and am deeply disturbed by the outcomes. On three counts:

Firstly, at the apparent jettisoning of elementary principles of natural justice.

Secondly, that it should have happened in the United States, held up both by its Constitution and its public pronouncements to be the exemplar of fundamental freedoms.

Thirdly, recent events in Tiananmen Square, Tbilisi, Panama, and Iraq indicate a regression into savagery on the part of governments of diverse persuasions which are quite frightening.

What hope is there for the peoples of the world if the conduct of their role model—the United States of America—lays itself open to charges of violations of human rights?

I urge the Commission to act swiftly in this case to restore the faith of mankind in the possibility of justice, freedom and respect for the individual as a spark of God.

I write a weekly column for *The Nation* newspaper in Barbados, on topics varying from local and international politics, education, and language.

Yours faithfully,  
Gladstone Holder  
Barbados, West Indies

## Rao's visit improves Indo-German ties

by Ramtanu and Susan Maitra in Delhi  
and Mary Burdman in Bonn

Indian Prime Minister P.V. Narasimha Rao's three-day (Sept. 5-7) visit to Germany, which concluded with the opening of the six-month long Festival of India in Bonn, has, according to official reports, helped to generate "a climate conducive to the flow of more investment and high technology to India." Although the German government pledged economic aid of DM 400 million for the current year which, in total amount, is about the same as that of last year's, Chancellor Helmut Kohl categorically stated that his country would "remain fully committed to our development cooperation with India" despite Germany's heavy financial commitments elsewhere. India receives the largest portion of German development aid.

At his Bonn press conference Sept. 7, Prime Minister Rao emphasized that at this "very important moment," with "momentous changes" taking place in Europe, he could not confine his attention just to the Festival of India. India has just come out of a very "traumatic experience," the assassination of former Prime Minister Rajiv Gandhi. India also had to face, he said, a "very grave economic situation" in the first two to three weeks after his minority Congress Party government took office after being out of power for almost two years. India, for the first time in its independent history, was in danger of defaulting on its foreign debt.

### German-Indian bridge

But now, India's leaders want "to assure our friends abroad" that India is now back on a "normal course of development and back to playing her rightful role in international affairs. . . . Definite and clear-headed decisions have seen us through these very anxious days." His visit to Germany, the prime minister said, was to ensure that India's friends abroad understand the breadth of the "sea change" made in opening up India's economy and dismantling its bureaucracy, and that these changes are "irreversible." To communicate this with authority, he said "is the duty of the prime minister of India." The developments mean, he said, that "in two to three years, India will be able to play a very important role."

Prime Minister Rao's trip was a logical followup to the



visit to India last March by German President Richard von Weizsäcker. At his Bonn press conference, Rao strongly affirmed that the perspective von Weizsäcker had described of India as Germany's key partner and "bridge" to the nations of the South, had been again discussed with Germany's leaders in Bonn.

President von Weizsäcker's visit came at a crucial juncture following the end of the Gulf war where the U.S. and its allies had emerged as total victors and the United Nations was left totally compromised. Dr. Weizsäcker had expressed his country's willingness to cooperate closely with India in the international arena and particularly in the U.N. where, he said, it was the responsibility of countries like India and Germany to introduce subjects of grave importance. Weizsäcker had listed the hunger and poverty ravaging the developing countries and the continued confrontation between the developed and developing nations which the U.N. had failed to tackle.

Dr. Weizsäcker's reference to the inadequacy of the United Nations, particularly in the shadows of the recent Gulf war conducted with U.N. blessings, struck a chord in India. Former Prime Minister Rajiv Gandhi, who was assassinated on May 21, had earlier expressed dismay over the U.N.'s role vis-à-vis the Gulf war and called for re-instituting the U.N. according to the spirit of San Francisco after the Second World War.

During Prime Minister Rao's visit to Germany, he told newsmen that at the political level, his talks with the German chancellor, held without the presence of aides, were very detailed. He said that every aspect of international relations, including the unsettling situation in the U.S.S.R., in India and its neighborhood, and the Middle East was discussed. Though Prime Minister Rao did not mention whether the talks also included the United Nations, it is assumed that they did.

### Meeting with industrialists

Besides convincing Germany's economic officials, Prime Minister Rao held extensive talks with the captains of German trade and industry, including Siemens, BMW, and Deutsche Bank, which he termed "very fruitful." He assured them the government was determined to stick to the economic reforms in order to ensure greater economic relations with Germany, among others. In Bonn, the prime minister said that after his meeting with the industrialists, there was "reason to believe that India's capability to become an effective partner with Germany" in many fields, will be realized.

Judging by the response the Indian prime minister succeeded. Dr. Heinrich Weisz, president of the Federation of Germany Industries, welcomed the economic reforms that India is in the process of implementing. Chancellor Helmut Kohl also spoke glowingly of the Rao government's performance during the luncheon hosted by him in honor of the Indian premier. Kohl said: "Within a few weeks, you have

succeeded in consolidating your country's policies and in showing the way to reforms, especially modernization of the economy. . . . This will make it easier for the international community to assist you to quickly overcome difficulties."

Bonn has confirmed that previously arranged East German-Indian trade deals, primarily in chemicals, fertilizer, and machinery, will go ahead, with 90% export guarantees from the German government. The *Frankfurter Allgemeine Zeitung* reported Sept. 5 that Gert Vogt, board member of the Kreditanstalt für Wiederaufbau, said that India had in the 1970s cultivated a trade relationship with East Germany, which now can be the basis of new connections. Investment in India would not be a one-way street, Vogt said. India has repeatedly proposed participating in the development of the new German states with the affiliate of the development bank in Berlin.

The Festival of India will also play a role in this process. The festival was developed by Rajiv Gandhi and by Mr. Rao when he was culture minister. India is also opening a cultural center in Berlin, Germany's new capital, the prime minister announced. The festival will visit cities in both the old and new German states.

One indication of the strategic importance Germany is giving to its relations to India, is that at the time of Weizsäcker's visit, one of Germany's top-level diplomats, Hans-Georg Wieck, was made ambassador to India. Dr. Wieck has been ambassador to Moscow and for five years was head of Germany's foreign intelligence service, the BND.

If Prime Minister Rao's visit assured the German government that his minority government is perfectly capable of making far-reaching and irreversible reforms in the economic sphere, he also had to assuage German apprehensions about India's growing defense expenditures. However, although the *New York Times* in early August reported that German Minister for Economic Cooperation Carl-Dieter Spranger said that Germany will be "looking closely at the level of spending for arms and also at factors such as human rights and economic freedom" in dispensing aid, none of these issues was even mentioned at Mr. Rao's press conference. In his discussions, he made the point that in the future India's defense spending will depend upon the security environment in the subcontinent.

There is little doubt that if India sticks to its economic reform program, Indo-German economic and technological cooperation will grow significantly. More significant perhaps is the fact that by choosing Germany as his first foreign venue, Prime Minister Rao has broken the tradition in which Indian premiers' first foreign trip was invariably to either Washington or Moscow. It is generally assumed that by choosing Bonn over both Moscow and Washington, the Indian prime minister has sent a message. Perhaps Rao is pursuing what veteran political analyst Pran Chopra prescribed recently: "What India needs is a political bridge with Germany at the highest level."

# Sihanouk fights for Cambodian nation

by Linda de Hoyos

Once again, it appears, Prince Norodom Sihanouk is locked in battle with the big powers in defense of the sovereignty of the nation of Cambodia. Sihanouk is the chairman of the new Cambodian Supreme National Council, comprised of six representatives from the Vietnamese-backed Phnom Penh government and six representatives of the resistance coalition comprised of Sihanouk's own ANS, the Chinese-backed Khmer Rouge, and the U.S.-backed KPNLF of Son Sann. As chairman, Sihanouk is the 13th member of the council and its final arbiter. Within this framework, Sihanouk, with backing from the People's Republic of China and also notably France, has been working primarily with Phnom Penh Prime Minister Hun Sen to affect a settlement that will bring an end to the 12-year Cambodian conflict, with negotiations taking place in Pattaya, Thailand.

However, Cambodia's warring leaders must not only negotiate a mutually beneficial agreement—no easy task—but must also please the Permanent Five members of the U.N. Security Council—France, the U.S., the People's Republic of China, the Soviet Union, and the United Kingdom. The Permanent Five (P-5), represented on the scene by U.S. Assistant Secretary of State for Asia and Pacific Affairs Richard Solomon, has put forward a scheme whereby the government of Phnom Penh is dissolved and the country comes under an effective U.N. trusteeship. The Permanent Five are implicitly threatening that if Cambodia's leaders do not accede to its plans, then Cambodia will continue to be financially and economically cut off, thereby rendering the maintenance of peace nearly impossible.

