

DIR

ALC ARCHIVE

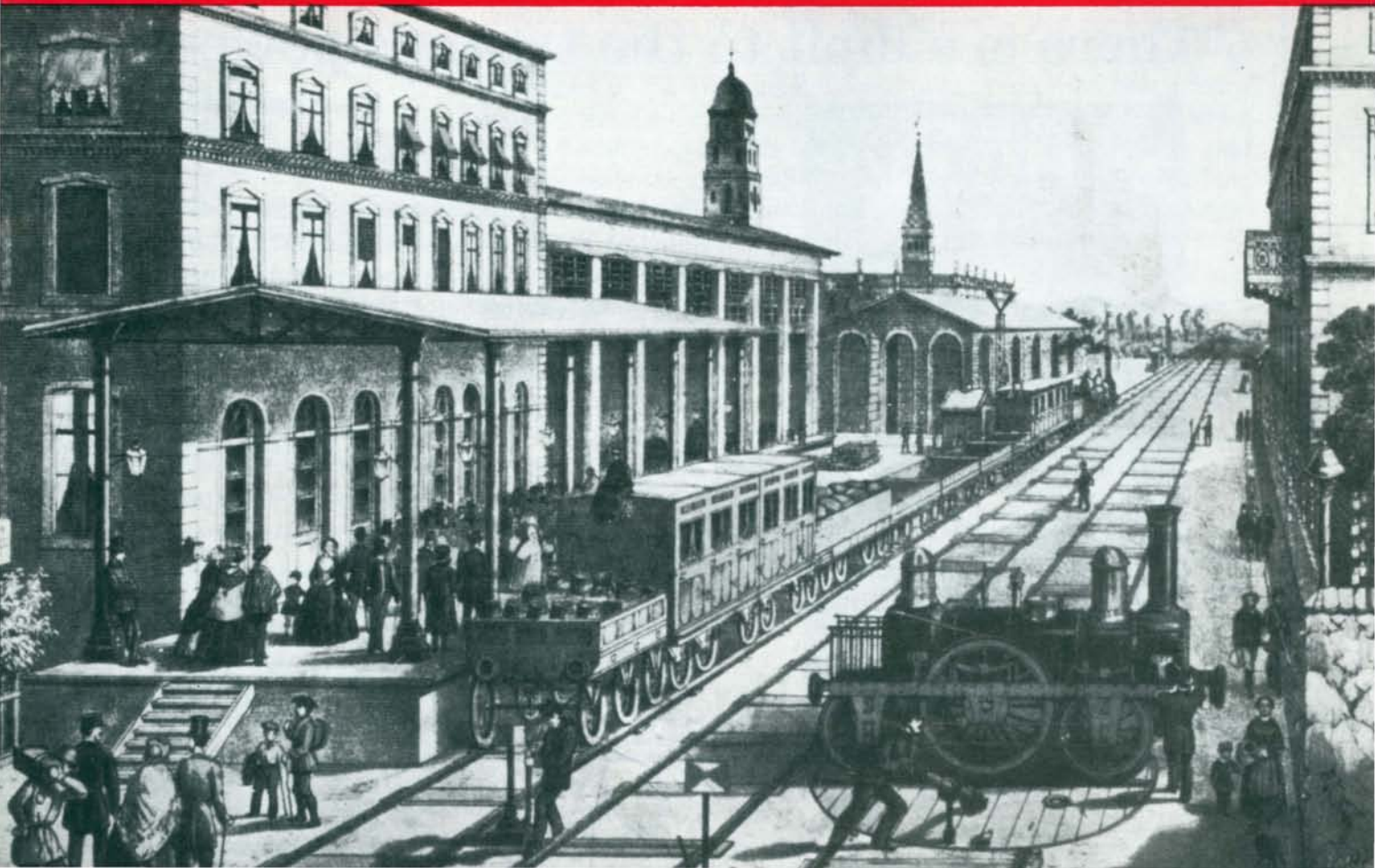
Executive Intelligence Review

December 1, 1989 • Vol. 16 No. 48

\$10.00

Soviets on rampage against German unity
Vatican conference gives hope against AIDS
Solid-state fusion: a great moment in science

**Friedrich List's 'American'
economics back on the agenda**



EIR AUDIO REPORT

gives you an hour cassette each week of the news, analysis, interviews, and commentary that Establishment media don't want you to hear.

EIR AUDIO REPORT

comes to you from the staff of *Executive Intelligence Review*, the magazine founded by Lyndon LaRouche, with bureaus around the world.

With EIR AUDIO REPORT,

you get in an hour what "All-News Radio" won't give you in a lifetime.

First with the War on Drugs.

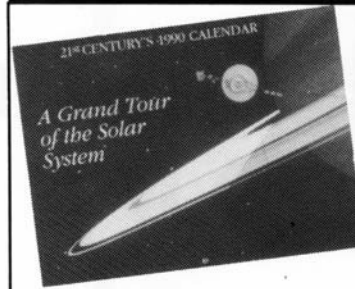
First with the Food for Peace.

First to drive a stake in the heart of Satanism.

Listen to **EIR AUDIO REPORT** each week.

\$500 per annual subscription.

Make check or money order payable to: EIR News Service, P.O. Box 17390, Washington, D.C. 20041-0390. MasterCard and Visa accepted. Or call to place your order, (703) 777-9451.



Tour the Solar System Year-round with

21st CENTURY'S 1990 Calendar

12 beautiful four-color illustrations of the planets and their moons, 8 1/2 x 11"

\$10 each 2 for \$15 3 for \$20 (postpaid)

For foreign orders, add \$2 per calendar. Foreign payment must be an international draft only.

Enclosed is \$_____ for _____ copies of 21st Century's 1990 calendar.

Name _____

Address _____

City _____ State _____ Zip _____

Make check or money order payable to:

21st Century

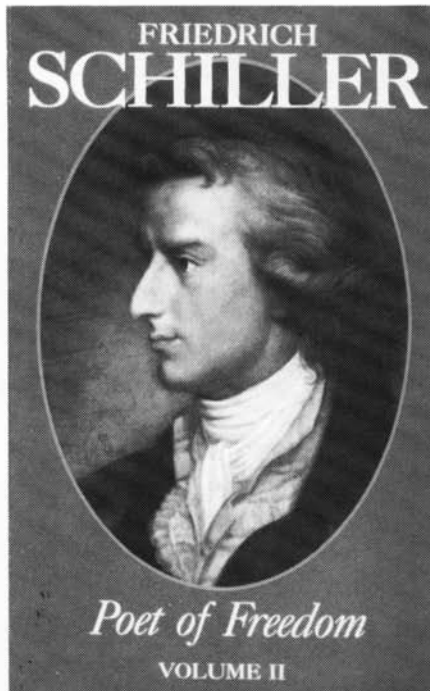
Dept. E, P.O. Box 65473

Washington, D.C. 20035

Telephone (703) 777-7473

"There is a limit to the tyrant's power."

—Friedrich Schiller,
Wilhelm Tell.



The long-awaited second volume of the Schiller Institute's new translations of Germany's greatest poet. Includes two plays, "Wilhelm Tell," "The Parasite"; On Universal History; On Grace and Dignity; The Esthetical Lectures; and numerous poems.

562 pages.

\$15.00

Make checks payable to:

Ben Franklin Booksellers, Inc.

27 S. King Street, Leesburg, VA 22075

Shipping: \$1.50 for first book, \$.50 for each additional book. Or, order both volumes of the *Schiller, Poet of Freedom* translations (Vol. I contains the play "Don Carlos," poems, and essays) for \$25.00 postpaid.

EIR

From the Editor

Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

Editor: *Nora Hamerman*

Managing Editors: *John Sigerson and Susan Welsh*

Editorial Board: *Warren Hamerman, Melvin Klenetsky, Antony Papert, Gerald Rose, Allen Salisbury, Edward Spannaus, Nancy Spannaus, Webster Tarpley, William Wertz, Carol White, Christopher White*

Science and Technology: *Carol White*

Special Services: *Richard Freeman*

Book Editor: *Katherine Notley*

Advertising Director: *Marsha Freeman*

Circulation Manager: *Cynthia Parsons*

INTELLIGENCE DIRECTORS:

Africa: *Mary Lalevé*

Agriculture: *Marcia Merry*

Asia: *Linda de Hoyos*

Counterintelligence: *Jeffrey Steinberg,*

Paul Goldstein

Economics: *Christopher White*

European Economics: *William Engdahl,*

Laurent Murawiec

Ibero-America: *Robyn Quijano, Dennis Small*

Medicine: *John Grauerholz, M.D.*

Middle East: *Thierry Lalevé*

Soviet Union and Eastern Europe:

Rachel Douglas, Konstantin George

Special Projects: *Mark Burdman*

United States: *Kathleen Klenetsky*

INTERNATIONAL BUREAUS:

Bangkok: *Pakdee and Sophie Tanapura*

Bonn: *George Gregory, Rainer Apel*

Copenhagen: *Poul Rasmussen*

Houston: *Harley Schlanger*

Lima: *Sara Madueño*

Mexico City: *Hugo López Ochoa, Josefina Menéndez*

Milan: *Marco Fanini*

New Delhi: *Susan Maitra*

Paris: *Christine Bierre*

Rio de Janeiro: *Silvia Palacios*

Rome: *Leonardo Servadio, Stefania Sacchi*

Stockholm: *Michael Ericson*

Washington, D.C.: *William Jones*

Wiesbaden: *Göran Haglund*

EIR/Executive Intelligence Review (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July and last week of December by EIR News Service Inc., P.O. Box 17390, Washington, DC 20041-0390 (202) 457-8840

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

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

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

Japan subscription sales: O.T.O. Research Corporation, Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo 160. Tel: (03) 208-7821.

Copyright © 1989 EIR News Service. All rights reserved. Reproduction in whole or in part without permission strictly prohibited. Second-class postage paid at Washington D.C., and at an additional mailing offices. 3 months—\$125, 6 months—\$225, 1 year—\$396, Single issue—\$10

Postmaster: Send all address changes to *EIR*, P.O. Box 17390, Washington, D.C. 20041-0390.

“It’s not certain, but it should not be overlooked, that the Soviets might move in a crushing pattern in Eastern Europe and elsewhere any time from about Dec. 15 onward,” warned Virginia candidate for Congress Lyndon LaRouche in a strategic assessment he issued on Nov. 21, just before Thanksgiving. LaRouche also put out his own Thanksgiving Day message to Americans, observing that nationalist freedom movements are arising which give us great hope; and that while there are evil things coming to the surface, “let us be thankful that we have the powers of reason to understand these things and to discover how to defeat them.”

LaRouche is running for the U.S. Congress from Virginia’s 10th C.D. from jail, where he has been since Jan. 27—a *political* prisoner in the United States, the nation that is looked to by the entire world as a beacon of freedom. As the winter holidays approach, candles will be lit demanding his freedom in vigils across the globe, echoing the candlelight rallies of Leipzig.

This week’s *Feature* looks at events in central and eastern Europe from the standpoint of the great, unfinished nation-building projects of the last century, and of one of the heroes of that movement, the German-born American System economist Friedrich List, known as the Father of the German Railroads. We present the little-known story of Franco-German republican networks in List’s day, along with a preliminary sketch of the kind of rail network buildup that must be undertaken quickly, in order to solve the problems of the East German and Polish economies and connect them into Western Europe.

I would also draw your attention to page 56, where we discuss the grave dangers in the Middle East on the heels of the car-bombing of Nov. 23, and print a letter by Lebanese nationalist leader General Aoun to the Lebanese diaspora. See page 48 for an in-depth treatment of the Pamyat fascist movement which has arisen in Russia to counter the national freedom movements, and page 52 for an interview with the son-in-law of Ukrainian target of Soviet “justice,” John Demjanjuk.

In science, we offer two exclusive, optimistic reports: Dr. Jonathan Tennenbaum’s, from the Vatican conference on AIDS (page 6), and Hal Fox’s survey of the remarkable progress in so-called cold fusion (page 20).

Nora Hamerman

EIR Contents

Interviews

- 52 Edward Nishnic**
The son-in-law of John Demjanjuk describes the battle for justice in the case of a Soviet target.

Departments

- 59 Report from Bonn**
Peak of East German crisis lies ahead.
- 60 Northern Flank**
The condominium's little errand boy.
- 61 Andean Report**
Peru doesn't want to fight drugs.
- 72 Editorial**
Mrs. Thatcher's 'I love Gorby' movement.

