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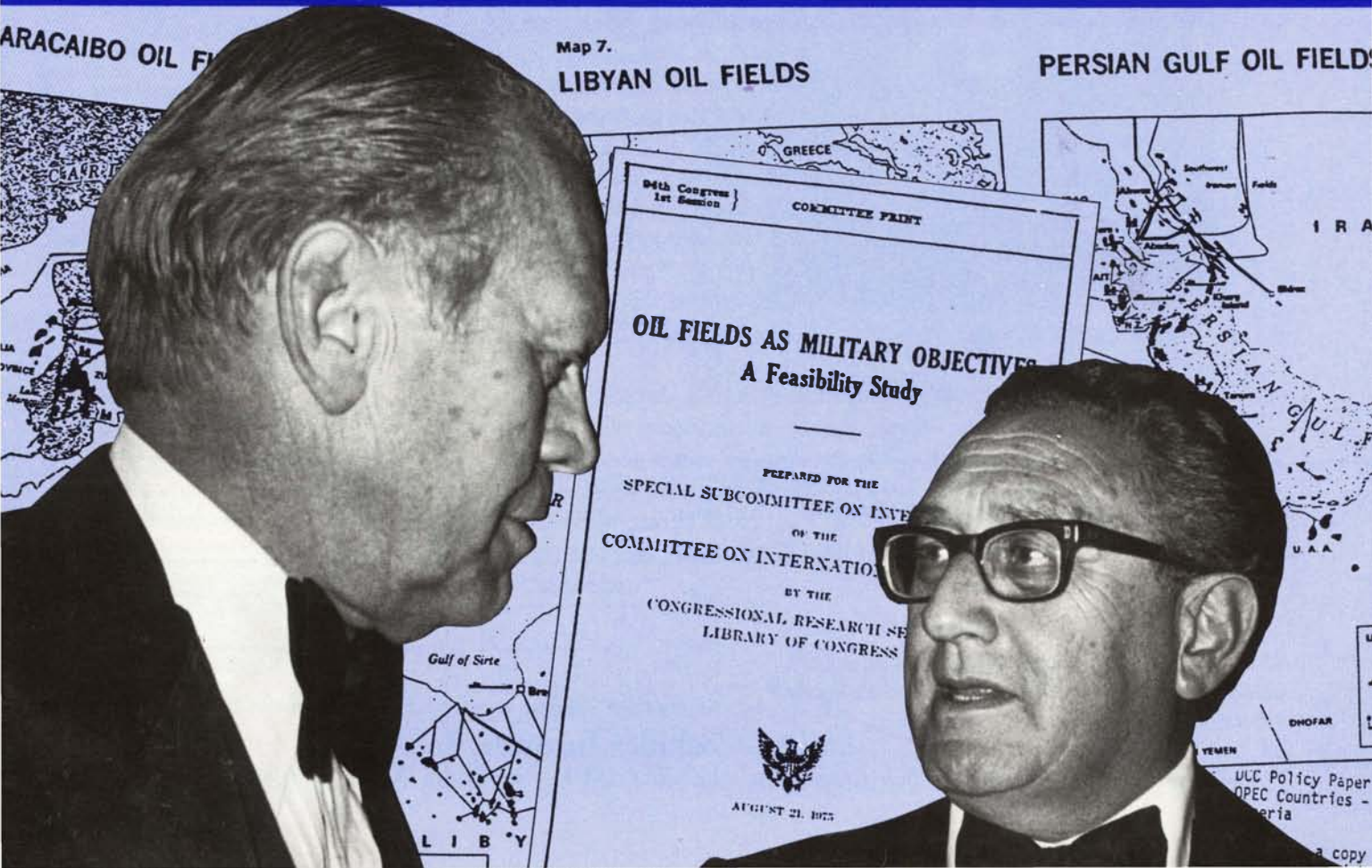
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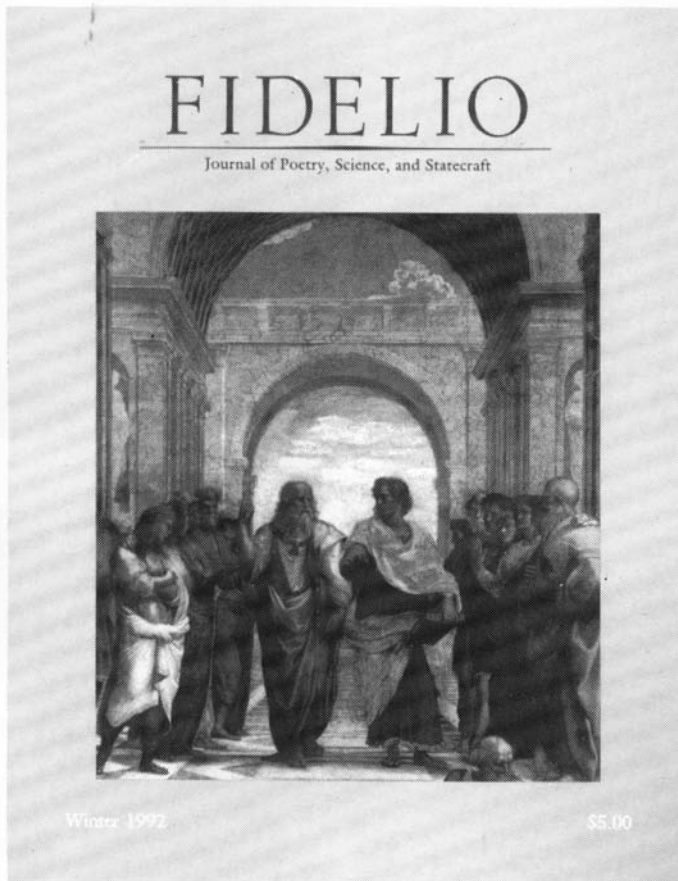
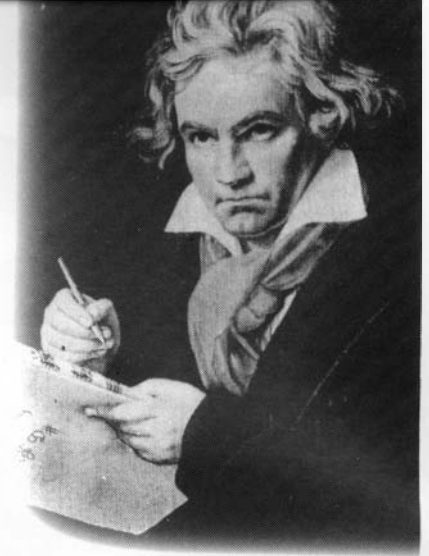
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Chile's economic success proven a fraud
'Human beings' might foil Rio eco-summit
New evidence in the Herrhausen murder

**U.S. planned to invade
Nigeria, Venezuela for oil**



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From the Editor

Our cover story, leading the *National* report, reveals how the U.S. government made plans to invade oil-producing nations like Venezuela, Nigeria, and Libya as long ago as 1975. In short, “Desert Storm” was not the freedom-loving action it was cracked up to be, nor was it exactly a spontaneous response to a short-term emergency. If you look at the recent *New York Times* call for stepping up the creation of an inter-American military force in this light—as reported in our news update on Venezuela—it becomes clear that more military adventures are in the works, and the freedom they are designed to defend is not that of honest citizens.

The *Feature* demolishes the claims of Milton Friedman’s Chicago Boys to having made a big success of applying monetarism to the Chilean economy under Pinochet. In tandem, William Engdahl’s commentary in *Economics*, analyzes the lunacy of Friedman’s mentor Friedrich von Hayek. Von Hayek’s theories, lamentably popular in some Ibero-American business circles, are being promoted for central and eastern Europe. But *EIR* is not alone in exposing this drivel; a Croatian economic newspaper also takes it on, in an article we reprint on p. 6.

There is also growing resistance to the plans for setting up ecological policing against national sovereignty, at the Rio “Earth Summit” set for early June. Such Marxist outfits as the Socialist International and the former Soviet leadership (steered by communist sympathizers like the Duke of Edinburgh) are out front in demanding green police forces. Opposition to this hoax is ranging from Brazil’s development-minded nationalists, to southern African nations who seek the right to sell elephant products, to Indian scientists suspicious of the “bio-diversity” convention proposed for Rio, to numerous Third World governments who demand that human beings and their development be put above so-called environmental concerns on the Rio agenda.

Finally, there’s a fight building up in Europe against the Anglo-American new world order. Helga Zepp-LaRouche’s article on the new evidence in the assassination of German industrial leader Herrhausen in 1990 provides the framework; I also draw your attention to the interview with the Hon. Vittorio Sbardella of the Italian parliament, and to Jacques Cheminade’s astute comments on the French political scene.

Nora Hamerman

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Earth in the Balance: Ecology and the Human Spirit, by Sen. Al Gore.

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GATT, NAFTA talks renewed amid production collapse

by Marcia Merry

In the month of March, renewed imperial decrees went out from President George Bush, British Prime Minister John Major, and Henry Kissinger that free trade treaties must be secured this year, "or else": the Uruguay Round of the GATT (General Agreement on Tariffs and Trade,) NAFTA (North American Free Trade Agreement,) and related bilateral deals. The bankrupt Anglo-American financial powers these figures represent are desperate to expand their looting rights through more "free trade." The immediate occasion for treaty demands is the breakout of openly anti-International Monetary Fund (IMF), anti-free trade sentiment in Venezuela and elsewhere in South America, eastern Europe, and Canada.

Fortunately, all signs are that the frenzy for free trade treaties will fail. The resistance, though disorganized, is too great.

On March 23, negotiators for Mexico, Canada, and the United States gathered in Washington, D.C. to begin a new round of talks on NAFTA. In mid-April in Geneva, yet another bout of talks will take place among the 108 member nations of the GATT, in the stalled, five-year-old Uruguay Round negotiations aimed at eliminating obstacles to "free trade." On March 25-26 in Paris, agriculture ministers of the 24 member countries of the Organization for Economic Cooperation and Development (OECD) met to discuss farm trade issues, preparatory to the April GATT talks.

The backdrop to these negotiations is that worldwide production of agriculture commodities and merchandise of all types is sharply declining per capita, trade volumes are plunging, and the only economic indicators on the increase are trade disputes and threats of trade war.

The GATT annual trade report, issued in March by the GATT Secretariat in Geneva, gives statistics for the downturn in trade volume. The survey laments, "Last year marked the third consecutive year of decelerating growth in the vol-

ume of world output and trade . . . growth in the value of world merchandise trade declined sharply last year, recording the smallest gain since 1985." The only area experiencing trade volume increase in 1991, in combined exports and imports, was Asia. Everywhere else fell. The GATT report states, "Rough estimates suggest that the countries of eastern and central Europe and the former U.S.S.R. registered a 20% fall in the value of their collective exports and a 25% drop in imports. The former U.S.S.R. experienced a 42% fall in imports."

This has occurred while GATT is adding more members to its roster—11 nations joined since the 1986 launch of the Uruguay Round, and arrangements are underway for Taiwan and China to join. Meantime, the GATT Secretariat is attempting to play an ever bigger role, and now churns out reviews of national trade policies: three in 1989, nine in 1990, eleven in 1991, and 13 this year so far.

Fight grows over shrinking markets

The GATT press release on its annual trade report, entitled "Council Overviews of Developments in International Trade and the Trading System," released March 18, stressed, "The director general's report reflects a high level of activity in GATT outside the Uruguay Round negotiations, especially in the context of dispute settlement, new accessions, regional trading areas, and the surveillance of national trade policies."

Over the past two years, the number of GATT anti-dumping investigations rose from 96 to 175, with the United States alone notifying 52 cases, and Australia 46. There is a reported "increased use of GATT dispute settlement procedures, but a widening concern at inadequate implementation of adopted panel reports."

In 1991, four special GATT panels were conducted to adjudicate disputes, more than in any one previous year. But in all

the panels conducted since the 1986 start of the Uruguay Round, 90% of them involved only the European Community (EC) and three countries: the United States, Canada, and Japan.

The dispute fever is nowhere more evident than in President Bush's own backyard: the U.S.-Canadian free trade relationship, created by the U.S.-Canada Free Trade Agreement almost three years ago. Almost every month, there is a new area of dispute—some brought to GATT, some to special adjudication procedures under the U.S.-Canada treaty, and others fought out in the courts and media.

- **Wheat.** Congressmen from North and South Dakota, and others, are protesting that Canadian wheat is entering the United States under unfair conditions.

- **Hogs.** The U.S. Pork Council has demanded an investigation of unfair hog imports from Canada.

- **Beer.** Interested parties on both sides of the border have issued complaints about export violations.

- **Autos.** Canadian-assembled vehicles previously exempt from U.S. import duties now have been re-classified as eligible for duty because more than 50% of the parts are from neither the United States nor Canada.

Complaints over trade are also pouring forth from Mexico, in advance of any grand "Yukon to Yucatan" treaty that Bush is demanding. In the latest move, 74 Mexican agriculture organizations from 14 states, came out against including grain in any free trade pact. Leaders from four of the largest groups gave a press conference March 24 where they charged that 3 million farmers on unirrigated lands would be ruined by open border grain movements. Corn production on this land is only 1.8 tons per hectare, compared to seven for the United States.

Even the executives who run the *maquiladora* slave labor factories are now griping against the false free trade promises, on grounds that they were not prepared for the tax levels in Mexico. The March 25 *Washington Post* reported that 20 new U.S. projects or plant expansions in Mexico are on hold. "The loudest complaints came from more than 3,000 U.S. executives who were shocked to learn that they will have to pay steep Mexican income taxes." The execs felt they were better off in the hands of the Internal Revenue Service.

The potential for conflicts under NAFTA is shown by all the blank spaces in the 500-page draft treaty document leaked to three Mexican newspapers on the eve of the March 23 talks in Washington. Canadian opponents of NAFTA reportedly supplied the secret document. According to *El Financiero*, the chapter on agriculture is full of "brackets," i.e., optional sections, indicating areas of disagreement, and blank spaces where issues such as the timetable for tariff liberalization and levels of farm subsidies should be. The three sides also differ on treatment of textiles, investment protection, and dispute settlement mechanisms. Other areas left undecided include auto parts, energy, financial services, and copyrights.

In the face of these deep national rifts, Henry Kissinger nevertheless demands action. He said in an interview with *El Financiero* on March 19, "The United States cannot afford

the luxury of abandoning its commitment to conclude a free trade agreement with Mexico this year, since that would send a very negative message" to all of Ibero-America. Kissinger stressed that concluding NAFTA with Mexico is important to show support for Venezuelan President Carlos Andrés Pérez, who is pursuing the same economic model in his country as that applied in Mexico. Kissinger called NAFTA "the most important [agreement] that we have ever negotiated with Latin America." He worried that Pérez faces potential ouster, and forecast that the U.S. Congress will respond by passing NAFTA.

Resistance grows

During the March 21-22 talks at Camp David between German Chancellor Helmut Kohl and Bush, the GATT Uruguay Round was a focus, but with no resolution. Kohl gave lip service to the desirability of reaching an agreement by late April, but Bush gave no leeway in his demands that the EC drastically reduce support for their farmers—the sticking point between the Anglo-American/IMF bloc versus others in the GATT. Soon after Kohl left, Bush told a conference of grocery suppliers, "Let me assure you, we'll be working as hard as possible the next few weeks to make a breakthrough in GATT, but as we see it, if there's no fair deal for agriculture, there simply cannot be a good GATT agreement." Bush said that the EC spends 10 times as much as the United States on agriculture subsidies and "this cannot and must not go on."

The reality is that a select few companies in the world food cartel are reaping profits from subsidies, underpaying farmers, and monopolizing trade. But resistance is mounting as economic activity and trade disintegrate. On Feb. 21, a record number of 40,000 farmers rallied in Ottawa, Canada to protest the GATT demand that the Canadian Wheat Board be eliminated as an obstacle to free trade.

When Kohl returned to Bonn on March 23, he dismissed reporters' queries about whether he would pressure Paris into accepting cuts in EC agriculture supports demanded by Washington. France is the chief grain-producing nation of the EC. Kohl said, "Anybody who knows the slightest thing about French politics knows that would be an absolutely deadly thing to do." Over the past two years, French farmers have repeatedly staged mass protests against EC and GATT price support cuts and free trade practices.

On March 26, EC Agriculture Commissioner Ray MacSharry met with U.S. Agriculture Secretary Edward Madigan in Paris to find common ground for a GATT Uruguay Round compromise. But none exists. The only way out is to resume production-based farm, food, and foreign trade policies. Germany has taken that initiative in the past regarding food relief to eastern Europe and Russia, but now Bush and London are demanding that Germany capitulate.

Kohl is engaged in "a tightrope act," according to the *Westdeutsche Zeitung*. The newspaper is concerned that his failure could lead Germany into "a highly dangerous trade war with the United States."

Has 'shock therapy' helped East Europe?

The following report on the Schiller Institute conference on the LaRouche "Productive Triangle" proposal to reindustrialize post-communist Europe, which was held in Berlin on Nov. 22-23, 1991 appeared in the Croatian daily Privredni Vjesnik (Economic Messenger) of Feb. 24, 1992. A fuller report on the conference appeared in EIR Dec. 20, 1991. The article translated below by Steve Corkovic is the first of several that will appear in the Croatian press on the alternative to the Jeffrey Sachs austerity policies being promoted for eastern Europe by the Anglo-Americans.

"Shock therapy," still being recommended by many western scholars as the fastest means of transition from the planned to the market economy, obviously has not yielded the expected results, while the hardships it brings to the economic life and the standard of living of the population in eastern European countries are impossible to explain away as "introductory problems." Parallel to critiques of such a strategy, the East is seeking advocates of alternative theoretical and practical solutions.

One such scene of the "clash of two strategies" has been the international conference of leading European economic experts in Berlin, at the end of the last year. Many eminent scholars, especially from East European countries, responded to the invitation of the "Schiller Institute" and the synthesis of their deliberations can be summed up as the abandonment—even outright rejection by some—of the so-called liberal theories recommended by the American Prof. Jeffrey Sachs and the adherents of his "school," and forced into practice by institutions such as the International Monetary Fund (IMF) and World Bank.

That the problem is very real can be attested not only by the figures of catastrophic decrease in production and employment, as well as in the standard of living, in the majority of eastern European countries, but also by animated warnings from Russian President Yeltsin of possible threatening explosions if such negative tendencies continue in his country and other areas around Moscow. . . .

Poland was the first East European country that, after elections two and a half years ago, abandoned the existing system of the central administration of the economy and started on the road of the liberalization in the . . . economic and political life of the country. Now, as can be seen, Poland

is again the first to abandon the "shock therapy" recipe, and to seek roads to transition that would be more acceptable both from the economic and social perspective.

The Polish experiences, even the negative ones, seem extremely important, as they represent a question of strategies which—as the most effective and even "as the only salvation"—are offered to other eastern European countries. A debate about these experiences, at the Berlin conference among others, is conducted with the purpose of avoiding obvious errors and discovering acceptable ways for the transformation of national economies and social systems.

The Polish Premier Olszewski has made it known that his government is no longer willing to follow Jeffrey Sachs's recommendations as well as many other financial institutions of the West. This is being interpreted as a signal to other countries of eastern Europe to examine their own conceptual solutions and models.

At a time when Moscow was issuing an invitation to the former Polish Finance Minister Leszek Balcerowicz, an advocate of that "rejected school," in the conviction that his experience could help them to project a "Russian way" to transformation, it is interesting to note that the current Polish prime minister is making that very split with the concepts of the former minister as the most prominent factor in the present Warsaw government's orientation for its economic policies. Two other points in the government's program are: to stop a catastrophic drop in production, which occurred over the past period, i.e., to find practical solutions that will not require of Polish citizens sacrifices that they can no longer endure. The people's buying power, employment, and standard of living have already "crossed the threshold of endurance," as the present Polish premier put it.

Advance toward—1989

It is very illustrative for the Berlin meeting that its participants did not consider just the problems of their own countries, but they strove to formulate universally acceptable methods for all other countries in the process of transforming their national economies.

Bulgarian scholar Dr. T. Nikolov illustrated the common interests of the East European countries with practical economic ties that are now virtually defunct. A condition for their reappearance is that the countries, in their future economic development, certainly accept some "fundamentally compatible directives" and find mutually acceptable solutions for certain issues of vital importance for their future economic ties, such as a method for paying their mutual bills and settling of accounts.

The most recent developments in his own country, continued Dr. Nikolov and the evaluation of the latest results shows that the "shock therapy" had ruined the Bulgarian economy, and he said, the only way he could see to prevent even bigger disasters and explosions was in more lasting and acceptable solutions for a common development strategy, as

Economic indicators for countries of central and eastern Europe

Country	Bulgaria	C.S.F.R.	Yugoslavia			Poland	Romania	Hungary
			Total	Croatia	Slovenia			
Population (millions)	9.01 ¹	15.7	23.8	4.7	2.0	38.2	23.2	10.4
Area (000 sq km)	110.9	127.9	255.8	58.6	20.2	312.7	237.6	93.0
GDP								
1990 (natl currency in billions) ²	42	798	941	237	168	606,726	844	2,081
1990 \$/capita ⁴ (current exch rate)	5,940	2,840	22,003	29,003	53,003	1,670	1,620	3,180
1990 \$/capita ⁵ (WIIW figures)	8,380	9,830	6,455	—	—	6,640	6,070	8,890
Actual change 1991/90 ⁶ (%)	-23/-26	-15	-20	-19.7	-11 ³	-8/-10	-15	-7/-9
Inflation (Jan-Sept 91 in %) ⁷	404.3	59.7	85.8	87.1	80.3	73.6	219.4	35.6
Unemployment (Jan-Sept 91 in %)	8.1	6.8	20.1	16.7	10.5	10.4	3.3	6.1
Balance of payments 91 (bn \$)	-2	0	—	—	-0.2 ⁸	-1.8 ³	-1 ³	0.3/0.4
Budget deficit 91 (%)	-8.5 ¹⁰	-10	—	—	—	-29,300 ¹¹	-65.5	-114
Budget deficit (% of GDP)	5/8	1	—	—	—	3/5	—	4
Total debt (bn \$) ¹²	12	9.3	14.3 ¹³	2.5	1.6	44.3	2	20.4
Debt/capita (\$)	1,330	590	600	540	840	1,160	86	1,960

Notes: 1. including emigrants; 2. per current prices; 3. estimate; 4. calculated per current official exchange rate; 5. WIIW model per physical indicators; 6. WIIW estimate; 7. Jan-Sept 1991 compared to Jan-Sept. 90; 8. status at end of Sept; 9. status at end of Oct; 10. limit per budget legislation; 11. status at end of Nov; 12. most current data (Aug-Oct 91); 13. middle- and long-term loans.

Source: Vienna Institute for International Economic Comparison (WIIW); National Data and Statistics

well as for satisfying the elementary needs of the Bulgarian people.

The prognosis according to which Bulgaria—even if an advantageous and acceptable path of development is taken right now—will take 10 years to reach its economic potential of 1989, speaks adequately of his appraisal of the “post-socialist recipes” for the economic transformation. The many years’ absence of the market regulations and incentives in the national economy is impossible to overcome without transient drops—even large sacrifices, as he said—but the drops, which were felt in all productive activities and in the standard of living of the population, were too large.

According to official Bulgarian statistics, in the first year of the transformation of the economy, the production of the country was reduced by a full third. Nikolov thinks that the reduction was in reality 40-45% compared to the previous year. The drops in certain main areas of Bulgarian economy were exactly that much, in the dairy and meat production for instance, and for every fourth industrial company it could be said that “it produced—nothing.”

How to develop a middle class

At this rate—if the current path to recovery for the Bulgarian economy is continued—it would require “about 150 years to achieve minimally acceptable results,” Dr. Nikolov emphasizes. The second danger, as he said, is that along with the total statistical growth, a development of a social structure is occurring, which looks more like a “Pakistani model” than the model set by Bulgarian democratic forces;

a very narrow circle of rich businessmen and a very poor “rest of the population,” with completely unsatisfactory standard of living and without practical possibilities . . . to improve the total economic and social life of the country.

As an illustration of a condition in today’s Bulgaria, Dr. Nikolov cites a recent auto fair where “big and expensive Mercedes autos disappeared in no time at all,” while there was little interest shown in small and mid-sized vehicles, with more affordable prices for people’s buying power.

The evolution of the “middle class” is very important in the future strategy of the Bulgarian development, and a path to that is, first, a faster and more energetic privatization of the large majority of economic activities, similar to other East European states; from this a similarity in difficulties—in resistance—on the path to liberalization and change to market rules of national economy.

In Poland, for instance, differences in standard, completely unsatisfactory, are especially pronounced in regards to the agricultural population, which is of a decisive importance for the whole national economy; farm workers are earning only 63% of the average salary in the industry, although almost a third of industrial production depends directly on agriculture.

‘Shock’ with a failing grade

A belief that a price liberalization will fundamentally change circumstances in the countries of eastern Europe, has been shown to be unfounded even in regions of former U.S.S.R., and also in Czechoslovakia, Poland, Bulgaria and

other countries of that region. After 70 years of state-controlled economy, changes have found it in an unsuitable structure for production, and the price liberalization—although only in its beginnings—brought total chaos to the marketplace as well as monopolistic tendencies, instead of expected stimulus to production and competition.

In 1991 Czechoslovakian industry registered a fall of 23% compared to the previous year (when the fall was only 3.7%) and in . . . some important activities, such as electro-industry, textiles and clothing, processing of nonferrous metals and others, the reduction was 35 and 42%.

Despite the similarities of systems that were ruling economies in these countries for tens of years, there are some differences which reflect themselves as effects of certain measures. In Poland, about three-quarters of the small business trade is already realized through private retail; also agriculture is almost totally in private hands. Hungarian agriculture is, to a great extent, directed toward market economy, while within the former U.S.S.R. borders, collective farms still dominate, and individual producers refuse not only to give to them—even sell—possible surplus, for they do not believe they will be justly paid. It is obvious why: The greatest concentration of state power was precisely in the U.S.S.R.

What kind of endurance

In extensive discussions within eastern European countries—and also without—about the effects of measures taken to vitalize their economies, as well as about choices of offered strategies, opinions mostly differ about how much sacrifice the people of these countries are capable of or ready to endure before they can sense some actual improvements.

Russian President Yeltsin has repeated his conviction that the Russian people “show an understanding for the difficulties” accompanying the transformation, “even if they grit their teeth.” The Russian President states that reforms are, objectively, in their inception, “in baby’s shoes,” but that the Russian people are convinced that this is a question of efforts that go “beyond the experiment itself,” where the future existence of all of them depends on these efforts.

Polish Premier Olszewski is evidently of the opposite opinion, and he thinks that it is impossible to burden further a “tightly stretched rope” of the patience of the people. As stated by many participants of the Berlin meeting from other eastern European countries, the standard of living of the majority of the population is “dangerously close to,” and “in some cases even below” the biological survival threshold, and if the process is not stopped in time, explosions of all kinds can be expected, even the least desired ones.

New barriers

The attention of almost the whole Berlin meeting was attracted to the blockade of almost total mutual exchange of goods among East European countries especially after tens



Bulgaria's Dr. T. Nikolov speaking at the Schiller Institute conference on the Productive Triangle in Berlin last Nov. 22-23.

of years of such exchange and cooperation, even if it was coerced. Even in this area of the economic life the “shock therapy” is present, and many people easily pass over the fact that many companies and activities will fall victim to this condition although they would have a high probability of justifying themselves economically under a bit more settled circumstances—as in the recent past.

Problems are in reality reduced to the lack of an effective system for mutually settling accounts and payments in place of the former clearing method and uneconomical means of exchange. Instead of looking for ways to move this exchange from its inertia, new countries—and even the countries of the former U.S.S.R.—are busier with the introduction of their own currency, customs and other barriers toward their neighbors, breaking of the inherited ties, even if they could be acceptable under conditions of the new market economy.

Considering the problems, the Bulgarian scholar Dr. Nikolov believes that East European financial institutions should look for an appropriate model in the post-1948 strategies and policies of the western European countries. He is convinced that such a strategy would bring results even faster than the generous Marshall Plan strategy: Financial potential and interest from western European countries, and even of the whole West, are today stronger than the ones that were able to provide support to postwar countries in Europe, the same as the realistic potentials in the eastern Europe which could, if directed in a more rational manner, relatively rapidly usher in development and growth.

Why 'free market' means cannot solve the present economic crisis

by William Engdahl

Friedrich von Hayek, whose economic insanities are the subject of this article, died on March 23.

No less a figure than Prof. Horst Siebert, president of the Kiel Institute for World Economics, has entered the debate on whether Europe should have an "industrial policy." By industrial policy is meant that in which governments, along the model of Japan's Ministry of International Trade and Industry (MITI), were mandated to develop an active state guidance and support for technological advances and industrial development.

The professor argues in the March 14 *Frankfurter Allgemeine Zeitung* that one of the major dangers from the Maastricht Treaty on European union, is that, in addition to an eventual single European currency, it calls for a common European strategic industrial policy. To state the essence of Siebert's article, the only efficient regulator of industrial development must be the rigor of global unrestricted capital—free markets. He argues that any effort to place government in a position of coordinating industrial development policy, even in concert with private industry and scientific research institutions, risks returning to the black days of East European communist planned economy. In short, if you oppose the free market, you risk being labeled a closet communist.

The nub of Siebert's argument is that the state is axiomatically out of touch with the demands of the market. He argues that the dilemma of such a structural policy is "what Friedrich August von Hayek calls the 'information problem.' Industrial policy argues that the crucial industrial branches are identifiable. But state organs, be they parliaments or ministries, have no information about which products will flourish in the future." Siebert asserts, "There is a clear separation between the purpose of the state and of the economy." He doesn't clarify in what respect. We are to accept it as axiom.

Government has a key role

Profound sounding tones. The only problem with this argument is that it is wrong, if the welfare and prosperity of a nation are considered the proper object of economic policy. Presumably not through ignorance, Siebert chooses to omit the historical lessons of the great industrial development which built not only Japan, but also Germany, from the establishment of the Zollverein (customs union) in the 1840s

until 1914, and again from 1948-75, as well as the United States up through the beginning of the 1960s: namely, the active state role, fostering the development of necessary infrastructure, advanced technology projects, tax and credit policies—an industrial strategy—to allow private initiative to flourish. The leading technological role of NASA in the space program for the U.S. economic advances of the 1960s is one good example.

Siebert is an exponent of von Hayek's private circle, known as the Mont Pelerin Society. It is useful to note that this organization, with its adherence to radical monetarist ideology and an almost mystical belief in the "efficiency of the market," was responsible for the economic policies of the Thatcher administration in Britain from 1979-90 (Sir Alan Walters, the late Karl Brunner), and of the Reagan-Bush administrations in America from 1981-92 (Milton Friedman, Beryl Sprinkel).

Exactly those economies which followed the ideological vogue of Thatcherism or the von Hayek free market in the past decade—most of the Anglo-Saxon world, including Britain, the U.S.A., Canada, Australia, New Zealand, as well as those ideologically influenced such as Sweden and Norway—are, not coincidentally, the very economies which are presently in the worst economic depression since the 1930s.

Taking the Siebert argument to the extreme, one could argue that, today, market efficiency shows the greatest return on investment—even discounting overhead costs such as bribing customs officials, local judges, or shooting rival gangs or innocent civilians—from traffic in cocaine or heroin. Hence, market freedom should mandate the legalization of such narcotics. Milton Friedman has argued for this openly on American television.

Oil price shock protected investments

I do not know whether Siebert goes so far as his American Mont Pelerin colleague, but his economics, above all, lack rigor or competence in the real world. I cite his example of the \$24 billion investment of private oil companies into the Alaskan North Slope oil exploitation, relying not on state assistance, but rather on the efficiency of global capital markets. For Siebert, this is proof enough that his free market gospel works. Having just completed a book on the subject of Anglo-American oil politics, this writer would relish the

opportunity to debate this with the professor in public. But no more misleading example could have been chosen to prove his point. Alaskan oil risked becoming the largest investment catastrophe in modern business history, that is, until October 1973. Only after Henry Kissinger's Middle East interventions, using the full powers of the U.S. government, detonating the Yom Kippur War and the ensuing oil embargo, and pressuring a skeptical Shah of Iran to press within OPEC for a 400% oil price rise, did the costly North Slope Alaskan and North Sea oil investments become profitable. But at what a cost to the rest of the world economy! It was a rigged game from the outset. Better another example, dear professor.

Let's take the case of the present U.S. depression. In industry after industry, the once-dominant American position has eroded over the decade of the Reagan-Bush free market dogma. In auto, manufacturing, steel, shipbuilding, and also frontier high-technology domains including computers, industrial robotics, and controlled thermonuclear fusion, Siebert's "magic of the market" has served to bring the world's largest industrial nation to its worst economic crisis in its two centuries of existence as a nation. The Bush administration rigidly insists, however, that the government is to have no role in industrial policy.

Siebert's essay provokes discussion of what the proper role of the state must be in productive credit creation. As our society is organized on the basis of a complexity infinitely beyond that of our ancestors, let alone primeval jungle beasts, for whom Siebert's Mont Pelerin dogma is better suited, the issue of how the state can bring a nation out of economic chaos and disorder is the relevant one for today.

There is a fundamental distinction economically between productive and non-productive investment. For more than a decade, the U.S. government has aggressively violated this distinction, in pursuit of privatization and deregulation, following the Thatcher model. The resulting industrial decay and eventual depression, following a run of frenzied money-making, were predictable.

The Federal Reserve System was created in 1913 by a cabal of private bankers to serve and regulate the affairs of those private bankers—J.P. Morgan, Chase Manhattan, and Citicorp, most notably. But above all, the Fed exists to serve the interests of that tiny minority, not the general public good. The little-known truth is that, though the President appoints the chairman of the Federal Reserve, the stock shares of the Fed are held by member private banks, and the most critical shares are held by the large New York money-center banks.

Thus, as Fed Chairman Alan Greenspan has bent over backward to ease credit since the onset of the depression in late 1989, his aim has not been to channel credit to needed investment in public infrastructure—highways, roads, bridges, high-speed rail, water supply, electric power grid. Rather, he has allowed the private banks to make a fantastic

profit by borrowing "cheap" and lending "dear." Similarly, in October 1979, Federal Reserve Chairman Paul Volcker imposed a monetary austerity which resulted in interest rates soaring above 20%. The aim was to strengthen New York banks and their dollar-based assets. The real economy was predictably plunged into deep recession. Volcker called it "monetary discipline."

Productive credit creation

In a nationally televised 30-minute address in the United States, economist and Democratic presidential candidate Lyndon H. LaRouche outlined a program for necessary state-initiated credit creation which, if properly administered, LaRouche estimates would create 6 million new productive jobs in the economy. LaRouche proposed a direct change in the constitution of the American central banking system to reverse the depression and return to an active government role in productive credit creation.

LaRouche outlined a series of emergency economic measures, including what he calls the "Banking Reorganization Act of 1993," which would bring the Federal Reserve under the constitutional control of the elected federal government. The act is modeled on the 1790 principles behind Treasury Secretary Alexander Hamilton's establishment of the first National Bank of the United States. LaRouche's plan for a reconstituted National Bank would regulate the rapid write-off of an estimated \$5 trillion of speculative loans tied to non-productive areas such as Atlantic City casinos, empty shopping malls, and so forth. The new bank would be empowered, under LaRouche's plan, to issue \$1 trillion of new credit annually for targeted lending to the public and private sectors for investment in infrastructure and capital investment to rebuild the wreckage of industrial America. It is estimated that America today requires \$3 trillion in investments to rebuild its core public infrastructure.

Since the end of the Second World War, a pernicious policy has gradually come to dominate Washington's official economic accounting. It was known as Gross National Product estimates of the National Income Accounts. By using strict market price, GNP methodology is inherently unable to distinguish between productive and non-productive investment. A 400% oil price shock translates into price inflation across the economy which is recorded as growth of GNP—no matter that entire energy-intensive industries such as steel are bankrupted. The LaRouche plan would ensure that a return to the original Hamiltonian idea of productive state investment were again established. This is the model on which Germany's industrial excellence was established during the last century through the work of List and others who were familiar with the Hamiltonian "American System" of national economy. Siebert would do well to spend more time grasping the genius of Listian economics than to dally at the altar of Milton Friedman's "free market." There is nothing free about it.