According to news accounts and sources, Sihanouk has been at loggerheads with the Security Council (and with Richard Solomon directly) on two issues.

In the last week of August, the Supreme National Council members reached an agreement to disarm 70% of their respective guerrilla forces. Since the KPNLF and Sihanouk forces are minimal, this cuts into the deployments of the Phnom Penh government and the Khmer Rouge most significantly. However, according to Bangkok sources, Solomon insisted that the Cambodian Council adhere to the letter of the U.N. plan, calling for total demobilization and disarmament.

At one point, Solomon's insistence so irritated Sihanouk that the Prince blurted out that if the United States had not perpetrated the coup against his government in 1970, the entire Cambodian problem would not exist. In 1970, in the midst of the Vietnam War, the U.S. carried out a coup against

Sihanouk, out of anger with his neutral stance on the war and the Viet Cong's use of Cambodia as a sanctuary. The coup appears to have been condoned by the Soviet Union, where Sihanouk was visiting at the time, and also Beijing, where Sihanouk found asylum. The U.S. then declared war on Cambodia's nascent Khmer Rouge, dropping as many bombs on the small country as were used throughout World War II.

Perhaps because of the truth of Sihanouk's charge, the statement led to a near brawl at the negotiating table, according to sources.

Even publicly, Sihanouk has been explicit in stating his mission of defending Cambodia's national sovereignty. On the 70% disarmament plan, Sihanouk told reporters on Aug. 30: "The P-5 will be free to applaud us or not. . . . It is up to the P-5. If they say we have not fulfilled all conditions set by them to enable them to send a U.N. Transitional Authority in Cambodia, we have no comment. The P-5 are sovereign countries. We are a sovereign country. If they don't want to help us, it is up to them. And as a sovereign country with national dignity, we can try to survive by ourselves."

## The question of national elections

The second issue involves which form national elections will take. The Phnom Penh government is demanding constituency elections to the National Assembly, with the division of the voters into districts. The U.N. and the Khmer Rouge are demanding proportional elections, where parties are seated in the Assembly by the national proportion of votes. Sihanouk has sided with Phnom Penh on this issue, telling the press on Aug. 30, "I know my people. They do not like to have people in the National Assembly they don't know. The faces are not familiar to them. Please understand my people. They cannot accept somebody who comes from, say, Sydney." Sihanouk recalled the national constituency-based elections of 1955 which were monitored by Canada, India, and Poland, where Sihanouk's party won 80%, Son Sann's party took 13%, and the communists won 3%. "Everything was in order."

Since then, Sihanouk has suggested a compromise by which constituency elections are held, but additional parliamentary seats are given to political parties that might win many votes in the elections, but not gain seats.

Sihanouk has promised that all issues will be resolved so that the projected Paris International Conference on Cambodia, where the final peace settlement is to emerge, might be held within the year 1991.

Meanwhile, in the first week of September, Cambodia has been inundated by unprecedented floods, with reports of 200,000 people rendered homeless. Even Phnom Penh may be flooded, as the Tonle and Mekong Rivers both flood. The disaster serves to underscore the urgent necessity for a settlement and moving ahead with the reconstruction of Cambodia based on the implementation of the seven dams of the Mekong Development Project.

## Lutzenberger must go!

*Greenie Environment Minister Lutzenberger has angered the military and Congress—who are now demanding his ouster.*

**N**ine months before the U.N. Conference on Environment and Development, the so-called "Eco-92" conference to be held next June in Rio de Janeiro, developing nations are beginning to express opposition to the proposals for international monitoring of environmental policies to be discussed at that conference.

As might be expected, the debate, which has become an open confrontation between North and South, has had intense repercussions inside Brazil, where representatives of intellectual, business, political, and military sectors have warned that any broadening of environmental control policies could impede the country's socio-economic development.

The hottest issue right now is the threat to Brazilian sovereignty over the Amazon region, around the internationalization of decisions on environmental policy. It became hotter with the statements by Gen. Thaumaturgo Sotero Vaz, chief of the General Staff of the Amazonian military command, in an interview published in the Aug. 28 issue of *Folha de São Paulo*. According to the general, the threat to the Amazon is reflected in "the interventions which might be made into the country, such as those carried out in Panama and the Persian Gulf. Here's the thing: We, as Armed Forces, will absolutely not permit the approval of any U.N. motions for restricted sovereignty or the creation of Indian nations under the aegis of the United Nations."

Asked about the possible reaction of the Armed Forces to a foreign invasion, General Sotero Vaz exploded: "If those idiots try to come in here,

we're going to hit them as if they were guerrillas."

General Sotero Vaz's remarks, aimed at any potential foreign invaders, drove Environment Secretary José Lutzenberger—a notorious defender of the Anglo-American establishment's environmental theses—into a frenzy. On Sept. 3 in Geneva, where he was attending a preparatory conference for Eco-92, Lutzenberger returned the general's invective with some of his own: "I'm not interested in what those idiots are saying," he said. "It's not worth responding to. They call us fools, well they are the fools." Enraged, according to Brazilian press reports, Lutzenberger let loose with a vitriolic attack on critics of Eco-92, calling them "the Mestrinhos of life," a reference to another of his opponents on the environmental issue, Amazon Gov. Gilberto Mestrinho.

Governor Mestrinho was unruffled. In an interview in the Sept. 4 *O Globo*, he remarked, "No one in the country will take that Lutzenberger seriously. The generals' stand is a product of their observing reality, because they live here and know the Amazon. Lutzenberger never set foot here."

Lutzenberger's attack also provoked a response from the members of the congressional commission investigating the internationalization of the Amazon. According to the Sept. 11 *Jornal do Brasil*, commission president Atila Lins will ask the government to fire Lutzenberger because of his radical stance on environmental matters and his close ties to foreign interests. "He votes against anything

having to do with the Amazon in foreign forums, whether it be hydroelectric plants, roads, or lumbering activities; [he acts] as a real agent at the service of the multinationals and foreign governments, and therefore, President [Ferdnando] Collor [de Mello] should throw the traitor out of the government," Lins said.

During a Sept. 4 meeting in Manaus, members of the Amazon Businessmen's Association showed the same lack of enthusiasm for the theses that will be defended at Eco-92. One of the association's advisers in this debate is Gen. Osvaldo Muniz Oliva (ret.), former director of the Superior War College who coordinated work on the 1990 *Vital Decade* document which foresaw as a potential conflict for Brazil's Armed Forces the likelihood of foreign interventions in the Amazon on the pretext of "saving the environment."

One of the people who rushed to Lutzenberger's defense, was Pedro Paulo Leoni Ramos, Strategic Affairs Secretary of the presidency, who lauded Lutzenberger's "vast curriculum and long experience in ecology," and added that he had "lent relevant service to the country's environmental cause." Leoni Ramos underscored that there is an absolute affinity between Lutzenberger's positions and those of the Collor government on environmental matters and that the environment secretary enjoys the President's full confidence.

Leoni Ramos's remarks imply that Lutzenberger isn't a loose cannon but that it is Collor himself who is seeking confrontation with nationalist circles. In the Sept. 11 *Jornal do Comercio*, the usually well-informed columnist Genilson Gonzaga reported that the recommendation for Lutzenberger's Geneva attack on General Sotero Vaz and other "fools" came directly from the President.

## Judge denies Noriega defense

*Judge Hoeveler's decision protects Bush, but what about the rights of the defendant to a fair trial?*

**G**en. Manuel Noriega has been forbidden from telling the jury at his trial on drug-trafficking charges in Miami, Florida about his meetings with George Bush. Those meetings are "irrelevant" to the drug charges against Noriega, said U.S. District Judge William Hoeveler in a ruling released to the public on Sept. 6, but issued a month earlier. "The defense will therefore be precluded from raising these matters at trial."

The decision severely undermines the ability of the Panamanian leader to present evidence of "U.S. government involvement in the importation of narcotics into the U.S. in connection with" arming the Nicaraguan Contras, argued defense attorneys in pretrial motions. Former Vice President Bush was at the center of the U.S. "pro-insurgency campaign in Nicaragua," they contended. This "goes to the very heart of the indictment against General Noriega. The U.S. was clearly involved in a 'Guns for Drugs' policy" in Central America.

Because Noriega opposed the U.S. "guns for drugs" policy, he incurred the wrath of the U.S. government. This set into motion the events that led to his becoming the first head of government of a sovereign nation to be subjected to criminal proceedings in a U.S. court, the motions stated. Hoeveler said that the defense might be allowed to present some evidence "which goes directly to the question of transportation of cocaine from Panama to the United States." But, repeating the prosecutors arguments almost word for word, Hoeveler added that such evidence would be

allowed only if the defense can prove a "connection between such U.S. government activity, if any, and the charges against Noriega."