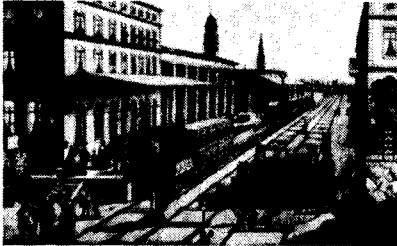
Science & Technology

- 20 Solid-state fusion: a great moment in science**
Solid-state fusion—"cold" fusion—is the most important discovery in this century and merits our best thinking, planning, and cooperation. Unfortunately, the idea was promulgated that the Fleischmann-Pons Effect was simple to replicate. *Fusion Facts* editor Hal Fox explains why such is not the case.
- 23 What fusion theory must explain**
- 25 Experiments show anomalies occurring**
Remarks from the Oct. 18 press conference on the Workshop on Anomalous Effects in Deuterated Materials sponsored by the National Science Foundation and the Electric Power Research Institute.
- 27 In memory of Dr. Robert Moon**
Jonathan Tennenbaum eulogizes a great man we will greatly miss.

Economics

- 4 Greenspan isn't preparing for Christmas**
With the new drop in interest rates, Greenspan is edging crabwise toward the full-blown hyperinflationary explosion that jailed economist Lyndon LaRouche warned of in September.
- 6 Vatican conference gives hope in fight against AIDS**
- 8 Mexican government desperate after failure of much-touted Brady Plan**
Since September, numerous bankers have rejected Bush's pleadings, insisting that Brady's offer to reduce other nations' foreign debts is like betting at poker with someone else's hand.
- 10 Brazil's voters face economic crossroads**
On Nov. 15, when 82 million Brazilians voted in the first direct presidential election in 29 years, their republic was exactly 100 years old.
- 11 Currency Rates**
- 12 Washington cuts food bank donations, as local agencies plead for relief**
- 15 HOPE to subsidize real estate market**
- 16 Domestic Credit**
Wall Street discovers the "recession."
- 17 Agriculture**
"Big Brother" hawks zero growth.
- 18 Business Briefs**

Feature



An early engraving showing the Berlin terminal of the Berlin-Potsdam rail line, opened in 1838—one of the first railways built at the impetus of the great Friedrich List.

28 Friedrich List and the program for Europe today

Back on the agenda: the ideas of economist Friedrich List, the leading continental European foe of Adam Smith and Karl Marx, whose notion of national economy was based on the American System, and whose 200th birthday occurs this year.

30 Friedrich List's collaboration with republican circles in France

Laurent Murawiec's speech to the June 10 conference on Friedrich List sponsored by the Patriots for Germany.

35 The new railroad boom beyond the Elbe

By Rainer Apel.

International

38 Moscow could still decide to crush the revolution

Fidel Castro's military offensives in El Salvador demonstrate that the hardliners may force a drastic shift in Moscow between now and mid-January.

41 EC summit paralyzed by Thatcher, IMF

Anyone who has witnessed the collapse of the "free market" economy in the U.S. knows such policies have no place in a serious revival of Europe's physical economy.

42 Soviets on rampage against German unity

44 Castro unleashes El Salvador war

46 Chinese Premier Li Peng completes image-building trip to South Asia

48 Russian chauvinism—the real danger of a fascist resurgence today

Documentation: Ukrainian nationalists reject anti-Semitism.

55 Lockerbie coverup may be cracking

56 Car-bomb in Beirut: Will Lebanon survive?

Documentation: A letter to the Lebanese throughout the world, by Prime Minister Gen. Michel Aoun.

62 International Intelligence

National

64 Bush defense cuts increase war danger

The kinds of cuts being demanded will render the U.S. military capable only of "special operations," such as those envisaged by the infamous Wohlstetter Report of 1988.

66 The Dwayne Andreas file: How the ADL works for Moscow

Not only are the Anti-Defamation League's top funders and controllers not Jewish—they are all set to trade the fate of persecuted Jewish refuseniks for fat profits in Soviet trade.

68 Congressional Closeup

70 National News

Greenspan isn't preparing for Christmas

by Chris White

Alan Greenspan's Federal Reserve suddenly dropped interest rates on Nov. 22, pumping money into the banking system to bring its overnight lending rate, the Fed Funds rate, down below 8.25%. This was the second time in two weeks that Greenspan and his money managers have lowered interest rates. The rate the Fed charges for overnight borrowings has fallen from 9.75% earlier in the year. Now the expectation is that commercial banks will, starting by early December, begin to follow the Fed's lead by reducing their prime rate, the rate they charge their borrowers.

Some might think that in lowering interest rates, Greenspan's Federal Reserve is attempting to steer the financial system through the Christmas sales period by creating easier terms for consumer purchases. Since Christmas sales account for roughly 50% of the annual turnover of U.S. retailers, and since retail sales, and retailers, have been especially hard hit by the collapse of household disposal income, and the collapse of the market in junk bonds, which has become evident since August and September, there is indeed good reason for such concerns.

But Alan Greenspan's Federal Reserve is not cast for the role of Santa Claus. The Thanksgiving week interest rate reductions are not so much directed at the Christmas sales period, but at what will surely come afterwards. Christmas sales generate the revenues which permit debt-strapped department store and retail chains, like Robert Campeau's \$12 billion in the hole, Allied and Federated Department Stores, the holding company for Bloomingdale's and others, to service their debt. Collapsed retail sales over the Christmas period will collapse the funds available for that purpose. Action on the interest rate front now is directed at foreseeable worsening problems for the rotten, bankrupt financial system emerging in the early weeks of 1990. Greenspan is slowly edging crabwise toward the full-blown hyperinflationary ex-

plosion that jailed economist and political leader Lyndon LaRouche warned of in September, in the aftermath of the Sept. 15 default and near collapse of Robert Campeau's retail empire.

More significant in this respect than the decrease in interest rates was the news, leaked almost simultaneously with the reduction, from the Federal Reserve that Greenspan and company have decided to move to end a fight that has been raging in government and regulatory agencies since September over the matter of the capital reserves of the banking system. In that fight the Office of Comptroller of the Currency, located in the Treasury Department, has been pitted against William Seidman's Federal Deposit Insurance Corporation. Robert Clarke, the head of the Comptroller's office, demanded that the minimum reserve requirement for banks be dropped from a proposed level of 6% coverage of liabilities—i.e. \$6 in stock and cash for every \$100 of liabilities—to 3%. Seidman favored the higher standard. Over Thanksgiving (Nov. 23), Fed officials leaked out that they had decided to back the Comptroller's side of the dispute. The decision clears the way for regulatory changes to be adopted in the upcoming period which will indeed cut the reserve requirements of the commercial banks in half.

The Fed regulates the 1,100 or so banks which are members of the Federal Reserve system. The Comptroller is responsible for another 4,000 nationally chartered banks. The FDIC is responsible for about 8,000 smaller, mostly state-chartered banks, which are not part of the Federal Reserve system. An FDIC spokeswoman told the *Wall Street Journal* Nov. 24, "We will probably go along with whatever the Fed agrees to." The higher, 6% level, had been established in the so-called thrift bailout package, as one of the means by which savings and loans might be more efficiently shut down. It was intended to apply to the banking sector as a whole.

On paper, if the reduction in reserve coverage is adopted, commercial banks which report to the Fed could expand their liabilities from the present \$3 trillion or so, which are secured against about \$210 billion, to \$6 trillion secured, against the same \$210 billion. Rather than reduce their reserve coverage, the banks would, of course, expand the liabilities covered by existing reserves to the new limit. Adding in a proportional increase in bank holdings of off-balance sheet liabilities, and other forms of securitized paper held by banks, would make the effects of the shift an order of magnitude or so worse. Banks like Citibank and Chase which are already bankrupt 6-8 times over, would rapidly be bankrupt 12-16 times over, and would no doubt still claim that they were doing better than ever before.

LaRouche called the shots

Since the mid-September default and near collapse of Campeau, the big commercial banks and investment houses have found themselves in a worsening capital crunch. At that time LaRouche pointed out from his jail cell in Rochester, Minnesota, that when Campeau defaulted, he collapsed the approximately \$200 billion per annum market in so-called "junk bonds"—sub-investment grade securities—and that collapse in turn collapsed the book value of all the so-called securitized paper held by the banks. The collapse, he reported, set off an accelerating deflationary spiral, heading, depending on the rate of acceleration of that spiral to a non-linear discontinuity where the spiral becomes hyperbolic in form, like a shock front. At that point the economy would enter a physical phase change, characterized, if present policies continue by either accelerating slide into bottomless depression, or Weimar, Germany-style hyperinflation, or some combination of the two.

The capital crunch which has intensified bank lobbying for the reduction in reserve requirements, and the corollary collapse of the investment houses, reflect the development of the deflationary spiral set off with the Sept. 15 Campeau default. The Fed's move in backing the 3% standard is a powerful signal of the drift, as well as the intent, toward the hyperinflationary explosion warned of by LaRouche.

Since the close of business Oct. 12—the day before the Friday the 13th stock market crash—the nation's major banks have posted substantial losses in the values of their stocks, and thus in their capital. Comparing Oct. 12 to the close of business Nov. 22, the collapses range from 13% and 16% in the respective cases of Citicorp and Chase Manhattan, to 20% for Bank of America and Bank of Boston, and 22% for the Bank of New England.

The investment houses are not doing much better. Merrill Lynch, Shearson Lehman, Drexel Burnham, Goldman Sachs, and Salomon Brothers, have all recently announced new layoffs, cutbacks in employee bonuses and commissions, and are heading into further retrenchments. For them, the collapse of the junk bond market was the beginning of

the end. The investment houses finance the takeovers of the junk bond buyouts. They extend what they call "bridge loan" financing, temporary financing, pending the completion of buyout packages. The collapse of Campeau has left them with short-term bridge loans outstanding, and dim prospects of ever completing the deals under negotiation. The bridge loans are financed at higher interest rates than the long-term packages. So sensitive has the investment houses' exposure become that they have mounted extensive lobbying campaigns to block congressional efforts to secure disclosure of the amounts involved. Merrill Lynch, First Boston, Morgan Stanley, and Goldman Sachs are known to have been involved in such lobbying.

The next phase of the mess

Lower interest rates, and lower reserve requirements are part of the preparations going on at the Fed for dealing with the next phase of the mess. So far this year the Federal Reserve claims to have restricted the growth of credit to a level which keeps the growth of reported total credit market debt outstanding at a level of \$1 trillion per year, and has done this even while its Fed Funds rate has come down by 1.5%. Supposedly, then, this year's reduction in interest rates has only maintained the increase of credit, or indebtedness. Since the approximately \$12 trillion of debt has been growing by the same \$1 trillion, or \$1.1 trillion for each of the last five years, the steady increment actually represents a slowing in the rate of growth. This is what came to an end in September.

Now either the policy under which the usurious debt has piled up is junked, in favor of a turn toward the kind of emergency technological and economic productivity-enhancing recovery program LaRouche has outlined, or the spiral of deflationary collapse continues to accelerate toward the point of hyperbolic discontinuity and relatively bottomless depression.

Suppose, in the weeks after Christmas, Campeau's Allied and Federated Department Stores, with the \$12 billion of debt incurred in their takeover, do collapse; or Kolhberg Kravis Roberts is unable to make early January payments coming due to service the \$25 billion financing of the RJR Nabisco buyout; or some other combination of debt-strapped takeover victims, aggregating to roughly the same amount, runs into problems. The ratios of leveraging of such debt, between five and nine to one, through the banking system are known, and some of the further indirect effects are known. Looked at in light of the changes required to shift the rate of growth of debt into an accelerating, rather than decelerating mode, Greenspan's tentative moves of Nov. 22 are preparatory to the shocks that will come, when on short notice something like \$800 billion to \$1 trillion has to be made available to try to prevent an overdue run against the banks. Knowing Greenspan, he'll probably still be claiming that the fight against inflation is his number-one priority, even as he is doing it.

Vatican conference gives hope in fight against AIDS

by Jonathan Tennenbaum

On Nov. 13-15 the Catholic Church brought together many of the world's leading medical researchers, doctors, and scholars from many fields of humanistic studies, to present the latest state of knowledge on AIDS and to discuss mankind's strategy against the pandemic. In three intensive days of presentations, held in the Synod Hall in Vatican City, Rome, a relatively hopeful perspective emerged: Medical science is learning how to treat AIDS-infected persons, to prolong their healthy lives, and perhaps eventually to prevent them from becoming sick.