North plans to grab South's resources under bio-diversity treaty

by Ramtanu Maitra and Susan Maitra

At the fourth preparatory committee (Prepcom IV) meeting now being held in New York, the final meeting prior to this summer's Earth Summit or "Eco-92," the United States is ardently pushing to put the convention on biological diversity on the agenda. As pointed out by a number of environmentalists here in India, Third World governments would do well to recognize that the signing of the convention would only legitimize exploitation. (Further treatment of Earth Summit preparations appears on p. 38.)

The convention on biological diversity (bio-diversity, for short), seen as a clever move by the developed countries to grab the entire world's germ plasm and turn it into a multibillion-dollar business, has attracted interest in India and most developing nations. The proposed convention will deal not only with conservation of bio-diversity but also with access to the genetic material and related technologies, and the protection of traditional knowledge and practices.

In other words, governments have been asked to sign on the dotted line an agreement which will make their rich biological resources available to an international authority without deriving any benefit from it. The United States, a strong backer of this convention, claims that biotechnological developments from these genetic sources cannot be made available free to the donors because such bio-technology development is done in the private sector.

Jurisdiction questioned

Besides the obviously loaded dice, developing country governments will do well to note whether they have any jurisdiction to hand over those resources that do not belong to the government in the first place. However, at this point, all developing countries, China and India included, are looking at the bottom line, which is money. These governments have taken a stand that if the North wants extra efforts at the bio-diversity convention, then it must provide the funds. No government, however, has pointed to the undemocratic way this convention has been pushed.

In India, the bio-diversity convention has kicked off a debate, but it is anybody's guess whether the government is paying attention to it. It has been pointed out that while the convention helps to globalize the biological resources of the South, the proposals in the Uruguay Round of the General

Agreement on Tariffs and Trade talks will lead to patents on the life forms that will emerge from them.

One of India's leading environmental institutes, the Center for Science and Environment, has asked an even more pertinent question about this convention: whether the government has the right to give away something which does not belong to the government. For instance, in northeastern India, particularly in the states of Meghalaya, Nagaland, and Arunachal Pradesh, the forests belong to the local communities, according to the Constitution of India. Does the Indian government have any right to give away biological specimens from these forests without discussing the convention details with, let alone obtaining permission from, these communities? Perhaps, a more precise question to ask at this point is whether these issues which affect people in general can be decided by a handful of bureaucrats without a public debate, simply because the Rio summit extravaganza has been set for this June?

Significant financial reward

The benefits that the North-based chemical and pharmaceutical companies have reaped from exploiting tropical herbs, has also been noted in India. Anil Agarwal of the Center for Science and Environment has pointed out that *rauwolfia serpentina*, locally known as *sarpagandha*, has been sold in India as an antidote to snake venom and a tranquilizer. Most modern tranquilizers have been developed from this herb, and today *rauwolfia* is a base for drugs which sell up to \$260 million a year in the United States alone. Did India get a penny out of this?

Similarly, the Paris-based Organization for Economic Cooperation and Development has estimated the value of the South's wheat genes to U.S. agriculture at \$500 million a year. Right now, the drug company Merck, Sharpe, and Dohme is trying to obtain an anti-coagulant plant from the Brazilian province of Rondônia. Monsanto has developed contacts with tribes along the Brazil-Peru border to get their hands on 1,000 different herbs. All these deals obviously helped the North, which never paid any royalty for the use of such vital medicines.

So far, the government of India had been less than forthcoming in stating precisely what its stand will be on the bio-

diversity convention. Except for making vacuous remarks like, "India will not accept any convention that infringes on the nation's sovereignty," Minister for Environment Kamal Nath has based all his statements on availability of funds. According to Kamal Nath, the Rio summit will die if the funds are not given. He seems less sure what will happen if the funds are given.

The second treaty agenda

At the United Nations Conference on Environment and Development (UNCED) in Rio, it is expected that two international conventions would be put up for signing. While the convention on bio-diversity will be one, the second convention has not been firmed up yet.

Caught in the politics of reelecting a highly unpopular President, the "New Age" crowd in the United States is finding it increasingly difficult to mimic the European Community's position to limit carbon dioxide emissions to 1990 levels by the year 2000.

The convention on climate change ran into opposition from Washington once the Bush administration realized its implications. Testifying before the U.S. Congress, Richard Briggs, vice chairman of the Global Climate Condition, has warned that any measure to sharply reduce greenhouse gas emissions could impose "massive costs" on the U.S. economy—as much as \$95 billion per year, according to one study. Briggs, implying that the large methane release caused by rice paddy cultivation and cattle excreta in the developing nations was a major problem, pointed out that the suggested policies "address only carbon dioxide, and thus ignore methane and other greenhouse gases." Both India and China have made it clear that any discussion on curbing methane emission from paddy cultivation and cattle rearing is not acceptable, since it infringes on the basic foodgrain production process.

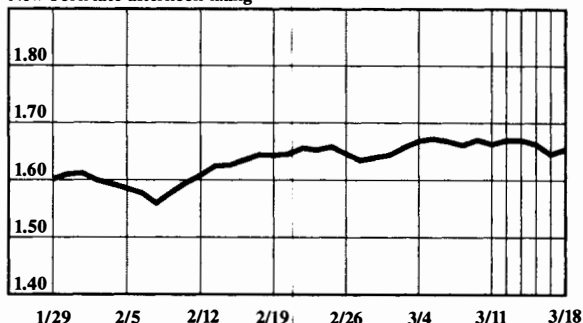
The present U.S. intransigence on the climate convention does not mean that the United States opposes it in principle. Legislation has already been drawn up by a U.S. House of Representatives subcommittee on health and environment that would mandate a curb on emissions at the 1990 levels. President Bush may not have the stomach for it now in the election year. Or, in other words, Bush may find it "politically incorrect" to ask General Motors to announce yet another cut of 100,000 personnel at a time when Bush's economic policy has come under more serious scrutiny by average Americans. Next year it could be different.

If the convention on climate change is not put up for signing, one other convention, beside the convention on bio-diversity, and most likely a convention which would lay the basis for setting up an international pollutant monitoring apparatus, will be put up. Any convention on forestry will face tough opposition from the Third World, and it is unlikely that the United States and others would push that at this point.

Currency Rates

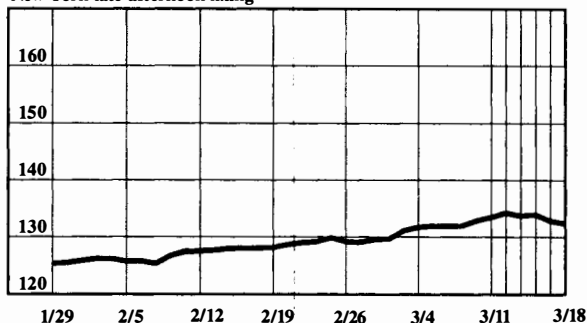
The dollar in deutschemarks

New York late afternoon fixing



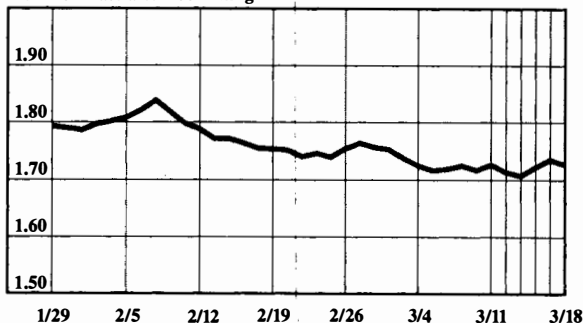
The dollar in yen

New York late afternoon fixing



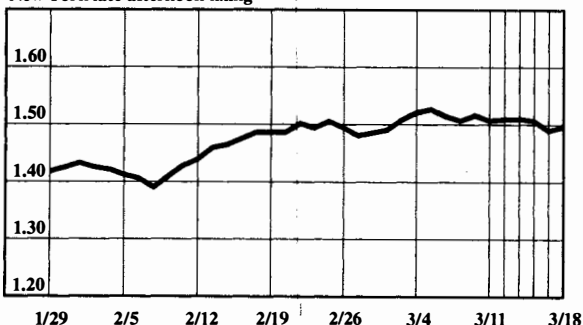
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Susnoy Bar leak used to boost 'green police'

by Mark Burdman

Whatever the exact circumstances of the leak from the Sosnoy Bar nuclear reactor 60 miles west of St. Petersburg, the March 24 announcement by the Russian authorities of the problems there will serve to spur the drive for creating a global "ecological intervention force" or "green police," under the control of one or another agency of the United Nations, and with the power to override the sovereignty of nations. Such proposals in these days, are part of the escalating barrage of propaganda in the two months leading up to the ecologists' extravaganza in Rio de Janeiro, Brazil, on June 1-12—the U.N. Conference on Environment and Development.

Hours after news reports of the problems in St. Petersburg, German Foreign Minister Hans-Dietrich Genscher, speaking at a foreign ministers meeting in Helsinki, stressed the necessity for creating a U.N. "green helmets" capability for intervention in ecological crises. Genscher had first argued in the weeks before the outbreak of the Gulf war that since threats to global security were no longer only "military," the deployment of U.N. "blue helmets" to crisis zones should be complemented in the future by "green helmets."

Many such proposals had been circulating in the days before the news about Sosnoy Bar. In an article in the Madrid daily *El País* March 20, Ricardo Diez-Hochleitner, head of the influential malthusian Club of Rome organization, reaffirmed the Club's call for the creation of an "Environmental Security Council" (ESC). That call, first issued in 1989, was repeated in the Club's book, *The First Global Revolution*, last October.

In June 1989, the ESC idea had been backed by the Socialist International, at its 100th anniversary conference in Stockholm. Recently, the Socialist International-tied International Confederation of Free Trade Unions, during its March 17-24 global congress in Caracas, circulated a call for "an international body with the strength to tackle environmental problems effectively," linked to the creation of "rapid deployment units," U.N. multinational environmental teams with real powers of investigation and enforcement."

Petrovsky bares 'Green Cross'

The recent history of such proposals could be said to originate with Vladimir Petrovsky, U.N. deputy director for political affairs, formerly deputy foreign minister of the Soviet

Union. In September 1988, in his latter capacity, Petrovsky pushed for "ecological security" as a key goal of Soviet foreign policy. This concept was later recycled by Foreign Minister Eduard Shevardnadze and President Mikhail Gorbachov, in their addresses to the U.N. General Assembly.

In spring 1990, Petrovsky authored an article for the Soviet weekly magazine *New Times*, "The 'Green Cross' Brigade." He wrote, "The United Nations has launched preparations for a world conference on the environment and development to be convened in the summer of 1992. The Soviet Union's proposal to hold the conference at political summit level underlines its immense importance. One of the results of the conference could be an international code of ecological ethics. . . . It is necessary to make full use of existing structures of international cooperation in environmental protection and the powerful potential of international organizations, the United Nations first and foremost, and its Environment Program (UNEP). I am convinced that some of the ideas that have rallied broad international support can be translated into reality in the very near future. One such idea is the Soviet proposal to set up a center of ecological emergency service under the U.N." This could be called a "Green Cross brigade," said Petrovsky.

Petrovsky has a new colleague with a similar totalitarian commitment at the U.N.: Richard Thornburgh, former U.S. attorney general, who has also been appointed a U.N. deputy director, in charge of personnel and budget. The U.S. government shifted rapidly into "administrative fascist" forms of rule when he headed Justice Department, and his Thornburgh Doctrine justified invasions of foreign lands with the "legal" argument that U.S. law, as defined by the government in power, stands above international law.

In October 1989, Thornburgh visited Moscow with a high-level Justice Department delegation, talking about cooperation on environmental protection. Thornburgh was governor of Pennsylvania when the March 1979 Three Mile Island nuclear incident occurred in that state, and he blocked independent inquiry into the charges that the reactor was sabotaged. Instead he issued statements to the press which fostered needless panic.

Some weeks before Sosnoy Bar, authorities in Lithuania were forced to shut down one of the two Chernobyl-type reactors at the Ignalina nuclear power plant in the town of Sneckus in northeastern Lithuania, after a leak was found in the reserve cooling system. As the *Baltic Independent* reported in its Feb. 7-13 issue, "even more troublesome" than the loss of energy resulting from the shutdown "was the revelation that an employee of the plant had been arrested and accused of placing a bug into the central computer system of the power plant. The technical engineer is said to have 'consciously tried to disturb the work of the plant.' . . . Fears of sabotage have been haunting the Lithuanian authorities ever since independence was declared in March 1990." Was it a harbinger?

Gore's new book sets agenda for environmentalist dictatorships

by Margaret Sexton

Earth in the Balance: Ecology and the Human Spirit

by Sen. Al Gore

Houghton Mifflin Co., Boston, 1992
407 pages, hardbound, \$22.95

When Senator Al Gore's new book hit the bookstores a few weeks ago, media reports stated that he hoped to put environmental issues on the 1992 presidential campaign agenda. But it is far more likely that Gore's environmentalist diatribe is actually intended to help set the agenda for the so-called "Earth Summit" to be held in June in Brazil.

That summit is designed to bring the underdeveloped nations, as well as the industrialized nations, to heel behind the policies promulgated by such "development" agencies as the International Monetary Fund, which call for technological apartheid, forced depopulation, and supranational environmentalist dictatorship. In his book, the Democratic senator from Tennessee calls his version a "Global Marshall Plan," and describes it as: "a plan that combines large-scale, long-term, carefully targeted financial aid to developing nations, massive efforts to design and then transfer to poor nations the new technologies needed for sustained economic progress, a worldwide program to stabilize world population, and binding commitments by the industrialized nations to accelerate their own transition to an environmentally responsible pattern of life."

To soften the reader up for accepting his Global Marshall Plan, Senator Gore spends most of his book laying out, as if they were facts, scientifically unproven hypotheses on such topics as global warming, and the ozone hole (see *EIR*, March 27, p. 16). He attacks the "Green Revolution" in scientific agriculture, and high-tech industry, including education for producing that high technology. And, he offers New Age spiritualism for changing man's attitudes and his relationship with Earth as the way to get broad acceptance of his ideas.

Accept the hypothesis, not the facts

Earth in the Balance is full of examples of Gore's substitution of unproven hypothesis for fact. On page 57, Gore mentions the role of volcanoes in creating the ozone hole. (It's not man-made chlorofluorocarbons that cause ozone depletion; in fact, volcanoes also spew tons of chlorine into the atmosphere and may reduce the amount of ozone there.) Gore says, "The eruption of Mount Pinatubo in the Philippines in 1991 . . . had a significant but short-lived global impact, cooling the earth and temporarily masking the much more powerful warming caused by human civilization, and temporarily accelerating ozone depletion."

Then, in the same chapter, Gore attributes the 14th-century Black Death to "four years of poor weather and crop failures"; the 19th-century Irish potato famine to "the Little Ice Age [that created] wet and warm climate conditions conducive to potato blight"; and the 1930s' Dust Bowl to "unwise land use, which heightened the vulnerability of the land and its people to unexpected climate changes." A reading of history that is not in Gore's book, shows that the Black Death was a catastrophe because the society failed to use surplus wealth to generate new technologies that could meet the challenges of changing climate, because that surplus was sucked up by the usury of the major Lombard banks—a policy today called economic liberalism; and that the monoculture agriculture blamed for the potato famine, was imposed on Ireland by British colonial policies. The Dust Bowl wouldn't have happened without the Great Depression's economic collapse which stopped farming.

Gore also uses graphs that are cleverly designed to make his points; one shows a temperature fluctuation of 1° Celsius over 100 years with that 1° measured in tenths of a degree, making it appear to be huge. Projecting the drastic changes in climate that go along with the global warming hypothesis, Gore writes such statements as: "Although the sea level has risen and fallen through different geological periods, never has the change been anywhere near as rapid as that now expected as a consequence of global warming. Nations . . . will be devastated if the projections now being made by scientists turn out to be accurate" (p. 104, emphasis added).

Then on page 105, Gore writes, "Two of the leading

experts on glaciers, Lonnie and Ellen Thompson of the Byrd Polar Research Center at Ohio State University, reported early in 1992 that all mid- and low-latitude mountain glaciers are now melting and retreating . . . and that the ice record contained in these glaciers shows that the last 50 years have been much warmer than any other 50-year period in 12,000 years. *One sign that this is true* appeared in 1991, when the '4,000-year-old man' was discovered in the Alps; he was suddenly revealed when the ice retreated for the first time since he died" (emphasis added). In Gore's book, the projections, the hypotheses he offers, are the only explanations the reader gets, whether they turn out to be true or not.

'Soft-core' environmentalism

For all its soft-core environmentalism, Gore's book seems even more dangerous than other environmentalist bibles such as Christopher Manes's *Green Rage*, which explicitly calls for rapid depopulation by means such as famine. Such baldly genocidal proposals are apt to make the average person pause. Gore, by contrast, calls for responsible birth control and education, prenatal health care and well-child care. Few would oppose the suggestions so phrased. But in fact, Gore wants to reduce the population in poor countries just as much as Manes, but by "soft cop" means.

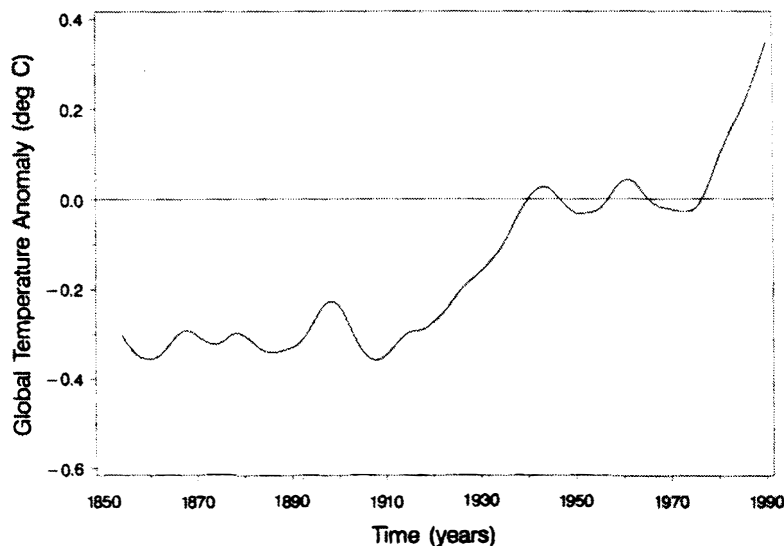
Thus, Gore correctly states, on page 127, that "with the scientific revolution in the 17th and 18th centuries, the human population began surging, and for the first time it seemed possible that the population might soon outstrip the ability of the environment to yield enough food. This fear was articulated at the beginning of the 18th century by the English political economist Thomas Malthus; that he was wrong has been due to a series of remarkable innovations in the science of agricultural production."

But then Gore goes on: "Malthus was right in predicting

that the population would grow geometrically, but he didn't foresee our ability to make geometric improvements in agricultural technology. Even today, with several countries in the world suffering massive famines, there is little doubt that a commitment to use more land and newer agricultural methods could vastly increase the amount of food produced on earth. The problem we now face is therefore more complicated than the one Malthus identified. In theory, the food supply can keep up with the population for a long while yet, but in practice, *we have chosen to escape the malthusian dilemma* by making a set of dangerous bargains with the future worthy of the theatrical legend that haunted the birth of the scientific revolution: Doctor Faustus."

So, for Gore, Malthus was wrong, but mankind proved him wrong by making a pact with the devil—by developing scientific agriculture that has not only prevented starvation, but vastly increased the living standards of the world's population, something that in the Judeo-Christian tradition, is devoutly to be wished.

Then, under Gore's global economy, "wealthy nations can no longer insist that Third World countries pay huge sums of interest on old debt even when the sacrifices necessary to pay them increase the pressure on their suffering populations so much that revolutionary tensions build uncontrollably." But what Gore has in mind is not debt moratoria, or lending poor nations money to build infrastructure such as water and sewer systems that could stem deadly outbreaks of cholera or other water-borne epidemic diseases; rather, what Gore intends is "debt for nature" swaps—if you don't cut down that rain forest, we'll postpone foreclosing on your IMF loans for another six months. In fact, Gore claims that "half of all Third World debt has been accumulated in order to purchase weapons with which to wage wars among themselves," citing for example Iraq's invasion of Kuwait. He does not mention



This graph, showing "almost" a 1°C rise in temperature over the past 150 years misleadingly divides the 1° into tenths, which gives increased pitch to the curve in order to look more impressive.



Sen. Al Gore campaigning in 1988 with Virginia Attorney General Mary Sue Terry. Terry prides herself on shutting down vital industries like Space Shuttle contractor Avtex for "ecological crimes." After 3,000 people were put out of work, she stuck Washington with the job of cleaning up the alleged pollution.

countries like Brazil, which incurred massive debt burdens as they tried to build up their domestic heavy industries, and, frequently, their nuclear power industry, not to "wage wars."

And we should also not be deceived that Gore and his ilk respect sovereign nation-states. In Gore's "Marshall Plan," nations are defined by their "ecological" diversity, not their national boundaries. The technologies to be transferred to these poor nations are "environmentally helpful," designed to "achieve a stable population and a new pattern or sustainable economic progress." The industrialized nations must also change to a "healthier and more balanced pattern." Simply put, this means lowering industrial production, lowering consumption, and lowering living standards.

Global Marshall Plan

If the reader has made it all the way through the chapters on "eco-nomics," global warming, ozone holes, and spiritual dysfunction, he comes to Gore's Global Marshall Plan. Gore calls first of all for stabilizing world population; for rapid creation of environmentally appropriate technologies; for "sustainable" economic progress without the "concurrent degradation of the environment"; a change in the economic rules of the road, which "assigns appropriate values to the ecological consequences of both routine choices in the marketplace by individuals and companies, and larger macroeconomic choices by nations"; environmental education, "social and political conditions most conducive to the emergence of sustainable societies—such as social justice . . . a commitment to human rights; adequate nutrition, health care, and shelter; high literacy rates; and greater political freedom. . . ." Of course, Gore favors allowing abortion, and scores the Catholic Church on the issue of birth control, while mildly condemning use of abortion as birth control, and the People's Republic of China for coercive abortion.

Gore also calls for developing a Strategic Environment Initiative to change industrial and energy policies, to become what he calls a national focal point in the effort to "heal the global environment." In addition to phasing out "inappropri-

ate" technologies like CFCs, the senator calls for using tax incentives for an Apollo-style crash research and development program for enviro-technologies, and for training of new environmentally educated planners and technicians. Gore would give a tax credit for reduction of CO₂ emissions, and would set up an Environmental Security Trust Fund, into which money would be deposited, based on the amount of CO₂ in atmosphere.

After spending a couple of chapters to attack the "Green Revolution," Gore calls for "sustainable agriculture," with "low-input" methods of little or no fertilizer, pesticides, irrigation, and plowing; of course, he also embraces the mass planting of trees, and praises the notion of shutting down the U.S. timber industry.

For an energy policy, based on the notion that "greenhouse gases" must be reduced, Gore calls for eliminating the internal combustion engine. Usefully, he does propose increasing mass transit, using magnetic levitation and superconducting technologies. But he would accept nuclear power only if "passively safe designs" were developed, and nuclear waste could be safely disposed of. Given how unlikely that is in the current climate, Gore is ready, proposing use of solar energy, photovoltaic cells, and windmills for electricity production, reducing the amount of fossil fuels burned; fixing leaky eastern Europe natural gas pipelines, recovering methane from landfills, and of course, reducing the amount of waste modern industrial society produces, and recycling it. Gore would also impose a virgin materials fee, charging industries such as paper mills for using nonrenewable virgin materials, but would offer a tax credit for recycling, and lower utility rates for energy conservation. Conserving energy should be no problem in Gore's world, because so little energy will be produced, and certainly not enough to support heavy industry.

The senator is also ready to change "eco-nomics" with proposals such as changing the way Gross National Product is calculated to include depletion of natural resources, and adding in environmental costs and benefits to calculations of productivity, in order to "quantify effects of our decisions on the future generations who will live with them." Gore would halt subsidies or provision of funds by agencies such as the World Bank for "environmentally destructive" economic activities, such as building a road through a rain forest, or growing sugar cane in the Everglades.

Gore's "eco-nomic" policies bear a great resemblance to the "shock therapy" austerity of his Harvard brother Jeffrey Sachs: It is clear that Gore and his kindred spirits need them to be adopted at an Earth Summit such as the one planned for June 1992. To gain the consensus required for such a supranational restructuring, which many developing nations are strongly resistant to, Gore needs the new world order's policeman, the United Nations. For Gore, putting in place global environmentalist dictatorships begin with the current Montreal Protocol to ban CFCs, and international interference in nations' policies, to prohibit cutting of rain forests.

Elephant policy shows oligarchic insanity

by Lydia Cherry

Plans put forward by Zimbabwe, Malawi, Botswana, Namibia, and South Africa, and later by the four southern states minus South Africa, to resume a limited elephant trade based on animal husbandry, a plan thus far most perfected in South Africa, were smashed by environmentalists and Anglophiles at a wildlife conference in Japan in early March. Several southern African countries are now weighing whether to withdraw from the Convention on International Trade in Endangered Species (CITES).

"The CITES conference is a prelude of what will happen in June" at the so-called Earth Summit, in Rio de Janeiro, Brazil, a senior official of the U.N. Environment Program told a reporter at the March 2-13 convention in Kyoto. Such a prediction is indeed ominous. At a time of unprecedented food shortages and severe drought—all five countries now desperately need foreign exchange to import food to keep their populations alive—the oligarchic mentality shown in the decision to maintain game reserves at all costs represents malicious insanity.

The proposal to downlist to Appendix II to permit controlled trade was withdrawn after it was announced by the chairman of CITES that 15 countries, including the United States and Britain, had already announced they would veto any downlisting. Indeed, U.K. Environment Secretary Michael Heseltine had said as early as February that London opposed any modification on the now three-year ban on trade in elephant ivory.

Botswana's Minister of Commerce and Industry, Wildlife, and Tourism Ponatshego Kedikilwe, told the conference March 10 that his country had implemented the criteria adopted in 1989 to list the species on Appendix II and that a panel of experts set by CITES concluded that the countries had viable and healthy elephant populations. "We are extremely perplexed," he said. "It seems the goalposts have been moved."

It remains to be seen if any of the countries will withdraw from the wildlife policing organization. Even the chairman of Zimbabwe's Ivory Manufacturers Association, Jason Cambitzis, recommended March 16 that his government "remain in CITES and fight within," because withdrawing "would affect tourism and have far-reaching effects on us even from donors."

That the southern African countries lost in their downlisting attempt is ironic, in light of the fact that Japan, with backing from industrialized countries, blocked a similar proposal

to ban trade in the Atlantic blue-fin tuna. "What this shows is that the rich North cannot take what it expects the poor southern countries to take," noted a member of the World Wide Fund for Nature, one of a large number of environmentalist U.N. non-governmental organizations that are beginning to break ranks and lining up with "North" or "South."

The case for downlisting

Gail Amvot of the Wildlife Society of Zimbabwe argued: "Africa is always pictured with a begging bowl. But Zimbabwe's successful wildlife management methods, based on the principle that wildlife can support itself, has proved that foreign exchange can be earned through the carefully monitored export of wildlife instead of depending on western aid."

The southern African countries have lobbied for the downlisting for over six months. Nigel Hunter, deputy director of Botswana's Department of Wildlife and National Parks, told U.S. congressmen in September that his nation's preserves can sustain just 55,000 elephants. Botswana's elephant population rose from 40,000 in 1981 to 67,000 in 1989 and it has gone up from there. "The growing population of elephants is causing increasing conflicts, and we want to take the decision more in favor of the humans who live alongside the elephant," he said.

Rowan Martin, director of research at the Zimbabwean National Parks Department, at a workshop in Cambridge in January organized by the World Conservation Union, challenged biologists to name a single species that has benefitted from a CITES listing. After several moments of embarrassed silence, a handful of species were put forward, it was later reported.

On hand to commend the decision against downlisting was political insider and anthropologist Richard Leakey, who has created a paramilitary environmental police of over 300 who use anti-personnel mines, grenade launchers, and other weaponry against suspected poachers in Kenyan wildlife parks. Leakey was heard in the United States on National Public Radio insisting that a future relaxation of the ban should not even be hinted at. Leakey's campaign of killing poachers to protect elephants was key in winning the elephant ban in 1989.

Leakey, a large landowner in Kenya, was interviewed by *New York Times* columnist Flora Lewis in January 1990. Writes Lewis: "The population growth here, at 4% a year, is the world's highest. . . . Thoughtful conservationists are aware that the pressure for land in a country that is nearly the size of Texas and only 20% arable will make it increasingly difficult to maintain huge wilderness reserves. Richard Leakey, director of the Kenyan Wildlife Department, is seeking to promote support for conservation by making people aware that tourism, the biggest earner of foreign currency, depends on the existence of big safari parks with exotic animals. . . . Leakey sees the implications of dizzying [human] population growth, only marginally slowed by efforts so far."

The depression that won't go away

The German government chooses not to see reality, but industrial output statistics paint a foreboding picture.

Only a couple of weeks ago, commentaries in the international press said that most leaders of western nations would be replaced in the near future—except German Chancellor Helmut Kohl, whose robust character and the stable shape of the German economy would keep him in office.

Kohl himself still seems to cling to this perspective. Back from weekend talks with George Bush at Camp David March 23, the chancellor said that he was more than confident that his current government's approach to economic problems, especially those in the five eastern states of Germany, was right.

"Mark my words—we'll all celebrate the existence of the first blossoming economic regions in the east of Germany on my [64th] birthday April 3, 1994," Kohl declared. He explained he was convinced all problems would be straightened out in the "20 months we will have without any elections between April 5 this year and the end of 1993."

This is Kohl's version of Bush's famous "read my lips." But the number of prominent critics of his policy is increasing daily. At the opening of the Leipzig industrial fair March 4, two of them fired the warning shots against Kohl.

Criticizing the rosy propaganda about an upswing in east Germany, German Federal President Richard von Weizsäcker said "the time and effort needed to bring affluence" to Germany's east had "been badly underestimated." He said more should be done by the political leadership to solve the problem that Germans, mostly in the west, had been led to "deceive themselves in believing that

capitalism in the west was robust enough to fuel growth in the east."

This, Weizsäcker explained, had proven to be a grand delusion, as the economy had come to a standstill after two years: "The west German economy has had much profit from the demand factor created by the reunification. The east German demand for goods just came at the right time to help fill the holes resulting from the weakness of world trade."

Tyll Necker, president of the BDI, Germany's industry association, warned in Leipzig: "A failure of industrial recovery in Germany's east would push all of Germany into depression." Should Germany as a whole fail to create a "self-sustaining upswing" in the east through massive investments—maybe even at the price of slowing down some projects in the west—"not only east Germany but the economic potential of the Federal Republic as a whole would suffer lasting damage," Necker said.

Industry-government relations are turning frosty: Neither Necker nor other senior representatives of the BDI attended the chancellor's monthly "economic roundtable" in February, in protest to his shallowness on economic matters and use of flowery words to portray an economic "success story" nobody believes.

The latest official statistics which should be on the chancellor's desk compare industrial output in the five eastern states of Germany of November 1991 with November 1990 as follows: Precision mechanics, optics, down 88%; data processing equipment, down 71.4%; electrotechnics, down 54.7%; machine-building,

down 37.9%; textiles, down 32.8%; cars and trucks, down 22.3%; chemical products, down 14%; food products, down 13.3%.

The decline has even continued since November, plunging to 54% below the average output of 1990. Industrial employment—the various substitute job creation programs not counted—is down to one-third, tending toward one-quarter, as compared to 1990. This is coming close to the results of two years of "shock therapy" in nearby Poland.

The Kohl cabinet's response to these figures has been to endorse more austerity. The policy was voiced at recent meetings of the monetarist institutions which Germany belongs to: the International Monetary Fund, the World Bank, and Group of Seven.

When German Finance Minister Theodor Waigel summed up the results of the G-7 meeting at Garden City, New Jersey on Jan. 26, he told the press that the meeting had expressed concern in its final resolution about the development of incomes and social costs in Germany. The Garden City resolution read like a variation of the report the IMF presented at its Bangkok meeting last October that also expressed "deep concern" about the increase of wages especially in east Germany.

That IMF report called the German government's investment subsidies for the industry in the east a "potentially bottomless barrel," and blasted the Treuhand state trust agency for slowing down "rapid privatization" and its policy of creating safety nets for factories not "fit for survival" rather than speeding up the "adjustment process." Waigel said in an interview with the *Wall Street Journal* March 24, that state expenses for east Germany would be cut drastically. He was echoed by Kohl in Bonn after his meetings with Bush. They might as well have said: Yes, we have chosen depression.

The RTC declares victory

The end of the S&L crisis is said in sight, but the cost to the FDIC of bank failures for 1992 just tripled.

In a surprising announcement, the Resolution Trust Corp. (RTC) said March 23 that it would begin winding down its operations. "The vast majority of thrift institutions to be resolved is behind us and the backlog of assets to be sold is declining, indicating now is the time to start down-sizing the RTC," said Albert V. Casey, RTC president and chief executive officer.

According to Casey, the RTC had closed or sold 630 S&Ls, and had only 73 institutions left in conservatorship, and all of them would be resolved by Sept. 30. By the end of June, Casey announced, the RTC would close regional field offices in Atlanta, Dallas, Denver, and Overland Park, Kansas, merging their functions into consolidated offices in those cities. By January 1993, the RTC would close regional field offices in Phoenix, Tampa, Baton Rouge, Minneapolis, Tulsa, and San Antonio; and by September, in Chicago, Houston, and Somerset, New Jersey.

By Sept. 30, 1993, Casey said, the agency plans to have cut its staff of 8,400 employees to less than 4,000. By the end of 1996, Casey says, the RTC will have sold the last of its portfolio of S&L assets.

The way Casey was talking, one would have thought the RTC had successfully completed its mission.

The ink was barely dry on the 1989 \$50 billion federal S&L bailout legislation when the Bush administration began raising its projections of how much money the bailout would cost. Within a month, RTC chairman William Seidman was asking for another \$50-100

billion in funds. By the end of 1991, a total of \$265 billion in direct appropriations and working capital—more than five times the original projection—had been authorized by Congress.

On Feb. 26, the RTC requested another \$55 billion. Unless the money was appropriated by March 15, then newly appointed RTC chief Casey told the Senate Banking Committee, there could be a "costly disruption in RTC operations." The \$55 billion would bring the direct appropriations to \$160 billion, and the total to \$320 billion. And even that might not be enough, admitted Treasury Secretary Nicholas Brady, who warned that "there are conditions beyond our control under which even our conservative estimate of \$160 billion will not hold."

For the administration to claim that an amount more than three times the original estimate is "conservative," shows how out of control the S&L bailout has become. By the end of 1991, the RTC had acquired some \$357 billion in assets from 584 thrifts. According to the General Accounting Office (GAO), RTC had sold \$228 billion of those assets and had \$129 billion in inventory. Most of the \$228 billion sold were liquid financial assets, while much of the remaining \$129 billion were hard-to-sell non-performing assets and real estate. At year's end, the RTC held \$26.4 billion in delinquent loans, compared to \$19.2 billion at the end of 1990.

Despite selling \$5.4 billion in real estate in 1991—four times sales in 1990—the RTC's inventory of real estate rose to \$17 billion at year's end,

compared to \$13 billion in 1990.

Since its inception in 1989 through 1991, despite periodic promises to clear out the inventory, the RTC had managed to sell only \$6.7 billion in real estate. Not only is the RTC unable to sell its real estate, but even worse, according to the GAO, the agency doesn't even know what it owns. In testimony before the House Banking Committee's Financial Institutions Subcommittee Feb. 26, Assistant Comptroller General Richard Fogel said that "after two years of operation, RTC still doesn't have a system to know where their assets are and how much they're worth and what they've got."

While Congress rejected the RTC's request for another \$55 billion, a bill authorizing another \$25 billion in direct appropriations is working its way through committee. If passed, it would raise the cost of the bailout to \$290 billion, or nearly six times the administration's initial promise.

While the RTC declares victory, the Office of Thrift Supervision grandly reported March 10 that U.S. S&Ls earned a \$1.9 billion profit in 1991—the first profit in five years—compared to a loss of \$2.9 billion in 1990. Unfortunately, the OTS figures do not include the thrifts being run by the RTC, which lost \$1.7 billion in the first three quarters of the year. Final figures for the RTC-run thrifts have not been announced as of this writing.

