

# EIR

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## From the Editor

In the midst of many tragedies unfolding on the world scene, there are two very hopeful developments to report, which show how even the worst evils can be turned to good through the right actions.

The first is Lyndon LaRouche's announcement that an exploratory committee has been established for his candidacy in the 1996 U.S. presidential elections. This occurred in a press conference in Washington, D.C. on Aug. 12, given by his spokesman Debra Hania-Freeman at the National Press Club.

The second is that Lord David Owen's days are probably numbered as the European Community and U.N. negotiator in Bosnia. His attempt to ram through the dismantling of that nation in Geneva was halted. The outrage against him is spreading so fast, that there is a chance that British geopolitics and the British empire can finally be defeated. The LaRouche movement, and especially the Schiller Institute, can take much of the credit.

Last March the institute brought to Washington Gen. Paul Albert Scherer (ret.), the former chief of West German military intelligence, where he urged President Clinton to move unilaterally with immediate air strikes against key Serbian positions. Much of what is now being said by Congressman McCloskey and the State Department officials who have raised a ruckus against Owen and the do-nothing Clinton administration policy in Bosnia, echoes what Scherer and Lyndon LaRouche said at that time.

In *Strategic Studies*, Moscow City Councilman Viktor Kuzin's report helps to underscore another point made by LaRouche and Scherer: the threat to world peace of the breakdown in the former Soviet Union, and how gravely U.S. policies toward Serbia have worsened that.

Domestically, it is also clear that LaRouche has had the right ideas when others were adrift or dead wrong. For example, this week's *Feature* presents the need for a program for rebuilding after the 1993 flood that coheres entirely with the LaRouche-Bevel 1992 Presidential Platform, *To Save the Nation*. Particularly: Chapter 2, "Solving the Fresh Water Crisis"; Chapter 7, "Restore Literacy and Classical Education"; and Chapter 8, "LaRouche's Program for Six Million New Jobs," underscore why political prisoner LaRouche must be freed, before more lives are needlessly lost.

*Nora Hamerman*

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**Note to subscribers:** The appearance of this issue is not up to our usual standards due to a mechanical problem of our typesetter. We prefer to publish on schedule, given the pace of world events, rather than accept any delay. We apologize for the temporary change in appearance and expect to be back to normal with next week’s issue. — The Editors.

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## Where will Europe go after the fall of the ERM?

by William Engdahl

On Aug. 2, the central bankers and finance ministers of the European Community's 12 member-states announced that henceforth, the Exchange Rate Mechanism (ERM) agreement to stabilize EC currencies within a narrow band of  $\pm 2.5\%$  would be abandoned in favor of a far looser 15%, in effect a decision to allow a free float. The decision, said EC officials, would be reviewed in six months. With the announcement, the dramatic crisis in European currency stability, which had been building since the summer of 1992, appeared to suddenly ebb.

As the dust settled, the initial damage began to emerge. The Bank of France found itself with virtually no foreign currency reserves left. In order to defend the fixed link between the franc and the German mark, the bank had had to spend all its marks and dollars in order to buy up the flood of francs being dumped on the market by speculators in the past weeks, in anticipation of an ultimate devaluation of the franc. Best estimates are that the Bank of France spent the equivalent of \$50 billion in its vain attempt to hold the line against the speculators, and had to heavily borrow from the German Bundesbank.

Since in this crisis the German deutschemark was the strongest currency, the Bundesbank, the largest European central bank, was obliged under ERM rules to come to the aid of the weakest currencies, intervening up to an estimated DM 60 billion (\$35 billion) in the last two days before the rules changed on Aug. 2.

### Soros's winning streak ends

Speculative pressures since Aug. 2 have dropped dramatically, according to market participants in the London-centered foreign exchange trading. This is primarily because, with such a wide allowable band of 15%, European central banks are no longer obligated to intervene to counter pressures of speculators such as George Soros or Citicorp, both

of whom boasted record profits from last September's attacks on the British pound and the Italian lira.

"The ERM has de facto collapsed," City of London economist Stephen Lewis commented to *EIR*. "But it was not quite the way that Mr. Soros and his friends would have wanted. Instead of toppling the German mark and seeing the franc emerge as the new 'anchor' currency of Europe, as Soros had wanted, the mark is stronger than ever, and it is the French franc that is under pressure."

On June 9, Soros declared war on the mark in a prominent open letter to the *Times* of London, in which the New York-based speculator said, in effect, "Down with the mark, up with the franc!" Soros, who is openly anti-German, is reported to have close ties to officials in the French Treasury and may have gambled against the mark based on private assurances from these friends.

Indeed, by July 26, when it became clear that it was the franc, not the mark, which was under pressure, Soros made a nervous disclaimer to the French daily *Le Figaro*, insisting that he was not speculating against the franc: "I do not want to be accused of destroying the European Monetary System," he said. On July 30, as the franc fell to the lowest allowed level within the ERM band, Soros said he was bailing out of francs. Traders said he may have gotten himself into a desperate bind and possibly faced insolvency had he not reversed course.

What enabled a band of private speculators to in effect defeat the combined concerted power of 12 European central banks? The short answer is the explosive growth of off-balance-sheet financial instruments called "derivatives," mainly currency swaps and forward contracts. By use of these derivatives, a speculator such as Soros is able to borrow from a bank or group of banks willing to back his betting acumen, in order to create pressure for a currency devaluation or upvaluation before some fixed future date. (See "Finding

a Cure for Derivatives, the Market Cancer," *EIR*, May 28, 1993.)

Soros is able to borrow for only 5% collateral. This means that if he puts up only \$50 million, a small sum for his Quantum Fund investment firm which has well over \$3 billion in net assets, he can speculate with a credit line worth \$1 billion. Last Sept. 16, when the pound was finally forced to formally withdraw from the ERM after the Bank of England and other EC central banks were unable to support its value, Soros boasted to British media of having made more than \$1 billion trading against sterling.

At a Frankfurt banking conference last January, in response to a question from this reporter, Bundesbank President Helmut Schlesinger noted the dramatic difference these leveraged speculations in derivatives have meant in the past few years. "We are studying the period prior to Sept. 15 in order to determine just why the order of magnitude of central bank intervention required was so large," he said. "To give an idea, in the currency crisis of 1987, EMS central banks made a total of DM 15 billion mandatory support intervention. In this past September the figure totalled DM 60 billion. This is a big change." As well, whereas in 1987 the central banks defeated the speculators handily, this time central banks, and ultimately, European taxpayers, have been forced to pay the mega-profits of sharks like Soros.

The reason is derivatives, a trade which has grown explosively since 1987, primarily because of regulatory permissiveness by U.S. and U.K. authorities. The U.S. Federal Reserve recently estimated that U.S. banks had a total of some \$7 trillion in derivatives obligations outside the regulatory purview in what is called the over-the-counter or off-balance-sheet holdings. The biggest bank, Citicorp, admits its own share to be \$1.5 trillion in off-balance-sheet derivatives. No reserves are required for such trading, despite immense danger of default, as was seen in July in the collapse of the giant Italian Ferruzzi empire. Ferruzzi reportedly left Citicorp and other U.S. derivatives banks with a mountain of defaulted derivatives. The matter is being treated with utmost secrecy by U.S. officials and banks, reportedly because were the truth to leak out, it could trigger panic selloff in the huge derivatives markets worldwide.

### **Deeper causes of the ERM breakdown**

A more fundamental critique of the deeper reasons for the present currency instability inside the EC has been put forward. French businessman and financial commentator Michel Albert, president of the French insurance group AGF, in an Aug. 3 interview with the French paper *Libération*, commended French Prime Minister Edouard Balladur for refusing to cast blame on Germany for the breakdown of the ERM: "It is Europe that has failed. At a time when our partner, Germany, was faced with the task of reunification and development of a remarkable economic opportunity, Europe, and France especially, said to Germany: 'Do it alone!' Instead, we should have joined with Germany in some form

of Marshall Plan to support transformation in eastern Europe, which would have prevented the need for German high interest rates. We French did not understand that it was also not in our own interest to isolate Germany."

Repeatedly, beginning in 1989, Chancellor Helmut Kohl's government and the Bundesbank made overtures to France, as Germany's key economic and political partner in Europe, to join with her in rebuilding eastern Germany and all of eastern Europe. And repeatedly, Mitterrand's government rebuffed Germany. In the midst of fierce anti-German propaganda in both British and French media after the fall of the Berlin Wall in November 1989, the French elite, through EC Commission President Jacques Delors, insisted on binding Germany into a supranational monstrosity called the Maastricht Treaty, which called for freezing exchange rates and rapid motion toward a single European currency.

"The French regarded the ERM as one of the stepping stones toward creation of stronger European federal institutions to limit policy autonomy of unified Germany. Indeed, it would not be exaggerating to say the French government viewed the Maastricht Treaty as an appendix to the German unification treaty itself," U.S. economic strategist David Hale noted in his latest investor advisory. "This perception was very expensive because it greatly limited the autonomy of French monetary policy, destroyed the French Socialist Party, and caused French unemployment to rise to 11.6%."

The question is whether the Balladur government in France will be able to shift from the paranoid anti-German policy of its predecessor and forge a new alliance, reviving the spirit of the early 1960s, when Gen. Charles de Gaulle offered economic and political cooperation to German Chancellor Konrad Adenauer, laying the foundation for not only French-German cooperation, which stands to this day, but for what became the European Community.

The first hint in this direction came Aug. 6 in Paris during the meeting of a special ministerial Franco-German economic commission. French Finance and Economics Minister Edmond Alphandery told journalists that his government planned to "take measures to control foreign exchange trade." It has been widely mooted in Paris financial circles that Alphandery was referring to some form of taxation of derivatives to control the speculative pressures.

Control of derivatives is urgently needed, but it is far from sufficient. France and Germany are each other's largest export partner; the two economies are inextricably interlinked. Only through a revival of de Gaulle-era dirigist state economic goals and guided investments in public infrastructure, this time directed to eastern Europe, will Europe be able to pull out of the current economic free-fall. American economist Lyndon LaRouche's proposed Paris-Berlin-Vienna "Productive Triangle" for high-speed rail and electric infrastructure investment would be the most appropriate topic for the next Franco-German summit. The alternative is more financial chaos, unemployment, and, ultimately, a derivatives-led collapse of the entire banking and financial system.

# Weak infrastructure base in India hindering national economic reform

by Ramtanu Maitra

The two-year economic reform policy of India's Narasimha Rao government now stands at the crossroads, quite lost. While it is impossible for Delhi to turn back to an overregulated regime, licensed to death and protected by high tariffs, given the inroads that the International Monetary Fund-World Bank have made into India's policymaking apparatus, there is little likelihood that the promised fruits of economic reforms will fall into India's lap simply through deregulation, or easing licensing, or lowering tariff rates.

There are a number of reasons why India finds itself in this predicament. To begin with, India's government has a slender majority in Parliament. For the last eight months or so, the government has been expending most of its energy fighting dissidents within the ruling party, and resisting an opposition which has only one goal in mind—to topple the government. In addition, politically tinged law-and-order problems and outright secessionist movements have kept New Delhi preoccupied.

While such a weak government cannot effectively impose harsh economic measures, such as closing down the loss-making public sector units, with the inevitable unemployment, it can also do little to stall the demands made by the IMF-World Bank to hasten the reform of the financial sector and amendment of labor laws. Moreover, the worldwide recession and India's poor technology level have put a damper on India's hopes of enhancing exports quickly. The unstable government, law-and-order problems, and a general lack of enthusiasm among domestic investors, among other causes, have also kept the finicky foreign investors hesitant about moving heavily into India. There is yet another reason why India's economic woes are going to be prolonged: the inadequate and dilapidated infrastructure which the mandarins in the Finance Ministry tend to ignore. Instead, the virtues of monetary reforms and deregulation are paraded before the people, with the promise that these measures will ameliorate India's economic situation. Needless to say, the IMF cares little about infrastructure, and is busy pushing a speed-up of the reforms.

However, whether the IMF or the Finance Ministry acknowledges it or not, there is no getting away from the fact that no competent industry or agricultural activity can be built upon a tottering infrastructure, the kind India has built

over the decades. It is this state of infrastructure which is largely responsible for the halting state of the Indian economy, and it continues to be a major hindrance to an overall improvement of industry, agriculture, and investment. With such a weak infrastructure, the concept of economic reforms is putting the cart before the horse. However, the consequences of the failure of economic reforms will be less comical and may endanger and distort the economy further.

## Blatant neglect

That is not to say that this reality has not dawned upon the economic reformers, and probably in coming days this will be used as an excuse to explain why the reform promises could not be kept. However, the more pertinent question is, what is being done to improve infrastructure rapidly? Investors, domestic and foreign, are interested to know how India's perpetual power shortages will be overcome. The same questions are asked about the decrepit railroads and highly incompetent telecommunications system. Unless these questions are answered satisfactorily, it is a foregone conclusion that various other reforms may entice a foreign banker or an insurance company or even a soft drink peddler, but will not be able to bring in the quality of investment which will enhance India's technology and make the industrial and agricultural sectors more productive.

It is evident from the available statistics of the first quarter of fiscal 1993 (April-June) that infrastructure not only did not pick up at an enhanced rate, but it actually functioned *below* the expected level. Crude oil and fertilizer production fell sharply compared to even the corresponding period of last year. Of the nine infrastructure industries, power, cement, cargo handling at ports, and telecommunications met the unambitious target. Steel production was way below target. The railways, too, registered a shortfall of 5.1% in lifting revenue-earning traffic. The shortfall is likely to result in a revenue loss of around 1 billion rupees.

However, these capsule statistics pale when one considers the reality of power shortages in India. Most of the states have to make do with power shortfalls, causing production cuts and damage to equipment. Certain industries have to run at less than 50% capacity when power is required for the agricultural sector. Areas in the capital city of Delhi



go through hours of power cuts every day throughout the summer.

### **Long on promises, short on delivery**

On the other hand, if one listens to the planners, one gets the impression that the country is going on a war-footing in order to build more power plants to meet the assessed demand; aside from the fact that the "assessed demand" has no correlation with any rigorous analysis, the most disturbing feature of India's five-year plan is that it has no connection with the amount of revenue that can be generated and can be made available for the actual implementation of power projects.

One such recent ruse was the planners' decision to allow the private sector to participate in the power sector. The decision was cheered on by all the pro-private sector analysts. According to the planners, India would install 80,000 MW of additional electrical power generation capacity by the end of the Ninth Plan, which is the end of this century. However, according to Power Ministry sources, reported in a newspaper, there are proposals to put up only about 8,000 MW capacity of power generation by the end of this century that are pending before the ministry. The 2,000 MW Ib Valley project in Orissa, which was earlier announced to great fanfare by the state government is now no longer talked about, because the Southern Power Corp., of the United States, has chosen to back out. It is another matter how much of the 8,000 MW capacity proposed by the private sector will actually come through. Even if it does, it will be a drop in the bucket.

At the same time, the grand pronouncements that the private sector will now be allowed to participate in this crucial sector means that the resource mobilization by the public sector will be for less, with the hope that the shortfall will be made up by the private sector. Considering the fact that thermal power plants take about five to six years to come online, the projected addition of 80,000 MW, based on an unscientifically determined assessed demand, is a myth, and the country will pay dearly for the growing shortfall.

A case in point is the nuclear power sector. Since India has achieved technological independence in nuclear power, it was expected that the sector would pick up the slack. From the mid-1980s on, the government of India gave detailed consideration to the Department of Atomic Energy's proposal to add 10,000 MW of additional nuclear power by the year 2000.

Nuclear Power Corp. of India (NPCI) was set up to carry out the task. The figure 10,000 MW additional nuclear power by the year 2000 was displayed prominently in the Eighth Plan document. But then the government did not allocate the necessary budget to the NPCI, and the NPCI went to buy high-interest bonds to complete the projects at hand. It has become clear to the NPCI soon enough that what is promised in the five-year plans is not necessarily meant to be imple-

mented. By 1991, the nuclear target for the year 2000 was cut in half. And that is hardly the end of the shenanigans. The financial crunch on the NPCI has further intensified, and at the rate at which the nuclear power plant construction is going on, the Indian people will be lucky if another 3,000 MW of additional nuclear power are actually implemented by the year 2000. As former NPCI chairman M.R. Srinivasan stated in a recent newspaper article, unless timely new initiatives are taken as India approaches the year 2000, nuclear power may remain as no more than a promise, delivering little.

### **Water shortages**

If there is a power shortfall, one should visit large southern cities such as Madras, Vishakhapatnam, Hyderabad, among others: Despite huge amounts of rainwater made available every year during the monsoon months, hundreds of millions of Indians go about without potable water, because the rainwater is allowed to flow into the sea. A number of proposals have been made to bring the surplus water from large northern rivers and their tributaries to the south, where the lack of water persists almost throughout the year. Many committees have been set up, many investigations have been done, and some of the proposals are now decades old. Yet, there is no sign that the peninsular water grid to bring surplus water from Godavari and Mahanadi to the water-starved southern rivers will actually be undertaken. There is no indication of the feasibility study being completed, and southern Indians may find that another 20 years will pass before this "potential" is finally exploited.

The state of infrastructure and the continued disinterest in Delhi about enhancing these capabilities, which is instead touting monetary measures and structural adjustments as a panacea, has even dismayed the World Bank — which is far better known for its eagerness to force structural adjustment and promote free trade, than for its concern for any country's infrastructure development. Recently the bank criticized India for the relatively low priority accorded to the development of the infrastructure sector. Although the World Bank report has concentrated more on the "high cost" added as a result of the infrastructure shortcomings and overemployment in these sectors, it also criticized the qualitative deterioration of India's railroads.

Another sign of India's continuing neglect of this vital sector is the growing non-utilization of project loans from the World Bank and the Asian Development Bank. Having procured the loan following a great deal of bureaucratic activities, and then having maintained the loan by paying a low interest rate, the required loan has remained unutilized since. The World Bank and the ADB have both warned India that if the project-tied loan is not used up by the targeted period, it would be cancelled. The unutilized aid for the power sector itself stood at over \$8 billion, accounting for nearly 50% of unutilized aid of the central sector.

# Another Indian multi-purpose satellite

by Ramtanu Maitra and Susan Maitra

On July 23, only seven days after the Russians cancelled the January 1991 contract to supply India with cryogenic rocket engine technologies, Ariane-4 took off from Kourou, French Guiana, carrying the Indian satellite Insat-2B and a Spanish satellite into a geostationary orbit. Last year, the Ariane rocket had put India's Insat-2A into the geostationary transfer orbit, from where the Master Control facility of the Indian Space Research Organization (ISRO), based in Hassan, Karnataka, put it into the designed slot in the geostationary orbit (GSO). The Insat-2B had also been lodged in the GSO by the Indian space scientists.

The Indian multi-purpose satellite Insat-2 series consists of two-ton class satellites. In the coming years, India will be putting Insat-2C, Insat-2D, and Insat-2E into orbit, before moving onto the Insat-3 series, consisting of three-ton class satellites. The Insat-2B, another fully indigenously built satellite, has proven India's mastery over the development of satellites.

The Insat-2 satellite series consists of 18 transponders, providing services for direct community television broadcasting, domestic telecommunications, data collection from remote unattended platforms, and meteorological earth observations. For a complete coverage of ground segments, 36 transponders are envisaged. Using two mutually orthogonal linear polarization signals, all 36 transponders get effectively used for a single ground segment. This can be achieved by co-locating two of the Insat-2 series satellites. Indian space scientists say that in view of the emerging global scenario, Insat-2C, the next in the Insat series, will carry additional Ku band transponders, beyond the use of advanced modulation and multiple access techniques such as TDMA, DAMA, and digital speech interpolation.

## Accessing India's remote areas

In addition to moving on to the Insat-3 series, ISRO is in the process of developing dedicated Gramsat satellites which will carry six to eight high-powered C-Band transponders which, together with video compression techniques, can disseminate region- and culture-specific audiovisual programs in each of the many Indian regional languages through re-broadcast mode on ordinary TV sets. The high power in the

C-Band will enable even viewers in remote areas outside the reach of TV transmitters or special groups of people to receive programs of their choice in a direct reception mode with only a 2-meter antenna. The addition of two or three high-power spot beam Ku band transponders to Gramsat will further enhance this capability by permitting direct reception with just an 0.8-meter antenna, which is particularly useful to provide continuing education for industrial workers in urban areas, said ISRO chief Prof. U.R. Rao at a recent seminar.

The ISRO is also carrying out feasibility studies on the optimal utilization of low-earth orbiting 400-800 kg class satellites to provide a variety of cost-effective services for messaging, mail distribution, disaster management, global position services, etc., with the availability of indigenous launch vehicles for realizing multiple launches.

In the area of remote sensing, ISRO is in the process of developing third-generation remote sensing as a followup to the IRS-1C and IRS-1D satellites, which will be launched in the 1990s. The IRS-1A and IRS-1B satellites have played a key role in developing India's agriculture. IRS-1A and IRS-1B which are providing multispectral imagery with a resolution of 36 meters and a repeat cycle of 11 days, thus providing essential inputs related to monitoring of forests, exploration of minerals, identification of underground and surface water sources, delineation of wasteland, agro-climatic regioning, soil mapping, and snow-melt runoff prediction.

The second-generation IRS-1C and IRS-1D satellites are now in the process of being designed to have better spectral and spatial resolution, more frequent revisits, stereo viewing, and onboard recording capabilities. They incorporate an improved camera system with a ground resolution of about 20 meters in three spectral bands, a middle infrared camera with a resolution of 70 meters, and a panchromatic camera with a resolution of better than 10 meters, in addition to a wide-angle camera covering a swath of over 700 km<sup>2</sup> with a resolution of 180 meters for rapid detection of changes in the vegetation canopy.

In addition to all the information supplied by the IRS-1A and IRS-1B, the new generation of remote sensing satellites will provide information on water stress and pest infestation. Together with dedicated satellites for ocean studies, advanced technologies like Digital Terrain Modeling and geographic information system, the Indian satellites will be in the technological forefront of all remote sensing satellite technology worldwide.

## Launch vehicles

With the launching of the Polar Satellite Launch Vehicle (PSLV) scheduled later this year, India will also have a launch vehicle, using both liquid and solid propellants, which can put 100 kg class satellites into a 1,000 km-high polar orbit. Indian space scientists claim that given the unique location of the Indian launch complex close to the equator at

SHAR, Tamil Nadu, which gives a better payload weight advantage than any other site in the world for polar launches, the commercial potential of the PSLV itself is large. With PSLV services, India is in a position to contract a package deal of fabricating and launching satellites at a price most competitive compared to the West.

But beyond that, India is seriously developing the capability to launch heavier satellites. It is this concern which had prompted ISRO to seek cryogenic rocket engine technology from the Russians, and all signals indicate that although it was blocked by the United States from obtaining the technology, ISRO is still in no mood to give up the development of this technology. Professor Rao said on July 26 that Russia's decision to withhold the supply of technology will merely delay the launching of the Geosynchronous Satellite Launch Vehicle (GSLV) by one and a half to two years, and that India will be ready with its own cryogenic rocket engines by 1997. With the Russian help, it had been estimated that India would be launching its Insat-2 series satellites to the GSO in 1995. The ISRO chairman said: "Our scientists have already tested an engine with one-ton thrust. This has proven our capability to build a high-power engine. What we need is a 12-ton thrust. And we have to understand the technology of handling fuels such as liquid hydrogen." These fuels are supercooled to temperatures close to  $-273^{\circ}\text{C}$ .

### Speeding up the program

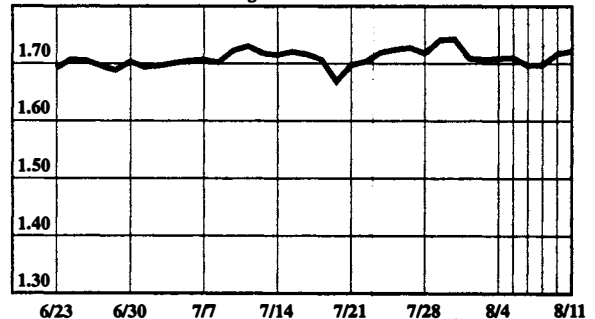
Professor Rao's projection about the development of cryogenic engines has been labelled "unrealistic" by some scientists. But there is no doubt that the cryo-project will be taken out of the back room where it has languished since 1988-89. The critics claim that Rao's projection is "unrealistic" because what India has achieved in this area is not substantial, and is only a necessary step for further development. They point out that the one-ton thrust test was carried out in 1988-89 using liquid oxygen as the oxidizer and gaseous hydrogen, instead of liquid hydrogen as the fuel. A fully cryo-fired engine has been test fired only after indigenous liquid plants were set up. However, the propellants in this were only pressure-fed, in contrast with turbo-pump feeding in a cryogenic engine.

But the impulse to speed up the cryogenic project has other sources. Indian space research has reached a point at which it could become a significant foreign exchange earner. The world market for space products and services at present, according to one estimate, is close to \$7 billion. ISRO's current capability for export earning by the year 2000 is close to \$300 million. However, the figure will be significantly higher if ISRO can provide launching of satellites into GSO. As it is, if the PSLV turns out to be a success, the ISRO can expect to earn another \$20 million annually, from securing the polar launching contracts. It is this potential of the Indian space program, scientists here believe, that has led the West to pressure Russia to renege on the cryogenic contract.

## Currency Rates

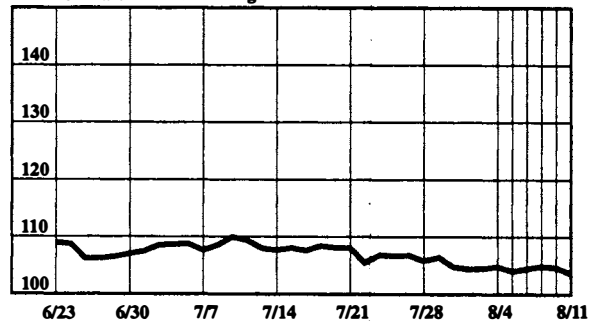
### The dollar in deutschemarks

New York late afternoon fixing



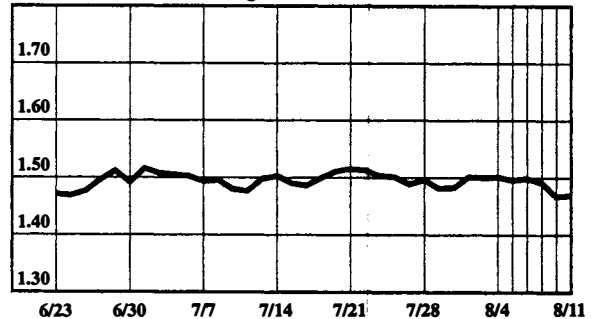
### The dollar in yen

New York late afternoon fixing



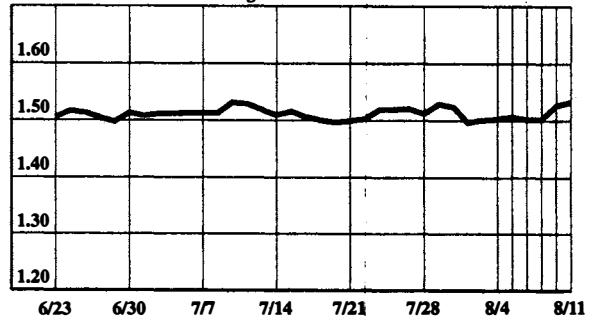
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# The truth about Carlos Andrés Pérez

Part 4 of our serialized exposé of the suspended President, by the Venezuelan Labor Party and the Ibero-American Solidarity Movement.

On May 19, one day before the Venezuelan Supreme Court was to announce its verdict on whether there were sufficient grounds for trying President Carlos Andrés Pérez (known as "CAP") for corruption, the Venezuelan Labor Party and the Ibero-American Solidarity Movement (MSIA) jointly published a pamphlet entitled "The Truth About CAP." EIR is publishing the translated text of the pamphlet in six installments. The first chapter, "CAP Destroyed the Productive Economy," appeared in our July 30 issue, the second, "Washington's Man and the New World Order," in our Aug. 6 issue, and the third, "Venezuela's Drug Traffic under CAP's Rule," appeared in our Aug. 13 issue.

"The Truth About CAP" is not only important for Venezuela and Ibero-America, but also for the United States. President Bill Clinton has continued to apply the major elements of George Bush's policy toward the continent, for which Pérez—currently suspended from the presidency—considered himself the spokesman.

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## Chapter 4: Corruption and CAP's financial 'inner circle'

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There are many infamous cases of corruption in Venezuela, some incredibly scandalous, such as the 250 million bolivars embezzled by President Carlos Andrés Pérez (CAP), cases that would go very nicely in the museum that his friends are building for him in Rubio.

But let's not miss the forest for the trees.

The reality is that the corruption that is destroying Venezuela is much worse than this case, or for that matter all the corruption cases strung together. The root problem is that in Venezuela, there is a corrupt system known as rule by the parties, or *partyocracy*, in which the essential proposition of government is not the common good, but the satisfaction of private interests. What partyocracy engenders is rulers who abuse power to achieve personal ends. This is what is behind the privatization and "modernization" of the economy in particular, as we will show.

What has occurred in Venezuela under the corruption of the partyocracy is that a small group has seized the institutions of government to use them for their own benefit. Let us look at a case that clearly illustrates this, that of Pedro Tino-

co, Jr., who recently died. Known as "the man from Chase Manhattan Bank," as the daily *Ultimas Noticias* noted on March 31, 1993, Tinoco was simultaneously the lawyer for Venezuela's foreign creditor banks, the negotiator of Venezuela's foreign debt, a banker in his own right, and president of the Venezuelan Central Bank (BCV), appointed by CAP.

Tinoco, to whose funeral the Cuban communist dictator Fidel Castro sent a wreath of flowers, epitomizes the corruption of the so-called "inner circle" of CAP: the management of the national economy for two ends: a) payment of the usurious foreign debt, and b) personal enrichment.

Having described the forest of corruption, we can now take a look at the trees.

### The '12 apostles' and their return

During Carlos Andrés Pérez's first administration (1974-78), an assemblage of individuals and emergent economic groups known at the time as the "12 apostles," stood in CAP's shadow and received his favor. Most were individuals and groups which had risen from nothing, or from secondary relevance, but within a few years, they rivaled the "bosses of Valle"—the old, traditional oligarchy—thanks to government operations involving the billions of dollars that began to flow into the country's coffers, due to oil price increases and the new current of underground finances.

Among the "12 apostles" were those who had historically made up CAP's "financial inner circle": the banker and Rockefeller agent in Venezuela, Pedro Tinoco; his associates in various activities, the brothers Gustavo and Ricardo Cisneros; the Febres Cordero family, of some importance in the Andean region; José Alvarez Stelling, who began his career as a banker administering his aunt's fortune; and many others. All these were said to be, in some form or another, CAP's "front men" or partners. By the end of the "great Venezuela" of CAP's first administration, all of them had grabbed a good chunk of economic power and reinforced their links with international sectors. However, the size of the oil income and the economic expansion in that period made it possible that the unusual growth of these groups did not greatly affect the power and the businesses of the traditional economic groups.

Now, after four years of CAP's second administration, one could say that the "12 apostles," with new tentacles and much more consolidated than before, have to eliminate the

old oligarchy in order to continue growing, and are in fact at the point of literally taking over the country, eliminating at any price whatever obstacle might get in their way.

There is no doubt that writer Arturo Uslar Pietri was referring to them when he charged shortly after the Feb. 4, 1992 coup attempt, that "immense fortunes are being made in the shadow of the government which are tending to monopolize and control important sectors of national life."

The takeover strategy of these groups includes at least four related aspects: 1) financial control of the country; 2) appropriation of basic industries; 3) control of judicial power and of key areas of the police and security apparatus; and 4) control of public opinion by means of a monopoly over the media. All of this would not be possible without the power of President Carlos Andrés Pérez.

### 1) Financial control

For more than three years, Pedro Tinoco was president of the Central Bank of Venezuela (BCV). From there, this "godfather" of the bankers and CAP "partner" was able to control virtually the entire financial environment to the benefit of his friends and associates, as we have already seen in part in Chapter 1.

In recent years, the Tinoco-Cisneros Banco Latino has gone about buying up almost all the banks in the states situated on the border with Colombia, just where international organizations have detected feverish dollar-laundering activity. Using stock purchases, Banco Latino has extended its control to the banks of Maracaibo, Barinas, Banco de Occidente, Sofitasa (of Táchira), and others. In this way, Banco Latino has gone from being the sixth largest bank in the country when CAP took power for the second time in 1989, to becoming—together with the banks it now controls—the first in the country in terms of deposits and profits.

Orlando Castro and other bankers of his ilk have been buying up the state banks that have been privatized under CAP's government, such as the República and Italo-Venezolano, in addition to the unusual public purchases of Bank of Venezuela stock, in order to snatch it from the traditional groups. The majority of the bank's stock was sold by Castro to Alvarez Stelling, who finally displaced the "bosses of Valle" who controlled the bank.

During the second CAP administration, the Stock Exchange underwent a vast expansion, whose figures dramatically reveal the surge of speculation and illegal money in the country. Young speculators in the service of CAP's "apostles" took control of the exchange.

From her presidency of the Foreign Trade Institute, Gabriela Febres Cordero initiated all sorts of agreements for trade openings, above all with the Andean countries. The most important opening was achieved by eliminating controls on trade and communications with Colombia (the so-called "open skies" policy), lowering tariffs, etc.

On top of this was the financial opening toward other countries, beginning with the accords signed with Colombian

President César Gaviria that allowed the purchase of various Colombian banks by Venezuelan banks, and vice versa. Tinoco-Cisneros's Banco Latino has combined its network for international operations with none other than the Commercial Bank of Antioquia, with its headquarters in Medellín, thus forming the "first bi-national bank" in Venezuela with 400 offices in the two countries. In that way, a deposit made in Medellín, for example, could be deposited in Banco Latino branches in the Caribbean islands.

### 2) Appropriation of basic state industries

The *modus operandi* most commonly used to appropriate the industries privatized by CAP has been through the mechanism of debt swaps. However, this has not been completely successful because of the paralysis of the privatization process after the auctioning of the state telecommunications company CANTV, whose purchase by Gustavo Cisneros seemed almost assured but which at the last moment went to another buyer.

In Guyana, the Cisneros-Tinoco group has its eye on aluminum. To that end, it first created the Aluyana company headed by Claudia Febres Cordero, and more recently is negotiating its participation in the state aluminum company in exchange for part of the latter's debt—through Banco Latino, of course.

It is important to emphasize here how the financial and political interests of CAP's "inner circle" link them all together mafia-style.

Pedro Tinoco, for example, left the presidency of Banco Latino to become president of Cisneros's supermarket chain CADA; in his turn, Ricardo Cisneros moved to become a member of the board of Banco Latino.

The presidency of Banco Latino is now occupied by the previous vice president, Gustavo Gómez López, whose wife Claudia Febres Cordero, the daughter of "apostle" Siro Febres Cordero, is president of Aluyana, the company created by Cisneros to swap debt for investment in the state aluminum sector.

Cisneros, Tinoco, and Orlando Castro acted in concert to take control of Televen television station away from Omar Camero.

Esperanza Martino, a friend of Cecilia Matos (CAP's mistress), is openly backing the takeover of the Bank of Venezuela by Orlando Castro, both from her position at the Banco Industrial and from the presidency of the Deposit Guaranty Fund (Fogade). And Pedro Tinoco did the same from his privileged post at the Central Bank, where CAP put him.

Pedro Tinoco's sponsorship by the group of Alvarez Stelling and Orlando Castro in taking over the Bank of Venezuela was clearly seen in the appointment of Ignacio Andrade Arcaya as Alvarez Stelling's legal representative in that litigation. Andrade Arcaya has been director of Banco Latino, president of the TV channel Televen, and has been linked for some time to Tinoco's law office.

Several times, different functions have been concentrated



in the same hands. The best example of this is what the press called the “quadruple function” of Pedro Tinoco: 1) head of the Latino group; 2) president of the Central Bank of Venezuela; 3) foreign debt negotiator; and 4) agent of Chase Manhattan Bank’s interests in Venezuela, which is the country’s principal creditor and which headed the creditors’ banking committee. For this alone, CAP and his financial “inner circle” merit being tried for treason against the fatherland.