There is progress, too, in the development of a vaccine to protect against infection, as the result of an intensive international research effort. Many speakers expressed hope that mankind's terrifying confrontation with the "plague of the late 20th century" will reverse the moral degeneration of recent decades, and bring on a return to the "true form of human sexuality, in accordance with the biology and the spiritual nature of man."

While the most crucial practical issue in the fight against AIDS was barely mentioned at the conference—the necessity for an economic mobilization to save Africa and other hard-hit areas of the world from virtual depopulation, by improving living conditions and rebuilding the health care systems—it is to be hoped that the conference's emphasis on morality will be reflected in a change here, too. Without a change of economic policy, even the best medical remedies will be inadequate. The collapse of health care systems in many parts of the world, including the United States, will otherwise make it impossible to administer the complex and expensive treatments now being developed.

'Pathology of the spirit'

Speaking in the last session of the conference, Pope John Paul II condemned what he called "a real pathology of the spirit" which had developed parallel to the spread of AIDS. He called for "the teaching of the sharing of love, of charity" to give young people the strength to resist the moral corruption which has seized many of our societies. As he and many speakers emphasized, the problems posed by AIDS can only be solved when a mobilization of medical science is coupled

with a moral renaissance, a renewed commitment to the principle of the sacredness and dignity of every human life.

The Pope condemned the so-called "safe sex" campaign, centered around promotion of the use of condoms to protect against human immuno-deficiency virus HIV infection, saying that "it is morally illegal to propose a form of AIDS prevention based on means and remedies that violate the true human sense of sexuality."

Many speakers emphasized, that the disastrous speed and scale of the spread of AIDS would have been impossible without the cultural degeneration of recent decades, particularly the banalization of sexual relations and dramatic rise of sexual promiscuity and perversion in many parts of the world. The rise of "sex tourism" which helped to disseminate AIDS rapidly on every continent of the globe, is a particularly dangerous manifestation of this cultural depravity. The disruption of traditional social and family structures in Africa and elsewhere over the last 10-20 years has been disastrous.

Not only does the "safe sex" campaign condone this cultural degeneration, but it propagates the false impression that condoms provide absolute protection against infection. Thus, "safer sex" is actually contributing to the spread of AIDS infection.

The second major message of the conference was that much can be done to prolong the lives of persons infected with AIDS, if the infection is detected early. The French virologist Luc Montagnier, whose group was the first to identify the AIDS virus, declared at the conference that "Antiviral therapies have shown themselves most effective if given before the infected person becomes sick, while the immunological defenses still exist. That is why I would like to propose that we treat, in general, all seropositive persons, all infected persons. Of course, we do not have the ideal treatment yet. We do not know what the best combination is, of antiviral drugs with low toxicity, capable of being taken over a long period, together with treatments designed to augment the immunological resistance of the organism. But it is clear that we already have in our hands effective substances.

"Taking under consideration all the rules of ethics and scientific practice, we could include all seropositive persons

in the clinical trials, comparing the various combinations of treatments. In my opinion this phase of intensive trials could lead, in a reasonable period of time, to development of a treatment for infected persons which would prevent them from becoming sick. Later, by use of vaccines and drugs to reinforce the immune system, one could, if not completely eliminate the infection, then at least render it totally harmless and imperceptible for the patient." Montagnier stressed that while this work goes forward, and while he is optimistic about the final outcome, it is necessary to do the utmost now to slow the further spread of infection.

Importance of early detection

Montagnier's call for early detection and treatment of AIDS virus infection was supported by Dr. Robert Redfield, Chief of the Retrovirus Research Department at the U.S. Army's Walter Reed Institute, and the man who has directed the mass testing of all new recruits to the U.S. Armed Forces. Redfield stated: "I have come here with a very simple message. Early diagnosis of HIV infection is good. It gives people an opportunity to receive medical care based on knowledge, to review their personal priorities, to prevent opportunistic infections such as tuberculosis, to have the AIDS disease itself delayed. And however limited the medical resources of our institutions or countries, most importantly it gives one the opportunity to avoid unknowingly transmitting infection to one's loved ones."

Redfield noted that early detection of cancer was recognized to be crucial to the life expectancy of a patient, and yet "unfortunately some people in the medical community and in society at large have been slow to recognize the same importance in reference to HIV infection. They say AIDS is different. But, is it really? As a physician, I think not. HIV infection is treatable and preventable. But our ability to treat is dependent on knowledge of infection on a personal level, institutional level and as a society. The [U.S.] military has tried to do the right thing, to embrace the principles of medicine and public health and crisis prevention, independent of the fear of what might be found and the excuses about why nothing can be done. Each day I pray for those who have been denied an early diagnosis, denied the medical treatment which would have been provided, denied the opportunity not to infect another person."

The presentations by Montagnier and Redfield demonstrated the absurd position of those who argue against universal AIDS testing of the population on the grounds that it would endanger the "human rights" of infected persons. For, it is exactly the infected persons, who otherwise would not know of their infection, who would gain the most through early detection of their condition.

Race to a vaccine

The conference included detailed presentations on the race to develop a vaccine against AIDS, which is a formida-

ble challenge given the AIDS virus's unique ability to "hide" itself within cells, and to rapidly evolve new strains. The main idea is to focus on those aspects of the AIDS virus which do not change and which the virus absolutely needs in order to reproduce itself, and to target not only the virus particles themselves, but also the cells which harbor the virus.

The most spectacular presentation was by the French researcher Daniel Zagury, who is using himself as an experi-

If Africa were to be deprived of full use of anti-AIDS drugs and vaccines, it would become a reservoir for new strains, which would threaten the rest of the world.

mental subject ("guinea pig") in vaccine studies. After repeated inoculation with an experimental vaccine, the "subject DZ" developed a powerful immune response, as shown by the fact that his blood is able to kill the AIDS virus, as well as infected cells, in the test tube.

Whether the vaccine provides real protection against infection by AIDS has yet to be proven. At the very least, tremendous additional work to perfect the vaccine, plus clinical trials, will be needed before a final judgment can be reached. Opinions differed strongly among various speakers on this subject, as to how many years it would take before large numbers of people could be protected by vaccination, but there was overall optimism that the development of a vaccine is in fact possible.

Concerning the application of vaccines and antiviral drugs, there is a notable convergence of scientific and moral necessity: Unless these are employed in a total assault against the virus *everywhere* at the same time, there is a great danger that *resistant strains* will appear. This problem is well known in the control of insects and various diseases, and it is particularly acute in the case of the rapidly evolving AIDS virus. Already, AIDS virus strains have appeared which are resistant to the best treatment drug found so far, AZT. If Africa, for example, were to be deprived of full use of anti-AIDS drugs and vaccines, then Africa would become a reservoir for the continual emergence of new strains, which would threaten the rest of the world.

Professor Montagnier put the matter in the following way: "The world is one. It is not acceptable to just be able to treat a few individuals who have economic and material means. It is clear that one cannot treat this disease in one part of the world and let it run wild in other parts of the globe. We must face this problem all together."

Mexican government desperate after failure of much-touted Brady Plan

by Héctor Apolarin

The so-called Brady Plan, offered by the Bush administration in a lame effort to "solve" the foreign debt problem of the developing sector nations, is now seen everywhere as a dismal failure, starting with Mexico, which was supposed to be the "test case" for the plan. Since September, numerous bankers have rejected Bush's pleadings, insisting that Brady's offers to reduce other nations' foreign debts is like betting at poker with someone else's hand. Even French President François Mitterrand, while in Venezuela, said that the debt proposal of U.S. Treasury Secretary Nicholas Brady was useless, because it is "too slow and biased."

In Mexico the alarm sounded on Oct. 31, the deadline set by the Mexican government for receiving the responses of its 500 creditor banks to the three options proposed by Mexico's debt negotiators. Those options are reducing debt capital by 35%; lowering the interest rate on the \$53 billion of Mexican public foreign debt to 6.5%; and finally, granting new credits.

By Oct. 31, approximately half of the creditors had not yet responded. Of those who did, 50% opted for reducing capital payments by 35%, in exchange for long-term bonds at commercial interest rates. Another 40% of the banks chose reducing the interest rate in exchange for long-term bonds; and only 10% promised new credits.

On July 22, at the signing of the initial agreement with the creditor banks, Mexican authorities had hoped that at least 60% of the banks would opt for reducing interest rates, 20% for reducing capital, and 20% for granting new credits.

The negative news places the government of President Carlos Salinas de Gortari in a very compromising situation, since in his July 23 speech to the nation, Salinas had announced the signing of an "historic agreement," by which Mexico would get the creditor banks to reduce the foreign debt and expand economic resources to begin growing again.

On Nov. 1, President Salinas gave his first state of the nation address and, to his dismay, was unable to announce any encouraging news regarding negotiations with the banks. Reliable political sources commented that during the preparation of his speech, Salinas had asked Finance Secretary Pedro Aspe if he could make any positive announcements regarding

the negotiations. Aspe answered "no." Private financial sources reveal that Aspe is hoping that the 50% of the banks which had not come up with a response would do so by the end of the month. On Dec. 1, Salinas completes his first year in office.

The disheartening news has caused something akin to hysteria among Mexican financial authorities. On Oct. 31, unidentified spokesmen of the Finance and Public Credit Ministry "leaked" to the daily *El Financiero* that 20% of the creditor banks had opted to grant new credits to Mexico. It turned out to be a lie. On Nov. 2, Reuters news agency quoted various London economists saying that Mexican authorities were already admitting that only 10% of the banks would come up with new credits. The economists insisted, however, that this did not mean the failure of the Brady Plan, since "neither the United States, nor the multilateral institutions, nor obviously Mexico, can permit it to fail. This agreement must be a success."

The same sources said that the changes in the anticipated percentages of banks that chose various options will require the Mexican government to commit more money to the \$7 billion fund established in July as a guarantee for those banks which opt to reduce capital and interest rates.

These statements from London fell like a bath of ice water on the Mexican government. According to Reuters sources, Mexico could find itself forced to disburse money from its own foreign reserves, which currently stand at \$7.3 billion. The other possibility, according to these sources, is that the U.S. Treasury will come up with these additional guarantee funds!

The \$7 billion guarantee fund is to be made up of \$2 billion from the International Monetary Fund, \$2 billion from the World Bank, \$2 billion from the Japanese government, and \$1 billion from the Mexican government. The money, once pulled together, will be deposited in the U.S. Federal Reserve Bank in exchange for 30-year zero coupon bonds, which will be delivered to the creditor banks. Not until Nov. 3 did leading debt negotiator Angel Gurría publicly admit that with the majority of the creditors opting for capital reduction, Mexico is obliged to come up with more liquid funds to

guarantee the pact.

But on Nov. 13, the Mexican government received a new setback. The *New York Times* cited Wall Street banking sources saying Mexico would receive only half of the \$9 billion in new credit it hoped to receive during the 1990-94 period, since only 10% of the banks were committed to new lending.

The reduction in foreign credit opportunities leaves the Salinas de Gortari government facing a bleak economic future. Less foreign credit means that the government will have to hike taxes, accelerate the sale of strategic state sector companies, and increase austerity in government spending and in internal government indebtedness.

If the stock exchange falls, so does government

The bad news on the bank deal has sunk internal economic expectations. On Oct. 16, the country underwent a financial shock when the Mexican Stock Exchange (BMV) fell, a panicked response by investors to the Wall Street plummet. That same day, the BMV lost 35,000 points, though financial analysts and stockbrokers told *EIR* privately that the fall was *vertical*, and actually declined 50,000 points, to a general index of 443,000. Immediately, government financial authorities and brokerage directors injected money to halt the collapse and avoid the kind of generalized panic that occurred in October 1987, when the crash then led to a loss of \$20 billion.

The Salinas government offered the brokerage firms a \$2 billion line of credit it manipulated the sale of government paper on the exchange, to prevent the index from falling any further.

The government's intervention was futile, since the general stock index continued to fall for four consecutive weeks. On Nov. 13, the index had reached 368,000 points, the lowest in the past four months. Not even Salinas's state of the nation address helped to awaken the stock market, which has depreciated 16.8% through the end of November.