Finally, according to Financial Research Institute director Dennis Jacobs, the Office of Management and Budget has raised its projections for the costs of bank failures to the Federal Deposit Insurance Corp. for fiscal year 1992 to \$33 billion, more than triple the original \$9.7 billion estimate. With the OMB projection of a \$38 billion loss in fiscal year 1993, that would give the FDIC a two-year loss of \$71 billion, leaving the agency \$18.3 billion in the hole.

Business Briefs

Central Europe

EIR article read in Slovak parliament

The Slovak Parliament in Bratislava on March 6 heard a reading of an article in the Feb. 14 *EIR*, "IMF, 'Free Market' Looting Steers Czechoslovakia Toward Social Explosion," by Paolo Raimondi. The article, which outlined the failure of "shock therapy" policies in Czechoslovakia, prompted an intense debate on the subject of the International Monetary Fund (IMF).

The article was brought in by deputies connected to the Matica Slovenska movement (which does not advocate separatism), who wanted to challenge those Christian Democrats supporting IMF "shock therapy," the sudden shift to an unregulated market economy. The same article was reprinted in the newspaper of the Matica Slovenska movement.

A subscriber in St. Louis, Missouri had translated it into Slovak and faxed the article to the newspaper.

Demography

Nigeria census shows population decline

The Nigerian government told Reuters March 6 that a national census taken this year would show a total Nigerian population of only 91-95 million. Projections on the basis of the last census taken 20 years ago would have Nigeria's population at 108-116 million, and indeed, Unicef reported that Nigeria's population was 105 million in 1989.

If the 91-95 million figure is accurate, which is likely given that the military government placed the entire country under curfew in order to get an accurate count, then it means that Nigeria has seen an acceleration of its death rate.

The two most probable culprits are AIDS and the International Monetary Fund "structural adjustment program" instituted by the government in the mid-1980s, which has forced per capita income down by 75%.

Insurance

Drexel's ex-boss takes over Executive Life

Former Drexel Burnham kingpin Leon Black has grabbed control of Executive Life, the failed California insurance company that was one of jailed Michael Milken's best junk bond customers. Black reportedly paid out about \$3 billion.

With major debt holdings in at least 20 major corporations and about 300 smaller companies, the Executive Life portfolio will allow Black to have a say in almost every major financial restructuring of the 1990s.

Black's operation was the subject of a page-one profile in the *Wall Street Journal*. After quietly gaining control of a company's debt by buying its troubled bonds for just pennies on the dollar, Black would force that company to financially restructure, swapping the debt for equity, converting Black's position from creditor to owner.

In partnership with the Altus Finance unit of Crédit Lyonnais, Black has already taken control of Memorex Telex NV, Cole National Corp., Gillett Holdings, Inc., and Interco, Inc. The profits realized on these deals convinced Crédit Lyonnais to front the \$3 billion for the Executive Life portfolio.

In her book *Predator's Ball*, Connie Bruck described Black as much more important than Milken, since Black had many important connections that opened many doors. Black's father was chairman of United Brands, Inc., before throwing himself out of a window of the Pan American building in New York City in the mid-1970s.

Science

Soviet research now in bad shape

U.S. White House science adviser Allen Bromley testified on the horrible state of science in the former Soviet Union, at March 17 hearings before the Senate Foreign Relations Committee. Bromley stated that in addition to the deterioration of research due to lack of equipment and financial support, "communication with the world scientific community is

in jeopardy," because of the cutoff from modern, functioning telecommunications facilities. "They lack the hard currency to maintain their subscriptions to modern scientific journals, and they simply are unable to travel because of Aeroflot regulations and inadequate funds," he stated.

He also stated that due to the economic crisis, "there is a backlog of new discoveries and new technology available" that has not been exploited by Soviet industry.

Bromley was among a delegation of American scientists who recently visited Russia for meetings with their scientific counterparts, and were even given tours of once top-secret weapons research facilities.

Infrastructure

EC proposes to deregulate electricity transmission

The European Community has proposed that electricity transmission on the continent be deregulated, a move that critics say could introduce chaos into the complex system. According to the March 18 *Wall Street Journal*, the proposed legislation to "end the monopolies" of the electric utilities over electric power delivery would take effect next January.

The utilities, which in Europe are government owned, have responded that this would create market instability leading later to intrusive controls. Though it is supposed to make them "more competitive," the utilities themselves point out that it would favor large users and hurt small consumers, such as households.

Budget

States asked to fund more prisons

As crimes of all types rise in hard economic times, U.S. state and federal agencies are under pressure to finance more prisons. State and federal agencies are supposed to spend \$6.8 billion on prison construction in 1991-92, a 14.5% leap from 1989-90 spending and a whopping 79% increase over 1987-88.

If states facing budgetary constraints re-

Briefly

nege on the prison construction, they could end up in court for failing to correct overcrowded conditions and are ordered to begin construction.

The United States maintains the highest rate of incarceration in the world, and violent crime in particular continues to soar. There were 10 homicides committed per 100,000 inhabitants last year, compared to Europe where there were 1.5 homicides per 100,000. The major cause, the drug trade, has become one of the biggest industries in the country.

According to crime experts, for every dealer incarcerated, there are 12 more on the street to take his place. "No amount of cops or prisons will stop this," said one researcher to *Investment Daily*, who is also a former police chief. "You have an economic force that's unstoppable."

Biological Holocaust

Cholera nears U.S., new malaria in Cambodia

Authorities reported on March 16 that cholera has appeared outside Monterrey, the Mexican industrial city near the U.S. border. Medical personnel are trying to contain the disease, but its path to the north is clear, and is being closely monitored by U.S. public health officials.

A health department official in Mexico, Jesús Catano, said, "It is the first time we have detected cholera in northern Mexico near the border." According to José Cavazos López, undersecretary of health for the state of Nuevo Leon, the victims contracted cholera after eating food from southern Mexico, where most of the country's cases are located. At least 35 people have died from cholera in Mexico since the disease was detected June 17.

Meanwhile, the World Health Organization reports that a new strain of malaria has emerged in Cambodia. This strain is resistant to all the standard drugs used to cure the disease.

The WHO also warned that the danger this strain would spread globally is "especially acute," because the first of 22,000 members of a U.N. peacekeeping force are now entering the affected mountainous area on the border with Thailand, and could carry it back to their home countries.

Also at risk are 360,000 Cambodian refu-

gees now in Thailand, who will be returning to their homes within the next few weeks.

Health

Former Soviet Union faces catastrophe

The World Health Organization and Unicef have issued a joint report warning of an "unprecedented collapse" of health and social services in the republics of the former Soviet Union.

The two United Nations agencies warn that any further sudden collapse of the economic structure in the former U.S.S.R. could "set off a spiral of disease and poverty," with the situation particularly bad in Central Asia, affected by a "vicious circle" that could result in "economic and political chaos."

The two agencies warn, in sum, that if \$100 million in emergency aid is not forthcoming for health and social services, with a tripling of that amount in the year to come, there could be a situation in which nearly 200 million people will be left without health care.

Brazil

CNN report on street children corrected

EIR's bureau in Rio de Janeiro, Brazil has filed a report disputing a story by Cable News Network which was the basis for a report entitled "Street Kids Killed to Ready Rio for Earth Summit," in the March 20 *EIR* (p. 24).

Our correspondent reports that 3-5, not 50-60, children are killed every day in the Greater Rio de Janeiro area, which includes the neighboring municipalities of "Baixada Fluminense" where most of the killings occur. The number includes not only homeless children, but also some involved in drug trafficking.

EIR correspondent Geraldo Lino objected to any suggestion that the killings are in any way officially sanctioned, and said that such a suggestion by CNN was part of an Amnesty International-style defamation campaign mounted against Brazil over the past few years.

● **183 MILLION** people in Ibero-America are poor, nearly half the continent's population, according to the First Regional Meeting for Latin America, preparatory to the International Conference on Nutrition. The group estimates that 55 million are malnourished, 60 million affected by anemia, and millions are affected by diseases stemming from malnutrition.

● **AIDS VIRUS** carriers in China have risen 43% this year, *Libération* reported March 17. Of the 212 new seropositives registered, 117 are Chinese citizens. The minister of health said that most of the seropositives are in the province of Yunan—which borders the drug-producing Golden Triangle.

● **INDIA AND ISRAEL** are expected to finalize agreements for joint R&D and weapons systems development, when an Israeli delegation visits New Delhi March 31. The areas designated for cooperation are electronic warfare, surveillance systems, missiles, military communication systems, and electro-optics.

● **UKRAINE** Interenergo of Kiev has contracted to sell 800 million kilowatts of electricity a year to the Austrian electrical utility, Österreichische Elektrizitätswirtschaft, the *Financial Times* reports. Austrian officials "are counting on a substantial decline in domestic demand for power in the Ukraine in the next few years as industrial output there falls sharply."

● **BANKAMERICA** will lay off 10-12,000 employees within three years of its takeover of Security Pacific Corp., UPI reported.

● **STEEL SHIPMENTS** are up by 1.2%, says the American Iron and Steel Institute. But shipments to machinery, industrial equipment, and tools fell 14.4%; to oil and gas equipment fell 39.4%; to agricultural equipment fell 4.9%; and to rail freight cars, passenger cars, and locomotives fell 11.7%.

Yanomami Reserve: a plot to limit Brazil's sovereignty

by Silvia Palacios

When he designated a mineral-rich area of Amazon region bordering Venezuela to the controversial Yanomami Indian Reserve on Nov. 15, Brazilian President Fernando Collor de Mello committed one of his most treasonous acts of submission to the Anglo-American political elites who, under the pretext of preserving the environment and out of supposed respect for Indian culture, seek to entrap the Brazilian nation within a system of "limited sovereignty."

This is a central feature of the new world order, inaugurated in blood and fire during George Bush's war against Iraq. Alongside their efforts to preserve the ecology at all cost, new world order warriors see the preservation of indigenous cultures (viewed as "natural zoos") as a crucial weapon in their battle to submit entire regions of the planet—especially those rich in natural resources like the Amazon—to tacit or explicit extraterritorial treaties.

The demarcation of the Yanomami reserve on the eve of the United Nations Conference on Environment and Development (UNCED), also known as the Earth Summit, has exacerbated the concerns of the Armed Forces and of nationalist groups inside Brazil, which see in the presidential decree not merely a lack of patriotism, but also an act which verges on treason in that it places a critical border region into ambiguous legal status. The Yanomami reserve could be used in the future as a pretext for splitting away from Brazil one of the wealthiest portions of its territory.

A human zoo

According to Collor's decree, the Yanomami reserve along the border with Venezuela extends more than 9 million hectares—a vast territory the size of Portugal—and will be home to a group of between 4,000 and 6,000 nomadic aborigines (see **Figure 1**). The Yanomami will have exclusive

rights to inhabit this portion of the national territory.

Although Collor avails himself of the Brazilian Constitution, which recognizes the rights of the Indians to permanent possession of the lands traditionally occupied by them, he does not respect it. In the first place, Collor has granted the Yanomami lands contiguous to a neighboring nation, without respecting the constitutionally established margin for border security of 150 kilometers. In the second place, Collor could have opted to establish the Yanomami reserve in several portions, and not in a single unit as he did.

On the Venezuelan side of the same Amazon region, the government of President Carlos Andrés Pérez created a national park for the Yanomami Indians last June, which was dubbed a "biosphere reserve" to appeal to environmentalists and anthropologists alike. Thus, a bi-national Indian region has been "naturally" forged, as **Figure 1** shows—precisely the old demand of such fascist anthropological groups as Survival International, which considers such a "natural" enclave the ideal place for establishing an "Indian nation."

The Yanomami are nomads (whence the conclusion that they need an enormous amount of territory within which to survive). As humanity nears the 21st century, the Yanomami still live in a hunting and gathering mode. They are subdivided into approximately 200 independent communities. They speak four different dialects, but have no written language, nor do they have a precise numerical system. Their dialects are used both in Brazil and in Venezuela, and between the two countries, the total Yanomami population is no more than 22,000 persons.

The primitive state in which they live has generated intense international debate. For example, *Science* magazine in 1988 published several articles on the Yanomami. Anthropologist Napoleon A. Chagnon set off a huge polemic with

FIGURE 1
Area designated for the Yanomami Reserve



his Feb. 26, 1988 article which described the Yanomami as one of the most violent and bloody human groups on the planet. Without any form of institutionalized justice, what reigns quite literally is the law of the jungle; it is estimated that 44% of all Yanomami men over the age of 25 have participated in the murder of at least one person. Thirty percent of Yanomami adults die by violent means.

Some Yanomami communities practice cannibalism as part of their superstitious practices, and others kill first-born children who are female. This, on top of the "natural" conditions in which they live—subject to jungle diseases and severe malnutrition—has contributed to an enormous decline in demographic growth.

Nonetheless, the British monarchy has adopted the Yanomami as their personal "noble savages," to be preserved at all cost. On July 21 of last year, the Brazilian daily *O Globo* reported that the Yanomami had been chosen as the first Indian tribe which will have its genes frozen and filed at the genetic Museum of Humanity in London, which hopes to catalogue blood samples of some 500 extinct peoples. The museum is being organized by Anglo-American scientists, and has the backing of the Human Genome Organization, headed by Sir Walter Bodmer.

All the uproar about Brazilian Indians becomes even more absurd in light of the fact that, in the strictest sense, Brazil has no Indian problems except those which have been

artificially created. There are some 230,000 Indians in Brazil, the majority of them inhabitants of the Amazon, who have been allocated some 10% of the national territory for their reservations, while the total population of Brazil is 146 million. This absurd situation was commented upon by Cardinal Agnelo Rossi, in his book *Brasil, Integração de Raças e Nacionalidades (Brazil, Integration of Races and Nationalities.)* Rossi writes: "According to the land ownership criteria of the white man, every Indian is already born with 6 kilometers of land. With this proportion, Brazil could only shelter 1.4 million people. For the present Brazilian population, four times the total land mass of the five continents should be required."

The truth is that tensions over the Amazon region are as high as they are because of the impressive amount of wealth it harbors and because of the international greed that seeks to control it by any and all means. It so happens that Brazil's Indian peoples, and in particular the Yanomami, are sitting on top of a veritable wellspring of riches. Apart from being the greatest biological reserve in the world, the Amazon possesses a subsoil rich in strategic minerals, although not all are quantified: gold, tin, diamonds, niobium, uranium, etc. According to a study of the Brazilian geological service, mineral deposits discovered thus far in the Amazon are valued at \$3 trillion.

The role of the United Nations

While the manipulation of ethnic differences has always, historically, been a geopolitical weapon of the colonial powers, in the case of the forest-dwelling Yanomami, all justification for their 9 million hectare reserve is a farce, as the very notion of creating a "Yanomami enclave" comes from the same representatives of the great powers which sit on the United Nations Security Council.

The plan was made clear during the deliberations of the U.N. Security Council preceding the cease-fire in Iraq. Commenting on the Anglo-French proposal to create a Kurdish enclave in northern Iraq, Soviet representative Yuli Vorontsov "raised the sovereignty issue with his rhetorical question what the Security Council might do if it were confronted with some other country—unaccountably, he picked Brazil—with a problem comparable to the Kurdish tragedy," reported the London *Financial Times* April 10, 1991.

The United Nations has not only adopted the preservation of what it calls Yanomami culture as legitimate, but has given it international status, acting with a philanthropy rarely seen in circumstances of real disaster. In 1988, the U.N. Environment Program gave its Global Prize to Yanomami leader Davi Kopenwa Yanomami; the same prize had earlier been given to the martyred Brazilian ecologist and labor leader Chico Mendez.

In December 1990, the U.N.'s Working Group on Indigenous Peoples visited the Yanomami area. Shortly thereafter, in February 1991, at the same time that the United Nations

was concealing the bombardment of Iraq's civilian population during the Gulf war, U.N. Secretary General Javier Pérez de Cuellar was offering President Collor his special assistance in meeting the health needs of the Yanomami.

A flood of organizations with one-worldist agendas of imposing "limited sovereignty" similar to the U.N.'s have managed to gain a toehold in the Amazon. The Commission for the Creation of the Yanomami Park (CCPY)—created in 1978 by a group of fascist anthropologists and protected by, among others, the rabidly malthusian former Sen. Severe Gomes—was the mediator in bringing to Brazil a delegation from the French group *Médecins du Monde* (Doctors of the World). The group came to work with the Yanomami under a health program financed in part by the European Community. The directors of Doctors of the World became famous in Brazil for having proposed that the U.N. deploy "peacekeeping" troops to the Brazilian Amazon as environmental gendarmes.

Another group with a hand in the Yanomami reserve is the *Médecins sans Frontières* (Doctors without Borders), also French, which promotes restructuring the United Nations on the basis of precepts of the Anglo-American "new world order." Its influence on President Collor de Mello is notable. One of the founders of Doctors without Borders, French sociologist and author of *The Empire and the New Barbarians*, Jean Christophe Rufin, was recently in Brazil. During this, his third meeting with President Collor, they discussed ideas for restructuring the U.N. Security Council, preserving the International Monetary Fund's pet "democracies" on the continent, and other points on the global agenda for imposing limited sovereignties.

The possibility of conflict

Recent developments at or near the Yanomami lands bordering Venezuela confirm that the concerns of the Brazilian Armed Forces regarding the creation of the reserve are legitimate: They show on a small scale how the elements for a border crisis could take international proportions, perfect for some kind of supranational intervention, perhaps by the U.N. Security Council. In early February 1991, the leaders of the so-called *garimpeiros*, who illegally mine for gold on Indian territory in the state of Roraima, launched a provocative campaign denouncing the geographic ambiguity of a portion of the Brazilian-Venezuelan border. One year later, in February 1992, a large group of *garimpeiros* headed by their leader Altino Machado, created another provocation by illegally entering Yanomami territory from the Venezuelan side. They were shot down by the Venezuelan national guard, and the incident rapidly escalated, leading the Venezuelan consul in Roraima to characterize the area as "a potential Lebanon." At the same time, governor of the Brazilian state of Amazonas, Gilberto Mestrinho, a fierce enemy of the eco-fascist lobby, told the daily *Folha de São Paulo* that the instability resulting from the incident could be "the

'The gravest crime that can be done to a nation'

The following are excerpts of the article which appeared in the March 5 edition of Jornal do Commercio reproducing remarks by Silvio Augusto de Bastos Meira on Feb. 26, 1992. A member of the Brazilian Lawyers Institute (IAB), Meira was named by the IAB's president to take charge of the case sent to the institute by Brigadier Major Oswaldo Terra de Faria of the Brazilian Center of Strategic Studies (Cebres) challenging the Collor de Mello government's demarcation of a Yanomami reserve along the Venezuelan border.

The matter has become polemical, with no need for it becoming so, once the evidence makes clear its negative aspects: a) its unconstitutionality; b) its unpatriotic nature; c) that it profoundly damages to national interests.

Unconstitutional because the Executive is not empowered to implement this demarcation without a hearing by the National Congress. . . . This institute already unanimously approved the opinion of lawyer Oto Vizeu Gil on this matter.

Unpatriotic because it orders the demarcation of lands bordering a foreign country, violating Brazilian legislation dating from the time of the Empire and continuing through the Republic, regarding the 150 km strip along the border.

Profoundly damaging to national interests because it orders the demarcation of an area of 9.4 million hectares, consisting of minerals, forests, and deserts, in which barely 4,000 nomadic Indians live in primitive conditions, distributed in small groups which are enemies of each other.

Obviously, what stands behind these demarcation measures are hardly laudable instincts which threaten Brazil's national sovereignty.

That region is a repository of minerals: gold, diamonds, uranium, silver, manganese, and many others. For many centuries, powerful nations have cast their eyes on the Amazon. . . .

The concession of sovereign rights and the alienation of territory constitute the gravest crime that could be committed against a nation. The Romans called it treason. . . . a crime demanding the death penalty. . . .

There is a certain irrationality in the demarcation of 9.4 million hectares for 3,000 or 4,000 Indians. . . . More alarming is the wound inflicted on the nation, opening wide its doors to the foreigner who penetrates with his Trojan Horse, with presents, ministers, missionaries, scientists, trying to teach their language—English—as occurs along other border areas. Isn't this the way it happened in Africa?

If today's generations don't resist—and that resistance has several phases and methods—we will arrive at a sad reality, in the future, when it will no longer be possible to fight. That time is now.

It is remarkable that to date, the National Congress has said nothing in defense of its own constitutional rights, allowing the Executive to do what it will, and bending to flagrantly unconstitutional acts. Where is the Brazilian Congress? . . .

All over Brazil, enlightened, far-sighted people are reacting.

Always vigilant in defense of national sovereignty, the Armed Forces have spoken, through high level individuals. . . .

We must join hands—as long as they aren't necessary to assume an attitude of defense and attack. . . .

It is time, my countrymen from all areas and professions, to rise up against an unconstitutional act.

pre-announcement of plans to call a U.N. force into the region."

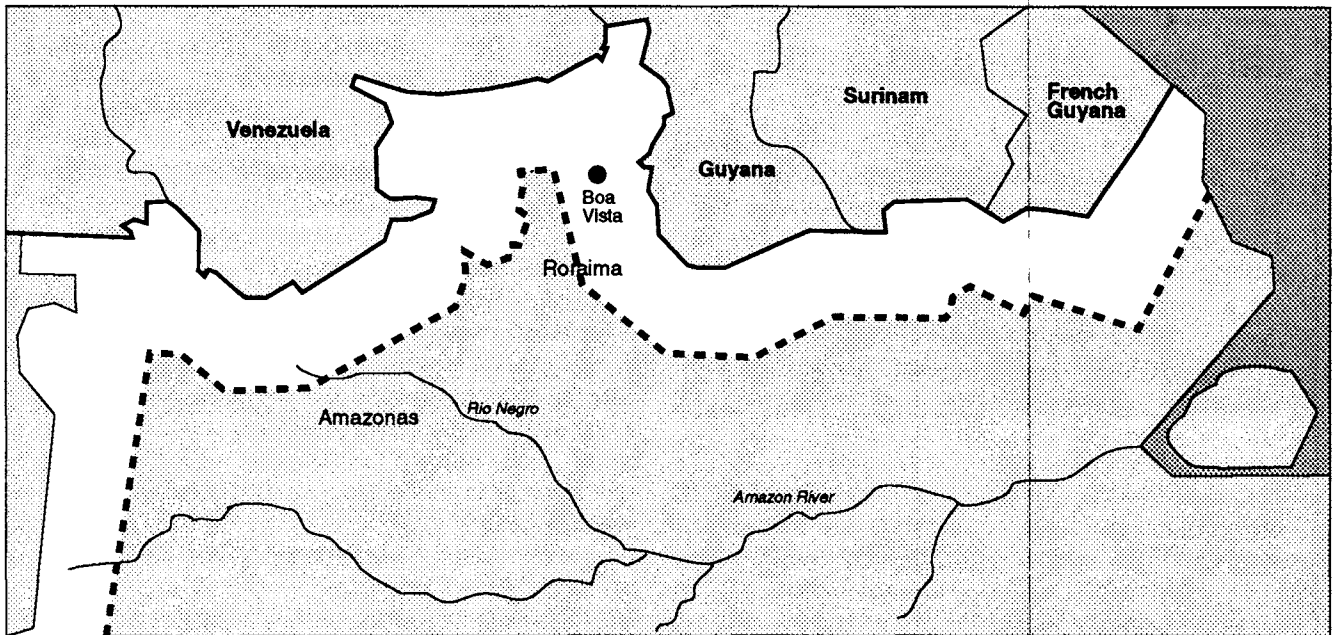
Such provocations reinforce the state of alert in which the Brazilian Armed Forces find themselves on the Amazon question. This was confirmed in the study "1990-2000: The Vital Decade," prepared by the Superior War College, think-tank of a civil-military elite. In its chapter on the Amazon, it warns: "Self-government in Indian areas: This poses a permanent foreign temptation for the internationalization of the Amazon, beginning with the Indian enclaves, used by the non-governmental organizations (NGOs)." Finally, it concludes that, if the international destabilization scenario should intensify, defense of the area would include declara-

tion of "a state of war."

Such a spirit of defense was later confirmed by Gen. Atenor de Santa Cruz, former military commander of the Amazon region. During a heated moment in the battle to prevent the President from yielding to foreign pressures in the demarcation of the Yanomami reserve, the general categorically stated that if the superpowers persisted in their globalist plans to submit Brazil to their scheme of limited sovereignty, a "new Vietnam" would undoubtedly be created.

It was out of these strategic considerations that, in 1986, the border project known as "Calha Norte" was launched. Calha Norte involved the construction of eight military posts, to extend from the Brazilian divide with French Guyana to

FIGURE 2

Brazil's 'Colha Norte' development project

the region of Solimoes, along the border with Colombia (see **Figure 2**). Calha Norte was considered a national security priority, integrating military reinforcement with the economic development of the region and undertaking to selectively populate the 150 kilometer border strip in accordance with security concerns.

Since the Yanomami reserve was created within the same strip of land, the Armed Forces have been restricted from involvement in establishing of any population centers not comprised of Yanomami Indians. Further, they are prohibited from maintaining any kind of physical presence in the area, or from maintaining permanent supply posts, thereby leaving the reserve area vulnerable to invasion by terrorists, drug traffickers, and even foreign forces. Such restrictions contradict the way in which development of the Amazon region was begun in the mid-18th century, when large population centers were established around military fortifications erected by the Portuguese along the river banks.

Treason to the Fatherland

None of the political forces which oppose the demarcation of the Yanomami reserve as it has been decreed has given up the fight. On the contrary, they have escalated. In the past their attacks were directed at José Lutzenberger, the recently fired environment minister (see *Report from Rio*), who functioned as a fifth-columnist for the British crown, but today their batteries are turned directly against President Fernando Collor.

On Feb. 26, the Institute of Brazilian Lawyers (IAB), the

country's oldest organization of lawyers, issued a severe and unexpected legal opinion which synthesized the growing wave of civil-military hostility to Collor's decision (see box). According to the IAB opinion, the presidential decree on the Yanomami reserve is unconstitutional, unpatriotic, seriously detrimental to the national interest, and could well be characterized as treason to the Fatherland. "The concessions of rights linked to sovereignty, the alienation of lands constitutes the gravest crime that could be committed against a nation. The Romans called it treason to the Fatherland—what is called *perduellio*—as a crime demanding the death of the traitor," states the IAB. The IAB opinion had been requested by the Center of Strategic Studies (Cebres), a private think-tank which frequently expresses the viewpoints of Brazil's retired officers corps.

In addition to the striking IAB opinion, there exists another organized initiative seeking to reverse Collor's decree. This is a "class action suit" brought by the well-known lawyer Americo Chavez against both President Collor and Justice Minister Jarbas Passarinho. The suit states, "It is necessary to point out that the space allotted to the Yanomami Indians possesses the greatest mineral wealth in the world. . . . We do not protest the Yanomamis' right to have a reserve to assure their existence. What we do criticize is the exaggeration of the measure." The suit also includes a summary of the international pressures by ecological groups that were brought to bear, and which were ultimately responsible for the presidential decree. The suit was accepted by a federal judge in Rio de Janeiro Feb. 15.

Prince Philip migrates south for spring

by Scott Thompson

HRH Prince Philip, Duke of Edinburgh, has been on an inspection tour of the Western Hemisphere as president of the World Wide Fund for Nature (WWF), migrating in reverse direction from Anchorage, Alaska southward with the arrival of spring. As the British consulate in San Francisco informed *EIR*, this is a "private visit" by Prince Philip that is being organized by WWF, making it a step below a state secret to uncover.

But in an interview, WWF vice president Russell E. Train, who is the former administrator of the Environmental Protection Agency, said the ultimate destination of Prince Philip's trip was three major cities in Brazil. He would meet with the Brazilian President, Fernando Collor de Mello, in the capital of Brasilia, and seek to further WWF's campaign that has placed the right of Indians to live in parasite-ridden squalor above the Brazilian nation's rights to manage the Amazon tropical rain forests.

Egg Island . . . and caviar, too

Prince Philip has collected a lot of booty for his hobby on this trip—if heading a group that places the rights of wildlife over human existence can be called a hobby. Prince Philip has actually said that he would like to be reincarnated as a deadly virus, because there are too many people, prompting some to refer to him as His Viral Highness. After touring Anchorage, Alaska early in the week of March 8-15, Prince Philip traveled to Alberta, where Minister of State Pauline Browes announced two funds that would channel millions of dollars in projects to be administered by WWF.

One fund for \$1.3 million is for recovery of endangered Canadian wildlife, and \$2 million was allocated for impact studies of toxic chemicals on wildlife. Also, while Prince Philip was in Alberta, Minister of Tourism, Parks and Recreation Don Sparrow said the province would designate Ross Lake, Middle Sand Hills, and Egg Island as ecological preserves. Moreover, the government announced that it would set up 21 new natural areas within the next year, locking up still more of Alberta's resources.

In San Francisco, where he settled for one day on March 13 before departing for Ibero-America, Prince Philip made an appearance at a \$1,000 a plate dinner for his Duke of Edinburgh Congressional Award and Outward Bound. Sipping Napa Valley chardonnay, while dining on chicken and smoked salmon, the guests got to hear Prince Philip's bad jokes about how he got a girl who applied for the Duke of

Edinburgh Award to study Spanish before she ran off to become a bullfighter. The British consulate acknowledged there were wealthy contributors, but refused to say who they were and how much more they gave.

On the evening of March 13, Prince Philip took part in a closed WWF event at the Monterey Bay Aquarium, where he met with Russell E. Train and other WWF leaders. According to Train, the prince left for Guyana to study a WWF project, before heading south for Brazil. In Canada, according to UPI wires, Prince Philip said that the destruction of the forest in North America "is not even close to that in the Amazon rain forests."

The 1,001 Club

If Prince Philip has collected a lot of swag for the WWF on this trip, it is nothing compared to the contributions he receives through the secretive 1,001 Club. The club was founded by Prince Philip and Prince Bernhard of the Netherlands, as a bridge between WWF and the Bilderberg Society. Prince Bernhard is the founder of the elusive Bilderberg Society, which was created to form a "special relationship" like that between the New York Council on Foreign Relations and the Royal Institute for International Affairs among policymakers in Europe and the United States. Invited guests to last spring's Bilderberg Society meeting in Baden-Baden, Germany, for example, included Arkansas Gov. Bill Clinton and Vice President Dan Quayle. Prince Bernhard was the founder and president of WWF, and remains president of the WWF-Netherlands and a member of the WWF international advisory group.

Although the secretary of the 1,001 Club refused to provide *EIR* with a current list of club members, claiming that it was a secret like the Bilderberg Society, British author Charles Higham reveals some facts in his book *Elizabeth and Philip*.

Each of the 1,001 Club members has had to make an initial contribution of \$10,000, and the membership includes some of the wealthiest people in the world, such as members of the Astor, Rockefeller, and Rothschild families. One of the early members was Robert Vesco, who fled to Ibero-America, after looting some \$80 million from Investors Overseas Services. Based in Havana, Vesco is now involved in major cocaine trafficking from the Caribbean "Silver Triangle."

Author Higham shows that the 1,001 Club members include many people implicated in the Lockheed bribery scandal, which forced Prince Bernhard to retire as head of the Bilderberg Society. It also includes many business associates of Queen Elizabeth II, the wealthiest woman in the world: Arthur Knight, chairman of Courtaulds, Ronald Grierson, director of General Electric Company of Great Britain, and Sir Mark Turner, chairman of Rio Tinto Zinc. The 1,001 Club is a powerful list from which to draw funds for WWF's planned debt-for-equity swap ideas. These involve buying up Third World debt at 10¢ on the dollar, then swapping it for mineral and forest rich equity in those nations.

The fraud behind Chile's economic 'success story'

by Peter Rush and Dennis Small

For more than a decade, it has been commonplace to hear bankers, government officials, and journalists from around the world trumpet the wonders of Chile's "success story" in applying "free trade" economic policies. Especially in recent years, when Chile has boasted allegedly significant growth rates in its Gross Domestic Product (GDP), this chorus of praise for Chile's post-1973 economic "reforms" has become a roar. It is cited as vindication of free market principles, and as a proof that total liberalization of the economy is the way to economic growth and prosperity.

Today, as the nations of Ibero-America begin to rebel against the International Monetary Fund (IMF) and its liberal dictates, and as the newly freed nations of central and eastern Europe debate what course to chart for their economies, the promoters of the "Chile Model" have become shrill and insistent: "The policy has worked in Chile; your country must apply it, too."

Nothing could be further from the truth. Examination of the performance of the Chilean economy over the last 18 years, since Gen. Augusto Pinochet headed up a military coup in 1973 which turned over economic policy-making in that country to Wall Street's free market ideologues, reveals that the Chilean economy was first shattered by a decade of "shock therapy," under which employment tumbled, investment dried up, and living standards took a nose-dive. Only after several years was there a slow turnaround, and by 1990 the economy was more or less back to ground zero, barely at the per capita levels of output and income of 20 years earlier.

In fact, Chile's objective economic performance over the entire period, as we shall demonstrate, is fairly typical of the rest of Ibero-America: It is neither much better nor much worse. Like the rest of the continent, the majority of Chile's population today lives in abject poverty; its infrastructure is horribly deficient; it has a stunted manufacturing sector and a bloated, unproductive service sector; and, like most colonial economies, it continues to export mostly raw materials to



You can't eat it, drive it, or wear it, let alone use it to enhance productivity, but the original Chicago Boy, Milton Friedman, seems entranced by a sheet of monetary instruments.

the nations of the North.

Throughout this period—and this is the *real* reason the bankers promote Chile as their “success story”—Chile’s debt soared, and yet Chile faithfully paid every dollar owed in interest payments. In fact, Chile has paid more cumulative interest per capita in this decade, than any other nation of Ibero-America, with the exception of oil-rich Venezuela.

How did this bankers’ “success story” come about?

The stage was set by the communist economic policies of President Salvador Allende (1970-73), which drove the country to the edge of the precipice. Then, with the 1973 Pinochet coup, and to Wall Street’s delight, Chile became the first country in the world to adopt, whole-hog, the economic theories of Milton Friedman of the University of Chicago, the “Chicago School” of liberal economics. The top economic advisers to the Pinochet government were Americans seconded directly by Friedman, and came to be known around the world as the Chicago Boys. Under their tutelage, most of the “free trade” reforms now being pushed by the IMF, Jeffrey Sachs et al. around the world, were given their first trial run. These included: eliminating most tariffs and tariff barriers (permitting easy importing of low-priced items); letting the currency float; cutting spending for social welfare and infrastructure in order to balance the budget; privatizing hundreds of state enterprises; and privatizing the social welfare system itself. On the political front, trade unions and political parties were banned in order to impose “labor discipline,” which in turn made it possible to

sharply reduce real wages.

Chile, the bankers’ favorite debtor

One of the lesser ironies of the Pinochet coup was the hypocrisy of the charge by Pinochet and his Wall Street sponsors that one of Allende’s major failings was having run up a huge foreign debt. There are many things Allende can be blamed for, but this is not one of them.

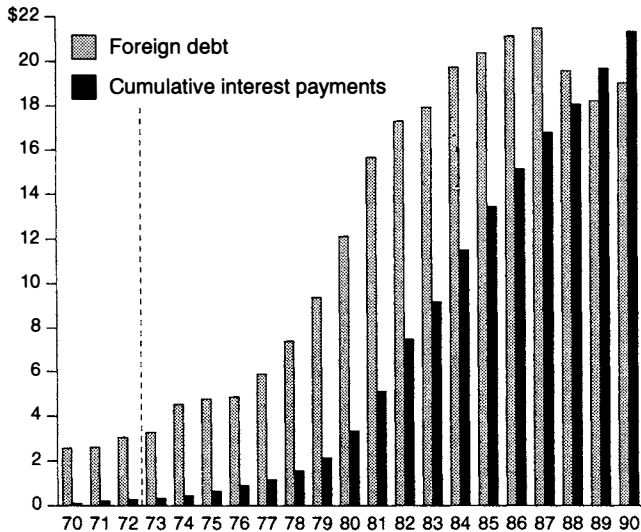
As **Figure 1** shows, debt hardly rose at all under Allende’s three years, and interest paid was almost negligible. Chile’s foreign debt jumped significantly only in 1974, the first year after the coup. There it stayed for a couple of years, until it began rising at a phenomenal rate, doubling between 1977 and 1980, and tripling between 1977 and 1983, to \$18 billion. It continued rising to nearly \$22 billion by 1987. Although an early Brady Plan deal with the bankers lowered that amount back to under \$19 billion in 1990, the country today is still running a close third behind Argentina and Venezuela in the level of foreign debt per capita of any major Ibero-American country.