Hoeveler also barred the defense from presenting evidence of other U.S. covert operations. Noriega's attorneys say that he received some \$10 million in funding from the United States to allow these covert operations in Panama and for activities he carried out at the behest of the U.S. government, such as "acting as an intermediary between the United States and Cuba," and meeting with Cuban leader Fidel Castro.

These payments for U.S. covert activities—which Hoeveler has precluded Noriega from raising at trial—and not drug proceeds, as the prosecution alleges, account for the millions of dollars the prosecution claims Noriega has deposited in bank accounts, say Noriega's attorney.

By agreeing with the prosecution's demand to narrow the scope of the evidence Noriega's lawyers will be allowed to introduce, Hoeveler is following the precedent set at the 1988 Alexandria, Virginia federal railroad of Lyndon LaRouche. In that trial, LaRouche and six co-defendants were convicted after they were barred from introducing any evidence of government wrongdoing against them.

In Noriega's case, the prosecution is letting out of jail some of the world's most dangerous drug traffickers and paying them *beaucoup* bucks to be "witnesses" against the Panamanian leader. Admitted drug pilot Daniel Miranda turned state's evidence. In exchange, Miranda (who,

the prosecutors admit, has never met Noriega) gets to keep his commercial pilot's license, and at most will spend a month in jail, instead of serving five years in prison. The government also threw in permanent U.S. visas for Miranda and all the members of his family.

Ramón Navarro was not even indicted for his role in planning to smuggle more than 700 pounds of cocaine into the U.S. In exchange for his promised testimony against Noriega, Navarro, who died in an auto accident, got paid at least \$170,000. Drug pilot Tony Aizpurua has gotten more than half a million dollars from the U.S. Treasury. Even former Medellín Cartel kingpin Carlos Lehder, who is doing time in a U.S. federal prison, is listed as a potential witness against Noriega.

There is another parallel to the 1988 LaRouche case, where the presiding judge showed animus against the defendants when he put his stamp of approval on a forced bankruptcy, by the U.S. government, of several companies and institutions connected to the defendants. In the Noriega case, Judge Hoeveler approved the 1988 illegal seizure of the Panamanian state airline, Air Panama, by the Reagan-Bush administration, as part of its "get Noriega" campaign.

Hoeveler, solely on the basis of a "presidential decree" purportedly issued—in English!—by the fictitious "Panamanian government" of ex-President Eric Delvalle, turned over control over all the U.S. assets of Air Panama to Delvalle's ambassador to the United States, "His Excellency Juan B. Sosa," as Hoeveler's order calls him. Hoeveler denied lawyers for the legitimate government of Panamanian President Manuel Solís Palma—or, as he referred to it "the Noriega/Palma regime"—the right even to argue in his courtroom against handing the airline over to Sosa.

## Still playing footsie with terrorists

*Colombia caved into a major demand of the nation's enemies—ceding military control of the Defense Ministry.*

**T**he Gaviria government of Colombia entered its third round of "peace talks" with the narco-terrorist Simón Bolívar National Guerrilla Coordinator (CNGSB), in Caracas, Venezuela on Sept. 4. Both sides voiced confidence that progress this time would be made. Indeed, "progress" had already been made, from the CNGSB's standpoint, before the talks even started, for without yielding to a single government demand—release of kidnap victims, termination of assaults on towns and energy and transport infrastructure, suspension of attacks on military and police posts, etc.—the subversives were granted their key demand: the ousting of the military from the Defense Ministry.

Colombia's half-century tradition of keeping a military man at the head of the Defense Ministry was shattered Aug. 22, when President César Gaviria forced the resignation of Gen. Oscar Botero Restrepo and replaced him with a civilian, Rafael Pardo Rueda, the presidential security adviser who was instrumental in negotiating a 1989 amnesty for M-19 narco-terrorists.

The circumstances of Botero's "resignation" were especially revealing. According to the Colombian weekly *Hoy por Hoy*, Gaviria had demanded that General Botero appoint a military officer to attend the new round of talks with the CNGSB. Botero refused, saying, "I could not permit an officer to be seated at the same table with our enemies, whom we have been fighting for the past 35 years." When Gaviria insisted, Botero said, "Not while I am minister!" and tendered his resignation. His civilian replacement was named

moments later.

Former Defense Minister Fernando Landazábal Reyes said, in an Aug. 23 interview with the daily *La Prensa*, "President César Gaviria's decision to name a civilian to the Defense Ministry is a mistake, a contradiction, one more concession to the guerrillas. . . . Colombia does not have the public order that would warrant relieving a military man of that charge. . . . We are in an internal war and that must be understood."

With news of Botero's ouster, the usual collection of communists, sociologists, and assorted fellow travelers stepped up their demands that Gaviria finish the job the mafia- and terrorist-dominated National Constituent Assembly began last July by shutting down Congress and emasculating the Supreme Court: the "democratization" and "demilitarization" of Colombia's police and armed forces.

Sociologist Francisco Leal Buitrago stated at a late August round-table at National University in Bogotá: "If the new constitution exchanges the principle of sovereignty for that of popular sovereignty, then we should also exchange the notion of national security for that of popular security." While Leal doesn't specify what "popular security" means, the term dovetails neatly with the long-standing demand of the Colombian Revolutionary Armed Forces (FARC), for incorporation of their narco-terrorist ranks into that of the Colombian Armed Forces. The FARC is the armed wing of the Colombian Communist Party, and the central force within the CNGSB.

While the Communist Party's newspaper *Voz* waxed ecstatic over the appointment of civilian Pardo Rueda to the defense post, an editorial insisted that the "purge of the Armed Forces was an important aspect to be addressed" at the Caracas talks. FARC second-in-command Alfonso Cano told the opening round at Caracas that "demilitarization of society and revision of the doctrine of national security" was now the CNGSB's number one demand.

While President Gaviria dreams about boosting his popularity with a cease-fire, the CNGSB has no such plan in mind. On the eve of the Caracas talks, the CNGSB's Francisco Galán told the daily *El Tiempo* that "naturally, the attacks will continue. One must understand that a confrontation is under way." It was revealed Aug. 29 that the CNGSB has been threatening to assassinate candidates for the Oct. 27 congressional elections who are unsympathetic to their cause. One Liberal Party candidate barely escaped an attempt, but his wife and three bodyguards were killed.

Although the CNGSB has repeatedly denied it is holding any kidnap victims for ransom, Venezuelan cattlemen who are being heavily victimized along the border region with Colombia have in fact been forced to organize self-defense squads. The Gaviria government has even prepared a list of Venezuelan kidnap victims in the hands of the CNGSB, to be submitted to its Venezuelan counterpart. The Venezuelan daily *Diario de Caracas* protested Aug. 26 that the Venezuelan government was hosting the CNGSB-Gaviria peace talks "for some unknown reason" despite the "35 kidnappings of Venezuelan agrarian producers perpetrated along our borders since the guerrillas were last here and made their insincere promises" to halt further assaults.

# International Intelligence

## ***Pamyat and Jerusalem Post: strange bedfellows***

The *Jerusalem Post* published an interview with Dmitri Vasilyev, leader of the Russian chauvinist and anti-Semitic group Pamyat, in its issue of Sept. 1. Correspondent Walter Ruby managed to speak with Vasilyev in the latter's Moscow offices, and elicit from him fulminations about the danger of a "Jewish dictatorship" over the U.S.S.R., the "Zionist masonic" clique around Russian President Boris Yeltsin, etc.

This publicity for Pamyat is fully in character for the *Post*, which is owned by the Hollinger Corp. (whose board includes Henry Kissinger) and is linked to the U.S. Anti-Defamation League of B'nai B'rith (ADL). The newspaper carried numerous commentaries, while the Moscow putsch was still ongoing, about how the coup could be of big benefit to Israel, because it would increase Soviet Jewish emigration to the Zionist homeland.

On Aug. 30, a Walter Ruby piece from Moscow was headlined "Good for Jews—If It Stays Stable." Ruby interviewed Alexander Schmuckler, president of the U.S.S.R. branch of B'nai B'rith, who said: "I think that despite the collapse of this totalitarian coup and the capture of power by friendly democrats, Jewish emigration is going to go up in the immediate future. The putsch showed how unstable the situation is in this country, and the thing Jews fear the most is instability."

Schmuckler is a political agent of the ADL, who personally circulated a libelous document at the World Jewish Congress conference in Berlin in May 1990, which attempted to link American statesman Lyndon LaRouche to Pamyat.