For the government, the stock market fall was of singular importance, since during the first six months of this year, 92% of government income generated through public debt bonds came from the stock exchange. In fact, government paper traded on the stock market represents 98% of all operations conducted on the stock exchange. This faithfully mirrors the unreality of so-called "re-privatization of the economy."

The stock market fall triggered massive purchases of gold coin and a consequent surge in the price of gold. It has also triggered a rise in the interest rates paid by the government for public internal debt bonds. In the three weeks through mid-November, interest rates on Treasury Certificates rose from 35% to 39%. This, in turn, poses a regression in government strategy, which as of July 23 lowered the internal interest rate on short-term investments from 45% to 35%. At the Nov. 16 bond auction, the interest rate reached 40%.

In 1988, government payments on internal debt service alone represented 38.5% of gross domestic product. Authorities estimate that by 1990, internal debt service will represent 32.2% of GDP, under the supposition that Mexico's financial authorities will be able to "induce" lower interest rates.

A blind alley

The Salinas de Gortari government had hoped to use the Brady Plan as its ticket out of the foreign debt-internal debt blind alley, but the past few weeks' experiences have punctured that fantasy. Some sources say that Mr. Brady had promised Mexican officials that the group of U.S. businessmen to which he belongs is prepared to make strong investments in Mexico to alleviate the failure of his plan. But the failure of the creditor banks to come up with offers of new credit to the Mexican government, and the explosive situation of public finances at home, suggest that the Salinas government will make some draconian economic decisions to try to raise government income, given that Brady's promises of foreign investment do not sell on the stock market, and if they should, panic would certainly follow.

Added to the plan's failure are the terrible living conditions of the majority of Mexicans, following the rapid degeneration of their purchasing power. In 1985, the average wage was 70¢ per hour. Today, that abysmally low wage has fallen even lower, to barely 40¢, one of the lowest in the world. At the same time, 40% of the adult population and 80% of Mexico's children suffer malnutrition; of the 2 million Mexicans born yearly, 100,000 will die before reaching five years of age.

Most government officials in Mexico know that if the tenuous social balance is shattered by new economic austerity shocks, the situation will fly out of control. This is the point at which Mexico finds itself today.

Now Available!

J.S. BACH

The Six Suites for Solo 'Cello
Eliane Magnan, 'Cellist
Ibykus Series
Set of Two Compact Discs

\$38.00 Add \$1.50 postage and handling for first set of 2 CD's,
\$.50 each additional set.

Make check or money order payable to:
Ben Franklin Booksellers, 27 South King Street, Leesburg,
Virginia 22075. Telephone (703) 777-3661. MasterCard and
Visa accepted.

Brazil's voters face economic crossroads

by Lorenzo Carrasco Bazúa

On Nov. 15, when 82 million Brazilians went to the polls to elect Fernando Collor de Melo and Luis Ignacio "Lula" da Silva as the finalists in the first direct presidential election in 29 years, Brazil was celebrating the 100th anniversary of its proclamation as a republic. Indeed, the crisis which today threatens to unleash lacerating conflict in Brazil, can only be compared with the crisis that overturned the Orleans and Bragança monarchy on the morning of Nov. 15, 1889.

Then, the banking interests of the Rothschild family, consolidated in an imperialist fashion during the Paraguay War, had bankrupted Brazil's public finances, setting off an uncontrolled inflationary process. Today, public finances are again ruined, and national credit is only serving the interests of a handful of speculators who loot the nation's resources for their private gain.

Brazil has lived through a decade in which the international financial oligarchies have extracted \$100 billion in service payments on a foreign debt of \$110 billion. This thievery has translated into the loss of nearly 50% of the buying power of wages; 70 million Brazilians in conditions of absolute poverty or minimal subsistence, subject to epidemic disease; and millions of homeless children roaming the streets of the main cities. Besides the economic crisis there is an institutional crisis. The ruling institutions have failed to answer foreign-imposed economic and political humiliations with sovereign economic choices befitting Brazil's interests; moreover, Brazil lacks solid political party structures that could foster orderly political solutions.

Established parties trounced

This chaos was clearly revealed by the election results, which wiped out the existing majority parties in the National Congress, the PMDB and PFL, despite their well-qualified respective candidates, Ulyses Guimarães and Aureliano Chaves, who together won barely 5% of the general vote. Voters instead chose two candidates who lack the parliamentary base of support needed to govern, and whose sole virtue, in the eyes of the electorate, is in *not* representing past political structures. Fernando Collor, a candidate whose electoral chances were minimal just a short time ago, was elected by the Party of National Reconstruction (PRN)—founded one year ago—with nearly 30% of the 20 million valid votes. His campaign was

based on the fight against government corruption and against the *marajas*, a nickname for overpaid or corrupt public officials. With neither his own political base, nor a defined economic program, Collor de Melo is surrounded by interests who could drive him into taking neo-liberal stances against any serious reform attempts.

Second place in the vote fell to Luis Ignacio "Lula" da Silva, after a pitched battle with Socialist International representative in Brazil and former governor, Leonel Brizola. Lula, candidate of the Workers Party (PT), is a unionist who was turned into a candidate by his mentor, the "Theology of Liberation" priest Frei Betto, a leading figure in the Marxist movement in the Brazilian Church, which is in open rebellion against the Pope. It was through the efforts of the 80,000 "ecclesiastical base communities" (CEBs) and the "pastors of the land" scattered throughout Brazil that Lula was provided the margin of votes, especially in the northeast, to qualify for the second round of the presidential race.

With the two candidates now defined, and the country sinking into a worsening economic crisis, the campaign will enter a phase of radicalization which will be easily manipulated in "class struggle" terms.

Within this scenario of radical-left and radical-right choices, the defeated candidates of the traditional parties will try, through various alliances, to surround the two candidates and force them to assume commitments that may help avert uncontrolled political chaos. Sectors of the majority PMDB party which were trapped in the false "left-right" scenario will now support "Lula" in the second round of voting, with the view that of the two choices, he is the only one who vows to carry out economic reform. Those same sectors of the PMDB are seeking guarantees and pledges from the PT leadership to control their more radical factions, which serve as a "safeguard" against the Armed Forces.

However, Lula's own provocations against the Armed Forces during his campaign leave a slim margin of credibility, and the political picture could fast decay into a radicalization similar to the last months of the João Goulart government (1964). The Armed Forces, for their part, have declared that they will not oppose the inauguration of any elected victor, thereby presenting themselves as guaranteeing compliance with the Constitution and putting a potential straitjacket on the more radical and pro-terrorist elements within the PT who could come to power in the event of Lula's victory.

A deadly economic legacy

In either case, President José Sarney is willing to his successor a policy minefield. The economic and financial policies pushed by his ministers Maílson da Nóbrega and João Batista de Abreu have created a hellish system at the service of Brazil's financial oligarchies, which in just a few months, has deepened the economic dislocation in Brazil. By keeping interest rates at which public bonds are sold

outrageously high, the real transfer of resources from the productive sectors and the poorest Brazilians into the hands of the bankers and speculators, is around 10% of the Gross Domestic Product through the end of 1989. The result of this policy, inflation—today at 40% per month—could surpass 70% in March 1990, when the new President takes office (unless Sarney steps down early, as Raúl Alfonsín did this year in Argentina).

The internal debt at the start of this year already surpassed the foreign debt, with the aggravating factor that interest payments on the internal debt are 10 times greater, in real terms, than on the foreign debt. Hence, in 1990, interest payments alone on the internal debt could amount to \$18 billion.

Whoever wins will be reinforced with more than 40 million votes, which will give him a 60-90 day breathing space to undertake substantial reforms of the banking and financial system. The measures he *should* take must include:

- Maintaining an indefinite suspension of interest payments on the foreign debt, while pressuring for a transformation of the international monetary system.

- Immediate reforms of the national financial and banking systems, to free public credit from the stranglehold of the speculation on the exchange and stock markets. Maturation of government bonds, which are today negotiated on a day-to-day basis, should be rescheduled for a minimum of 10 years, with a real annual interest rate fixed at 2-4%.

- Plans for a 7% annual growth of the GDP to ward off any possibility of recession, meaning investments of at least \$35 billion a year in communications and transport, irrigation, urban and social infrastructure, etc.

- Restructuring of the tax and credit systems to provide financial resources of approximately \$15 billion for the investments in infrastructure. National private initiative is capable of making equivalent investments, if one considers that a part of the resources today concentrated on the financing of the public debt could be re-channeled immediately into productive investment.

- Welcoming the French-German initiative to open up investment funds for the development of countries such as Poland, since consumer goods, from textiles and shoes to grain surpluses, could be exported to those countries in a triangular trade arrangement, through which Brazil could receive the capital goods it so urgently requires.

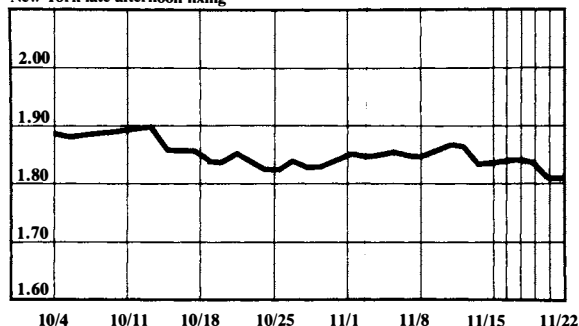
- An emergency food program for the most depressed zones of the country.

The presidential election showed that Brazil is heading toward a social explosion, delayed by the election itself, which is seen by millions of dispossessed as the last chance to carry out profound reforms of society. Failure to do so, either through incompetence, ignorance, or vain radicalisms—liberal or Marxist—could mean the beginning of a process of total anarchy, and would lead into the worst social catastrophe of Brazil's history.

Currency Rates

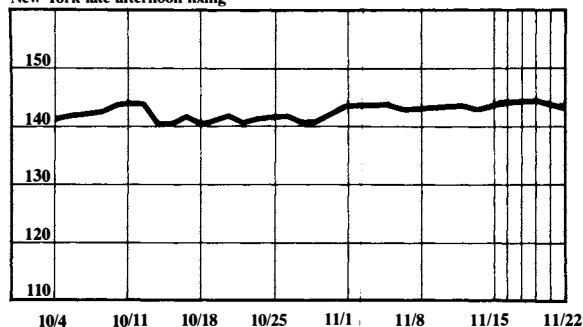
The dollar in deutschemarks

New York late afternoon fixing



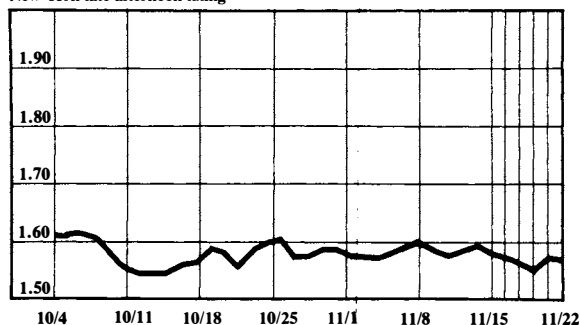
The dollar in yen

New York late afternoon fixing



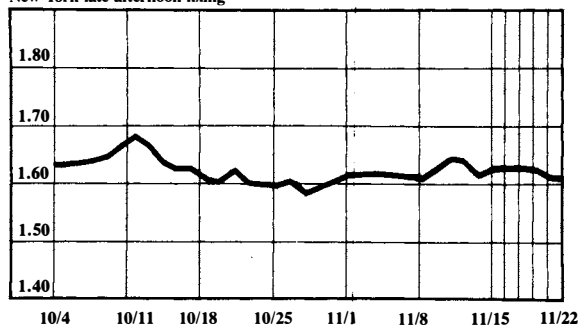
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Washington cuts food bank donations, as local agencies plead for relief

by Marcia Merry

Ever since in the 1930s Great Depression, the U.S. Department of Agriculture has donated various food commodities to local services around the country to relieve hunger and to improve nutrition. But now, at the end of the 1980s, despite unprecedented need, the USDA had begun extensive cuts in food donations. The USDA cupboard is bare, but USDA officials are quick to rationalize that the purpose of their department's commodity programs are not really to help the hungry, but rather, to prevent dangerous food "surpluses."