Through all of this, including the enormous run-up of interest rates from 1979 to 1981 brought about by U.S. Federal Reserve Chairman Paul Volcker, Chile faithfully managed to pay the interest on its debt. **Figure 2** shows that over the period from 1981-90, only Venezuela has had a marginally higher per capita level of cumulative interest payments. At \$1,366, Chile’s figure is almost double the average for all of Ibero-America at \$711 per capita. In the early 1980s, Chile

FIGURE 1

Chile's foreign debt and cumulative interest payments

(billions \$)



Source: World Bank.

paid its debt service the same way Brazil, Argentina, Mexico, etc. did—by borrowing new money. But while those countries were barred by the banks from more borrowing after 1982, Chile was viewed so kindly by the international banks that Chile alone was not frozen out of new borrowing. Through 1986, that nation was permitted to borrow much of what it required to keep current on interest payments.

Then, in 1988, a year before the announcement of the famous Brady Plan for debt reduction, “bankers’ boy” Chile was permitted to renegotiate its debt, reschedule its maturities, and actually lower its total amount of debt by more than \$3 billion, accounting for the decrease in net debt shown in Figure 1 for that year. Since 1989, the debt has begun rising again.

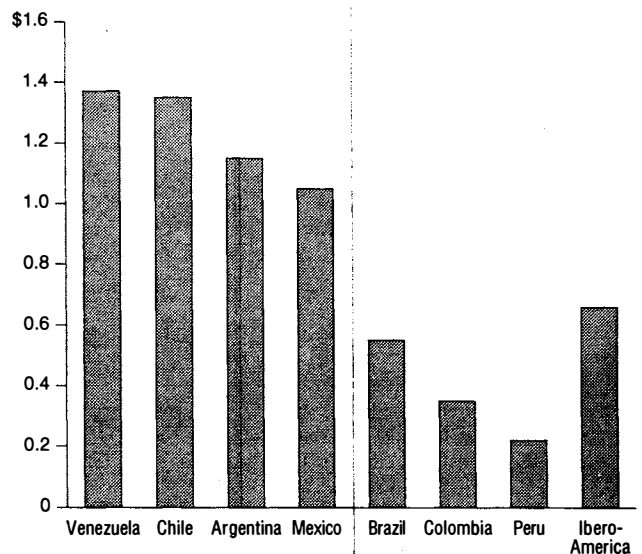
There are certain features about Chile’s debt and interest paid profile over the past 20 years that are worth noting. The first is that, as of 1990, Chile had paid more in cumulative interest alone—\$21.3 billion—than the entire value of its total outstanding debt, at \$19.0 billion. In this, it is in good company with a number of other Ibero-American countries. However, unlike virtually all of the others, Chile has the distinction of never having been in arrears, of never having failed to pay its interest on time. It has been a consummate “good boy.”

Second, note the enormous increase in debt between 1976 and 1982, a total of nearly \$12 billion. This debt run-up was the direct product of the reforms of the Chicago Boys, since, with the freeing of the banking system and the end of govern-

FIGURE 2

Accumulated interest payments per capita in various Ibero-American countries, 1981-1990

(thousands \$)



Source: World Bank.

ment involvement in regulating currency exchange rates, the private banking system was free to, and did, contract this enormous new debt without regard for the economic or financial best interests of the nation. This debt run-up also accounts for the apparent recovery of the 1978-81 years.

Where did all this new debt go? The large-scale reduction or elimination of tariff barriers during this period permitted the relatively free import of everything that importers could find a market for, while exports—contrary to what was supposed to happen according to monetarist theory—did not rise appreciably. The result was an enormous trade deficit, which was financed precisely by the \$12 billion that was borrowed. Moreover, the vast bulk of the imports were for consumer goods, not for capital goods. Total employment in Chile rose substantially, but not in the crucial manufacturing and agriculture sectors: Goods-producing activity continued to decline. The debt fed nothing but middle and upper class consumption, and the creation of service sector jobs that did not add to the national wealth.

In short, until 1981-82, the economy was “booming,” based solely on a madcap credit binge made possible and encouraged by the “free market.”

This pattern was unlike that in Brazil, Mexico, and many other countries which also ran up huge debts in the late 1970s and early 1980s. In these cases, apart from periods of organized flight capital such as late 1982 in Mexico, a large proportion of the debt acquired went for the purchase of capital goods. Mexico in 1982 was in the midst of a vast

expansion of its port, railroad, road, and industrial infrastructure. Brazil had embarked on the vast Carajas mining project, huge hydropower projects, and other such developments. But Chile under the Chicago Boys was merely consuming, not producing.

The bubble collapsed in 1982-83, when the pressure of the post-1979 huge increases in interest rates and oil prices was more than the weakness of the underlying economy could sustain. That weakness was centered on a gigantic growth of a speculative business and financial sector which had prospered by buying up former state sector companies for a song, asset-stripping them as rapidly as possible, and launching corporate raids on any remaining productive areas of the economy. So voracious were these early versions of Ivan Boesky and Michael Milken, that they were popularly known in Chile as "piranhas."

In January 1983, the piranhas went bust—and the Chilean government stepped in and picked up the tab. A few months earlier, when it was already clear that the bubble was going to burst, a number of the Chicago Boys took refuge in academic posts in Chilean universities. They left a new economics team behind to pick up the pieces, and to go back to the drawing boards to design a new austerity policy—which flattened the economy once again. Many of the free market reforms were revoked, some import controls were reinstated, while average tariffs were raised 10-35%. These measures, and the cessation of new borrowing, slashed imports in half. The result was a modest trade surplus in 1983, and a slowly growing surplus since 1985.

Trade surplus, on rotten terms

In investment terms, this net trade surplus represents a net outflow of physical resources. In modern history, every developing nation has remained a debtor nation, importing more than it exports, until it has achieved a significant level of development. This was historically true for the United States, Germany, and Japan as well. The net inflow of capital goods—not consumer goods—is required to achieve rapid enough growth to properly develop.

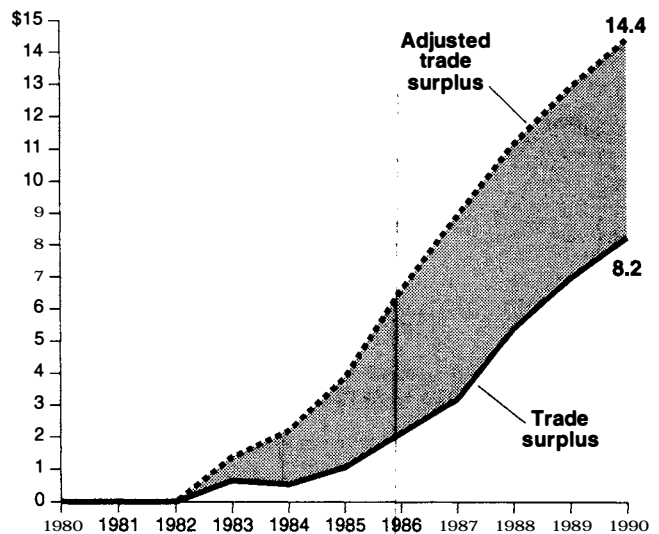
Since 1982, the entirety of Ibero-America has been forced into a sharp reversal of this pattern, exporting more, in many cases much more, than they were importing. Chile was no exception. This net export of physical wealth is nothing but looting, and Chile has been looted just like every other country in the continent. **Figure 3** shows the accumulated looting of Chile since 1982. As of 1990, it had exported a total of \$8.2 billion more than it had imported in the same period.

The other component of the looting of Chile came about between 1982 and 1987 via the deterioration of its terms of trade. This means that the unit price of Chile's imports rose, while the unit price of its exports dropped. Specifically, the price for copper, Chile's major export, collapsed in the mid-1980s. The cumulative loss on terms of trade was \$6.2 billion

FIGURE 3

Accumulated physical loot, 1980-1990

(billions \$)



Sources: Interamerican Development Bank, World Bank, and our calculations.

during this period, \$5.3 billion of which occurred between 1982 and 1987. After this date the price of copper rose dramatically on world markets and began favoring Chile.

If we add this terms of trade factor to the nominal trade deficit, the total cumulative physical looting was of \$14.4 billion as of 1990, and probably reached \$16-17 billion by 1991.

There is a third factor of physical looting which shows up in almost every Ibero-American country, but is strikingly absent in the case of Chile: capital flight. While the international banking elite in the early 1980s organized and encouraged nationals of Mexico, Venezuela, Argentina, and other countries to send vast amounts of money abroad into their banks in Miami, New York, Switzerland, and elsewhere, they did not do so in Chile. So, whereas Mexico under President José López Portillo, for example, was robbed of upwards of \$20 billion which was maliciously stamped out of the country in response to his nationalist economic policy, Chile was left relatively unscathed by its banker friends.

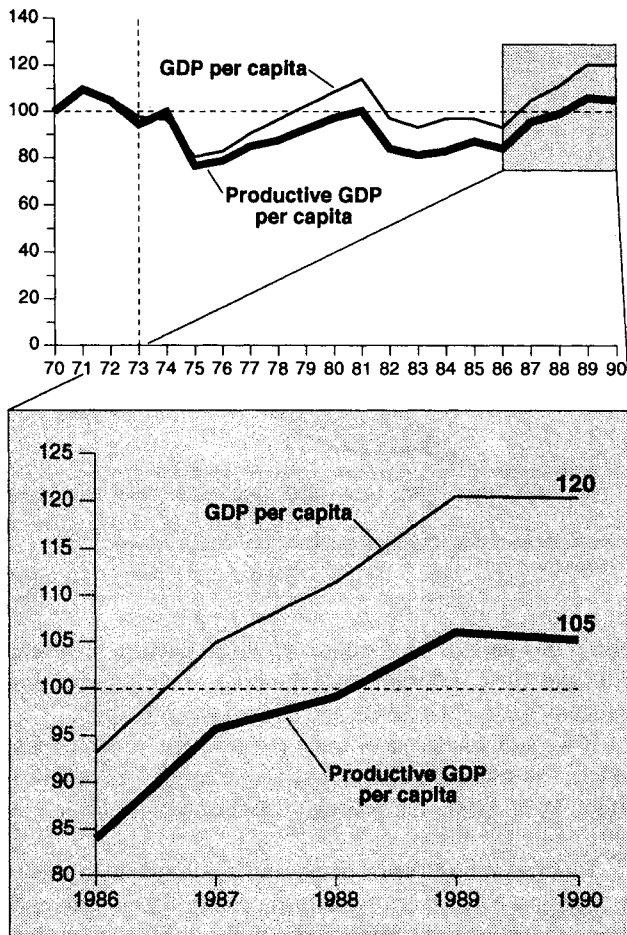
Stable as a corpse

The lower half of **Figure 4** is the sum and substance of the "Chile model success story": the appearance of robust economic growth from 1986-89, although 1990's lackluster performance has already taken some of the polish off the image. GDP per capita grew at 5-10% a year for these three years.

But what is missing in this rosy picture, is the context. The upper half of **Figure 4** shows the same parameters going

FIGURE 4
GDP and productive GDP per capita, 1970-1990

(index 1970 = 100)



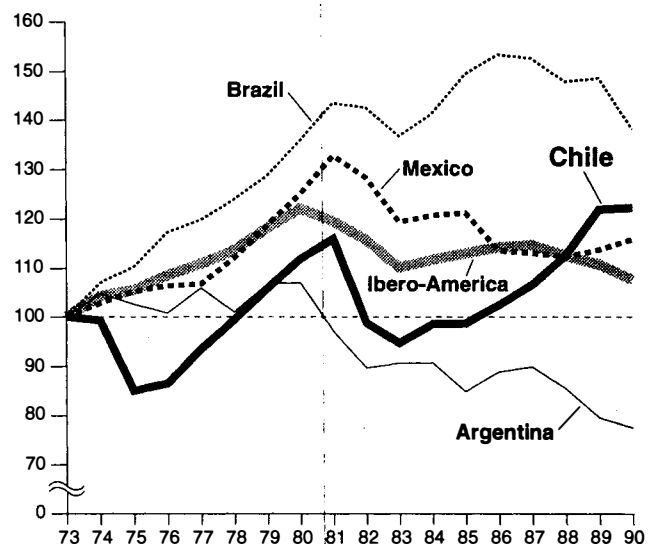
Sources: Interamerican Bank and our calculations.

back to 1970, revealing that the “recovery” of 1986-89 barely restored GDP per capita to levels previously reached in 1971 and then destroyed by a combination of Allende’s policies and the Chicago Boys’ free market lunacy. Productive GDP—the tangible physical output from farms, factories, mines, and the construction industry—fared worse, and has yet to recover to the levels of the early 1970s. So the only “success” in Chile is that of partially resuscitating the economic corpse which the Chicago Boys themselves created.

The pattern displayed is that of a roller-coaster. GDP per capita plunged 20% after the 1973 coup, rose gradually to a 1981 level above that of 1970-73 (based, as we have noted, purely on foreign borrowings for consumption imports), only to fall another 20% between 1981 and 1983. This time, the collapse was even more persistent than in 1973, and only

FIGURE 5
GDP per capita in selected countries, 1973-1990

(index 1973 = 100)



Sources: Economic Commission for Latin America and Interamerican Development Bank.

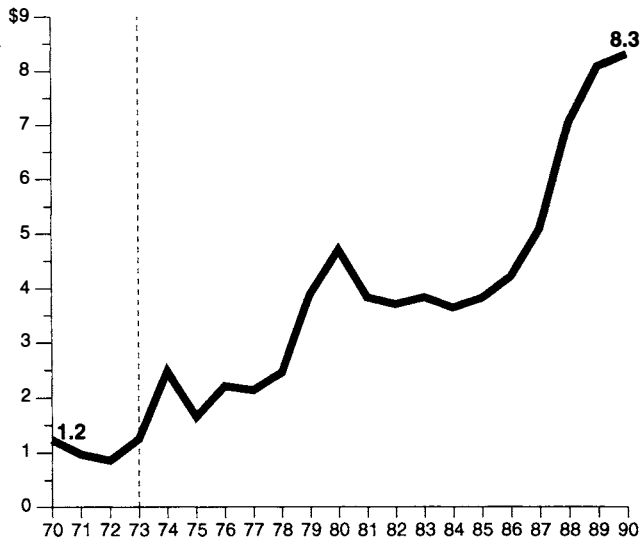
began to improve again in 1987, based, as we shall see, largely on a sharp increase in international copper prices, and not on any economic policy success of the country.

The case is even worse if we look at productive GDP per capita, which refers to those sectors that are directly involved in physical goods production, and which is a better measure of the real health of an economy. The collapse in physical goods production per capita in 1983 was just as severe as in 1975, dropping to about 80% of its 1970-73 levels, and even in 1990 it was just barely above its level in 1970—total stagnation over two decades.

If we were to look at similar categories for Korea, Taiwan, Thailand, and Malaysia for the same time period, they would show a doubling, in many cases a tripling or more, of GDP per capita, and of productive GDP per capita. A model that takes 18 years to return to ground zero is hardly a model worth emulating.

Nor is Chile’s economic performance particularly impressive even by Ibero-American standards. Figure 5 compares Chile, in relative terms, to three other major Ibero-American countries, and to the average for the continent as a whole. The most striking feature to be noted is that until 1988, Chile had the worst performance of any country but Argentina, a total economic basket case since the tenure of Finance Minister José Martínez de Hoz wrecked the place in the late 1970s, sending it into a tailspin from which it has not recovered to this day. Only in 1988 did Mexico’s decline

FIGURE 6
Exports, 1970-1990
(billions \$)



Source: Interamerican Development Bank.

under the government of Miguel de la Madrid intersect the belated upturn in the Chilean economy. And only in that year did Chile begin to show a greater increase in GDP per capita than the average for all of Ibero-America—and not by much. And it is still faring significantly worse than Brazil.

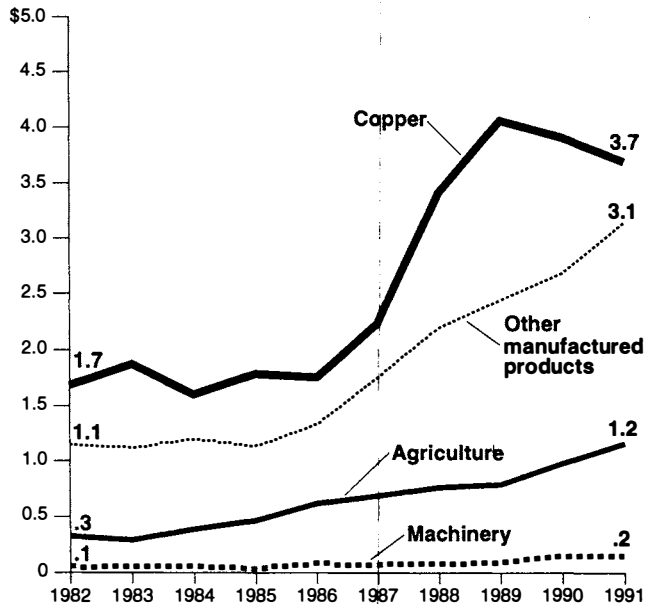
'Export-led recovery' based on copper

The doubling of the value of Chile's exports after 1984 is one of the central aspects of the late-1980s "recovery" (see Figure 6.) But was this due to the success of the government's free market economic program? Figure 7 shows that, through 1990, fully 50% of Chile's export revenues came from copper, and that the majority of the increase in total exports after 1985 was due to this one commodity. Copper exports jumped more than 100% in total value between 1986 and 1989, exceeding \$4 billion in 1989, a higher figure than the total of Chile's exports prior to 1979. Figure 8 makes clear that this increase in export revenues had nothing to do with Chilean economic performance as such: It was due solely to an abnormal increase in the world price for copper, which rose more than 100% between 1986 and 1989.

In short, Chile experienced an enormous windfall between 1987 and 1991 in its export revenues, and hence in its foreign exchange. This windfall had much to do with the ability of the economy to continue to service its foreign debt and to post the modest rates of growth of GDP which began precisely in 1987.

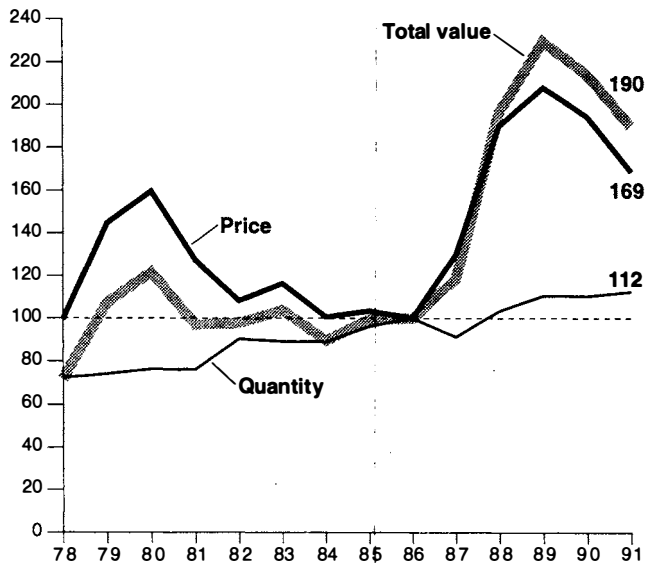
Latest indications are that the economy stalled once again in 1991, posting, according to one preliminary estimate, only

FIGURE 7
Composition of exports, 1982-1991
(billions \$)



Source: Economic Commission for Latin America.

FIGURE 8
Copper exports: value, price, and quantity, 1978-1991
(index 1986 = 100)



Sources: Economic Commission for Latin America and International Monetary Fund.

a 1% growth rate (which is a 1% per capita decline). At the same time, copper prices have dropped substantially, and copper has fallen to less than 40% of total export value. The economy is clearly quite sensitive to trade fluctuations—a not-unexpected result for a “free market” economy—making it hostage to the vagaries of the international trade picture which are beyond its control.

Returning to Figure 7, “other manufacturing” exports have also risen quite substantially, from under \$1.2 billion in 1985 to over \$3 billion in 1991. “Other manufacturing” refers to all manufactured exports other than machinery and equipment, which is graphed separately. Here again, it turns out, after 1986 there was a substantial price increase in many of the major components of this category as well, including wood, pulp and forest products, and other metal ores. Only the steady increase in agricultural exports represents actual growth in physical output, based on the decision made in the 1970s to invest heavily in exportable crops, especially in fruits.

Manufacturing sector stagnates

The slower growth of productive GDP compared to total GDP, shown in Figure 4 above, reflects the slower growth of manufacturing and agricultural output, relative to the service sector. This pattern is hardly unique to Chile. Every nation of Ibero-America shows the same thing. It shows up most dramatically in the area of employment.

Judging from the lower half of **Figure 9**, one might be led to think that Chile has been creating jobs hand over fist—a frequent claim of the free market apologists. But again, this is only an illusion. The scale is an index based on 1973=100, by which measure manufacturing employment in 1989 still had not regained its level of 1973, and had just barely returned back to its 1970 level. The upper half of Figure 9 shows the full picture.

The data speak for themselves. They show that the Chicago Boys’ 1977-81 economic “boom” was absolutely not based on manufacturing, in which sector there was a continual decline in employment even at the supposed height of the “boom,” between 1979-81. And then, at the trough of the depression in 1983, manufacturing employment fell to barely more than 50% of its 1973 level. The steady increase since then represents a barebones recovery of former levels, not real growth.

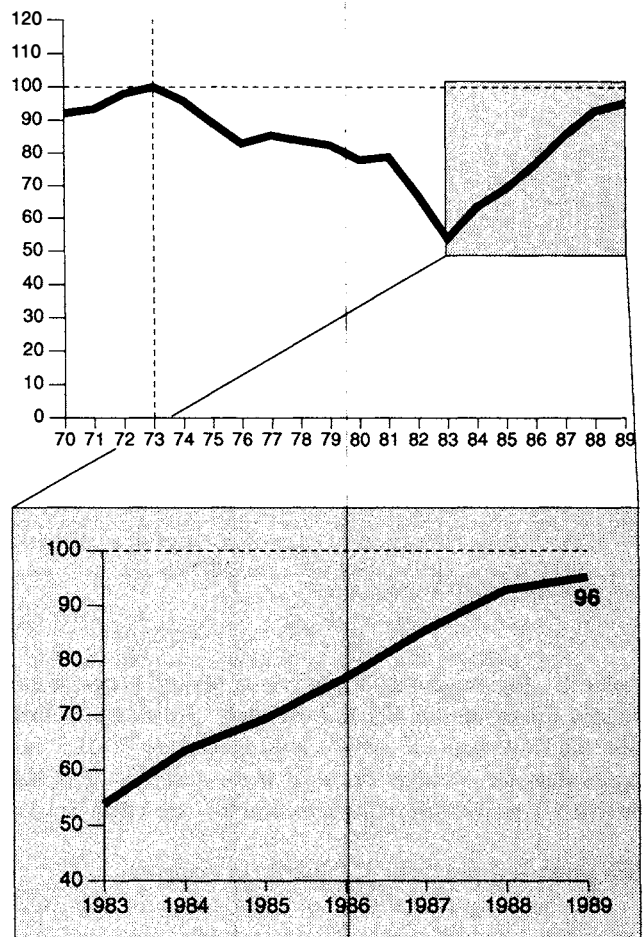
When this figure is converted into a per capita figure—that is, the number of manufacturing workers per inhabitant—the picture is far bleaker: The proportion of the population and of the work force engaged in manufacturing declines faster and further, and doesn’t recover nearly as much. On an index of 1973=100, the index of manufacturing workers per capita in 1989 was only 74.

Figure 10 makes clear how disastrously Chile’s employment profile has shifted. Virtually all growth in employment since 1973 has been in services. Agriculture employment

FIGURE 9

Employment in manufacturing, 1970-1989

(index 1973 = 100)



Source: World Bank.

has been almost flat, and manufacturing employment is still below its 1973 level, as we saw in Figure 9. Meanwhile, employment in services shot up from 900,000 in 1970 to over 2 million in 1989, and is still rising. Outside of services, only employment in non-manufacturing industries (mining, construction, and public utilities) has risen somewhat.

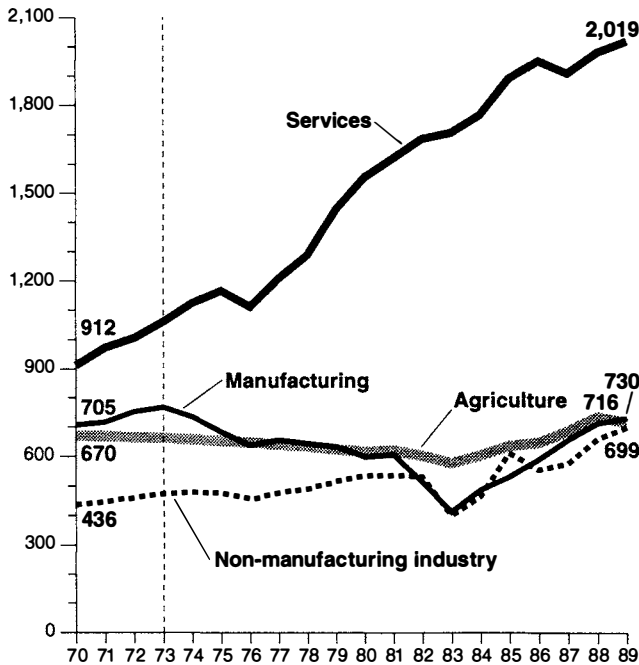
It should be pointed out that the service sector is properly dependent on the productive sectors, since only the latter create new wealth in the economy. Service sector growth unsustained by productive activity growth is pure economic rot.

Figure 11 shows, in percentage terms, this same shift into an unhealthy services economy. Agricultural employment has shrunk from 30% to barely 15% of the labor force in 30 years, which in itself is a healthy sign of a modernizing agriculture. But the entirety of the workers so freed up—

FIGURE 10

Growth of employment, by sector, 1970-1989

(thousands of employees)

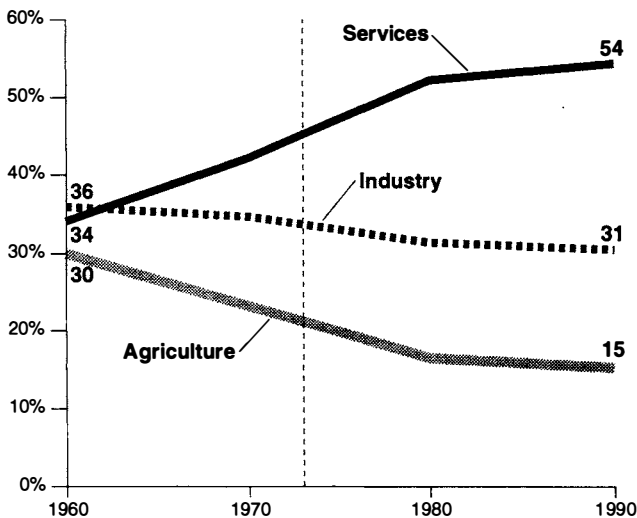


Sources: World Bank, Economic Commission for Latin America, and our calculations.

FIGURE 11

Chile: composition of labor force, 1960-1990

(percent of total)

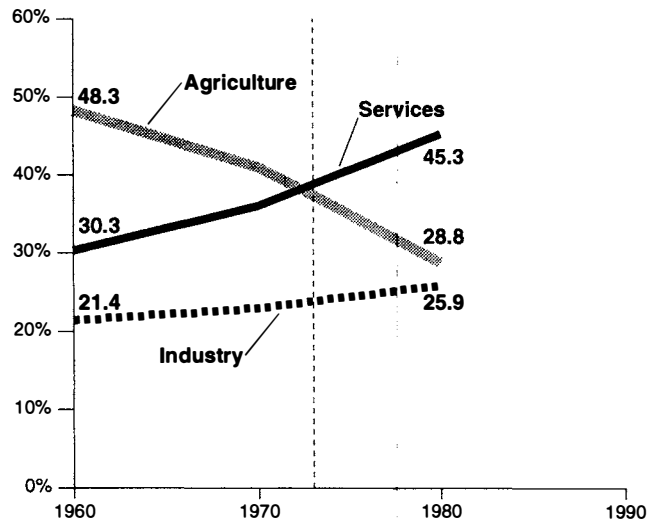


Sources: World Bank and Economic Commission for Latin America.

FIGURE 12

Ibero-America: composition of labor force

(percent of total)



Sources: World Bank and Economic Commission for Latin America.

and then some—went into services, not industry. In fact, industrial employment itself shrank steadily as a percentage of the labor force during that period, a totally unhealthy progression.

The best one can say about this trend is that it is not much worse than that of the rest of Ibero-America (see Figure 12).

This is the lawful result of “free market” policies.

Official and actual unemployment

Figure 13 shows that official unemployment has been extraordinarily high for the entirety of the period since the 1973 coup. This fact alone ought to disqualify Chile as anyone’s model for economic growth. The “shock” program of Friedman’s boys more than tripled unemployment between 1973 and 1976, and even the phony “boom” through 1981 only lowered it to 12%. The 1983-induced depression pushed it up to an extraordinary 23% of the labor force, a full-scale depression level. Although it has come down by half since then, it was still at 11.3% in 1989. Later figures are not yet available, but it is unlikely to have dipped below 10% as of the end of 1991.

Besides official unemployment, Figure 13 also shows another category: “misemployment in services.” This category, necessarily very rough, is an attempt to measure the spread of non-productive “employment” in services which is out of proportion to the increase of real wealth creation in the economy. If industry and agriculture are growing strongly, there is a sound economic basis for services to also grow. But when the productive sectors are stagnant, the ability to effectively employ more people in services is likewise

FIGURE 13

Actual unemployment, 1970-1989

(percent of total labor force)

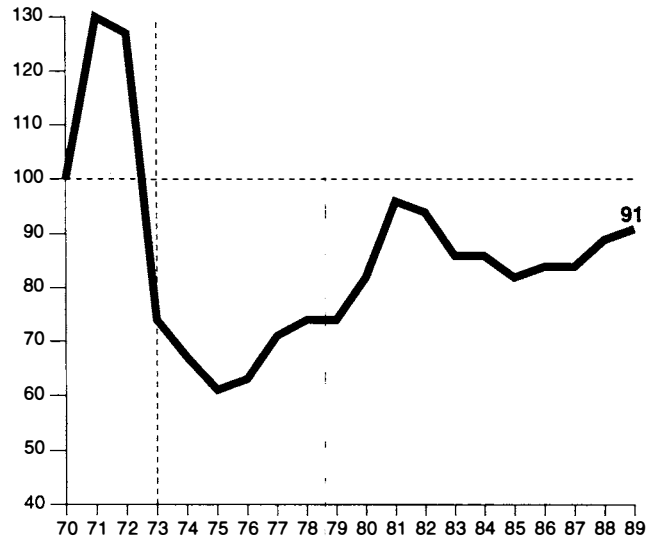


Sources: Interamerican Development Bank, World Bank, Economic Commission for Latin America, and our calculations.

FIGURE 14

Average wage, 1970-1988

(index 1970 = 100)



Sources: Central Bank, National Institute of Statistics, and Corporation for Economic Research for Latin America.

stagnant. Nonetheless, a great many people manage to find “jobs” of one sort or another there. The greatest employer in this regard goes by the name of the “informal sector,” and it includes everything from street peddlers and garbage pickers to drug traffickers. It is essentially disguised unemployment.

Figure 13 shows our best estimate of this category over the last two decades, and of the combined total true unemployment, which reached a peak of over 37% of the labor force in 1983, and was still at a staggering 28.5% in 1989.

Figure 14 shows starkly how the Chicago Boys supposedly solved the economic problems of the Allende period: By 1975 they had slashed real wages down to 60% of their 1970 level. Although they crept up gradually after that low point, as of 1989 real wages had still not recovered their level of 20 years before.

Again, comparative figures for the Asian countries that have actually developed in the last 20 years show average increases in real wages that are steady, leaving the average wage earner in these countries vastly better off now than in 1970 or 1973.

Investment, the proof of the pudding

Many free market apologists justify this undeniable decline of real wages in Chile as a temporary, necessary evil. It was needed, they claim, to free up resources for investment. The apologists then cite some version of the lower half of Figure 15 to prove that, from 1983 to 1990, gross domestic

investment in Chile soared.

But it turns out, once again, that we are looking at only part of the picture. The full reality is that the last few years have at best been a recovery from the depths of depression, back to former levels of two decades earlier. This is not net growth. The upper part of Figure 15 shows the full picture. The toll of the 1974-76 and 1982-84 depressions on investment, measured per capita, was a decline of more than 50% in 1975 and a nearly 70% decline in 1983. In 1989 and 1990 it was barely above the level of 1970.

It should be noted that investment plummeted under the Chicago Boys not at the point of the 1973 coup, but more than a year later, as a direct result of their policies, which made credit prohibitively expensive and generally strangled economic activity. Then, investment rose along with GDP until 1981. However, the bulk of this investment was not in infrastructure or in manufacturing. Some was in mining, based on foreign investment, and a great portion of it was in services, including tourism. These latter categories are economically unproductive.

It should also be noted that “gross domestic investment” is a poor indicator of genuine investment, and is only used here for lack of better statistics which distinguish between productive and unproductive investments.

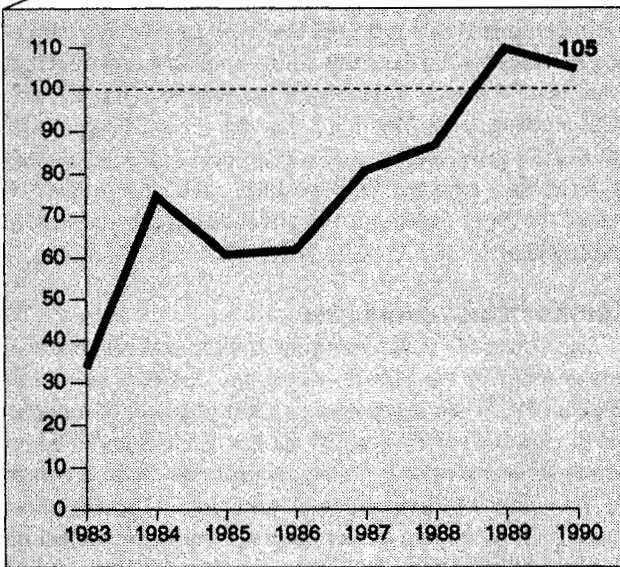
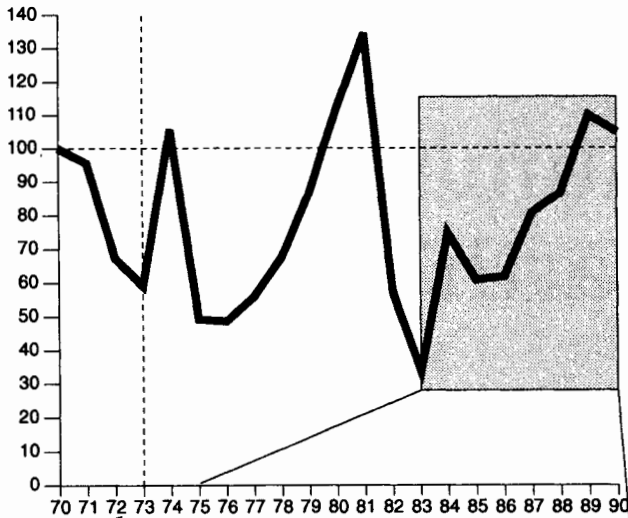
Poverty worse than in 1970

The net result of Chile’s free market program, as of the most recent data on income distribution and poverty, has

FIGURE 15

Gross domestic investment per capita, 1970-1990

(index 1970 = 100)



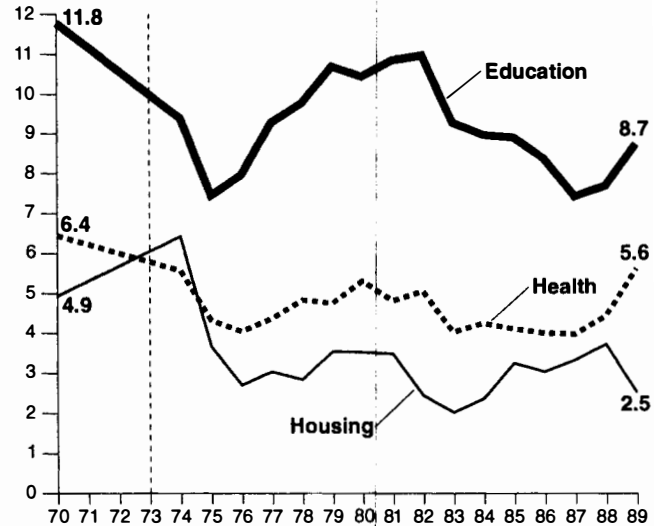
been a severe worsening of poverty as compared with 1970. This is hardly surprising, given the failure of real wages to recover former levels, and the erratic increases in (mainly unproductive) employment. That a financial and commercial upper stratum has grown in numbers and wealth is undeniable. But for the majority of the population, life is no better now than 20 years ago, and for a large number, it is measurably worse.