### 3) Control of the judiciary and of key areas of the state’s security apparatus

It should suffice to recall the accusations that were made during 1992 regarding control of the judiciary by part of the so-called “tribe of David” headed by David Morales Bello, CAP’s crony and Cisneros’s man. Morales Bello’s son was deputy minister of justice during the first years of CAP’s second administration. According to the charges, the “tribe” controls the nominations of judges, important judicial decisions, and key figures inside the Supreme Court.

We will look more closely at control of the police and security apparatus in Chapter 5, which deals with the narco-terrorist networks, some of them of Cuban origin which were hired by CAP during his first administration, and which are intimately tied to the aforementioned economic groups. All of these scandalous connections have been coming to light over the past two years.

### 4) Control of public opinion through a monopoly of the media

An exposé published by *El Diario de Caracas* on Sept. 27, 1992 of the growing monopoly over the media by the Cisneros-Tinoco “apostles,” lists the TV channels controlled by this group during CAP’s administration and the typically mafia-style operations used to achieve this:

**Channel 10, “Televen”** was given to Omar Camero under the previous administration, “on condition that he was not a shareholder in another TV project.” Accusations were launched against Camero through a political-judicial maneuver, and he decided to sell. President Pérez himself “recommended to him that he limit his conversations concerning association with Dr. Pedro Tinoco.” After seizing part of Televen’s stock through Banco Latino financing, Cisneros “physically threatened Camero” to purchase his Televen shares. This “stormy meeting took place in the suite of President Carlos Andrés Pérez at the St. Regis Hotel in New York . . . and only the President’s timely intervention was able to calm the very excited Cisneros,” says the journalist.

“Camero was the victim of another type of pressure” — judicial threats against him and one of his sons. “In those days,” continues the report in *El Diario de Caracas*, “a jet plane owned by Camero which was transporting former President Rafael Caldera suffered an emergency that some considered sabotage. . . . Finally, on Aug. 25, 1992, Camero’s stock was sold to representatives of the Cisneros Organiza-

tion and the Tinoco firm. That same day, but only *after* the negotiation in question was finalized, the President issued decree No. 2497, regulating the transfer of shares held by businesses owning TV stations,” supposedly to avoid monopolies.

**Omnivisión**, founded during the previous government by the Urbina brothers, was indebted to Banco Latino for over a billion bolivars and was then taken over by means of a debt swap orchestrated by Gustavo Gómez López, president of Banco Latino, and Enrique Cuzco, a Cisneros associate.

**Cablevisión**, founded during the previous government by Alberto Añez. “Añez’s shares were acquired by Cisneros through front men.”

**“The Singing Children of Zulía,”** indirectly linked to the Catholic Church. “It has received generous financing from Banco Latino for more than 500 million bolivars.”

**Lara regional TV**, founded by Jorge Félix, an employee of Venevisión of the Cisneros group. “The financing of the company and technical support has been obtained through the Cisneros Organization.”

**Channel 5**, a cultural, state-owned station. Cisneros makes efforts to transfer it to the Teresa Carreño Theater and to the Mozarteum Foundation, “an appendix of Venevisión and the Cisneros Organization.”

To sum up, “the investment group [Cisneros-Tinoco] now dominates this sector with two of the three national commercial television networks; 94% of cable television, 75% of regional television, and more than 180 radio stations.”

The *El Diario de Caracas* report concludes: “During the constitutional period that began in February 1989 through the month of August 1992 [date of the report], there have been *the greatest number of acquisitions of various media (television, radio, and press) on the part of a single economic group in all of Venezuela’s history.*”

“The same group has, moreover, control of various national banking institutions, which adds up to an important percentage of the banking business. As of 1989, when Pedro Tinoco was chosen by President Pérez to occupy the presidency of the Venezuelan Central Bank, these banks have received *some tens of billions of bolivars in public funds controlled by the government* and have benefitted from the *absolute majority of the debt conversions* at preferential rates authorized by the Central Bank of Venezuela and the Pérez government.

“From a political point of view, the group claims *to actively control more than one candidate* for the presidency of the Republic, in order to guarantee the continuity of its plans.”

Finally, “the concentration of economic power, financial policy and media described here, undoubtedly constitutes *a threat to the political and social stability of the country.* . . . Will they achieve their ends? The country has the last word” (emphasis in original).

## The financial system 'goes gringo'

*Miguel Mancera has already annexed Mexico's central bank to the U.S. Federal Reserve; what's next?*

In the month of July, Mexican interest rates on 28-day and 90-day Treasury Certificates (Cetes) were yielding 13.46% and 14.47% respectively, in comparison with a December 1992 common rate for both of about 17%. Everyone feared that such a decline in yields would mean that foreign capital would begin to flee to more lucrative destinations. But it didn't happen that way, and therein lies a tale.

In the beginning, it was said that the declining yields were due to the fact that some banks at odds with the authorities were forcing the Cetes offerings downward, as a way of easing defaults and bankruptcies.

Later came the official line, that the fall in interest rates was due to "the relatively abundant existence of foreign capital on the financial market." Others said that the phenomenon was due to "an oversupply of dollars" in the national economy, the result of putting the debts of certain companies on the international markets. But nothing happened, and the flow of foreign money into the Mexican financial system continued like rivers of gold.

The Mexican Stock Exchange (BMV) released its weekly report stating that cumulative foreign investment had risen to \$48.8 billion. Of this total, \$22 billion was in government paper (the same Cetes whose yields were falling) and the rest primarily on the stock exchange, thereby controlling some 66% of the government's internal debt. More than half of the "internal debt" is in fact foreign debt.

The question all the analysts are asking is: What is the level of resis-

tance to this decline in yields which foreign capital can absorb, before abandoning the market altogether? Will there be a withdrawal of investors, or outright capital flight?

The monthly flow of foreign investment, as reported by the BMV, is on the decline. In January, there was an inflow of \$580 million (in December 1992 it was \$1 billion). In February, the flow rose to nearly \$1.6 billion, only to fall to \$1.4 billion in March. In April, it fell to \$980 million. In June and July, according to official government propaganda, investment stabilized at \$800 million.

It is clear that the speculative bubble of government paper is such that new investment is finding things very unstable. How can the government pay interest rates (which must be in dollars), when the investments are only for 28 and 90 days?

This is where the "financial genius" of one of Mexico's most corrupt and treasonous officials comes in: Miguel Mancera Aguayo, director of the Bank of Mexico. Last July 10, International Monetary Fund (IMF) economist Guillermo Calvo explained to a conference in Bogotá, Colombia how Mancera does it.

The IMF economist stated that "Latin America's central banks should carry out agreements with the U.S. Federal Reserve to be able to control monetary flows in dollars and to have a more efficient banking system. . . . It is becoming increasingly difficult for the banks to be able to control inflation and liquidity. We should realize that we are in a dollar

zone and that our economies have been dollarized."

Calvo presented the alternative of Latin America's central banks making loans in dollars both domestically and abroad; he added that said banks "find themselves limited by the terms of deposits. Because the banks don't have the backing of the Federal Reserve, they can only lend on terms precisely equal to what they have on deposit. If the deposits are for three months, the banks cannot lend for six months." (Precisely the situation of the Bank of Mexico.)

Calvo further argued that in the United States, if a bank has a temporary shortage of capital, it can request a loan from the Federal Reserve without a discount, something the Latin American central banks could do only if they had a pact with the Federal Reserve.

In a discussion afterwards with this news service, Calvo said that with the North American Free Trade Agreement (NAFTA), "there already exists a \$5 billion credit line to the Mexican central bank. One could call this a 'swap' credit. The idea is that this become generalized throughout Latin America."

This is how Mancera has sustained his speculative orgy with government debt bonds. The peso has not been devalued because it is the dollar which is the real currency in Mexico, at least on the financial circuit. It has not fled to the United States, because the so-called internal debt of the Salinas government is now part of the financial business of the United States itself. Mancera has a direct line with the U.S. Federal Reserve to administer U.S. investments in Mexico.

This is the first result of President Salinas's decision to give full "autonomy" to the Bank of Mexico. Thus, with or without NAFTA, Mexico has already gone "gringo."

## Banking on chaos

*The banks' alleged profits depend on the same international instability and turmoil which will destroy them.*

Anyone who still doubts that the big U.S. banks are not really banks anymore, should take a look at the second quarter earnings reports of the six big U.S. derivatives banks. These banks (Citicorp, J.P. Morgan, Bankers Trust New York, Chemical Bank, Chase Manhattan, and BankAmerica), which together account for 90% of all the derivatives transactions conducted by U.S. banks, reported a record combined gross trading revenue of \$2.2 billion during the quarter. Net profits on that revenue amounted to more than \$900 million, or some 40% of the \$2.2 billion in net income these banks reported for the quarter.

Citicorp led the pack with \$572 million in gross trading revenue for the quarter, followed by J.P. Morgan with \$520 million, Bankers Trust with \$405 million, Chemical with \$298 million, Chase with \$187 million, and BankAmerica with \$172 million.

The Citicorp and Morgan figures represent the highest quarterly gross trading revenues ever reported by U.S. banks, while the figures for each bank represent the highest quarterly gross trading figure ever reported by that institution.

The banks were quick to brag about their speculative activities. Morgan, whose \$989 million in gross trading revenue for the first six months of 1993 was more than the \$959 million in gross trading revenue reported for all of 1992, issued a press release citing "strong results in a diverse array of activities and locations, with notable strength in global debt trading and swaps."

"Results in the second quarter,

like the first, were exceptional," the release quoted Morgan chairman Sir Dennis Weatherstone as saying. "Trading performance stood out, with substantial gains in trading of debt instruments and strong results in swaps and other derivative instruments."

Citicorp, which reported \$1.029 billion in trading revenue in the first six months of 1993 compared to \$581 million in the first six months of 1992, cited its "strong global trading results," including foreign exchange revenues of \$352 million and securities trading revenues of \$220 million for the quarter.

Bankers Trust, which makes 80% of its profits from trading, cited "exceptionally strong performances" by its derivatives operations. Bankers Trust reported gross trading revenue of \$751 million for the first half of 1993, compared to \$551 million for the same period in 1992.

These huge profits are both illusory and destructive: illusory, because they consist of pieces of a speculative bubble which is on the edge of inevitable collapse; and destructive, because they depend upon chaos and economic cannibalization.

"The bank's biggest fear would be a long period of calm and stability in the markets, which would lull companies and investors into slowing their trading activities," Michael G.J. Davis, the deputy head of Chase's risk management department, recently told the *New York Times*. "The worst thing for us is a marketplace where nothing happens."

Such criminal stupidity is not limited to Chase, by any means. The arro-

gant Bankers Trust, which barely bothers to pretend that it is still a bank, recently boasted that the decline in its loan portfolio was "good news."

The bankrupt big banks have, in fact, become increasingly dependent upon their derivatives income and a variety of government subsidies. Like drug addicts, they need increasingly bigger doses to maintain their illusions.

The speculation has become so blatant that even the *New York Times* recently observed that "the banking system is increasingly dependent upon the payoff from gambling in a vast global casino." Not that the *Times* is complaining, of course, since the derivatives bubble has been carefully orchestrated by the international banks, with the collusion of U.S. bank regulators.

The most egregious example of this collusion is Citicorp, which has been a virtual subsidiary of the Federal Reserve Bank of New York since late 1990. During this period of direct New York Fed control, Citicorp has not only speculated wildly for its own account, but has also helped fund the currency warfare operations of George Soros, a joint asset of the New York Fed and the Rothschilds.

Then there is the case of J.P. Morgan, best described as America's premier British bank. Morgan, which has played a pivotal role in the establishment of the derivatives market, recently deployed Douglas Harris, one of its derivatives experts, to the Office of the Comptroller of the Currency, where he will head up a task force on derivatives.

Don't expect a crackdown. Harris is one of the authors of a recent Group of 30 report on derivatives. The report, overseen by Morgan chairman Weatherstone and praised by the comptroller, says there's no need for derivatives regulation.

## Nebraska farmer sues 'investors'

*Organized crime-linked speculators milked the government-backed farm loan system, thanks to deregulation.*

**W**e have reported that government guarantees on loans made to farmers through commercial banks or the government-founded Farm Credit System (FCS) have often worked to enrich speculators like Minneapolis organized crime-linked financier Carl Pohlad, or the Dutch giant agricultural Rabobank, rather than help the farmer for whom the guarantees were meant to provide access to credit. These circles speculate in international markets with loans which by government guarantee are prime speculative paper, while liquidating and looting the farmer and the farm bank.

*EIR* has learned of a lawsuit filed in Nebraska which illustrates a new wrinkle in the uses to which organized crime-tainted speculators have put government-guaranteed farm loans. It becomes clear why many are endorsing the call made by farmers associated with Food for Peace for a full probe of fraud in farm lending, a moratorium on farm foreclosures, and a return to a policy of regulating farm lending through a national bank accountable to Congress.

On July 6, Elgin, Nebraska farmer Larry Andersen, represented by the New York law firm Hecht and Goldston, and DeCamp Legal Services of Lincoln, Neb., filed a class action lawsuit against 28 brokerage houses and securities firms, the Nebraska Investment Finance Authority (NIFA), Norwest Bank of Minneapolis, the law firm Kutak, Rock of Nebraska, and Executive Life Insurance Co. of Los Angeles, charging them with violations of the Racketeer Influenced

and Corrupt Organizations Act (RICO). The action was filed on behalf of Andersen and any other small farmer or rancher in Nebraska who might have benefitted from municipal bonds which were sold on behalf of the NIFA to provide low-interest credit to farmers; the money was instead diverted to the purchase of junk bonds to benefit organized-crime networks associated with junk bond swindler Michael Milken.

The Nebraska legislature established the Nebraska Investment Finance Authority in 1983 for the purpose of issuing municipal bonds at low interest rates to provide money to debt-strapped farmers. Plaintiff Andersen was paying interest on his loan at 18%, the rate for farm borrowers considered high risk, the designation given to many farmers because of low prices and the collapse in the farm real estate bubble in the mid-1980s. It was borrowers like Andersen whom the NIFA funds were supposed to help. The suit charges that Milken, working with his associates at Executive Life, came up with a scheme "to create and sell municipal bonds as a device for raising inexpensive capital for trading in junk bonds being underwritten or traded by Drexel, making millions on the spread between the low-interest cost of their money and the high-yield junk bond investments."

Drexel Burnham Lambert and other leading brokerage houses operated as underwriters for the bonds. They used the gimmick that the loans they would purchase would be Farmers Home Administration guaranteed to

obtain an AAA rating from Standard and Poors. The lawsuit alleges that Executive Life could never have gotten funds for its dealings on such terms, because over 65% of its portfolio was invested in junk bonds. Meanwhile, a program was written by the Kutak, Rock law firm detailing the eligibility requirements for the loans, which ensured that no Nebraska farmer or rancher could get a loan. For example, the offerings made to the public stated that the funds raised could be used to refinance existing agricultural debt, yet the lending source had to certify to NIFA that the farmer or rancher could not obtain credit from any source.

According to the suit, there were other disincentives for banks to participate, with the net result that not a penny of the funds raised through the sale of the municipal bonds went to any Nebraska farmer or rancher. Executive Life went bankrupt in 1991 after diverting the funds to its own uses and other investors associated with Milken. According to the suit, the principals generated annual profits of over \$100 million, through legislature-backed financing authorities set up in Nebraska and six other states.

Other finance authorities whose investors and designated beneficiaries were defrauded by this network, include an authority to finance housing for the elderly in El Paso, Texas, housing for the poor in Memphis, Tennessee, and low-interest capital to Louisiana.

The plaintiffs claim that they were injured in an amount believed to be in excess of \$100 million. It asks that defendants be required to "disgorge their profits estimated at \$135 million per year from issues of municipal bonds from seven authorities, plus the underwriting and trading commissions and profits earned by the broker-dealer defendants."

# Business Briefs

## Industry

### Decline in east Germany documented

The latest government statistics, a survey by the German Ministry of Economics presented in Bonn on Aug. 3, document the unabated deindustrialization of eastern Germany. The manufacturing sector of the five eastern German states produced 7% less in April/May than during the two-month period February/March.

Capital goods production dropped by 4%, mining (coal, copper, potassium) by 9%, and the construction sector, which is the alleged "flagship sector in the eastern upswing," according to Bonn, reported a drop in activity of 2%. Exports of east German industrial goods dropped by 14% in the second quarter of this year, as compared to the same period last year.

An independent survey of Thuringian industrial firms showed that, of the 700,000 industrial jobs which that state reported at the end of 1990, only 23% are left now, less than three years later—with more listed by the Treuhand agency to be destroyed. In the three-city region of Meiningen, Schwarza, and Zella-Mehlis, the Treuhand has already announced at least another 4,000 industrial jobs will be eliminated by the end of this year.

## Agriculture

### Higher prices, less free trade needed, says AgriNews

The weekly U.S. agriculture publication *AgriNews* in its July 29 issue, editorialized against the General Agreement on Tariffs and Trade (GATT) and free trade. Citing the need of farmers for higher prices, *AgriNews* attacked the "American" approach to GATT from the standpoint of the need for national food security and the fact that agriculture cannot be treated like any other industry.

The elimination of subsidies under the GATT proposals in the name of free trade will destroy many farmers here and abroad, it

warned. "A free market and the elimination of an individual nation's ability to set its own agriculture policy will naturally lead to lower prices. Free markets will favor those with the ability to control the market. And it is obvious to most people that the biggest source of power in the marketplace is not farmers — it's the corporations who profit from current market conditions. The opening of agriculture markets worldwide would necessarily cause an immediate downward flight in grain prices and force each nation's farmers to engage in economic war against their brothers and sisters in other nations."

The editorial argued for higher commodity prices worldwide. This is necessary, among other reasons, for "food self-sufficiency," the editorial stated. It concluded by supporting each nation's right to set its own agriculture policy, which must not be sacrificed "on the altar of free trade."

## Currencies

### Tax sought on currency speculation

The July 31 French daily *Le Monde* called for a tax on speculative currency transactions, i.e., derivatives, as the only way to put the wild fluctuations in the European Monetary System under control and to reduce speculation. Although the word "derivatives" is not mentioned as such, the recommended "tax on transactions" refers to this, since 90% of the frenzied currency speculations referred to are done via derivative transactions of one sort or another.

*Le Monde* warned: "The European Monetary System . . . is also the victim of a particular international environment. It finds itself inserted within a market, the currency market, which is the most fluid and the most 'deregulated' that we have ever known. The liberalization of movements of capital, with the development of data processing and telecommunications, has led to a market which functions 24 hours a day and in which the transactions are extremely rapid and cost little. To introduce rigor into this — with a tax on transactions, for example — could perhaps contrib-

ute to reduce the universally insane game of speculation."

London *Guardian* financial commentator Alex Brummer on July 31 suggested a "transactions tax" to make derivatives-centered currency speculation harder for speculators. Under the headline "Putting the Brakes on the World Monetary System," Brummer wrote that there is a "respectable intellectual case for putting some sand in the wheels. Nobody advocates old-fashioned exchange controls: The financial markets with their offshore banking centers and derivatives will always have an ability to skirt the rules.

"The deterrent effect of limited controls and perhaps a transactions tax would make it more expensive for the speculators (be they banks or George Soros) to take on a whole system of central banks."

On Aug. 2, the Berlin daily *Tageszeitung* suggested that a tax on currency transactions would be one of the countermeasures that EMS member governments could take against speculators.

## Space

### China and Russia expected to cooperate

China is likely to cooperate with Russia in space technology, Qi Fa-ren, president of the Chinese Academy of Space Technology (CAST), announced Aug. 4, BBC reported. Qi said that Chinese-Russian talks had already begun.

Qi charged that the United States is attempting to control China's space program by restricting technology transfers to China, a measure he called "foolish." China could either buy what it needed or produce its own technologies, he said.

Qi admitted that lack of funding and U.S. government export license restrictions on satellite technology sales have hampered Chinese efforts to modernize its satellite industry, and hurt China's sales abroad and its ability to launch foreign-made craft, according to UPI "We are not as capable" as foreign companies, said Qi, "but the competition is also unfair. . . . Any space-related company must use



## Briefly

parts from other companies, but we are always met with pressures and bans on foreign technology. How can we compete?"

Motorola announced that it would use Chinese rockets to launch 66 satellites, but the deal is subject to Washington waivers of export restrictions on satellite technology to China.

Qi complained that U.S. interference had forced his academy to buy more expensive components elsewhere. He also said that high costs and decreased government investment threatened to scuttle previously announced plans to send a man into space around the year 2000. "China is making its best efforts to effect a manned space launch. . . . In the near term it is not profitable, but if the government decides to make the launch, we will do our utmost to make it successful," he said.

According to Reuters, Qi aimed his anger at George Bush, whose ban on export of military technology to China delayed manufacture of a key CAST satellite. That ban remains in effect.

### Infrastructure

#### Berlin-Hamburg Transrapid link gets support

German Transportation Minister Matthias Wissmann supported the construction of a Transrapid magnetically levitated rail line from Berlin to Hamburg, in an interview with the Aug. 1 German daily *Bild Zeitung*. "I want to see the Transrapid running," he said. However, in the same breath, he claimed that "free enterprise" had to pay the main part of the approximately \$2.5 billion cost.

The week before, member of Parliament Kurt Falthauer, in an article in the German economic daily *Handelsblatt*, called for investment in high-tech areas in order to get Germany out of the economic crisis. He mentioned two projects: the next generation of high-safety nuclear power plants, and the Transrapid. He also complained about the permanent budget cuts which have been made in space technology.

Following those complaints, German Finance Minister Theo Waigel revoked the cuts

formanned space flight, which had been decided by the new minister of research, Paul Krueger. Mainly affected by this are the long-term projects of the European Space Agency.

Political observers believe that the upcoming September elections played a major role in Waigel's reversal on the budget cuts. Most of German high-tech industry is located in south Germany, especially Bavaria. Waigel is the chairman of the Christian Social Union party.

### Biological Holocaust

#### Africa faces 'catastrophic' invasion of locusts

Africa is faced with a "catastrophic" locust invasion which is shaping up to be at least as bad, if not far worse, than 1986-88, the Aug. 4 French daily *Le Monde* reported. "Having left the coasts of the Red Sea several months ago, the pilgrim locusts, devourers of crops, have just reached Mauritania and Morocco. Specialists now fear, in autumn, an invasion similar to that of 1987, which assumed the proportions of a plague in North Africa."

The Food and Agriculture Organization and Prifas, the research arm of France's Center for International Cooperation in Agronomical Research (CIRAD), have issued a joint appeal for "emergency international assistance" to the affected countries.

Of greater concern, *Le Monde* wrote, is the mixing of pilgrim locusts with the migratory locust. "More complementary than enemies, these two reunited species threaten to enlarge their field of action (the pilgrim locusts going up toward the Sahara, the migratory locusts descending toward the south), and especially to share between them the food resources: Certain grasses, the only vegetation disdained by the pilgrim locust, are the delicacy of the migratory locust.

"It remains, therefore, to organize the fight, and to find, as fast as possible, the means to put it into operation," *Le Monde* wrote. Lacking aid operations, "the bill, when it comes, could be higher still: In 1987 and 1988, the generalized invasion of the pilgrim locusts cost the international community \$300 million."

● **UNEMPLOYMENT** in Germany will come closer to 7 million by the end of this year, not the 4 million officially forecast, Westdeutsche Landesbank experts project. The survey includes those who could work full-time but are not regularly employed. This figure would put the official jobless rate at 15%.

● **KYRGYZSTAN** is in emergency need of several types of vaccines, the World Health Organization reports, since the former suppliers in Moscow ceased deliveries. Kyrgyzstan has received no measles vaccines since 1991 and no shipments of disposable syringes since last year.

● **TAIWAN** may double the number of items imported from China to benefit from cheaper prices, Reuters reported Aug. 5, based on comments by the Board of Foreign Trade and Prime Minister Lien Chan. At the same time, President Lee Teng-hui has warned Taiwan businesses against investing in China, citing "chaos" in the economy.

● **NESTLE** bought the Italian ice cream cartel Italgel, owned by the state holding company IRI, on July 29. Italgel has never had a loss. The sale was exposed by Sen. Augusto Graziani at an *EIR* seminar on the economic destabilization of Italy in Milan on June 28. The Cirio-Bertolli-De Rica group, a producer of olive oil, is next to be sold.

● **CHINA** is considering building up an economic base in Poland and expanding into Central Europe, according to the Polish news agency PAP. Deputy Prime Minister Henryk Goryszewski said that Poland is interested in cooperation, and that the two countries are about to open joint ventures in communications and electronics.

● **DROUGHT** in eastern Germany is forecast to cause a loss of 30% of the grain harvest this season. A chronic undersupply of agricultural credit and "old debt" is making matters worse.

## Flood of '93 washes out economic experts

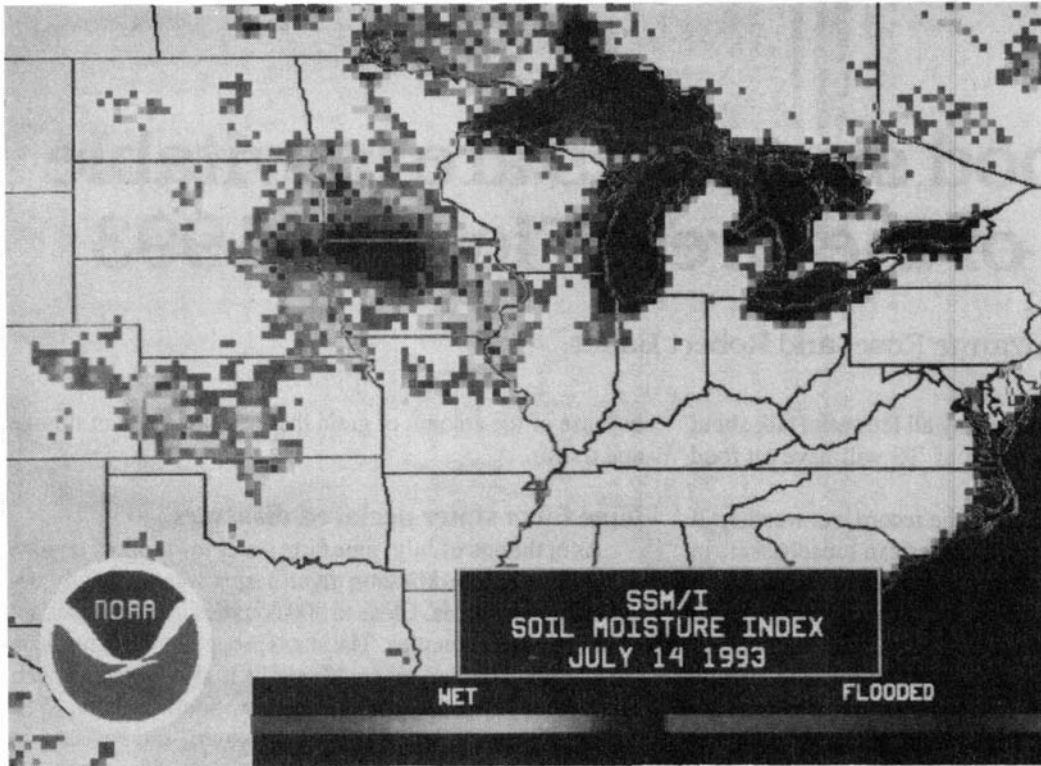
by Marcia Merry

During the month of July, a new natural wonder formed on the continent of North America — the “Great Lake of Iowa.” Record summer rains so saturated the soils that thousands of square miles of land were engulfed, centered on the state of Iowa, with satellite photos showing the area as a lake about 240 by 300 miles across, a sister to the existing Great Lakes of the upper Midwest (see map).

At the same time, thousands of miles of river channels of the extensive upper Mississippi and Missouri river systems overflowed their banks from Minnesota — whose state nickname is “Land o’ Lakes” — south to Missouri and Kentucky. The epic scale of devastation to towns, crops, transportation, and animal life was clear for all the world to see. According to hydrologists, the Flood of '93 is a “500-year” flood. More than 1,000 levees were breached, 20 million acres of farmland were under water, and 38,000 homes were damaged or destroyed. Nine states were designated as official disaster areas in July, and counties in more states are now being added to the casualty list. Yet a chorus of so-called economic experts has chanted that the effects on the economy will be minimal. Mahidhara Ram, senior research associate at the Chicago Federal Reserve Bank’s think-tank, the Regional Economics Applications Laboratory, said that “it was a disaster” for agriculture, “but for the overall economy it won’t be that bad.” Chief economist for Chicago’s Northern Trust Co., Robert Dederick, said, “As painful as [the flood losses are] to the individuals involved, in the aggregate, that’s very small. In the macroeconomic sense, it seems to be a blip.”

On Aug. 4, the Federal Reserve System put out its periodic review of the national economy, which played down the impact of the floods, saying damage was “highly concentrated” in nine midwestern states, and that it would not “threaten overall economic expansion,” which the Fed said would proceed moderately.

On Aug. 11, the U.S. Department of Agriculture put out its first crop report of the 1993 season, and minimized the impact on crops. While forecasting that corn production will be down 22% from last year (a record crop year), it said soybeans



*The composite satellite picture, compiled by the U.S. Commerce Department's National Oceanic and Atmospheric Administration, shows the that the soil in a large portion of Iowa became so waterlogged, that it formed a veritable new "Great Lake" comparable in size to the real ones.*

will be down "only" 13%, and asserted that the impact would be small because of adequate existing stocks.

These "expert" economists and forecasters are all washed up. Take just one of the obvious areas of drastic impact: food supply and future output potential. The nine-state disaster area accounts for over two-thirds of the U.S. soybean and corn crop. The U.S. crop in turn accounts for over 40% of the world's annual output of corn, and 35% of soybeans globally.

In the first round of damage to the 1993 corn and soybean crop in the nine states, an estimated 3-40% of each state's crop acreage was ruined by direct flooding or ponding. New rounds of damage will now come as August brings less-than-perfect growing conditions (such as too little sun, or too many plant root diseases), and September may bring early frosts to a retarded crop. Therefore the eventual crop losses can be far greater than the Aug. 11 USDA forecasts. Moreover, the USDA notoriously overestimates stocks on behalf of private commodities interests; and this year the USDA is *underestimating* water damage to stored grain.

The reaction to the disaster? The derivatives trade wing of international finance has positioned itself for a financial killing from speculation scarce food commodities. That is why, prior to the Aug. 11 "routine" USDA crop report, all kinds of lies were spread that there would be nil flood impact on food. Over July and early August, prices for corn and soybeans rose, but not by an amount commensurate with the obvious crop damage.

The Federal Reserve has been arguing that little or no money should be spent to rebuild infrastructure; and there is a related campaign by the philosophically fascist "Mother Earth" lobby, that no flood control systems should ever be built, because the rivers must be "free to roam."

Against this insanity, a series of initiatives are calling for rebuilding, and "building it right." In the first week of August, representatives from the Upper Mississippi Flood Control Association went to Washington, D.C. to lobby for rebuilding levees to cope with a 500-year flood level. Rep. Neal Smith (D-Iowa) blasted the 10-year go-slow policy on levees on the Raccoon and Des Moines rivers which swamped Des Moines, saying, "If those levees had been up, it would have saved the area." Rep. Richard Durbin (D-Ill.) and a dozen co-sponsors have introduced legislation calling on the Army Corps of Engineers to produce an overall plan for what should be done.

The most comprehensive "build it right" approach was released in March 1992, on nationwide television by Democratic presidential candidate Lyndon LaRouche, who called for a massive national infrastructure-building program, including refurbishing and completing waterworks of all kinds, to create 8 million jobs and revitalize the physical economy. As a first requirement, this approach requires nationalizing the Federal Reserve, and moving on a raft of emergency economic measures. Such a program will cost far less than the boundless misery which is otherwise in store for American citizens if they fail to act decisively to ensure its adoption.

# World food shortages are inevitable in wake of the Great Flood of 1993

by Marcia Merry, Suzanne Rose, and Robert Baker

Just a look at the map will show why all the sweet talk about how little impact the Great Flood of '93 will have on food supplies is bunk.

Look simply at the location of the record wet weather: It coincides exactly with the North American breadbasket. In an average or "good" crop year, the combined output of the farm belt in the upper Mississippi and Missouri river basins accounts for 70% of the annual U.S. corn crop and 62% of the soybean crop. The best estimates of crop losses already sustained are that 10 million acres of corn and soybeans are gone — making a total loss of 15.5 million tons of corn and close to 4 million tons of soybeans. Still more crop may yet be lost as a result of lingering effects throughout the crop season.

The crop already destroyed is equivalent to fully 30% of the coarse grains (corn, sorghum, etc.) traded internationally each year. These U.S. loss estimates result from calculations crosschecked from local press coverage, state officials, and first-hand reports, as measured against published U.S. Department of Agriculture (USDA) statistics from past averages for crop area planted and harvested.

USDA officials and commodity cartel officials have access to up-to-date, *square-meter* satellite photos on the state of vegetation throughout this entire affected multi-state region; but so far they have refused to provide information to the public, or even to lawmakers. These officials — functioning as a de facto arm of the commodity cartel companies (Cargill, Archer Daniels Midland/Töpfel, Bunge, Louis Dreyfus, ConAgra, Pillsbury, and a few others) — stated throughout July that they would stick to their "business-as-usual" schedule of releasing their first corn and soybean reports on Aug. 11.

The following *EIR* survey and conclusions were complete as of Aug. 5, and are based on published photographs of 20×20 meter square satellite surveys of the affected region, made available by the National Oceanographic and Atmospheric Administration of the Commerce Department.

The two crops considered are corn and soybeans, because the rains and floods hit the center of this production zone. The loss estimates refer to actual damage to crops in the fields. Losses to food supplies this year will be even greater

because of the amount of grain that will be ruined in storage and transit.

## Nine farm states declared disasters

As of the end of July, nine farm states in the upper regions of the Mississippi-Missouri river basins were officially declared disaster areas. Close to 300 counties in these states are official disaster counties. The states are, going from north on the Canadian border, where Manitoba is also extremely wet, southward: North Dakota, Minnesota, South Dakota, Wisconsin, Nebraska, Iowa, Illinois, Missouri, and Kansas. As of August, some counties in Kentucky and other states were also applying for disaster designation because of flooding.

In the heart of this is Iowa, all of whose 99 counties were designated as disaster zones early in July. Iowa's western border is defined by the Missouri River, and its eastern border by the Mississippi, both of which were in flood, along with their tributaries, inundating the capital Des Moines and the state's second-largest city, Cedar Rapids.

For crops and livestock, the nature of the immediate disaster is twofold. First, the rising rivers have sent floodwater over stream banks and levees, inundating farmsteads, pastures, cropland, grain storage, and much more. Second, vast "ponding" has occurred, where rain falls to the extent that the ground is completely saturated, all drainage flow stops, and even the water table rises above ground level. The second problem is far more extensive than the first, and can be equally damaging to crops.