On Nov. 15-16, food aid hearings were held by the House Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition. Dozens of officials from local food banks and other food service agencies testified on the dire consequences of the USDA's cuts in food supplies. All asked for more food to be provided through measures Congress should mandate as part of 1990 farm bill which is coming to a vote in Congress soon.

As of this fall, the USDA discontinued providing free cheese to the National School Lunch Program from the federal Commodity Credit Corp. (CCC) program. The USDA has also discontinued providing non-fat dry milk powder to schools, and many other projects, including the Women, Infants and Children's program (WIC), and to the elderly, those on Indian reservations, and others who receive supplemental food. This has been done, in the face of national—and worldwide—shortages of milk powder and of cheese.

USDA officials are scrambling to provide substitute commodities for these high-quality dairy items—for example, cans of evaporated milk, or some meat products and juice. But overall, the food commodities provided to localities is down by millions of pounds a year.

The chairman of the House subcommittee, Rep. Charles Hatcher (D-Ga.) said when he announced the hearings, "Typically our commodity donation programs were developed to help distribute, often to hungry Americans, our excess agricultural commodities. Over a period of time, the domestic food programs have come to rely on agricultural commodities, and yet the enormous federal holdings of commodities

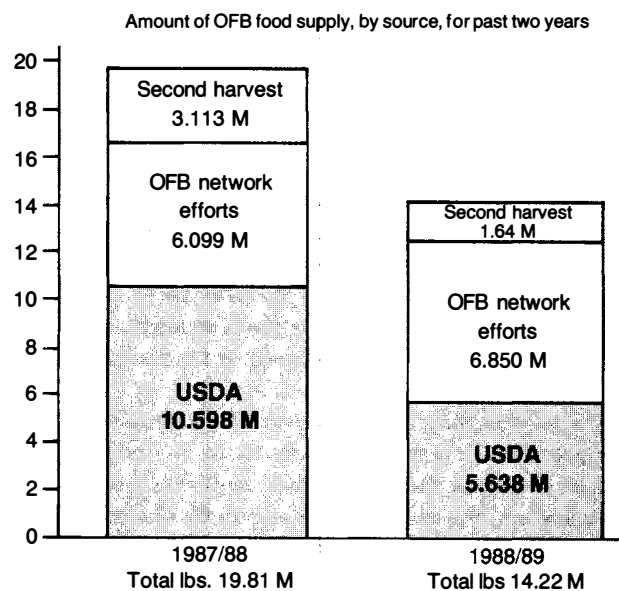
has been exhausted. Our challenge is to maintain these donation programs, while recognizing that the availability of high levels of commodities cannot be guaranteed."

Nutritional nightmare

Figure 1 shows the impact in one state, Oregon, of the reduction in USDA commodities on the supply of food for the statewide food bank system. In just one calendar year, the USDA reduced its provision of commodities by 4.9 million pounds. On Nov. 16, Winifred Nazarko, executive director

FIGURE 1
Food supplied by USDA to Oregon Food Bank declined by 5 million pounds from 1987/88 to 1988/89

Millions of pounds



Source: Oregon Food Bank

of the Oregon Food Bank, told the House committee that relief agencies now feed "17% of the state's total population at least once" in a year, which adds up to 480,000 individuals, about 44% of whom are children. The federal food program TEFAP (Temporary Emergency Food Assistance Program) "is essential to hunger relief in Oregon," she said.

"In some communities, emergency food pantries have closed because volunteers have felt overwhelmed by demand they were unable to meet. Other programs have reduced the size of food boxes, hours of operation, or have introduced more stringent eligibility requirements for the receipt of emergency food."

Similar reports were provided to the House subcommittee by city and state food relief officials from all around the country.

New Orleans: In 1981, there were about 18,000 women, infants, and children who received relief from the USDA's Commodity Supplemental Food Program. Today, the USDA-assigned caseload is 27,992 people, but over 20,000 more are "waiting in line." Similarly, there are 27,000 elderly receiving food relief in the five parishes of greater New Orleans, but at least 25,000 more are in need, but the USDA caseload is "frozen," and no more food is being provided.

Gregory Ben Johnson, director of the Social Apostolate of the Archdiocese of New Orleans, asked for more federal aid for local food relief.

Washington, D.C.: The need for food assistance is soaring in the nation's impoverished capital. The case of one local soup kitchen, the Zacchaeus Community Kitchen at the First Congregational Church in Northwest Washington, is typical. Its director, Paul Magno, reported that the facility, which began 18 years ago, now serves 500 people each morning. This number has doubled in just two years.

Magno said, "How many we can actually feed in a day can fluctuate widely depending on the time of month, the weather, and the time of year. Though we are talking 500 now, we are concerned that we could be overwhelmed by the numbers we might face at the coldest part of the coming winter."

Magno described in detail the part played in a daily menu by federal commodities, even giving the congressmen his bulk recipes. "Our major source of food, of course, is the commodities which the Agriculture Department makes available to programs such as ours. Many of these items are an irreplaceable part of our effort to feed the many who come to Zacchaeus to eat. We use items such as rice, spaghetti, macaroni, peanut butter, honey, and oil steadily, week in and week out, to prepare our daily meal."

He continued, "One area that has hurt our program has been the decline in availability of dairy products. This has meant an end to the supply of butter, dried milk, and especially cheese. As we understand it, this is a result of changes in price support policies toward dairy farmers, and subsequently of the terms on which these items are available to the

TABLE 1

One 4-lb. package of nonfat dry milk and one 5-lb. package of cheese as a percentage of total nutrients in a standard senior food supplement

| Nutrient | Total supplement | NF Dry milk & cheese Amount | % |
|--------------------|------------------|-----------------------------|----|
| Food energy (KCal) | 30,888 | 15,000 | 49 |
| Protein (grams) | 1,792 | 1,139 | 64 |
| Vitamin A (IU) | 87,802 | 70,440 | 80 |
| Vitamin D (IU) | 8,972 | 8,001 | 89 |
| Thiamin (mg) | 16 | 8.1 | 50 |
| Riboflavin (mg) | 53.6 | 40 | 74 |
| Folacin (mcg) | 1,773 | 1,088 | 61 |
| Vitamin B-6 (mg) | 12 | 7.86 | 66 |
| Vitamin B-12 (mcg) | 118 | 88 | 75 |
| Calcium (mg) | 42,722 | 36,304 | 85 |
| Phosphorus (mg) | 45,816 | 34,777 | 76 |
| Magnesium (mg) | 3,318 | 2,622 | 79 |
| Zinc (mg) | 179 | 148 | 83 |

Source: Focus: HOPE, Detroit, Michigan.

state agency which then provides them to us. Whereas a year or two ago, these were designated as surplus items by the USDA and distributed on that basis. Accordingly, the District of Columbia has opted to purchase less expensive food items, and forego these. Unfortunately, for our diners, the cheese we used for sandwiches and the milk we used in baked goods or creamed soups was the only steady source of calcium we could provide, and there are no substitutes we can afford to provide on our shoestring budget. This will inevitably compound the health situation of poor people who already have difficulty keeping their teeth in good shape, for example, or of our elderly friends whose bones are brittle enough, or especially the women we serve, for whom such calcium deficiencies will mean greater difficulties with osteoporosis. We wish, most fervently, that the cheese we saw up until earlier this year were still available."

Detroit: Speaking for Focus: HOPE, a Detroit area food assistance agency, associate director Eleanor M. Josaitis stressed the detrimental effects the USDA cuts of dairy products are having on senior citizens who rely on food supplement packages. Josaitis submitted a table to the committee (Table 1) showing the high percentages of calories, protein, and key nutrients that have heretofore come from dried milk powder and cheese—both now canceled.

Josaitis said, "In recent months, the Department of Agriculture has announced that it is unable to supply non-fat dry milk to the program, and may reduce or eliminate cheese as well. For mothers and children, the department is substituting evaporated milk; for seniors, it has all but eliminated milk in favor of a little extra meat and juice.

"Neither of these options is acceptable. From a nutritional

standpoint, instant milk and cheese are both essential. Instant milk provides more than one-third of the protein in the food supplement, one-half of the calcium, 90% of the vitamin D, and upwards of 60% of several important minerals. Cheese is nearly as important. If the senior food supplement lacked both non-fat dry milk and cheese, seniors would lose 64% of the protein, 80% of vitamin A, 89% of vitamin D, and 85% of the calcium contained in their total food supplement."

National School Lunch Program: B. W. Ray, an official of the food services section of the North Carolina Agriculture Department, and representative of the national Association of State Agencies for Food Distribution, reported to the House subcommittee on the plight of schoolchildren. "The reduction of commodities, this year, primarily dairy commodities (cheese and nonfat dry milk), has had a negative impact on the budgets of the recipient agencies. Schools in particular, depending on individual menu choices, were using the equivalent of 5-15¢ worth of dairy commodities for each meal they served. The sharp reduction of dairy commodities has had great impact on the schools. Not only are they not receiving any cheese or nonfat dry milk from USDA this year, but the cost of buying these products on the open market is prohibitive. . . .

"But the dairy shortages is not the only pinch the schools are feeling. The results of drought, as we understand it, are the cause of the regular entitlement commodity shipments being delayed for a month or more. Consequently, states are reporting they have received literally half the volume of food they would normally have received by this time of year."

USDA pats self on back

The USDA testimony to the House subcommittee was to ignore the impact of the food cutbacks. Instead, USDA officials patted their agency on the back for its role in providing emergency food relief in the Hurricane Hugo and California earthquake disasters. Other than that, the USDA maintains that it has no role in donations of food to the needy if there are no federal "surpluses" to dispose of.

Robert H. Sindt, of the USDA Agricultural Stabilization and Conservation Service (ASCS) praised the more "market-oriented approach" to farm policy under the last (1985) farm bill, which has reduced the stockpile of federal surplus commodities, and has caused what he called "major drawdowns" of Commodity Credit Corp. federal stocks.

Sindt said that the buildup of federal dairy products for donation in the 1970s was a result of "too generous" USDA policies to dairy farmers. "In today's budget environment, it is clear that the operation of our agriculture price support programs [for the farmer] will not necessarily coincide with the need of domestic donation programs for increased volume of government-owned commodities."

In other words, USDA officials are telling the hungry that there may not be food, and are telling the farmer that he may not be farming in the near future.

The story of those who paved the way for the American Revolution, long before the Declaration of Independence: Massachusetts Puritan Cotton Mather, Virginia's Governor Alexander Spotswood, British satirist Jonathan Swift. . . .

How the Nation Was Won

America's Untold Story 1630-1754

by H. Graham Lowry

Published by Executive Intelligence Review

Order from Benjamin Franklin Booksellers, 27 South King Street, Leesburg, VA 22075. \$14.95 plus shipping: \$1.50 for first copy, \$.50 for additional copies. Bulk rates available.

CONSULTING ARBORIST

Available to Assist in

The planning and development of wooded sites throughout the continental United States as well as

The development of urban and suburban planting areas and

The planning of individual homes subdivisions or industrial parks



For further information and availability please contact Perry Crawford III

Crawford Tree and Landscape Services

8530 West Calumet Road
Milwaukee, Wisconsin 53224

HOPE to subsidize real estate market

by Steve Parsons

The deflationary shock wave that collapsed the junk bond market last September is now threatening to shatter the basis of the U.S. speculative bubble: the real estate market. And with its imminent puncture is threatened the incredible mass of government loans, guarantees, and housing programs that have increasingly underwritten the market for the last 25 years.

The cascading volume of defaults and foreclosures, accompanied by rising commercial vacancy rates and prospective homeowners simply unable to afford the inflated property prices, has set off alarm bells in the real estate field. In response, both the administration and Congress are concocting a plethora of "remedies," at best pathetically inadequate, at worse designed to exacerbate the inevitable blowout.

One of these was laid out in Dallas on Nov. 10 by President Bush, at the convention of the National Association of Realtors. He termed it "a comprehensive agenda to help bring basic shelter and affordable housing within reach of millions of Americans," and dubbed it Project HOPE—"Homeownership and Opportunity for People Everywhere." The opportunities are mainly for speculators in the real estate sector and their appendages in federal housing and mortgage programs; HOPE came out just one day after Bush signed a bill to keep the mortgage market bubble from bursting, by raising the ceiling of federally insured mortgages nearly 25%, to \$124,875 from the current level of \$101,250.