In a study published in 1990, the U.N.'s Economic Commission for Latin America and the Caribbean released the results of a 1987 study on poverty, and contrasted them

FIGURE 16

Government social expenditures, per capita, 1970-1989

(thousands of constant 1988 pesos)



Source: Interamerican Development Bank.

with the results of a comparable study done in 1970. Entitled "An Estimation of the Magnitude of Poverty in Chile in 1987," the study is based on surveys carried out in 1970 and 1987, and shows that the percentage of people in poverty between those two years has increased from 20% to 44.4% of the total population, and the number of families in poverty from 17% to 38.1%. The percentage of people defined as indigent rose from 9.8% to 16.8%, and of families from 6.5% to 13.5%.

Translated into absolute numbers, in 1987 there were 5,493,000 people defined as poor, and of them, just over 2 million were defined as indigent—those whose incomes don't even cover the most essential nutritional needs of their family members. This, out of a population of under 12 million in 1987!

There may have been some improvement between 1987 and 1991, but there is little doubt that the situation today is considerably worse than it was 20 years ago.

The figures for per capita expenditures by government for social services indicate one of the reasons why poverty has gotten worse. Since 1970, expenditures have fallen, sharply for education and precipitously for housing, as shown in Figure 16. And there is a time-bomb hidden in this, given that the privatization of the social security system—which Wall Street is using as a model for the rest of Ibero-America today—is wiping out one of the last barriers against having its standard of living plummet to the levels of the poorest African countries.

Demands of human beings could derail Earth Summit

by Kathleen Klenetsky

It appears increasingly likely that the U.N.'s eco-fascist extravaganza, known officially as the United Nations Conference on Environment and Development (UNCED), which is scheduled to convene in Rio de Janeiro in June, will turn out to be a flop.

At the very least, barring any major unforeseen developments, the Earth Summit will fall far short of its organizers' goal of establishing a supranational "ecological police force" that would be let loose to prevent real economic development any place in the world, under the pretext of achieving "sustainable development" and "environmental protection."

Just days before the fourth and final UNCED preparatory committee conference (Prepcom IV) opened in New York in early March, a senior figure in the British science/defense establishment warned that the Earth Summit "is becoming an absolute shambles." He said he had received a communication from the Earth Summit "convenor," Tommy Koh of Singapore, who told him "the whole thing is falling apart. There is no agenda." Koh reportedly "is willing to give it all one last go, and that's it, it's a mess." Third World backlash against the Rio summit and its malthusian agenda is intensifying, the Briton said.

That reading has thus far been borne out by events at the month-long Prepcom IV. As *EIR* went to press, the meeting remained deadlocked on several fundamental issues, with no sign that the logjam would be broken anytime soon.

What has led to the deadlock is a sharp rift between those participants, primarily from the Third World, who argue that it is impossible to clean up the environment without real economic and technological development, and those, principally representing Anglo-American financial interests, who are promoting environmentalism, with its attendant assortment of hoaxes, such as the ozone hole, as a deliberate means

to stamp out every last impulse for scientific and economic progress, with the Third World a major target.

In comments that reflected the frustration which the enviro-maniacs behind the Earth Summit are now experiencing, Amb. Harald Kreid, Austria's representative to the pre-UNCED meeting, said March 12 that the reason Prepcom IV was not going according to plan was because the developing countries had changed their position, and now wanted to change the Earth Summit's objectives "from environment to development."

Human beings come first

The Group of 77, representing 128 Third World nations, set the tenor of the debate during the opening session of Prepcom IV, when it presented a draft proposal demanding that the Earth Charter—one of the key Earth Summit documents—give top priority to the concept that "human beings are the center of environmental concerns." The statement asserted, "The quality of the environment is dependent on the satisfaction of basic human needs. Human beings should be guaranteed a healthy life, free from hunger, disease, and poverty."

The G-77 argued that economic development is an "inalienable right and therefore the development needs of all developing countries shall be treated as a matter of priority."

K. Amaratunge, chairman of Sri Lanka's Environmental Authority, emphasized that economic progress is a prerequisite, not a threat, to environmental health. "Environmental problems will be largely mitigated if the standard of living of our people is raised," he asserted. "Rather than asking us to slow down development, what [industrialized countries] should do is give us the technology so that we have refined systems of development."

That position has been reiterated by Third World representatives throughout the meeting. For example, Mourad Khelladi, secretary of state for scientific research of Algeria, told Prepcorn IV March 16 that effective multilateral cooperation on environmental issues required an intensification of international cooperation for development. The imperatives for a revival of growth and development in developing countries must receive the utmost attention in all deliberations of the Rio conference, he said.

Similarly, China's chief representative to the meeting, Liu Huaqiu, told the gathering March 6 that UNCED "should discuss not only environmental issues, but also related developmental issues, especially the international economic environment which has hindered sustained economic growth of the developing countries. . . . For these countries," he said, "underdevelopment is one of the important causes for their worsening environment. For some, it is even the most fundamental cause."

In addition to hammering at the issue of economic development as a prerequisite for environmental improvement, a number of developing sector delegates have also emphasized the importance of eliminating the huge debt burden that is strangling the Third World.

During the opening days of the New York Prepcorn, Argentine delegate Raul Estrada pointed out that foreign debt payments are incompatible with the Earth Summit's stated objectives of "sustainable development" and protecting the environment. "It is unimaginable that investments of any type will be made if the foreign debt is to be paid."

His concern has been raised repeatedly by other Third World representatives, including a group of Portuguese-speaking African nations, whose spokesman, Mario Cabral of Guinea-Bissau, issued a statement to Prepcorn IV in mid-March calling on the industrialized countries to increase development assistance to the Third World and to write off their foreign debts.

UNCED in shambles

These questions—environment versus development, debt relief, etc.—have exacerbated existing North-South differences over issues which are formally part of the UNCED agenda. Although the official line from the preparatory meeting maintains that progress is being made, there has been no agreement reached on two major sticking points: technology transfer from the industrialized to the developing nations, and how much money the North is willing to cough up to finance various environmental projects in the Third World.

The financing issue is a major stumbling block. In his opening speech to Prepcorn IV, Maurice Strong, Earth Summit secretary general, estimated it would cost \$125 billion to implement the sweeping environmental programs the summit's organizers want.

The idea that a world gripped by depression could come up with anything near that sum is ludicrous. Strong conceded

that the best that could be hoped for was a total of \$7 billion a year, but the Bush administration has said it will contribute a measly \$75 million—dismissed as a bad joke by some Third World representatives.

India's Environment Minister Kamal Nath reported March 23 that the Earth Summit might end in a fiasco, if the developed nations fail to agree to provide adequate funds to the developing countries to reduce environmental damage. "It would die a natural death. . . . It's all linked up with the funding," said Kamal Nath, who was about to leave for Tokyo for consultations on how much money the Japanese might be able to come up with.

The G-77 also opposes the U.S. position that any money the North comes up with must be channeled through the World Bank's Global Environmental Facility, which would increase the International Monetary Fund-World Bank stranglehold over financial flows to developing nations.

Bush fumbles

Ironically, the Bush administration itself is helping to torpedo the conference—despite its rabid commitment to sabotaging Third World development and slashing its population.

Due to the political exigencies of his reelection campaign, Bush has been unable to commit the United States to any significant funding of the global eco-fascist regime which the Earth Summit was supposed to endorse, nor has he been able to agree to accepting strict limits on carbon dioxide emissions—essential for completion of a global climate treaty—because of the domestic economic impact this would have. Finally, the President has not yet said whether he will attend the Rio meeting; Earth Summit organizers fear that his absence would doom the conference even before it began.

Nevertheless, the United States has taken a hard line at the meeting on all issues. William Reilly, head of the Environmental Protection Agency, threw down the gauntlet in the opening days of the Prepcorn meeting, when he proposed that the Earth Charter give top billing to the "free market" and "human rights," rather than economic development, as the G-77 had demanded.

Reilly subsequently unveiled a U.S. proposal that several new provisions be added to Agenda 21, one of the two major documents that will be submitted to the Rio Earth Summit. These provisions, he said, involve the "community right to know" about "who is doing what to the environment." Such provisions could be used to set up situations in which environmentalists could use scare tactics to mobilize a local population against the construction of a chemical plant, for instance.

Though not speaking on behalf of the Bush administration, New York Gov. Mario Cuomo nevertheless reflected the administration's ongoing effort to use environmental concerns as a club against Third World population, when he called on Prepcorn IV to endorse a major increase in aid to curb Third World population growth.

New evidence emerges in the Herrhausen assassination case

by Helga Zepp-LaRouche

Sensational new evidence in connection with the November 1990 assassination of the former board chairman of Deutsche Bank, Dr. Alfred Herrhausen, has just emerged from an interview with former Pentagon official Col. Fletcher Prouty, conducted by Italian journalist Antonio Cipriani and printed in the Italian daily *Unità*. The key to the motive behind Herrhausen's assassination lies in 11 pages of a speech he delivered in the United States only four days before he was ambushed. The speech contained Herrhausen's vision of a new kind of relationship between eastern and western Europe which would have fundamentally altered the world's future course.

Colonel Prouty, who was an adviser in the production of the hotly debated film about the assassination of President John F. Kennedy, and who was himself depicted in the film as "Mr. X," said in the interview that Herrhausen, Kennedy, former Italian Prime Minister Aldo Moro, Italian industrialist Enrico Mattei, and Swedish Prime Minister Olof Palme had all been killed for the same reason: They had not been willing to accept world domination by the Yalta condominium. In each case, it was the same small, elite grouping which acted against a perceived threat to their power, a power based on the idea of a *pax universalis*.

Although the relevant 11 pages of Herrhausen's speech contained extraordinarily important and new proposals by the Deutsche Bank representative, nevertheless the *New York Times*, which published portions of the speech four weeks after it had been delivered, not only neglected to include these 11 pages, but failed to even mention their content, despite the fact they were highly newsworthy.

In fact, today, two years and four months after the assassination, when we look back at the programmatic proposals contained in this speech, we can see how dramatically they touch upon the very topics which in the meantime have become the chief areas of tension between the United States and Europe. The "*cui bono?*"—which is the crucial question in any political killing—is now being answered by current developments.

The critical points

Point 1: Herrhausen expressed confidence that economic growth would be stronger in the early 1990s than had been originally foreseen, and that therefore Europe would be in a much better position to deal with a coming recession in the United States.

The conflict: Around the same time, then Central Intelligence Agency chief William Webster stated in numerous studies and speeches, that following the ending of the East-West conflict, the (then still-existing) Soviet Union would no longer remain the main strategic opponent of the United States, but rather that this role would be assumed by the former U.S. allies and current economic competitors of the United States, especially Germany and Japan.

Herrhausen's self-assured statement about Europe's expected gain in economic strength, and on the looming economic recession in the United States, must therefore have been like waving a red flag at the circles close to Webster.

Point 2: The *New York Times* was strangely silent about Herrhausen's proposal for an extensive debt forgiveness program for Poland, and about Herrhausen's call for the establishment of a development bank for financing project-designated investment. Herrhausen was talking about Poland, but the same could have been said of the other highly indebted nations of eastern Europe.

Herrhausen said in his speech: "The indispensable outside assistance should in my view be complemented in depth by a limited-term program, such that foreign investors also have a say in the use of these funds. Thus there should be assurances that the new credit will flow into specific, promising projects. It is therefore advisable that the export guarantees which the German federal government wants to expand, be tied primarily to specific projects. It was actually a proposal from the Polish side, that a team of experts from both countries should research the projects in question, in order to ensure that the costly failures of the 1970s are avoided.

"In this connection, at this year's annual meeting of the World Bank and the International Monetary Fund [IMF] in Washington, I proposed setting up a development bank on the spot—i.e., in Warsaw. Its task would be to bundle the aid and to channel it according to strict efficiency criteria. My vision is that such an institution could function somewhat like the Deutsche Kreditanstalt für Wiederaufbau (German Reconstruction Bank), which traces its origins back to the Marshall Plan."

The conflict: Herrhausen's proposal for a debt reduction and for project-linked issuance of credit by a development bank, directly follows the lines of the policy which Lyndon LaRouche called for in his historic speech on Oct. 12, 1988

in Berlin. On that occasion LaRouche forecast that Germany would soon become reunified in the wake of the economic collapse of the Soviet Union, and proposed an all-German plan for the development of Poland.

Herrhausen's policy was the diametric opposite of the "shock therapy" of the "Polish model," which since then has plunged Poland into economic catastrophe. Project-linked financing could have made for a much less painful transition from planned economy into a social market economy. Poland, and implicitly all the other eastern European states, would today have been on the threshold of an economic miracle quite similar to that which the Federal Republic of Germany experienced, through application of the same methods, in the years following World War II.

But that was the last thing on the minds of elite U.S. circles. Shortly after the failed coup in Moscow in August of last year, the CIA published yet another astonishing study. It claimed that, since the nations of eastern Europe and the former Soviet Union possess more raw materials and a better educated work force, the further economic development of these countries is therefore not in the interests of the United States, since this would mean the growth of a strong economic competitor. Such economic development has to be "discouraged," the study argued.

A bomb that changed history

The murder of Herrhausen was a watershed in this regard.

In view of the economic catastrophe in Germany's new states, the increasing ungovernability of Poland as a consequence of the IMF's "shock therapy," and similar terrible results in Russia and other members of the Community of Independent States, the question must be asked, whether these dangerous developments would have come about, were Alfred Herrhausen still alive today, so that he might have been able to help shape Germany's policies over the past two years. German Chancellor Helmut Kohl is painfully aware of the fact that within Germany's political landscape, this assassination tore a gaping hole which has not been repaired to this day. According to the German weekly *Der Spiegel* on March 9, Kohl recently complained to people close to him, that among Germany's captains of the economy, nowhere can one find people who, like Herrhausen, think from a social-political standpoint; instead, one only finds mediocre shopkeeper mentalities in Germany's leading layers.

There can no longer be any doubt, that had Herrhausen's policies prevailed in Bonn, the extraordinary historic opportunity which existed with the opening of the borders, would not have been frittered away as carelessly as it has been in the main. The relationship between East and West established at Yalta, could have been put on an entirely different basis, to the benefit of all participating nations. Not only would economic cooperation have developed the East, but it could have stimulated the entire world economy, which instead is now threatened with global depression.

In an earlier statement on Herrhausen's assassination,

Fletcher Prouty wrote the following lines, which should give some pause for thought: "His death at that time . . . and the astonishing circumstances of his death . . . resemble the assassination of President Kennedy in 1963."

"When you consider the great importance of events in the Soviet Union, in eastern Europe, and especially in Germany . . . then the Herrhausen assassination is tremendously significant. We must not allow it to be swept under the rug. . . . Real terrorists don't murder a president of a bank without special reasons for doing so. Most terrorists are paid lackeys and tools of great power centers. Some great power center wanted for some reason to get rid of the board spokesman of Deutsche Bank on that day and in that manner, in order to teach others a lesson. So there is a message in the way he was killed."

Challenger of the 'system'

The strange "failures" in the search following the assassination, when put into the context of the informant Nonne and the sudden deaths of other witnesses, now appear in a somewhat different light than previously. And whereas government officials had been hysterically refusing for years to consider any possible involvement with the Soviet KGB or the East German Stasi in terrorism—which in the meantime has been well documented—now these officials are refusing all the more energetically to investigate any possible component related to western intelligence services.

But it is not necessary to lapse into simplistic formulas about eastern or western control: It can be historically proven that terrorism actually has elements from both sides. It comes from the forces in both East and West, who have thrown in their lot with the condominium policy of Versailles, and with its re-formulation in the form of the Yalta agreement. In the 1920s these were the Anglo-American circles behind the policies of the "Trust," while in the years following World War II they were the forces who, like Bertrand Russell, influenced and controlled the Pugwash process.

The policies of this condominium of Versailles forces has fundamentally shaped the course of the entire 20th century, and was based on the Anglo-Americans' geopolitical idea that any joint economic development of the "Eurasian heartland" would represent a mortal threat to the domination of the world by the "Atlantic rim" countries.

The control mechanism in the Versailles system consisted in the structure of debt imposed on Germany; following World War II, it lay in the Bretton Woods system, the IMF, and the World Bank, which exerted control over world energy reserves and, increasingly, food reserves. Whoever threatened this structure by acting in the interest of sovereign national development of individual nations, was putting his life at risk.

Consider the following examples:

Charles de Gaulle: He was the target of at least 20 assassination attempts, all of which fortunately failed. Among other things, he created France's nuclear *force de frappe* as a count-

er against the condominium's policies.

Enrico Mattei: The late head of the oil company Ente Nazionale Idrocarburi (ENI) wanted Italy to have an independent energy policy. His country was to serve as a bridgehead between Europe, the Middle East, and Africa. Died in 1962, in a suspicious air crash.

John F. Kennedy: He wanted to conduct disarmament negotiations with the Soviet Union from a position of strength, and was at loggerheads with the Anglo-American

In an earlier statement on Herrhausen's assassination, Fletcher Prouty wrote the following lines, which should give some pause for thought: "His death at that time . . . and the astonishing circumstances of his death . . . resemble the assassination of President Kennedy in 1963."

establishment in numerous other policy areas assassinated in 1963. Assassinated in 1963.

Zulfikar Ali Bhutto: The former prime minister of Pakistan called for the convening of an international conference to discuss debt reorganization. Hanged in 1979.

Indira Gandhi: Before her assassination, she was likewise steering a course toward a new debt arrangement. Assassinated in 1984.

Aldo Moro: With his "government of national unity," he wanted to lay the basis for a sovereign national policy for Italy. Assassinated in 1978.

Detlev Carsten Rohwedder: His policies in the Treuhandanstalt—the trust charged with putting the assets of the former East German regime into productive private hands—moved more in the direction what Herrhausen had proposed for Poland, and contrary to a policy of privatization at any cost. Assassinated in 1991.

This list could be continued with quite a number of others. But the crucial question will be whether people in positions of responsibility stop complaining about the loss of personalities such as Herrhausen, and instead decide to understand the message of which Fletcher Prouty spoke, and to draw the proper conclusions.

Following the sensational revelations by Prouty—who continues to judge the Kennedy murder from the standpoint of someone who witnessed the discussions at the Pentagon at the highest level—the most obvious next step would be to reopen the investigation of the Herrhausen case.

Israel, Turkey likeliest pawns in new wars

by Joseph Brewda

The U.S. and British governments seem intent on launching a new war in the Mideast by hook or by crook, with Iraq being one, but not by any means the only, possible target. An Israeli strike against Lebanon, a Turkish move into Iraq, or alternatively Syria or Iran, or a U.S. surgical strike against Libya or Iraq, are among the apparent scenarios under consideration. But because the situation in the region has become so unstable, wars unforeseen by even the Anglo-American gamemasters might soon occur.

Israel set to blow up

One way the Anglo-Americans might spark a war is through Israel. The bombing of Israel's embassy in Buenos Aires, Argentina on March 17, which left 10 dead and 76 wounded, is being used to whip up the Israeli population into a killer rage preparatory for its own supposedly independent strike against Iraq, Syria, or some other target such as Sudan, possibly by the end of April.

"The Lord will avenge your spilled blood," intoned Israeli Foreign Minister David Levy screamed at the funeral of two Israeli diplomats who had been killed in the embassy bombing. Earlier, Levy claimed that the "Teheran-Damascus axis" was responsible for the bombing, although both governments had denied responsibility. A communiqué by the Iranian-run, Syria-Lebanon-based Islamic Jihad claimed credit for the blast on March 18, only to be contradicted by another alleged communiqué from the same organization a few hours later.

"This is our vow: waging war on them to the death," Levy said, in an apparently general reference to all the enemies of Israel, including Iraq. Earlier in March, Israeli Chief of Staff Ehud Barak called for Israel to go it alone and strike Iraq which, he railed, might soon threaten the region with nuclear weapons. On March 20, the Israeli newspaper *Davar* said an "independent" Israeli strike on Iraq was under discussion as it "more or less suits the interests of both the Israelis and the Americans." There is also talk in Israel of striking Sudan, which the Israeli and Anglo-American press have increasingly labeled as the new world headquarters of Arab terrorism.

In purported response to the bombing in Argentina, the Israelis have also blockaded and isolated the entire Occupied Territory of the Gaza Strip—as they had done immediately prior to the Anglo-American war on Iraq last year. Mean-

while, the Lebanese government fears an attack. "Israel has set precedents in the past in avenging attacks through military strikes in Lebanon," one Lebanese official told Reuters news agency, "now it has a strong pretext for doing the same."

A new Turkish move?

Meanwhile, a Turkish crackdown on Kurdish towns in its own southeastern territory bordering Iraq, beginning the weekend of March 21-22, is rapidly escalating into a potential civil war in the region, with Turkish jets bombing its own villages there.

Over the weekend, Turkish troops reportedly massacred some 100 ethnic Kurds in seven villages, triggering large-scale fighting. According to some Turkish claims, President Turgut Özal, a longtime Anglo-American tool, intentionally provoked the conflict in order to undermine the government of his rival, Prime Minister Suleyman Demirel. Özal, who has told Turkish media that "from now on, the Kurdish insurrection can only be suppressed with a bloodbath," may even be attempting to provoke a military coup, in alliance with elements of the military.

On March 24, Demirel, who, unlike Özal, had opposed Turkey's participation in the Persian Gulf war, asserted that the only way to deal with the crisis is to "build a wall along the border with Iraq so tight that not even a bird could get through it." Turkish jets are already bombing Kurdish villages in Iraq.

According to one report from Turkey, the Anglo-Americans favor a Turkish invasion into Iraq, minimally to create a so-called Turkish-controlled "security zone" along the border similar to what Israel has created in Lebanon. Reportedly, the United States is considering calling for lifting sanctions on the Kurdish regions in northern Iraq, while sanctions are maintained against the rest of that besieged state. These northern oil-rich regions would eventually be incorporated into an expanded Turkish state.

In early April, Turkey's interior minister will travel to Damascus to protest Syria's alleged sponsorship of Kurdish terrorist training camps in the Bekaa Valley in Syrian-controlled Lebanon. A similar claim, regarding Syrian sponsorship of anti-Israeli groups in the same location, is made by Israel. Turkish-Israeli relations have been considerably strengthened over recent years.

In addition to employing proxies, however, the Anglo-Americans might opt for directly engaging their own forces through a United Nations strike on Iraq or Libya. On March 19, the Iraqi government handed a note to Rolf Ekeus, head of a special U.N. commission, agreeing to U.N. Security Council demands that it dismantle any industrial capacity which could be used to build weapons of mass destruction, making a hit on Iraq apparently less likely for the moment. Libya, on the other hand, remains a top target, especially if the Anglo-Americans or Israel contrive a new "Arab" terrorist incident which kills a lot of Americans.

Carlos Menem fears anti-IMF backlash

by Cynthia Rush

When the embassy of Israel was bombed and destroyed in Buenos Aires on March 17, presumably by Arab terrorists, Argentina's Foreign Minister Guido Di Tella told the media that this occurred in his country because it is "so important." President Carlos Menem's alliance with the United States and his policies of economic "modernization" have ushered the nation into the "first world," the minister rhapsodized.

Having attained this status, he went on, Argentina must now expect more such attacks. If the country were unstable, racked by violence, labor strikes, and other upheaval, no one would even consider targeting Argentina, Di Tella argued. It is because of its "progress" that Argentina was hit.

The reality behind Di Tella's convoluted reasoning is quite different. In a manner of speaking, Argentina today *is* a target, not because it is "important," but because of Menem's obscene alliance with the Anglo-American powers, and his spitting on the country's tradition of non-alignment in its foreign policy.

When he first took power, the Argentine President boasted of his strong ties to the Arab world. But he abandoned those without a second glance, when he embraced Israel and joined the forces of the new world order in last year's genocidal war against Iraq.

This, combined with the devastation of the Argentine economy and people through the International Monetary Fund's "adjustment" policies, hasn't made Carlos Menem the most popular man around. In fact, the government's commitment to British-style free trade has begun to provoke the same type of resistance among labor and business circles visible in several other Ibero-American countries—especially since the attempted nationalist military coup in Venezuela last Feb. 4.

On March 19, the Argentine Industrial Union (UIA) declared "war" on Finance Minister Domingo Cavallo because his free trade policy has flooded the country with foreign imports with which domestic products cannot compete. A few days earlier, the minister's tax reform package, a key element in his deal with the IMF, suffered setbacks in the Congress, forcing him to seek other ways of raising the revenue he promised the Fund.

Menem is also facing significant labor strife, caused by his obsession with selling off the state sector, putting hundreds of thousands out of work, and declaring illegal any strike called to protest his austerity policies.

Nationalists under every bed

Perhaps this is why the President is so jumpy. Immediately following the March 17 bombing, and before anyone had any indications or proof of who might have been responsible, Menem bellowed that “Nazis and fundamentalists” were behind the action. Later, he included “anti-Semites and coup-mongers” in his accusations.

More than anything, Menem’s statements revealed a rather unsettled state of mind. “Fundamentalist” in Argentina is the adjective used by the Anglo-American-allied political establishment to refer to Army nationalist Col. Mohamed Ali Seineldín.

Although now imprisoned as a result of the Army uprising of Dec. 3, 1990, through which he and other patriots attempted to force a change in the U.S.-dictated policy of dismantling the Armed Forces, Colonel Seineldín is respected not only in his homeland but throughout Ibero-America as an uncompromising defender of national sovereignty and the institution of the Armed Forces. In an interview with *EIR* last year, he described himself as a political prisoner.

There’s no doubt that Menem is worried that, at some point, his government might be subject to the same humiliating treatment Venezuelan President Carlos Andrés Pérez got. He has worked himself into such a lather, in fact, that he blames the *carapintadas*—“painted faces,” the name by which the Army nationalists are known—for literally anything that goes wrong in the country, be it crime, bank robberies, strikes, or military unrest.

Menem’s outburst against the Army nationalists reportedly caused such a degree of unrest among the top leadership of the Armed Forces, that Defense Minister Antonio Erman González had to make public statements on March 18, disavowing the President’s remarks and characterizing them as “unjustified.”

Several other political leaders and media analysts were critical of Menem’s statements, and even blamed him directly or indirectly for the bombing attack. But it was Colonel Seineldín who most accurately analyzed Menem’s personal responsibility in the bombing.

‘How long must we tolerate. . . ?’

In a letter published March 20 in two Buenos Aires newspapers, Seineldín responded to the President’s accusations, saying “I am a Catholic and an Argentine, and proud of it. Under no circumstances could I hate my brother, in the form of racial violence or in any other demented form. . . . The tragedy which has occurred can never be attributed to me. Only a sick mind could conceive of this.”

The real culprit, the colonel wrote, addressing Menem,

is “You, with your ‘First World’ pretensions. . . . You who, within a framework of corruption and impotence, have been unable to control the republic’s borders, have permitted the unrestricted entry of drug traffickers and their poison, of epidemics once definitively eradicated in the country . . . and of international criminals who sow terror and death.”

“How long,” Seineldín asked, “must we tolerate the suffering of children, the elderly, men and women being used to satisfy your inexhaustible capacity for hatred toward anyone who dares to tell you frankly and loudly the truths you don’t wish to hear?”

Referring to Menem’s economic policy, which has particularly targeted the most vulnerable sectors of the population—the poor and the elderly—Seineldín charged that “You, with your lack of social sensitivity, are liquidating the nation’s patrimony and the hope of our people. . . . For you, we [the Army nationalists] are the excuse you need to cover up your own ineptitude, your impotence, your improvisation.”

On the mark

It is irresponsible, the colonel continued, “to keep deceiving the nation’s people, associating each objectionable and condemnable incident with my name or with those of the leaders, officers and non-commissioned officers of the Argentine Army and Navy Prefecture who are here with me” in prison.

Seineldín’s letter encapsulated much of the rage felt by a people which has had to endure not only Menem’s destructive economic policies, but his personal corruption and playboy antics. “You, who are frivolous and unthinking, think you can fix the tragedies which Argentina and the world suffer with a change of hairdo, a set of tennis doubles, or showing up at the national jet set’s parties with your latest girlfriend.”

Judging from the outcry the letter provoked among Menem’s cronies, the letter hit home. Guido Di Tella whined that Seineldín suffered from an “inferiority complex” and was “confused,” presumably for thinking that the defense of national sovereignty was more important than joining the “First World.”

Alberto Lestelle, director of the government’s anti-drug office, was even more hysterical, charging that because Seineldín was a “participant in the [1976] military dictatorship”—an outright lie—he had no moral authority to criticize anyone.

In a press conference March 24, Menem defensively admitted that he might have spoken “somewhat too soon” when he accused the *carapintadas* of involvement in the bombing.

But, he added, had the Army nationalists been victorious in their Dec. 3, 1990 uprising, “today we’d be in hell, in the fourth, fifth or tenth world.”

Some Argentines are probably wondering about Menem’s definition of hell.

In Venezuela, the U.S. tries to keep dike from breaking

by Carlos Wesley

The *New York Times* on March 24 called for stepping up the creation of an "inter-American military force" to provide a cover for U.S. military interventions into Ibero-America.

The call came amidst frantic efforts to stop the nationalist revolution against International Monetary Fund free trade looting that began in Venezuela last Feb. 4, from gaining hold and spreading to the rest of the continent.

"There is little time to lose," says the *Times*, as it demands the establishment of "a hemispheric intervention force." "In Venezuela, military nationalists challenge democracy."

In order to stop this revolution from spreading, as *EIR* has repeatedly warned, the Anglo-American oligarchy is committed to the destruction of Ibero-America's armed forces. To provide a pretext to implement what has become widely known—thanks to *EIR*—as "The Bush Manual to Eliminate Ibero-America's Armed Forces," the *Times* lies that there is no difference between a nation's constitutionally prescribed armed forces and the narco-terrorists. "Shining Path guerrillas terrorize Peru." But, "Peru's own army, notorious for human rights abuses, has proven itself ineffective and a danger to democracy itself," it says.

"A hemispheric intervention force is more likely to be accepted if Washington maintains a low profile," it says. "The time has come to create a new inter-American military force that could intervene to protect democratic governments from hijacking by armed terrorists."

Fronting for Bush

The editorial reflects official policy. On March 24, the head of the Panama-based U.S. military Southern Command, Gen. George Joulwan, arrived unannounced in Argentina. Ostensibly, the three-day official visit by the U.S. top military official for Latin America, was to coordinate joint action "against drugs."

But the real purpose of Joulwan's trip, which came in the wake of the bombing of the Israeli embassy in Buenos Aires, was to push President Carlos Menem to continue the policy of destroying any national purpose for Argentina's military.

Except as auxiliary forces, subordinated to a foreign

supranational command, similar to the colonial Gurkas employed by the British army, they are to cease to exist. Menem is fully committed to such a course; he was the only Latin American leader to provide troops to George Bush for the war against Iraq, and both he and his Foreign Minister, Guido Di Tella, have repeatedly offered to deploy troops whenever and wherever requested by Bush, under the umbrella of the United Nations or the Organization of America States (OAS).

Following Joulwan's visit, Menem told a meeting of the foreign ministers of the so-called Group of Rio in Buenos Aires on March 26, that the OAS should establish a Security Council to intervene in the countries of the hemisphere to "preserve democracy."

According to the Mexican daily *La Jornada* of March 27, Menem "reiterated his proposal for the OAS to have a multi-national force to intervene in case of coups d'état."

This reaffirmed Menem's earlier promises to the Bush administration. In February Joulwan's boss, U.S. Secretary of Defense Dick Cheney, during a visit to Argentina, as part of a five-nation tour of Latin America, called for deep cuts in their military budget and to give up sophisticated technology. "We think the military ought to be reduced," he said.

Regarding the attempted coup in Venezuela, Cheney said: "We hope that there are no repetitions, not only in Venezuela, but in any other country in the hemisphere. The U.S. will always support the democracies. It is important that leaders such as President Menem continue to have success with their plans, to avoid incidents such as the recent attempt in Venezuela."

Insane policy

The proposed "inter-American military force" is both insane and unworkable. It is one thing for Argentina, say, to send troops to the Gulf to serve as water boys to the British and the Americans, their former enemies in the Malvinas War.

But it's quite another to get soldiers from Argentina or from any other Ibero-American country to invade Venezuela on behalf of the Anglo-Americans. The OAS cover is only to provide a figleaf for U.S. intervention, with perhaps token

forces from other countries after the fact, as happened during the 1965 U.S. invasion of the Dominican Republic.

But, "there is a new anti-U.S. spirit among officers of the region," reported Venpress, the Venezuelan news agency, on March 25. Former Chilean dictator Gen. Augusto Pinochet, who is the current head of Chile's Armed Forces, is organizing an anti-U.S. front among Ibero-American military. Pinochet, who in the past was isolated from his Ibero-American colleagues, showed up recently in Ecuador and Brazil.

Sen. Sergio Jarpa, the former Chilean foreign minister, said that Pinochet's visits were to coordinate a "response to U.S. hegemony, in the wake of the Gulf war and the collapse of the socialist bloc," according to a wire from EFE, the Spanish news agency. Pinochet "may undertake other trips, given the attitude of total military control that the U.S. government has assumed in Latin America," said Jarpa, according to the report, published in Peru on March 21.

In Brazil, Pinochet pointedly visited the installations of Avibras Aeroespacial, which manufactures the Astros II surface-to-surface rocket launcher. Those launchers are exported to a score of countries in Latin America, Asia, and the Middle East. It was this type of advanced military industry that Cheney particularly targeted for elimination during his South American trip last month.

"Chile's traditional ties with Great Britain have weakened in the political and military spheres," reported Argentina's *La Prensa* on March 25. This is because "London is in accord with Washington regarding the reduction of the armed forces of Latin America, Chile's included," it added. "This would explain the resurgence of political frictions between Pinochet and [Chilean] President Patricio Aylwin."

Backfire

The heavy-handed U.S. efforts to get the Ibero-Americans to submit to the new world order, are having quite the opposite effect. On March 14 the U.S. envoy to the OAS, Luigi Einaudi, who is known as Henry Kissinger's "Kissinger for Latin America," threatened in Caracas that Venezuela would be invaded if there is another uprising against President Carlos Andrés Pérez. (Longstanding U.S. plans to invade Venezuela and to seize its oil fields have just surfaced. See article, p. 60.)

Kissinger himself—who is paid a \$100,000 monthly retainer by the Venezuelan government to advise Pérez—descended on Caracas, where he held a press conference on March 19 with the Venezuelan President, whose resignation is being demanded by virtually all in Venezuela.

Several top Venezuelan military leaders angrily rejected Einaudi's interventionist threats. Even Defense Minister Fernando Ochoa Antich, a supporter of Pérez, was forced to state that the Venezuelan Armed Forces declare their "categorical rejection of the intervention of any foreign country in a situation in which some group, whether military

or civilian, comes to power by force." Gen. Alberto Mueller Rojas said that the threat from Einaudi, the U.S. diplomat, "constitutes nothing less than another example of the contempt with which the officials of that country view the people of Latin America. It is a reflection of the racism that inspires their policy and their behavior."

Meanwhile, under the pretext of "defending democracy," Pérez ordered Venezuelan police to continue to violently repress any protests. A student was shot in the town of Sucre, and in Valencia, 125 students were arrested while participating in a peaceful "March of Flags" to call for Pérez's resignation, it was reported on March 26.

Asked about the *New York Times* editorial and their response to a possible intervention, the leader of the Feb. 4 uprising, Col. Hugo Chávez, who has become a national hero in Venezuela, said: "were that to happen, we would wage another war of independence. We would fight on the side of the people. . . . Venezuela is neither Panama, nor Grenada," he said.