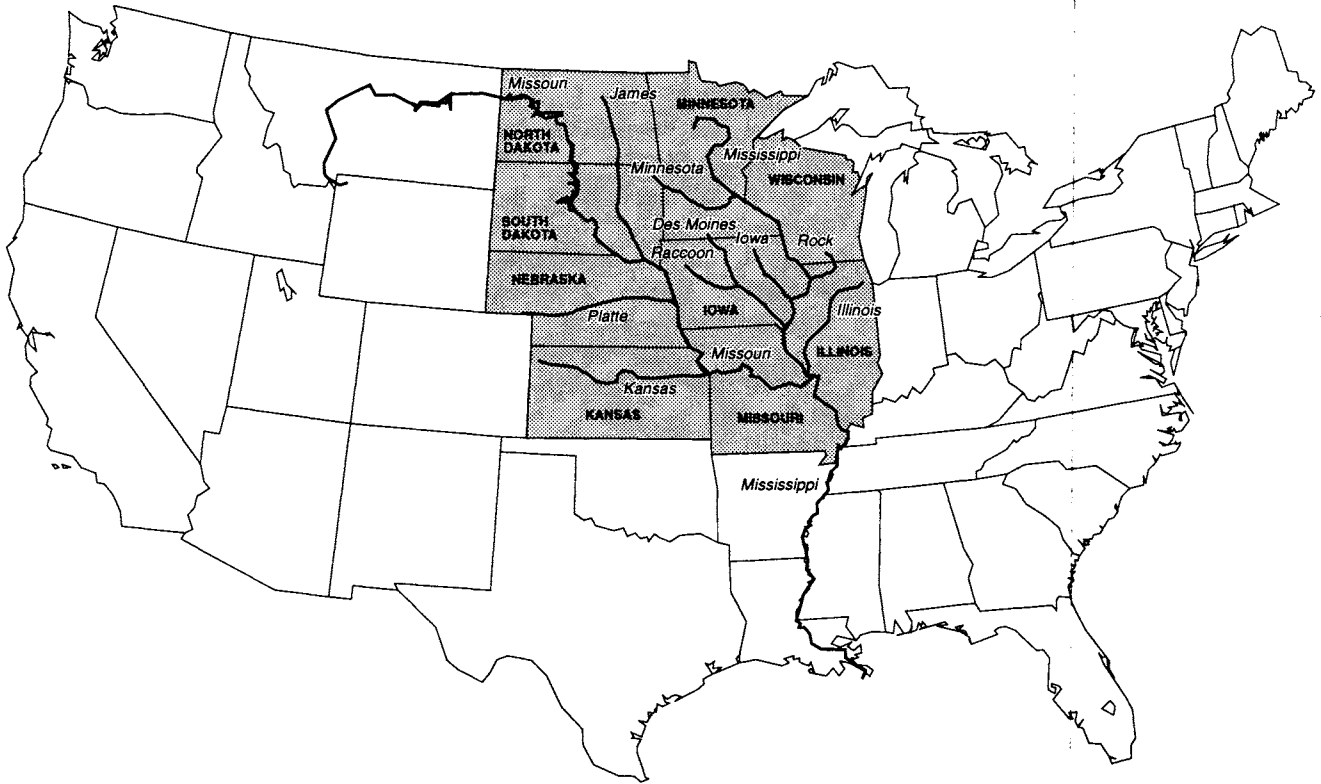
As of the end of July, the rainfall rate slackened off, and the water began to recede. However, the swollen river levels are not expected to go down below flood stage until some time in September; and the sodden soils will pose problems for even longer. Some of the implications of these situations are discussed in summary below.

## Extent of crop damage

Iowa state officials estimate that at the very least, 10% of the expected harvestable corn and soybean acreage is now wiped out. Iowa had roughly 20 million acres planted in corn and soybeans (at about an 11:9 ratio), and of that, at least 2 million acres — either corn or soybeans — are completely lost.

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## Nine states declared disaster areas in the upper Mississippi-Missouri basins



<sup>1</sup> For each of the other nine states, there is a similar loss estimate for corn and soybeans, depending on local factors: Iowa 10%, Illinois 3%, Nebraska 3%, Minnesota 40%, Wisconsin 10%, Missouri 10%, North Dakota 3%, South Dakota 40%, Kansas 3%.

These percentage losses are only the first phase of what stands to be lost this crop year. These loss rates come about because of the actual flooding out of fields, or crop kill from ponding, etc. There are many more dangers lurking in remaining weeks of the growing season that stand to increase the crop loss percentages in each state, especially the northerly ones.

**Table 1** shows that, as measured against a recent average crop year, the first-phase losses add up to 8% of the national output of corn and 7.7% of the national output of soybeans.

### Additional crop problems

Besides destruction of crops from outright flooding and ponding, there are other conditions that may severely limit the harvest or kill crops:

- Even for plants that have survived so far, there are all kinds of root diseases that may occur under the wet conditions.
- The growing degree days are an issue. *The potential*

*for economic loss from the retarded growth regimen could be at least as great as the loss from the floods.* How many sunny days will occur, and how long will the frosts stay away? In Iowa at present, the daytime temperatures are running only in the range of 70°F or just above, and at night, the temperature is dropping to 50°F or just above. The crop growth in these regions is 2-3 weeks behind. In Wisconsin, Minnesota, and South Dakota, some of the crop is four weeks behind. In general, for every 100 miles northward from the central corn belt, the frost is a week earlier. That is why corn and soybean losses in southern Minnesota and South Dakota may be up to 50% in some areas; while in Missouri, they may be less so.

- Shallow root growth is a problem. Under more normal rainfall patterns in the planting and growing season, corn plants would have a 3-6-foot root development. Most of the root growth is in the upper one foot of soil at present. Ironically, this now means that if there is not adequate water for the plant in this layer for the next month — i.e., one rain every week or so — then the plant will suffer for lack of water!

- Special costs. Where possible, some farmers are attempting to cultivate their soybeans, to aerate the soil and enhance the growing conditions. This involves extra expenses. The variety of soybeans used is light-sensitive, and it is



TABLE 1

**Ten million acres of corn and soybeans ruined in nine-state area in first stage of losses**

	Area (millions acres)				Volume (millions metric tons)			
	Corn		Soybeans		Corn		Soybeans	
	Average Harvested	Estimated Lost	Average Harvested	Estimated Lost	Average Output	Estimated Lost	Average Output	Estimated Lost
Iowa	11.83	1.83	8.13	0.813	36.26	3.63	8.64	0.86
Illinois	10.7	0.321	8.86	0.266	31.76	0.95	9.13	0.27
Nebraska	6.93	0.208	2.41	0.072	22.32	0.67	2.24	0.07
Minnesota	5.6	2.24	4.78	1.912	16.45	6.58	4.51	1.81
Wisconsin	2.83	0.283	0.362	0.036	7.85	0.78	0.34	0.03
Missouri	2.22	0.222	4.67	0.467	5.84	0.58	3.93	0.39
North Dakota	0.48	0.014	0.542	0.016	0.97	0.03	0.38	0.01
South Dakota	2.78	1.112	1.59	0.636	5.39	2.16	1.23	0.49
Kansas	1.25	0.038	1.84	0.055	4.08	0.12	1.42	0.04
<b>Total 9 states</b>	<b>44.62</b>	<b>5.621</b>	<b>33.184</b>	<b>4.273</b>	<b>130.92</b>	<b>15.5</b>	<b>31.82</b>	<b>3.97</b>
<b>Total U.S.</b>	<b>65.58</b>		<b>59.288</b>		<b>189.23</b>		<b>51.53</b>	

Sources: U.S. Department of Agriculture, *Agriculture Statistic*; *EIR*.

possible, under the right conditions, for the plants to bloom, pod, and set beans all during the month of August in the greater Iowa region — if everything goes right.

- Harvest costs will involve the expenses of extra propane gas to dry the corn crop. And the value of crop will be reduced by the light test weight to be expected from the difficult growing conditions.

### Storage and transit

A chain reaction of grain storage and transportation bottlenecks could occur from the Mississippi River grain terminal outlets all the way back to unharvested fields of corn and soybeans this fall.

- Inside the bins: Even in normal weather, dried grain in storage bins must be aerated at regular intervals, or else the grain will go out of condition. Natural convection currents occur within the stored grain as the temperature outside the bins increases during the day and decreases at night. Without mechanical aeration, the cooling off at night causes condensation to form on the inside wall of the grain bin next to the dried grain. After a certain amount of accumulation, this moisture activates the grain kernels to germinate. They then die from lack of sunlight, and the grain becomes mushy. The moisture in the mushy corn slowly moves from the outside walls to the inside of the grain bin, causing a chain reaction of germination, which, if not stopped, can turn the entire amount of grain in the bin into mush like rotten apples.

This can happen in normally dry weather to grain bins that do not have proper ventilation, electronic moisture sensors, and aeration fans, all of which are usually located at the bottom of the grain storage bin.

Some of the largest grain terminals in the United States are next to the Mississippi River, and some of those elevators ended up standing in several feet of flood water, threatening to soak the grain and knock out the aeration systems. There were frantic efforts to remove the good grain off the top before rot set in.

The cartel company owners refused to issue any information on the condition of stored grain, despite nightly broadcasts showing the flooded elevators on the news.

The same fate of flooded river terminals also affected the tens of thousands of grain storage bins containing millions of bushels on the farms that are located along thousands of miles of numerous flooded river tributaries, and in farmsteads hit by standing high water.

- Transportation: From April through August, most inland grain terminals located on the prairies are unloading their bins and hauling the grain to the river terminals to be loaded onto barges. Not being able to clean out the bins for the new fall harvest could pose a huge transportation bottleneck this fall, which could tie up the truck transportation normally needed to get the grain out of the fields. This fall, if the inland grain elevators are still accommodating what's left of last year's grain and the transportation system is tied up transporting last year's crop to the river terminals and seaports this fall, then the currently growing corn crop may have to remain standing in the field and may not be harvested until very late, which could cause heavy field losses.

- Frost: Millions of acres of grain may not be matured before the fall frosts hit the grain belt. Immature grain that is frosted will be low quality, low protein, low test weight, and very susceptible to aflatoxin infestation.

# Farmers report: 'Midwest granary won't be near full'

*The following is a selection of first-hand reports on the agriculture and infrastructure damage from five farmers, as of the first week in August.*

## Iowa

The second week in August is forecast to bring big rainstorms. From a motor trip I made to the west of here a couple hundred miles, I saw ponds all around. The fields looked spotty. Crops were drowned from rain. The corn is 8 inches to shoulder-high, when it should be head-high. It is at least three weeks behind. Only a few fields were tasseled. The corn was yellow. The beans were still 4 inches tall. Grain elevators near rivers were flooded. It is really bad in my area.

You need warmer weather. It's been too cold and wet. In 10 of the past 11 years that were wet, there always turned out to be an early frost in a wet year.

In just the northeast corner of the state, and westward across Iowa, I estimate that there are 2 million acres of crops ruined. For the whole state, the damage may end up to be 30-40%.

They are selling oats with 16-pound test weight; it should be running 18-25 pounds. At least one-third of the farmers are making oats straight into bales; it is not worth combining. Dampness and rust got into the oats. No quality.

—Vernon Bohr, Cresco, Iowa

## South Dakota

In the corn and soy area of southeastern South Dakota, which is the main area for the row crops, the corn is three weeks to a month behind normal. We have a normal frost date of the last week in September here. We need a mid-October date. The fields are very uneven, with low spots, which means there will be a variation of quality at harvest. Some will be ripe and some will have moisture, which means storage problems.

The National Corn Growers Association held a press conference. . . . They said the corn is extremely vulnerable to an early frost date. They are concerned about the frost date. Their crop estimate based on interviews with 600 farmers is 7.5 billion bushels, but there has been deterioration since late July when the estimate was made.

The Mitchell area has received the largest increase in rainfall of any area in the state. It has not been affected by the runoff, but the soils are totally saturated. Fifty percent of the county farmland wasn't farmed this past year because of

the rains. The eastern third of South Dakota, if we don't have an extra-late fall — a very late frost — we will be in trouble.

A lot of the corn isn't near tasseling; some is starting to tassel. Last night we had record-breaking low temperatures. The rain has slacked off, and we've had some advances in harvesting in the winter wheat area. Some of the area is still underwater. Many of the combines had tracks put on them, or else rear-wheel assist so they can get through the mudholes, which is an added expense. One farmer said it will cost \$8 an acre.

The soil erosion is unreal. In this area and east of here we used to have a rotation of 50% corn and 50% small grains. Now we have eliminated that process and have gone to a rotation of soybeans and corn. We have continual use of herbicide year after year, keeping the fields totally nil of weeds; and this wet season, as a result of the corn-soy rotation, the erosion impact on the land is unreal. The topsoil has run off. It will take generations to replace that topsoil.

The other thing is the compaction with all the water standing on the land, all the machines running through the mud. Many of the fields are tracked up; with the tracks of the machinery going over them, that process of refurbishing the land and getting the oxygen-bearing bacteria back in the soil will probably take a period of three to five years. We're going to see the effects on the soil three to five years from now.

I think there will be major problems for next spring's production in the low-lying areas. I think, for the spring, we can forget about a lot of the production on the river-bottom land — the better lands in the state.

Thirty-four counties in South Dakota have been declared disaster areas; all of that is in eastern South Dakota. The estimate of road damage is going close to \$1 billion.

Because the railyards have been flooded, the grain has not been moving. The elevators were full of grain. They bought at rail prices, and didn't want to ship it out by truck, so they couldn't take any more grain. It would cost another 30¢ a bushel to send it out by truck. There's a huge demand for railcars; they have to go to the Gulf to dump, when usually they only have to go halfway.

In the western part of the state, the wheat harvest is done, and I didn't see any on the ground. The reports are of 30-50 bushels per acre. There are low spots in the field where grain did not fill out.

All the oats are on the light side. The quality and test weight are way down. The discount will be heavy. I will bail

my crop for hay, because of the discount.

I drove to Menno for parts — about 90 miles southeast — and I drove all the way before I saw *any* corn or soybeans which looked they way they were supposed to.

—Ron Wieczorek, Mt. Vernon, South Dakota

## Illinois

*Western Illinois:* In my area, near the Mississippi River, when the Sny Levee broke, 44,000 acres were flooded. The break at West Quincy, Missouri flooded 14,000 acres of beans and corn. Indian Grave Levee District broke and flooded 30,000. South River Levee in Missouri broke and flooded 10,000.

Where the Illinois and Mississippi Rivers came together in Winchester, farmland was also flooded. Grafton farther south doesn't have a levee, and the town was flooded. There was no levee in LaGrange, Missouri.

Our levees were older and were never made to stand this kind of water. The Quincy water plant and soybean elevator has an industrial levee, which had a much bigger base and was much taller than the agricultural levees, and it didn't flood.

The Army Corps was on television . . . and said, "We build the levees, but the districts don't maintain them." It's up to the districts to maintain the levees. There is a different standard for agriculture levees.

To the east of the flood and rain belt in Illinois, the corn is looking good. Champaign and Bloomington are the main corn areas of the state, and corn is looking good there. It is not behind.

—Mary Jo Holtschlag, Liberty, Illinois

*West central Illinois:* We're 40 miles south of Rock Island. We got some heavy rains, but were not flooded. Our crop looks excellent. In this general vicinity, from what I understand from people who have traveled in Iowa and Minnesota, they say this is as good as you'll see. But we're still two-three weeks behind normal, as far as maturity. The crop in my area looks good. I have heard no discussions about likely damage.

The first official estimate will be Aug. 11. Two weekends ago, we got 8-15 inches of rain; it came so fast, it ran off. There was some flooding on a small scale, but no damage of any consequence. Much of the corn crop was not in the flooded area. Mainly the area paralleled the Mississippi River, which is not a large portion of the crop.

Farther north in Illinois may have suffered because of delayed planting and wet weather, from reports that I get. They say it's considerably behind, the farther north that you go. That's not good, because it lays it open to frost damage, and the weather is cool and wet now, which prolongs maturity. It wouldn't be good if we got even a normal frost. We are vulnerable here if it were to come early enough.

One private estimate came out today, a little higher than

the grain trade. On the soybeans it was 1.918 billion bushels, and on corn it was 7.625 billion bushels. That was from Sparks. The Farm Bureau has estimated 7.5 billion bushels on corn. Sparks and Conrad Leslie are the two forecasters people put confidence in. In the past few years, those are the main estimators.

Ohio, Indiana, and the biggest portion of Illinois are in good shape. Iowa, Kansas, Nebraska are not in good shape. We won't know until harvest, and then we may not get the truth.

—Roger Wenstom, Wataga, Illinois

## Minnesota

It is a nebulous thing to try and pin down what the crop is going to be like at harvest time, but I think that a ballpark estimate could be 50% lost, and it might be worse than that, depending on when the frost occurs. In previous years, the frost has occurred all the way from Sept. 1 till the end of October, so I think for us to get that 50% of a crop, we'd have to have a frost hold off until the end of October. Things are so far behind on maturity that the corn is just now starting to tassel — one month behind. The repercussions will be severe as far as the average independent entrepreneur — be he a farmer or small businessman, the agricultural machine dealers, and so forth.

Approximately the southern third, or 25%, of Minnesota and especially the south central and southwestern parts of the state, are the worst damaged. It ranges from completely drowned-out black areas of fields, to fields of just stunted growth. It ranges from corn that is probably going to tassel at waist-high or something like that, and never make an ear, to other areas that are slightly better drained, where the crop will be better, but not what it should be.

The corn and soybeans also are in an anaerobic situation, in that you need oxygen in the soil to metabolize and to get the soil function to work. But the soil was so full of water that there was not a lot of activity going on. There was a lot of yellowing of the corn and stunting of the corn. We really never had a chance to get our crop in in decent shape and get it in on time. It was one blast of drenching rain after another, and the soil is just saturated.

Only now are the rivers starting to go down below flood stage. It took a while for the rivers to move from our area down into the central part of the country, and when they did, they really showed up in a big way. So I don't think the world can depend on southwest Minnesota as being the granary for the world this year.

It's a combination of factors that has led up to this. The problem isn't just wet weather. The problem is low commodity prices which are below parity, and a farmer isn't able to cover his costs and generate a reasonable profit and capitalize equipment. So the disaster is a concern for the farmer, and it's a concern for the country.

—Andrew Olson, Heron Lake, Minnesota

# Floods devastate an already inadequate infrastructure base

by Anthony K. Wikrent

Flooding and high ponding have wreaked havoc on the infrastructure base in the nine-state area — transport, power, water treatment and sewage, and the levees on the flood control system itself. A survey of the damage to the transportation grid dramatizes the devastation to all types of infrastructure.

About one-quarter of all freight hauled in the United States moves through the region that is waterlogged. Once the rains and floods first hit in certain areas, the impact was magnified many-fold by the fact that for the past 30 years, vital rail lines have been *ripped out*, in the frenzy of deregulation policy in which a few rail companies, commodities shippers (Cargill, Continental, Louis Dreyfus, Bunge, ConAgra, Archer Daniels Midland, etc.), and trucking concerns have come to dominate freight hauling, based on an ever-smaller, more vulnerable transport grid — which in turn is costlier to the real, physical U.S. economy.

The following is a summary of the devastation.

## Roads

State transportation officials are warning that the extent of the damage wreaked on roads, bridges, and other infrastructure will not be known until next spring. Kent Starwalt, director of the contractors division of the American Road and Transportation Builders Association (ARTBA), explained on July 22, “Basically the real concern is not the top of the road, but the bed underneath: How saturated with water it is; is there any washout from underneath? It’s the same for bridges, where you have to worry about the water having scoured the earth from around piers, footings, and caissons. There’s nothing, unless you are a sponge, that is good to be wet for that long.”

One of the major problems with water-saturated soil, is that the shearing strength of the soil is greatly weakened, rendering it less able to support a load. Another problem, particularly in the case of paved roads, is that the weight of passing vehicles creates a subgrade pumping action beneath the pavement. This causes water to emulsify with the subgrade soil. The resulting water-soil emulsion is pumped through cracks and joints in the pavement by the pumping action created by passing vehicles. Voids are created in the road subgrade, in a progressively worsening process that

leads inevitably to the destruction of the pavement.

Kansas Department of Transportation (KDOT) officials gave an initial estimate of road damage on Aug. 5 of \$11 million. But Assistant Secretary and State Transportation Engineer Mike Lackey cautioned, “We want to stress that this is only an initial estimate that has been turned into the federal government in order to qualify for emergency repair funds. It’s too early to have detailed estimates, because the water has not completely receded, and in many instances is bank-full in our rivers. Until the water goes down, we won’t be able to see all the flood damage.” He said that the preliminary estimate covers damage to Kansas routes, U.S. routes, and interstate routes that are on the 10,000-mile state system.

## Local roads

While state officials worry most about major highways, the local roads are also a disaster, and county governments are strapped for means to repair them. These local roads typically are not as well-built as the major highways and interstates, and many are unpaved. The sub-bases of these roads are not as deep, and are therefore much more prone to being washed out by the scouring action of flowing water. As ARTBA’s Starwalt noted in July, “Some roads, especially country roads, simply won’t even be there.”

Martha Schaebel of the Illinois Department of Transportation reported that over 900 miles of local roads in Illinois had been inundated at some time during the past six weeks. Some rural counties in Iowa have up to 30 miles of rural, gravel roads washed out. In southeastern South Dakota, road damage is estimated to stand at \$1 billion. These washed-out local roads are in those counties least able to pay the costs of rebuilding them.

The worst damage was apparently done not by the Mississippi, but by the Missouri River. Jim Jackson, head of the maintenance and traffic division of the Missouri Department of Transportation, reported that highways U.S. 63 and U.S. 54, which join at Jefferson City, the state capital, “look like child’s building blocks: The pavement is just a jumble. The subgrade, the base, everything has been washed away.” To travel from Columbia to Jefferson City, Jackson said, “which is usually only a 30-mile drive, has turned into a 200-mile

drive now." Columbia is 30 miles due north of Jefferson City, along U.S. 63.

Jackson said, "The longest section of damage on these routes was 1½ to 2 miles, on both lanes. We're talking about a lot of time and a lot of money to rebuild these." He noted that on major routes between St. Louis and the Iowa state line, "bridges have been closed going on a month now. The bridges themselves are apparently okay, but the approach roads have water on them. Between Kansas City and St. Louis, there are 8 to 10 crossings. At one time, all but one were closed."

As of Aug. 5, the Missouri Department of Transportation had not issued a dollar estimate of damages, because much of the road network was still under water.

## Rail

Flooding in the Kansas City area has tied the nation's rail transportation system up in knots, because that city is the second-largest rail hub in North America, after Chicago, and the main lines of all the major railroads except Conrail converge within a few miles of each other on river bottom land between two cities that make up the Kansas City metropolitan area.

The *Journal of Commerce* reported on Aug. 9 that total railcar loadings declined by 4.4% in July, compared to July of last year. Burlington Northern lost the most traffic, showing a 9.7% plunge in car loadings, and an 8.8% drop in intermodal traffic. Burlington Northern's main line between Lincoln, Nebraska and Chicago was out of service for 17 days. The company's Lincoln-Kansas City, Mo. mainline is still under water. The line between Denver and Chicago has been reopened, but there are delays of 18 to 36 hours—more time than it takes to drive a truck. Hardly any of the less-than-load traffic that jumped back to trucks during the flood has returned to Burlington Northern.

The massive Burlington Northern general freight yard at Murray Road in Kansas City was completely inundated, forcing the railroad to hold back trains as far away as Chicago and Denver.

Burlington Northern has refused to accept orders for empty railcars in September from grain elevators, and has instituted a lottery system. Even if shippers could receive enough railcars, there would be delays. In October, when the spring wheat harvest begins in the Dakotas, the situation is expected get even worse.

Eight utility coal-fed power plants—which tend to keep a 90-day emergency supply—are still cut off from service by Burlington Northern coal trains. Burlington Northern (BN) reported on Aug. 5, "When the flooding was at its worst, Burlington Northern had more than 400 miles of track under water. The situation has improved this week to about 200 miles of track still under water. The extent of repair work needed will depend on how fast the waters recede in those areas. As a note of interest, BN has so far dumped

400,000 tons of rock on the Nebraska division to make repairs."

On the Atchison, Topeka and Sante Fe railroad, on July 10, a 252-foot bridge near Bosworth, Mo., about 90 miles east of Kansas City, was washed away by the Missouri River, severing Sante Fe's main line between Chicago and Kansas City. It took work crews over two weeks, working around the clock, to rebuild the bridge. Intermodal freight moved by Sante Fe declined by 13.1%.

Union Pacific Railroad spokesman John Bromley reported on Aug. 5, "At one time or another we have had 1,700 miles of . . . both mainline and branch line [out of service], out of a total of 17,000 miles. Right now, there is still 350 miles of line out of service, virtually all of it mainline."

On Aug. 3, the American Association of Railroads (AAR) issued a detailed cost estimate of physical damage to the major railroads resulting from the flooding:

- Fifty to 100 miles of track were washed away; at \$1 million per mile to rebuild, that's \$50-100 million.
- Some 300 to 500 miles have been damaged from being under water; it will cost \$100,000 per mile to clear and repair that track, for a total cost of \$30-50 million.
- Two to four bridges were destroyed, and numerous others damaged; the AAR estimates rebuilding and repairing them will cost \$15-25 million.
- Some 300 to 500 signals were damaged or destroyed; the cost of replacing and repairing them is \$10,000 to \$80,000 per signal, for a total of \$10-20 million.
- Another 300 to 500 switches were damaged or destroyed; an average cost of \$10,000 per switch is expected for repair and replacement to \$80,000 per signal, for a total of \$3-5 million.
- Some 750 to 1,000 railcars sustained water damage; the average repair cost is estimated to be \$2,000 per freight car, for a total of \$1.5-2 million.

These figures may be severe underestimates, judging from individual companies' reports of how much track has been under water.

The disruption of rail service forced many shippers to employ the service of truckers, igniting an explosive increase in truck freight rates. The rate for a refrigerated truck from the West Coast to the East Coast was reported to have jumped from somewhat over \$4,000 to almost \$5,500.

## Barges

Seven million tons of freight were scheduled to be moved on the Mississippi-Missouri river system in June and July, but did not. That is the equivalent of 70,000 fully loaded railcars. In the middle of July, more than 500 barges were stranded on the upper Mississippi; more than 1,000 other barges were sitting around St. Louis; about 2,200 were waiting at the confluence of the Ohio and Mississippi rivers; and even more barges were sitting on the Illinois and Missouri rivers.

# The river-tamers

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*In Part 2 of a series, Richard Freeman presents a brief history of the U.S. Army Corps of Engineers, which made America a technological giant.*

*Part 1 of this two-part series, "Lessons of the Flood," appeared in our Aug. 13 issue.*

The U.S. Army Corps of Engineers is one of a handful of the most important institutions ever in the history of America's development for the last 200 years. Its name is synonymous with dirigistic economics, infrastructure development, and the spawning and transmission of science and engineering. For that reason, it is the model for the kind of institutions which must be established if the territory of the United States is not to soon resemble the rubble of ancient imperial Rome.

There is scarcely an infrastructure project in America in the nineteenth century that the Army Corps of Engineers did not either plan, survey, engineer, or construct, or as with most projects, all of the above. It participated in a huge number of such infrastructure projects in the twentieth century. It has worked on over 2,500 projects. It built nearly every lock and canal system in America, including the groundbreaking Chesapeake and Ohio and Erie and Pennsylvania canals, and the St. Lawrence Seaway, and it operates every major lock and canal today; it deepened, dredged, or built all the nation's 250 deep-draft and shallower ports, and the same for all of its harbors, and it manages all of them today; it supervised nearly every major river improvement project, including for the Mississippi, Missouri, and Ohio river systems, which constitutes the third longest, integrated river and tributary system in the world, at 1.2 million miles, and it performed similar operations for numerous other river systems, such as the Tennessee and the Sacramento rivers. In the 1930s, it built all the nation's major dams, including the Grand Coulee, the Bonneville, and the Hoover dams, and built and operates over 400 dams; it supervised and built the Tennessee Valley Authority flood control/reclamation/hydro-electrification program, one of the wonders of the world; it engineered, graded, and built scores and scores of the country's railroads, including the Baltimore and Ohio, and the Western Railroad of Massachusetts; it conducted almost every major geographical survey in America; and it built the nation's network of highways, starting with the original Cumberland Road, and so forth.

## **The military's role in infrastructure**

In 1802, the Army Corps of Engineers was established by the same Act of Congress that established the U.S. Military Academy at West Point, part of a project of the nation-builder Alexander Hamilton, and others. The Corps of Engineers and the Military Academy were in fact the same institution: The Military Academy was the nation's first engineering school, and remained under the direction of the Corps of Engineers until 1866. Up until 1875, nearly every engineering college founded in America attempted to obtain members of its faculty from, and base its curriculum upon, that of the Army Corps of Engineers and West Point.

The prehistory of the Corps goes back to the Army Engineers of the American Revolution, established in 1775. Richard Gridley, the ranking engineer at the Battle of Bunker Hill, in April 1775 became the Continental Army's first chief engineer. The Corps of Engineers was formally formed in May 1779, and the first head of the Corps was Louis DuPortail, a Frenchman. The French scientific tradition is prominent throughout the history of America's Corps of Engineers. Duportail had been recruited in France, and sent to America in 1777 with other engineers, by France's minister of war, the Comte de St. Germain, and France's Foreign Minister Vergennes. The arrangement was secretly organized under the direction of the American ambassador to France, and the intellectual author of the Revolution, Benjamin Franklin.

A key person in the American Army's Revolutionary War engineer corps was the Polish republican freedom-fighter Thaddeus Kosciusko (1747-1816), who was the favorite of Commander-in-Chief George Washington, and later, during the southern campaign, of Gen. Nathanael Greene. Kosciusko built the fortifications at West Point, and also the huge chain across the Hudson River there, which prevented the British from linking up their forces and supplies in New York City with those in Northeastern Canada. After the Revolutionary War, Kosciusko went back to fight for his native Poland's freedom from Russia. Kosciusko had studied, along with every French engineer, and many other foreign engineers in America, at the Ecole Militaire in Mézières, France. The Ecole had been founded in 1749 upon the teachings of the formidable engineer and master of siegecraft, Sebastien

de Vauban (1633-1707). The Ecole Militaire was transmuted, at a later date, into the celebrated Ecole Polytechnique of the great geniuses of constructive geometry and warfare, Gaspard Monge and Lazare Carnot. Carnot saved the nation of France through his scientific projects. His science had a still greater influence on the Corps of Engineers.

### **The Ecole Polytechnique curriculum**

Under the influence of President Thomas Jefferson's treacherous Treasury Secretary Albert Gallatin, the American military was dismantled, and a good part of the earlier French engineering tradition was lost. During the War of 1812 against the British, American officers had little or no training, maintained few standards, and knew little about continental European methods. These weaknesses showed during the war.

In 1815, the outstanding American engineer Sylvanus Thayer (1785-1872) was dispatched to France, arriving after Napoleon's defeat at Waterloo, with a mission to bring back science and restore the American military. Thayer was provided with a \$5,000 credit, a huge sum in those days, by U.S. President James Madison, with which to buy every important map, book, or piece of equipment in France that had to do with French science. Early in 1816, after the Ecole Polytechnique was reopened following a temporary closure, Thayer went there to study. Returning to America in May 1816, he proceeded with the treasure trove of goods he was authorized to buy, to West Point, where the next month, Madison and the Congress appointed him superintendent.

Thayer's version of the Ecole Polytechnique's curriculum presents only an outline of what was taught at West Point. The first-year engineer-cadet studied French, algebra, geometry, trigonometry, and mensuration. The next year he studied the same subjects, adding drawing (the drawing department was headed by important American artists) and calculus, with the introductory geometry changed to analytical geometry. In his third year, the engineer-cadet studied physics, topological drawing, and chemistry. The major course in the fourth year, and the crowning embellishment of the curriculum, was engineering. Students also studied mineralogy, and took one course in moral science and rhetoric, taught by the Military Academy's chaplain.

The curriculum as taught under Thayer had its drawbacks. It emphasized far too much rote learning, theory was deliberately deemphasized, and the classics were altogether omitted. But on the whole, this curriculum had a profound and positive effect. It guided the Corps of Engineers into an outpouring of infrastructure building and engineering feats rarely matched in the history of man.

### **George Washington Whistler and rail building**

Since it is difficult to survey here the vast expanse of what they accomplished, we focus here on the work of one

graduate of this curriculum and a member of the Corps of Engineers, George Washington Whistler, who became the world's foremost railroad engineer of the nineteenth century. He graduated West Point July 1, 1819. After doing topographical duty for eight months, he became assistant professor of descriptive geometry and drawing at the Military Academy (his son James was a famous artist). In 1828, as an officer in the Corps of Engineers, Whistler supervised the construction of the Baltimore and Ohio Railroad, America's first commercial railroad. After a few years, he moved over to supervise another railroad project, the Baltimore and Susquehanna Railroad. He then moved to New Jersey to help the construction of the Paterson and Hudson River Railroad. In 1833, Whistler shifted to Connecticut, where the railroad from Providence to Stonington became his next project.

At the end of 1833, Whistler resigned his commission so that he could become engineer to the Proprietor of Locks and Canals in Lowell, Massachusetts. There his position included the supervision of the machine shops, which operated principally for the construction of the most advanced locomotive engines. In 1837, Whistler began the crowning achievement of his American engineering career, the Western Railroad of Massachusetts. The degree of the project's difficulty was amazing. It ran from Worcester, Massachusetts through Springfield and Pittsfield to Albany, New York, overcoming the highlands between Connecticut and the Hudson River and connecting Boston to that part of the country, which in America's early history was called the "Great West."

In the 1840s, the government of Russia decided to build a crucial rail line from St. Petersburg to Moscow. Russia's engineering corps was first rate, but it needed railroad engineers. After several tours of the major European countries and America to examine rails, the Russians determined that George W. Whistler was simply the best railroad engineer in the world, and should head the project. In a remarkable scientific paper, Whistler convinced the Russians to adopt the standard gauge of four feet eight inches instead of the six-foot gauge they favored. Whistler oversaw virtually the entirety of the St. Petersburg-to-Moscow project. A mechanical workshop was set up at Alexandroffsky, where the rolling stock was made. For his work, Whistler was rewarded by Emperor Nicholas with the Order of St. Anne. (See "America's Railroads: Success Story for Dirigist Nation-Building," *New Federalist*, Jan. 27, 1992.)

### **Transforming the Mississippi River**

It is fitting to present flood control as a final example of the work of the Army Corps of Engineers. The current flooding of the Mississippi is far from the only major flood in this country's history. In 1692, a flood occurred on the Delaware River in Trenton, New Jersey, which, if repeated today in the same unprotected circumstances, would be disastrous. In 1763, the "Point" at Pittsburgh, Pennsylvania was sub-



merged by a flood. In 1861, some 700 people died in a deluge on the Sacramento River in California. In 1869, at Johnstown, Pennsylvania, uncontrolled waters killed 2,209 persons and destroyed over \$10 million in property. Floods on the unruly Colorado River in 1905 broke into the Imperial Valley in California, and for over a year, the uncontrolled flow into the valley created the Salton Sea. The nation's previous most devastating flood occurred on the Mississippi in 1927; and in 1937, the Ohio River Valley suffered its worst flood in history, in which 500,000 people were driven from their homes, with damage estimated at \$400 million.

The first works for control of floodwaters developed largely on the Mississippi in 1712, at the lower end of the river. The young engineer Blond de la Tour was given the task of planning a levee (from the French word, *elevée*) system so that the town that was to become New Orleans could be built. By 1727, the French had built a levee over one mile long and three to four feet high, along with a system of drainage ditches. This was part of a series of piecemeal efforts, that were not very effective, for the next 120 years.

In 1824, provisions of the Constitution were interpreted to permit and affirm improvements for navigation of America's river systems. But the federal government remained hamstrung in assisting localities and states in reducing flood damage. According to the "free enterprise users' fee" argument used against federal intervention, since the people who lived near or on the riparian plain were the ones who needed flood control, they alone should pay for it. Starting in 1819, the state of Mississippi authorized construction of levees and provided for collection of taxes from riparian plain settlers. In 1846, the state began to tax the backlands, to help the landowners on the river. Louisiana essentially did the same thing. The problem with this system was that it often bankrupted farmers and those living on the plains, but had little serious effect in preventing floods. The flooding of the Mississippi in 1849 and again in 1850 was devastating.

In 1866, the Senate directed the chief engineers in the Corps of Engineers to investigate repairs necessary to prevent extensive damage to agriculture along the river. The resulting report recommended federal intervention to build flood protection. Though the report was favorably received, the "free enterprisers" blocked action. Finally, in 1879, Congress created the Mississippi River Commission, and after a giant Mississippi flood wrecked a levee line along the Mississippi in 1882, nearly wrecking the financial credit of the impoverished districts, Congress enacted the Rivers and Harbors Act of that year, which put responsibility for building levees and maintaining them into the hands of the Army Corps of Engineers. This authority was not given in the name of flood protection directly, but only in the name of providing ease and safety of river navigation.

The bankruptcy of halfway measures was again demonstrated in 1927, when the most disastrous flood in American

history struck, as the Mississippi surged and swelled. Just to give one example of its dimensions: On the night of April 15, New Orleans had a deluge of almost biblical dimensions — 14.01 inches of rain in one night. By the end of the flood, 200 people were dead, and 700,000 had been driven from their homes, while property losses alone totalled \$200 million.