Divestiture

Under the guise of promoting homeownership for the poor and caring for the homeless, the President's proposals are a prototype for enacting Housing and Urban Development Secretary Jack Kemp's longstanding commitment to have the federal government divest itself of public housing, while at the same time firming up depressed inner city real estate prices and providing more bailout money for slumlords.

The proposals center on an initial \$2.1 billion in HOPE grants for "urban homesteading," in which low-income families, as well as tenant and community organizations, purchase dilapidated "public housing, government-held vacant and foreclosed properties, and financially 'distressed' properties" held by federal housing and mortgage agencies. Not

only would this take housing projects and foreclosed properties off the government's books, but it would prevent such properties from going on the open market and blowing out the price levels of real estate and mortgages. The taxpayer foots the bill: New mortgages taken out by the poor and underwritten through HOPE and other programs can be counted as new "assets" by the beleaguered sector, with the government again adding to its potential liabilities.

To facilitate this, one aspect of the Bush plan would permit first-time homebuyers to use their IRA accounts for such purchases with no tax penalty. While most inner city poor have little savings, let alone IRAs, the precedent would be set for the real estate and mortgage business to tap heretofore sacrosanct savings and pensions resources to bolster the market.

The proposals specifically prohibit the low-income poor from applying HOPE funds toward new housing construction; everything is to go for "sweat equity" rehabilitation, real estate fees, and mortgage financing. Bush does, however, provide for real estate investors to get tax credits for new low-income housing projects, replete with promises of cutting red tape—meaning, many fear, cutting building standards.

Tax credits aren't the only subsidies. Bush would also have his real estate friends reap a zero percent capital gains tax benefit, which would apply to all investors in his proposed creation of 50 "Housing Opportunity Zones" which would be set up alongside 50 "Enterprise Zones." These "entzones," pushed for years by Jack Kemp and the Heritage Foundation, would legislate slave-labor work conditions and wage levels for the urban poor, with the new innovation now of shantycamp housing—all at enormous profits for minimal investment.

Meanwhile, Congress is debating taxpayer subsidies for the real estate sector, cloaked in rhetoric about aiding potential homebuyers who can't afford today's prices. Many of these proposals would load more debt and losses onto the Federal Housing Administration, so roundly excoriated for financial laxity and improprieties by the same congressmen. Some of these proposals include:

- Extending authorization of mortgage revenue bonds for three more years. These are tax-exempt bonds that provide low interest rate loans.
- A trust fund out of which portions of individual mortgage payments would be made. The homeowner would have to repay the government when he sells the house. If he can't repay, the government is stuck with the loss.
- Matching funds for special savings accounts of homeowners to help pay mortgages. The money would have to be paid back with interest, on top of the huge mortgage payment.
- Liberalization of FHA regulations to permit even lower down payments for first-time purchasers.
- Like the Bush plan, permitting retirement funds to subsidize mortgages, through IRA withdrawals with no penalties or taxes.

Wall Street discovers the 'recession'

They have not discovered the error of their ways; like fleas on a dead dog, they just keep sucking harder.

The brilliant economists and financiers of Wall Street have suddenly discovered that the United States economy has entered a "recession." The pages of the Establishment press were suddenly filled with articles detailing the misery afflicting the nation's big investment houses, and how the current economic slowdown was the worst since 1982.

One indicator of the depth of the newly discovered crisis, is the extent to which the perceived economic history of the decade is being rewritten to help soften the blow of the new developments.

"[W]ith the release of each week's data," the *New York Times* said Nov. 20, "the message is growing clear: The United States economy is suffering from a severe downturn, perhaps the worst of the last seven years." The current downturn, the *Times* said, is even more severe than "two earlier downturns, in 1984 and 1986."

"What downturns in 1984 and 1986?" one who has faithfully followed the Establishment line might ask. What about the 85 straight months of Reagan-Bush recovery? The historically revisionist *Times* ignores those indelicate questions, dismissing the 1984 "slowdown" by saying that, after all, it "was confined mostly to the manufacturing sector." As for the 1986 downturn, well, it wasn't even noticed at the time; in fact, it "was not discovered until July 1988, when the Commerce Department updated its earlier data," the *Times* claimed.

Such idiocies aside, these statements signal a major shift in the

public posture of Wall Street, reflecting a growing panic among the financial elite that their patchwork system is rapidly approaching the point where their perception management scenarios will cease to function. Reality is asserting itself, with a vengeance.

The major Wall Street investment houses, after years of riding the speculative debt bubble, are running into serious financial trouble. Drexel Burnham Lambert, the high-flying leveraged buyout and junk bond king, is laying off 300 employees, including some of its junk bond and corporate finance staff. Rumors abound on Wall Street that Drexel is considering selling its institutional equities business to Nomura Securities of Japan. Drexel denies the rumors, but the fact that such rumors are taken seriously, whether true or not, shows the depth of the crisis. Years ago, such rumors would have been instantly dismissed.

Brokers at Shearson Lehman Hutton, the American Express subsidiary, were recently informed by management that their sales commissions were going to be cut by several percent, the first such cuts in 15 years. The cuts are necessary, the brokers were told, to protect Shearson's ratings from Moody's Investors Services, which has been threatening to lower them. Shearson is also laying off 800 employees. One Shearson broker was reported by the *Wall Street Journal* to have said, "We ought to start a union." It's a little late for that, however: Thanks in large part to the whiz kids on Wall Street, the American labor move-

ment has been nearly destroyed.

One should not assume, however, that the financial *wunderkinder* of Wall Street have seen the error of their ways. One glimpse at their averred "solutions" to the current crisis makes clear that they remain totally committed to looting the economy and the general public. Like fleas on a dead dog, they just keep sucking harder.

The *New York Times*, that august purveyor of fascist economic policies, asserts that the solution to averting the recession lies in pumping up the debt bubble even further through massive increases in consumer debt. That such a policy will only lead to hyperinflation and an even more spectacular collapse in the months ahead, is once again ignored.

The *Times* complains that, according to Federal Reserve economist Thomas Durkin, 45% of the nation's \$750 billion in outstanding consumer credit is in the hands of the wealthiest 20% of the population, while only 19% of the debt is in the hands of the poorest 40%. Goldman Sachs economist Edward McKelvey then points out that "That is only half the repayment level that lenders say households could handle without getting in over their heads." Clearly, America's poor are hurting the economy by not borrowing more money, the *Times* implies; the fact that poor people are already broke seems to escape the "experts" entirely.

If that weren't enough, the *Times* also complains that only 5.5% of American homeowners have taken out home equity loans on their houses. In other words, the *Times* wants the American people to put their homes in hock—and risk losing them when the blowout occurs—just to buy the Wall Street money-changers a little more time.

"Immoral" is too kind a word for such inhumanity and insanity.

'Big Brother' hawks environmentalism

Never mind about whether there is enough food. Your government has set a different agenda for "discussion."

On Nov. 7, Barber B. Conable, president of the World Bank, stated in an address to the International Planned Parenthood Federation, "The number of rural people who are landless has increased, adding to problems of poverty and aggravating social tensions." Conable went on: "Sustainable agriculture, that is, agriculture that can be practiced from one generation to the next, is impossible in this environment of expanding human population."

Conable's statement tells the real reason behind the current policy shift of the U.S. Department of Agriculture (USDA) to support Low-Input Sustainable Agriculture. This policy shift is to push population control by starvation—and to sugarcoat this most un-American of policies with pious phrases about protecting food quality and the environment.

Around the United States, numerous U.S. governmental agencies have become involved in setting the parameters of debate on the 1990 Farm Bill, so as to use environmental issues as an excuse to implement the policy of reduced food production, which means reduced population.

On Nov. 17-20, in Washington D.C., the leading agricultural chemical dealers from around the United States attended a conference entitled "Partners in Progress." The conference was co-sponsored by the United States Department of Agriculture, the Environmental Protection Agency, and ICI Agricultural Products company, one of the world's largest farm chemical companies.

Why would the USDA, the EPA,

and ICI be working together to educate chemical dealers? The answer is summed up in one word: indoctrination.

Jack Parnell, deputy secretary of agriculture, gave the opening speech. He softened up the crowd of approximately 600 by addressing the "global perspective," that U.S. agriculture must "become more competitive, sustainable, and efficient" to participate in a more competitive global economy and to protect the environment.

Another speaker was Bob Redding, chief counsel to Sen. Wyche Fowler (D-Ga.), the senator who sponsored the Farm Conservation and Water Protection Act of 1989. This bill has focused the farm policy debate on unproven "alternative agricultural" farming methods and environmental concerns of agriculture. Redding implied that the biggest concern of most farmers and consumers is food safety and the environmental impact of modern farming methods.

Neill Schaller, program director for Low-Input Sustainable Agriculture Research and Education for USDA, and Jim Mosley of the Environmental Protection Agency, gave their respective indoctrination speeches to the conference. The underlying theme of each of these speakers was the need for major rethinking of food production methods in the United States, under the buzzwords of "global market" and "protecting the environment."

At other levels in the food production chain we have government indoctrination, i.e., government departments and agencies are telling food

producers and consumers what issues they should be concerned with, when it should be the other way around. The Extension Service of the USDA is sponsoring meetings in many states that invite many local citizens to participate in the debate on the 1990 Farm Bill, but limit the discussion to the issues selected by the Extension Service.

In Iowa, the Extension Service has orchestrated a satellite televised panel discussion that is shocking. A "focus group" made up of 30 of Iowa's "emerging leaders" was handpicked by the Iowa Extension Service. The focus group was told they were to discuss the impact of the 1990 Farm Bill on the economy of Iowa. Discussion, however, was limited to the areas of concern provided by USDA-prepared material, namely, the "environment."

On Nov. 20, a televised debate of the 1990 Farm Bill was beamed to 95 county Extension offices through the Iowa Public Broadcasting Network. The local county Extension agent was given orders to invite "influential local leaders."

Participants in the debate were a panel of Extension Service agent "experts" who fielded questions from an audience of concerned Iowans, all of whom were members of the Extension Service-selected "focus group." The focus group was provided typewritten questions, prepared by the Extension Service, to ask the panel during the show, since no private questions were allowed. The press and news media were invited to the studio. The farmers and local community leaders who watched the show were very subtly programmed and indoctrinated by the USDA, and then were handed a set of questions to answer with a 1 through 5 rating. There was no discussion or debate other than what the Extension Service orchestrated. So much for government by the people.

Business Briefs

Space

American company contracts Soviet rocket

An American company, Energetics Satellites Corporation, has signed the first contract with the Soviet Union to use a Soviet rocket to loft a satellite into orbit. The contract still awaits approval by the State Department, which up to now has had a general policy that no U.S. satellites will be shipped to the Soviet Union.

Energetics, which has developed a satellite with a large antenna to track objects on Earth with small transmitters (ostensibly to find stranded sportsmen and boaters, etc.), signed the contract with the Houston-based Space Commerce Corporation, which has an exclusive joint venture with Glavkosmos, the Soviet civilian space agency. The contract is worth \$54 million.

Many U.S. companies have wanted to use Soviet launchers, which the Soviets have offered at cut-rate prices far below what the companies can find in the U.S., but have been prevented by lack of State Department approval. While Energetics expects approval for its contract, the State Department has refused to publicly indicate its intentions.

Electronics

Laissez-faire policy threatens obsolescence

Two separate studies released Nov. 21 warn that continued laissez-faire government policies will lead to disastrous obsolescence in the U.S. electronics industry.

The Economic Policy Institute (EPI) estimates that government failure to support the development of high-definition television and related technologies could result in a \$225 billion trade deficit in those areas alone, and the loss of two million jobs, within 20 years.

The National Advisory Committee on Semiconductors (NACS), headed by Dr. Ian Ross, president of AT&T Bell Labs, warned

that the U.S. electronics industry is in danger of falling one generation behind its Japanese counterpart if government support is not forthcoming within two years. In an implicit condemnation of the national shift to speculative financing over the past two decades, the Committee urged the creation of a Consumer Electronics Capital Corporation to provide low-cost, long-term loans to help industry develop new technologies.

The NACS released its report to the White House in early November, but charges have been made that free market ideologists have suppressed the report.

The EPI also noted that lack of a coherent nationwide communications policy makes it almost impossible to plan nationwide improvements, and that U.S. telecommunications have, ironically, been shaped more by anti-trust and rate regulation considerations than by upgrading the technological condition and global competitiveness of the industry.

Job Safety

Over 200,000 deaths in 18 years in U.S.