Chávez said that the employment of Kissinger as an adviser to Pérez, "is an insult to the great number of valuable men in Venezuela who could be providing advice to a popular and serious government. [Kissinger and his collaborators] are supportive of a government such as Pérez's . . . which has been listening to them all along. Surely the government will harden its stance because of the counsel of its advisers. But the people are not going to take much more," said Chávez, according to the Venezuelan daily *El Universal* of March 26.

The military leader rejected as pointless attempts to label his movement as "right-wing" or "leftist." The aim is to promote "participatory democracy" through a civic-military government. He blamed a media campaign to discredit his movement on the U.S. image maker, David Garth.

Col. Francisco Cárdenas, a co-leader of the rebellion, said that the Feb. 4 attempt could not be called a failure. "We will be a popular force on the side of the people fighting for freedom and participative democracy," he said. The government's apparent victory "will prove Pyrrhic" since "not even the American adviser—Kissinger—can resurrect the image of Pérez."

One, two, many Venezuelas

Venezuela is not an isolated instance, reported the Peruvian magazine *Oiga* on March 24, citing studies conducted by U.S. experts that were published in the Miami Spanish-language weekly *Exito*. Throughout Latin America, "the military are increasingly restless because of the painful economic modernization measures and charges of corruption and incompetence." According to one of the studies, there are 12 countries where a coup could soon take place: Argentina, Bolivia, Brazil, Chile, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Peru, and Venezuela.



Making France governable, after the fall of Socialists

The president of the Schiller Institute in France was interviewed by Christine Schier for EIR on March 25, three days after the cantonal elections. As EIR reported last week, Mr. Cheminade and three associates were recently indicted on trumped-up financial charges, in a political effort to silence them in the midst of the present tumultuous political changes in France.

EIR: The results of the March 22 elections are said to have marked the end of postwar political patterns in France. Traditional parties were rejected and the Socialist Party (PS) suffered the biggest loss of any ruling party. Is this part of the breakdown of the Versailles system?

Cheminade: These elections are the end of the socialist regime in France: with 18.3% of the total vote, the PS had the worst score in the last 20 years. Defense Minister Pierre Joxe, head of the socialist list in the Paris area, for example, got 14.5% of the vote as against 28% in the 1986 elections! The right-wing RPR-UDF coalition got only 33% of the total vote, about 8% less than in 1986.

Thus, all the “protest parties” and dissident lists together got the rest, i.e., about 49% of the vote. The ecologists got 14.7% of the vote, but are divided into two different groups, the fundamentalist Greens (Les Verts) and the moderates, known as “Génération Ecologie,” sponsored by the socialists. Le Pen’s National Front got 13.9%, some 4.2% more than in 1986, but much less than anticipated by its leaders and the press. The Communist Party reached only 8%, its historical low point. The rest of the vote scattered among various forces, notably dissident right-wingers (4.2%), and “Hunters, Fishermen, and Tradition” (about 2% in total, but more than 10% in some regions, with a maximum in the Bordeaux area).

This means that the electorate is fed up with all existing parties, and is demanding something new. The old right-left division is dead, but there is no organized alternative. In that sense, the old order has broken down, leaving nothing to replace it, save a period of chaos and confusion to come. Some observers in France are well aware that this is exactly what the American Embassy in Paris wants: a no-government situation in France.

EIR: Will France become ungovernable as some are gloating?

Cheminade: Let’s be clear: “Some” means London and Washington, and beyond that the “government above governments” which Fletcher Prouty refers to in his recent interview in *Unità* (see p. 46). Whether this happens or not depends on to what extent a handful of individuals intervene into what is, in fact, justified discontent, with a programmatic approach, the one that I and my associates are fighting for—the Paris-Berlin-Vienna Productive Triangle. In order for France to be “governable,” there must be a program opposed to the liberal economics of the likes of Jeffrey Sachs and Henry Kissinger. The political force I lead may be marginal, but I bring in that new perspective; that’s why, under the sway of the American Embassy in Paris, a group of “Atlanticists” within the French institutions are trying to slander me and use the French justice system for political ends, as is being done against Lyndon LaRouche in the United States.

EIR: Why do you think Jean-Marie Le Pen and the National Front did not get as high results as expected?

Cheminade: Although a lot of voters are unhappy with the *nomenklatura*, they understand that there is something very fishy in Le Pen’s anti-establishment ravings. Le Pen’s xenophobia and his obsession with a blood-and-soil “Frenchness,” through which he opposes Africans, only feeds into the “North vs. South” strategy of the Anglo-American elites. I see Le Pen as a dependable tool in the hands of those forces, their dirty handkerchief, so to speak. Many in France sense that.

EIR: Ten years ago, the environmentalists represented a tiny part of the electorate. Today France has the largest ecologist movement in Europe. What appeal do they have? Are overpopulation and denying development to the Third World the main issues?

Cheminade: There are two types of ecologist voters: the rabid, murderous malthusians, who are addicted to the ravings of Jacques Cousteau et al., and the moderates, who think that to be kind to nature, animals, and the Third World is enough to make policy. The second, dominant group is ecol-

ogist by default; a large chunk of them are even pro-nuclear, and most of them believe in justice for the Third World. Some have gone so far as to denounce the mass sterilization of Brazilian women, and say that only technological development will slow down the growth of the world population.

Evidently, apart from the lunatics and the murderous, anti-science extremists, there is great confusion. The real issue here is Christian economics, the connection between morality and advancement of the universe. When this issue is powerfully brought forward, those who act as the battering ram of the Anglo-American counterculture, those whom my Algerian friends call the "imperialist greenies," can be isolated. My job is to do just that.

EIR: Your movement also took part in a limited way in the cantonal elections. These candidates introduced some issues which were otherwise not heard at all; saving agriculture from the GATT negotiations, a European-wide infrastructure program, and development of Africa.

Cheminade: We ran, as a test, eight candidacies under the name of Nouvelle Solidarité (New Solidarity). Two candidates got between 3 and 5% of the vote, and five others between 1 and 2%. With absolutely no money and only two weeks of campaigning, this result is significant. In those neighborhoods where we talked to 400 people, we got more than 60 votes, so there is an unprecedented openness to ideas, and discussion over programmatic approaches. There is also a strong "anti-Bush" feeling, and even anti-Americanism, because of his economics and, among the better-informed, because of his military policies.

EIR: How did you come to choose the name Nouvelle Solidarité?

Cheminade: Because, as a close supporter put it, it was Poland's Solidarność, in French *Solidarité*, that collapsed the dictatorships in the East; today, what is called for from the West, is a just program for the East. Moreover, the monetarist dictatorships right here at home must go. A movement has to be built to do that, a citizens' movement. We have called it "Nouvelle Solidarité," against the Versailles *ancien régime*. . . . People take to the idea of such an anti-*nomenklatura* programmatic force, so internationalist that it must be patriotic in the real sense, in the best tradition of France, not for its green pastures and so-called pure bloodlines. The French still read history avidly, and our feature centerfolds in the newspaper *Nouvelle Solidarité* have already educated more than a few.

EIR: What are your perspectives for the future? Legislative elections are scheduled for 1993.

Cheminade: We want to run 75 candidates to be registered as a national party. We think there is great potential if we are a bit more creative than in our past efforts. A few friends feel the same.

Will Colombia tread Venezuela's path?

by Valerie Rush

Despite the protestations of the César Gaviria government that the revolutionary ferment in next-door Venezuela could never take root in Colombia, the fact is that Gaviria's embrace of Bush administration policies demanding the internationalization of Ibero-America's debt-strangled and drug-bloated economies, and power-sharing with Marxist terrorists, may leave Colombians with no option but to tread their neighbors' path.

Indeed, the devastation wrought by Gaviria's so-called *apertura* (opening), a package of free trade and privatization measures designed to re-make the Colombian economy into a playground for drug cartel investors and their international financiers, is now forcing widespread resistance to the surface.

For example, under the *apertura*, the elimination of import barriers, of preferential development credit, and of price supports has driven many food producers to the verge of bankruptcy and is forcing the abandonment of food and even coffee croplands to poppy growers with their own sources of financing. Agricultural associations like the prestigious Society of Colombian Growers (SAC), have written letters to Gaviria's Finance and Agriculture ministries demanding a halt to dumping policies disguised as "free imports."

At the same time, a forced policy of disinvestment in the country's electrical energy grid over the past decade—thanks to the imposed "adjustment programs" of the World Bank, in particular—has led to the current situation of 18 hours a week of electricity rationing throughout the country, and as much as 27 hours a week in the industrial heartland of Medellín. It is feared that rationing could go as high as 72 hours a week, if drought conditions persist, and could last a year or more.

Another Ibero-American 'tax shock'

What has triggered the most outrage and unified economic and political opposition forces across the spectrum is Gaviria's newly proposed tax reform, on the model of the infamous "tax shocks," or *impuestazos* which have been imposed in Peru, Venezuela, Bolivia, and elsewhere. Although Finance Minister Rudolf Hommes claims that the purpose of the reform is to get additional resources into the hands of provincial authorities, to meet seriously under-financed

health and education requirements, there is not a Colombian who believes him.

Even the magazine *Semana*, run by the son of Liberal Party chieftain Alfonso López Michelsen, admits that the revenues to be raised through the tax reform “are not going to be distributed to society through an increase in public spending,” but rather are intended to fill the “340 billion peso hole” created by dropping import tariffs, as part of the *apertura*.

The most egregious aspect of the tax reform is the dramatic hike of the value-added tax from 12% to 18%, and its application to virtually all products, including gasoline, with only a handful of basic “market basket” items exempted. Income taxes were also raised, including on previously exempt non-profit organizations.

The opposition to the tax reform has been virtually universal. The small businessmen’s association Fenalco has announced plans to take its objections before Congress, “to correct the barbarities proposed.” The National Industrialists Association (ANDI) opposes the reform, along with at least seven other prominent industrial, business and farm associations. Both the independent Conservative and Social Conservative caucuses in Congress are against the reforms, with the Social Conservative first vice president of the Chamber of Deputies Jaime Arias Ramírez warning that “the tax reform may well generate social chaos with serious repercussions in the country, if it is approved.”

Responding to charges from many circles that his economic policies are being carried out in adherence to International Monetary Fund dictates, President Gaviria insisted that his administration “has no contract” with that organization, and that “we are committed to policies of privatization and modernization of Colombian institutions of our own free will and, therefore, will continue with this process.”

A member of his own Liberal Party, Congresswoman María Cristina Ocampo, denounced Gaviria to his face for betraying the ideals of Luis Carlos Galán, the assassinated presidential candidate whose mantle was purportedly taken up by Gaviria, and for embracing the IMF instead.

An equally strong indictment of Gaviria’s economic policies came from another Galán associate, former justice minister and newly elected Bogotá City Councilman Enrique Parejo González. Parejo wrote on March 15 in the daily *El Espectador* that Gaviria’s “ultra-reactionary neo-liberalism”—or “Manchester capitalism”—was essentially indistinguishable from communism, which seeks to destroy the state and which also demands the sacrifice of several generations “for the happiness of future generations,” a happiness which never comes.

Power-sharing with narco-terrorists

Even as the Colombian people are being subjected to the same turn of the IMF austerity tourniquet that is driving the Venezuelans to revolt, they are simultaneously being forced

to witness the obscene spectacle of their government engaging in so-called peace talks with the same drug-trafficking guerrilla gangs which have been terrorizing the population for decades with kidnappings, assassinations, and economic sabotage.

When six months of “dialogue” in Caracas between the Gaviria government and the Simón Bolívar Guerrilla Coordinating Group (CNGSB, an umbrella of the Communist FARC, the Maoist ELN, and a splinter faction of the EPL) yielded nothing but breathing space for the besieged narco-terrorists, a break was called. The “peace talks” were relaunched in Tlaxcala, Mexico beginning March 10, and have already set a dramatic precedent, with the Gaviria government agreeing to put its primary demand—a cease-fire—at the *bottom* of the agenda and permitting discussion of its economic, foreign, and human rights policies—the guerrillas’ demands—to occur first!

Gaviria has already defended his decision in a March 18 television interview, in which he insisted that “there can be no peace without concessions.” The reversed agenda of the “peace talks” is a particular slap in the face to the Colombian military, which has been circulating a confidential document insisting that the government “not negotiate matters which are of the exclusive domain of the government or Congress.”

The narco-guerrillas are so emboldened by Gaviria’s concession that they are calling upon representatives of Colombian industrial federations, trade unions, coffee growers, etc. to come to Tlaxcala and join in the talks. As Colombia’s economic crisis grows, the CNGSB hopes to absorb the resistance.

Gaviria’s readiness to negotiate a power-sharing arrangement, first with the M-19 terrorists, then with the cocaine traffickers of the Medellín Cartel, and now with the communist narco-guerrillas, has nauseated many Colombians, who see the talks as the prelude to yet another surrender on the part of the government.

Latest reports are that 500 people have been kidnaped by the guerrillas in the past 15 months, with 87 kidnaped in the first three months of 1992! Among the latter are two former congressmen and a 77-year-old former cabinet minister, who has since died while a hostage to the ELN.

The ongoing “peace talks” have given the CNGSB a platform to present themselves as the people’s defenders against the IMF, and as critics of Gaviria’s *apertura*, even while they admit that Colombia’s entrance into the “universal market,” and “internationalization of the economy” is necessary!

Yet no one but the Gaviria government takes them seriously, as exemplified by *El Espectador*’s March 19 editorial, which charged: “It is crazy to think that the [*apertura*] policy will be changed through an unholy pact between the government and armed subversion, as if the latter had sufficient standing to become co-legislator with the government and replace the organ of legislative power.”

Whites vote to continue reforms in South Africa

by Allen Douglas

On March 17, an overwhelming majority of 69% of South Africa's white electorate voted to continue the process of constitutional reforms leading to near-term majority rule. The special whites-only referendum was a triumph for the ruling National Party, in particular its President, Frederik W. de Klerk, who sought a mandate in the wake of recent electoral losses to the white opposition Conservative Party. The question put to voters was: "Do you support the continuation of the reform policy, which the President began on Feb. 2, 1990, and which has the aim of a new constitution through negotiation?"

European and North American media coverage featured South African whites and blacks embracing in optimism for "the new South Africa," in which the hideous system of racial exploitation known as apartheid will be finished forever.

The South African government is now seeking to open diplomatic relations with the capitals of Asia and Africa, on the basis of the decision to end apartheid. The ending of this system, instituted by the British in 1909, could present an opportunity for South Africa to assume its role as the economic powerhouse for the development of all of the southern half of Africa. This is the proposal of American statesman Lyndon LaRouche. It was also the plan in the mid-1970s of German banker Jürgen Ponto, a close friend of then-South African Finance Minister Nikolaas Diederichs, who proposed a plan for developing Africa in coordination with German government of Helmut Schmidt. The idea was that, with the backing of a new European Monetary System, relatively independent of the dollar empire and the International Monetary Fund (IMF), the economic growth of South Africa would become a springboard for the development of the entire continent, which had suffered acute famine in 1975.

In July 1977, Ponto described this concept in an interview with the South African economic magazine *To the Point International*. On July 31, 1977, he was murdered by Red Army Faction terrorists. Weeks later, German industrial association president Hanns-Martin Schleyer was kidnaped, then killed. With their deaths, the European-South African development initiatives also died.

The Anglo-American catch

The end of apartheid should open the way for such blueprints to again be put on the table. However, there are

signs that this is not the De Klerk government's agenda.

De Klerk began the present reform process on Feb. 2, 1990, following a 1989 tour of the U.S. and Britain, in which the Anglo-American elites told him to initiate the process toward majority rule, or he and his nation would be destroyed. These elites are themselves racists, as demonstrated in the U.S. government's National Security Study Memorandum 200, which calls for the elimination of non-white races as a matter of national security and the continued Anglo-American imposition of the free-trade and malthusian dogma enforced through the International Monetary Fund, which has resulted in the premature deaths of millions of blacks.

Has the leopard changed its spots now? A partial answer to that lies in the behavior of the Oppenheimer family's aptly named Anglo-American Corp., which controls an astounding 50% of all the companies whose stock is traded on the Johannesburg stock exchange, and which dominates the country's news media. Anglo-American and other big mining companies poured millions into securing the yes vote, even threatening their employees if they did not vote yes. An Anglo executive was interviewed in Johannesburg in early 1990, right after the current reforms began. "Let the blacks rule," he said. "We'll make a lot more money out of a black government than out of a white one, because they would be a lot easier to manipulate."

Anglo-American Corp., and the ruling elites in Britain and the U.S., plan, not black-majority rule, but a highly unstable black-*minority* rule, based upon the African National Congress (ANC). The ANC, whose leadership is dominated by the hard-line South African Communist Party, claims a maximum card-carrying membership of 300,000—as opposed to Mangosuthu Buthelezi's Inkatha Freedom Party membership of over 2 million. The ANC is dominated by one faction of the 5.5-million-strong Xhosa people, of which Mandela is a royal prince, while Inkatha commands the allegiance of most of the nation's 8 million Zulus, of which Buthelezi is a prince. Anglo-American gamemasters are well aware that, given the deep animosities between Xhosa and Zulu, the installation of an ANC government creates the conditions for a black-on-black civil war. Further, the installation of a weak black government, embattled from all sides, opens the way for the total looting of the South African industrial base by the British corporations such as Anglo-American and Lonrho.

This has already begun to happen. Unemployment among both blacks and whites reaches 40-50% in many areas, while a drought has devastated the nation's normally self-sufficient food production. The IMF has held out a carrot of \$2.5 billion, to be granted upon realization of majority rule. The Anglo-Americans plan the "new South Africa" to look like Ibero-America or Eastern Europe—a sea of misery administered by an unstable government, according to the dictates of the IMF.

Italian assassination puts spotlight on Kissinger again

by Umberto Pascali

On March 12, around 10 a.m., just outside Palermo, Sicily, the car carrying European parliamentarian Salvo Lima to his office was approached by a motorcycle at a crossroads. The two men on the motorcycle, their faces hidden by helmets, shot at the tires. Lima tried to flee from the car, maybe already wounded, but was reached by the killers after a few yards and was finished off with a shot to the back of his neck. A few weeks before one of the most crucial national elections in Italy, the assassination of the most important Sicilian politician risks plunging the country into a new maelstrom of instability.

Salvo Lima, a leader of the Italian ruling party, the Christian Democracy, was a close ally of Prime Minister Giulio Andreotti and the man who guaranteed the vote-getting machine on the island and in southern Italy for him. The main Anglo-American media and other Italian political assets of the international banking clique—like the head of the Republican Party, the Sicilian Giorgio La Malfa—came out immediately with the line that this crime was “internal to the mafia.” But as an extremely well-informed observer in Rome put it: “This is a mafia crime like the assassination of Aldo Moro was a terrorist crime.”

As regular *EIR* readers know, the Italian statesman Moro was kidnaped officially by the Red Brigades, but investigations point to the role of Henry Kissinger, who had repeatedly pressured Aldo Moro to abandon his design of creating a broad coalition government to give stability to Italy and to lay the basis for a policy of independence from the Yalta accords.

Already on March 12, pro-Anglo-American outlets put out the line of an “internal mafia” crime. The usually ductile Andreotti for once reacted strongly, recalling two past attempts to kill Lima. Lima himself used to say that as a politician he shook many hands and he may have shaken the hands of mafiosi, but that the mafia had always found in him a real enemy, not an apparent one.

Andreotti, in an article in the weekly *Europeo*, reported something the professional journalists had forgotten: The young Lima was a friend of President John F. Kennedy, and had been invited to take part in the Kennedy campaign during his tenure as mayor of Palermo. He did so, wrote Andreotti, “with one of those slogans that characterize the Americans:

‘A young Italian mayor for a young U.S. President.’ ” Reading Andreotti’s allusion to Kennedy, many recalled the dramatic polemics that raged in the Italian press while Andreotti was preparing his New York trip: Both conservative and leftist media had demanded investigations of the role of Kissinger in the Moro case under the headline, “Moro Like Kennedy!”

“Less than 24 hours before the Palermo murder, Henry Kissinger had slyly attacked Andreotti,” wrote the Catholic magazine *Il Sabato* shortly after the assassination. *Il Sabato* was reporting the conclusions of an informal emergency summit of the leaders of the Party of the Democratic Left (PDS, the former Communist Party) and obviously shared those conclusions. In fact, during the assassination, Andreotti was in New York, where he met Kissinger at a ceremony for the presentation of the prime minister’s latest book in English translation.

Andreotti has been the target of several threats and, after he announced a policy that reminds many of Moro’s, including the quest for an independent oil policy, it is possible that the meeting with Kissinger was a way to make sure that history did not repeat itself. Apparently Kissinger had accepted a *modus vivendi*. During a joint press conference in New York, he stated with an ambivalent smile: “I understood that one shouldn’t go after Andreotti.” At that moment, the killers of Salvo Lima were already preparing the ambush.

The assassination took place while Andreotti was engaged in another political showdown. His adversary is another—at least formally—Christian Democratic politician: the President of Italy, Francesco Cossiga. Cossiga, an admirer of George Bush, was the interior, (police) minister in Italy during the Aldo Moro kidnaping in 1978. Nominally part of the Moro wing of the party, Cossiga was in charge of the investigations that were conducted under the operational direction of the chief of the U.S. State Department anti-terrorist unit, Stephen Piecznik. Those investigations—as the magistracy found out later—were done in a way that made it almost impossible to find the prison where Moro was kept prisoner. Eleonora Moro, the widow, had very harsh words for her husband’s former protégé and has refused to have any contact with him.

He who touches Gladio dies

What is the reason for the Andreotti-Cossiga clash, besides the fact that both are candidates for the next six-year presidential term? It has to do with different evaluations of the so-called Gladio organization.

Gladio, or Stay Behind, is a secret paramilitary network established by the Anglo-American intelligence services in the postwar period with the purpose, at least officially, to prepare for armed resistance if the territory were invaded by the Soviet Army. But a growing number of magistrates, investigators, journalists, and politicians have argued that Gladio, far from having been a defensive structure, was the

center of 20 and more years of subversion that took the form of armed—left or right—terrorism, mafia-like activities, and so on.

The real aim of Gladio and similar organizations present in other NATO countries was not defense, but to guarantee that the country would remain “under control”—in this case, under Anglo-American control.

With the collapse of the Soviet empire, the secret network, established on the basis of unconstitutional and extra-parliamentary protocols, had no reason to exist. When, in 1990—thanks to a few courageous journalists (later crucified by Cossiga and the media) like Ennio Remondino of TG1 television news—a scandal exploded, Andreotti admitted the existence of the secret structure, and sent sensitive documents to the parliamentary committee investigating several terrorist massacres. The cabinet finally decided to form a committee including all the living former presidents of the Constitutional Court, to give a final evaluation on the legitimacy of Gladio.

On Dec. 7, 1990 (the “black Friday of the Republic”) President Cossiga, whose career is intertwined from the outset with Gladio, threatened a constitutional crisis. Either the government recognized the legitimacy of Gladio, he said, or he would suspend himself from his position.

Andreotti was forced to dissolve the committee and to write a personal letter to Cossiga to “reassure” him. On Dec. 13, the secretary of Christian Democracy, Arnaldo Forlani, commented before the party executive, speaking of a plot organized by some “non-political forces with the participation of foreign secret services.”

In vain, Sen. Libero Gualtieri, the chairman of the parliamentary committee on massacres, protested the lack of cooperation in the investigations. “I am sick and tired of this Gualtieri,” Cossiga told journalists when the committee asked for more time to investigate. Although Parliament had voted an extension, Cossiga refused to ratify it for months. When forced to shut down the activities of his committee, Gualtieri prepared a final document that declared Gladio “illegal” from the beginning.

Finally the Party of the Democratic Left (PDS) asked for Cossiga’s impeachment. In reaction, the President did something that risked a head-on clash between part of the Army and a large part of the population. On Nov. 30, in a speech at the military school of Velletri, Cossiga appealed directly to the military police: “Carabinieri, you are the ones who have to judge me.” A large chunk of the military establishment distanced themselves from a Carabinieri “trade union” that issued a document threatening: “Do not try our patience.”

More recently, the fight over Gladio has claimed new victims. A well-respected military judge from Padua, Benedetto Roberti, who was investigating Gladio, was removed and put under investigation for violation of secrecy. In February investigative journalist Gianni Cipriani, former Sen. Ser-

gio Flamigni, and others were interrogated and accused of being the recipients of information considered secret.

Finally, in the weeks preceding the murder of Salvo Lima, there was an increase in apparently blind violence, claimed by an unknown “Armed Phalange.” Documents were stolen from the Senate safes relating to the inquiry into the Banca Nazionale del Lavoro in Atlanta, Georgia. Documents were also stolen relating to the explosion of a civilian airplane over the island of Ustica. Newspapers, ministers, and congressmen pursuing this track received increasing numbers of threats. In Castellammare di Stabia near Naples, a PDS councilman was assassinated by unknown killers.

One week before Lima’s murder, Cossiga attacked Andreotti during a high-level NATO meeting in Brussels, for having revealed the existence of the secret structure to the “massacres” committee. Then came the murder of Lima.

‘Mafia’ or the real mafia?

But the assassination of Lima was only phase one of the plan. It was to be followed by a media campaign on “connections between mafia and politics” aimed at Andreotti, to smash the Christian Democracy and to catapult into the majority parties like the Italian Republican Party of Giorgio La Malfa, and the Leagues, a series of local slates based on demagoguery, a program of chauvinism, and support for “strongman” Cossiga. This would be the basis for a “presidential government,” a way for the Anglo-Americans to replace an old asset with a new one.

Everything was ready for the big media show. A “repentant” mafioso working for the FBI, Tommaso Buscetta, popped up to announce that he had decided to reveal what he knows of contacts between the mafia and politicians in Italy (of course, his revelations were not going to touch the fact that the mafia was reestablished after the war by the U.S. Office of Strategic Services and British intelligence).

Cossiga, who at the time of the murder was at NATO headquarters in Brussels, refused to go to Lima’s funeral, stating: “Let’s not exaggerate with these theories of the attack against the state. The mark of the mafia seems overwhelming. It is a fight for a division of votes.”

For a moment the game was unclear. But the ravings of La Malfa, whose family has been linked to Anglo-American banks for two generations, were not enough to create the atmosphere. To launch “corruption” hysteria against the selected target it was necessary to get the collaboration of the second biggest party, the PDS. Some of the PDS top leaders met to decide on their course of action on March 12. According to *Il Sabato’s* reconstruction of the discussion, they concluded that the current goings-on are part of a broad plan of destabilization.

Kissinger’s name and his reported attack on Andreotti in New York popped up prominently. “From that moment on, the discussion focused on the coincidence of important his-

torical moments and international interference. . . . The decision is that the secretary, Achille Occhetto, should go to the Parliament and set off an alarm against the possible return of the 'strategy of tension' linked to an international interference," reported *Il Sabato*.

The next day the PDS paper *Unità* ran the headline, "A Crime Decided Abroad."

Andreotti explained to the press that the murder could fit into a strategy aimed at launching "totalitarian adventures of new republics. There could be a secret political desire, not for a democratic reform but for a dictatorial reform, because democracy would be an obstacle to efficiency." Andreotti, wrote the magazine *Avvenimenti*, was talking about the "ideology of the Trilateral Commission, a powerful and still mysterious international masonic center close to the circles of CIA."

Interview: Vittorio Sbardella

Salvo Lima was killed for political motives

One week after the murder of Salvo Lima, the U.S. Embassy in Rome targeted the politician closest to him: Congressman Vittorio Sbardella, Prime Minister Andreotti's "lieutenant" in Rome. Lima shared Sbardella's Rome office and his warm support for the *governissimo*, a potential coalition including all the major parties, similar to that launched by Aldo Moro in 1978. "The hypothesis of a U.S. plan in a destabilizing plot connected to the recent, tragic events that took place in Italy is absurd and ridiculous," read the U.S. Embassy's press release.

The *casus belli* was an interview in which Mr. Sbardella had said, among other things, "The Americans do not hide their hostility toward European unity, especially since the end of communism. After all, this recent Pentagon document that wants to prevent the creation of a new superpower that might overshadow the U.S., seems to me eloquent enough." (The reference is to the Wolfowitz report, described in *EIR*'s March 20 issue, p. 40.)

"The embassy folks only read the headlines," Sbardella told *EIR*. But listening to Sbardella describing his bold program to solve the political and economic crisis of Italy, one can understand all too well why the embassy—and not only the embassy—feels irked.

First: "The Yalta system is in my opinion totally obsolete,

and thus the political outlook in Italy changes, including a possible governing alliance even with the PDS," the ex-communists. "Lima's actions were in harmony with my position and thus, whoever hit him obviously believed also they were weakening this political line, i.e., the involvement of political forces which have been excluded out of foreign policy considerations. Lima's murder is no internal mafia affair, it is a political act. It could have been done by the mafia but with political aims."

Second: "We live in war economy situation. We must solve the problem of the public debt by every means, including the most drastic. We must go in the direction of a freeze, a debt moratorium, domestically and internationally, meanwhile trying to take steps to sharply reduce the debt.

"From international financial institutions like the IMF, whose position is reflected by Mr. Giorgio La Malfa, come constant demands for cuts and austerity. This only leads to destabilization and unemployment. This forces the country to turn in on itself. Italy needs policies of expansion, exactly the contrary of what La Malfa says. So we need a government representing every popular force and hence able to resist any outside pressure, and to implement this project of moratorium and economic development.

"The danger is that we tighten our belts and solve nothing; that we keep paying interest and so increase the debt despite all the squeezing; that we carry out a policy which is against the people, yet we do not solve the problem. I say that the problem must be eliminated."

Third: "If Italy set an example of how to put an end to these austerity and credit squeeze policies, then its example could spread to all of Europe. We must implement the program that was proposed by Deutsche Bank chairman Alfred Herrhausen! Take the countries of the former East bloc. Unbridled super-free-marketism, such as what economist Jeffrey Sachs pushes, can only kill the market, because it does not allow the production of national goods. The market is choked by foreign products, and even the hope to have a market dies out. And this means the coming of the real mafia. These countries which have just freed themselves from communism must be protected. Both we Europeans and the Americans face this problem. If we act in the right way, there will be room for development policies, and we will create a market in those countries. Otherwise, we will keep those countries from growing."

Fourth: "Yes, it is true there was an altercation between Kissinger and Moro and threats from Kissinger. I would say that there is an unscrupulous use of the U.S. role as the leading country on Kissinger's part."

Asked whether doesn't it seem ironic to him that in 1983, when a judge tried to serve Kissinger with a summons to testify on the threats to Moro, Kissinger fled from Italian law enforcement by taking refuge in the U.S. Embassy in Rome, Sbardella responded: "Yes, it is true, that's exactly what happened, but please do not ask me to comment."

A day with the Russian Army

Our correspondent Konstantin George visits the Western Group of Forces based in eastern Germany, as they prepare for the long journey home to Russia.

On March 24, this *EIR* correspondent attended by invitation of the Russian Army's "Western Group of Forces," as the Russian forces based in Germany are called, the ceremonies for the withdrawal of a tank regiment of the 79th Guards Motorized Rifle Division, based in the East German city of Jena in the state of Thuringia. Along with German journalists present, I was given a morning tour of the base, complete with closeup inspection of the BMP-2 armored personnel carriers of the unit, waiting to be loaded at the siding.

This was followed by formal farewell ceremonies at the Jena rail freight station, where the last 33 T-80 tanks and other armored vehicles of the unit were sitting atop railway flatcars ready for their departure that day.

On many counts, the invitation was a sign of the changes that have taken place. This was the first time in history that an *EIR* correspondent was allowed on a Russian Army base and could freely chat with officers and enlisted men of a combat unit.

The ability to see firsthand the 79th Guards Division was important to this writer, who coauthored the *EIR* "Global Showdown" series of special reports, and having contributed numerous pieces dealing with the mid-1980s Soviet military moves and buildup on German territory by the then-Soviet "Group of Forces in Germany," which in 1989 was renamed the "Western Group of Forces."

The 79th Guards Division had always been the elite unit of the Soviet 8th Guards Army, forward-based in Thuringia, right next to the West German state of Hessen and the U.S. Army, with a crucial spearhead role in any invasion. This was therefore an opportunity to see the current status of personnel in one of the best units in the entire roster of the Russian ground forces.

One remark is merited here, showing in retrospect how on the mark the documentation in "Global Showdown" on the 1980s Soviet military buildup had been. I can remember how many in western Europe had scoffed at our assertions then, that Soviet forces in East Germany were equipped with very large numbers of T-80 tanks, the most modern in the Soviet inventory, and how this tank had first been introduced into East Germany at the beginning of the 1980s. The visit to 79th Guards Division confirmed this. The T-80 was first

introduced into the Russian armies in East Germany back in 1981.

Morale was good

What I saw and heard during this day with the Russian Army was most interesting. This visit provided proof, that at one level, sweeping changes are indeed under way in the Armed Forces. The troops, especially the enlisted men, contrary to the stereotype image of the Russian soldier, were relaxed, friendly, and talkative, and posed with the author for pictures beside their BMP-2 armored personnel carriers. This held true not only for the Russian, Ukrainian, and Belorussian troops, but also for the young recruits from the Central Asian republics of Kazakhstan and Uzbekistan.

While these troops were relaxed and friendly, there was no sign whatsoever of any laxness or sloppiness concerning discipline, let alone any sign of "demoralization." On the contrary, whatever may be happening elsewhere in the Russian Army, the 79th Guards Division was living up to its traditional high standards and high morale.

In his speech at the farewell ceremonies, the division commander recounted the division's history. Created in December 1941 at the height of the critical battle for Moscow, the division played a prominent role in stopping the advance of the German Wehrmacht at the gates of the Soviet capital. Then, from the successful Red Army counteroffensive from December 1941 to February 1942, they went on to fight with honor at the Battle of Stalingrad, the turning point of the war. As the commander stressed, this particular unit went the entire route "from Stalingrad to Berlin" as one of the most decorated units in Russian military history.

What struck me most about the troops, however, was the combination of professionalism, alertness, and pride, and at the same time being relaxed and friendly. Certainly, and I heard this directly from the young conscripts who would be demobilized upon return home, there was the normal joy and happiness about being reunited with one's family after completing two years of hard spartan duty. I can give an example of what these two years looked like.

From some of the young men I spoke to among the BMP-2 drivers, the two years had begun, after standard basic train-

ing, with deployment to the armored vehicle training school in the Kharkov region of Ukraine's Kiev Military District. From there came the assignment to the 79th Guards Division. For these conscripts, the last 18 months of service had been with the 79th Guards Division in Germany, with no break, far from home. These troops were, given the uncertain future all would face once home, committed to performing their military duties until the day of demobilization.

'Very complicated' situation back home

This worry about the uncertain future was much more visible among the officers who, generally speaking, had a much more tense and nervous appearance. To them, home had always been the Army. This was not uniformly the case, but it was true as a rule for the Russian officers. A young Belorussian, for example, was happily recounting that leaving the Community of Independent States forces would mean a future with the new army of the Republic of Belarus now being formed.

The speeches and statements made to the press by the division and regimental commanders and other high-ranking officers, were also revealing concerning the uncertain future. The division commander stressed that the withdrawal, which would see "all of our troops leaving Thuringia this year," i.e., the entire 8th Guards Army, was taking place amidst a "very complicated situation" back home. The translation into German omitted the crucial word "very."

Other statements by these commanders were equally revealing in terms of their obviously high level of dissatisfaction over the "very complicated" situation back home. What struck me as I listened to officer after officer describe the destination of the withdrawal, was their use of interchangeable phrases "our homeland" and "our country."

After asking a few times, "Which of the independent republics do you have in mind?" an interesting mix of answer and non-answer emerged. The division commander stressed that each of the demobilized troops would return to "his republic." An obvious enough answer. But what of the career personnel? Silence.

I don't believe the silence was meant in any bad way. This was a question that these Russian officers, who had no other republic to go to except for the Russian republic, where large-scale cuts in the officer corps will be occurring, and where the prospect for decent living conditions for those lucky enough to escape unemployment was nightmarish, could not answer.

The Russian words used to define home were *rodina* or "homeland," and *stran* or "country," which were liberally mistranslated into German as "Russland" or Russia, with one significant exception: The word "Rossiya" for Russia was never used. This exception came when the division commander, in his final remarks, said, "We are returning to our country, to Russia, Ukraine, Belarus, and Kazakhstan."

Here was an interesting political statement, saying in a

concise, deliberate way that somehow a Slavic core plus Kazakhstan, of four sovereign republics but economically and militarily one "country," so to speak, must be preserved. I would be willing to bet that far more than a few former Soviet generals would avidly agree with the feelings of this particular general major.