## ***Race is on for top United Nations post***

U.N. Secretary General Javier Pérez de Cuellar will be retiring at the end of the year. United Nations sources report that it is expected that his successor will be chosen

by the Security Council out of a list of nominees proposed by the U.N. Association of the United States.

Those on the list, who have all expressed interest in the post, include: Sadruddin Aga Khan, Executive Delegate of the Secretary General; Ali Alatas, foreign minister of Indonesia; Oscar Arias Sánchez, former president of Costa Rica; Gro Harlem Brundtland, prime minister of Norway; Jimmy Carter, former U.S. President; Bernard Chidzero, finance minister of Zimbabwe; Kenneth Dadzie of Ghana, the secretary general of Unctad; Jan Eliasson, Swedish ambassador to the U.N.; Boutros Boutros Ghali, deputy prime minister of Egypt; Pehr Gyllenhamner of Sweden; Tommy Koh of Singapore, chairman of the preparatory committee for the Eco-92 summit; Olusegun Obasanjo, former president of Nigeria; Olara Otunna of Uganda, president of the International Peace Academy; Eduard Shevardnadze, former U.S.S.R. foreign minister; Maurice Strong of Canada, the secretary general of the U.N. conference on the environment; and Margaret Thatcher, former British prime minister.

Former U.N. Undersecretary General Martti Ahtisaari, now director general of the Finnish Foreign Ministry, will not be considered as a candidate for the post, even though he had earlier been considered a likely successor to Pérez de Cuellar. According to the New York-based *Diplomatic World Bulletin*, the U.N. Association of the United States, "along with many informed diplomats, considered the portly Finn a nonstarter. If he ever had serious ambitions, that report on the 'near apocalyptic' damage done by U.N.-authorized military action against Iraq may have torpedoed his chances."

## ***Indonesia to chair Non-Aligned Movement***

Indonesia was elected on Sept. 4 to chair the Non-Aligned Movement from 1992 to 1995 and to host next year's NAM summit. The decision was made at the ministerial conference of the movement, which took place in

Accra, Ghana from Sept. 2-8.

It had been known that India, a founding member of the organization of Third World countries, was going to throw its weight behind the choice of Indonesia. Nicaragua withdrew its own bid at a certain point and threw its support behind Indonesia.

The British Broadcasting Corp., in announcing that Indonesia had been selected, predictably attempted to interject the issues of East Timor and supposed human rights violations, but Indonesian Foreign Minister Ali Alatas ignored the point in an interview, saying only: "We are honored by the choice of the Non-Aligned Movement."

## ***Iraqi Patriarch calls for ending sanctions***

Patriarch Raphael Bidawid of the Chaldean Catholic Church in Iraq urged an end to the economic embargo against his country and denounced Israel's role, in an interview with the Italian daily *Avvenire*. "Once the embargo is lifted, my people will no longer need any other help," he said. The interview was reported in the *Catholic Herald* of Arlington, Virginia early in September.

Bidawid blamed the United States "for fomenting rebellion among Iraqi Kurds and said Israeli agents are encouraging Iraqi Christians to abandon their country with the promise of well-being and freedom in the West," according to the *Catholic Herald*.

"Israel, as it has done in Lebanon, wants to simply destroy the concept of Christians and Muslims living together in the Arab world," he said. "But this living together is possible. It is the Zionist forces who do not want it. The Kurds were manipulated by the United States to embarrass" Saddam Hussein, he said. "But they did not succeed. Then the West abandoned them."

"Certainly there was repression from the government. But the Kurds, like the Shiites, were thick with terrorists," he said.

The *Catholic Herald* article added: "Patriarch Raphael refused to pass judgment on Saddam, but said the failed rebellions only improved his popularity with Iraqis. 'The population now is more attached to Sad-

## Briefly

● **THE PAPAL** encyclicals *Centesimus Annus* and *Rerum Novarum* have been published in Russia, the Catholic News Agency reported from Moscow on Sept. 3. "Public demand is very high in Russia now for such writings," a source at the agency told *EIR*. It is the first time Catholic documents have been published in Russia in 74 years.

● **ISRAEL'S** Prime Minister Yitzhak Shamir said that Jewish terrorism is justified, but the Palestinians' is not, because "they are fighting for land that is not theirs. This is the land of the people of Israel." Shamir, who was a leader of the terrorist Stern Gang, said that "personal terrorism is a way of fighting that is acceptable under certain conditions and by certain movements." He made the statement during a radio interview on the 50th anniversary of the founding of the Stern Gang.

● **CHINA** has put off the planned signing of the Nuclear Non-Proliferation Treaty, due to the upheaval in Russia. Kyodo News reported Aug. 28 that Wan Li, the chairman of the National People's Congress, canceled the bill that was to be presented to the Congress.

● **FIDEL CASTRO** surprisingly volunteered to turn over damaging information about drug leader Pablo Escobar to the Colombian government, in a response to a government request. Cuba "explained" its ability to provide such information on the grounds that it emerged from the trial of Gen. Arnaldo Ochoa, who was executed last year on drug-trafficking charges.

● **THE CHIEF** of Pakistan's Jamaat-i-Islami party, Qazi Hussain, Ahmad, has charged that the family planning drive now being encouraged in Pakistan "is a clear deviation from the [Islamic] religion and a conspiracy of the West and has no relation to the development of a society."

dam,' he said. 'After you see death, fever becomes more acceptable.' "

### **Lebanon's Amin Gemayel rejects double standard**

"Don't forget Lebanon!" said former Lebanese President Amin Gemayel, in an interview to Radio France Inter on Aug. 30. "The Lebanese people are suffering, while the great powers applaud the disappearance of communist dictatorship in Soviet Union, but on the other side encourage and cover up the establishment in Lebanon of another dictatorship."

"There can't be two weights and two measures," he said. "I don't understand why some countries which didn't know very well the principle of freedom that we knew in Lebanon, today deserve freedom and democracy, whereas Lebanon is collapsing under the occupation."

Asked whether the current regime in Lebanon, ushered in by the Taif Accord and run from Syria, had not brought peace and order, at least to part of Lebanon, Gemayel replied that perhaps there is a certain security, and after 15 years of war, the Lebanese people "need sometimes to breathe." But, "Lithuania waited 50 years. Believe me, we won't wait 50 years to recover our sovereignty."

In an angry comparison with France under Vichy rule, Gemayel said: "Between 1939 and 1945, there was 'order and security' on a good part of French territory, but there was no peace. . . . What does it mean, 'peace on one part of the territory'? . . . To say this is heresy."

### **Beijing worries about rise of a 'Yeltsin'**

Chinese Communist hardline faction leader Chen Yun is reported to have warned against the potential of some of Deng Xiaoping's protégés becoming counterrevolutionaries on the model of Russian President Boris Yeltsin.

*South China Morning Post* reporter Wil-

ly Wo Lap Lam wrote on Sept 4: "Influential party elder Mr. Chen Yun has warned that the Chinese Communist Party must do all it can to prevent the emergence of a 'Yeltsin-like figure' in China. The conservative patriarch has also indirectly criticized senior leader Mr. Deng Xiaoping for promoting cadres with dubious loyalties to Marxism and for 'privatizing' Chinese agriculture. According to Chinese sources, in a briefing to intimates soon after the failure of the coup in Moscow, the conservative patriarch said the party must draw the 'right lesson' from the crumbling of communism in the Soviet Union and the ascendancy of bourgeois-liberal politicians.

" 'China must prevent the emergence of ringleaders like Yeltsin,' said Mr. Chen, 87. 'We must draw the lesson from the Soviet Union and stress political principles and ideological purity when we promote cadres.' The sources said Mr. Chen, the chairman of the Central Advisory Commission (CAC), had indirectly criticized Mr. Deng for elevating many 'ideologically weak cadres to the top, including former party general secretaries Mr. Hu Yaobang and Mr. Zhao Ziyang. More importantly, conservative leaders close to Mr. Chen have used his latest dictum to undermine the authority of Mr. Deng's latest nominee for high office, Vice Premier Mr. Zhu Rongji, best known in the West as 'China's Gorbachov.' "

### **Soviet Communists flee to China**

Thousands of Soviet Communists are said to be fleeing to China, Associated Press reported from Tokyo on Sept 4. The nationally circulated Japanese newspapers *Nihon Keizai Shimbun* and *Saikai Shimbun* said the Chinese Communist Party has decided in principle to provide asylum to the defectors but not to openly discuss the matter.

Some Soviet diplomats in Beijing who have high positions in the Communist Party have sought asylum in China. But Chinese officials, mindful of relations with the West, were reluctant to accept them, the Japanese newspapers said.



## Crimes of '80s, crises of '90s stalk George Bush

by Jeffrey Steinberg

September 1991 may very well prove to be the most trying month so far in George Bush's long career in politics.