In 1928, Congress finally passed a new plan, which is sometimes called the "Flood Emancipation Act." It authorized the Corps of Engineers to develop a unified flood control system in its own name in the entire alluvial valley. The "free enterprisers" had at last been temporarily beaten back. The act set up the Mississippi River and Tributaries Project to shackle the mighty Mississippi. The Army Corps of Engineers and Mississippi River Commission, along with, eventually, the parallel commissions for the Missouri, Ohio, etc., were instructed to use the following methods for flood control, which are usually used in combination: 1) levees; 2) floodways, diversion channels, and other outlets; 3) dams and reservoirs, bank and channel stabilization; 5) cutoffs; and 6) contour plowing and reforestation. As a result, the Mississippi has been continuously shaped, dredged, embanked, shortened, and fortified for the last 70 years, as flood control acts for the Mississippi have been updated and refined.

Over the years, on all the major rivers of the United States, the Army Corps of Engineers was put in charge of flood control, along with navigation, port and harbor development, dam construction, etc. Since the 1928 act, the Corps of Engineers has completed about 3,400 projects that have flood control benefits. This includes over 400 dams and reservoirs located in 42 states. The reservoirs created by the Corps of Engineers store hundreds of millions of acre-feet of water throughout the country. The man-made lakes created by Corps of Engineers' flood control dams have become such popular recreational spots that twice as many visitor-days are registered by vacationers at them every year as at the national parks. The Corps today operates 460 hydroelectric installations, most of which it built, which produce one-third of the nation's hydro-generated electric energy.

The Corps of Engineers Waterways Experiment Station also has a six-laboratory complex that specializes in hydraulics, structures, and geotechnical and coastal engineering.

But over the last decade, in particular, the Congress has put a straitjacket on the Corps because of Adam Smith-ite budget-balancing. Many upgrades and improvements on the Mississippi River and other river systems, as well as other infrastructure projects were not made, with the now-obvious catastrophic results. But let the Corps' glorious history of nation-building be a sharp rebuff to anyone who says we can't turn a continent from a wilderness into a flourishing garden of agriculture and industry.

## 'I call upon Clinton to launch air strikes'

*The following article is based on reports provided to EIR by sources close to the Bosnia "peace negotiations" under U.N. auspices in Geneva and written by EIR staff.*

"We gather here in Geneva today in a situation that history may very well record as one of the most shameful, ludicrous, and appalling chapters of the 20th century. In short, virtually all of the political leadership of the West is collaborating in the guise of peace settlement, in a policy that will mean the extinction of a sovereign, U.N. recognized state, and no doubt the ongoing, if somewhat slowed, genocide of its people.

"Capitulation and appeasement are the order of the day, as Mr. Owen, orchestrator and spokesman for craven EC inaction, pursues a peace which represents death and burial not only for Bosnia, but also for the western conscience.

"How can we so blithely ignore the U.N. Charter, the Paris Charter, numerous U.N. resolutions, the London Conference agreements, and the Helsinki Final Act? How can President Clinton, obviously in anguish over the plight of Bosnia, call for assertive intervention one day and procrastinate under the banner of U.N. multilateralism the next? How can our envoy Reginald Bartholomew expedite a so-called settlement that is the abandonment of all our values?

"I am here today to say that neither history nor present world opinion will condone this de facto ratification and sorry cooperation with Serbian aggressors. For that matter, there is substantial and increasing support in the U.S. Congress for military intervention and lifting the arms embargo. And, for example, it has been just reported that 70% of the U.S. public favors military intervention to lift the siege of Sarajevo. Forty percent now favors military intervention to roll back ill-gotten Serb gains. And these figures exist without significant presidential leadership.

"Many have died. Millions have become refugees. But many more can be saved. Bosnia needs protection more than

ever from Serb aggressors. Sarajevo is constantly under siege while the genocide continues in such towns as Prijedor and Koserac.

"I call upon the United States and its European allies to call a halt to these talks until the Bosnian Serbs can be made to negotiate in good faith. I also yet again call upon President Clinton and the West to launch major NATO air strikes on the Bosnian Serb forces that continue to strangle the populations of Sarajevo and other Bosnian cities.

"The strikes must be launched not to force the Bosnian government to the surrender table, but rather as a first step in an effort to save and protect Bosnia. If these strikes cannot be launched multilaterally, they must be launched unilaterally by the United States. To do less is to prolong the agony of thousands of innocent people, and to debase us, as citizens of more powerful wealthy nations, to live by the same ideologies that drive the genocidal Serb dictatorship in its twisted campaign to destroy the multi-ethnic state of Bosnia-Herzegovina."

On Aug. 9, in U.N. headquarters in Geneva, and before 60 or 70 journalists representing the world's major press, news agencies, and television stations, U.S. Rep. Frank McCloskey (D-Ind.) read out the above statement. Accompanied by Marshall Freeman Harris, who had resigned only days before as head of the Bosnian Desk of the State Department, in protest at U.S. inaction, McCloskey had traveled to Geneva on Aug. 8 at the invitation of the government of Bosnia, to meet with Bosnian President Alija Izetbegovic and to force through his views into the European press, which had in the main studiously blacked out the congressman's Aug. 5 press conference in Washington. Also present at the press conference were Prof. Lamija Tanovic, head of the Bosnian Mission to Denmark, and Prof. Francis Boyle, legal counsel to the Republic of Bosnia and Herzegovina.

"Five days ago I resigned," said Harris to the Geneva press. "The threat of air strikes as opposed to carrying them



*Demonstrators joined an emergency rally called by the Schiller Institute outside the White House on Aug. 8 to demand the removal of European Community envoy Lord David Owen from the "peace" negotiations for Bosnia, and urge President Clinton to militarily intervene in Bosnia's defense. Over 100 demonstrators arrived on short notice on a Sunday afternoon. Throughout the United States, "phone trees" mobilized people to send telegrams and leave messages with the White House hot line. In Mexico City, activists with the Ibero-American Solidarity Movement organized a motorcade, which included a banner reading, "U.N. Pimping for Genocide in Iraq and Bosnia."*

out has narrowed the Bosnian government's options as opposed to expanding them. There is no alternative: The Serbians must halt their offensive and lift the sieges they are now prosecuting against all cities. The victims in this war are the Bosnians, yet they are being victimized by the only people in the world who have the power to help them. Everyone associated with these talks is part of the death watch."

### **Owen should be removed**

A journalist asked McCloskey what he thinks of David Owen. He replied: "I have suggested Owen should be removed. He is not neutral. Owen was appointed by the EC, but he berates a decision by the U.S. President on air strikes.

"Air strikes could do it. I would say, send ground troops if necessary. Not doing anything will only result in more deaths. We would not have significant aviation casualties. As to the presence of Unprofor troops there as hostages, well, I have been told that within *15 minutes*, the evacuation orders can begin to be executed. So let's stop using Unprofor as an excuse."

An extraordinarily hostile CNN journalist—his television network did not, of course, cover the conference—asked McCloskey what he was doing in Geneva. The congressman replied: "I am here at the invitation of the government of Bosnia. I can state my own opinions, and I'm not telling the Bosnians what to do. You should simply understand that I am not a member of the General McKenzie school of diplomacy, those who heap abuse upon the Bosnians as though they were complicit in their own genocide."

Professor Boyle was asked why the arms embargo against Bosnia can be upheld, in spite of the fact that Bosnia actually won its case against Serbia, on the issue of the Genocide Convention, on April 8 in the International Court of Justice at The

Hague. "You're right. What's happening is totally illegal. It's a complete breach of international law. The great powers on the Security Council want the people of Bosnia-Herzegovina wiped out. They believe someone has to be in charge of the Balkans. They've chosen Milosevic. They've given him a green light while illegally depriving us of our right to defend ourselves, under Article 51 of the U.N. Charter.

"No U.N. resolutions even mention Bosnia, because all the resolutions on the arms embargo against former Yugoslavia, came into effect before our republic ever came into existence! I hope the good people of Europe and the U.S.A. will say, "Stop this! We've had enough!" And to you, gentlemen of the press, my last words are: Don't believe anything Owen tells you. It is lies and propaganda."

The conference was closed by Professor Tanovic with these words: "I wish to thank these Americans for their beautiful and courageous action. There are still some wise people in the world.

"But we are exhausted. We are treated like a second-class state and second-class human beings. We have no right of self-defense. Nothing we say is taken seriously. Every one of our stipulations is ignored: 'You can kill us, and we will negotiate.' We have reached the point where we can make no more compromises."

Although Agence France Press, Associated Press, Reuters, and Deutsche Press Agentur, the main European agencies, all filed stories on the Aug. 9 press conference, not a single word appeared in the French press nor electronic media, and in Germany, only the *Tageszeitung* in Berlin even mentioned it. Such a blackout is possible only when there is highest-level government intervention to enforce it. Following the Geneva conference, Marshall Freeman Harris flew to London, and held a widely reported press conference there

at the invitation of Alliance for Bosnia, a small but influential group of intellectuals and Members of Parliament who may perhaps have realized that plunging the whole of continental Europe into World War III might not be so clever after all.

The first western parliamentarian outside the United States to back McCloskey was Alex Kindy, a Canadian MP of Ukrainian descent, who immediately wrote to President Clinton, Canadian Prime Minister Kim Campbell, and to President Izetbegovic to this effect (see p. 32; for actions by other U.S. congressmen and State Department officials see p. 60 and 68).

### Palais Tabazan

As the press conference was being held in Geneva, an hour away in Brussels the general staff of NATO was meeting, purportedly to discuss air strikes. In fact, there was already a pre-arranged plan that there would be no such strikes without the final say of the secretary general of the United Nations, Boutros Boutros-Ghali, a man completely identified with Anglo-French policy. Over recent days, Boutros-Ghali's French friends have been re-deploying the French Unprofor troops to take over the Serbian positions on Mounts Igman and Bjeslanica, i.e., French soldiers have been ordered to place themselves in the way of danger so that the United States will not dare to carry out air raids. In other words, there will be no air raids unless the President of the United States decides to save his presidency by saving Bosnia, and go it alone.

Meanwhile, back in Geneva, U.N. headquarters has been turned into a virtual armed camp since Saturday night, Aug. 8, when a small group of Bosnian and Swiss demonstrators broke away from the main demonstration before the Palais des Nations, and approached the police crash barrier shouting "Owen Fascist" and "Fire Dr. Death!" Dozens of riot police, barbed wire, and rows of water cannons now surround the building, leading a wag to suggest the building be renamed Palais Tabazan, after the family which served as public executioners to the good city of Geneva for several centuries, and for whom a street there is boldly named.

## Clinton must challenge Britain on Bosnia

*Lyndon LaRouche made the following remarks during his weekly "Executive Intelligence Review's Talks" radio interview on Aug. 11.*

The Clinton administration backed down totally to the British line, and tried to appear not to have done so.

This procedure, as it came out of Brussels, under which the military action will not occur, will be limited to, will be coordinated with the United Nations; that after each action they will go back to the United Nations before going to the next military action, all of this sort of thing, means that *nothing at all of any significance will be done*. In the meantime, the French put their U.N.-assigned troops on the mountaintop with the Serbians, which means that one could not bomb the most relevant position of the Serbian artillery, without hitting French U.N. troops.

The thing literally stinks.

If I were President of the United States, I should be laying before the American people *precisely* what these modern Daladiers such as Lord Owen, who is worse than [Neville] Chamberlain, and the French have done in this situation, and say, this is the problem we have to deal with. I think the American people have the right to know what is going on in the Balkans. If we're going to make policy, I think the American people ought to know what's going on.

I think that unless Clinton does that and says openly that the Bosnians are being destroyed because the French and British are acting as virtual allies or directors of the genocide being done by the Serbian fascists there, I don't think we can make policy.

We have to call a spade a spade. . . .

First of all, it should be recalled that friends of ours were in the middle of this operation which forced the exposure of what Lord Owen had done, his duplicity, that Lord Owen was working as a virtual agent of those Serbians such as Karadzic, the psychiatrist. Remember, Lord Owen is a psychiatrist, and he is connected very directly through these professional channels to Karadzic, not merely in the profession of psychiatry, but the operations in Bosnia were run and designed on the basis of certain psychiatric principles of psychological warfare, in which Owen's circles were participating in theoretical planning side of designing this kind of warfare.

So Owen is not simply "connected" to Karadzic by professional linkages; he is actually a part of the group of people who designed this kind of warfare; and they were using this kind of psychological warfare to try to turn all of Bosnia-Herzegovina — and part of Croatia, too — over to these fascist Serbs. And that meant that the Kosova region of the former Yugoslavia be subject to massive "ethnic cleansing" against the so-called Albanian population there; and that Makedonija would be the next to go, which means the whole Balkan war would spread. . . .

The crucial issue the United States has to face is twofold on this military-strategic level. The United States has to face the fact that the British are working *against* the most vital interests of the United States in the Balkans and in China, among other places. . . .

If we do not act in Bosnia to stop the Serbs, the United States has no political, diplomatic, strategic credibility on

this planet. That loss of credibility, more than any Russian resentment against our action against their Serbian "little brothers," will accelerate Moscow's perception that the United States is a paper tiger, and the Russians will come on with a hostile attitude toward the United States as they reconsolidate their power very rapidly. . . .

There is no diversionary, compensating, offsetting tactic by which President Clinton could save his administration from the absolute disaster which will hit it if he does not bite the bullet on this issue of confronting openly, boldly, and effectively, the duplicity of London and Paris in the recent years on this Balkan issue. . . .

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## Interview: Niaz Durakovic

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### 'When the British come, people fight each other'

*On Aug. 7, leading Bosnian opposition figure Niaz Durakovic, head of the Bosnian Social Democratic Party, was interviewed in Geneva, and the text of the interview was made available to EIR. One day earlier, Durakovic had been thrown out of the Geneva "peace talks" by Lord Owen, for having laughed in Owen's face.*

**Q:** Mr. Owen asked you to leave the conference yesterday. Why?

**Durakovic:** I left because Owen's arrogance made it impossible for me to stay. First, he had said that he was against dividing Sarajevo, but now, when [Bosnian Serb leader] Karadzic says so, he demands it. I told him, "You can't treat people like cabbage." Owen accepts Karadzic's wishes and his military threats. I told him his plan means going back several hundred years in history, that it is anachronistic and tragi-comic. I laughed at him. He even proposed that a part of Sarajevo should be given to Serbia, which I know they want because the head of the Serbian Parliament lives there.

Owen turned green and asked me to leave, so he could stay only with the members of the Presidency. But he has already divided the Presidency!

Reuters says I am a hardliner.

**Q:** What do you think of the British?

**Durakovic:** Owen himself is not the problem as such, the problem is who is behind him and pushing this. Through Owen you see the cynicism, the egoism, the crisis of a whole civilization.

It is political prostitution. In Bosnia we always said: Whenever the British come to make peace, people fight each

## Canadian MP: 'Owen should be removed'

*Canadian Member of Parliament Alex Kindy (Calgary North East) sent the following letter to Bosnian President Alija Izetbegovic.*

Dear Mr. President:

I would like to inform you that I admire and support your position to maintain the territorial integrity of the State of Bosnia and any attempt by other powers to infringe on that integrity should be condemned by all freedom-loving nations around the world.

The attitude of Lord David Owen, who has played a very negative role in this conflict, is destructive, biased and hypocritical. I personally believe that Lord Owen should be removed from his position as Chief Mediator for the European Community. I have put this position forward to the Canadian Government.

As well, I have supported the position of Representative Frank McCloskey (D-Indiana), as announced on August 5th at a press conference in Washington, D.C., and I have informed the President of the United States of that position.

other for the next half-century. England is supporting Serbia to push down supposed "German" domination in the Balkans; they think a strong Serbia guarantees British interests.

This is a superpower game, but England is not a superpower.

**Q:** What do you think about President Clinton?

**Durakovic:** Does Clinton know where Bosnia is? Hundreds of thousands wept for joy when they heard he was elected, because he said he would stop genocide here. But now he's elected; it is an empty balloon. The people of Bosnia are deeply disappointed by his diletantism.

**Q:** What do you want done?

**Durakovic:** Air strikes on Serbian positions. Break all sieges in Bosnia. Lift the arms embargo—we don't expect you to fight for us.

We must warn the world in a shocking way. All world media must be alarmed to keep telling the West: You have direct responsibility! We need an emergency Security Council session. We have no arms; young men in Brcko [city in northern Bosnia] have thrown themselves against Serbian tanks with dynamite sticks strapped to their bodies.

# Ex-king arrives in Greece as British prepare to expand Balkan war

by Dean Andromidas and Mark Burdman

The arrival in Greece on Aug. 8 of ex-King Constantine for a so-called private visit represents the cutting edge of a British policy that could destabilize Greece and the southern Balkans, setting the stage for an expansion of the Balkan war. The timing of his long-planned return was apparently finalized during the funeral of Belgian King Baudouin, where Constantine met Greek Prime Minister Constantine Mitsotakis, who reportedly had been in close contact with him during his exile in London.

The current trip marks the first extended visit by the former king to Greece since 1967. The ex-king, as is the case with all former "Greek" monarchs, is a British tool. In all past cases, monarchical restoration in Greece has only been possible under conditions of extreme upheaval, if not civil war. Today it won't be much different: For Britain to have its pet monarchy restored, Greece must be plunged into a severe crisis.

The arrival of Constantine, who has outspoken views on "Greater Greece," immediately sparked an outcry from the left. "The visit is a major provocation against the Greek people. The monarchy issue in Greece is closed, and he should have never been granted permission to land," said Anastassios Peponis, spokesman for the opposition Socialist Party quoted in the *Times* of London. Maria Damanaki, president of the Leftist Coalition, Greece's third-largest party, declared, "We will propose a draft bill in parliament calling for Constantine to be declared *persona non grata* in Greece."

The move should also be seen in the context of elections in Greece, anticipated for the early spring of 1994 at the latest, where the issue of giving de facto support to Serbia in the Balkan conflict is hot.

## Who is ex-King Constantine

Constantine fled Greece in 1967 following an abortive attempt to overthrow the military junta. In 1974, after the restoration of a non-military government, the Greek people voted against restoration of the monarchy in a national referendum, although 30% supported Constantine's return. He returned to Greece only one other time, with special permission, to attend the funeral of his mother, Queen Frederieke.

Taking up residence in Britain, Constantine, a scion of the House of Gluecksburg, has always been a British asset.

The other celebrated member of the House of Gluecksburg is Prince Philip, Consort of Queen Elizabeth and Duke of Edinburgh. Philip and Constantine had the same grandfather. At an early age, Constantine cut out a career in the City of London in the reinsurance business, receiving support from some of the super-rich Greek shipping magnates. Some of these, such as Ioannis Latsis, have been generous bankrollers of the British Conservative Party. Latsis has also freely funded the claimant to the Serbian throne, Crown Prince Alexander, and is a financial patron of Britain's Prince Charles.

Casting himself in the image of his ancestors, who oversaw the expansion of modern Greece in the 19th and early 20th century, sometimes with disastrous results, Constantine authored a signal piece which appeared in the *Sunday Express* of London last April. Here he laid out his "greater Greece" design. Coming just short of calling for territorial expansion, he spoke of Greece's responsibilities to Greek ethnic minorities in Bulgaria, Macedonia, and southern Albania.

Regarding the collapse of communism in Russia and eastern Europe, he also spoke of the prominent role the Greek Orthodox Church could play throughout the region. It is a policy that, on the one hand, could support Serbian interests concerning Kosova, Albania, Macedonia, and on the other, could bring Greece into direct conflict with Bulgaria, Turkey, and even Russia. Indeed, Russia—always prone, as history has proven, to shift from "Pan-Orthodox" to a "Pan-Slavic Orthodox" policy—could very well end up seeing Greece, whether expansionist or not, as more of a geopolitical rival than an "Orthodox brother." In every period of wars in the Balkans in both the 19th and 20th centuries, Russia has always sided either with Slavic Bulgaria or Serbia, and never with Greece.

Under normal circumstances, Constantine—never a symbol for Greek political unity—could not represent a leading political force in Greece. Although it is claimed he has accepted his fate as an "ex-king," he stated in a BBC interview last February that "I have never given up my rights to the Greek throne . . . and the Greek people can at any time decide differently."

Greece, like Britain and France, opposes any military intervention against Serbia, having opposed from the outset any breakup of Yugoslavia. It has refused to recognize the "Republic of the Former Yugoslav State of Macedonia,"



claiming that even mentioning the name "Macedonia" implies revanchist claims on Greek Macedonian territory. A current dispute with Albania over the ethnic Greek minorities in southern Albania comes at a time when Serbia is poised to move against the ethnic Albanian minority in Kosova. Furthermore, there appears to be a consensus across the political spectrum around this policy.

With preparations being made for the elections next April, both the left and right opposition are taking even more extreme pro-Serbian positions. Constantine's surprise visit plays directly into the hands of another British asset in Greece, Andreas Papandreou, leader of the Pan-Hellenic Socialist Movement (PASOK). Given the current economic crisis, which has been worsened by the implementation of a privatization policy inspired by the International Monetary Fund, Papandreou is expected to win. Papandreou charged that Constantine's visit was "a great provocation to every Greek," and that "the government should know that for the Greeks, Gluecksburg is *persona non grata*, and his passport should be withdrawn." As prime minister in the early 1980s, Papandreou pursued a highly provocative territorial policy, including restationing troops from the Bulgarian border to the Greek border with Turkey, its erstwhile NATO ally, precipitating one of the worst crises in NATO of that decade.

Also playing into Papandreou's hands is former Foreign Minister Antonis Samaras, whose breakaway faction from the ruling New Democratic Party will draw votes away from the government. Educated at Harvard University and said to have support from the American State Department, he also has extreme pro-Serbian and nationalist positions.

### **Mount Athos and the 'Pan-Orthodox' drive**

Not only is the timing of his visit significant, but so is his choice to land in Thessaloniki, where, before embarking on a cruise of the Aegean Islands on the yacht of the Prince of Hanover, Constantine visited Mount Athos, home of the most important Orthodox monasteries and center of opposition to western Christianity. This attempt to cast himself as "leader of the faithful" comes in the context of a series of conferences and diplomatic moves attempting to use the Orthodox faith to mobilize support for a pro-Serbian policy.

In June, Bosnian Serb leader Radovan Karadzic visited Athens at the invitation of the Association for Greek-Serbian Friendship. To a tumultuous welcome by several thousand Greeks, he spoke at a "Greek-Serbian friendship rally," supported by the large trade union confederations and blessed by the Greek Orthodox Church. "Long live Hellenism and Orthodoxy!" he declared to the rally participants.

Karadzic also held talks with Greek political and religious leaders, including Mitsotakis, Papandreou, and the Archbishop of Athens, Monsignor Seraphim, primate of the Greek Orthodox Church. After the last meeting, Karadzic declared, "Only God and the Greeks support" the Serbs. Attacking "the role of the Vatican and Germany" in the Bosnian conflict, he



*Greece's Prime Minister Constantine Mitsotakis, who recently held the door open for ex-king Constantine, Russian President Boris Yeltsin, and Bosnian Serb chief Radovan Karadzic.*

claimed, "We are an Orthodox people. . . . Our faith keeps us going." He proposed creating a permanent conference of the Orthodox countries on the model of the Organization of Islamic Countries.

At the end of June, Russian President Boris Yeltsin arrived in Athens as the first Russian head of state to visit Greece since the 1991 collapse of the Soviet Union. In an attempt to play the "pan-Orthodox card," the former professor of communist doctrine declared that Russia and Greece should cooperate more closely in the Balkans, especially since the two countries have "close spiritual and cultural links," being "united by the Christian Orthodox religion." Commenting to the press about the spirit of the discussions that took place in Athens between the two delegations, Yeltsin declared, "We have an identity of views on the question of stability in the Balkans: We give priority to diplomatic and political procedures." Yeltsin was accompanied by a 120-man delegation and signed a treaty of friendship and cooperation in the areas of political, economic, and security cooperation.

At a June 30 press conference, Yeltsin also endorsed the Greek position vis-à-vis Albania. Speaking to Greek journalists, he attacked "the vandalism of the action of the Albanian authorities," in recently expelling a leading Greek Orthodox prelate from Albania. Greece has massively overreacted to this expulsion, by expelling some 16,500 ethnic Albanians from Greece over one week. Yeltsin has now effectively endorsed this mass expulsion policy by the Athens regime.

### **Orthodoxy used as tool of geopolitics**

From June 30-July 4, the Greek foreign minister sponsored a conference of Orthodox parliamentarians from east-



ern Europe and the Balkans. It was held near an important Orthodox convent in Ormilia. According to an official statement of the World Council of Churches (WCC), which, along with representatives of the Orthodox churches played a leading role at the conference, the meeting's purpose was to "consider challenges to the place of Orthodoxy in the new European situation, and to seek ways of responding to the challenges with a common voice." While the final conference document did not address war in the Balkans directly, a WCC representative from Romania told the press that the conference "had Serbia in view when it called on home countries of conference participants to 'oppose the existing disinformation when referring to the role of Orthodox peoples in regions of conflict.' "

The conference singled out Greece's special role as "the only Orthodox member-state in the European Community" (Greece will have the presidency of the European Community beginning January 1994), and asked Russia, as the "only Orthodox member of the United Nations Security Council," to "defend the common interests of the Orthodox peoples" in the Security Council.

Conference participants included 25 representatives of the Greek parliament, seven officials from Greek ministries, and parliamentarians and/or church representatives from Armenia, Belarus, Bulgaria, Cyprus, the Czech Republic, Egypt, Finland, Georgia, Montenegro, Poland, Romania, Russia, Serbia, and Slovakia, as well as representatives of various Orthodox institutions, the Conference of European Churches, and the WCC.

Political observers both inside and outside of Greece see no advantage for Greece to rush into a pan-Orthodox adventure which would generate considerable opposition within Greece itself. *Eleftherotypia*, which represents the left-liberal spectrum of Greek opinion, recently took the opportunity to attack such pan-Orthodoxy when it reported, under the headline "Documents of Shame," what it said were excerpts from a document written earlier this year by the Greek EYP secret service.

Although in fact the report had been cancelled in May, because it contained "entirely false elements," *Eleftherotypia* denounced the document for putting forward the idea that only Greeks who are members of the Orthodox faith, are "fully Greek." It further denounced the document for proposing that the Orthodox religion should become the basis of Greek foreign policy, so that Greece would seek to create an Orthodox axis in the region that could "go against the Turkish-Muslim arc in the region."

A European source observed that a pan-Orthodox policy would "blow up in the faces" of the Greek government, and that Constantine's return would only make matters worse. The source said that all of Europe could be thrown into crisis by this, and that the adoption of a "pan-Orthodox, effectively theocratic" outlook by significant parts of the Greek political class is proving an "embarrassment" for all of Europe.

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## Great Russia

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# Moscow tightens control over CIS economic union

by Konstantin George

The immediate goal of a consensus of the Russian elite for a Russian-dominated Community of Independent States (CIS) Economic Union is on target for September. The Aug. 7 Moscow summit of Russia, Kazakhstan, and the three Central Asian CIS members, Uzbekistan, Kyrgyzstan, and Tajikistan agreed to convene a CIS summit to take "concrete steps" for forming an economic union on Sept. 7 in Moscow. On July 17, Russia, Ukraine, and Belarus had already agreed to have ready in treaty form by Sept. 1, their own "Slavic" Economic Union. In certain domains, these treaties will rubber-stamp the Great Russian controls over the other republics established through Russian government measures taken in the wake of the July 24 ruble reform.

On Aug. 6 at a Russian cabinet meeting, Prime Minister Viktor Chernomyrdin confirmed that he had just appointed Russian Central Bank head Viktor Gerashchenko to also be Russia's representative on the CIS Inter-State Bank. Gerashchenko was promoted over the protests of the cabinet's leading International Monetary Fund stooge, Finance Minister Boris Fyodorov. Being the Russian representative on the Inter-State Bank makes Gerashchenko de facto head of the bank. Russia has a 50% voting share in the bank, but given its "influence" over some of the republics, the bank is under solid Russian control.

Under the terms of the July-August Economic Union agreements, the powers of the CIS Inter-State Bank extend beyond a multilateral clearing role. The bank is to coordinate financial, monetary, and credit policies among CIS members. Two days before the Russian cabinet meeting, Russian Deputy Prime Minister Vladimir Shumeiko said that all republics in the CIS, and especially those remaining in the ruble zone, have been forced to "give up a piece" of their national sovereignty.

### 'Currency Union' formed

At the Aug. 7 summit, the Presidents of Russia, Kazakhstan, and Uzbekistan (Yeltsin, Nursultan Nazarbayev, and Islam Karimov), jointly announced their agreement for a "Currency Union," where the currency for all three would be

the new ruble issued by the Bank of Russia. The declaration hailed the ruble reform as a "logical step" to complete work begun to protect the monetary system of Russia and states which use the ruble as their currency. The Currency Union was grounded on the basis of "the high degree of mutual economic dependency," the need to create and develop a "common economic space," and to have a "free flow of goods, services, labor force, and [investment] capital," as well as maintaining the ruble as the basis for settling accounts. The details of the Currency Union are to be completed in two weeks. This will mean "a certain dependency" by Kazakhstan and Uzbekistan on the financial, monetary, and credit policy decisions of the Russian Central Bank. The Currency Union, according to the joint declaration, is to be followed by the creation of a "ruble zone of a new type," which will be ratified by each country's parliament.

Behind the scenes, Moscow is exploiting the ruble reform, where old rubles are no longer legal tender, to increase its ability to dictate terms to republics not in the ruble zone, whether or not they formally belong to the CIS. On Aug. 10, the Azerbaijan government, which is neither in the CIS nor in the Economic Union, reported that negotiations were under way with Russia over Azerbaijan's debt of 80 billion rubles to Russia. Azeri Prime Minister Suret Huseinov announced that on Sept. 1 the local currency, the manat, will become the sole currency of Azerbaijan. Old rubles, which have circulated together with the manat, must be turned in by that date, at a rate of 6 rubles to 1 manat, with a cash limit of only 10,000 rubles per person. Amounts above that can go into special bank accounts, frozen for six months, and earn 40% interest.

### Russia holds trump cards

Azerbaijan is negotiating with Russia whether the outstanding ruble debt can be paid off with the old rubles called in, as Azeris hope, or whether Russia will insist on new rubles. Russia has said neither yes nor no, stating that it is willing to negotiate whether or how much of the debt can be painlessly paid in old rubles or rather painfully paid in new rubles. Any "generosity" will have its price, both economically and politically.

The Azerbaijan case is typical of what Russia is doing to every former Soviet republic which has "dropped" the ruble and introduced a native currency. All are massively in debt to Russia. In August, Russia resumed its imperial pressure tactic of turning off and on again the oil supply valve to its "sister" Slavic republics, Ukraine and Belarus. Oil supplies to Ukraine were cut for five days in early August, until a Ukrainian delegation rushed to Moscow and, on Aug. 8, concluded an agreement where Ukraine will pay some \$175 million it owes for past deliveries. Similarly, on Aug. 1, Russia reduced the level of oil exports to Belarus for August, from the original 1 million tons, down to 600,000 tons.

### The central Asian CIS republics and their border with China



### 'A common CIS border'

Also at the Aug. 7 summit, Russia, Kazakhstan, and the three Central Asian republics of Uzbekistan, Kyrgyzstan, and Tajikistan declared the borders of each of these CIS states with states outside the CIS to be a "common CIS border," with each of the five states committed to defend these borders against any foreign attack or armed incursion. At first glance the agreement appears directed at the Tajikistan-Afghanistan border, across which armed bands of Tajik rebels and Afghan mujahedin have raided inside Tajikistan. Already in mid-July Russia had, with support from these Central Asian states, declared the Tajik-Afghan border a "CIS border," and Yeltsin went even further, calling it de facto "a Russian border."

However, the "common CIS border" has, by including the non-CIS external borders of Kyrgyzstan and Kazakhstan, extended the definition of a "Russian border" to include the entire old U.S.S.R. border with China. One merely has to look at a map. The only non-CIS external border that Kyrgyzstan and Kazakhstan have is with China. Moreover, should the Russian position in Tajikistan ever become untenable, then the next CIS border is the Tajik-Uzbek and Tajik-Kyrgyz frontiers.

The precedent set by this agreement has ramifications beyond Central Asia. The "common CIS border" was predicated at the summit as a "security extension" of the CIS Economic Union. Russia will move to extend this "principle" and have it incorporated either into the "Slavic" Economic Union with Ukraine and Belarus, or later as a corollary to that treaty. In effect, the Russian plan is to extend the definition of the "common CIS border," or de facto Russian border, to the western borders of the former U.S.S.R. and the Ukrainian part of the Black Sea littoral.

## Lord Owen: most-hated man

*Britain's geopolitics in the Balkans is meeting a revolt that is breaking deep political taboos in Germany.*

**T**his man has invented the first racial segregation borders since Adolf Hitler. Lord Owen, who has not the slightest insight into the internal Bosnian situation, must be replaced." This statement from Stefan Schwarz, the young Christian Democrat in parliament who is a rallying point of the pro-Bosnia circles in Bonn, in an interview with issue No. 31 of *Focus* weekly, marked the harshest attack on British geopolitics yet heard from a member of the political class in Germany.

Schwarz lashed out against London's do-nothing policy on Bosnia, saying that it had "always been the prime principle of British European policy to keep the 'balance of power' on the continent at any cost. First comes the balance, then morality." Then Schwarz broke a long-respected taboo of Bonn politics, calling on Germany to "take the initiative in the EC, which is what the Americans have been urging for some time. Meanwhile, the Germans have an anti-fascist and anti-nationalist tradition. . . . They must isolate the British, put pressure on them and call for Owen's replacement."

Up to now, the "first commandment" of German European policy, which Chancellor Helmut Kohl reiterated in an interview with SAT-1 TV on Aug. 9, is that "because of its Nazi history," Germany cannot play a leading role in any foreign policy initiative. References to this "history" serve as a foul excuse not to act where it should be the most natural impulse to act. The Balkans drama has proven

the absurdity of respecting a policy principle that allows genocide before the eyes of civilized Europe.

The genocide was even admitted by Nikola Koljevic, vice president of the "Serbian Republic of Bosnia," on Britain's Channel 4 TV on Aug. 7. He said that this genocide was a historical fact already; it was only an open question what it would be called in history books. Lord Owen is on record for a proposal that would most likely fit with Koljevic's views. Owen told critics of his diplomacy: "This is, after all, a war of liberation for Serbia."

The statement by Stefan Schwarz and another one we quote below complement the attacks launched by U.S. Rep. Frank McCloskey (D-Ind.) starting Aug. 5, when he demanded Owen's ouster, and to criticism voiced by two senior U.S. State Department officials, Marshall Freeman Harris and John Western, who resigned over the do-nothing policy.

Christian Schwarz-Schilling, a senior Christian Democratic member of parliament like Schwarz, resigned as postal minister at the end of 1992 in protest of the government's inaction in Bosnia. He wrote on Aug. 10: "For one and a half years now, we have witnessed the drama in Bosnia. Every day, there is new fighting, deaths, murder and rape victims, and more than a million refugees. . . . It is most amazing that the Bosnians have withstood for so long, as the United Nations has imposed a weapons embargo more than a year ago, which has made it even more difficult for the Bosnian Army to defend their country.

"The West, usually not hesitant in the rhetorical proclamation of its ideals, is doing nothing. It is watching, while a state legitimized by the right to self-determination, which is a member of the United Nations, is wiped out with utmost brutality by its conquest-happy Serbian neighbor and its fifth column in Bosnia, the 'Bosnian Serbs.'

"The U.S. views the drama in Bosnia as an affair not touching its vital interests: Oil isn't involved, a nuclear threat (as from North Korea and Iraq) is not imminent, either. After all, the entire affair is said to be a European one.

"And Europe? . . . Lord Owen, chief negotiator of the European Community, is recognizing the 'realities' and talking about the partition of Bosnia; while these talks are going on, the Serbs are changing 'realities' to their advantage by daily unabated warfare.

"Lord Owen recommends that Bosnia submit to the military might and seal its own extinction by signature. And he gets angry when this process of capitulation is disturbed by NATO or U.N. saber-rattling. This is 'disturbing the peace process,' while the Serbs with their superior military might are attacking the encircled cities, which have even been declared 'safe havens' by the U.N., and are starving out the population. . . .