Over 200,000 workers have died in the United States from on-the-job accidents with no responsible individuals going to jail, while the Environmental Protection Agency has put hundreds of individuals in jail with no evidence that their actions caused anyone harm, Joseph A. Kinney charged in a *New York Times* commentary Nov. 21.

Kinney, the executive director of the National Safe Workplace Institute, compares the death toll in the work place with the record of the EPA.

"In 1987, the Justice Department sent Willard Kaiser, a margarine plant manager in Washington State, to jail for violating clean water laws. Found guilty of discharging yeast into a waterway, he was sentenced to a year and a day in jail. Since then, the EPA and Justice Department have worked together to prosecute 425 cases that resulted in collective sentences of 271 years in jail. On the other hand,

[Howard] Elliott, the Labor Department's sole incarceration, is spending 45 days in jail," although he was found responsible for the death of two workers, he writes.

"The EPA's impressive criminal prosecution record is based on stiff laws and substantial resources. The EPA and Justice Department have 78 investigators and lawyers working to prosecute polluters. . . . The EPA will have 21 times the resources to prosecute lawbreakers than does the Labor Department's job safety agency, the OSHA [Occupational Safety and Health Administration]. The EPA's efforts are fostered by tough laws. A first-time violator can go to jail for up to 15 years under the Federal Water Pollution Control Act—but only six months under job safety laws. The EPA can impose fines of \$250,000 per violation; the maximum the Labor Department can impose is \$10,000. Under pollution laws, the government can prosecute without regard to a defendant's intent or without knowing if a single person was harmed. But under job safety laws, the government can bring criminal charges only in fatalities and only when there is evidence of willfulness. . . . The Senate, which has more than 100 staff members worrying about the environment, lacks a single professional working on job safety.

"Why is the law tougher on polluters than on employers who kill?" Kinney asks. "A recent study by my organization shows that the U.S. trains many industrialized nations in protecting workers. We estimate that a U.S. worker is five times more likely to die from an on-the-job accident than a worker in Sweden and three times more likely than a worker in Japan."

Markets

Financial Times attacks junk bond 'madness'

The London *Financial Times* made a scathing attack on junk bond financing in the United States in its "U.S. Money and Credit" column by *Financial Times* editor James Buchan Nov. 20, entitled "Funny Noses Come off the Junk Joke."

Briefly

"In the middle of the 1980s the U.S. investing public fell prey to an elaborate practical joke," Buchan writes. "This joke . . . involved the promise of very high yields on the debt securities of very highly leveraged U.S. corporations."

Buchan reviews the history of the growth of the junk market in six years to the present \$200 billion through ever more exotic devices such as "payment in kind" or "zero coupon bonds." "These securities varied from complex to mind-boggling, but they had one thing in common. They paid no cash interest. . . . Like all practical jokes, this one went on far too long. Kohlberg, Kravis Roberts, which issued more deferred-interest junk than anybody else to create its industrial empire, finally gave the game away at the beginning of the month." Buchan labels these exotic bonds, some \$30 billion of the total \$200 billion junk market, "an accident waiting to happen."

Agriculture

Alarm grows over Middle East production

More than 65% of foodstuffs for the Middle East will have to be imported by the year 2000, according to the latest report presented in September at the Congress of Arab Parliamentarians. With growth in agricultural production averaging 2.5%, \$100 billion worth of imports—21 million tons of wheat, 7.5 million tons of rice, 5.8 million tons of sugar—would have to be imported.

Over the last decade, natural disasters and an acute shortage of financing for new investments due to growing debt burdens have led to a decrease in self-sufficiency in wheat production from 60 to 40%. Only 22% of agricultural areas in the region are under irrigation. To meet the challenge, more than 20 million additional hectares would have to be cultivated by the year 2000.

Last winter, agricultural production in Israel, Jordan, and Syria, was badly hit by frost. This spring, both Iran and Turkey were hit by a severe drought. In early October, Iran had to

sign a deal with Argentina's National Grain Board for 1.4 million tons of wheat, on top of some 300,000 tons which will be supplied by private concerns. Yet, as witnessed by the recent waves of food riots inside Iran, provoked by both food shortages and price increases, Teheran will need to import much more soon.

Despite last year's record production of 15 million tons, an 11.5 million ton crop this year leaves Turkey 3 million tons short of self-sufficiency, which is expected to cost about \$2 billion in lost exports and increased imports. Hardest hit were the Southeast and Central Anatolian regions, affecting the Great Anatolian Project for irrigation. A decrease in the water level of the Euphrates in Turkey has had immediate consequences in Syria. It is also endangering the various plans for a region-wide electricity grid as proposed in October by Maher Abaza, the minister of electricity of Egypt.

Labor

Boeing settlement portends corporativism

A settlement was reached in the 47-day-old strike by the International Association of Machinists and Aerospace Workers representing nearly 60,000 workers against the Boeing Company, federal mediator Doug Hammond announced Nov. 19.

The contract was little better than the one which workers originally struck against, granting bonuses of 10%, 5%, and 4%, over the three next years. Wage increases of 10% over three years was what the company originally offered.

The *New York Times*, which noted that the union was the first in years to enter the negotiations with the best cards, hailed the settlement as a continuation of the establishment of a corporativist state. "American companies have been moving slowly away from fixed wage increases, which must be paid in good times and bad. Instead, bonuses and profit sharing are being substituted, and these can rise or fall as a company's fortunes change," in other words, fascist corporativism, which exposes the labor force to ever greater austerity.

● **BANGLADESH** expelled Philippe Beugrand, the International Monetary Fund representative, following a row over Dhaka's fiscal policies.

● **FARM TRADE** liberalization, the gradual elimination of all state support of agriculture, was unanimously opposed by United States, Japanese, and Western European agricultural leaders at a Nov. 14 symposium sponsored by Japan's Central Union of Agricultural Cooperatives.

● **U.S. FARMERS**, caught in a profit squeeze, have seen costs soar 78% since 1977 while prices for their products have risen 44%. Off-farm income in 1988 exceeded net cash income from farming in every state but California, Iowa, and Illinois, according to a USDA report released in early November.

● **AVOIDING** all agricultural chemicals isn't profitable, a 10-year Iowa State University study shows. Agriculture economist Mike Duffy said widespread use of labor-intensive, nonchemical operation is not advisable.

● **HALF OF ALL** Argentines are without sanitation services, and almost half are without potable water, *Clarín* reported of Nov. 6. Lack of investment in infrastructure and maintenance is blamed for the shocking collapse of one of the first nations in Ibero-America to provide sanitation services.

● **COWS** will get catalytic converters if a new fantasy of the Environmental Protection Agency is implemented. The proposal is contained in a report, "Reducing Methane Emissions from Livestock: Opportunities and Issues."

Solid-state fusion: a great moment in science

Solid-state fusion—“cold” fusion—is the most important discovery in this century and merits our best thinking, planning, and cooperation. Hal Fox explains.

The label “Father of Cold Fusion” could be pinned on Dr. Steven E. Jones, a professor of Physics at Brigham Young University. He and his co-workers demonstrated that fusion can take place at near-room temperature.¹ Later, Dr. Jones and his co-workers discovered that fusion can also take place in both palladium and titanium metals in an electrolytic cell.²

The label “Commercializers of Cold Fusion” should be reserved for Dr. Stanley Pons and Dr. Martin Fleischmann, who, working independently and without prior knowledge of Jones’s work, discovered that cold fusion could produce excess heat. Fleischmann and Pons developed their electrochemical cold fusion cell, using their own funds, at the University of Utah.

After submitting their paper³ for peer review, Drs. Fleischmann and Pons agreed to call a press conference to announce their discovery and to help ensure that proper experimental precautions were used. This remarkable discovery was widely reported in the news media.^{4,5}

There is a simple explanation for the lack of ready acceptance of this momentous science discovery. An acceptable definition of scientific fact is “the close agreement of a series of observations of the same phenomena.” Therefore, many scientists sought to replicate the Fleischmann-Pons Effect to determine the facts for themselves. There is no simple explanation for the gradually increasing vituperation and the resulting bad press.

Many scientists heard or read a statement by Fleischmann and Pons to the effect that the fusion experiment could be replicated using simple equipment found in a freshman chemistry laboratory. They also announced that they have been

striving for about five years to achieve their results. Unfortunately, the idea was promulgated that the Fleischmann-Pons Effect was simple to replicate. Such is not the case. The Fleischmann-Pons Effect is a complex electrochemical experiment and is not easily replicated by one not skilled in the art of electrochemistry.

Another problem is the division of science into increasingly complex and increasingly narrow fields of investigation. Chemists should discover new chemicals and physicists should discover new “physicals.” With the discovery of the Fleischmann-Pons Effect, fusion has melded the disciplines of electrochemistry and nuclear physics. Until now, scientists in these fields would not normally read each other’s journals.

Still another complexity is illustrated by the MIT nuclear physicist who was questioned on his glumness and stated, “How would you feel if you were the Wright brothers and someone just announced the development of a space ship?” Nuclear physicists working in fusion have been developing complex and expensive machines to carry out high-temperature, high-pressure fusion experiments. Undoubtedly they could view solid-state fusion as a threat to their source of funds and/or as a threat to their livelihood.

Regardless of these complexities, there is no honorable nor scientific reason for the nasty actions by a few scientists:

- the scientist who flew to Salt Lake City and demanded to be allowed into Professor Pons’s laboratory. He was informed where to go.
- the many scientists who were unable to replicate the Fleischmann-Pons Effect and accused Fleischmann and Pons

of perpetrating a hoax.

- scientists, who attended the Workshop on Cold Fusion Phenomena sponsored by the Department of Energy in Santa Fe, New Mexico in May, who were physically present at discussions of deuterium/palladium ratios; of poisoning of palladium cathodes; of unannounced additives to the electrolyte; of the difficulty of the experiment; etc., and who absorbed none of these caveats and went back to their universities to write long papers about negative results. One example among several is Reference 6.⁶

- personal attacks on the integrity of Pons, Fleischmann, or others who were announcing successes in cold fusion.

- voting on the belief in cold fusion. True science is not structured on beliefs, but on scientific facts.

- blindness to change. The unexpected absence of neutrons has been taken to prove that fusion reactions could be not occurring. The truth has been that new and important phenomena had been observed.

Progress in India and Japan

Scientists in India, working in nuclear research laboratories similar to our ten government-funded laboratories in the United States, had already been doing some work on the electrolysis of heavy water. Therefore, within three weeks after the Fleischmann-Pons Effect announcement on March 24, 1989, ten teams of Indian scientists had replicated all or part of the Fleischmann-Pons Effect. In addition, one team has extended the work to the use of titanium.⁷

Scientists in India have concluded that the amount of heat currently being generated by cold fusion could be used to design an electrical power plant with about the same energy-density as a coal-fired power plant. With 800 million mouths to feed, energy development is vital to India's national growth. Thus it is that cold fusion in India has quickly gained the support of government leaders including Dr. Raja Ramanna, defense adviser to Prime Minister Rajiv Gandhi.

Although Japanese scientists did not achieve initial early successes as was accomplished in India, they were persistent, dedicated, and not prone to condemn the results of others. At the "Workshop on Cold Fusion Phenomena,"⁸ 13 Japanese scientists (University of Tokyo, Institute of Physical and Chemical Research, Yamanashi University, National Laboratory for High-Energy Physics) were listed on a paper exploring fusion in condensed matter.⁹

The Japanese learned from the Santa Fe conference. By July 31, 1989, the Japanese scientists were able to hold their own conference on cold fusion and reported that ten teams had been successful in replicating some part of the Fleischmann-Pons Effect. On Aug. 1, 1989, the Japanese press announced that 85 scientists from over 15 institutions had been organized into three scientific and experimental working groups. These scientists were charged with promoting cold fusion through experimental, theoretical, and applica-

tions studies.

By contrast, in the United States, where the discovery of cold fusion was made, the Department of Energy established a Cold Fusion Panel to the Energy Research Advisory Board. This panel visited Brigham Young University, University of Utah, Texas A&M, Stanford University, and SRI International. The interim report released by the advisory board in July 1989 included the recommendation that no funds should be allocated for cold fusion research centers at this time. Hopefully, the final report will be modified.