Another question was: What will happen to the T-80 tanks and all the first-class arms and equipment of this division? In the case of all the arms and equipment of the Western Group of Forces, it is all going to the Russian Republic. The T-80 tanks, the armored vehicles, and all other equipment of the 79th Guards Division will find its new home somewhere in the Russian Republic's Volga-Urals Military District.

On the squabbles between republics on dividing up arms and equipment, the flow of arms from the Russian forces in Germany, which on the average is the most modern in the Ground Forces' inventory, solely to Russia, sheds important light on the real issue at hand. Not how many tanks, or whatever, does a republic get, but how many of what type, how modern, or as the case may be, how obsolete.

The restless army

The two expressions that would best characterize the social crisis within the Armed Forces of the former Soviet Union are, "something has to give" and "anything can happen."

The military is furious at the mass demobilization of officers and soldiers by the International Monetary Fund-dictated budget cuts being shoved through by Vice Premier Yegor Gaidar, which are throwing officers into a civilian life devoid of jobs and housing. The lifting of price controls has wrecked the living standards of officers still on active duty, impoverishing their families, and added to the grave housing crisis within the military.

According to February statistics released by the Armed Forces, 200,000 soldiers and their families, are living in makeshift, temporary facilities. In other words, they do not have, even by spartan Russian military standards, decent housing.

The boiling situation within the officer corps was at the top of Russian President Boris Yeltsin's agenda during his two-week working vacation in March at Sochi on the Black Sea coast. It was no coincidence that his first act upon returning to Moscow on March 16 was to issue a decree forming a Russian Defense Ministry and appointing himself as Russia's first defense minister, as the prelude to formally creating a Russian national armed forces.

Naming himself was designed, as Yeltsin stated, to reassure the military that they would enjoy the full support and financial-material backing of the Russian nation, with himself as the guarantor. This move may succeed in buying time, but whether it will do more than that depends on what Yeltsin does to solve the social crisis within the military and society generally.

Environmental policy solidified

The kooky Environment Secretary José Lutzenberger is out, but his replacement is even worse.

Brazilians who love their country and defend the rational conservation of nature which grants man the right to intelligently exploit resources and transform them with his technology, didn't have time to celebrate the March 21 firing of Environment Secretary José Lutzenberger. Relief over the removal of the radical secretary, who once compared humanity to a bacteria colony, was quickly replaced with concern over the fact that Lutzenberger's replacement will be Education Secretary José Goldemberg, who will now occupy both cabinet posts up through the end of the June Eco-92 conference.

Goldemberg's elevation to official control over environmental policy, which he had already controlled *de facto* from behind the scenes, places the country in the orbit of the two most sophisticated sectors of the Anglo-American establishment, grouped around the Washington, D.C.-based World Resources Institute (WRI).

Lutzenberger's removal, just two months before the Eco-92 conference, was due to his embarrassing public remarks countering the government's official environmental policy. The latter has been formulated on the basis of an alleged consensus around the concept of sustainable development and the need for industrialized countries to contribute "new and additional resources" for environmental protection of the developing countries.

On March 12 in New York, during the fourth session of the preparatory meeting for Eco-92 called PrepComm IV, Lutzenberger questioned both

concepts. He stated that granting more money for the Third World is not the solution to environmental problems, adding that if money went to Brazil, "it might end up in corrupt hands." Lutzenberger then criticized the notion of sustainable development, describing it as "contradictory."

He went on to lock horns with the Brazilian Institute for Environment and Renewable Natural Resources (IBAMA), accusing the agency of a number of irregularities favoring lumber companies operating in the Amazon region. IBAMA President Eduardo Martins immediately demanded Lutzenberger's removal.

This was the last straw for President Fernando Collor de Mello, who decided to dump the troublesome secretary. In any case, Lutzenberger's demise had already been mooted by members of the government's inner circle, including Goldemberg, who were worried about the effects of his public tantrum on the government's "green" image, particularly as seen from abroad. Undoubtedly, Lutzenberger's removal was one of the matters Collor discussed with Norwegian Prime Minister Gro-Harlem Brundtland and Prince Philip of Britain, both of whom visited the country in early March.

With Lutzenberger's exit, Goldemberg now assumes virtual control over three sectors of vital importance for the new world order's strategy vis-à-vis Brazil: science and technology, environment, and education. In the area of environment, Goldemberg has already invited in a group of friends,

who share in common intimate ties to the international non-governmental organizations (NGOs) directly involved in formulating and executing the new order's policies, among them WRI, to help him.

WRI, whose vice president Jessica Tuchman Matthews was a member of the U.S. National Security Council, is one of the NGOs most closely linked to Anglo-American intelligence networks. On its board of directors sit some of the new world order's most prominent spokesmen, such as former World Bank President Robert S. McNamara, UNCED's Eco-92 Secretary General Maurice Strong, and the director of the U.N. Environment Program, Mostafa Tolba. Joining them are two Brazilians: Goldemberg and Paulo Nogueira Neto.

In October 1991, the WRI published "Compact for a New World," in which, among other things, it considered as a top priority the protection of the Western Hemisphere's environment, including "population stabilization by the turn of the century," reduction in "consumption of resources by the rich," and cutting the use of fossil fuels and the region's military budgets. Among the signers of the Compact were Deputy Fabio Feldmann and Maria Tereza Padua, president of the Brazilian NGO, Funatura.

Maria Tereza Padua has already been invited by Goldemberg to occupy the presidency of IBAMA, and could be in line for the post of environment secretary after Eco-92. Fabio Feldmann was the first person Goldemberg met with after replacing Lutzenberger. The March 23 *Tribuna da Imprensa* reported that Collor is studying Feldmann's proposal to merge the Secretariat of Science and Technology with the Secretariat of Environment, which would consolidate Goldemberg's control over the group.

Shining Path offensive builds

While Peru's Armed Forces are being dismantled, terrorism can be the pretext for foreign intervention.

While the U.S. Congress debates what to do if Shining Path takes power in Peru, the narco-terrorists have launched a new wave of violence in the country. During the week of March 16, in a series of assaults and "popular trials" held around the country, they murdered 36 people. The group is also advancing toward its goal of taking over the "poverty belts" and communities surrounding Lima as "bases of support" for an eventual takeover of the capital.

The narco-terrorists have already murdered more than 100 community leaders, such as María Elena Moyano, vice mayor of Lima's largest slum, Villa El Salvador. As the March 23 *Caretas* magazine reported, they have taken over seven of Lima's poorest neighborhoods—or "red zones"—and have begun to infiltrate another 21, known as "pink zones." But Interior Minister Gen. Juan Briones has informed local leaders who oppose Shining Path that the state cannot protect them. He recently recommended that they "organize a security system similar to those in the private sector."

Shining Path, meanwhile continues to organize unimpeded. Weeks ago, its well-organized propaganda machine, run from Brussels by Luis Arce Borja, stepped up its campaign to present the group as "romantic revolutionaries struggling against a corrupt state," and to portray the Armed Forces as criminal violators of human rights. Hardly accidentally, at the same time, Amnesty International also geared up its worldwide campaign against Peru, which it character-

izes as "the world's worst violator of human rights." The Foreign Ministry has given instructions to its embassies in both Europe and the United States to counter Shining Path's propaganda. Augusto Blacker Miller told the Congress in March that the practice of granting "political asylum" to terrorists, typical of Sweden's social democratic government, for example, is an affront to Peru.

Domestically, however, the Fujimori government has limited itself to offering rewards for the capture of subversive leaders, rather than devising an effective anti-subversive strategy. Moreover, local press recently reported that many terrorists are being released from jail due to "lack of evidence" or, worse, "good behavior." In the Congress, the left, the social democrats of the APRA party, and the liberals have banded together to tie the Armed Forces' hands, thus sabotaging any serious anti-subversive strategy.

When President Alberto Fujimori sent a package of anti-subversive decrees to the Congress, limiting the Armed Forces' institutional autonomy but granting them greater leeway in fighting subversion, Congress annulled the latter decrees but approved establishing civilian control over the Armed Forces. Just a few days after Congress denied the military the right to enter state university campuses, which have been infiltrated by terrorists, Shining Path murdered three soldiers who were standing guard outside the entrance to Lima's Engineering University.

During his recent trip to Japan, Fujimori announced that Shining Path would be defeated before 1995. Few believe him, however. Commenting on the President's remarks, the former archbishop of Lima, Cardinal Juan Landazuri, said in an interview with *La República* published March 15, "I think this is excessively optimistic. . . . We all wish subversion to be defeated as soon as possible but . . . we have to be realistic and see what's happening around us." "It's very serious to say that we're losing the war," the cardinal continued, "but there are actions which cause us to see that terrorism is ever more present. We used to hear that Shining Path was in the mountains or in the jungle. Now we see it here in the capital." The cardinal explained that subversion is taking advantage of the social crisis "especially when it sees that there is no coherent command which is leading the fight against subversion."

The liberal press, meanwhile, is peddling the fantasy that "the United States will not permit a victory by Shining Path"—even if it's at the cost of Peru's sovereignty. "To put it briefly and bluntly, neither our neighbors nor the United States would tolerate a Shining Path victory in Peru," said Fernando Rospligiosi in an article in the March 23 *Caretas*. "Countries like Brazil, and obviously the United States, have the capability and the possibility of intervening in the event the situation deteriorates." Ominously, on March 25, *Expreso* published an unconfirmed report that the Bush administration will soon replace U.S. Ambassador Anthony Quainton with Alvin Adams. Adams, now the ambassador in Haiti, was one of the most vociferous advocates of an multinational military intervention into Haiti following the overthrow of President Jean-Bertrand Aristide in September 1991.

International Intelligence

Spain sees 'time bomb' in Maghreb countries

A "time bomb" is ticking in the Maghreb countries, which threatens the stability of southern Europe, warned Spanish Foreign Minister Francisco Fernández Ordóñez early in March. In a report to the conference in Brussels of European Community foreign ministers, on the theme "Europe and the Maghreb," Fernández Ordóñez called on the EC to engage in a more active policy to defuse a potential economic and social explosion in the North African states of Morocco, Algeria, Tunisia, Mauritania, and Libya.

The Mediterranean is a "volatile border" to the Arabic and Islamic world, where different cultures are confronted, the report states.

High unemployment, "galloping demography," heavy indebtedness, periodic social crisis, and a growing influence of Islamic fundamentalism can no longer be ignored or, "in less than 30 years, 130 million people will knock on Europe's southern border." Spain is in the most sensitive position, says Fernández Ordóñez, only a few kilometers from Morocco, where per capita income is lower by a factor of 11. The Iberian peninsula is the entry-point to Europe for a steady growing migration.

The Spanish foreign minister points correctly to the vast development potential of the Maghreb region, but his call for more aid is coupled with an economically incompetent proposal for the establishment of a free trade zone there.

Haiti's Parliament rejects OAS accord

The Parliament of Haiti on March 21 blocked the "settlement" of the crisis there proposed by the Organization of American States (OAS), and postponed indefinitely a vote on the matter. Parliamentary opponents of the agreement, numbering about half the congress, walked out, denying a quorum, so that no vote could be taken. The settlement

package would have ended the embargo and provided for the eventual return of the ousted President, Jean-Bertrand Aristide.

Aristide backers blamed the development on pressure from the Army. Aristide said he still believes he can return, based on peaceful change, not military intervention.

According to the *New York Times* of March 23, the United States is now trying to rally the rest of the OAS behind a decision to impose an actual blockade, where ships trying to dock at Haiti would be intercepted on the high seas, as distinct from an embargo, where compliance is voluntary. The Bush administration is reported to be "pointing to the failed coup in Venezuela as an example of why the region cannot allow the military coup to succeed in Haiti." The OAS is also reported to be discussing new treaty commitments to defend "democracy" from attack.

'United opposition' forms in Russia

A group of Russian leaders describing themselves as "the left-wing and right-wing opposition" met on March 1 and vowed to launch an offensive against the policies of the current government, according to a report and declaration published in the newspaper *Sovietskaya Rossiya* on March 10.

The members of the united opposition include the Russian People's Union, the Russian People's Assembly, the Russian Communist Workers' Party, the Coordinating Council of the People's Patriotic Forces of Russia, the Russian Party of National Revival, the Commission for the Investigation of Mikhail Gorbachov's Activity, and the Organizing Committee to Prepare for the Sixth Congress of U.S.S.R. People's Deputies.

Their declaration reads in part: "The artificially deepening crisis has brought the country to the verge of a catastrophe that can be compared to defeat in a large-scale war. Our historical Homeland—Russia—the Soviet Union—is being destroyed. . . . The economy was rolled far backward. State reserves were squandered. Total chaos reigns in finances. Even world-famous cen-

ters of science and culture were left without means of subsistence. The deliberate destruction of the army and the country's defense complex is under way. . . .

"The rapacious reforms rolled 130 million Russians beyond the official poverty line overnight. The physical extinction of the population began across Russia. . . .

"The ruling circles of the Russian Federation, which are carrying out dubious experiments with the people . . . are the first to shoulder the entire responsibility for what is happening. The anti-people's government subordinated Russia's national interests entirely to the world's reactionaries—the key architects of the U.S.S.R.'s disintegration."

Russian Deputy Prime Minister Gennady Burbulis charged the group with intending "to plunge us again into the old Soviet, communist repressive system."

Egypt hits 'racism' of western powers

The campaign for military intervention of the western powers in the Arab world smacks of racism, charged the Egyptian daily *Al Ahrām*, in an editorial published on March 19. This was the first salvo in a barrage of attacks in Egypt's press against the western policy.

The fact that the western powers are singling out Arab countries for military intervention, *Al Ahrām* wrote, reveals a doctrine of racism that the Arab world recalls from the colonialist period.

Then, on March 21, the same newspaper editorialized that "President Bush should find some other issue in this election campaign" than attacking Arab countries. The paper also accused the United States and Britain of "codified international piracy" over the Lockerbie affair, and warned that the ultimate Anglo-American aim was to reduce the Arab world to a "mass of clashing mini-states" so that Israel could effectively rule the region.

Reporting these commentaries, the London *Guardian's* David Hirst reported on March 23 that all the Arab countries, with

the exception of some of the smaller Gulf states, see the West's campaigns against Libya and Iraq as "an affront to all of them." The West is perceived as out to "get" Iraq and Libya, not really because either of them are bad, but simply because they are Arabs.

Israel cuts off Gaza from outside world

"Gaza is blockaded and isolated from the outside world; no one is allowed in or out of the Strip," charged Mansour Shawa, head of the Gaza Benevolent Association, in an interview with the British Broadcasting Corp. on March 20. Shawa denounced the action as "collective punishment" by the Israeli authorities, in response to bombing in Buenos Aires and knifings in Jaffa.

"There is no need, no justification for collective punishment of a population of 800,000 people living below the poverty line," he said, emphasizing that this was the first such exclusionary measure in Gaza since the end of the Gulf war. During the Gulf war, the Strip was sealed off for 42 days, depriving tens of thousands of residents of their livelihoods.

"The people are furious," Shawa told BBC. "People can't work. 30,000-35,000 people go to Israel every day to work, but now they can't leave. They are prevented from getting their daily earnings. As a result, they can't buy bread, food, medicine."

Shawa attacked the concept of holding an entire people responsible for terrorist acts. He also accused the West of "double standards, of not giving a hoot" when Arab or Muslim children are killed, yet of raising an international hue and cry when Israeli children are killed.

Pro-military parties win in Thailand vote

Pro-military parties won about half the seats in the lower house of Thailand's Parliament at the end of March, in the first general election since the military coup in February 1991. The

current military leader, Gen. Sunthorn Kong-sompong, has said he may ask Army chief and military commander Gen. Suchinda Kraprayoon to form a new government.

Student leaders vowed to take to the streets to prevent a general being named prime minister, but the pro-military parties have more than the simple majority needed to form a government. The Samakki Tham Party, which has close links to the generals, won 79 seats in the 360-member lower house of parliament, according to *The Nation*. They, with the Chart Thai Party, which won 74 seats, the Social Action Party and the small Prachakorn Thai Party, met with the generals on March 23.

The Sunthorn-backed present government of Thailand has instituted a large number of economic deregulation reforms, along the lines of International Monetary Fund free market economics, which were relatively unpopular, but the opposition parties have not mounted an effective counter-policy to these.

Trilateral Commission to convene in Lisbon

The Trilateral Commission is holding its annual meeting in Lisbon, Portugal on April 25-27. The main speakers will be Henry Kissinger and Count Otto von Lamsdorff of Germany, the new president of the commission's European branch. Their theme will be "The New Geopolitics."

Other panels will include "Regionalism and Globalism," featuring British Foreign Office insider Sir Michael Palliser and former Carter administration official C. Fred Bergsten, among others; "Business Practices and Geo-Business," featuring Italy's Umberto Agnelli, Japan's Akio Morita, and former U.S. Federal Reserve chief Paul A. Volcker, who recently replaced David Rockefeller as North American chairman of the commission; "Shared Security Responsibilities," focusing on non-proliferation; and the problem of migration, with a focus on European responses and options in the face of the growing "migration wave."

Briefly

● **FORMER KGB HEAD** Leonid Shebarshin revealed, in an interview with Germany's *Der Spiegel* of March 16, that the CIA has made an effort to recruit former agents of the East German State Security (Stasi). Shebarshin advised Stasi spies in western Europe to "wait for German foreign intelligence to approach them and offer them to continue their work."

● **SWITZERLAND** has initiated a debate among European neutrals about the future of defense, the first meeting taking place in Berne on March 16 at the level of the chiefs of general staffs. Austria, Sweden, and Finland also participated. The meetings are to become a regular event, and will be held on the level of defense ministers, tentatively also with participation of the now non-aligned east European states.

● **THE ORTHODOX** patriarchs, meeting in Istanbul, announced that Sept. 1 would henceforth be celebrated as "Environment Day" each year by the Orthodox churches worldwide, the *Wall Street Journal* reports. Their final communiqué stated that "we must recognize the failure of all anthropocentric ideologies, which have created in men of this century a spiritual void."

● **CHINA** is refusing to support sanctions against Libya or military operations against Iraq, although it may abstain on any vote at the United Nations, as it did on the vote authorizing the Gulf war. Foreign Minister Qian Qichen said that sanctions against Libya "could only aggravate regional tensions and result in serious consequences."

● **KHMER ROUGE** guerrillas are laying siege to the central Cambodian capital of Kompong Thom, despite the official cease-fire. The regional governor said the Khmer Rouge wants to get control of as much territory as possible before the U.N. peacekeeping forces arrive.

Bare Ford-Rockefeller plan to invade Nigeria, Venezuela

The following report was made available to EIR courtesy of Glasnost subscription information service clo Information Project for Africa, P.O. Box 43345, Washington, D.C. 20010.

A study prepared for Congress in August of 1975 reveals that the United States seriously considered military action to seize oil fields on three continents.

The study, titled "Oil Fields as Military Objectives," was prepared by the Congressional Research Service (CRS) and submitted to the House of Representatives Committee on International Relations on Aug. 21, 1975. It was completed shortly after the conclusion of the 1973-74 OPEC oil embargo which drastically increased the cost of petroleum imports to the United States and its allies.

The CRS document, which is not listed in the Library of Congress records and has apparently never been released to the public, examines the likely scenario that an "airtight" oil embargo would have on U.S. security and the vital interests of its European allies and Japan. It also reviews the advantages and the liabilities of military action against several oil-producing countries including Venezuela, Saudi Arabia, Kuwait, Nigeria, and Libya, as well as various combinations of targets.

Planning alternative invasions

The report advises that a military invasion could succeed only if the mission resulted in the seizure of a substantial number of intact oil installations; if the United States could secure and operate these installations for a period of "weeks, months, or years"; if sufficient technology could be made

available to quickly restore wrecked assets and to operate them without the assistance of local people; and if the United States could guarantee passage of supplies and oil products to and from the conquered nations.

The study suggests that large oil-producing states in the Middle East were leery of U.S. intentions, and cited an article by Arnaud de Borchgrave in the March 31, 1975 issue of *Newsweek* claiming that oil fields in the Persian Gulf states had been planted with mines that could be set off on a moment's notice. Moreover, a Conference of the Sovereigns and Heads of State of the OPEC Member Countries, reported in the *New York Times* on April 1, 1975, issued a declaration of their willingness to counteract threats by outside forces "with a unified response whenever the need arises, notably in the case of aggression."

The CRS analysis noted that, "Several OPEC countries adjoin in the Middle East, where coordinated military actions by members and or sympathizers (especially the Soviet Union) are conceivable." Thus it concluded that U.S. occupation of oil fields in Arab nations might also require U.S. control of neighboring regions.

It added, however, that non-Arab OPEC states such as Nigeria and Venezuela "sense no significant threat, and thus have little incentive to plan sabotage operations." It described Venezuela and Nigeria as "isolated." Outsiders, it continued, "would find it difficult or impossible to oppose U.S. actions."

Additionally, the document noted that both countries are "comparatively close to the United States."

"It is five times farther from our eastern seaboard to Persian Gulf ports via the Mediterranean than to Maracaibo, just across the Caribbean," said the CRS feasibility study. And

it pointed out that there are no "terrain bottlenecks," such as the Suez Canal or the Strait of Hormuz, that would interfere with access to and from either Venezuela's Maracaibo oil field or the offshore installations in Nigeria.

Even more importantly, says the document, neither country could mount "more than token resistance to a U.S. invasion," and the threat of intervention by Soviet air and ground forces "would be nonexistent." The report concluded that no other potential targets offer these advantages.

Nonetheless, the document acknowledges serious drawbacks to the simultaneous seizure of Venezuelan and Nigerian oil. The cost of maintaining two separate military operations 4,500 miles apart "would cause force requirements and costs to soar," it warned, and the offshore facilities present in both nations "would be much more difficult to seize and secure than installations ashore."

It advises also that special and relatively risky military tactics would be necessary in both countries. Nigeria's oil installations, the report states, are located in "mangrove swamps and rain forest similar to those that frustrated U.S. forces in Southeast Asia." And "all Latin America likely would censure U.S. actions if we seized oil fields in Venezuela, which is our official ally in the Organization of American States (OAS)."

The document proposed, as an alternative, linking Maracaibo's resources with those of Libya, but cautioned that a U.S. military adventure in the North African nation "almost certainly would cause serious rifts between this country and its European allies if seizing oil installations served U.S. interests, but not NATO's." Even more importantly, it said, Soviet Armed Forces are well-positioned "to meddle in the Mediterranean," and critical lines of communication would be highly vulnerable.

'We will not be strangled'

Discussion of possible intervention in oil-producing countries surfaced in the news media with some regularity in the months following the OPEC embargo. In an interview with the *U.S. News and World Report*, published Nov. 25, 1974, President Gerald Ford denied having formulated plans to invade Libya and Kuwait. But in January of the following year, he told a *Time* correspondent that he would not rule out the use of military force if the western world were to be faced with "strangulation" by another OPEC boycott.

In February, Ford reiterated that position on NBC television, assuring the people of the United States that "we are not going to permit America to be strangled to death" by the oil-exporting cartel. Secretary of State Henry Kissinger extended this assurance to other western nations, telling Bill Moyers in a Feb. 10, 1975 interview that "the United States will not permit itself or its allies to be strangled."

At a Jan. 14, 1975 Pentagon press conference, Defense Secretary James Schlesinger remarked that "it is indeed feasi-

ble to conduct military operations if the necessity should arise." He added, however, that such action would be undertaken only in "the gravest emergency."

Schlesinger discussed military action against OPEC on at least two other occasions. He told Hugh Sidey on a Jan. 7, 1975 broadcast of Washington Straight Talk, "It is plain, I think, that one should not tempt fate by pushing the concept of national sovereignty too far." He likewise conceded that the U.S. would be "less likely to be tolerant of a renewed embargo than we were of the initial one in 1973" in an interview with *U.S. News and World Report* published on May 26, and acknowledged that there are "economic, political and conceivable military measures" that might be implemented if such a situation were to arise.

Non-governmental "experts" on foreign relations also took part in a debate about the use of military action against oil-producing nations. In an article titled "Oil: The Issue of American Intervention" which appeared in the January 1975 issue of *Commentary* magazine, Robert W. Tucker of Johns Hopkins University predicted that "a disaster resembling the 1930s is indeed a distinct possibility." Tucker offered harsh criticism of anyone who argued that such an invasion would be bound to fail, claiming that such limited options leave the world "quite at the mercy of the Arabs and the Russians."

Tucker argued for seizure of a 400-mile strip extending down the Persian Gulf from Kuwait through Saudi Arabia to Qatar. This strip, he wrote, contains more than 50% of all known OPEC oil resources, and 40% of the world's proven reserves. Moreover, he explained, "it has no substantial centers of population," and "its effective control does not bear even remote comparison with the experience of Vietnam."

Most importantly, added Tucker, such an intervention would virtually end OPEC as a viable economic institution. "With the core of the cartel broken, it is not only difficult to see such countries as Iran or Venezuela accepting this risk [of a future trade embargo], it is even difficult to see Libya doing so."

For Tucker, however, the issue was bigger than OPEC or even petroleum itself. The oil crisis, he noted, "affords a spectacular demonstration . . . of the growing power of the new and developing states." Indeed, he added, the Arab oil embargo points out "the increasing pressure we will be subject to by those whose numbers grow daily at an ever greater rate and who are determined to share an ever larger piece of a cake that no longer can be considered as indefinitely expandable."

Another item, written for *Harper's* by an author using the pseudonym Miles Ignotus, explained: "The goal is not just to seize some oil (say in accessible Nigeria or Venezuela), but to break OPEC." That article, published in March of 1975, recommended that "force must be used selectively to occupy large and concentrated oil reserves, which can be produced rapidly in order to end the artificial scarcity of oil

and thus cut the price."

The writer conceded the substantial political benefit the Soviet Union would gain from such an unpopular military intervention by the United States, but dismissed it by saying: "Let the Russians have the influence, and let us have the oil."

The report to the House of Representatives, too, addresses the potential "strangulation" of the West and the need to "break" OPEC.

"Economic warfare, most notably oil embargoes, currently could threaten most modern societies just as surely as nuclear weapons," it states. "Degrees of vulnerability depend on relationships between each country's requirements on one hand and its resources plus stockpiled resources on the other."

It projected that sustained sanctions by oil exporting nations "would disrupt this country domestically and degrade U.S. security," but stated that "not even a full-scale OPEC oil embargo would threaten U.S. survival."

Effective sanctions by OPEC, however, would quickly compromise the economies of major European allies and Japan, it says. An extensive embargo would thus "involve vital interests at a very early stage, 'strangling' Nippon and NATO in every sense of that word," according to the CRS memorandum. "Political, military, economic, and social interests in America would suffer accordingly," it adds.

The question of whether the U.S. would have an obligation to defend these countries against what CRS called "economic warfare" by OPEC is only briefly addressed in the document. Treaty obligations toward NATO call for joint action only in the case of "armed attack," the CRS study notes. But, on the other hand, there would be little support from the allies for a military excursion conducted only to assure U.S. oil supplies. In fact, "operations to supply the United States alone could be inimical to NATO's interests," it states.

Busting cartels through debt

Cartel-busting was the dominant theme of a memorandum on the future of U.S. economic activities in OPEC countries which was prepared for the Development Coordination Committee by the State Department, the Agency for International Development, the Overseas Private Investment Corp., Eximbank, and the CIA. The report was written for the Development Coordination Committee in November of 1975 and declassified in early 1992.

The "dramatic change" in the fortunes of some low-income OPEC nations, along with their new-found "ability to affect economic conditions worldwide through oil policy decisions," raises questions about the best form of economic engagement to pursue, it states.

"The primary U.S. objective in dealing with the cartel," it continues, "is to minimize its adverse effects on our economy, either through price or quantity actions on their part. This

New light on Desert Storm

Newly released documents from the Ford-Rockefeller administration give the background to *EIR's* analysis that the 1990 Anglo-American occupation of the Persian Gulf and 1991 war against Iraq, had nothing to do with the Iraqi occupation of Kuwait. As the accompanying article analyzing these documents shows, a U.S. plan to seize the region's oil fields, and also destroy the Organization of Petroleum Exporting Countries (OPEC) by other means, had been seriously considered 15 years ago. These plans were later implemented by the Bush administration under the pretext of protecting the region from "Iraqi aggression." In many cases, the cast of characters in the Ford and Bush administrations was the same.

Although Iraq has now been crushed, the Anglo-Americans are not leaving: Under the cover of granting U.S. and British "basing rights," Saudi Arabia, Kuwait, Oman, Bahrain, and other states in the region, have agreed that their military occupation will be permanent.

OPEC, meanwhile, has been all but destroyed. At a September 1991 OPEC meeting, Saudi Oil Minister Hisham Nazer proclaimed that Saudi Arabia would produce as much oil as it wanted, regardless of OPEC quotas, which are intended to fix a price. "Nobody has to approve what Saudi Arabia produces," he claimed, provoking the Algerian representative to ask, "What then is the need for OPEC?" In October, Nazer told *Petrostrategies* that the Saudis might open up their oil fields to foreign ownership, reversing the policy of oil nationalization upon which OPEC, and even Arab sovereignty, has been based.

Iraq's continuing refusal to allow the U.N. to determine its future oil production policy, on the other hand,

objective may be pursued by actions which would weaken the cartel and bring market forces to bear more heavily on oil prices or to negotiate and influence cartel members on their actions."

The DCC memorandum provides no details about how the various "policy tools" of the U.S. foreign aid arsenal might be used to "weaken the cartel" or to "influence cartel members," but it does contain a lengthy discussion of the economic needs of the three least-developed OPEC nations—Nigeria, Indonesia, and Ecuador—and of the available options for extending loans and other development assistance. The use of technical assistance programs and international financial institutions, it explains, would be a valuable mechanism for establishing political ties and main-

may yet be the reason cited for a new Anglo-American military assault.

Bush and the Ford administration

One striking feature of the Ford era plans now made public is that the same figures active in plotting against OPEC then, were later key figures in planning and executing the Bush administration's Operation Desert Storm.

As the documents show, the Ford administration's little known Development Coordination Committee was then involved in plans to bust OPEC. There were 10 members of the shadowy inter-agency committee. One was James Baker III, then undersecretary of commerce. Another was Brent Scowcroft, Ford's deputy national security adviser. Scowcroft would soon be Ford's national security adviser, a post he holds for Bush today. A third conspirator was future Reagan-Bush CIA director William Casey, then president of the Overseas Private Investment Corp. The committee was informally run by Secretary of State Henry Kissinger who remains a guiding influence on Bush to this day. Bush was himself CIA director for part of this period, and the CIA helped prepare the inter-agency committee's studies. Current Defense Secretary Richard Cheney was then the powerful Ford White House Chief of Staff.

This same group also authored a series of National Security Council memoranda in the Nixon and Ford years that called for reducing the population of several Third World states, in part to secure access to their raw materials. National Security Study Memorandum 200 (NSSM 200) and its sequels, prepared by Kissinger and Scowcroft, targeted Iran, Algeria, Nigeria, Indonesia, and other states for population reduction. These same states were then also potential targets of U.S. invasions to secure oil supplies.

Unsolved murders

The documents also shed light on some important assassinations in the Ford years whose effects are still important today.

On March 25, 1975, King Faisal of Saudi Arabia was assassinated, shortly after a violent meeting with then Secretary of State Henry Kissinger over Saudi policy toward Israel and toward the price of oil. The assailant, a deranged nephew who had a strange circle of friends in Colorado and California, had gained access to the king. The Saudi interior minister at the time, Prince Fahd, is today the Saudi monarch.

On Feb. 13, 1976, Murtala Mohammed, the President of oil-rich Nigeria, was killed by another deranged assailant. Murtala Mohammed was an open opponent of Henry Kissinger. His successor, Olusegun Obasanjo, is now in retirement at the Washington-based Center for Strategic and International Studies, where he is a close associate of former World Bank president and U.S. Defense Secretary Robert McNamara. The assassination took place a few weeks after George Bush replaced William Colby as CIA director.

Within hours of the Aug. 2, 1990 Iraqi invasion of Kuwait, Saudi ambassador to the U.S. Prince Bandar met with George Bush. Following the meeting, Bandar sent a memo to King Fahd calling upon him to accept hundreds of thousands of U.S. troops on Saudi soil even though an Arab diplomatic solution to the crisis was then still attainable and even likely. Accept the troops, Bandar said, "because I have been informed by the U.S. administration that its decision in this regard is final, whether or not Riyadh agrees to ask in U.S. troops. Therefore, I suggest that an invitation be extended so that it would not look like an occupation by force." Bandar is now Bush's favorite to replace Fahd as King.—*Joseph Brewda*

taining a U.S. presence in nations that might otherwise use oil exports as a political weapon against the United States.

It was more than 15 years after the Congressional Research Service completed its feasibility study that the United States finally staged a full-scale military offensive in the Persian Gulf. But questions remain as to whether the Ford-era plan was ever really abandoned at all. Reports about an alleged meeting between high-level Kuwaiti officials and former CIA chief William Webster less than a year before Iraq's invasion of Kuwait suggest that the U.S. may simply have waited for a thaw in the Cold War to make its move.

Kuwait's former Security Chief, Brig. Gen. Fahad Ahmed Al-Fahd, is quoted in one such report, taken from Kuwaiti files and released by the Iraqi government, as saying:

"We agreed with the American side that it was important to take advantage of the deteriorating economic situation in Iraq in order to put pressure on that country's government to delineate our common border. The CIA gave us its view of appropriate means of pressure, saying that broad cooperation should be initiated between us on condition that such activities are coordinated at a high level."

The OPEC oil embargo, of course, was never repeated. But clearly the rationale for military dominance by the West still exists. As Professor Tucker of Johns Hopkins wrote in 1975, "the essential meaning of the oil crisis is that the developed and capitalist states are at the end of a long period of rapid economic growth made possible in large measure by the cheap raw materials of the undeveloped world."

Jerry Brown and his agenda for the destruction of America

by Brian Lantz

Over recent weeks, Jerry Brown, the former governor of California, has taken a place on the national political stage. Receiving major mass media attention, Brown is now talking of waging an independent presidential campaign. A political lightweight, he has taken no responsibility for the nation. Instead, he was holed up in a Japanese Zen Buddhist monastery, and then chaired one of the most corrupt Democratic Party organizations in the country.

Consider the proposed economic policies of Jerry Brown. Over the last six years, Mexico has undergone a 50% reduction in standards of living under the banner of cleaning out corruption and pursuing free market economic methods. The program carried forward by Mexican President Carlos Salinas de Gortari is tagged "social liberalism." Jerry Brown proposes it for the United States.

Consider who likes Jerry Brown's economics. In a commentary in the March 17 *Washington Times*, supply-side economist Art Laffer, adviser to the Reagan administration, is quoted stating, "Jerry Brown has a very rational, well-thought-out economic program. In terms of competitiveness, I think his proposals right now would take America soaring into the 21st century." Cato Institute fiscal policy director Stephen Moore said, "It's probably the soundest economic strategy of any of the candidates, Republican or Democrat. . . . The '90s would be a decade of explosive economic growth and the U.S. tax code would become a model for the world."

Laffer and Moore are speaking of Brown's proposal for a flat 13% income tax on individuals and businesses, a value-added tax on business activity, and "enterprise zones" in high unemployment areas. Brown's proposed value-added tax would penalize capital investment and amount to a 10-20% tax passed on to the ultimate consumer of all products—in short, a tax increase. Brown, who advocates a return to convict labor, would also have welfare recipients use their checks as vouchers that companies could supplement with jobs and salaries. In Mexico, Brown's free enterprise zones are called *maquiladoras*, part of the North American Free Trade Agreement (NAFTA), an Auschwitz south of the border. Under conditions of desperate unemployment levels, these zones would mean the reintroduction of slave labor into the United States.

Is this a new Jerry Brown? Absolutely not. In eight years as governor of California between 1974 to 1982, Brown carried

forward and amplified the devastating economic policies begun under the Ronald Reagan governorship of 1968-74. As governor, Brown endorsed California's Proposition 13 populist tax revolt, which wrecked local and county government and school board budgets. Today, California school districts are declaring bankruptcy. As governor, Brown also continued the emptying of state mental health institutions, also begun under Reagan. The mentally ill, many of them former wards of the state, are now among the hardened core of that state's homeless, the largest number in the nation.