"This cynical conduct of talks is such a shame for Europe that one has to pose the question: Who is to be held responsible for that? Who is letting Lord Owen conduct such an immoral policy of interests of old European powers, in the name of Europe, in disregard of international law and U.N. resolutions?

"One thing is clear: A Europe dictated to by the nationalistic interests of England (and, partially, also France) is not what I want. It is time that we in Germany wake up!"

## An ambassador in sheep's clothing

*The ongoing "encirclement" of Brazil is making the military more anxious than ever.*

In recent months, troop maneuvers held by both the United States and Britain in countries bordering Brazil have become one of the main concerns of the Brazilian Armed Forces' command. Although some officials prefer to minimize the importance of the affair, to others the Anglo-American maneuvers are concrete evidence of Washington and London's intentions to move full steam ahead with implementation of their "new world order" in the western hemisphere.

During April, nearly 200 Special Forces troops from the U.S. Army carried out training maneuvers in Guyana, about 100 kilometers from the Brazilian border. At the time, Guyanese President Cheddi Jagan revealed that British troops had already carried out similar maneuvers earlier in the year.

In Leticia, Colombia, where the border with the Brazilian city of Tabatinga passes through a main thoroughfare of the city, sophisticated radar equipment donated by the U.S. Drug Enforcement Administration was installed. According to the director of the Colombian security police in Leticia, the DEA is training members of the Colombian Army and narcotics police. A recent bilateral agreement will facilitate the installation of five U.S. military bases on Colombian territory.

Meanwhile, what has the Brazilian military most concerned was the presence of a group of U.S. "Red Berets" in the Argentine province of Misiones last May, for joint training with Argentine forces. Misiones, which borders the Brazilian state of

Rio Grande do Sul, was for a time an object of litigation between Brazil and Argentina, which is why certain Brazilian military chiefs consider the maneuvers there a "message" for Brazil.

The Brazilian reaction to the maneuvers in Guyana was immediate: In early June, the Brazilian Air Force carried out the first of a series of exercises to accelerate the military occupation of the Amazon. Nearly 400 men and 30 combat planes and helicopters participated in the week-long maneuvers. On Aug. 10, on his own initiative, President Itamar Franco called a meeting of the National Defense Council, primarily to discuss the implications of a Brazilian military presence in the Amazon.

Sensitivity among Brazilian nationalist sectors with regard to the Amazon has sharpened because of the Indian question. These sectors never "swallowed" Washington's pressures on former President Fernando Collor, which led to the "delimiting" of the Yanomami Indian reserve to a whopping 9.4 million hectares, for only a few thousand Indians surviving in primitive conditions. In late June, these groups got a new shock with the announcement that the United Nations proposed to establish a Universal Declaration of Indigenous Rights, which seeks to grant to "indigenous communities" throughout the world the right to self-determination. Brazilian authorities fear this could lead such groups as the Yanomami to declare their territory independent.

Such concerns were expressed by former President José Sarney, who

has been serving as a spokesman for influential military circles. In his weekly article in the daily *Folha de São Paulo* July 23, Sarney wrote: "Countries work on hypotheses. What is the mobilization in this area against? And to what end?" He answered himself: "It would appear that the old dream of the superpowers, of having a foothold in the Amazon, has arrived. The dagger that is going to give us many headaches, has been driven in."

The growing number of Brazilian reactions to this "encirclement" of the country forced U.S. Ambassador to Brazil Richard Melton to try to hide the obvious. In an Aug. 3 article published in *Jornal do Brasil*, Melton offered a modern version of the tale of the wolf disguised in sheep's clothing, by denying what he called "myths" about U.S. designs on the Brazilian Amazon. Melton said that the idea that the U.S. seeks to "internationalize" the Amazon is a "stupidity."

Unable to resist the temptation of using the diplomatic language of the new world order, Melton declared: "Sovereign decisions always belong to Brazil. However, we live in a mutually dependent world. . . . Far from being a threat, cooperation in helping a Brazilian agenda for the Amazon is a welcome manifestation of a new sense of shared world responsibility."

In conclusion, Melton warned that persisting in such ideas "could distract attention from real problems and undermine efforts under way to strengthen U.S.-Brazilian relations." It came as no surprise that, two days later, the traditional mouthpiece of the Brazilian elites linked to the Anglo-American establishment, *O Estado de São Paulo*, echoed Melton, stating that "whoever sees the U.S. as a threat to Brazil . . . can only be motivated by paranoia, bad faith, or deformed political ambition."

# International Intelligence

## German paper hits Anglo-French perfidy

A harshly worded commentary in the German weekly *Welt am Sonntag* on Aug. 8 denounced the Anglo-French "bloodletting" strategy in the Balkan war, which has prevented any NATO air strikes against Serbia.

"Two schools of thought are standing opposed to each other in the [NATO] alliance," the paper wrote: "U.S. President Clinton, supported by the Germans and Dutch, thinks a western intervention is necessary. The British and French, however, are pursuing a classic cabinet policy based on pure power interests. Their aim, German NATO officersevaluate, is to have a 'bloodletting' of the conflict and a Greater Serbian policing power for southeastern Europe, which is also to contain the German influence.

"In order to cover up their policy interests, the British and French point at the humanitarian intervention of their blue helmet soldiers. But with these, Paris and London are playing a double game. On the one hand, the public is to be assuaged with the line, 'We are doing something there.' On the other hand, these soldiers in the valley of Sarajevo serve diplomats of both countries as an argument against NATO air strikes."

## New prime minister named in Japan

Morihiro Hosokawa became Japan's new prime minister on Aug. 6, heading an unstable seven-party coalition with the Socialist Party, which, for the first time since 1955, excludes the Liberal Democratic Party (LDP) from government. Hosokawa got 262 votes, against 224 for LDP chief Yohei Kono, and 15 votes for the Communist candidate.

The election was delayed for two days by LDP demands that one of their rank at least be chosen as Speaker of the House, but in the end the LDP lost even that post. Instead, State Department Socialist Takako Doi was elected Japan's first woman

Speaker.

Hosokawa quit the LDP a year ago to launch his Japan New Party (JNP), whose program consists of anti-corruption rhetoric. A former LDP provincial governor, he is a direct descendant of the 14th-century Hosokawa samurai dukes, who, in the 17th century, supported the feudal Tokugawa reaction which closed Japan to the West and massacred Japan's Christians. Hosokawa's grandfather, Prince Fumimaro Konoe, served as prime minister in 1937-39 and 1940-41, presiding over the outbreak of the Sino-Japanese War and the signing of Tokyo's military pact with Nazi Germany.

Former Finance Minister Tsutomu Hata, head of another LDP breakaway, the Japan Renewal Party (JRP), was tapped to become deputy prime minister and foreign minister. Kozo Watanabe, an ex-trade minister who also comes from the JRP, is expected to be named finance minister.

The real power behind the scenes at the JRP is Ichiro Ozawa, an ex-LDP secretary general who has often acted in coordination with Henry Kissinger's policies for Japan.

## Russian military sees West as 'paper tiger'

The Russian military believes that the West is a "paper tiger," a former British military attaché who attended a gathering in mid-July with 20 senior Russian military officers at the British military academy in Sandhurst, England, told *EIR*.

"They've seen what the West did, or rather didn't do, in former Yugoslavia, and they've drawn their conclusions," he said. "I can confirm that is their view, from my discussions with them."

Beyond this, he said that there is another Russian calculation, quite crude but exactly what one would expect from an understanding of Russian history. "They smell that the world is heading into a Dark Age, that leadership in the West is collapsing, and they are determined to establish their position clearly in such a world."

What surprised and shocked the Brits in attendance, many of whom have long expe-

rience in dealing with Russians, said the source, was "how clearly and confidently they spoke about their aims. We were told, 'Watch this space, Russia. Something will be happening here.' They're in the slow process of patching the whole thing together, a kind of Slavic core with Russia as the heartland, the biggest player. Their view, repeatedly restated, was that Russia is too great to fall apart."

Overall, this source's impression was that "they've resurrected a way of thinking we used to be familiar with from the Soviet era; in effect what they're thinking and saying is, 'The world situation is favorable to the reestablishment of the correlation of forces in our favor.'"

## Australian party calls for probe of ADL

The Citizens Electoral Councils of Australia (CEC), a federally registered political party and the Australian co-thinkers of American statesman Lyndon H. LaRouche, Jr., has called upon Australian parliamentarians to set up a formal inquiry into the activities of the Anti-Defamation Commission of B'nai B'rith (ADC), an Australian offshoot of the corruption-riddled Anti-Defamation League of B'nai B'rith (ADL) in the United States.

Craig Isherwood, national secretary of the CEC, said on Aug. 3, "We have just released a 16-page pamphlet, with 52 footnotes, entitled 'Is the ADC Spying on You?' which documents the basis for a parliamentary investigation. The ADC's mother organization, the ADL, is facing criminal prosecutions in the United States on 48 felony counts including illegal access to police computers, spying, and theft. There is ample reason, as we document, to question whether the ADC is involved in the same dirty tricks and illegality as its Mum."

"We will be mounting an intensive lobbying campaign on this matter in state and federal parliaments over the next several weeks," Isherwood said. "Soon, the average, decent Australian will become aware of what the ADC is up to. It is time the links

## Briefly

● **DESMOND TUTU**, South Africa's Anglican archbishop, on Aug. 2 appealed "to the international community to send in, as a matter of extreme urgency, a corps of police officers experienced in handling civil turmoil." Warfare in Johannesburg townships over the weekend "demonstrated beyond doubt that we are incapable of restoring law and order ourselves," he said.

● **THE ARMENIAN** newspaper *Ir-avunk* in its July issue reported prominently on the Schiller Institute's June 4-5 conference in Bonn, on the theme "Toward a Lasting Peace in Europe." The monthly is linked with the Union for Constitutional Rights. The same issue included an advertisement for the Russian edition of Lyndon LaRouche's book *So, You Wish to Learn All About Economics?*

● **THE UNITED NATIONS** Security Council decided on Aug. 6 to send to Georgia a team of U.S. observers to verify the cease-fire that was signed by the government of the former Soviet republic and separatist Abkhazians. Secretary General Boutros Boutros-Ghali said the team will verify the cease-fire and prepare the ground for a larger U.N. force that would be sent if needed.

● **A CLOSED-DOOR** meeting was held at the beginning of August between a delegation of Nigeria's Catholic bishops and President Babangida to discuss the crisis in the country. Archbishop Anthony Okogie told the press after the meeting that Nigeria's biggest problem was foreign interference: "The situation in the country will be only aggravated by other people trying to come in — I mean, other powers trying to come in."

● **A BOMB** destroyed the headquarters of the militant Hindu organization RSS in Madras on Aug. 8, killing at least nine people. A senior member of the Hindu nationalist BJP party blamed "Muslim chauvinists" for the bombing, but police officials said that, at this time, there was no evidence for this.

of the very dirty ADL into Australia were exposed, and it is the duty of the Citizens Electoral Councils to fight for the integrity of our political system," he concluded.

### **Ecuador backs down on sterilization program**

The Catholic Church of Ecuador has forced the government of President Sixto Durán Ballén to cancel a sterilization program instituted by former Health Minister Leonardo Viteri. Viteri, who has since been forced to resign from the government, had sent a directive to hospitals and clinics which said, according to the IPS news service: "The Health Ministry advocates surgical sterilizations as the preferred method of family planning to be used in every hospital in the country, in view of the fact that the demographic explosion only produces worse depression and poverty."

Ecuador's Bishops Conference sent the government a caustic letter which noted that "the Constitution guarantees every Ecuadoran the inviolable right to physical well-being. The Health Ministry, pursued by the clamor of the poor and the needy, seems to regard Ecuadoran mothers as cattle who should not breed."

### **Dominican Republic paper highlights LaRouche case**

The weekly *El Camino* of Aug. 1, the newspaper of the Catholic Bishops Conference of the Dominican Republic, devoted two articles to international efforts to free U.S. political prisoner Lyndon LaRouche: "Chinese Parliamentarians Call for LaRouche's Freedom" and "Former Argentine President Frondizi Asks Clinton for Freedom for Lyndon LaRouche."

Between the two stories, which are based upon press releases from EIR News Service, there is a box that reads: "Born in 1922, LaRouche is an independent economist who believes in an economic system based on the ecumenical agreement between Christianity and Confucianism, and who is

particularly concerned for the development of the developing countries."

*El Camino* is distributed every Sunday at all Catholic churches in the Dominican Republic. The country's primate, Cardinal López Rodríguez, is currently the president of the Latin American Bishops Conference (CELAM).

### **Serbian drug scandal could implicate Major**

Dossiers proving British-Serbian drug money connections through banks on Cyprus are in the possession of the editors of the *London Guardian*, who have not yet decided to publish them, as this would affect British Prime Minister John Major, among others, reported the left-wing German daily *Tageszeitung* on Aug. 7.

According to the article, the *Guardian* "is sitting on highly explosive material that may explain the appeasement policy of Major, [Douglas] Hurd, and [David] Owen vis-à-vis the regime in the Serbian capital of Belgrade which has also come under attack by European Community diplomats."

The dossier is said to prove that "the Tory party up to John Major is involved in a giant party funding scandal. Illegal funds — it is said several million British pounds are involved — allegedly originate in dope deals handled through Serbia and Serbian-occupied Kosova. The dirty dope funds are said to be laundered by British banks located on Cyprus — the same banks at which the Milosevic government has deposited its own foreign reserves.

"There are more and more statements of suspicion in Geneva that London is being blackmailed by Serbia with documents on that scandal, into its striking concessions to the Serbian side in the Bosnian war."

Correspondent Andreas Zumach also reported that *London Times* reporter Eve-Ann Prentice was put on a black list by European Community negotiator Lord Owen, since she leaked a statement by Owen not meant for publication, to the effect that the Bosnian Muslims "have the choice either to negotiate now or to die."

## Western leaders must come to their senses on Russia

by Viktor Kuzin

*Viktor Kuzin, a member of the Moscow City Council, visited EIR's offices on July 30 after spending a week in Washington, D.C. Mr. Kuzin is vice chairman of the Moscow City Council's Committee on Law, Justice, and the Defense of Civil Rights, and chairman of its Subcommittee on the Defense of Civil Rights. He was a founder of the Democratic Union party in 1988.*

*We are pleased to publish Mr. Kuzin's presentation to EIR staff, including questions and answers, as a guest commentary. His remarks were translated from Russian by Rachel Douglas. We have supplied subheads.*

I greet all of you. I was very happy to see that there exists in the United States an organization which exhibits a greater understanding of our difficulties and the problems of Russia, which is attempting to become free and democratic, than do some official circles in the western countries and even, as became clear to me in the course of numerous meetings in Congress, in the United States.

I know the great deprivations which you have experienced. I deeply respect this and am struck by the fact that each of you, who would have had the possibility to live quite calmly and to limit yourself to taking care of yourself and your own family, rather has dedicated yourself to the service of lofty ideas, to the search for harmony in the world, and is taking serious risks on this account.

This is very close to my heart. And perhaps, as other people might not be able to, I can value such a selflessness on your part.

When, in 1988, we created the first party in opposition to the Communist Party Soviet Union (CPSU) in 70 years, openly proclaiming as our goals the overthrow of the commu-

nist regime in the Soviet Union and the creation of parliamentary democracy, we didn't know what would happen to us the next minute, after the attempt to create such an organization. From May 7-9, 1988, we held the Constituent Congress of our party in Moscow. In taking this step, we tried to take into account the totality of conditions as they had matured in the Soviet Union at that time and had come to pass internationally.

Soon after the point at which we planned to conclude our party congress, then-U.S. President Reagan was expected to visit Moscow. We took advantage of this factor, and the Constituent Congress was able to end successfully. The organization was created, and its first program was adopted. Everything ended well, if you leave out the fact that on the last day, the KGB and the police attacked the location where the final session of the Congress was taking place, and several people were arrested. I was one of them.

They loaded us into a special prison vehicle, and took us somewhere. None of us knew at that time where we were being taken, and what it would end in for us. It could have meant years of deprivation of freedom; but evidently the situation was such that they decided not to resort to such harsh repression, and rather limited themselves to arresting us for short periods of time.

In the course of my visits to your congressmen, I repeatedly stressed our gratitude to the administration and the people of the United States for the moral and political support given to the democratic human rights defense movement in our country. Indeed, this was weighty support; and objectively speaking, it actually did help make it possible that, with a certain liberalization of the communist regime under Gorbachov, the opposition was able to consolidate fairly rapidly,



and relatively quickly and successfully to disseminate in the Soviet Union political ideas which were totally banned before.

Ultimately, the communist regime, in its orthodox form, collapsed. After this, however, it became clear that the policy conducted earlier by the western states, of support for the democratic, human rights defense movement in the Soviet Union, was above all a policy designed for the national interests of the countries that were carrying it out, and that these governments really had no intention to act out of concern for the fate of the citizens of Russia and to try to create for them the necessary economic and social guarantees.

This is very natural, but we didn't understand this right away. For a period of time, there reigned the sense (which some people still have) that from abroad some kind of help would be coming, which would have a miraculous effect and make it possible, without efforts from inside Russia, to ensure a high standard of living, and would help create a properly working machine of state, directed toward providing for the equal rights of citizens before the law.

But when we confronted the real consequences of the influence of western countries on the processes now unfolding in Russia, in both the political and economic spheres, we discovered that a model of economic development was being applied to Russia which still further aggravates the objective difficulties of the transitional period. In essence, the character of the influence which the U.S. government exerts — and the fact that this is extremely closely linked with the policy of the International Monetary Fund (IMF) is well known to all of you — is helping to liquidate Russia as an independent economic power.

The George Bush administration relied on supporting the former communist *nomenklatura* [power hierarchy] in the person first of [Mikhail] Gorbachov and his entourage and now [Boris] Yeltsin and his entourage, and made assurances that these were the people who could carry out a process of creating the basis of a capitalist economy in Russia. Once again today, in a conversation with a representative of the commission on monitoring the fulfillment of the Helsinki agreements, I learned that the same approach is being continued.

### **The goals of the 'nomenklatura'**

I tried to explain to congressmen that, in reality, the grouping headed by Yeltsin is pursuing the goal of defending the narrow, egoistical interests of the former communist *nomenklatura*. They never had any interest, nor do they now, in the fate of the whole people, which suffered under the yoke of communism for 75 years. At present, the Yeltsin regime is prepared to sacrifice, for the sake of implementing the barbarian plans of the IMF, a huge number of citizens of Russia, placing these people literally on the brink of physical extinction.

I provided many examples of the fact that the Yeltsin

policy in the area of economics, the so-called policy of market reforms, in reality is not directed toward creating a numerically strong layer of private entrepreneurs in Russia; but rather it benefits monopolism and the transformation of the major ministries that existed under the communist planned economy, into proprietors of whole branches of industry. And this is precisely the reason why the policy of price liberalization proclaimed by the former prime minister under Yeltsin, Yegor Gaidar, without there existing any significant layers of private entrepreneurs or enterprises, led to nothing but a totally capricious price policy, and to a situation where these gigantic monopolies were able to sharply increase prices for their products. There was immediately a marked tendency for the abrupt rise in prices at the same time that you had a sharp decline in production.

These processes at first caused a slight, and then a sharp, increase in inflation. Many enterprises which were producing useful goods were not able to stand such a sharp hike in prices, because the cost of labor and the cost of raw materials grew correspondingly abruptly. Enterprises began to collapse. This situation thus was aggravated even more.

At the present time, these processes are continuing; and the collapse of industrial production is progressing headlong in Russia. Insofar as it has become unprofitable to invest in production — purposely unprofitable — and the sharp growth of inflation has gobbled up whatever profit was being made, all available capital was thrown into the trade sphere and into banking.

These are the two flourishing branches of the economy in Russia today, trade and banking. But only they; so it's a relatively insignificant, small group of people working in these areas who are doing well at all.

The steep collapse of domestic production of consumer goods is compensated by an influx of goods from abroad. As a matter of fact, we have a lot of everyday consumer goods in Russia, which are imported. They are extremely expensive. Even including those who receive a salary which is relatively high by Russian standards, 80% of the population of Russia does not have the minimum considered necessary to live.

### **Poverty and demoralization**

By the most conservative estimates, over 80% of the population of Russia lives below the poverty level. In our opinion, and in the opinion of many people in Russia, who share my evaluation of the matter, this situation arose precisely from the erroneous orientation to following the recipes of the IMF, according to which the so-called economic reforms in Russia are being carried out.

In my view, with regard to the ruling circles of Russia today — and it's Yeltsin and his close entourage who really exercise power, although they're constantly complaining about the fact that they don't have enough power and that somebody's depriving them of power — all the ruinous consequences which we are experiencing, are conditioned by the

fact that Yeltsin and his group are acting against the national interests of Russia and against the interests of the majority of citizens.

In Russia today, laws in effect are not obeyed. One can commit a lot of crimes in Russia today, and not be called to account. In particular, there is a large array of unpunished crimes in the area of property relations.

The law about privatization, which was worked out and adopted bearing in mind the tasks and the complexities of the transitional period in the economic system, is virtually not obeyed by the Yeltsin administration. The state agencies that are supposed to monitor the observance of this law, do nothing. Instead of all citizens of Russia receiving an equal chance to relatively painlessly enter into the new system of economic relations, which would be impossible without a certain regulating role being played by the state (with respect to formerly state-owned property), what is being aided and abetted is the illegal appropriation, by the former *nomenklatura* and the criminal bourgeoisie, of the relatively most valuable and profitable properties.

A policy like this, of course, cannot fail to lead to serious disenchantment on the part of the bulk of the population. Disillusionment is growing in fundamental democratic values, because Yeltsin and his people are associated by official propaganda with genuine democracy. And those who criticize Yeltsin, regardless of what standpoint they do this from, whether it's criticism by communist reactionaries or by democrats who don't agree with this course of thievery in Yeltsin's policy, are all declared to be fascists and so-called "red-brown forces."

### **Criminality moves in**

In a state where laws do not function — and Russia is such a state today — not a single entrepreneur, no normal civilized would-be entrepreneur, from among the Russian citizens themselves, not to mention western business partners who might want to invest their capital into Russian industry, will make any such investments. Not only are profits not guaranteed, but sometimes even the lives of the entrepreneurs are not. In the kind of vacuum that is created because of the failure to function of either the prosecutor's office or the police or the judges, who are subject to powerful pressure from criminal groupings, through corruption and intimidation, there is an influx into Russia of criminal capital, earned through narcotics sales, the proceeds of the casinos, and such.

One gets the sense that parallel to these processes, where there is laundering of mafia capital, there's also a selling-off of some consumer goods at dumping prices. Take cigarettes, for example. We have virtually no more domestic cigarette production. That's one example. Mafia groups which have penetrated the Russian economy are now making their way onto the political scene, and are seeking support from high officials of the government and the presidential staff.

Take prices on the products of some enterprises in Russia, for example, from the defense industry, which is the most technologically advanced industry that Russia has had. It was from the sale of the products of these relatively high-technology defense sector factories, that Russia intended to accumulate the capital to invest in the conversion of the defense industry. But the sale of these products on the international market is, in effect, regulated by western capital acting together with Russian mafia groupings. And these goods are sold at totally unprofitable prices. So virtually the only benefit from the sale of such products is received by the employees of the bureaucracy who are engaged in this practice, taking advantage of the fact that the system of law enforcement in Russia doesn't work.

Huge quantities of valuable raw materials — oil, gold, precious metals — are exported from Russia. The proceeds acquired from the sale of these goods stay in the West. According to the calculations of some economists in Russia, the volume of capital that has fled as a result of the sale of these items is \$60-80 billion.

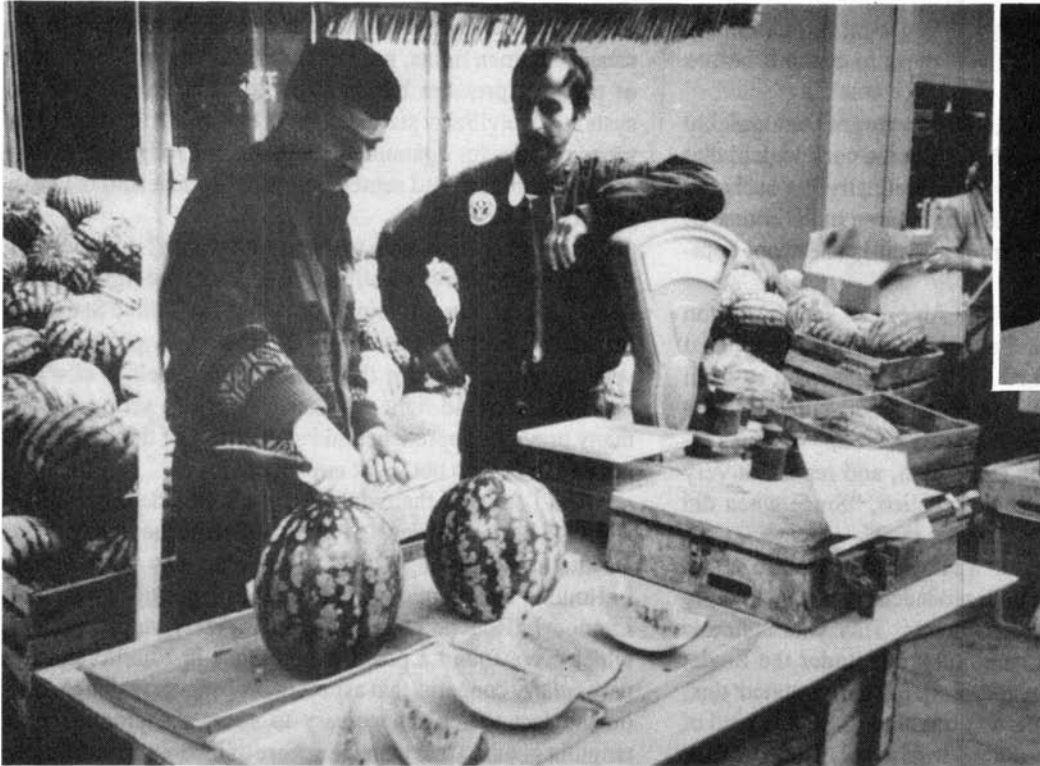
At the same time, Yeltsin pretends that Russia doesn't have means and needs help, that the IMF should fork over \$24 billion. We have a constant fight between democratic forces, for whom such policies are absolutely unacceptable, and that segment of functionaries loyal to Yeltsin. People from Democratic Russia who are loyal to Yeltsin, and the forces of the former *nomenklatura*, strange as it might seem, are acting together. This fight is constantly going on around this same \$24 billion that's been discussed.

The democratic forces' position actually is more expressed by the Supreme Soviet these days — the Supreme Soviet is not anywhere near as reactionary as it is customary to think. It simply can't be reactionary, because it has to function in the full light of day and in a collegial fashion; and each deputy experiences very strong pressure on the part of his constituents.

By the same token, the activity of Yeltsin's presidential apparatus is by no means as democratic as it is customary to think. If you look at the structure of Yeltsin's apparatus, and the apparatuses in the localities which are subordinate to that central one, the resemblance with the former structure of the CPSU is very close. This is no big surprise, because the main positions in Yeltsin's apparatus are occupied by former secretaries of the *obkoms*, *raikoms*, and other regional committees of the CPSU, with very rare exceptions.

If you analyze in-depth these processes in the political structures in Russia, you can understand that essentially very little has changed. The *nomenklatura* has simply shed the ideology that it doesn't need any more, and is trying to enter the kingdom of capitalism as the bosses. And as they do this, these people are indifferent to what will happen with the people of Russia.

That would be a general sketch of the situation that has come to pass in connection with our reforms.



*"The barbarian plans of the International Monetary Fund placed a huge number of Russian citizens on the brink of physical extinction." These watermelons, for sale on a Moscow street in August 1992, cost one-fourth of a Russian pensioner's monthly income. Inset: Moscow City Councilman Viktor Kuzin.*

And your movement is doing something very important, when you provide your critical analysis of the real processes that are unfolding in Russia, assembling reports from your own sources and other independent sources.

This holds not only for the former republics of the Soviet Union, but also countries in eastern Europe, because as far as I know, something very close to what I have described is happening in all those countries. It's extremely important to do everything possible to bring this correct information to the ruling circles in your country, to Congress, to the President of the United States.

### **The wrong kind of miracle**

To tell you the truth, I was floored by the statement of a congressional staffer today who, having heard what I had to say, which was approximately what I just went through here, stated, "Yes, we know about all that. It's definitely bad. And we understand that the aid that we're extending, actually does not help movement toward those goals that it's supposed to. But we're hoping for a miracle."

Your people have been telling me constantly that the typical behavior and outlook of Americans is pragmatism, especially in politics. I remarked to this gentleman, that what he had said was not very pragmatic, and that as a result of this flippant attitude, miracles could occur in Russia of a very dangerous nature.

Probably I don't have to go on at great length here about the fact that the 80% of the population which has become

disenchanted with this policy, are not a social base of reform at this point, and that these people do not support Yeltsin, no matter what manipulation with respect to votes were employed in the [April 25] referendum.

And what that means is that you could have an explosion at any moment in Russia, of a very sharp social conflict, and political destabilization. Russia at any moment today could turn into a second Yugoslavia, because people's patience is already just about at the limit. There probably wouldn't be anything terrible about that for the United States, since you're located so many thousands of kilometers from Russia, if it weren't for the fact that Russia is a nuclear power. Therefore, even the sense of self-preservation means that policy toward Russia should be formulated more soundly.

I would like to remark here, that the leaders of the United States for a long time funded the study of the totalitarian state, of communist regimes, and many American Sovietologists did make a big contribution to studying the sociology of this regime. This same sociology characterizes the *nomenklatura* in quite some detail, as a criminal class functioning according to the same laws as the mafia.

Everybody knows that the former communist leaders constituted a consolidated group of people who enjoyed total power, who stood above the law. They put themselves higher than anything else, higher than the interests and even the lives of many millions of people. The people who managed to claw their way to the top of the pyramid of power of the CPSU did not get there accidentally. The system sifted and

sorted them for many long years. They went through many crimes, which the system obliged them to commit before they could head the state.

Somehow the American leadership forgot very quickly that both Gorbachov and Yeltsin were at the very peak of that pyramid of power, and that even theoretically it's probably impossible for any person in the world, even in the course of a year, to transform himself from a dyed-in-the-wool communist to a total capitalist.

Nevertheless, the belief of the American administration and many congressmen that Yeltsin is a convinced capitalist is very strong. When I asked them why it seemed to them that Yeltsin was a person who wants to understand and know how to build capitalism right, they answered, "Well, he always says he wants to build capitalism, and repeats it very often." He and his people. And I replied, "Since when did you start believing what these people say?"

There was a time when it was a heroic deed to assert that capitalism and western bourgeois democracy were more progressive than socialist democracy. This was a heroic deed, when the dissidents would say this under the Soviet Union, when Academician [Andrei] Sakharov stated this. But back when the dissidents and Sakharov said this kind of thing, Yeltsin and Gorbachov sent them to jail. They did this, as did the other members of the Politburo of the CPSU.

Now, you can say whatever you want. We have complete freedom of speech and precisely for this reason, merely verbal assurances of a commitment to the capitalist system aren't worth very much. Now you have to look at what people are doing; and the concrete acts of Yeltsin show that, having put the interests of a narrow layer of the *nomenklatura* as his top priority and ignoring the civil rights of the majority of the citizens of Russia, he is actually taking things toward the failure of the process of reforms, which in fact never even have been able to get started.

## The ideas of LaRouche

The main purpose of my trip here, of course, was not explaining the situation in Russia to Congress and the State Department; rather, the main goal of my visit, was to communicate the point of view of a group of deputies of the Moscow City Council to President Clinton and to congressmen concerning the case of the leader of your movement, Lyndon LaRouche [see *EIR*, Aug. 13, p. 60 for their letter to President Clinton].

I tried to give my analysis and evaluation of the most essential circumstances of the prosecution, which I am deeply convinced is political, of your leader and his co-thinkers. As you know, two of them, Michael Billington and Rochelle Ascher, are in jail at the current time.

I stated that for such things to be happening in the United States today, completely contradicts what we have been accustomed to understand as American democracy. I stated that these repressions should be stopped, and that President

Clinton and congressmen who are really committed to the cause of human rights, not merely as some kind of instrument of political pressure but as a higher value in any political system of civilized states, should create all the necessary preconditions for a genuinely dispassionate, objective review of the conviction and sentencing of LaRouche and the other leaders.

I attempted to explain to those with whom I was speaking that the right to have a political opposition, the right to dissidence, are the very principles on which the United States has insisted all over the world; and that these very principles are very beneficial also for the United States itself to observe, because the world right now has changed so seriously, that many previous approaches and stereotypes of thinking might not and in fact do not work any more.

And I stressed that whatever one's attitude might be toward the ideas and views of Lyndon LaRouche, today this is an alternative strategy; and nobody can say what service LaRouche's conceptions might be able to provide tomorrow. Lyndon LaRouche puts forward extremely valuable ideas, which have found a positive resonance in Russia, and this particularly concerns that aspect of his concept which touches on the fact that it's necessary to stress the production of tangible goods rather than the sphere of monetary circulation, which can lead and does lead to the illusion of well-being or at least stability in Russia now, while in fact there actually is no such stabilization.

(I'd like to give a glaring example of this. Two months ago, the dollar-ruble relation was 1,250 rubles to the dollar. Right now, the rate has improved a little bit in favor of the ruble, so that it's 1,000 rubles to the dollar or a little less. Yeltsin declares that there are signs of stabilization. If we actually look at the state of prices in Russia, however, and compare, say, prices on the most essential food products and consumer goods now and two months ago, we find that in those two months, prices have increased by 50%, 100%, or even 200%.)

In discussions with the congressmen, I again stressed the ruinousness of any attempt to persecute dissidents. I felt very awkward in saying this, because not long ago, the American President and Congress were trying to convince the leadership of the U.S.S.R. of what I am now trying to convince the U.S. congressmen.

## The food crisis in Russia

**Q:** What is going on agriculture? Are there outside investments?

**Kuzin:** I've given a general answer to that, insofar as I indicated that right now, investment in the productive sector is not profitable. And if you apply this fact to agriculture, you have a particularly tragic situation, because despite the fact that agricultural production as a branch of physical production is not at all profitable, people do have to eat and industry does have to have raw materials.

I think that this summer's harvest will be catastrophically low, because it probably will not be possible to bring in the harvest, even where something was planted. The machinery for agriculture is broken down in many cases; it's inoperative. There are not enough spare parts. There is a severe deficit of fuel; the prices for gasoline are extremely high, by our standards.

Here I'd like to note again that on the one side, everything's being shipped abroad, and on the other hand, there are shortages within Russia. This is one of the manifestations of the extent to which the policy conducted by the Yeltsin regime does not aim to meet the national interests of Russia.

Two weeks ago, the leadership of the Moscow mayor's office sent a letter to the Russian government signalling that food was running out for Moscow, and demanded that the government adopt emergency measures for requisition, for purchasing and supply of food to Moscow.

There is an absurd situation here, which shows the whole criminality of the policy followed by the regime. In an attempt to obtain full authority to conduct market reforms in Moscow, by which is meant the privatization of enterprises and trade, small factories that are inside Moscow, under the pretext of wanting to do this without administrative interference in the government of the city, and to be able to supply and ship goods for the city according to market practices, the Moscow administration of Luzhkov was saying earlier: We want everything to run by the market. But now, showing that they're completely incapable of feeding Moscow, they're appealing to the Russian Federation government.

**Q:** I just wondered, if there were motion toward the creation of small family farms, or whether the big collective farms still dominate.

**Kuzin:** There is such movement. A small group of people, like a family or a few families, who have freely united to create a private farm, is completely deprived of the necessary conditions to be able to do this. Agricultural equipment is exceedingly expensive; fertilizer is exceedingly expensive. Credits are extended at absolutely robber interest rates. It's extremely difficult to market food, because it's very expensive.

Yeltsin constantly talks about the need for private ownership of land, but today, not only can you not own land, but you can't properly lease it.