Following his month-long vacation, the President returned to Washington after Labor Day to face a string of tough confirmation fights with the Senate, the prospect of new criminal indictments against top CIA people for Iran-Contra illegalities, a probe into the "October Surprise" scandal, and mounting pressure to deal with the economic and financial depression at home. On top of that long-standing agenda, Bush now faces a possible head-on confrontation with the Israeli government and the powerful Zionist Lobby over the timing of a \$10 billion loan guarantee program for Israel's absorption of Soviet Jews, at the same time that he must formulate a policy for dealing with the tumultuous changes in the former Soviet Union.

Things got off to a nasty start for Bush on Sept. 6, when Iran-Contra special prosecutor Lawrence Walsh's grand jury handed down a 10-count perjury and obstruction of justice indictment against Clair George, the Reagan-era CIA director of operations. The George indictment came largely as the result of an earlier indictment and plea agreement by another top CIA officer, Alan Fiers, who has been cooperating with Walsh since early July. When Fiers's plea deal with Walsh was made public, the Senate Select Committee on Intelligence immediately postponed its confirmation hearings for CIA director-designate Robert Gates. Those hearings are scheduled to begin Sept. 16, with Fiers already on the witness list.

The heavy indictment against Clair George, who was the CIA's representative on the White House "208 Committee" which administered the Reagan covert action program globally under the direction of then-Vice President Bush, has prompted speculation that further indictments are imminent against Duane (Dewey) Claridge and Donald Gregg. Clarid-

ge headed CIA covert operations in the Western Hemisphere up until his retirement several years ago. Gregg, the present U.S. ambassador to South Korea, was George Bush's chief national security deputy in the VP's office throughout the Iran-Contra epoch.

A perjury or obstruction of justice indictment against Gregg would directly raise the issue of George Bush's personal role in the Iran-Contra scandal and its coverup. As *EIR* alone has reported, Bush was the head of the Special Situation Group (SSG) and the Crisis Pre-Planning Group (CPPG) during the Reagan administration. These two units, set up in 1982 by a presidential National Security Decision Directive, placed Bush personally in charge of all administration covert operations.

### What Gates knew

The confirmation hearings of Robert Gates are certain to bring out the same issues raised by the new Walsh indictment. Gates has come under attack from congressional Democrats as well as intelligence community professionals. The Democrats, led by Sen. Bill Bradley (N.J.), are expected to grill Gates on his involvement in the Iran-Contra affair. Bradley is also expected to tear into the Bush White House as well as the CIA for its "softness" toward the communist regime in Moscow and its total lack of support for independence movements in the republics, especially the Baltics.

While Gates has denied that he knew about the Iran-Contra weapons diversion program prior to October 1986, witnesses, including Fiers, are expected to present contrary evidence. What's more, as one former CIA analyst emphasized to *EIR*, Gates was the acting Director of Central Intelligence for months, while DCI William Casey was in the hospital during 1986-87, at the time that the agency was engaging in a massive coverup of its role in the Iran-Contra debacle. The recent indictments against Fiers and George center on

false testimony that they delivered before congressional hearings and federal grand juries while Gates was acting DCI. So, regardless of what Gates knew or didn't know prior to the October 1986 Irangate revelations, the issue of his role in the coverup could be sufficiently embarrassing to either jettison his confirmation or prompt him to withdraw his nomination.

Opposition to Gates from within the CIA itself is also expected to take a serious toll on the nominee's chances of being confirmed. Gates has been accused of rewriting CIA intelligence reports to bring them in line with White House policies. In a highly unusual development, a number of CIA active duty officers have come forward to offer anti-Gates information to the Senate committee. "They've come out of the trenches screaming," one congressman told the *Los Angeles Times* of Aug. 2.

President Bush called a series of White House meetings on Sept. 11 to line up GOP senators behind Gates. According to one Washington source, Bush is obsessively committed to ramming the Gates confirmation through as a unanimous voice vote of the entire Senate, and has vowed revenge against any Democrats or Republicans who cross him. Bush, according to this source, considers the Gates appointment key to salvaging the collapsing vision of his "new world order."

If the confirmation hearings of Supreme Court nominee Clarence Thomas are any barometer of Senate willingness to comply with the President's wishes, the Gates hearings will be a knock-down, drag-out battle. For three days, a parade of Democratic senators on the Judiciary Committee grilled Thomas on a variety of liberal issues, especially abortion. Noticeably absent from the liberal Democrats' charge has been any mention of the draconian police-state rulings recently issued by the Rehnquist Court. Apparently many of the so-called liberals on the Senate Judiciary Committee are themselves gung-ho over the smashing of the constitutional protections by the current Supreme Court.

Democratic presidential candidate Lyndon LaRouche has defined opposition to the Rehnquist Court majority on the police-state issues as the litmus test for qualification for a post on the Court.

## **A brawl with Israel?**

In the midst of the Walsh prosecutions and the Thomas and Gates hearings, President Bush now also finds himself caught up in a tense battle with Israel's Prime Minister Yitzhak Shamir over the timing of Israel's request for \$10 billion in housing loan guarantees from the U.S. government. In a Sept. 11 letter to members of Congress, Bush asked for a 120-day delay in taking up the Israeli loan guarantees. The Bush move is widely understood to be a pressure tactic to force Shamir's cooperation in staging a Middle East peace conference sometime in October. At minimum, the peace conference is seen by Bush as an excellent opportunity to score another public relations "victory" in foreign policy

matters, at a point that the domestic economic collapse is becoming more and more of a campaign issue.

Shamir, for his part, is believed to be fully committed to continued Israeli settlement of the Occupied Territories and to the eventual full annexation of those territories, even if it means the mass expulsion of Palestinian residents across the river into Jordan. Bush's Arab Gulf war "partners" are reportedly becoming increasingly disenchanted with the President, and are looking at the loan guarantee fight as an important sign as to where the U.S. administration really will line up on the Middle East situation.

Bush is reportedly hypersensitive about the potential blowback of this issue in the Arab world, particularly in the Persian Gulf, where the Pentagon is in the process of negotiating a series of permanent U.S. basing agreements that would give the United States (and Britain) a tight military control over the Middle East oil supply.

Prime Minister Shamir charged on Sept. 10 that the Bush administration had promised Israel the \$10 million in loan guarantees as part of the payoff for Israel's non-involvement in the Gulf war. Sources close to the administration say that Secretary of State James Baker had indeed made that pledge at the time.

However, President Bush angrily denied the promise, telling White House reporters that "I've seen comments from abroad that I don't particularly appreciate. . . . We're the United States of America and we have a leadership role around the world that has to be fulfilled. And I'm calling the shots in this question."

Bush's demand for the 120-day delay was immediately countered by a bipartisan Senate amendment introduced by Robert Kasten (R-Wisc.) and Daniel Inouye (D-Hawaii), demanding that Congress act on the issue within 60 days of the formal request by Israel. That request was made the first week in September by Israel's ambassador in a meeting with Secretary of State Baker.

According to congressional sources, at a Sept. 11 Oval Office meeting between President Bush and 20 top GOP congressmen, not one lawmaker backed Bush's request for the delay. Baker was scheduled to arrive in Tel Aviv on Sept. 16 to confer with Shamir and other Israeli officials to avert a full-blown confrontation between the two long-standing allies.

## **Stress and strain**

White House sources have acknowledged to a small circle of associates that the stresses of these political fire fights are taking their toll on the President, who is suffering from high blood pressure, on top of his other medical problems. For the moment, the best thing that George Bush has going for himself is the complete vacuum of a serious visible Democratic candidate for President, with the sole exception of Lyndon LaRouche, currently a political prisoner of Bush himself. And that is hardly the basis for George Bush to sleep well at night.

# Schools open with no money, Bush blather

In the midst of strikes, budget shortfalls, abysmal test scores for reading and math, and record truancy, President Bush and Education Secretary Lamar Alexander are informing the public that the only problem is one of "attitude."

Bush chose back-to-school week in September to stage photo opportunities in Lewiston, Maine and to state his concerns for education, expressed in terms of "demanding more" from teachers, students, and parents. The tens of thousands of teachers and students that went on strike in September, and the angry mood of millions of parents, rightly indicate that it is Bush who has the attitude problem.

On Sept. 9, a teachers' walkout took place in Elgin, Illinois—the second largest school district in the state. More than 28,000 students were kept out of classrooms by the action. The issue is teachers' salaries. The 1,700-member Elgin Teachers Association began its seventh strike in 20 years, in a bitter clash in which the two sides could not even agree on what percentage salary increase the other was talking about.