The fruitfly debate, and others

Jerry Brown's environmental policies are better known, such as his protection of the Mediterranean Fruitfly. The "Medfly" is now endemic, and costs California agriculture millions of dollars a year. Brown's "Small is Beautiful" philosophy was used to sell a package of policies to Californians which wrecked the infrastructure of the state. Brown personally killed the construction of the Sundersert nuclear power plant and sabotaged completion of the Diablo Canyon nuclear power plant for years. In the decade encompassing Brown's governorship, industry energy costs skyrocketed by as much as 900%. As a result, industrial jobs shrank and energy consumption, even with a growing state population, grew at less than 2% a year, compared to projections of 6-8%.

The same insane policies were applied by Governor Brown to other areas of California's basic infrastructure. Under Brown and President Jimmy Carter, dam projects came to a standstill, contributing to today's much-publicized water crisis. Highway and road construction and maintenance ground to a halt. California under Governor Brown built only a quarter as many miles of highways and freeways as it did under Reagan—2,110 miles versus 8,788 miles. (For the record, Governor Reagan had already begun disinvesting through neglected road maintenance and non-existent investment on mass transit—\$508,000 in eight years.) For example, in 1978-79, California ranked *last* per capita among all states in expenditures on streets, roads, and freeways. In short, there was a total net disinvestment in vital "hard" and "soft" infrastructure during the Reagan-Brown years.

Today, on the presidential campaign trail, Jerry Brown advocates the same policies, proposing, for example, that he will save \$300 billion a year by cutting national energy

consumption. This, he slyly states, will create 7 million jobs. Where? Brown proposes minimum wage jobs in a civilian conservation corps, complementing his convict labor and "enterprise zone" schemes.

In the Feb. 19, 1981 *San Francisco Chronicle*, Jerry Brown argued that then-President Reagan's economic program—bank deregulation, usury, and speculation—was "a comprehensive attack on the problem and, as governor . . . I plan to join with him in working to achieve a more more vigorous economy at a low rate of inflation. . . . The era of excess is over. . . . There will be cutbacks. We've been doing that at the state level, the local level, and now it's going to the federal level."

Jerry Brown and David Duke agree

In 1980, Brown's ghoulish agenda came out in the open in a scandal involving his secretary of resources director Huey Johnson. In remarks before the National Press Club in Washington, D.C., Johnson launched into an attack on "overpopulation." As California was quickly destroying its productive economic base, suddenly it was overpopulated. Johnson demanded expanded abortion services, denial of personal tax exemptions beyond the first or second child and tax penalties for large families, cutbacks on low-income housing, and a closing of U.S. borders. California must limit its population to its "carrying capacity" or face "ultimate disaster," he said. "Population is the ultimate gun barrel at the head of society." Two-thirds of the state Senate and the Hispanic Caucus called for Brown to fire Johnson. But as Huey Johnson publicly predicted, Brown stood by him.

Brown met Huey Johnson through the San Francisco Zen Center. Johnson had served as a director of the Nature Conservancy and, in 1969, had served as chairman of the Unesco conference on "Man and His Environment: A View Towards Survival," held in San Francisco. It was here that the genocidal Club of Rome was launched. Johnson was also a collaborator of anthropologist Dame Margaret Meade. Jerry Brown brought Meade's husband, Gregory Bateson, into his administration as a special adviser. Bateson inaugurated Brown's administration with a sermon praising the use of the hallucinogen peyote.

Jerry Brown's New Age style and much-publicized \$100 campaign contribution limit are just part of a media package. Brown is himself a millionaire, with holdings in stocks and real estate. His campaign adviser is Jimmy Carter's pollster Pat Caddell. His sister, now state treasurer, is married to Van Gordon Slater, former CBS News chief and mentor of Dan Rather. As Jerry Brown's longtime political ally Tom Hayden gleefully put it, "The \$100 limit is the blue Plymouth of the '90s. Jerry has designed a campaign where every attack—from Republicans, Democrats, or the media—is proof that he's right." Hayden is referring to the used blue Plymouth which Jerry Brown drove as governor, publicly eschewing a limousine.

Organized crime in the Democratic Party

The March 22 announcement by the Clinton campaign that it was naming Californian Mickey Kantor to be Gov. Bill Clinton's national campaign chairman should focus attention on the ties of California "organized slime" to Brown and Clinton. The Kantor appointment came 10 days after California Speaker of the Assembly Willie Brown, in an interview in the *San Francisco Chronicle*, himself a lobbyist for mob interests such as the Bronfman family of Seagrams, Inc. and the bankrupt Olympia and York real estate giant, publicly threatened Clinton to stay away from California. It was just a temporary turf disagreement.

Jerry Brown and his family have long had cozy relations with leading organized crime figures. Jerry Brown's father, Pat Brown, was a member of the board of directors of the late Bernie Cornfeld's "Fund of Funds" investment scam. Cornfeld was the notorious bagman for organized crime boss Meyer Lansky. Another Al Capone mobster, Paul Zifferin, became state party chair and a powerbroker in the Democratic Party. Zifferin installed his younger brother Lester as deputy attorney general under then-California Attorney General Pat Brown.

No wonder that Brown has referred to the California Democratic Party as a "Potemkin village," which, "when you looked behind it, there wasn't much there." Kantor, also a former state Democratic chairman, is a partner in the law firm of Manatt, Phelps, Rothenberg and Tunney. Charles Manatt is a former chairman of the state Democratic Party, the Democratic National Committee, and was Jerry Brown's campaign co-chairman in 1974 and 1976. Besides a bevy of Hollywood and rock stars, the Manatt law firm has represented Playboy, Inc.; Eli Lilly, famous for its patent to produce LSD in the United States beginning in 1956; and Gulf & Western and its subsidiary Transnation, tied to organized crime figures Meyer Lansky and Sidney Korshak. Brown's 1982 campaign chairman Kantor handles the Occidental Petroleum account of the late Armand Hammer for the Manatt law firm.

Jerry Brown, well known for his access to "deep-pocket contributors, is a product of these circles. In the 1980s, Cornfeld was still holding fundraisers for Brown. Cornfeld used another front, Investors Overseas Services, to funnel \$7 million into the Study of Democratic Institutions, out of which evolved Tom Hayden's Campaign for Economic Democracy. Another of Brown's longtime fundraisers has been Sidney Korshak, Los Angeles labor lawyer and former representative of the Al Capone gang. Law enforcement sources consider Korshak as one of the top five underworld figures in the country. He is often cited as one of the most powerful figures in Los Angeles. Jerry Brown has publicly admitted his ties to Korshak and to Korshak's reputation as a "leading underworld figure." It was Korshak who arranged labor support for Jerry Brown's 1974 Democratic primary campaign for governor. As another principal in that campaign publicly stated, "We took a guy who was in a zero position and made him governor."

Political upheaval starts to hit U.S.

by H. Graham Lowry

The devastating effects of the U.S. economic depression may be on the verge of triggering a political upheaval of a kind not seen in this country since the 1930s. If recent developments are any indication, more and more Americans are ready to say, "Enough!"

In Illinois, 20,000 members of the United Auto Workers from all over the Midwest poured through the streets of Peoria March 22, in support of a long and bitter strike against Caterpillar, Inc., the nation's largest manufacturer of heavy equipment. In Ohio, marchers stepped off from cities across the state March 22, beginning their trek to the Statehouse in Columbus for a rally April 1, the day when 70,000 poor people are to be cut off from General Assistance statewide. In Pennsylvania, 2,700 transit workers in Pittsburgh began a protracted walkout March 16, shutting down public transportation for 285,000 daily riders. Notably, in each instance, the participants described their decision to act as their only recourse.

The UAW's show of force came shortly before negotiations were to resume to settle a selective strike which began Nov. 3 at five plants in Illinois and one in York, Pa. The company retaliated with lockouts at a number of other plants, and 10,800 remain on strike. The union wants the new contract with Caterpillar patterned after the agreement it won from John Deere & Co. following a strike and lockout in 1986 and 1987. Caterpillar has rejected that, claiming that its competition is not from Deere's tractor production, but from Japanese heavy equipment firms.

A sense of historical urgency

Although the complex of issues involves living standards, health care, foreign competition, and the principle of industry-wide bargaining, what stands out is the sense of having reached a decisive moment of history. The extraordinary demonstration in Peoria included busloads of union members from Detroit, St. Louis, Minneapolis, and other cities across the Midwest. Labor leaders from across the country jammed the rally platform to address a dispute which they see as a test of organized labor's ability to survive. Illinois AFL-CIO President Richard Walsh declared, "The labor movement in Illinois is together, and the labor movement is going to stay together until a fair contract is reached with Caterpillar."

UAW President Owen Bieber told the rally, "We believe

that involved, motivated, well-paid workers, given the tools and designs necessary to make high-quality, world-class products, are the solution—not the problem." In an election year rife with scapegoating Germany and Japan for U.S. economic woes, Bieber attacked U.S. policy instead. The U.S. is losing its competitive edge in the global market, he said, because firms in Germany and Japan "treat their work force as an asset—not a liability . . . and they have governments that don't sabotage the industrial strength of their own economies."

The rally also featured South African labor leader Edwin Maepe of the National Union of Metal Workers, which represents Caterpillar workers in South Africa. He noted his surprise that American business did not measure up to the "progressive" image it has in his country, and that "there are employers in America who are backward."

If the political establishment wants to know what will play in Peoria, it may be in for a surprise.

Union workers for private corporations are responding to years of wage and work-rule concessions, longer hours, reduced benefits, and the massive wave of layoffs and plant closings during the past year. Budget cuts have increasingly made public employees victims of the same fate. But Local 85 of the Amalgamated Transit Union in Pittsburgh decided to draw the line March 16, after Allegheny County's Port Authority Transit (PAT) rejected both a fact-finder's report and a union request for binding arbitration.

PAT said state and federal cuts in transportation funding have prevented it from accepting the fact-finder's report, accepted by the union, recommending wage and benefit increases of 1.5 to 2.5%, totaling \$70 million over three years. The union members had continued to work under their old contract since last Nov. 30. PAT instead merely offered a one-time "signing bonus" of \$500 for accepting a contract with no increase in pay, and the right to hire new workers at \$8 to \$11 an hour—against the current average of \$15.77. Ten days into the strike, a state mediator said the negotiators were at a "total impasse."

The union charges that wages are not the issue; but that the concessions demanded and the rejection of standard collective bargaining principles forced its members to strike. At a boisterous rally outside Allegheny County Courthouse March 24, 500 strikers joined by Teamster and teachers union leaders demonstrated with placards reading, "America Works Best When We Say 'Union, Yes!'" As one striker told the press, "It's taken me 11 years working 12-hour days just to get where I can make ends meet. I haven't got anything to give up."

The Ohio "Poor People's March on Columbus" includes some of the newly unemployed, who are almost reduced to dependence on the General Assistance (GA) which Gov. George Voinovich eliminated. "If they don't restore the GA," said one, "there will be a Georgeville with people living in cardboard boxes"—just like the Hoovervilles of the last depression.

Elephants and Donkeys

by Kathleen Klenetsky

Bill Clinton's cocaine connection

Democratic front-runner Bill Clinton has been caught in another explosive scandal.

The March 23 *Los Angeles Times* revealed that the Arkansas governor has personally lobbied state legislators to award a state bond contract to one of his political backers, a Little Rock investment banker named Dan Lasater, even though Lasater was widely known to be the subject of a cocaine probe.

Lasater was ultimately convicted and jailed on drug charges, although Clinton issued him a pardon after he got out of jail.

Lasater's company was awarded a state bond contract to finance a new state police communications system in 1985. However, the contract was held up when the Arkansas Legislative Council failed to endorse the award.

At this point, Clinton intervened, persuading three members of the council to drop their opposition to the bond contract. According to FBI documents obtained by the *Los Angeles Times*, one of Lasater's partners, George Locke, stated flat out, "Because Lasater and Co. backed the right individual in Governor Clinton, Lasater and Co. received the contract."

Three months before Clinton lobbied on his behalf, Lasater had been identified in a court hearing in Hot Springs, Arkansas as the prospective target in a cocaine sting.

In December 1986, Lasater pleaded guilty to federal drug charges of cocaine possession and distribution, and was given a 2½ year sentence. FBI documents cited by the *Times* show that Lasater admitted that he gave cocaine to his friends, employ-

ees, and business associates on more than 180 occasions.

Bill Clinton was not the only member of his family to receive favors from Lasater, in the form of campaign contributions and rides on his private plane; so did Slick Willie's half-brother, Roger, who also served time on drug charges.

The *Times* reported that Lasater told the FBI he loaned Roger Clinton \$8,000 to pay off cocaine debts in 1984, after Roger Clinton said that cocaine dealers were "putting the heat on him and something might happen to his brother [Bill] and his mother." Moreover, Lasater told the FBI that he had once given Roger a job in his stables.

Roger Clinton was arrested in Hot Springs in 1984 on five counts of distributing cocaine and one count of conspiracy to distribute. After pleading guilty, he served just over one year in a federal prison.

Mob lawyer chairs Clinton campaign

Bill Clinton recently named a key Democratic insider—and mob lawyer—Michael "Mickey" Kantor, a partner in the law firm of former Democratic National Committee chairman Charles "Banker" Manatt, as his national campaign chairman.

A recent *Washington Post* profile described Kantor as "a Los Angeles mega-lawyer with clients like Occidental Petroleum" and "perhaps the most influential Democrat west of the Mississippi."

The *Post* said Kantor's recent "ascendance signifies the campaign's transformation from the candidate's personal fief to a Democratic juggernaut," given that Kantor is "vast, powerful, [and] connected."

Kantor and the Manatt firm repre-

sent the circles of the late Averell Harriman, as well as the Hollywood organized crime circles associated with Paul Ziffren and Sidney Korshak, which have run the California Democratic Party since it was revived after World War II.

Hillary Clinton vs. the family

Bill Clinton is fond of telling campaign audiences that he's all for restoring traditional family values. But his wife, Hillary, also a Yale Law School graduate, has been a leading advocate of a new legal theory of "children's rights" which represents a major attack on the institution of the family.

According to an article in the March 5 *New York Review of Books*, Mrs. Clinton has been in the vanguard of a movement to overturn the traditional concept that children should be subject to their parents' authority, in favor of the idea that children should be declared legally "competent."

In practice, this would destroy parental authority, and with it, the family, leading inexorably to the obscene situation that prevails in Sweden, where "children's rights" are frequently used to seize children from parents who are considered out of step with Swedish totalitarian liberalism.

In Mrs. Clinton's *Brave New World*, a child would have the right to sue his parents on a wide range of issues, ranging from his "right" to have a homosexual affair to his "right" to commit suicide.

"Decisions about motherhood and abortion, schooling, cosmetic surgery, treatment of venereal disease, or employment, and others where the decision or lack of one will significantly affect the child's future should not be made unilaterally by parents," she wrote in 1979.

Bush sharpens campaign rhetoric in tax veto

President Bush immediately vetoed the Democratic tax bill passed on March 20, sharpening his rhetoric against the Democratic Congress, calling it an institution of "PACs, perks, privilege, partisanship, and paralysis" that stands in the way of change. Bush vetoed the bill because it would pay for a middle-class tax cut by raising taxes on the wealthy.

Bush revived his promise of "no new taxes"—comic political theater, but with high stakes in the 1992 elections. Comparing himself to President Harry Truman, who was the last President to veto a major tax bill, Bush manically proclaimed that "it is time for Congress to either lead, follow, or get out of the way."

The Democratic tax proposal would have given wage-earners making \$50,000 a tax credit of \$150 per year, and couples earning up to \$70,000 a tax credit of \$300 per year. To finance the tax break, it would have raised the 31% maximum tax rate to 36%, hitting primarily the highest income bracket. The bill passed the Senate 50-44 and the House 211-189. The Bush veto of the tax bill is the 27th since he became President. None have been overridden by Congress.

Democratic crime bill halted a second time

For the second time in five months, Democrats failed on a cloture vote to stop a Republican filibuster against a Democratic-supported crime bill. The 49-38 vote was 11 votes short of the 60 needed for cloture.

The Democratic bill would extend the federal death penalty to 53 crimes, including terrorism and espionage, and contains a mandatory five-day waiting for the purchase of hand-

guns, a measure opposed by the National Rifle Association as a restriction on the constitutional right to bear arms.

In testimony before a Senate subcommittee the day of the vote, Attorney General William Barr warned that President Bush would veto the bill since he "didn't see it as a tough crime bill." The Republican filibuster successfully prevented the Senate from taking a vote, obviating the need for the President's veto.

In a last-minute effort to win over wavering Republicans, police and sheriffs' groups endorsed the Democratic bill, but to no avail. Judiciary Committee Chairman Sen. Joseph Biden (D-Del.) commented that with the failure to break the filibuster, "The chance of getting a crime bill this year is highly unlikely."

Justice begins probe of House bank scandal

Attorney General William Barr appointed a retired federal judge on March 20 as special counsel to head an inquiry into possible criminal violations by members of Congress and congressional employees who abused their House Bank privileges. In setting up the Judicial branch of the U.S. government to conduct an investigation of the Legislative branch, the move is expected to test the constitutionally designated separation of powers, and could become the biggest operation yet conducted by the Bush administration against congressional opponents.

The unorthodox practices at the House Bank had become so much a part of the way of doing business on Capitol Hill that allusions to criminal intent in the use of the loose regulations should be considered well-nigh ludicrous. Nevertheless, transactions

are being used to start a witchhunt by the House Republican leadership, fully supported by a President anxious to see a Republican-dominated Congress in 1993.

The scandal has sent the Democratic House leadership scurrying to introduce a myriad of reforms in an attempt to pacify popular outrage throughout the country against the Washington bureaucracy.

President Bush's attempt to focus that rage against the Democratic-led Congress could backfire. Many Republicans are among those guilty of the most frequent and largest overdrafts, and could be damaged by the scandal fomented by their own party leadership.

Gonzalez urges return to Hamiltonian banking

House Banking Committee Chairman Henry B. Gonzalez (D-Tex.) attacked the principles of the Federal Reserve System and urged a return to Hamiltonian principles of banking, in comments on the House floor on March 17.

"The Federal Reserve Board is not a governmental agency," said Gonzalez. "It is the creature of and amenable to the commercial banking system of the United States, the private commercial banks, not the government."

"Our whole regulatory system is crumbling around us because it is antiquated," said Gonzalez. "It is overlapping, it is conflicting in many areas, and we should have looked at it long ago." Gonzalez was referring to the period when the national banking system was founded with the 1863 Specie Act, followed by the 1865 Currency Act. "That was the beginning of the shaping of what we now call the national banking system," he said.

Gonzalez noted that the problem

of "the allocation of credit" has been with us since the American Revolution. "The difference [from today] was that they had men like Alexander Hamilton and, mostly, [Thomas] Jefferson, who recoiled at what all through the centuries was usury, usurious interest rates," he explained. "That, incidentally, is what has been flagellating our country now ferociously since the late 1970s, with the instability that is created, and the fact is that until that is resolved and is stabilized, I can assure you that we will get no place."

Gonzalez recommended that banks be chartered in order to fulfill their true function "to be the financial backdrop to help fuel the furnaces of industry and production and manufacture." Gonzalez pointed to the 1956 Bank Merger Act as one of the measures which undermined the rules of sound banking regulation.

Cranston questions U.S. military role in Africa

Sen. Alan Cranston (D-Calif.) warned of reports of increased U.S. Special Forces activity in Africa, in floor comments on March 18 on the Pentagon planning paper which declares the United States the world's dominant power, which was leaked in the March 15 *New York Times*. Cranston warned that U.S. counterinsurgency operations in Africa could "create situations that are worse than those that already exist."

Cranston noted that the Pentagon planning paper referred to sub-Saharan Africa as one of the regions "critical to the security of the United States and its allies," an area in which the U.S. "will be concerned with preventing the domination of key regions by a hostile power."

Cranston read into the *Congressional Record* an article from the March 22 *Baltimore Sun*, which noted that the Army Special Operations Command has reactivated its 3rd Special Forces Group in order to increase U.S. Special Forces activity in the area. Cranston quoted the head of the unit, Col. Peter Stankovich, a veteran of the Phoenix program in Vietnam, who said, "Our focus is foreign internal defense—the kind of thing that strengthens a country so it can withstand the pressures from within as well as without."

Pressler tries to ease U.N. peacekeeping costs

In what is shaping up to be a heated debate over the U.S. contribution to U.N. peacekeeping efforts, the friends of the new world order are trying to calm some of the political unrest caused by its costs.

During House and Senate Appropriations subcommittee hearings in March, Secretary of State James Baker III and Assistant Secretary of State John Bolton were hit with tough questions regarding the rapidly increasing costs of U.N. peacekeeping efforts. With an expansion of the sphere of activity of the U.N., there are now plans for the U.N. to monitor peacekeeping efforts in places as diverse as El Salvador, the former Yugoslavia, the Western Sahara, and Cambodia. The costs of these endeavors, of which the United States is assessed 30.4%, do not sit well with the U.S. population, which is experiencing a deterioration in its own living conditions.

Pressler, attempting to maintain strong U.S. support for U.N. activities, has called for a number of cost-cutting measures in order to prevent

allocations for the U.N. getting bogged down in the U.S. budget fight. Pressler suggests regionalizing peacekeeping tasks as much as possible, not relying on U.N. peacekeeping forces until all mediation efforts have failed, and utilizing regional defense organizations or political alliances (NATO, the EC, ASEAN, the OAU) in peacekeeping missions in their respective areas. He also proposes that other countries shoulder a greater share of the costs.

Pressler is also seeking more congressional consultations with the State Department before decisions on a peacekeeping mission are made.

Invasion of Peru mooted to stop terrorists

Rep. Robert Torricelli (D-N.J.), commenting on testimony given before a House Foreign Affairs subcommittee which he chairs, called for a U.S. invasion of Peru if Shining Path took over the country.

In an exchange with State Department official Bernard Aronson, Torricelli said that the "potential for genocide" in Peru if Shining Path takes power was worse than that committed in Kuwait by Iraq. If the United States invaded Iraq in defense of Kuwait, Torricelli argued, what would the United States do in a case where more lives are at stake? Aronson avoided giving a direct answer, simply saying that the United States does not want a victory of Shining Path in Peru.

Gordon McCormick, senior social scientist working for the RAND Corp., testified that Shining Path could conceivably take over Peru in five years, but that "U.S. interests in Peru do not justify the level of military involvement that would be required to make a difference in the conflict."

National News

'Geo' exposé of CFCs scandal suppressed

Edgar Bronfman, a magnate of Seagrams and DuPont corporations and a top patron of the Anti-Defamation League (ADL), has suppressed publication of an article in *Geo* magazine which reportedly documented the opportunistic activities of Bronfman and the DuPont corporation around the chlorofluorocarbons (CFCs)-ozone hole hoax, a European source reported March 18.

According to the source, *Geo* researchers had uncovered material about Bronfman's nasty activities but, following an intense pressure campaign by Bronfman and collaborators against the article, the magazine is now not putting out the story.

As *EIR* has reported, all potential substitutes for CFCs—for which DuPont is a primary producer—are more toxic and more dangerous to humans and the environment, and much more expensive. While the shift to CFC substitutes may generate billions of dollars in revenue for manufacturers, the disruption in the refrigeration chain will mean millions of deaths in Third World nations.

Judge on LaRouche 2255 motion stays on

In a written order entered on March 16, the U.S. Fourth Circuit Court of Appeals denied the petition of Lyndon LaRouche to prohibit Judge Albert V. Bryan from continuing on his 2255/Rule 33 Motion. Their order even denies LaRouche's request for an oral argument on the issue.

LaRouche's 2255 appeal includes new evidence that LaRouche's conviction and imprisonment were unlawful because of illegal government actions, including financial warfare against organizations affiliated with LaRouche.

Attorneys for LaRouche sought to force Bryan off the case because of demonstrated prejudice against the defendants. Bryan had made significant legal decisions approving the bad-faith forced bankruptcy of companies run by associates of LaRouche in 1987, over a year before he sat on LaRouche's

Alexandria, Virginia trial. The bankruptcies were overturned on appeal. Also, Bryan's history as a member of the Foreign Intelligence Surveillance Court and his Classified Information Procedures Act rulings at trial mean that he cannot fairly judge the claims raised pertaining to Executive Order 12333, under which many of the illegal government actions against LaRouche are believed to have been sanctioned.

The three judges who denied LaRouche's writ were Judge Murnaghan, Judge Hall, and Judge Butzner, the same three judges who earlier denied LaRouche's appeal after trial.

Irradiated food ban rejected in Maryland

A bill that would have prohibited the sale or manufacture of irradiated food in Maryland died in committee March 13, by a vote of 14-3. Three committee members abstained and three others were absent. The bill, H.B. 1064, would have changed the state's health code, which now follows federal irradiation regulations, to redefine irradiation-processed food as "adulterated" and therefore unsafe.

The Environmental Matters Committee held hearings on the bill March 5. Bill sponsors had tried to sneak their anti-nuclear bill through by not inviting those who were pro-irradiation and by stacking the hearings with anti-irradiation speakers. When word of the hearing leaked out, however, the scientific community quickly mobilized and sent written scientific testimony as well as irradiated strawberries to the hearings. Jim Olson, a representative of *21st Century Science & Technology* magazine, was one of the witnesses who testified against the bill.

Renewed bombing of Iraq hit as 'election ploy'

Plans by President Bush to renew the bombing against Iraq were denounced as a "despicable election ploy" at a press conference in Harrisburg, Pennsylvania on March 18. At the press conference, Pennsylvania dairy farmer Don Jeffries announced that a third

shipment of 2,250 pounds of milk powder has been secured for delivery to starving children in Iraq, as part of the dairy farmer "milk lift" organized by the Committee to Save the Children in Iraq.

"This effort is unique," said committee spokesman Philip Valenti, "because we are shipping 'made in U.S.A.' milk powder from U.S. territory. The major relief agencies usually buy European product in Jordan, but we organized this 'milk air-lift' from here to dramatize the fact that Americans are also opposed to Bush's genocidal policies." He said that over 100 farmers from 15 states are active in the milk lift as an alternative to dumping milk in a fight for higher prices to farmers.

"By shipping this milk now, we also wish to take a stand against plans by Bush and British Prime Minister John Major to bomb Iraq again later this month. Bush and Major's threats against Iraq, Libya, and other small countries, are nothing but a despicable election ploy, concocted by failed politicians being rejected by their own people," Valenti said.

Public support for the movement has come from church and civil rights organizations, including the Catholic diocesan newspapers of Madison, Wisconsin and Sioux Falls, South Dakota, and the Philadelphia and Milwaukee branches of the National Association for the Advancement of Colored People.

SDI faces cuts as experiment fails

The Strategic Defense Initiative (SDI) program is facing a renewed drive for budget cuts, and Congress is grabbing onto a recent failure of an SDI experiment to justify the cuts.

An experiment conducted in mid-March designed to demonstrate the ability of ground-based missiles to engage incoming warheads, failed when the Exoatmospheric Vehicle Reentry System (ERIS) missile missed its target. The SDI Organization is still analyzing the data in an attempt to determine what went wrong. It is suspected that the interceptor hit one of the decoys which accompanied the target.

The congressional attack could cripple the program severely, according to an edito-

Briefly

● **'AMELIA BOYNTON** Robinson Day' was declared by the Common Council of the City of Buffalo, New York on March 17. A plaque was presented to the civil rights leader, and a resolution was passed which congratulated Robinson on the second edition of her book *Bridge Across Jordan*.

● **GEORGE BUSH** reversed policy March 20 to allow doctors at federally funded family planning clinics to advise pregnant women that abortions are available to them. Nurses and other health workers are still prohibited from doing so. The National Right-to-Life Committee, which endorsed Bush two weeks earlier for his "pro-life" stand, praised the administration guidelines.

● **JOHN OVERINGTON**, a West Virginia state legislator and an antagonist of Lyndon LaRouche, recently introduced a bill to supply Norplant to welfare recipients. In a column penned for the March 12 issue of a local West Virginia newspaper, he claimed "there is broad interest in this method of birth control both as a way to cut down on the number of tax-funded abortions and to reduce the demand on welfare."

● **A PROBE** of the CIA and the Drug Enforcement Administration, to determine if these agencies made a pact with drug traffickers in 1986 to finance the Nicaraguan Contra rebels, has been requested of the U.S. Congress by a group of Bolivian parliamentarians, *La Jornada* of Mexico has reported.

● **PRESIDENT BUSH** rejected a compromise that would have freed \$1 billion in loan guarantees now for Israel in exchange for giving the President a veto over future annual installments. Bush said that he would grant up to \$10 billion only if Israel froze all new settlement construction in the occupied West Bank.

● **THE SENATE** sustained President Bush's veto of restrictions on Most Favored Nation trade status with China on March 18.

rial in the March 17 *Washington Times*, a potential which was created by the Bush administration decision to limit the SDI to ground-based systems only.

U.S. tells Vietnamese refugees to go home

The United States has changed its official policy on Vietnamese refugees, AP reported on March 12.

"The U.S. government has begun telling thousands of Vietnamese in crowded refugee camps throughout Southeast Asia to go home, marking a shift in American policy toward boat people and their tragic exodus from Vietnam.

"Since October, the State Department's Refugee Bureau has employed a former U.S. Army officer and eight-year veteran of the Vietnam War to enact the policy change, officials said. The United States has also said it will not allow Vietnamese who have failed to win refugee status to resettle in the United States."

AEI pushes 'pop' culture to secure superpower role

"The geopolitics of the '90s is culture" and American pop culture is the wave of the future, according to participants in a seminar held March 9 in Washington, D.C. sponsored by the American Enterprise Institute. The thinking of the group is that pop culture will help the United States secure rule as the world's dominant superpower.

The seminar was organized by neo-conservative ideologue Ben Wattenberg, who assembled William Bennett, Robert Bork, Francis Fukuyama, and a bevy of writers, producers, and rock musicians to debate the future roll of pop culture in the United States and the world.

Wattenberg, Fukuyama, and their circle were the first to jump on the bandwagon praising the theses developed by Undersecretary of Defense for Policy Paul Wolfowitz asserting that the United States is the sole world superpower. Wattenberg is an unabashed defender of the political use of what

this circle calls "trash culture" as a vehicle for cultivating support for "American democracy" throughout the world.

Fukuyama, a former State Department intelligence analyst, describes himself as "a really great consumer," in a profile in the March 10 *Washington Post*. He is the author of the book *The End of History and the Last Man*, the latter phrase taken from the Nazi forerunner Friedrich Nietzsche.

"It is hard not to measure my own life," he told the paper. "To what extent am I a pawn of my consumerist desires? How much struggle and risk am I willing to commit myself to a cause? That is a question I think about a lot. . . . Being the last man doesn't make you proud of yourself."

The so-called "conservatives" among attendees complained that the anti-human values of the rock culture were "good" when they were directed against the Soviet state, but might be too dangerous if unleashed inside the United States.

Big corporations get taxpayer dollars

Rep. Peter Kostmayer (D-Pa.) introduced legislation on March 16 to cap the U.S. Department of Agriculture's Market Promotion Program that has awarded millions of dollars in advertising grants to some of the country's biggest companies and their foreign competitors, the March 17 *Des Moines Register* reported.

The \$200 million-a-year program is supposed to boost exports of U.S. food and farm products by helping private companies and industry associations advertise overseas. According to USDA documents obtained under the Freedom of Information Act, the recipients include McDonald's, Burger King, Pillsbury, Gerber, and Dole. Kostmayer's investigation of the program revealed that foreign companies were also being subsidized at the expense of U.S. competitors.

"Just when we should be helping our own small and medium-sized companies to export and creating jobs in this country, this program is lining the pockets of some of the world's largest corporations and subsidizing the export of U.S. jobs overseas," Kostmayer said.

Editorial

Who are the pedophiles and swindlers?

These days the mass media seem to exert a virtually unchallenged control over the public mind. Perhaps the situation is worse in the United States, but it is not good in Europe either. A glaring instance of this has been the repeated slanders against Lyndon LaRouche and his associates, but members of the cold fusion community have fared little better. Now a leading Italian newspaper, *La Repubblica*, faces a suit in which five scientists stand to win millions of dollars.

On Oct. 20, 1991, that newspaper published an article in which they characterized Martin Fleischmann and Stanley Pons—the discoverers of the remarkable phenomenon of “test-tube” fusion at room temperature—as scientific swindlers. Along with them, three leading Italian scientists also came under attack for sponsoring the Second Annual Conference on Cold Fusion held in the summer of 1991, at Como, Italy. These were Giuliano Preparata, Tullio Bressani, and Emilio del Giudice.

The libelous article, which *La Repubblica* repeatedly failed to retract, included the sentence, “If there is a more abject human, a being lower than a fornicating priest, or say a pedophile school teacher—it is a lying scientist.” Pretty strong words for five men who are part of a scientific renaissance which promises to give the world not only a new source of inexpensive, clean energy, but a new science as well.

It is true that lately there have been a number of lying scientists—or perhaps men who were so blinded by their animosity to the new science that they have seemed to be lying deliberately, in their attacks on cold fusion. But worse than them surely, are the whores and deceivers of the mass media.

Laws against slander are generally more stringent in Europe than the United States, so *La Repubblica* would in any case have had a hard time defending itself in this lawsuit; however, it is being tried in the Italian courts at a time when that newspaper, and all the other detractors of cold fusion, stand to be devastated by the increasingly dramatic results coming from experiments not only in the United States and Japan, but in Italy as well.

One of the Italian plaintiffs in the case, Dr. Bressani, reports impressive results from a cold fusion experiment which uses a different technique from Fleischmann and Pons (gas-loading rather than electrolysis) but nonetheless is a proof-of-principle that deuterium fusion in a palladium lattice can take place at room temperatures or slightly above them. Indeed, the climate against cold fusion is dramatically reversing in Italy, where even *La Repubblica*, as well as other leading dailies, have felt it incumbent upon them to report the dramatic results in cold fusion coming from Japan.

We hope that this case will not only put an end to the lying press campaign against cold fusion, but serve to inoculate the public against media manipulation in other areas. But the press is only the towel boys for larger forces arrayed against scientific progress and industrial development.

Cold fusion promises a great potential for inexpensive energy. Stanley Pons told a reporter from the Italian newspaper *Corriere della Sera* on March 17 that he expected to produce a demonstration heating device by the end of this year. It was this obvious result of the great discovery just over three years ago of cold fusion, which prompted environmentalist Jeremy Rifkin to call the discovery of cold fusion a potential tragedy for the zero-population gang pedaling the fraud that the world could no longer support a growing population. Cold fusion also opens the door to a great scientific revolution.

Stanley Pons referred to this in his *Corriere* interview when he pointed to his collaboration with the Italian theoretical physicist Giuliano Preparata (a co-plaintiff in the libel suit). Dr. Preparata not only has a theory which accounts for the occurrence of the anomalous behavior of deuterium fusion in a palladium cathode, but he has offered a challenge to all of quantum physics with his theory of superradiance, which asserts that coherence rather than chaos characterizes matter and energy.

It is the theoretical as well as the practical effects of the Fleischmann and Pons discovery that its enemies fear and hate.

LaROUCHE

YOU MAY LOVE HIM

YOU MAY HATE HIM

BUT

YOU'D BETTER

KNOW WHAT

HE HAS TO SAY



The Power of Reason: 1988
an autobiography by Lyndon H. LaRouche, Jr.



The Power of Reason: 1988

An Autobiography by Lyndon H. LaRouche, Jr.

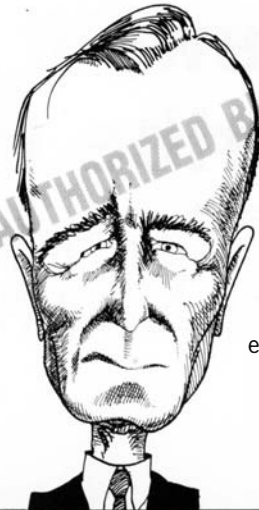
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December 5, 1991

EIR Alert reports coup rumors in Venezuela, noting that there are constant meetings among the lower ranks of the army about a military coup, but that the high command opposes it.

February 4, 1992

A "colonels' coup" against Venezuela's Carlos Andrés Pérez takes over a large part of the country, but is suppressed by the high command.

October 22, 1991

EIR Alert reports that Lord Carrington is considering a "Cyprus" model to resolve the Serbian war against Croatia.

January 1992

The United Nations decides to send troops to Croatia to enforce a Cyprus-style partition of Croatia.

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