As for owning it I'd like to add that, in my opinion, the whole question of property rights should be approached very cautiously in Russia today, above all out of consideration for the national interests of Russia. Yeltsin's supporters propose to institute the free purchase and sale of land not only by Russian citizens, but also foreigners. It's not hard to imagine who could buy up this land today: the same *nomenklatura*, the same mafia capital of Russia, and also foreign capital.

**Q:** Do you have anything to say about the ruble reform?

**Kuzin:** The most well-informed country in the world, the United States of America, has put me in a position where,

having arrived here a week ago, I am absolutely deprived of the possibility of having the least idea of what's going on in Russia. The major hotels in the center of Washington don't have TV news programs that report on Russia. The American TV news programs are somewhat truncated—short. All attempts through a borrowed shortwave radio to get the channels that we use in Russia for getting news, like Voice of America or Radio Liberty, were unsuccessful in Washington. So I can't say so much about that.

## The place of the Army

**Q:** Do the Armed Forces represent any kind of coherent view, at least at the level of the higher officers' corps, that might in some positive way affect politics—not necessarily by a coup, but in some way, because only the military power would seem capable of countering this influence of organized crime together with the *nomenklatura*?

**Kuzin:** As far as I know right now, the leadership of the Armed Forces, as the leadership stated its position during the March crisis when Yeltsin threatened to resort to anti-constitutional methods with respect to the Parliament, and then right on the eve of the April 25 referendum and again after the referendum, has announced that it would not interfere in political processes, that it would act by the current constitution, and that it would protect that current Constitution from attack, no matter from what quarter.

That means that if Yeltsin tries forcibly to overthrow the Supreme Soviet, the Parliament, in Russia, he will meet resistance, including from the Armed Forces.

There is a whole array of specific and very serious problems which arise for the Russian Armed Forces right now, in connection with the reduction of said Armed Forces and the transition to a mixed Army—mixed in that it will be part volunteer and part conscript. There is an extraordinarily difficult situation with respect to quartering troops who served in units that were withdrawn from eastern Europe and the Baltic. To a large extent, this problem exists because the local Army leaderships are characterized by the same vices that characterize the leadership of the Executive branch in Russia: corruption, thievery, the attempt to make money from the illegal sale of weapons and other special military matériel.

In essence, the Russian Army today is not preoccupied with the type of concerns that normally surround the institution of the army in a civilized society.

In some areas, they don't have enough up-to-date weapons. In other areas, the military men don't receive adequate salaries to live decently; and many of them, they and their families, simply have nowhere to live.

This leads to a certain state of mind toward Yeltsin on the part of both the rank and file and the officer corps. According to a recent poll, 70% of the officer corps is hostile to Yeltsin.

But I would stress again, that there does not exist a possibility for the middle and lower ranks of the officer corps to

carry out some political initiatives. They remain loyal to their oath, and they do what their commanders tell them.

## The shadow of the KGB

**Q:** Were the people you met with at all impressed by the fact that the city councilmen that you represent from Moscow might be credited with ensuring President Clinton's election because of what they did to counter the KGB black operations?

**Kuzin:** The logic of our deputies' appeal to Clinton in defense of LaRouche was to be found in certain associations with the events of October of last year. A few weeks before the election, the foreign intelligence service of Russia circulated disinformation about Bill Clinton, alleging that he supposedly was mixed up with contacts with the KGB. They were referring to his trip to the Soviet Union in his youth, which, as far as I know, was a tourist trip. This was a rather unprecedented attack, which was par for the course, however, for our KGB.

What really upset us, was the fact that there was no official reaction by the Russian leadership. Many of the congressmen with whom I was speaking had thought that the initiative for this story being circulated came from the Republican Party. But one way or another, the statements were put out by KGB people, regardless of where the initiative came from.

For purely human reasons, we were very disturbed by such accusations being thrown at Clinton. It was obvious interference in U.S. internal affairs.

We decided to do as much as possible to clarify the situation. For this purpose, a group of deputies of the Moscow City Council sent to the Prosecutor General of Russia a letter, and using our right to do this, we demanded that they either give us the proof that the accusations circulated against Clinton were true, or call to account those responsible for circulating them if they were slanders.

We demanded an answer within 12 hours. Well, of course, there wasn't any answer, because, of course, there wasn't any proof. And so we issued a political statement which apologized, in the name of the people of Russia, to Americans for such crude behavior on the part of the Russian government.

Contemporary Russian politics is very unusual, so it might seem strange to you that a group of deputies from the City Council would suddenly do this. We understood that our statement was not going to have any juridical results; but at the same time, we couldn't do otherwise, because the deputies who signed this statement were people who came to work at the Moscow City Council to represent our constituents, with the probably naive belief that politics should be conducted with clean hands.

We issued our political statement, and sent it to the U.S. State Department, on Oct. 29 of last year, by fax. And we also conveyed it to the headquarters of the Democratic Party through its Moscow office.

In the letter, which we now have addressed to Clinton in defense of Lyndon LaRouche, it was very appropriate to recall this story to Bill Clinton's attention, because, as you know, the KGB did not exactly play the most insignificant role in the jailing of Lyndon LaRouche.

**Q:** You probably heard that we intend to stop some of the educational restructuring in the United States that's based on some of the worst experimental examples in Soviet early education, and I wondered what was going on in Russian education?

**Kuzin:** What I have been able to hear in discussions this week about the innovations in pedagogical practice in your country, is rather more horrifying than even what we had. I had the opportunity to talk with the president of the Schiller Institute, Webster Tarpley, and between us, we could only find one analogy, and that was the laws of Sparta. For us, in our scientific study, the Spartan state is put forward as an ancient example of a totalitarian regime. And in this connection, I would like to share a thought.

I've already mentioned what great dangers are connected with the transformation of any power into absolute power. When power becomes absolute, it loses any ability to be stimulated to be good power, with respect to those for whose sake it is being exercised. Therefore, having become bad, it becomes afraid, and attempts to destroy sources of criticism of itself. And therefore, it's always bothered by thinking and creatively developed people. And I'm very afraid lest these processes in your pedagogical thinking be some reflection already of your state administration's concept, its self-consciousness of its place in the world, as a system of absolute power. Maybe there's a little exaggeration there, but I felt it was necessary to share this thought.

## How the Democratic Union was built

**Q:** I would like to know more about the Democratic Union party, whether you have a newspaper, how you politically organize?

**Kuzin:** The destiny of the Democratic Union is atypical for a political party. Actually, what's called a party today in the former Soviet Union is not much like a party in the proper sense of the word. Society is in an unsettled state. Above all, you don't have the properties which are normal for different classes and layers in a society. For example, we have not yet formed a class of property owners, while the *nomenklatura* elite, which has pretensions to be the property owners, is still not so sure of its future, and is often afraid of being exposed.

Therefore, there do not exist proper organizations which would express the interests of the groups which have come into existence. What we call parties in Russia are usually groups of people that are grouped around deputies of the Supreme Soviet or around individual past dissidents, or around individual representatives of the old *nomenklatura*.

Amongst all these organizations, Democratic Union has a special and I would call it perhaps a non-political role.



When, in 1988, we were forming the party, we of course understood that we would not be able to launch activity as a party, first of all, because there was no procedure for doing this. Parties were not recognized at that time. We had no legal basis for activity as a party. We proceeded without prior permission.

In the program which we issued, we approached this question of the legal basis for our activity as follows. We rejected Soviet laws and the Soviet Constitution, insofar as they contradicted international pacts on human rights. We declared ourselves to be a party for the purpose of creating a precedent, so that people who would be looking at us from the outside would understand that one could act in this way, and that one should not be afraid to act in this way, in order for people, in some sense, to look at us as examples of independent behavior.

From everything that I'm saying, it's clear that the Democratic Union viewed itself above all as a moral factor. As I already said, we actually didn't have real possibilities on this basis to take part in politics. We couldn't count on having a large number of open supporters, because people were frightened. And therefore, our activity mainly consisted in writing articles, publishing memoirs, which exposed the nature of the totalitarian regime.

### **'We kept on organizing'**

In order to have contact with people, we went out on the squares and we conducted demonstrations and public meetings. As a rule, the authorities broke up all of these meetings. But nevertheless, we kept on organizing them. Gradually, the ideas that we were preaching — these were not new ideas, we weren't inventing new ideas, we were simply trying to bring the ideas of parliamentary democracy onto Russian soil — were disseminated, and gained more and more sympathy.

The more or less liberal papers amongst the communist press, which had started by cussing us out, had to switch over to commentaries and analysis of our program. And so gradually, we were able to expand our influence. We had independent branches of our organization not only in Russia but in the other republics of the former Soviet Union, in the Baltic states, for example, in Ukraine, Kazakhstan, Georgia.

These were not numerically strong organizations. They mainly were comprised of the dissidents, and new leaders of the democratic movement. They were acting under very difficult conditions. Where the organizations were relatively larger, they basically were engaged in distributing the newspaper we published.

For a long time, from 1988 up to somewhere in 1990, the newspaper of Democratic Union, *Svobodnoye Slovo* (*Free Word*), together with the human rights defense newspaper called *Ekspress Khronika*, which was put out and still is put out by the long-time human rights fighter in Russia, Aleksandr Podryabinek, were practically the only opposition

papers which came out in the U.S.S.R. — meaning mass-circulation papers.

Having no substantial funds and no printing equipment, no computers, through the illegal use of government printing facilities (Lithuania helped us a lot in this regard at one time), we published what for those times was a huge run for our newspaper, 40-50,000 copies. We had a whole distribution network of couriers taking it all over the country — almost like Lenin for the distribution of *Iskra!* But we were acting in a somewhat different direction.

So that's what we did. None of us counted on communist ideology falling so fast. Nobody believed it at that time, and many were afraid to have anything to do with us. A lot of people told us: "You've begun too soon. Decades will have to pass." And that the current generation has a slave mentality and they're not going to do anything. We objected, and replied, "The majority of people are no different from us. And in quite a short time, some change is going to happen anyway," that the intensification of the economic crisis didn't really leave much time for introducing necessary reforms.

And, of course, the most important thing, is that it was written into the program of our party, that the party is to function for the transitional period from totalitarianism to democracy.

The main thing that we warned the democratic movement about, with respect to the transition from totalitarianism, was not to let the *nomenklatura* get the initiative back by passing themselves off as the real democrats, which is exactly what has now happened.

We devoted a lot of attention to criticizing Gorbachov, and we didn't consider him progressive in the least, but rather a leader who was trying to give a second wind to this system which had outlived its time. It seems that this warning was also not off the mark, and events went along this very dangerous road. Things came around in such a way, that organizations like Democratic Union and many organizations of Christian Democrats, many patriotically inclined democratic organizations in the country — their patriotism is found in their belief that the Russian state should take care of the interests and rights of its own citizens, rather than some other state — all these organizations have been declared by Yeltsin to be reactionary, and even fascist sometimes.

And Yeltsin and his entourage — among the people who are very close to him is the former professor of scientific communism from Sverdlovsk, Burbulis, and the former Moscow University professor of the theory of the economics of developed socialism, Gavriil Popov — are now democratic liberals Number One, and anti-communists Number One. But the saddest thing, is that they're taken seriously in the West, as democrats and anti-communists. Therefore, a coming to the senses in political consciousness, for the leaders of the United States, and on the whole a closer understanding of what's happening in Russia, needs to be really helped a lot, very intensively.



## Antonin Dvorak: creating a truly 'American' music

by Kathy Wolfe and Marcia Merry

Centennial celebrations are now in progress for the journey to America during 1892-95 of the Czech composer Antonin Dvorak (1841-1904) who, in collaboration with his friend Johannes Brahms (1833-97), sought to bring to Americans the best tradition of European Classical music. In fact, it is poetic justice that, as the result of this trip, one of the last truly Classical symphonies to date, was composed in the United States. The centennial of Dvorak's Symphony "From the New World," Op. 95, in E minor, which the composer began in New York and finished in 1893, will be marked by concerts in New York this December.

On Aug. 6-8, the Czech-American town of Spillville, Iowa hosted a "Dvorak Festival" to celebrate Dvorak's 1893 summer in the town, where he composed among other works his "American" string quartet Op. 96 in F. Dvorak's grandson, great-grandson, and great-great-grandson, Antonin Dvorak III, Antonin Dvorak IV, and Antonin Dvorak V, traveled from Prague for the festival, which included concerts in St. Wenceslaus Church (where Dvorak played the organ for the mass), and performances of his symphonies, piano, string, vocal, and other works.

Of most lasting significance, however, is Dvorak's work with the next generation of young American composers. Arriving in time for the Columbus Quadracentenary in 1892, Dvorak was truly a "musical Columbus." He came to take up the post of director of New York's new National Conservatory of Music, a school founded by Manhattan philanthropist Jeanette Thurber, a retired music teacher determined to create an American school of composers.

Mrs. Thurber won the special designation "National" for the school from Congress, by granting free tuition to poor students, and by especially encouraging African-American,

native American, and poor Irish, German, and other immigrants to take up the high art of Classical contrapuntal composition to enrich American culture.

Dvorak's article from *Harper's New Monthly Magazine*, which we reprint below, tells how warmly he embraced this idea. Here he attempts to develop a notion of how a national culture can also be universal.

### The black musician as hero

Dvorak found in particular that among those most ready to receive the legacy of Bach, Beethoven, and Brahms from his hands, were a number of black American musicians who had been steeped in the European, especially in the German Classical tradition. In certain schools and churches across the land, the tradition of bel canto, the singing of polyphonic choruses, and the reading of Scripture and the classics in Greek, Latin, German and other languages had survived, sometimes almost underground, among both free and enslaved blacks, since the time of the American Revolution.

This image of what *EIR* founding editor Lyndon LaRouche has called "the black Classical musician as a collective American hero" shocked the bluebloods on Wall Street, but delighted Dvorak.

Dvorak not only helped to train African-American composers such as Harry Burleigh, Maurice Arnold, and Will Cook, but also strongly urged them to study "Negro melodies, the songs of the Creoles, the red man's chant, and the ditties of the homesick German or Norwegian," as he wrote. "I did not come to America to interpret Beethoven or Wagner for the public. I came to discover what young Americans had in them, and to help them to express it."

He recognized in certain Negro spirituals the basis for

establishing a tradition of the classical art song, a German *lied*, for America. He encouraged the bel canto singing of these songs according to Classical principles, and had his close friend Harry Burleigh and others sing many of the spirituals to him, in order to study them as thematic material for the construction of larger choral and instrumental works, just as Brahms studied and recomposed hundreds of German and Slavic folk songs.

It was in fond tribute to this that words were later put to the theme of the second movement of Dvorak's "New World Symphony," to create the "spiritual" known today as "Goin' Home."

Brahms, Dvorak, and their circle in Europe strongly supported Emancipation and Lincoln's vision for the Union in the U.S. Civil War, from their profound belief that, as Schiller and Beethoven said that *all* men are brothers. In Dvorak's words, America "earned its name, the 'Land of Freedom,' by unshackling her slaves at the price of her own blood."

Dvorak also relates his idea that a nation should invest in creating a musical culture, to the basic concept Lincoln had of economic policy: "protectionism." A nation, he argues, should invest in its own artists, just as it raises tariffs and other barriers to protect its national industries. In the 1890s, the ideas of Lincolnian "American System" economists such as Henry Carey and Friedrich List were still well known, and the public was aware that British free trade theory originated as a promotion of the slave trade.

Today, when legislative debate over funding for the arts has degenerated into a showdown between the Jesse Helms approach (no public funding at all) and the ultra-liberal view of promoting pornography and terrorism at taxpayer expense, it is refreshing to be reminded of Dvorak's positive conception and its roots in the European musical system that produced the greatest composers.

## Music in America

by Antonin Dvorak

*What follows is the full text of the article as it appeared in Harper's New Monthly Magazine, Vol. XC, February 1895, pp. 429-434.*

It is a difficult task at best for a foreigner to give a correct verdict of the affairs of another country. With the United States of America this is more than usually difficult, because they cover such a vast area of land that it would take many years to become properly acquainted with the various localities, separated by great distances, that would have to be considered when rendering a judgment concerning them all. It

would ill become me, therefore, to express my view on so general and all embracing a subject as music in America, were I not pressed to do so, for I have neither travelled extensively, nor have I been here long enough to gain an intimate knowledge of American affairs. I can only judge of it from what I have observed during my limited experience as a musician and teacher in America, and from what those whom I know here tell me about their own country. Many of my impressions therefore are those of a foreigner who has not been here long enough to overcome the feeling of strangeness and bewildered astonishment which must fill all European visitors upon their first arrival.

The two American traits which most impress the foreign observer, I find, are the unbounded patriotism and capacity for enthusiasm of most Americans. Unlike the more diffident inhabitants of other countries, who do not "wear their hearts upon their sleeves," the citizens of America are always patriotic, and no occasion seems to be too serious or too slight for them to give expression to this feeling. Thus nothing better pleases the average American, especially the American youth, than to be able to say that this or that building, this or that new patent appliance, is the finest or grandest in the world. This, of course, is due to that other trait — enthusiasm. The enthusiasm of most Americans for all things new is apparently without limit. It is the essence of what is called "push" — American push. Every day I meet with this quality in my pupils. They are unwilling to stop at anything. In the matters relating to their art they are inquisitive to a degree that they want to go to the bottom of all things at once. It is as if a boy wished to dive before he could swim.

At first, when my American pupils were new to me, this trait annoyed me, and I wished them to give more attention to the one matter in hand rather than to everything at once. But now I like it, for I have come to the conclusion that this youthful enthusiasm and eagerness to take up everything is the best promise for music in America. The same opinion, I remember, was expressed by the director of the new conservatory in Berlin, who, from his experience with American students of music, predicted that America within twenty or thirty years would become the first musical country.

Only when the people in general, however, begin to take as lively an interest in music and art as they now take in more material matters will the arts come into their own. Let the enthusiasms of the people once be excited, and patriotic gifts and bequests must surely follow.

It is a matter of surprise to me that all this has not come long ago. When I see how much is done in every other field by public spirited men in America — how schools, universities, libraries, museums, hospitals, and parks spring up out of the ground and are maintained by generous gifts — I can only marvel that so little has been done for music. After two hundred years of almost unbroken prosperity and expansion, the net results for music are a number of public concert halls of most recent growth; several musical societies with

orchestras of noted excellence, such as the Philharmonic Society in New York, the orchestras of Mr. Thomas and Mr. Seidl, and the superb orchestra supported by a public spirited citizen of Boston: one opera company, which only the upper classes can hear or understand; and a national conservatory which owes its existence to the generous forethought of one indefatigable woman.

It is true that music is the youngest of the arts, and must therefore be expected to be treated as Cinderella, but is it not time that she were lifted from the ashes and given a seat among the equally youthful sister arts in this land of youth, until the coming of the fairy godmother and the prince of the crystal slipper?

Art, of course, must always go a-begging, but why should this country alone, which is so justly famed for the generosity and public spirit of its citizens, close its door to the poor beggar? In the Old World this is not so. Since the days of Palestrina, the three hundredth anniversary of whose death was celebrated in Rome a few weeks ago, princes and prelates have vied with each other in extending a generous hand to music. Since the days of Pope Gregory the Church has made music one of her own chosen arts. In Germany and Austria princes like Esterhazy, Lebkowitz, and Harruch, who supported Haydn and Beethoven, or the late King of Bavaria, who did so much for Wagner, with many others, have helped to create a demand for good music, which has since become universal, while in France all governments, be they monarchies, empires, or republics, have done their best to carry on the noble work that was begun by Louis the Fourteenth. Even the little republic of Switzerland annually sets aside a budget for the furtherance of literature, music, and the arts.

A few months ago only we saw how such a question of art as whether the operas sung in Hungary's capital should be of a national or foreign character could provoke a ministerial crisis. Such is the interest in music and art taken by the governments and people of other countries.

The great American republic alone in its national government as well as in the several governments of the States, suffers art and music to go without encouragement. Trades and commerce are protected, funds are voted away for the unemployed, schools and colleges are endowed, but music must go unaided, and be content if she can get the support of a few private individuals like Mrs. Jeannette M. Thurber and Mr. H.L. Higginson.

Not long ago a young man came to me and showed me his compositions. His talent seemed so promising that I at once offered him a scholarship in our school; but he sorrowfully confessed that he could not afford to become my pupil, because he had to earn his living by keeping books in Brooklyn. Even if he came on but two afternoons in the week, or on Saturday afternoon only, he said, he would lose his employment, on which he and others had to depend. I urged him to arrange the matter with his employer, but he only received the answer: "If you want to play, you can't keep

books. You will have to drop one or the other." He dropped his music.

In any other country the state would have made some provision for such a deserving scholar, so that he could have pursued his natural calling without having to starve. With us in Bohemia the Diet each year votes a special sum of money for just such purposes, and the imperial government in Vienna on occasion furnishes other funds for talented artists. Had it not been for such support, I should not have been able to pursue my studies when I was a young man. Owing to the fact that, upon the kind recommendation of such men as Brahms, Hanslick, and Herbeck, the Minister of Public Education in Vienna on five successive years sent me sums ranging from four to six hundred florins, I was able to pursue my work and to get my compositions published, so that at the end of that time I was able to stand on my own feet. This has filled me with lasting gratitude towards my country.

Such an attitude of the state towards deserving artists is not only a kind but a wise one. For it cannot be emphasized too strongly that art, as such, does not "pay," to use an American expression—at least, not in the beginning—and that the art that has to pay its own way is apt to become vitiated and cheap.

It is one of the anomalies of this country that the principle of protection is upheld for all enterprises but art. By protection I do not mean the exclusion of foreign art. That, of course, is absurd. But just as the State here provides for its poor industrial scholars and university students, so should it help the would-be students of music and art. As it is now, the poor musician not only cannot get his necessary instruction, in the first place, but if by any chance he has acquired it, he has small prospects of making his chosen calling support him in the end. Why is this? Simply because the orchestras in which first-class players could find a place in this country can be counted on one hand; while of opera companies where native singers can be heard, and where the English tongue is sung, there are none at all. Another thing which discourages the student of music is the unwillingness of publishers to take anything but light and trashy music. European publishers are bad enough in that respect, but the American publishers are worse. Thus, when one of my pupils last year produced a very creditable work, and a thoroughly American composition at that, he could not get it published in America, but had to send it to Germany, where it was at once accepted. The same is true of my own compositions on American subjects, each of which hitherto has had to be published abroad.

No wonder American composers and musicians grow discouraged, and regard the more promising condition of music in other countries with envy! Such a state of affairs should be a source of mortification to all truly patriotic Americans. Yet it can be easily remedied. What was the situation in England but a short while ago? Then they had to procure all their players from abroad, while their own musicians went to the Continent to study. Now that they have two standard academies of music in London, like those of

Berlin, Paris, and other cities, the national feeling for music seems to have been awakened, and the majority of orchestras are composed of native Englishmen, who play as well as the others did before. A single institution can make such a change, just as a single genius can bestow an art upon his country that before was lying in unheeded slumber.

Our musical conservatory in Prague was founded but three generations ago, when a few nobles and patrons of music subscribed five thousand florins, which was then the annual cost of maintaining the school. Yet that little school flourished and grew, so that now more than sixfold that amount is annually expended. Only lately a school for organ music has been added to the conservatory, so that the organists of our churches can learn to play their instruments at home, without having to go to other cities. Thus a school benefits the community in which it is. The citizens of Prague in return have shown their appreciation of the fact by building the "Rudolfinum" as a magnificent home for all the arts. It is jointly occupied by the conservatory and the Academy of Arts, and besides that contains large and small concert halls and rooms for picture-galleries. In the proper maintenance of this building the whole community takes an interest. It is

supported, as it was founded, by the stockholders of the Bohemian Bank of Deposit, and yearly gifts and bequests are made to the institution by private citizens.

If a school for art can grow so in a country of but six million inhabitants, what much brighter prospects should it not have in a land of seventy million? The important thing is to make a beginning, and in this the State should set an example.

They tell me that this cannot be done. I ask, why can't it be done? If the old commonwealths of Greece and Italy, and the modern republics of France and Switzerland, have been able to do this, why cannot America follow their example? The money certainly is not lacking. Constantly we see great sums of money spent for the material pleasures of the few, which, if devoted to the purposes of art, might give pleasure to thousands. If schools, art museums, and libraries can be maintained at the public expense, why should not musical conservatories and playhouses? The function of the drama, with or without music, is not only to amuse, but to elevate and instruct while giving pleasure. Is it not in the interest of the State that this should be done in the most approved manner, so as to benefit all of its citizens? Let the owners of

The heavy control over music publishing that Dvorak found and criticized in the United States is epitomized by this typical "coon song" sheet music, published in 1894, in Boston, London, New York, and other cities. After losing the U.S. Civil War, British imperial circles stepped up their cultural subversion operations in the United States in many ways. One project focused on re-editing hymnals to replace polyphonic music with sappy, single-line ditties. Other projects aimed at suppressing the printing of Classical repertoire of opera, lieder, and other great music — which would be popular if it were available. In particular, black musicians were denied education, income, and access to be heard or published — unless they performed demeaning "coon songs," or passed as white. It was at this time that British counterculture networks fostered the creation of "Tin Pan Alley" in New York City.

There, "tunesmiths" worked in cubicles, turning out tripe that would pass approval by the British publishing controllers. These networks fostered vaudeville, to undermine interest in real music. From 1890 to 1900, a mainstay in vaudeville was the "coon song" — a racist stereotype launched by these networks in 1887. From 1890 to 1900, some 600 of these songs were printed in mass runs, while compositions worthy of publishing and performance were suppressed. Dvorak's own setting of Stephen Foster's "Old Folks at Home," first performed in 1892 and scored for chorus, soloist, and orchestra — dedicated to the famous black musician Harry T. Burleigh — has not been printed to this day. — *Marcia Merry*

private playhouses give their performances for diversion only, let those who may import singers who sing in foreign tongues, but let there be at least one intelligent power that will see to it that the people can hear and see what is best, and what can be understood by them, no matter how small the demand.

That such a system of performing classic plays and operas pleases the people was shown by the attitude of the populace in Prague. There the people collected money and raised subscriptions for over fifty years to build a national playhouse. In 1880 they at last had a sufficient amount, and the "National Theatre" was accordingly built. It had scarcely been built when it was burned to the ground. But the people were not to be discouraged. Everybody helped, and before a fortnight was over more than a million had been collected, and the house was at once built up again, more magnificent than it was before.

In answer to such arguments I am told that there is no popular demand for good music in America. That is not so. Every concert in New York, Boston, Philadelphia, Chicago, or Washington, and most other cities, no doubt, disproves such a statement. American concert halls are as well filled as those of Europe, and as a rule, the listeners — to judge them by their attentive conduct and subsequent expression of pleasure — are not a whit less appreciative. How it would be with opera I cannot judge, since American opera audiences, as the opera is conducted at present, are in no sense representative of the people at large. I have no doubt, however, that if the Americans had a chance to hear grand opera sung in their own language they would enjoy it as well and appreciate it as highly, as the opera-goers of Vienna, Paris, or Munich enjoy theirs. The change from Italian and French to English will scarcely have an injurious effect on the present good voices of the singers, while it may have the effect of improving the voices of American singers, bringing out more clearly the beauty and strength of the *timbre*, while giving an intelligent conception of the work that enables singers to use a pure diction, which cannot be obtained in a foreign tongue.

The American voice, so far as I can judge, is a good one. When I first arrived in this country I was startled by the strength and the depth of the voices in the boys who sell papers on the street, and I am still constantly amazed at its penetrating quality.

In a sense, of course, it is true that there is less of a demand for music in America than in certain other countries. Our common folk in Bohemia know this. When they come here, they leave their fiddles and other instruments at home, and none of the itinerant musicians with whom our country abounds would ever think of trying their luck over here. Occasionally when I have met one of my countrymen whom I knew to be musical in this city of New York or in the West, and have asked him why he did not become a professional musician, I have usually received the answer, "Oh, music is not wanted in this land." This I can scarcely believe. Music is wanted wherever good people are, as the German poet has

sung. . . . It only rests with the leaders of the people to make a right beginning.

When this beginning is made, and when those who have musical talent find it worth their while to stay in America, and to study and exercise their art as the business of their life, the music of America will soon become more national in its character. This, my conviction, I know is not shared by many who can justly claim to know this country better than I do. Because the population of the United States is composed of many different races, in which the Teutonic element predominates, and because, owing to the improved methods of transmission of the present day, the music of all the world is quickly absorbed by this country, they argue that nothing specially original or national can come forth. According to that view, all other countries which are but the results of a conglomeration of peoples and races, as, for instance, Italy, could not have produced a national literature or a national music.

A while ago I suggested that inspiration for truly national music might be derived from the negro melodies or Indian chants. I was led to take this view partly by the fact that the so-called plantation songs are indeed the most striking and appealing melodies that have yet been found on this side of the water, but largely by the observation that this seems to be recognized, though often unconsciously, by most Americans. All races have their distinctively national songs, which they at once recognize as their own, even if they have never heard them before. When a Tsch, a Pole, or a Magyar in this country suddenly hears one of his folk songs or dances, no matter if it is for the first time in his life, his eye lights up at once, and his heart within him responds, and claims that music as its own. So, it is with those of Teutonic or Celtic blood, or any other men, indeed, whose first lullaby mayhap was a song wrung from the heart of the people.

It is a proper question to ask, what songs, then, belong to the American and appeal more strongly to him than any others? What melody could stop him on the street if he were in a strange land and make the home feeling well up within him, no matter how hardened he might be or how wretchedly the tune were played? The number, to be sure, seems to be limited. The most potent as well as the most beautiful among them, according to my estimation, are certain of the so-called plantation melodies and slave songs, all of which are distinguished by unusual and subtle harmonies, the like of which I have found in no other songs but those of old Scotland and Ireland. The point has been urged that many of these touching songs, like those of Foster, have not been composed by the negroes themselves, but are the work of white men, while others did not originate on the plantation, but were imported from Africa. It seems to me that this matters but little. One might as well condemn the Hungarian Rhapsody because Liszt could not speak Hungarian. The important thing is that the inspiration for such music should come from the right source, and that the music itself should be a true expression of the people's real feelings. To read the right meaning the composer need not necessarily be of the same

## Aug. 27 concert in D.C.

Once Marian Anderson and other great artists could not perform at Constitution Hall in Washington, D.C. At 7:30 p.m. on Friday, Aug. 27, the weekend of the 30th anniversary of Dr. King's "March on Washington," baritone Robert McFerrin, pianist Sylvia Olden Lee, and a host of musicians will celebrate, in Constitution Hall, the triumph of the principles of the Declaration of Independence over prejudice.

Civil rights heroine and Schiller Institute vice chairman Amelia Boynton Robinson wrote a letter inviting church groups and others to the concert. Some quotes follow: "In the joyful work in which we participated with the prophet Martin Luther King in the 1950s and 1960s, we were privileged to see Americans, from the most diverse backgrounds, decide to risk 'their lives, their fortunes, and their sacred honor' on behalf of the principle of Sacred Love.

"Dr. King referred to love as 'creative non-violence.' . . . By purifying our own motives, we were able to unleash a social force that no tyrant, no racist, no bureaucracy, and no honest heart or mind, was able to resist.

"Now, today, almost 30 years later, that same force is needed, more than ever before. And, we recently saw this force of Love act in November of 1989 with the fall of the

Berlin Wall. . . .

"Often, it was music which carried the day against munitions. In Leipzig, it was the Leipzig orchestra and its conductor, who helped to stop the secret police from massacring demonstrators. In the streets of Prague, a week after a student had been killed in a demonstration, hundreds of thousands gathered in the streets to defy the regime, and many sang 'We Shall Overcome—Deep in my heart, I do believe, we shall overcome some day.'

"The poetry of Friedrich Schiller, after whom our Institute is named, 'Ode To Joy,' was sung in Tiananmen Square, in Beijing; and in Berlin, where people danced on the broken-down Wall, the music of Beethoven's Ninth Symphony greeted the newly liberated East German citizens as they walked through to the West.

"I have found that the work of such people as Martin Luther King, Jr., Marian Anderson, Roland Hayes, and Paul Robeson, is much better appreciated, and in some cases better known, in Europe than in the United States. I believe that we must, if we are to survive as a nation, honor these people and the principles for which they stood.

"Music cannot be separated from the struggle of the Americans in the civil rights movement, for the inalienable rights of all men. In fact, I believe that we must teach our children the great repertoire that these singers performed, for it was the spirit of these songs that 'pulled us through the wilderness.' "

blood, though that, of course, makes it easier for him. Schubert was a thorough German, but when he wrote Hungarian music, as in the second movement of the C-Major Symphony, or in some of his piano pieces, like the Hungarian Diverissement, he struck the true Magyar note, to which all Magyar hearts, and with them our own, must forever respond. This is not a *tour de force*, but only an instance of how much can be comprehended by a sympathetic genius. The white composers who wrote the touching negro songs which dimmed Thackeray's spectacles so that he exclaimed, "Behold, a vagabond with a corked face and a banjo sings a little song, strikes a wild note, which sets the whole heart thrilling with happy pity!" had a similarly sympathetic comprehension of the deep pathos of slave life. If, as I have been informed they were, these songs were adopted by the negroes on the plantations, they thus became true negro songs. Whether the original songs which most have inspired the composers came from Africa or originated on the plantations matters as little as whether Shakespeare invented his own plots or borrowed them from others. The thing to rejoice over is that such lovely songs exist and are sung at the present day. I, for one, am delighted by them. Just so it matters little whether the inspira-

tion for the coming folk songs of America is derived from the negro melodies, the songs of the creoles, the red man's chant, or the plaintive ditties of the homesick German or Norwegian. Undoubtedly the germs for the best of music lie hidden among all the races that are commingled in this great country. The music of the people is like a rare and lovely flower growing amidst encroaching weeds. Thousands pass it, while others trample it under foot, and thus the chances are that it will perish before it is seen by the one discriminating spirit who will prize it above all else. The fact that no one has as yet arisen to make the most of it does not prove that nothing is there.

Not so many years ago Slavic music was not known to the men of other races. A few men like Chopin, Glinka, Moniuszko, Smetana, Rubenstein, and Tchaikowski, with a few others, were able to create a Slavic school of music. Chopin alone caused the music of Poland to be known and prized by all lovers of music. Smetana did the same for us Bohemians. Such national music, I repeat, is not created out of nothing. It is discovered and clothed in new beauty, just as the myths and the legends of a people are brought to light and crystallized in undying verse by the master poets. All

that is needed is a delicate ear, a retentive memory, and the power to weld the fragments of former ages together in one harmonious whole. Only the other day I read in a newspaper that Brahms himself admitted that he had taken existing folk songs for the themes of his new book of songs and had arranged them for piano music. I have not heard nor seen the songs, and do not know if this be so; but if it were, it would in no wise reflect discredit upon the composer. Liszt in his rhapsodies and Berlioz in his *Faust* did the same thing with existing Hungarian strains, as for instance, the Racokzy March; and Schumann and Wagner made a similar use of the Marseillaise for their songs of the "Two Grenadiers." Thus, also, Balfe, the Irishman, used one of our most national airs, a Hussite song, in his opera, *The Bohemian Girl*, though how he came by it nobody has as yet explained. So the music of the people, sooner or later, will command attention and creep into the books of composers.

An American reporter once told me that the most valuable talent a journalist could possess was a "nose for news." Just so, the musician must prick his ears for music. Nothing must be too low or too insignificant for the musician. When he walks he should listen to every whistling boy, every street singer or blind organ grinder. I myself am often so fascinated by these people that I can scarcely tear myself away, for every now and then I catch a strain or hear the fragments of a recurring melodic theme that sound like the voice of the people. These things are worth preserving, and no one should be above making a lavish use of all such suggestions. It is a sign of barrenness, indeed, when such characteristic bits of music exist and are not heeded by the learned musicians of the age.

I know that it is still an open question whether the inspiration derived from a few scattering melodies and folk songs can be sufficient to give a national character to higher forms of music, just as it is an open question whether national music, as such, is preferable. I myself, as I have always declared, believe firmly that the music that is most characteristic of the nation whence it springs is entitled to the highest consideration. The part of Beethoven's Ninth Symphony that appeals most strongly to all is the melody of the last movement, and that is also the most German. Weber's best opera, according to the popular estimate, is *Der Freischütz*. Why? Because it is the most German. His inspiration there clearly came from the thoroughly German scenes and situations of the story, and hence his music assumed that distinctly national character which has endeared it to the German nation as a whole. Yet, he himself spent far more pains on his opera *Euryanthe*, and persisted to the end in regarding it as his best work. But the people, we see, claim their own; and, after all, it is for the people that we strive.