However, in no school district across the country is the strife the result of "historical" animosity. State and local budgets everywhere are experiencing budget crises, and making desperate cuts in basic services such as health, water treatment, and schooling.

The wave of school strikes reflects the protest mood over the collapsing economy. In Illinois, a total of five walkouts across the state affected some 37,000 students and nearly 2,220 teachers. Gavin District 37 in Lake County had an 11-day strike, the first since the district was formed in 1944.

Dozens of strike actions swept Pennsylvania when school opening day came around. In two school districts, teachers began selective striking, deciding each day if they would return the next.

In New Jersey, talks were scheduled Sept. 9 for two districts where teachers already have defied court orders to return to work. Secretaries and teachers' aides also defied back-to-work orders, despite some being threatened with losing their jobs.

In Rhode Island, some 10,700 students were affected by strikes.

In Dallas, 3,000 students struck when a court ordered money taken from one district to be shared with another less fortunate. They demonstrated along with the teachers who were to be fired. Police units moved through the throngs with crowd control methods usually reserved for violent events.

In New York, the student enrollment increased by 25,000 while a staff cut of 5,000 was imposed.

## 'Choice' program bankrupt

In the face of this overwhelming need for emergency economic measures to meet school and other basic social requirements, George Bush focused in particular on a version of deregulation as his solution. He said that parents should be given the right to decide which school they prefer for their children—called the "Choice" approach. This social darwinism of the classroom is Bush's adaptation to education of the deregulation hocus-pocus that has ruined so much of the rest of the economy.

The national model school district for "Choice," the Richmond unified school district northeast of San Francisco—which went with a Choice program in 1988—officially went bankrupt last school year. Each of the 47 schools had a specialty. The students could pick among different programs. According to one report, a popular pick was video production. But fun can be expensive: This district ended up \$29 million in debt.

Actually, like much of Bush's agenda, it isn't exactly original. In 1988, British Prime Minister Margaret Thatcher enacted the Education Reform Act, under which England's schools made similar moves. Not only were zoning restrictions relaxed to allow movement outside of one's district, but the government would subsidize a certain amount per pupil for such a move. An entire school might even "move out" of any kind of system, and operate autonomously! Meantime, the British economy sinks even deeper into depression.

So, when the President says, "It's time parents were free to choose the schools that their children attend. This approach will create the competitive climate that stimulates excellence in our private and parochial schools as well," we can translate that to mean: There's not enough money, and we hope that the folks choose a school with a curriculum that only calls for crayons, not bunsen burners.

## Kookery in the classroom

Crazy curricula are also replacing real education. One such is Tesseract. This refers to a school in Minnesota set up in 1986 by Control Data Corp., and later expanded to a budget-crisis-wracked district in Miami. The idea is a "wall-less" approach to classrooms. There are no set lesson plans for teachers; the students decide on a daily basis what they'll discuss, in an atmosphere which is supposed to "be like home."

Another is Teachable Moments. In Idaho, parents are appalled by an experiment on some junior high students designed for TV-damaged minds. Under the rationalization that youth's concentrations spans have been limited by television, the lessons are to be taught in five-minute "thought bytes" called "Teachable Moments."

**“One of the most profound crises—and perhaps the most fundamental one—confronting the United States of America, is the catastrophic situation in our educational institutions. Despairing parents have long recognized that the effects of America’s broken-down educational system on students’ capacity to think, are threatening to become as devastating as the drug plague. . . .”**

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## Book Reviews

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# Book warns press: 'Black out LaRouche'

by Anita Gallagher

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### **Feeding Frenzy: How Attack Journalism Has Transformed American Politics**

by Larry J. Sabato

Free Press, New York, 1991

306 pages, hardbound, \$22.95

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University of Virginia Professor Sabato's book demonstrates two things: that the discipline known as "political science" is no more a science than voodoo; and that its practitioners are about as concerned as witch doctors with the truth, or even the consistency, of their underlying assumptions.

This book is important, however, because it attempts to deliver a strong warning on the eve of the 1992 U.S. presidential election that Lyndon LaRouche's political movement must not be allowed to force issues into the press which could destroy "major" candidates, as happened with Democratic nominee Michael Dukakis in 1988. Sabato also seems to suggest that, now that voters are revolted by press revelations about candidates and elected officials, this is the time to officially restore candidate selection to the elites who run both parties.

The press puff this otherwise-silly book received at its August publication and the announcement of a national speaking tour this fall for the author indicate that this book is to be used to move the United States further along the road to political dictatorship.

Sabato's book examines four instances of massive negative press coverage of candidates ("feeding frenzies"), including the issue of Dukakis's mental health in 1988. Lacking proof to the contrary, since Dukakis refused to release his mental health records even at the request of the *New York Times* and the *Detroit News*, Sabato nevertheless calls the Dukakis "mental health" controversy "one of the most despicable episodes in recent American politics. . . . The corrosive rumor that the Democratic presidential nominee had

undergone psychiatric treatment for severe depression began to be spread in earnest at the July 1988 national party convention. The agents of the rumormongering were 'LaRouchies,' adherents of the extremist cult headed by Lyndon LaRouche . . . who claims that Queen Elizabeth II is part of the international drug cartel."

In a footnote here, the scholarly Professor Sabato cites *as an academic reference* the slander of LaRouche written by Dennis King, a left-gutter journalist who formerly wrote for *High Times*, for the drug lobby! King later received a grant from the Smith-Richardson Foundation to write his book to set up a climate for LaRouche's prosecution in 1988. Smith-Richardson is a conduit for the mind-control division of the U.S. intelligence community. This unabashed display of hypocrisy by Sabato is almost laughable, since his book is full of denunciations of the common journalistic practice of lifting a story from a dubious source without independent investigation.

### **Shoot the messenger**

Sabato loudly hints that the LaRouche movement's publications must be denied press credentials. He makes his case with a description of the 1988 White House press conference where an *EIR* reporter asked President Reagan if he thought Dukakis should make his medical records public. Sabato recounts: "A jovial Reagan replied, 'Look, I'm not going to pick on an invalid,' " and thus, Sabato says, he "propelled into the headlines a rumor that had been only simmering on the edge of public consciousness." Sabato not only endorses the method of attacking those trying to uncover the truth, but demands that it not be allowed to fail in 1992.

In preparing his book, Sabato has interviewed, and thereby "organized" 150 well-known journalists on how to control the 1992 election, with the Dukakis incident in mind. The *Wall Street Journal's* Ellen Hume is quoted that, instead of covering the allegations about Dukakis, the American press instead should have attacked the source of the story. National Public Radio's Nina Totenberg told him, "We were stampeded on the Dukakis story, and we should never have let it happen."

In fact, there was no "rumor." In *EIR's* Aug. 19, 1988 *Feature* ("I Never Claimed Dukakis Had Been Cured,") LaRouche cited two biographies that claimed Dukakis had undergone treatment for depression: *Dukakis: An American Odyssey*, by Charles Kenney and Robert L. Turner (Boston: Houghton Mifflin, 1988); and *Dukakis: The Man Who Would Be President*, by Richard Gaines and Michael Segal (New York: Avon Books, 1987). LaRouche concluded: "With the approach of 1989, our nation and the world are entering into a period of the most dangerous crises in the modern history of this planet. The next President will be confronted by a complex of grave emergencies like no other President of this century. It is from that vantage-point that an objective assessment of the mental health of the next President must be made."

## Controlling the news

It is almost as if Professor Sabato aspires to be a functionary in an Orwellian dictatorship. Just as he thinks the public should not know whether a man running for President has a history of mental health problems, he maintains that “efforts to link [vice presidential candidate] Geraldine Ferraro and her husband John Zaccaro, to the Mafia in 1984” were “strained.” Prosecutors saw the matter a bit differently than our professor, and John Zaccaro pleaded guilty in 1985 to criminal fraud in attempting to finance a real estate deal.

And, in contrast to the exposure of the Dukakis story, Sabato praises the *Washington Post* for having “wisely ignored the the grandstanding headlines of its minor rival, the *Washington Times*, in the summer of 1989 when the *Times* claimed to have uncovered a massive homosexual ‘call boy’ scandal entangling ‘key officials’ of the Reagan and Bush administrations” (emphasis added). This refers to the ring in which top Republican Craig Spence (a 1990 “suicide”) was involved, organizing midnight tours of the White House for the participants, among other activities. This magazine has reported on sworn testimony presented to the Nebraska Senate’s “Franklin Committee” on procurement of children for high-ranking GOP pederasts’ parties in Washington, D.C. But Professor Sabato believes that the Spence story, about which there is much more to learn, “wisely” should be covered up.