An interesting essay could be written on the subject how much the external framework of an opera — that is, the words, the characters of the personages, and the general *mise en scène* contribute towards the inspiration of the composer. If

Weber was inspired to produce his masterpiece by so congenial a theme as the story of *Der Freischütz*, Rossini was undoubtedly similarly inspired by the Swiss surroundings of William Tell. Thus one might almost suspect that some of the charming melodies of that opera are more the product and property of Switzerland than of the Italian composer. It is to be noticed that all of Wagner's operas, with the exception of his earliest work, *Rienzi*, are inspired by German subjects. The most German of them all is that of *Die Meistersinger*, that opera of operas, which should be an example to all who distrust the potency of their own national topics.

Of course, as I have indicated before, it is possible for certain composers to project their spirit into that of another race and country. Verdi partially succeeded in striking Oriental chords in his *Aida*, while Bizet was able to produce so thoroughly Spanish strains and measures as those of *Carmen*. Thus inspiration can be drawn from the depths as well as from the heights, although that is not my conception of the true mission of music. Our mission should be to give pure pleasure, and to uphold the ideals of our race. Our mission as teachers is to show the right way to those who come after us.

My own duty as a teacher, I conceive, is not so much to interpret Beethoven, Wagner, or other masters of the past, but to give what encouragement I can to the young musicians of America. I must give full expression to my firm conviction, and to the hope that just as this nation has already surpassed so many others in marvellous inventions and feats of engineering and commerce, and has made an honorable place for itself in literature in one short century, so it must assert itself in the other arts, and especially in the art of music. Already there are enough public-spirited lovers of music striving for the advancement of this their chosen art to give rise to the hope that the United States of America will soon emulate the older countries in smoothing the thorny path of the artist and musician. When that beginning has been made, when no large city is without its public opera house and concert hall, and without its school of music and endowed orchestra, where native musicians can be heard and judged, then those who hitherto have had no opportunity to reveal their talent will come forth and compete with one another, till a real genius emerges from their number, who will be as thoroughly representative of his country as Wagner and Weber are of Germany, or Chopin of Poland.

To bring about this result we must trust to the ever-youthful enthusiasm and patriotism of this country. When it is accomplished, and when music has been established as one of the reigning arts of the land, another wreath of fame and glory will be added to the country which earned its name, the "Land of Freedom," by unshackling her slaves at the price of her own blood.

*Note: The author acknowledges the cooperation of Mr. Edwin Emerson, Jr. in the preparation of this article.*



## Verrett, Warfield shine at NANM convention

Metropolitan Opera soloist Shirley Verrett, with the noted African-American conductor Warren George Wilson at the keyboard, gave a beautiful concert on Aug. 1 in Oakland, California, to open the Annual Convention of the National Association of Negro Musicians (NANM). Founded in Washington in 1919 by "people of cultural ideals and music groups of high standards," the association put on eight days of Classical music at its Aug. 1-7 convention, of which this opening Gala Concert was a highlight.

The selections covered the gamut from German lieder by Brahms, French chansons by Bizet and Godard, to American spirituals by Hall Johnson and Italian arias by Verdi, all performed according to high Classical standards. Even the French songs, whose content is normally Romantic mush, were made to sound like music.

Miss Verrett's fine spinto soprano carried effortlessly over the crowd despite the poor conditions of a hotel ballroom's low ceiling and the annoyance of a rock concert next door. The duo's first few notes transfixed everyone.

Especially moving was the ensemble, in which Maestro Wilson's musical long line spoke in such dialogue with Miss Verrett, that it seemed both were singing together. Such is the advantage (not enjoyed by many today) of developing music through a permanent collaboration over many years, such as that of Marian Anderson and Franz Rupp, or Lotte Lehmann and Paul Ulanowsky.

Most outstanding were Brahms's "Von ewiger Liebe," Johnson's "Fix Me," and Desdemona's soliloquy from Verdi's opera *Otello*. "Von ewiger Liebe," one of Brahms's most

passionate songs, is often ruined by smothering its content in Wagnerian bathos. Verrett and Wilson, however, saw the song's idea content unfolds through counterpoint like Beethoven's, and, bringing that out, they created that quality of extended emotional and intellectual space required to render true artistic passion.

Hall Johnson's spiritual "Fix Me" was done with an equal Classical sense of long line, with no extraneous nonsense. Desdemona's farewell, "Salce, salce" ("Willow, willow"), and her final prayer "Ave Maria," perhaps one of the most intense extended scenes in opera, were fitting climax to the concert, with all the beautiful pianissimos and delicate transitional passages necessary to convey the eternal life of the soul depicted by the composer.

## Master class conveys 'voicing' of a song

Since his 1950 New York Town Hall debut, William Warfield has been known as one of America's finest baritones. Concentrating upon German lieder, sacred oratorio, and American spirituals, he is also a national leader in expanding opportunities for black musicians, most recently as 1985-90 president of NANM.

Now in his 70s, Dr. Warfield, voice professor at the University of Illinois Champaign-Urbana, shared his knowledge with students and music teachers at a workshop on Aug. 4.

His ability to convey the *voicing* of a song—the creation of distinct vocal colors and characters within one piece, which provokes a "Socratic dialogue" between singer and audience—was riveting. This art, almost lost today, is the soul of the lied and spiritual alike.

After listening to a student baritone sing Schubert's "Erlkönig" with a beautiful voice but not enough differentiation, Warfield made an incisive intervention. He described the four musical voices—the narrator, the father, the boy, and the ghostly Elf King—with such contrast, that his face and voice alike seemed to take on four different personalities.

Dr. Warfield also showed the student how to change from voice to voice instantaneously, so that the song is integrated into a whole. As the student could not copy this immediately, Warfield asked him to differentiate the three voices of the father, son, and Elf King, by singing the father as a bass, the son as a tenor, and the Elf King with only the high overtones of a soprano, to imitate the seductive *nixe* (nymph) side of the evil spirit. The improvement was dramatic.

## The American art song

The spiritual "Were You There When They Crucified My Lord?" was then sung by a young soprano with a pretty voice but a "jazzy" rendition. Dr. Warfield explained that the spiritual is an American art song, to be sung with the dignity of a Schubert lied, and that all extraneous gestures and "blue" notes (i.e., notes which efface the distinction between major and minor intervals in the well-tempered musical domain) must be eliminated, to let the beauty of the musical line come through.

He asked her to put her hands quietly on the piano and sing the first verse through "straight," and then allowed her to introduce a few simple vocal embellishments in the second and third verses, but so as to magnify the original thematic material. Again the student's change was profound, and the audience was delighted.

## New budget abets slide toward sicker economy

by H. Graham Lowry

Despite all of President Clinton's talk about "seizing control of our destiny" and fulfilling "the American dream," the new U.S. budget is nothing more than a further slide down the dismal path of ruinous economic policy the nation has followed for the past quarter-century. The votes had not even been tallied on Capitol Hill when it was officially acknowledged that more austerity is on the way, that the deficit will continue to grow, and that no economic recovery is in sight.

Even the President's supporters expressed misgivings. As Sen. Paul Sarbanes (D-Md.) put it, "Our efforts to reduce the deficit may be of such dimensions as to trigger the economy into a downturn." With no plan to generate the massive needed investment in the reconstruction of the real economy, Congress merely stumbled its way to yet another concession to the prevailing national mania for "deficit reduction."

The wafer-thin margins of Clinton's supposed victory on Capitol Hill also reflect the absence of any clear ideas on how to respond to the economic crisis facing the country. The House of Representatives passed the compromise version of Clinton's budget plan on Aug. 5 by a vote of 218-216. The next day, the Senate deadlocked on a vote of 50 to 50, requiring Vice President Al Gore to cast the tiebreaker to secure passage. All 44 Senate Republicans voted against the plan, but only because it did not cut spending enough. Nowhere is there a provision for "economic stimulus."

### Accelerating cutbacks

The five-year, \$496 billion package of tax hikes and spending reductions includes the biggest Medicare reduction in history, a slash of \$56 billion on top of years of chopping away at the federal health care program for the elderly. Another \$7 billion will be sliced from Medicaid, largely by

reducing payments to hospitals for treating the poor. Discretionary spending will be cut by \$102 billion, through freezing payments at the 1993 levels. Cost-of-living adjustments for government retirees will be "delayed," clipping nearly \$12 billion off their retirement income. The nation's motorists and its gas-fueled transportation systems will shell out an additional \$25 billion in new gasoline taxes, raising the level to 18.4¢ per gallon.

Even with the fiction of higher rates of economic growth built into the budget plan, spending cuts are scheduled to *worsen* over each of the next five years, despite a record \$241 billion tax increase. Cutbacks will rise from \$21 billion next year to \$46 billion in 1996, and will reach \$89 billion in 1998.

Administration numerologists were already scaling back their growth projections, even as the Senate gathered to vote on the budget Aug. 6. The chairman of Clinton's Council of Economic Advisers, Laura D'Andrea Tyson, announced that she now expects the Gross Domestic Product — the statistical chimera which experts call "the economy" — to increase by only 2.1% this year, down a full point from her April reading of 3.1%.

By the government's own flawed accounting, the U.S. economy only grew at an annual rate of 0.7% in the first quarter of this year, and no amount of juggling the figures was able to push it above 1.6% in the second quarter. Few so-called economists believe it will reach 2% for the year, which means lower tax revenues than projected and yet another increase in the deficit. The White House chose to delay releasing its forecast for 1994 from the usual mid-July announcement, until *after* Congress voted on the budget bill.

According to economists who opposed the budget plan,

what President Clinton calls "a renewal of the American people" will in fact ensure continuing economic stagnation. Donald Ratajczak, director of the Economic Forecasting Center at Georgia State University, told the *Wall Street Journal* on Aug. 9 that Clinton's plan will reduce economic growth next year and cost the economy 500,000 new jobs. Clinton himself claims it will generate 8 million new jobs over four years. On a monthly average, that would only add about 4,000 more jobs than government numerologists claimed during the depressed first seven months of this year.

### **'More cuts are on the way'**

There is no case, by official reckoning or any other, for calling this "deficit-reduction" plan a blueprint for "economic growth." On the contrary, there are already clear indications that Congress has merely enacted the first phase of a continuing austerity program, with no relief in sight.

Senate Minority Leader Robert Dole (R-Kan.) announced after the vote that Clinton plans an "economic summit" with congressional leaders after the current recess, "to sit down and talk about budget cuts." In weekend news interviews following the budget's adoption, Treasury Secretary Lloyd Bentsen confirmed that more cuts were coming, declaring, "I think everything has to be on the table, everything." Vice President Gore said that further slashes in entitlement benefits would be included. "In fact, entitlements have been affected in the economic plan just passed, and they will be in the future," Gore declared.

Gore is scheduled in September to present another massive round of spending reductions under the rubric of "Re-inventing Government." At President Clinton's ceremony on the White House lawn on Aug. 10 to sign the new budget legislation, Gore announced that "more cuts are on the way." Deputy Treasury Secretary Roger Altman chimed in that "people will be surprised at the sweeping cuts" which Gore's report will recommend.

### **Further tax increases**

It is no secret on Capitol Hill that the administration also plans to pile more taxes on the nation's collapsed economy. According to advance leaks of an interview for the Aug. 23 issue of *Fortune* magazine, President Clinton is still talking about imposing a value-added tax (VAT) — the British-designed swindle which levies multiple sales taxes throughout a nation's production and distribution system. In an excerpt of the interview quoted in the *Washington Times* Aug. 8, Clinton said, "The question for America becomes — and I think we ought to have a debate on it, you know, there's a lot of support already in the Congress — whether we should lower either income or payroll taxes and substitute a progressive VAT." But there is no "progressive" VAT, especially in an economy where the revenue base is disappearing at the fastest rate in this century.

Clinton's advisers have already floated a 7% payroll tax increase to finance Hillary Clinton's health care "reform" program, scheduled to be sent to Congress this fall. The health plan, from all indications to date, will simply intensify current methods of rationing medical diagnostic and treatment procedures, in order to further reduce health care expenditures.

Reduced spending levels for health care may look good to deficit-reduction maniacs, but the only actual "savings" come in the form of depriving more people of medical treatment. The American Medical Association has already noted that the \$56 billion cut imposed largely on Medicare providers means that physicians and hospitals will simply stop providing those health services for the elderly — or pass the costs on to other patients and the private sector.

While the budget regards human life as unnecessary overhead, it takes a more generous view of the speculative financial bubble which has engulfed the real economy. Congress inserted some little-publicized provisions for new incentives to throw more money into the ongoing real estate blowout. Tax breaks will be extended to developers who renegotiate loans on "troubled" properties, and to pension fund managers who invest in real estate.

President Clinton's original intent to take at least a token step in the direction of stimulating the economy was buried under the wave of hysteria for cutting the deficit. All that was left in the wreckage called the budget plan was an increase in tax write-offs allowed for new equipment purchases by small businesses, from \$10,000 to \$17,500 — and a \$1 billion grant (plus \$2.5 billion in tax breaks) to create nine urban "empowerment zones" and 95 "enterprise communities" in impoverished rural areas and city neighborhoods.

### **Chain-reaction breakdown**

Continuing federal budget cuts, especially in health care, translates into further disintegration of the nation's state and local governments. Required by law to balance their budgets, the states have for years covered federal cutbacks with spending reductions — and tax hikes — of their own. Now, faced with mass layoffs, plant shutdowns, and a skyrocketing toll of human misery, they are eliminating whole programs and vital functions, or dumping their costs onto local governments which cannot possibly meet them. Welfare assistance has been a major casualty and will continue to be so, as the new federal budget cuts welfare payments to the states by another \$1.1 billion.

The once-thriving state of California is a case in point. The state has imposed budget cuts and tax hikes amounting to \$25 billion over the last two years — nearly half of its *total* current budget of \$52 billion. Yet this budget entirely eliminated local aid worth \$2.6 billion, leaving county and city governments on the brink of bankruptcy — and unable to maintain police, fire, and emergency services without raising local taxes beyond the breaking point.

# Careerists in revolt over Bosnia policy

by Scott Thompson

Hundreds of mid-level career officers of the U.S. State and Defense Departments are in revolt. To varying degrees, they are all protesting the Clinton administration policy permitting the dismemberment of the sovereign nation of Bosnia and the coverup of Serbian acts of genocide against Bosnian Muslims. Some of these people are putting their careers on the line by resigning their posts in protest.

On Aug. 4, the second Bosnian desk officer within a year at the U.S. State Department resigned. Marshall Freeman Harris issued a public letter in which he opposed Secretary of State Warren Christopher's apparent policy of dangling possible air strikes against Bosnian Serbs as the carrot, while Christopher's envoy Ambassador Reginald Bartholomew was insisting at Geneva, along with Lord David Owen, that the Bosnian government must accept ethnic partitioning of their sovereign state.

The revolt was first reported on the front page of the July 25 Sunday Boston *Globe*, which said that Christopher's claims that the administration had run out of policy options for Bosnia "masked what administration officials say is an ongoing, fierce debate within the administration about what, if any, action it should take to relieve the siege of Sarajevo." According to the *Globe* account, there had "been at least two meetings in the past 10 days of senior administration officials where military options were discussed but opposed by representatives of the Joint Chiefs of Staff as too risky."

The resignation of Harris followed that of his predecessor, acting Bosnian desk officer George Kenney, during the Bush administration. Harris's resignation was followed on Aug. 8 by the resignation of John Western, Bosnian policy analyst in the State Department's Bureau of Intelligence and Research, who had been involved in investigating genocide by the Bosnian Serbs against Muslims. Western said that he could no longer continue assembling evidence of hideous Serbian atrocities against the Bosnians knowing that the United States was unprepared to take any action to prevent further killing.

In his public letter of resignation, Harris wrote to Secretary of State Christopher: "I can no longer serve in a Department of State that accepts the forceful dismemberment of a European state and that will not act against genocide and Serbian officials who perpetrate it. . . . [The Clinton admin-

istration] is driving the Bosnian government to surrender its territory and its sovereignty to victors in a war of aggression."

## Hundreds more?

On Aug. 5, Harris appeared before the press with Rep. Frank McCloskey (D-Ind.), who had just called for President Clinton to demand the resignation of Lord David Owen as EC negotiator for a Bosnian partitioning settlement. Asked about the extent of the dissent among his colleagues, Harris said on the Aug. 5 ABC News "Nightline" program, that it counted in the hundreds:

"I don't want to characterize my colleagues' feelings on this issue. I know that the depth of feeling is very strong. I know that when 12 of us dissented very strongly back in April, we felt this all very deeply. And my colleagues still feel the same way. I mean there are hundreds of people in the State Department, at least hundreds, who feel very strongly that we ought to be doing more, maybe not enough to resign."

Harris is referring to the private petition to Secretary of State Christopher last April calling for military action against the Serbs, which he signed together with 11 colleagues in the department.

## Christopher should resign

On "Nightline," interviewer Barbara Walters asked both Harris and Kenney whether they thought that it was necessary to fire Secretary of State Warren Christopher, in the following exchange:

Walters: "Let me ask you something about the State Department. . . . If there is dissension, and if there's a great deal of dissension, do most of you feel that the Secretary of State should resign? . . ."

Kenney: "I think a lot of people do."

Walters: "Feel that he should resign. Do you?"

Kenney: "I do, yeah."

Walters: "Do you, Mr. Harris?"

Harris: "Yes, I think he probably should, too. The thing that most disturbs me about his record on this issue is obscuring who is guilty in Bosnia. . . . In my letter of resignation [Secretary Christopher's failure] . . . to address the issue of genocide in clear policy terms is reprehensible."

Walters: "Well, are there that many of you within the State Department who do feel this way?"

Harris: "Oh, absolutely."

Walters characterized the opposition to Christopher's constant efforts to stop forceful U.S. action against Serbia as a "mutiny."

At a London press conference reported on Aug. 12, Harris called for the arms embargo on Bosnia to be lifted and air strikes to be mounted against Serbian positions. He said that the American military is deeply divided over strategy in Bosnia, and that some senior Defense Department officials are convinced that 70% of Serbian artillery capabilities could be readily destroyed by air strikes.

# Demjanjuk verdict may end phony Nazi-hunt

by Jeffrey Steinberg

The July 29 decision by the Israeli Supreme Court to overturn the conviction of John Demjanjuk on the charge that he was the Treblinka concentration camp motor man known as "Ivan the Terrible," could bring to a conclusion one of the worst travesties of justice in American history — the two-decade witchhunt against eastern European- and German-origin naturalized American citizens by a collection of Soviet fellow travelers led by the Anti-Defamation League (ADL) and Henry Kissinger.

The U.S. Sixth Circuit Court of Appeals is now completing a year-long review of evidence that officials of the U.S. Department of Justice (DOJ) Office of Special Investigations (OSI) knew all along that Demjanjuk was the wrong man, but chose to hide that evidence from Demjanjuk's attorneys and sought to send him to his death in Israel. The Demjanjuk case is the latest in a string of attempted "judicial executions" perpetrated by the OSI. But whereas the earlier cases, involving Karl Linas, Tscherim Soobzokov, Dr. Arthur Rudolph, and others, were largely carried out in the shadows, the Demjanjuk case — largely due to the persistent efforts of his family and a few allies in the Congress and the media — has grabbed worldwide attention.

In early August, Yosef Harish, the attorney general of Israel, told an Israeli Supreme Court panel that he had no intention of re-prosecuting Demjanjuk on allegations that he had served at other Nazi concentration camps. However, Demjanjuk remains in an Israeli prison awaiting his release and return to the United States, pending a decision on petitions filed by supporters of the late Rabbi Meir Kahane to have the retired Cleveland auto worker tried for these other war-crime allegations.

On Aug. 9 the DOJ filed a motion to force the Sixth Circuit to review *en banc* the three-judge panel's Aug. 3 decision to allow Demjanjuk to return temporarily to the United States. In arguing to block Demjanjuk's return, OSI attorneys continued their lying misrepresentations of the evidence, once again citing an identification card from the Trawniki SS training camp as "proof" that Demjanjuk committed war crimes. In fact, the ID card is a KGB forgery already discredited by experts. The card was hand-delivered to Israeli prosecutors on the eve of the Demjanjuk trial by lifelong Soviet agent Armand Hammer.

The DOJ's hysteria at the prospect of Demjanjuk re-

turning to the United States underscores the fact that his case has turned into a potential all-or-nothing situation for the OSI so-called "Nazi hunters."

Lyndon LaRouche, himself a victim of DOJ tyranny during the Reagan and Bush years, addressed this broader context for the Demjanjuk case in an Aug. 11 interview with *New Federalist* newspaper. LaRouche told the weekly: "To understand the case of John Demjanjuk, one has to look at the process which goes back to the early 1970s, under then-Secretary of State Henry A. Kissinger.

"Kissinger, working closely with Soviet Ambassador [Anatoly] Dobrynin in Washington, and with the Moscow procurator, made a rotten deal with the Brezhnev government in Russia, under which the United States would allow the Soviet government to target anti-Soviet American citizens for prosecution as war criminals or tantamount offenses of the World War II period.

"The agreement . . . introduced Soviet proceedings into the U.S. Justice Department, State Department, and court system as if they were true facts; and the victims of these Soviet attacks had no right, under Kissinger's deal, to resist those facts.

"At Kissinger's prompting, this arrangement . . . was backed up through legislation sponsored by Elizabeth Holtzman, then a representative from New York, which led to the reconstitution of the Office of Special Investigations in the Justice Department as the center of these collaborations with the Soviet KGB against targeted U.S. citizens.

"To date, there is not a single case of prosecutions under this Kissinger-Holtzman arrangement which is not fraudulent. Every person has been victimized, from Tscherim Soobzokov, later murdered at the behest of the Anti-Defamation League's circles, through Arthur Rudolph, through the Demjanjuk case; there is not a case of legitimate prosecution or related action against any targeted individual, in the entire history of the operation of over nearly 20 years. . . .

"The reason for the Demjanjuk case today, is not that Demjanjuk is guilty of anything. No one who knows anything about the case, honestly believes that John Demjanjuk is guilty of anything. But the fear is, that Demjanjuk's conspicuous exoneration and his return to the United States, would mean that the Justice Department would be forced to clean out that nest of scoundrels, perhaps 100 members or sympathizers or close confederates of this OSI gang inside the Justice Department. And that's where the heat is.

"These guys have a lot of clout, they have a lot of friends, they have a lot of collaborators. And they are fighting tooth and nail to the last ditch, and putting every pressure they can on the Justice Department itself (of which they are a part), in order to prevent justice from being done in the Demjanjuk case. . . . Let's shut it down; and let's use the Demjanjuk case as the last straw, to force a shutdown of that whole bunch of corrupt characters, who are destroying our Constitution from the inside."

# OSI aiding communists, IMF in battle for Hungary

*Victor Szendi is the son of Joseph Szendi, a Hungarian-American who in June was stripped of his U.S. citizenship and deported by the Office of Special Investigations (OSI) of the U.S. Department of Justice. He is involved in an effort to clear his father's name and see that justice is done. The interview was conducted by Dave Kilber on July 29.*

**EIR:** Your father, Joseph Szendi, a Hungarian-American, was just stripped of his U.S. citizenship and deported in June after being accused by the Office of Special Investigations of being a Nazi war criminal. There have been a series of victims over the past several years of an OSI witchhunt against eastern Europeans, the most notorious being the Demjanjuk case. Tell us about your father and how this all came about.

**Szendi:** He was a member of the Royal Hungarian Gendarmerie which I think he joined in the late 1930s. The Gendarmerie had been established in the 1800s as an elite force. During wartime they served as a military force, and during peacetime as a police force similar to the Royal Canadian Mounted Police. He went through the training and ended up becoming a sergeant.

The war intervened, and in war, as a soldier, he went where he was commanded. He served in a small post in what is now part of Romania. When the German troops occupied Hungary, the Hungarian forces were put under their command. Then, when the Russians broke across Romania, the Gendarmerie ended up being almost regular Army troops for a while.

He had said that his most distasteful assignment was to guard a truck convoy of alleged illegal immigrants who were Jewish who had come into Hungary from Galicia. They were taken to the Ukrainian border and told not to return.

He was fighting against the Soviets in Budapest, was wounded, and was decorated for bravery on the spot. He was put into a military hospital which, with the Soviet takeover of Budapest, became a prison. He escaped and returned to his home village.

He was later arrested by a Soviet patrol in Romania when he went back to get certification that he had not been involved in war crimes. He was handed over to Romanian secret po-

lice, interrogated, beaten, and tortured. He was able to escape again.

He was arrested again in Hungary by the communist regime and put on trial. His background was investigated. They couldn't find much on him, so they charged him with instigation against the state and sentenced him to a year in prison. He got out in 1948 and continued to live in Hungary, always being persecuted.

When 1956 came, he participated in the revolution. In February 1957, we left Hungary and went into Yugoslavia. From there we emigrated to France.

My parents always wanted to come to the United States, and we finally came to Syracuse sponsored by the Episcopalian Church. My father brought with him all his papers which had been at the U.S. Embassy in Paris which showed that he had been in prison for a year. Everything related to that went to the U.S. Embassy from the World Council of Churches. I have letters and original documents. So they knew that he had been arrested and spent a year in prison. They knew he was a Gendarme.

Dad was very active in the United States and Canada in Hungarian Veteran Association affairs. He was acknowledged for receiving the Order of Heroes for bravery at the Battle of Budapest. He was an active anti-communist and wrote articles and gave speeches; so, he was fairly well known.

**EIR:** How did the attack on him begin?

**Szendi:** He used to tell everyone the war stories, whenever people got together. He decided to write a book so that his grandchildren could read what their grandfather had done. He found a publisher in Hungary and published his book.

One day in 1990 as he listened to a radio program in Hungary, a man named Gado, who is a member of Parliament and, I believe, the editor of a Hungarian Jewish paper, lambasted the government for allowing such a "fascist and Nazi-toned book" to come onto the market. The radio stations and newspapers carried this, and the books were confiscated by the government. A warrant was put out for the author for "inciting against the people"—just like 35 years

before. While they said they couldn't find anything specific in the book, it was just the "tone of the book." This was 1991.

Right after that, Charles Thomas, the U.S. ambassador, gets into the fray. There was a fairly pro-communist magazine, *168 Hours*, which interviewed Thomas. The subject of the book came up. The reporter asked how "such a person could get into the United States." Thomas stated that my father had probably lied on his immigration papers because the United States would never allow such a "war criminal" in. I was very perturbed when I read this, and wrote a letter to Thomas and his boss, and to this day I have not received a reply.

One day in July 1992, three people showed up at my father's door. They said they were INS [Immigration and Naturalization Service] agents and just wanted to ask him questions. For three hours they pumped him with questions and wrote everything down. By the way, he doesn't speak English well or understand English well. They asked him to sign a statement, and only as they were leaving did they admit that they were from the Justice Department Office of Special Investigations. Never any mention of counsel or anything. It was total entrapment and denial of due process.

**EIR:** What exactly was he charged with by the OSI?

**Szendi:** The main charge of the OSI was that he lied on his INS 400 form and did not disclose his wartime activities, and that he did not disclose that he was a member of the Order of Heroes, that he was a member of the Arrow Cross Party. He was not a member of the Arrow Cross Party. No member of the Gendarmerie could join any party.

**EIR:** And the government had access to all this information?

**Szendi:** The government had access to all this information not just through the embassy but through the Hungarian government and the Romanian government.

**EIR:** He was beaten, persecuted, arrested, and imprisoned by the communist government. Why not admit that in his application for U.S. citizenship?

**Szendi:** They had all the papers, and he applied as a political prisoner who had fought against the communists. He also never thought of himself as convicted of a crime. Plus, all the papers were given to the embassy in Paris, which we have proof of. By the way, he did not fill out the INS form himself. It was an American friend of ours.

**EIR:** In the accusations and complaint against him by the OSI, they accuse him of things which are not in the agreement. What was admitted in the signed agreement with the OSI, was that he was a sergeant in the Royal Hungarian Gendarmes and had been ordered to accompany a "convoy

of trucks containing Jewish residents of Hungary alleged to be illegal aliens who were being deported" across the border to Ukraine. This seems very flimsy. Could you comment on that, and also on why he decided to sign the agreement with the OSI to give up his citizenship and be deported?

**Szendi:** This was the best the OSI could do. There was no evidence linking him to anything of what they claimed. The only thing they could use against him was what he mentioned in his book.

**EIR:** Why did he decide to sign the agreement?

**Szendi:** He was 78 years old. He'd already had one stroke. He didn't want to go through a lengthy ordeal. He was also very concerned about the impact it could have on my brother's career. And he did not want to jeopardize his Social Security.

**EIR:** They made an agreement to allow him his Social Security. It demonstrates how weak their case was.

**Szendi:** Absolutely! But I must reiterate that I was from the start against any agreement. I knew that this could be won.

**EIR:** How do you compare this to the Demjanjuk case?

**Szendi:** The tactics and method that the OSI used were very, very similar. In the Demjanjuk case, they brought war criminal charges against him and extradited him to Israel. And even against Demjanjuk they didn't have much, but were able to do it. It just shows you how weak this case must have been. It was just pure propaganda.

**EIR:** Do you think that the current political situation in Hungary had anything to do with the targeting of Joseph Szendi as a Hungarian-American?

**Szendi:** Without a shadow of a doubt. There is a struggle going on right now for the heart and soul of the Hungarian people. There is a struggle involving the forces of the left, including the communists and ultra-left liberals, outside forces, such as the IMF [International Monetary Fund], and outside forces of a subversive nature trying to exert control, such as George Soros. There are people like Rep. Tom Lantos [D-Calif.], who has no business sticking his nose into another country's affairs.

**EIR:** Congressman Lantos and speculator George Soros have both attacked Istvan Csurka and other anti-IMF Hungarian leaders as anti-Semitic and representing "neo-fascist" tendencies in Hungary. Did they have anything to do with the OSI operation against Joseph Szendi?

**Szendi:** I cannot say to what degree, because in the OSI papers we have the names are crossed out, but I would venture to guess that they were. The situation, with Csurka being labeled as an anti-Semite and a neo-fascist and everything else, serves a purpose. Since he is anti-IMF, anyone oppos-



ing that force will be dealt with harshly, and any mudslinging and smearing that can be thrown against them, will be. Whether it is the World Jewish Congress, Lantos, or Soros who have attacked Csurka — and let's bring in all the communist groups in Hungary — it seems that there is collusion with some of the departments like the OSI in our government with the communists over there to reimpose a dictatorial system of another nature on the Hungarian people.

**EIR:** Did you know that Rep. Henry Gonzales [D-Tex.] has called for an investigation of the criminal activities of Soros?

**Szendi:** I hope that he pursues it to its conclusion. It will be very interesting to see what comes out of it.

**EIR:** The Anti-Defamation League of B'nai B'rith (ADL), which has worked closely with the OSI and FBI, is in big trouble and are about to be indicted in the San Francisco spy case. How much do you think the ADL was involved in the frameup of your father?

**Szendi:** I don't know. I would guess that most of these organizations are pretty well tied together. To be able to obtain the kind of information which I saw being obtained in my father's case, there has to be a very strong network of people. I would venture to guess that all these tentacles of

the octopus reaching into many parts of the world are connected to a central area.

**EIR:** What are your plans now? What can be done in your father's case, and what do you think should be done about the OSI gestapo?

**Szendi:** My father's book will be published in English, and we are working on putting a preface in explaining the circumstances. My brother and I and friends will be writing at least two chapters, starting from the time the OSI began its investigation.


Secondly, we are taking steps to extract justice, first in Hungary with the people who started this whole thing, and also the situation here with the OSI is far from finished. If they think by discrediting my father that this is going to end it and they will be victorious, I have some bad news for them.

Justice has to be done, because this is such an unjust situation, as most of the other situations where an American citizen was stripped of his American citizenship for no reason at all. I think it is a sad day in the life of this country. I served in the Army during the Vietnam era, and sometimes I really feel sad that what this country once stood for has been brought to such a low point.

## Stop the cult of 'political correctness'

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# Parents map plans for national fight vs. OBE

by Harley Schlanger

After a thorough, two-day review of the educational “reforms” being imposed on public schools in the United States, a conference of more than 70 people from 17 states concluded that parents either must act now to reverse these reforms, or prepare for a “New Dark Age.”

Participants at the conference in Wichita, Kansas, which was hosted by members of the Kansas Education Watch Network (Kew-Net), included leaders of statewide coalitions, elected officials, researchers, and parents with school-age children. What they have in common, whether their children be in the public schools, private schools, or receive home schooling, is their alarm at the destruction of education under the guise of reform, especially that of “outcome-based education” (OBE).

Opponents of OBE often are slandered as “religious extremists” and “bigots” by the education establishment, especially when the defenders of OBE come from the organized crime-connected Anti-Defamation League. The intent of this ruse is to demoralize or discredit them. However, it is clear from both the sense of purpose and the intensity of the participants, that such tactics thus far have failed.

The conference opened with a historical overview of the social engineering projects which are using the nation’s classrooms as laboratories. Through this presentation, and the discussion it precipitated, the implications of the reforms were drawn out. Even some of those who have studied local pilot projects and who had horror stories of their own to tell of what is being inflicted on children in their school districts, were shocked to discover the origins of these programs, most of which were spawned by New Age think-tanks, and have been promoted by kooks, Satanists (such as those from the Lucis/Lucifer Trust), and brainwashers who share one goal: to destroy the foundations of our western Judeo-Christian culture. This goal is pursued through a process which can only be properly called “spiritual child molestation.”

This common thread is woven throughout the new curriculum, though it comes in many forms and under many names. What at first glance may seem non-threatening or even innovative to parents — such as a de-emphasis on learning “facts,” a focus on “higher learning skills,” or paying attention to “cultural diversity” — is, on closer examination, an assault on the values of western civilization. Through examining the real history of this movement, participants were able to make sense out of what often seems to be harmless and confusing

academic bluster.

Only through this kind of discussion can one answer the question raised by a parent at her first meeting, who asked, “How can administrators justify these programs, when the evidence shows that students who complete them do worse on standard tests than those not in them?” It was demonstrated, through looking at the words of those, such as William Spady, who are the gurus of reform, that lower real achievement is, in fact, their goal.

By attacking the values and principles which are the cornerstones of western civilization, such as that man is created “in the image of God,” and by replacing the commitment to national sovereignty with “globalism,” and denigrating the family in favor of homosexuality and “alternative life styles” (as is the intent of such abominations as the “Rainbow Curriculum”), the idea of scientific and technological progress, which is so abhorrent to these social engineers, can be obliterated. (For more details on who is behind these “reforms” and why, see “Is Your Child Being Spiritually Molested?” soon to be released by *New Federalist* newspaper.)

## Survival of civilization at stake

Once it is clear that the problems faced by parents in all their local school districts come from one source, the obvious question is how to fight it. There was “creative tension” at the conference around this, between those looking for personal solutions, such as vouchers (promoted as “educational choice”) and home schooling, and those who have grasped that what is at stake is the very survival of western civilization.

The seeming contradictory nature of these two approaches was raised by a constitutional attorney, who said, “Until the society is salvaged, the public schools will do nothing but teach the ‘value-free’ ideology which goes against the beliefs of the Founding Fathers.” For that reason, he said, “I say unequivocally, that public school is no place for any child.”

However, he added that this does not mean that public schools should be abandoned to the New Age brainwashers. Others must be called to join us in this fight, he said, and made to understand where we are in history, that our nation will not survive unless this fight is waged in the schools and in society at large, and won.

To this end, participants agreed on a series of actions aimed at defeating OBE in all its guises. Among the specific tactics adopted were: 1) setting up “phone trees” to get out the facts on OBE; 2) mobilize churches, because they have not yet rallied to join this fight; 3) put out concise position papers for use in educating the public and the press; 4) meet with elected officials, from school boards to state legislators and Congress, putting them on notice to either dump OBE and similar reforms, or be defeated next election; 5) build a candidates’ movement so that those officials who refuse to act will have qualified opponents running against them.

# Is Pentagon hiding documents on anti-LaRouche operations?

by Edward Spannaus

Pentagon records concerning “secret government” operations directed against former presidential candidate Lyndon LaRouche have disappeared from official files, according to documents filed in a federal court case in Washington, D.C. A search of official files in those Department of Defense (DOD) offices responsible for covert operations has turned up only four pages of records, but others may have been removed or destroyed, say affidavits submitted by military officials.

The only documents found by DOD officials involved a request made by Department of Justice officials in October 1986 to the Pentagon’s Joint Special Operations Agency asking for DOD assistance in providing a secure building for documents to be seized in a raid of offices used by associates of LaRouche in Leesburg, Virginia. After the raid, which took place on Oct. 6-7, 1986, two truckloads of documents were taken to a Marine Corps facility, Henderson Hall, in Arlington, Virginia.

However, as court papers filed in late July show, these documents are probably only the “tip of the iceberg.” Indeed, even these documents suggest that many other documents once existed; all of which points to a much larger covert operation directed against LaRouche involving secret military units linked to the illegal “Contra” (Nicaraguan rebels) operations being run in the mid-1980s by Lt. Col. Oliver North and Maj. Gen. Richard Secord.

One of the offices targeted in a Freedom of Information Act (FOIA) request made by this reporter was that of former Deputy Assistant Secretary of Defense Noel Koch. Koch, who testified that Secord was “a close friend,” set himself up as the “special operations czar” and “counter-terrorism” top dog in the first years of the Reagan administration. Koch was in the Pentagon’s civilian side — the Office of the Secretary of Defense (OSD) — and was known as an outspoken adversary of LaRouche. Koch’s superior was Undersecretary of Defense Richard Perle, also an opponent of LaRouche.

As the OSD’s alleged top counter-terrorism specialist, Koch worked closely with the inter-agency counter-terrorism committee run by Oliver North out of the National Security Council. This group, known as the Operations Sub-Group of the Terrorist Incident Working Group (OSG/TIWG), was used by North and FBI Assistant Director Oliver “Buck” Revell to target opponents of the North-Secord drug-running

Contra operation in Central America. FBI “special operations” units, which were deployed against other of North’s opponents, were also used against LaRouche, according to court affidavits and documents.

## Records hidden and destroyed

DOD records are generally organized in such a manner as to prevent them from being located in FOIA searches, according to Pentagon sources. In the offices of the International Security Affairs cluster where Koch worked, for example, each desk officer keeps his own “working files” which are not considered as part of the “official” files; therefore, they are not searched in response to FOIA requests. Indeed, FOIA requests are considered a “pain in the a—,” and search assignments are regarded as “Mickey Mouse” business; searches are conducted in a half-hearted manner almost designed to ensure that nothing will be found which would have to be turned over to an FOIA requester.

It is not too surprising then, that an official search of Koch’s former offices by DOD officials found no documents dealing with LaRouche. However, in court-filed affidavits, DOD officials were compelled to admit that Koch’s records were either “destroyed,” given to other offices, “or taken by Mr. Koch upon his departure from DOD.” Sources within the Pentagon have advised this reporter that, although there are restrictions on what records a DOD official can take with him when he leaves, no one would interrogate Koch, a high-level political appointee, about what records he was taking out with him. These sources also suggested that Koch would not have left any incriminating documents behind when he left DOD in 1987, but would have sent them to the “burn bag.”

## DOD ‘sensitive support’

The four pages of documents which were disclosed show something quite peculiar: that the Justice Department used a secret, classified channel to obtain military assistance in the LaRouche case — an allegedly domestic case in which prosecutors repeatedly denied that there was any “national security” component.

These documents were located in the files of the Support Activities Branch (SAB) of the Joint Chiefs of Staff Special Operations Division (SOD). A DOD affidavit filed in court

states that the SAB "is the sole Joint Staff repository for records reflecting sensitive support provided to non-DOD agencies." Although the affidavit does not explain just what this "sensitive support" is, both Pentagon documents and sources indicate that "sensitive support" refers to assistance provided to other agencies in the context of covert operations, counter-intelligence activity, counter-terrorist operations, and so forth.

Iran-Contra documents show, for example, that when the CIA wanted to conduct a joint CIA-DOD operation in connection with North's clandestine Contra operations, the Support Activities Branch got involved through the same official, Col. Byron Hooten, who handled the 1986 Justice Department request in the LaRouche case. A March 7, 1986 message from North to Adm. John Poindexter complained that Hooten had called him, and that the DOD wanted a written request from the CIA. North wrote that this is "something that Secord has bitched about" and that the Operations Sub-Group was established to circumvent such bureaucratic requirements.

The Joint Chiefs Special Operations offices, located in Room 2C840 of the Pentagon, were a major recruiting ground for North and Secord's illegal Contra operation. Secord himself, a long-time covert operations specialist, had, naturally enough, recruited his top aides for the Contra resupply operation (such as Richard Gadd and C.L. Stearns) from Room 2C840. Another recruit was John Cupp, an Army Delta Force veteran who went to work for Secord and Gadd after "retiring" from the Army and the Joint Special Operations Agency in late 1985.

Cupp, it was later disclosed, was the individual referred to in a secret coded message sent from Secord to North in May 1986, which stated: "Our man here claims Lewis has collected info against LaRouche." During the time period in April-May 1986 when Cupp was talking about gathering information against LaRouche, Cupp was constantly traveling back and forth from the United States to Secord's "safe house" in Costa Rica, according to congressional testimony.

A favorite technique of North and company was to label their opponents as "terrorists," and then to deploy the FBI and other agencies against them, coordinating this through the Operations Sub-Group. The Operations Sub-Group included not only the likes of Noel Koch, Oliver North, and Buck Revell, but also representatives of the Pentagon's Joint Special Operations Agency (JSOA), the State Department, and the CIA.

Congressional testimony has shown, for example, that North and the FBI's Revell targeted Jack Terrell as a "terrorist threat" because he was providing information on the Contra operation to journalists and investigators. Jeffrey Steinberg, an associate of Lyndon LaRouche and opponent of the Contra operation, was likewise put into the FBI's "Terrorist Photo Album" and targeted for harassment and eventual frameup by the FBI and Justice Department — based on spurious infor-

mation given to the CIA and FBI by the rogue circle around John Cupp and Fred Lewis, the "Lewis" named in the North-Secord coded message.

### **FBI 'special operations' units**

The FBI's little-known "special operations" units were also involved in the arrangements between the Justice Department and the Pentagon around the October 1986 Leesburg raid. When federal prosecutors in Alexandria, Virginia were arranging to have the military take custody of the two truckloads of documents seized in the raid, the written request was hand-carried to the Pentagon by an agent of the FBI Special Operations Division, according to one of the documents disclosed by the Joint Chiefs of Staff. The phone number given in the memorandum is for the FBI's "Aviation and Special Operations Unit," which oversees all FBI aviation programs, and the FBI's "Special Operations Groups" (SOG) which, according to FBI officials, handle surveillance in cases involving alleged terrorism and national security.

An affidavit filed in court by this reporter states that he has been advised by confidential sources that the FBI's SOGs were involved in surveillance of individuals and buildings associated with LaRouche in Leesburg during the 1985-86 period. He also states that he has been told that the Operations Sub-Group was conducting covert operations against LaRouche.

This reporter has also been advised by a highly knowledgeable military source that the FBI's now-famous Hostage Rescue Team (HRT) worked closely with JSOA and military special operations units in the mid-1980s. Former FBI Director William Webster has also acknowledged that the HRT received training from the military's Joint Special Operations Command.

FBI documents also show that the HRT, which carried out the recent Waco, Texas massacre, was also directly involved in the October 1986 Leesburg raid. Lyndon LaRouche has charged that one of the primary objectives of that raid was to carry out a Waco-style bloodbath in Leesburg and to kill him in the course of a military-style assault on his living quarters.

Is this what the missing Pentagon documents would show?

Whatever was going on around the military involvement in the LaRouche case, it seems to have had little to do with the actual court case against LaRouche which was the pretext for the Leesburg raid. This is demonstrated by the fact that, for the first two weeks after the raid, Virginia State Police were denied any access to the military base where the seized documents were being held — despite the fact that the search and seizure was the product of joint federal and state search warrants, and the documents were supposed to be under joint federal-state custody.

A hearing is now scheduled for mid-September in the court case involving the missing Pentagon papers.

## National service bill approved

The House passed President Clinton's national service plan on July 28, but as a result of an amendment attached to the bill by Republicans, it reduced the tuition money college students would get in return for community service. The plan would allow college students to "work off" their tuition by doing community service, and reduced the amount of tuition money college students could get in return for this community service.

A Republican filibuster in the Senate was broken on July 30 when William Cohen (R-Me.) and Mark Hatfield (R-Ore.) broke ranks to give the Democrats the necessary 60 votes to invoke cloture on debate. The Republicans were hoping to cut down the tuition amount even more. The measure also bans political activities by those participating in the program.

Clinton had originally proposed \$10 billion for a program which would provide grants of \$10,000 per year. In the final legislation, \$1.5 billion was authorized over a three-year period to be used for living costs, health care, and educational assistance at the level of \$4,725 per student per year. In exchange for this, college students would have to work for a total of two years in community service programs.

## Anti-immigrant bills deluge Congress

The plummeting U.S. economy has given impetus to anti-immigrant hysteria within the U.S. Congress. Several pieces of legislation introduced before the August recess would put severe restrictions on immigration into the United States.

Perhaps the most far-reaching is a proposal introduced by Sen. Harry Reid (D-Nev.) on Aug. 2 entitled the

Immigration Stabilization Act of 1993. This legislation would reform political asylum laws, making it more difficult for people to enter the country on asylum requests; expand the list of felonies considered "aggravated," which require exclusion and deportation of criminal aliens; reduce annual legal immigration from 800,000 admissions per year to 300,000 per year; and change existing law to ensure that a person born in the United States to an alien mother who is not a lawful resident would not automatically become a U.S. citizen.

Reid wants to increase border security and patrol officers from 5,000 full-time positions to 9,900. "Our borders have overflowed with illegal immigrants placing tremendous burdens on our criminal justice system, schools, and social programs," he said. "Our federal wallet is stretched to the limit by illegal aliens getting welfare, food stamps, medical care and other benefits, often without paying taxes."

Legislation introduced by Sen. Barbara Boxer (D-Calif.) would put 4,000 of California's 22,000 National Guard troops on border patrol. Sen. Dianne Feinstein (D-Calif.), together with Sen. Alan Simpson (R-Wyo.), has proposed charging a fee for those crossing the overland Mexican and Canadian borders.

## House resolution congratulates ADL

On Aug. 5, the House passed a resolution by a voice vote congratulating the Anti-Defamation League of B'nai B'rith (ADL) on its 80th anniversary. The resolution was supported on the floor by Reps. Ben Gilman (R-N.Y.) and John Porter (R-Ill.).

The ADL is now being investigated in California and elsewhere for

spying on individuals, which information is suspected to have been provided to foreign governments. The ADL is a masonic organization which defends the drug trade and Satanism, but which purports to represent the Jewish community.

Gilman said that "it is with a great deal of confidence in man's inner good that I commend the ADL on 80 years of diligent devotion to brotherhood." Porter called the ADL "one of the nation's oldest civil rights and human relations organizations," and said that the ADL has been "the leader in fighting anti-Semitism, prejudice, and bigotry and, in the process, has developed groundbreaking educational materials and programs."

The "groundbreaking educational materials" that Porter mentioned, the notorious "World of Difference" program, has come under fire from outraged parents throughout the country.

## Republicans push for tougher crime bill

At a press conference on Aug. 4, Republicans introduced an anti-crime initiative which would appropriate \$7.5 billion to build more prisons and put more police on the streets. The package also calls for stricter mandatory prison sentences, expanded use of the death penalty, and speedier executions. The legislation is aimed particularly at the Clinton administration's attempts to curtail mandatory minimum sentences for nonviolent offenders, a measure which Attorney General Janet Reno has said she wants in order to create more prison space.

"America needs a tourniquet, a short-term plan to stop the bleeding on our streets and restore the order that the American people deserve," said Senate Minority Leader Bob Dole (R-Kan.), who is arguing for the 1996

GOP presidential nomination.

Sen. Phil Gramm (R-Tex.), another sponsor of the bill and a person whose every move is oriented toward a possible 1996 presidential run, complained that "the President's bill will be more of a 'blame society' approach."

Democrats also have draconian anti-crime legislation in the works. It is expected to include the Brady bill which mandates a five-day wait on handgun purchases.

## **Biden calls for military action to secure Sarajevo**

In floor remarks on Aug. 3, Sen. Joseph Biden (D-Del.) proposed a two-phase plan to end the fighting around Sarajevo and stop the humanitarian disaster that is now shaping up in Bosnia's capital. The first phase of establishing control of access to Sarajevo consists of the following:

- The Serbs must withdraw all heavy weaponry and ground combat forces to specified locations away from the city. Any forces and weapons that are not moved within 48 hours after the ultimatum is issued should be destroyed by air assets already in place.

- Once the pullback is accomplished, Unprofor (U.N. military forces) should take full control of Sarajevo Airport and roadways leading into the city, and the U.N. should determine what constitutes humanitarian cargo, not the Serbs.

- A detachment of Unprofor should position itself on the hills around Sarajevo, between the Serbian forces and the Bosnian Army, to establish a positive control area (PCA) wide enough to keep heavy weapons from bombarding Sarajevo, and to keep the Bosnian Army from taking military advantage of the Serb pull-

back. In the second phase, Unprofor would establish control over all utilities in the immediate vicinity of Sarajevo to support relief agencies operating in the city, and require the Serbs and Croatian forces to cooperate in the delivery of coal to prepare for the coming winter. This phase also calls for a major airlift of supplies of food and other humanitarian supplies.

Other voices were raised in support of air strikes on Serb positions. Sen. Dennis DeConcini (D-N.M.) warned that "the international community, including the United States, must come to grips with the armed aggression which has brought the people of Bosnia and Hercegovina to the edge of this abyss. . . . The international community's lack of resolve in the face of naked aggression and genocide in Bosnia-Hercegovina has sealed the fate of tens of thousands of innocent men, women, and children. We have stood by and allowed this senseless slaughter to continue." He concluded, "We should not fool ourselves, the legacy of Bosnia and Hercegovina will be with us for many years to come."

## **Television violence target of new bills**

In July, the nation's broadcasters were brought to Capitol Hill to explain at hearings what they were going to do to curb violence on television. They were told they had 60 days to make some changes in programming or else Congress would act on its own. Since then, the mood in Congress has been moving decisively toward formulating legislation curbing TV violence, no longer leaving it to broadcasters' "self-policing."

On Aug. 4, Rep. John Bryant (D-Tex.) introduced a bill under which TV broadcasters would face modest fines and a loss of their broadcast li-

censes for failing to edit out offensive violence.

On Aug. 5, Rep. Edward Markey (D-Mass.) introduced a bill which would require television sets to include circuitry allowing parents to block violent programming. Television manufacturers would simply modify circuitry in the computer chip which is already required in new televisions to decode captioning for the hearing-impaired. Although much more dependent on the need for parents to monitor what their children are watching, the Markey bill raises fewer "freedom of speech" objections and has broader support on Capitol Hill.

## **Somalia role questioned after U.S. deaths**

The killing of four U.S. soldiers by a land mine in Mogadishu on Aug. 8 provoked comments from Capitol Hill. Interviewed on "Meet the Press," Senate Minority Leader Bob Dole (R-Kan.) said that the United States should "reassess" its mission in the destroyed African nation. Although Congress will be out of session for another 30 days, Dole felt that "there'll be some pressure on the President" to get the remaining U.S. troops out of Somalia.

House Speaker Tom Foley (D-Wash.), who thought it "tragic" if the peacekeeping troops were pulled out of Somalia, admitted on CNN's "Newsmaker Sunday" that the recent killings of American soldiers, the first ones in Somalia, "will spark a heightened debate" on Capitol Hill.

What began as a peacekeeping mission has degenerated into an unsuccessful witchhunt for Somali leader Gen. Mohamed Farah Aideded. U.S. bombings in the area, which were aimed at killing Aideded, have provoked a strong anti-U.S. feeling in the country.

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# National News

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## Va. rights activists demand probe of ADL

Civil rights activist Roy Perry and five other community activists held a rally and press conference in Norfolk, Virginia in front of Anti-Defamation League (ADL) headquarters for Virginia and North Carolina on Aug. 4, calling for a "full-scale criminal investigation of the ADL for illegal spying." Perry said that he had sent a letter to U.S. Attorney General Janet Reno detailing the charges and requesting that she personally investigate them.

Perry also called for an investigation of Paul Lipkin, a longtime ADL official and secretary of the Norfolk Electoral Board and Norfolk Circuit Court Judge and ADL crony Leonard B. Sachs, for possible involvement in the national ADL spy ring being investigated in California.

Judge Sachs was identified as "our good friend" in ADL correspondence with Roanoke, Virginia judge Clifford Weckstein, regarding the trials of associates of political prisoner Lyndon LaRouche in Virginia. Weckstein presided over the judicial frame-up trials, in which defendants were given the equivalent of multiple life sentences for "securities" violations.

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## Black women's group passes Pike resolution

The 1993 National Convention of the National Political Congress of Black Women (NPCBW), meeting over the July 31-Aug. 1 weekend in Washington, unanimously adopted a resolution in support of the removal of the statue of Ku Klux Klan founder and Confederate Gen. Albert Pike from Judiciary Square in Washington, D.C., which is maintained at taxpayers' expense. The statue was erected in 1901 under the auspices of the Southern Jurisdiction of Scottish Rite Freemasonry. The resolution was entitled "Removal of Statue Dedicated to Founder of the Ku Klux Klan (KKK)."

The NPCBW membership also adopted resolutions to repeal the death penalty and

calling for emergency relief for bankrupt family farmers.

The anti-death penalty resolution reads in part: "Now, therefore be it resolved that: The National Political Congress of Black Women goes on record opposing the death penalty, and the restriction of *habeas corpus*, and will work to its utmost for the repeal of the death penalty statutes, and the reversal of Supreme Court decisions which have sacrificed equal justice for all to so-called efficiency."

The resolution calling for emergency food relief reads in part: "Therefore, be it resolved that: The National Political Congress of Black Women calls for the following emergency measures: to protect and restore the family farmer by emergency actions, including implementing a stay on farm foreclosures of operating family farms, and mandating payment to the farmer at parity or fair prices to cover their costs and capitalization to guarantee food production."

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## Children pledge allegiance to ecology

A perverse adaptation of the opening of the U.S. Pledge of Allegiance was offered on Aug. 4 before the Loudoun County, Virginia Board of Supervisors by a group of campers who had been invited to the county board of supervisors' regular meeting to lead the Pledge of Allegiance.

Paralleling the pledge, the children recited the "Pledge to the E-Team," which makes a mockery of both the Pledge of Allegiance and the Preamble to the U.S. Constitution:

"We, the members of the E-Team, in order to form a more perfect union with the earth, establish source separation of 'yucky' garbage, ensure the biodegradability of domestic cleaners, provide for the defense of common ground water, promote the general compost pile, and secure the blessings of low-energy consumption to ourselves and our families, do ordain and establish this organization for the betterment of our world."

This was followed by a sing-along with a rock environmental song for children called

"It's Our World," and then an awkward parody of "Frère Jacques" with the words, "Save our earth, save our earth/Let's recycle, let's recycle." During the singing, the children donned little cardboard "glasses" covered with cartoon illustrations of the globe with little pink hearts.

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## OSI founder probed for possible fraud

Comptroller of New York City Elizabeth Holtzman, who sponsored the formation of the Justice Department's liaison with the Soviet KGB, the Office of Special Investigations, during her stint as a congressman in 1974, is now under New York City investigation for possible fraud in relation to a large loan to her 1992 unsuccessful senatorial campaign.

According to the Aug. 4 *New York Times*, Mayor David Dinkins ordered a probe of Holtzman and James Murphy, vice president of Fleet Financial Group, over a \$450,000 loan that a subsidiary, Fleet Bank, made to the Holtzman campaign.

Months after the loan, Fleet was given a lucrative position as underwriter on New York City loans. In her capacity as comptroller, Holtzman has enormous clout in the selection of the underwriters. Murphy not only pushed through the Holtzman campaign loan, he also co-chaired a Holtzman campaign fundraising effort. Holtzman's campaign still owes \$225,000 on the loan, and has not made a payment to Fleet Bank since February.

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## Widespread corruption found in IRS

Corruption and fraud is widespread among IRS employees, including violation of privacy of taxpayer records "for no clear business purpose." Such is the finding of an internal report prepared by the Internal Revenue Service itself, released Aug. 2 by Sen. John Glenn (D-Ohio), chairman of the Senate Governmental Affairs Committee.

Almost 370 IRS employees have been



investigated or disciplined for using government computers to create fraudulent tax refunds or to "browse" through private tax records of individuals. Senator Glenn cited one employee who had "altered some 200 accounts and got kickbacks" for issuing bogus refund checks using the agency's Integrated Data Retrieval System. About half of the IRS's 115,000 employees have access to the program, which can also be used to instruct the IRS "master file" computer at Martinsburg, West Virginia to issue checks, send out bills, or stop notices.

The IRS internal investigation referred 80 employees for criminal investigation.

## 'Rainbow Curriculum' comes to Chicago

According to revelations made by Schiller Institute board member Sheila Jones on a recent Chicago radio interview, the incoming superintendent of schools for Chicago, Argie K. Johnson, comes to Chicago from the New York public school system where she was a protégé of ousted chancellor Joseph Fernandez. Jones told WBEE interviewer John Stephney:

"Being the Deputy Chancellor of Instruction in New York, you see that her signature on the curriculum in question is just below Fernandez. Her area of responsibility was curriculum development. So, these dirty books [*Heather Has Two Mommies and Daddy's Roommate* which promote homosexuality among elementary school-children] and suggested ages and lesson plans were her area of responsibility. . . . As a matter of fact, Fernandez got kicked upstairs into the U.S. government. When the 'kerfuffle' about the Rainbow Curriculum hit the streets, she was immediately farmed out to the City of Chicago. . . . About the only thing covered about her in the Chicago press was what she said on sex education: 'Let's get for real. We can't have teens having all of these babies. I support condoms in the schools, and the sex education program.' Well, to me that happens to be a very interesting comment to be made as your main issue, when you're coming into a system which is fraught with all kinds of budgetary problems, and fraught with all

kinds of problems. . . .

"We need to understand that a part of the education curriculum program in New York City, which is sponsored by the Anti-Defamation League of B'nai B'rith and the NEA [National Education Association], has been . . . in all schools, now—in junior high schools, school-based clinics. And I'm not talking about inoculations or a lot of aspirins being given out. No, condoms! This curriculum program has suggested even 'brown bagging it.' What do I mean? I read that the National Association of School Boards' monthly magazine suggested handing out brown bags, with condoms and dental dams, which are for oral sex, to be available to students in junior high schools."

## Court orders clemency hearing for Graham

On Aug. 3, Austin, Texas state District Judge Pete Lowry issued a ruling, agreeing with lawyers for death row inmate Gary Graham, that his constitutional rights would be denied if the Texas Board of Pardons and Paroles did not hold a clemency hearing before his scheduled execution on Aug. 17. The purpose of the hearing would be to consider Graham's new evidence of innocence, which would be the basis for granting clemency. This would be the first time that Graham and his lawyers were permitted to bring his witnesses forward to testify under oath. Judge Lowry based his decision that Graham has the constitutional right to a clemency hearing on the U.S. Supreme Court *Herrera* decision, which says that a prisoner on death row who claims he has new evidence of innocence, but received a "fair" trial, can only have his execution stopped based on executive clemency.

The judge's written decision orders the Pardons Board to conduct a hearing, with Graham present, before an impartial hearing officer, to make official transcripts (not usually required), and giving Graham's lawyers the opportunity to cross-examine witnesses.

However, because the Attorney General has filed a notice to appeal the judge's decision, the state plans to proceed with Graham's execution.

## Briefly

● **THE VIRGINIA SUPREME** Court denied a petition for rehearing for the appeal of Anita and Paul Gallagher and Laurence Hecht, who are facing 30- to 40-year sentences in the Virginia "Get LaRouche" frameup cases. Attorneys for the defendants will now file a motion to allow them to remain free on bond while they appeal to the U.S. Supreme Court. If the court denies this motion, the defendants will then begin serving their outrageous sentences.

● **'GAY AND LESBIAN Parenting and Families'** is the new training program begun by the Washington, D.C. Department of Human Services Adoptions Branch for some of its employees. The program is based on a report by Charlotte J. Patterson of the University of Virginia, called "Lesbian and Gay Families with Children." An *EIR* source reported that many Adoptions Branch employees are very upset about the prospect of homosexual adoptions.

● **FORMER YIPPIE** Dana Beal is promoting the new, violent hallucinogen ibogaine as a suppressant for heroin craving. Beal is now a leader in the anarchist group AIDS ACT UP. A project to use the drug is jointly run by the U.S. National Institute on Drug Abuse, Johns Hopkins University, and other universities.

● **THE NASHVILLE BANNER** on July 20 reported on the fight to pass a resolution in the Nashville City Council demanding removal of Washington, D.C.'s statue of Klansman Albert Pike. The resolution was introduced by City Councilman Kwame Leo Lillard. The council acted to defer consideration of the resolution after a delegation of Sons of the Confederacy and 20 Masons, all "pillars" of the community, defended Pike.

● **A FEDERAL GRAND** jury indicted seven more members of the Branch Davidians on Aug. 7, for conspiracy to commit murder and premeditated murder in the deaths of four federal agents who stormed the Branch Davidians' headquarters in Waco, Texas on Feb. 28.

## Editorial

### *The LaRouche candidacy*

To all appearances, the Bosnian republic will be ground to bits, with the de facto complicity of the NATO alliance. Despite what appeared to be the good intentions of President Clinton — an initial proposal to lift the arms embargo against Bosnia and bomb strategic Serbian military targets — U.S. policy has remained paralyzed, conforming with the wishes of the John Major government of Britain.

Similarly, the President's promises to "grow the economy" appear to have been killed. The economic depression deepens in the United States and throughout the world. Now a serious world food shortage also looms as a result of the recent floods. In the United States, a cabal of Republican politicians and the Perot forces is taking pot shots at the Clinton budget. While they are correct that the U.S. deficit can only worsen under current conditions, the austerity measures which they propose as remedies would make matters even worse.

There is an exceedingly dangerous situation internationally, with a vacuum in shaping the necessary policy conceptions to prevent the strategic and economic crises from worsening. Under these circumstances, the early entrance into the presidential campaign of 1996 by Lyndon H. LaRouche, who announced an exploratory committee on Aug. 12, is precisely what is needed to force debate on the real issues. If it can also be a vehicle to build support for his release from prison so that he can play a hands-on role in the formulation of badly needed new policy initiatives, then this too makes his announcement welcome news.

Since his entry into presidential politics in 1976, LaRouche has amassed an impressive record on domestic, international, strategic, and economic policymaking. The last 25 years, especially the two decades since Richard Nixon's resignation, have not been a good period for the United States. President Clinton has come into office faced with the cumulative effect of the mistakes made over these years, mistakes which threaten to turn the United States into a former superpower, and perhaps ultimately even fracture the country in a process similar to that now devastating the former Yugoslavia. With his capitulation to Britain

and France in tolerating Serbian genocide, the strategic credibility of the United States is being destroyed. Of course, the preceding Bush administration bears significant responsibility for setting up the conditions which encouraged Serbia to launch its war of aggression.

LaRouche earned the enmity of the Anglo-American establishment by consistently opposing those corrupt policies, and denouncing the man through whom many of them were implemented: former National Security Adviser and Secretary of State Henry A. Kissinger. The frameup of John Demjanjuk was only one of many evils that occurred through the corruption that Kissinger spawned.

Demjanjuk, a Ukrainian-born American citizen, was falsely identified as the concentration camp guard "Ivan the Terrible" and deported to stand trial in Israel under circumstances which were blatantly illegal under U.S. law. His case was used to stir up a climate against eastern Europeans in the United States, in order to blunt the outrage of decent Americans against Serbia's invasion of Croatia. The message was that Ukrainians and Croats were supporters of Nazi war crimes.

Abundant documentation exists to show that Lyndon LaRouche was also imprisoned, at the behest of Kissinger's networks, to placate Moscow, because of LaRouche's role as the intellectual author of the Strategic Defense Initiative. In a climate in which the justice system is perverted to such purposes, the average citizen also becomes victim to judicial abuses, as we see in the rush to execute prisoners for crimes that they may well not have committed.

One cannot blame Clinton for the mistakes of his Democratic and Republican party predecessors and the strategic and domestic problems which he has inherited. But Bill Clinton is in trouble, the United States is in trouble, and the threat of a new world war and a devastating depression hangs over the world. Lyndon LaRouche has a more than 25-year record of opposing precisely those trends in policymaking which have led the United States to this disaster, and he has demonstrated the courage to stand up for these policies even from his prison cell in Minnesota.

# SEE LAROUCHE ON CABLE TV

## ALASKA

■ ANCHORAGE—ACTV Ch. 40  
*The LaRouche Connection*  
 Wednesdays—9 p.m.

## ARKANSAS

■ LITTLE ROCK—Storer Ch. 18  
*The LaRouche Connection*  
 Thursdays—8 p.m.

## CALIFORNIA

■ EAST SAN FERNANDO VALLEY—  
 United Artists Ch. 25  
*The LaRouche Connection*  
 Saturdays—3:30 p.m.  
 ■ LANCASTER/PALMDALE—Jones Ch. 5  
*The LaRouche Connection*  
 Sundays—2 p.m.

■ MODESTO—Access Ch. 5  
*The LaRouche Connection*  
 Thurs., Sept. 2—6:30 p.m.  
 ■ MTN. VIEW—MVCTV Ch. 30  
*The LaRouche Connection*  
 Tuesdays—4 p.m.

■ SACRAMENTO—Access Ch. 18  
*The LaRouche Connection*  
 Second & Fourth Wed.—10 p.m.  
 ■ SAN FRANCISCO—  
 CitiVision Ch. 51  
*The LaRouche Connection*  
 Fridays—8:30 p.m.

■ SANTA ANA—Comcast Ch. 20  
*The LaRouche Connection*  
 Sundays—4 p.m.

## DISTRICT OF COLUMBIA

■ WASHINGTON—DCTV Ch. 25  
*The LaRouche Connection*  
 Sundays—12 Noon

## FLORIDA

■ PASCO COUNTY—TCI Ch. 31  
*The LaRouche Connection*  
 Tuesdays—8:30 p.m.

## GEORGIA

■ ATLANTA—People TV Ch. 12  
*The LaRouche Connection*  
 Fridays—1:30 p.m.

## IDAHO

■ MOSCOW—CableVision Ch. 5  
*The LaRouche Connection*  
 Weekly—Tue. or Wed. eve.  
 (Check Ch. 5 Readerboard)

## ILLINOIS

■ CHICAGO—Access Ch. 21  
*Tax Derivatives Securities*  
 Mon., Aug. 23—10 p.m.  
 ■ QUAD CITIES—Cox Ch. 4  
*The LaRouche Connection*  
 Mondays—9:30 p.m.

## INDIANA

■ SOUTH BEND—TCI Ch. 31  
*The LaRouche Connection*  
 Thursdays—10 p.m.

## MARYLAND

■ MONTGOMERY—MCTV Ch. 49  
*The LaRouche Connection*  
 Tuesdays—11 p.m.  
 Thursdays—2:30 p.m.

■ WESTMINSTER—CCTV Ch. 19  
*The LaRouche Connection*  
 Tuesdays—3 p.m.

## MICHIGAN

■ TRENTON—TCI Ch. 44  
*The LaRouche Connection*  
 Wednesdays—2:30 p.m.

## MINNESOTA

■ MINNEAPOLIS—Paragon Ch. 32  
*EIR World News*  
 Wednesdays—6:30 p.m.

■ ST. PAUL—Access Ch. 33  
*EIR World News*  
 Mondays—8 p.m.

## NEW YORK

■ BROCKPORT—Cable West Ch. 12  
*The LaRouche Connection*  
 Thursdays—7 p.m.

■ BROOKHAVEN—TCI Ch. 6  
*The LaRouche Connection*  
 Wednesdays—3:30 p.m.

■ BUFFALO—BCAM Ch. 18  
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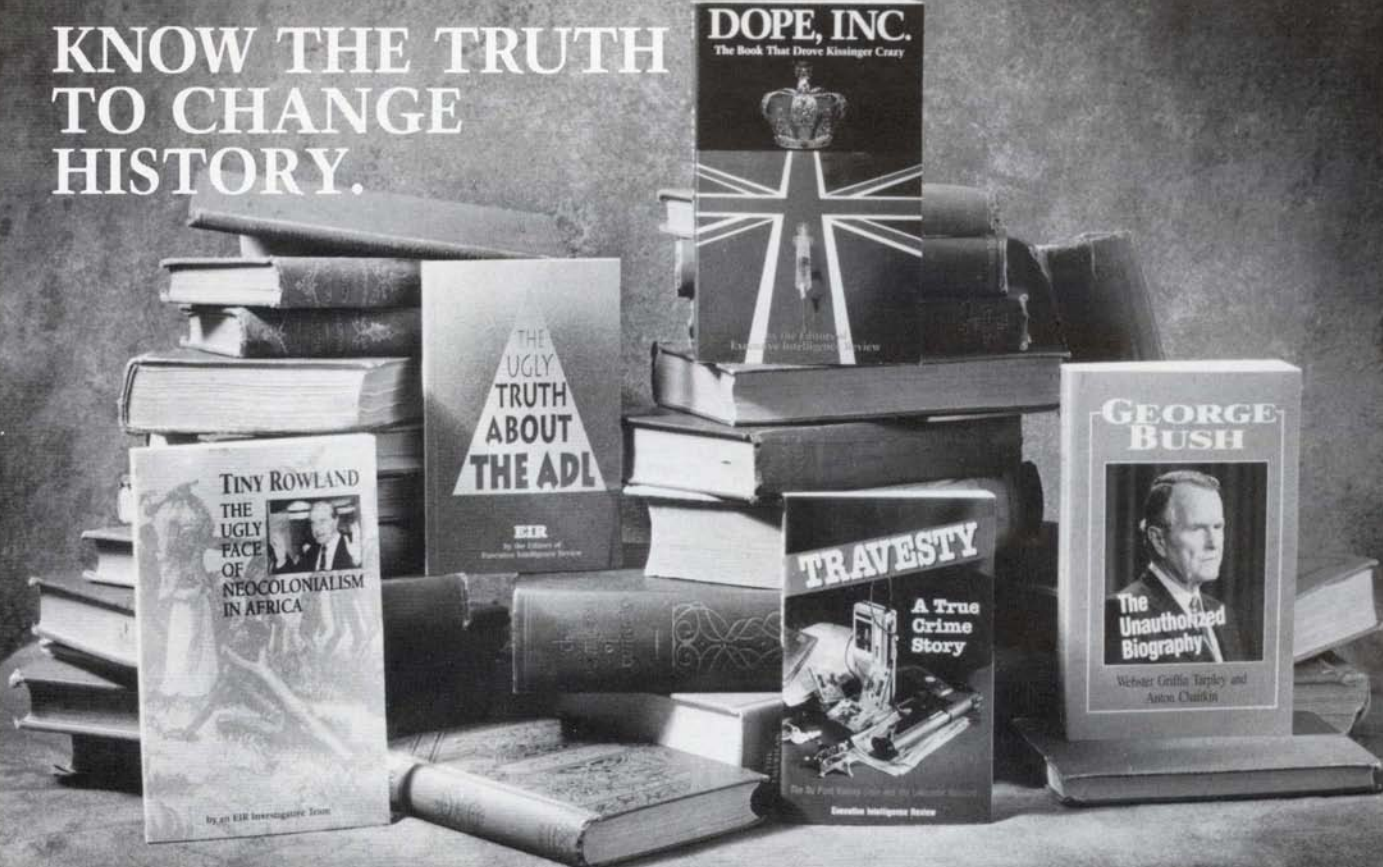
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