## ‘Politically correct’ mistresses

Sabato likewise praises the restraint of the dominant press for withholding the story of George Bush’s reputed mistress(es), which goes back to February 1981. Sabato says, “The rumor boiled down to this: Vice President George Bush had been nicked by a bullet as he left a woman’s town house late one evening. The woman was his mistress—and here is where two separate versions developed—she was either a longtime member of his staff or the widow of a former Midwestern Republican congressman.”

On Oct. 19, 1988, a rumor that the *Washington Post* was going to publish the story caused the Dow-Jones Industrial Average to fall 43 points. Sabato seems to endorse the rationale of the *Washington Post*, which laid off the story because, unlike former Sen. Gary Hart, George Bush was discreet, and either or both of Bush’s supposed mistresses were adult, and single or widowed—all of which seems to add up to a “politically correct” mistress, and therefore, not to be reported.

Sometimes our “political scientists’” opinions display mind-boggling naïveté: “Examples of press corruption today are exceedingly rare, and not even the most extreme of the modern media’s critics charge otherwise.” Has Professor Sabato ever heard of grants, such as those Dennis King receives (not to mention Sabato’s own from the Virginia Foundation for Humanities and Public Policy)? Professor Sabato also tells us, “The media constitute no monolith,” but later quotes CBS News’s Dan Rather: “If the *Washington Post*, *New York*

*Times* and *Los Angeles Times* run a page one story for more than a day, the heat’s on to run it and we usually do.”

## Why the U.S. press stinks

Actually, the most interesting portions of Sabato’s book are profiles cited from other authors of today’s press—which, as he says, “correctly perceives that it has replaced the political parties as the screening committee” for the candidates. The U.S. press maintain no formal educational requirements for journalists; e.g., *Parade Magazine* recently reported that ABC News’s top editor and anchor, Peter Jennings, is a grade-school dropout. (Two-thirds of all reporters are under 36 years of age.) Sabato also reports the observation of the *Washington Post*’s Watergate reporter Bob Woodward that even back in 1984, he could name 40 people in the *Post*’s newsroom who used cocaine. Sabato reports that only 10% of all news stories deal with real policy questions; no wonder, the reporters lack the training and attention span to report issues in depth, and thus can be easily manipulated to stick to establishment feeds or the fluff of “personalities.” Thus, despite thousands of journalists in the U.S. who earn \$50,000 a year, the story of the decade, the illegal arms shipments to Iran, broke first here in *EIR*, in 1979, and was revived in 1986 by the Lebanese paper *al Shirra*.

Sabato also provides profiles of the press organizations: In 1940, some 83% of the U.S. dailies were independently owned. By 1990, only 20% were independent. In 1945, when President Harry Truman held a news conference to announce dropping the atomic bomb on Hiroshima, 12 reporters attended. The last time Iranian hostages appeared on the White House lawn, 3,000 reporters came.

As an interesting aside on gutter coverage, Sabato describes how U.S. libel law was loosened in 1964, by a ruling that, for a victim of libel to win, it was not enough to prove that a defamatory falsehood was published; a plaintiff also needed to show the falsehood was published with “actual malice.” Three years later this ruling was extended to libels against all “public figures,” thus reducing the success rate in libel suits to only one in ten. The direct fixing of the news by the FBI and Secret Service is also clear from Sabato’s book. The nomination of the late Sen. John Tower for secretary of defense was wrecked by press leaks of “FBI reports” on his drinking that consisted merely of every *allegation* ever raised, without verification. Sabato also raises the charge that the Secret Service agents assigned to candidates are often the leakers of later press scandals.

Perhaps the litmus test of Professor Sabato’s own integrity was provided when this reviewer asked, since his subject was attack frenzies by the press, whether he had used the LaRouche legal frameup in his home state of Virginia as an example. “No, there’s nothing about that in there,” Sabato said, neglecting to mention that LaRouche-proofing the 1992 elections is the real subject of his book. So much for the objectivity of the “political scientist.”

# National News

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## LA seeks Croatia, Slovenia independence

The Los Angeles City Council passed a resolution recognizing the independence of Slovenia and Croatia July 9. Similar resolutions have also been passed recently by the Cleveland City Council and the Pennsylvania state legislature.

The Los Angeles City Council resolution, sponsored by Councilwoman Joan Milke Flores, notes that "in 1990, four of the six republics in Yugoslavia elected non-communist, democratic governments," that "the vote for democratic governance in Croatia and Slovenia was over 90% of the electorate in free, open elections," and that the lives of family members of Los Angeles citizens are "at risk . . . due to military actions of the communist controlled Yugoslav Army in its efforts to suppress democracy and self-determination, to the end of restoring communist domination."

The resolution resolves on behalf of all its citizens that the city "recognizes the new nations of Croatia and Slovenia, their sovereignty and right to exist free from external threat or force of arms," and calls upon President Bush and the Congress "to immediately recognize the nations of Croatia and Slovenia and to use all diplomatic means possible to forestall further military actions against these two nations."

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## Mining leader scores environmentalist 'assault'

John A. Knebel, the president of the American Mining Congress, America's leading mining trade association, denounced the environmental movement Sept. 7. He asserted that "there's an assault underway in America on mining, as well as the entire natural resource industry, including agriculture and timber."

Speaking before the Nevada Mining Association's annual meeting, Knebel said, "The attack is pressed by well-funded but ill-advised organizations that range from Earth First! to the Environmental Defense Fund to the Sierra Club." He said that the

combined budgets of these and similar organizations totaled "well over \$200 million."

According to Knebel, who participated with Rep. Barbara Vucanovich (R-Nev.) in an earlier panel on the General Mining Law, the heart of the problem "is a lack of information on the part of most Americans, who for the most part are unaware of what mining means to this nation and how it affects their daily lives." He said the result has been laws and regulations that "have placed much of our potential natural resources off-limits to mining." Knebel also charged that "excessive environmental protection regulations are raising mining costs far above what industry can reasonably bear, forcing some companies either to curtail operations or close down."

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## R.I. depositors hold Boston-style tea party

More than 500 angry victims of the Rhode Island banking crisis staged a modern-day Boston Tea Party at the Rhode Island Statehouse Sept. 4. They demanded that the state unfreeze their accounts in credit unions and banks closed by Gov. Bruce Sundlun Jan. 1, UPI reported.

The demonstrators, mobilized by the Citizens for Depositors Rights, marched through the Statehouse throwing tea bags, yelling, "We want our money!" The protesters were joined by some 50 low-income mothers and their children, who had camped out in front of the building to demand that the state give welfare parents \$75 each to buy school clothing for their children. After marching on the Statehouse, the protesters visited the offices of Sens. John Chaffee (R) and Claiborne Pell (D).

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## Weld moves to take over Chelsea

Massachusetts Gov. William Weld asked the state legislature Sept. 6 for authority to name a state receiver to take control of the bankrupt city of Chelsea, which closed its schools and municipal offices earlier in the week, UPI reported. The emergency mea-

sure would be the first of its kind in Massachusetts since 1934 during the Depression.

Mayor John Brennan said he was forced to seek receivership because residents refused to approve higher property taxes, and union contracts prevented him from cutting the city's payroll. The fiscal crisis was triggered by the refusal of the state Finance Control Board to approve an interim one-month city budget.

Under the bill, the mayor would be replaced by a Weld-appointed receiver. All other elective offices in Chelsea would become advisory positions, including the city council (called the Board of Aldermen). The receivership is opposed by the Aldermen, who voted 6-3 Sept. 5 to demand the mayor's resignation, but the mayor refused to resign.

Weld said the receiver would be given extraordinary powers to deal with Chelsea's extensive financial problems, including the right to alter or possibly void existing union contracts.

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## Is ADL pushing Dems to support Thornburgh bid?

In a campaign appearance at the Pittsburgh airport Aug. 27, former Attorney General Richard Thornburgh was escorted on a tour of the \$700 million Midfield Terminal expansion project by a prominent Democrat and Anti-Defamation League (ADL) fellow traveler, County Commissioner Tom Foerster.

Foerster is a collaborator of Pittsburgh ADL boss Phil Baskin, which means organized crime. Baskin is also a leading Pittsburgh Democratic Party figure. In 1986, Baskin was the lead attorney for a New York City construction firm owned by the Gambino organized crime family in a bid to construct another part of the expanded Pittsburgh airport complex. When the identity of Gambino front-man Nicky Sands was revealed in the Pittsburgh media, the Gambinos ducked out of the deal, leaving Baskin and the ADL publicly exposed as syndicate front-men.

Now, the Baskin-Foerster Democrats appear to be jumping on the Thornburgh bandwagon in his Senate bid against Democratic Party nominee Harris Wofford. Wof-



ford, a former John Kennedy aide, is presently serving as the interim senator. A special election is scheduled for Nov. 5 to choose a permanent replacement for John Heinz, who was killed in a plane crash in April of this year.

## Senator Robb fears revolution in U.S.

Sen. Charles Robb (D-Va.) warned that if we do not do something about the growing disparity between the fate of blue collar workers and corporate executives, "we are sowing the seeds of discontent, if not revolution or anarchy" in the United States. Robb made his remarks during an address to Loudoun County, Virginia Democrats on Sept. 6.

Robb, generally pessimistic about the instability in the former Soviet Union and the U.S. economic situation, noted how Yugoslavia could be the harbinger of even worse chaos in the former U.S.S.R. if economic problems were not solved. But his reiteration of support for a "fiscal conservative" policy for the U.S. did not indicate any insight into how the International Monetary Fund helps foster such instability. Robb is a founding member of the Democratic Leadership Council.

## Columnist says Bush should face impeachment

Bush should answer to an impeachment inquiry, wrote Anthony Lewis in the *New York Times* in early September.

"After the [Moscow] coup failed, the plotters were charged with criminal offenses and all who worked with them made subject to investigation. . . . Just a few years ago, men close to the President conspired to violate laws passed by Congress. It would be hard to think of anything more plainly *anti-constitutional*. Oliver North made it clear that he would not let the Constitution stand in the way of what he deemed the national interest.

"In a constitutional state, the law should surely have called those men to account.

The President should have had to answer to an impeachment inquiry. . . .

"Madison and the other framers of the U.S. Constitution knew that long ago. That is why they created a system of divided powers. But in recent years their system has been distorted by the unrelenting grab for more and more presidential power. How far the tendency has gone was clear in the run-up to the Persian Gulf War. The White House claimed that the President could go to war without approval by Congress."

## Bush backing hated 'Batistas' in Cuba

George Bush and his son Jeb are backing the "collaborators of the hated Batista dictatorship," and by doing so, could cause the Cuban population to rally behind Fidel Castro, resulting in the sell-out of an emerging Cuban nationalist movement, charged Ernesto F. Betancourt, former head of Radio Marti, in a commentary in the Sept. 7 *International Herald Tribune*.

Betancourt wrote that the conditions are ripe for the demise of Castro, "but U.S. policy is hindering rather than encouraging that outcome. Unfortunately, President George Bush is subordinating his Cuba policy to Florida politics by favoring one rightist exile group . . . the Cuban American National Foundation."

Betancourt claims that "as a result of the U.S. policy of favoring the foundation, disenchanted Cubans . . . fear that Washington intends to impose on Cuba the advocates of revenge."

Betancourt warned that the Jeb Bush-backed "economic reconstruction plan" for Cuba means simply looting the country's assets, and true Cuban nationalists will never tolerate that.

At its recent annual meeting, "Jeb Bush . . . hosted the meeting, and former President Ronald Reagan attended. . . . If you were Cuban, wouldn't you think Washington was preparing a blueprint for Cuba, and that the administration had chosen the rightist foundation to carry it out? The group claims to have buyers willing to pay \$15 billion for 60% of Cuba's assets. Nobody gave the foundation the authority to sell the island."

## Briefly

● **JESSE JACKSON** will not run for President in 1992, but will become a talk show host for Cable News Network, the Sept. 8 *Washington Post* reported.

● **LI LU**, one of the top 21 pro-democracy "counter-revolutionaries" on Beijing's list, ended his hunger strike in front of the Chinese mission in Washington after the U.S. officially called on China Aug. 30 for the medical treatment of political prisoners Wang Juntao and Chen Zeming.

● **PRESCOTT BUSH'S** crony Summu Ishii, the "godfather" of one of Japan's largest organized crime syndicates, died Sept. 2, the day the Japanese government told the Parliament it was upgrading its official investigation into charges of illegal share price manipulation between Ishii and the Nomura brokerage. The death of Ishii is regarded as highly suspect.

● **THE SENTENCING** to three and a third years in prison of James Tayoun, a former Philadelphia city councilman and state legislator who had pleaded guilty to racketeering, mail fraud, tax evasion, and obstructing justice, is the latest in a string of federal "corruption" prosecutions in the city's first electoral district.

● **RAMSEY CLARK**, the former U.S. Attorney General, reported in Kuala Lumpur "on U.S. violations of international law" in the Gulf war, the Sept. 4 Malaysian *New Straits Times* reported. To George Bush, "the war was only a means . . . by using technological superiority to destroy a defenseless country," he said.

● **REPS. NANCY PELOSI** (D-Calif.), Ben Jones (D-Ga.), and John Miller (R-Wash.) were briefly detained by Chinese police after holding up a banner of mourning in Tiananmen Square in Beijing for pro-democracy protesters killed there in 1989, UPI reported Sept. 4.

### *The horror of Baker's 'Mexico model'*

The Bush administration has made itself ludicrous by its refusal to admit the truth that the Soviet Union, and the evil which it represented, is a thing of the past. Now Secretary of State Baker has compounded the foreign policy disaster by advising the republics of the former U.S.S.R. to take Mexico as a model for economic reforms: He is trying to force them to accept the same kind of slave labor camps which have turned the U.S.-Mexican border into a replica of Auschwitz.

On Sept. 10, Baker, on a trip to Mexico, effusively praised that country's so-called economic reforms. Before the press, Baker praised the Mexican government for having "courageously adopted some free market economic reforms—the kinds of reforms quite frankly we hope we see in the Soviet Union and elsewhere—and because of this, we see strong real growth now in Mexico." Later, at a meeting of the U.S.-Mexican Binational Commission, he added that Mexico's reform program should be a "model for countries both in this hemisphere and other countries around the world, and don't think we're not going to make mention of it as we talk to developing nations and reforming nations undergoing revolutions."

The model which Baker was praising so unctuously is epitomized in the cheap labor zones located on the U.S.-Mexican border. Here, assembly plants (called *maquiladoras*) have already become centers for the spread of cholera and other epidemics, because of the open-sewer sanitary conditions, poor food, and generally barbaric living and working conditions.

Under the austerity regime which has been imposed in Mexico—the economic reforms so admired by Baker—many Mexican workers have few options other than working in these subhuman conditions. Mexico, like Poland, has become a victim of Harvard University economic managers such as Jeffrey Sachs, who have imposed a vicious bankers' dictatorship over these economies. Like Poland, Mexico's economy has been vacuumed of all available cash—which finds its way into the coffers of the otherwise bankrupt U.S. banks.

The slave labor regime being forced upon Mexico is the model which Baker now wishes to impose upon Russia, Ukraine, the Baltic republics, and so on. Thus,

he would like to bring back the slave labor camps of Nazi and Soviet memory, in the name of free market economics. But this is not just an ideology for export purposes.

Bush is trying to force his North American Free Trade Agreement (NAFTA) down the throats of the American people as well, so that he can break the U.S. trade unions with the threat (and reality) that U.S. industry will run away and set up in the border *maquilas*, where typical pay is less than \$1 per hour. Essentially this would be to impose a supranational, bankers' dictatorship upon the people of the United States, equivalent to the kind of stranglehold which the International Monetary Fund has over the Polish economy, and wishes to impose over the peoples of the former Soviet Union.

A candidate for Congress in the recent Mexican elections, Cecilia Soto González, worked in one of these *maquiladoras* "undercover" for a week. While she did not win the election, her revelations of the slave labor conditions were explosive. She described one incident where a young man was thrown into jail, because he asked for a wage increase. This then became the occasion for a ten-day, 1,000-person work stoppage. Mrs. Soto found people sick and hungry, but she also marveled at their fighting spirit, organizing a trade union even in the face of police-state brutality, and beginning to force a slight improvement in their conditions.

The peoples of the former Soviet Union have rejected 74 years of tyranny, and in Mexico there is growing opposition to the barbarous policies being imposed by George Bush and James Baker. The message should be clear to the American people: No to slave labor. NAFTA must be defeated. The IMF and the World Bank must be stripped of their power.

While it is true that fast-track legislation for GATT and NAFTA was passed by Congress, this does not mean that this trade war, slave labor legislation can simply walk through the Congress. It can be voted down as a package, and there is still room for amendment. Now is the time to begin organizing a serious opposition to this fascist economics.

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# DERAIL NAFTA

## fast track to rule by the big banks

EIR Special Report, May 1991

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### Auschwitz below the border: Free trade and George 'Hitler' Bush's program for Mexican genocide

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Right now, your congressman may be voting to authorize the Bush administration to negotiate a treaty with Mexico that will mean slave labor, the rampant spread of cholera, and throwing hundreds of thousands of workers onto the unemployment lines—on *both* sides of the border—all for the purpose of bailing out the Wall Street and City of London banks.

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