Cooperative research in the United States

The Electrical Power Research Institute (EPRI), representing many of the electrical power companies in the United States, became an early funder of cold fusion research. An existing grant to Texas A&M was changed to cover cold fusion research. The excellent work by professors in various departments (including the Department of Chemistry, Center for Electrochemical Systems and Hydrogen Research, and the Cyclotron Institute) resulted in the early replication of the Fleischmann-Pons Effect.¹⁰

EPRI joined with the National Science Foundation (NSF) in October to sponsor a three-day technical seminar on cold fusion (Oct. 16-18) in Washington, D.C. (see p. XX for excerpts). Invited papers were presented, including two from the dissidents' gallery. The many positive papers finally changed the media's view on cold fusion and the Oct. 18, 1989 press conference resulted in considerable positive reports from the news media. EPRI is to be commended both for their early funding of solid-state fusion research and for their co-sponsorship of this important meeting.

Meanwhile, many corporations in the United States pursued a variety of research and development efforts. Many, if not most, of the large U.S. corporations assigned one or more scientists the task of following the progress of cold fusion. Several corporations have been actively involved in cold fusion research. It is estimated that more than 20 such laboratories have replicated the Fleischmann-Pons experiment, but have not announced their results.

This corporate research is commendable. However, with no central organization—such as the Japanese Ministry of International Trade and Industry (MITI)—there will be a great deal of wasted scientific research and development effort by many laboratories re-inventing the same wheel.

The Fusion Information Center, Inc. (FIC) located at the University of Utah Research Park is a private corporation established to promote cold fusion development. FIC is not affiliated with the University of Utah and is the publisher of *Fusion Facts*. Recently FIC requested that all for-profit and not-for-profit groups interested in helping the United States maintain a lead in the development of solid-state fusion write to FIC. The hope is that a consortium of U.S. groups could be established to help coordinate the research and development efforts in the United States.

Plan for coordinated efforts

It is proposed that the following items become part of a plan for coordinating the U.S. research and development efforts:

1) A national coordinating committee be formed with members from corporations who are involved in or who desire to become involved in research and development of solid-state fusion energy systems.

2) The corporate members agree to exchange information about solid-state fusion research and development plans.

3) The committee list the research needs under the following categories:

Research needed to support or clarify theory.

Research needed to define optimum metal lattices that support fusion.

Research needed to improve repeatability.

Research needed to improve predictability.

Research needed to understand the effect of oscillating fields (such as increasing nuclear reactions by applying electrical or electromagnetic fields.)

4) The committee agree on the assignment of research tasks, with suitable funds, to appropriate research institutions, including university research laboratories.

5) The committee coordinate research activities with the National Science Foundation, Department of Energy, and other government funding sources with the goal of helping to coordinate the funding of research activities.

6) The committee appoint development subcommittees for the following development tasks:

Committee on standards.

Heat-exchange subsystems.

Low-heat turbine subsystems.

Direct conversion to electricity.

Fusion chemicals (including heavy water).

Other subcommittees as appropriate.

Legal implications of corporate cooperation.

7) Corporate members agree to support financially a full-time coordinating staff and to hold regular meetings.

Transferring technology to products

It is important to recognize that the optimum methods for the conversion of technology to products is better practiced by Japanese companies than by American companies. In Japan, managers have found that a close working relationship among researchers, product designers, manufacturing engineers, and marketing experts is essential for optimum technology transfer to products. In the United States, we more often separate our research and development facilities from manufacturing. The loss of important contributions from designers, manufacturing engineers, and marketing experts is a strong factor in the loss of many market opportunities.¹¹

If the United States is to regain product leadership, then we must become more effective in sharing research and development efforts. However, American competition should

still be expected, and even mandated, when it comes to the final product design, manufacture, and sales.

Solid-state fusion is the most important scientific development of this or any other century. A discovery of this importance merits our best thinking, planning, and cooperation. The daily press will not suffice to provide us for the latest information of the rapid developments that are being made. We need to take advantage of America's marvelous communication system and the linkages to computer data bases to keep informed.

Information on solid-state fusion is not just important for engineers and scientists. Managers at all levels may find that their industry, company, or product will be impacted by solid-state fusion developments.

Now, as no other time in our technological history, managers, should be aware of the impact that fusion energy systems will make on their industry. Some effort has already begun to provide managers with impact studies. Preliminary impact studies have been published on education, energy production, automotive industry, the environment, and agriculture.¹²

References

1. J. Rafelski and S.E. Jones, *Scientific American*, 267, pp. 84-89 (July 1987).
2. S.E. Jones, E.P. Palmer, J.B. Czirr, D.K. Decker, G.L. Jensen, J.M. Thorne, S.F. Taylor, and J. Rafelski, "Observation of cold nuclear fusion in condensed matter." *Nature*, 338, 00 737-740 (1989).
3. M. Fleischmann, S. Pons, and M. Hawkins, "Electrochemically induced nuclear fusion of deuterium." *J. Electroanal. Chem.*, 261, pp. 301-308, and erratum, 263, p. 187 (1989).
4. Jerry E. Bishop, "Development in Atom Fusion To Be Unveiled," *Wall Street Journal*, March 23, 1989.
5. JoAnn Jacobsen-Wells, "Fusion discovery at U. could rank as century's greatest achievement," *Deseret News*, Friday, March, 24, 1989.
6. D. Albagli, R. Ballinger, V. Cammarata, X. Chen, R.N. Crooks, C. Fiore, M.J.P. Gaudreau, I. Hwang, C.K. Li, P. Lindsay, S.C. Luckhardt, R.R. Parker, R.D. Petrasso, M.O. Schloh, K.W. Wenzel, and M.S. Wrighton, "Measurement and Analysis of Neutron and Gamma Ray Emission Rates, Other Fusion Products, and Power in Electrochemical Cells Having Pd Cathodes," prepared for publication in the *Journal of Fusion Energy*.
7. P.K. Iyengar (Bhabha Atomic Research Center, Trombay, India) in "Cold Fusion Results in BARC Experiments" (Fifth International Conference on Emerging Nuclear Energy Systems," Karlsruhe, July 3-6, 1989) states in his summary: "The very high probability for the tritium branch in cold (D-D) fusion reactions would indicate processes of neutron transfer across the potential barrier as postulated by Oppenheimer over half a century ago and elaborated on more recently by Rand McNally. . . ." [See Oppenheimer and Philips, Note on the Transmutation Function for Deuterons. *Phys Rev* 48, 500 (1935).]
8. "Workshop on Cold Fusion Phenomena," Santa Fe, New Mexico, May 23-25, 1989.
9. Nagamine, et al., "Evidence against Condensed Matter Fusion Induced by Cosmic-Ray Muons," Workshop on Cold Fusion Phenomena.
10. Jerry E. Bishop, "Fusion Test Matched But Mystery Persists," *Wall Street Journal*, Tuesday, April 11, 1989, p. B4.
11. Robert B. Reich, "The Quiet Path to Technology Preeminence," *Scientific American*, pp. 41-47, October 1989.
12. "The Impact of Solid-State Fusion Energy on Education," *Fusion Facts*, July 1989; "Solid-State Fusion Impact on Energy Industries," *Fusion Facts*, August 1989; "Fusion Impact on Automotive Industry," *Fusion Facts*, September 1989; "Fusion Impact on Environment," *Fusion Facts*, October 1989; "Fusion Impact on Agriculture," *Fusion Facts*, November 1989.

What fusion theory must explain

by Hal Fox

Excellent scientific work is being done to prove the reality of cold fusion. As aptly put by Texas A&M scientists: "We are aware that, according to the classical theory of nuclear physics, when D-D [deuterium-deuterium] fusion occurs, the rate of neutron production should be approximately equal to that of tritium. This is not observed in the present experimental program. We believe that it is important firstly to establish the facts about tritium production on electrodes. The theory of electrochemical confinement will be discussed elsewhere."¹

The purpose of this article is to review the various scientific observations that have been made in support of solid-state fusion that now must be explained by any comprehensive theory.

Neutron production from deuterated crystals. Neutrons have been shown to be generated when deuterated dielectrics are fractured. Deryagin, et al.² reported in 1985 the production of neutrons when heavy ice from D₂O was fractured. The same scientists reported in 1989 the production of neutrons from the fracture of titanium.³

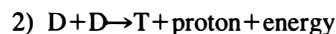
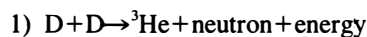
Neutron production increase in liquid nitrogen. Neutron production is shown to increase when experiments are cooled in liquid nitrogen.³

Neutron production in electrochemical cells. Many scientists have shown the neutrons are produced in an operating electrochemical cell. Fleischmann and Pons⁴ observed neutrons above background with the use of inadequate equipment and later withdrew the results. Wolf, et al.⁵, at Texas A&M, not only measured neutrons but later showed that some degree of control can be exercised over the nuclear reaction that produces neutrons (personal communication). Jones, et al. at Brigham Young University, have firmly established that cold fusion exists in metal lattices in electrochemical cells solely on the basis of the measurement of neutrons.⁶

Tritium production. Many workers in the field have

measured tritium being produced by nuclear reactions in electrochemical cells. The first report was from Fleischmann, Pons, and Hawkins.⁴ This report was further substantiated by Wolf, et al.⁵ and more thoroughly by Packham, et al., at Texas A&M.¹ Others have measured tritium including Iyengar in India.⁷

Excess heat. At least two nuclear reactions that are occurring in the electrochemical cells have been widely demonstrated by the measurement of nuclear byproducts of neutrons and tritium. These two reactions are:



As mentioned by Fleischmann, et al.⁴ "The most surprising feature of our results, however, is that reactions 1 and 2 are only a small part of the overall reaction scheme and that the bulk of the energy release is due to a hitherto unknown nuclear process or processes (presumably due to deuterons)."

Many other scientists, including Oriani, et al.⁸ have shown that there are significant amounts of excess heat that have been measured. Others that have measured excess heat are Huggins,⁹ and Appleby.¹⁰

Cell configuration for selected nuclear reactions. It has been reported by Dr. Kevin Wolf (personal communication) that the use of a platinum anode seems to favor neutron production—reaction (1)—while the use of a nickel anode seems to favor tritium production—reaction (2).

In addition, Dr. Wolf has observed that for a specific configuration of electrochemical cell (in which neutrons were being measured) that increasing the current above 150 mA/cm² through the palladium cathode stopped the production of neutrons.

Dr. Glen Schoessow, working at the University of Florida in Gainesville, has been quoted as claiming to be able to control the nuclear reactions in a fusion electrochemical cell.

The theory of nuclear fusion, as it develops, will be expected to explain these observed phenomena.

Nuclear reactions in titanium. Several scientists have found that titanium, after being loaded with deuterium gas, will produce neutrons or show bursts of neutron production. Reference 3 involved fracturing the titanium. Ninno, et al.¹¹ in Frascati, Italy, performed experiments in which titanium was loaded with deuterium gas at about 50 atmospheres pressure, cooled to liquid nitrogen temperatures and allowed to warm up. Iyengar⁷ reports on loaded titanium disks placed between sheets of x-ray film where the tritium formation and decay exposed the film.

The theory will need to explain why the neutron production occurs sporadically and is a function of chilling and warming.

Nuclear reactions involving lithium. Dr. John Appleby aptly characterizes the experiments as "on palladium and deuterium in the presence of lithium." In Reference 10,

Hal Fox

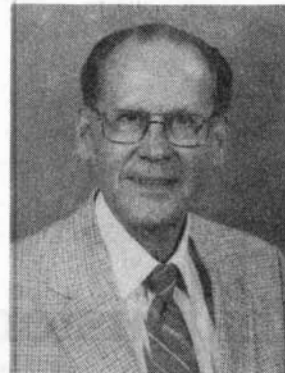
The author, an engineer, was the director of the first research laboratory at the University of Utah Research Park. When Drs. Fleischmann and Pons made their announcement of the discovery of cold fusion, Fox and a group of engineers and scientists recognized the future need for commercializing the technology. Within three weeks, this group formed the Fusion Information Center, Inc., rented office space at the University of Utah Research Park, and began publishing a monthly bulletin, *Fusion Facts*, that has rapidly become the main source of public information on who is doing what in cold fusion.

Fox and others at the Center have been working on applications for the current low level of heat obtained from cold fusion cells. They have noted the following possibilities: hot water heaters for homes, apartments, and industry; generation of low-pressure steam for sanitation purposes; heating and cooling of homes, greenhouses, farm buildings, and so forth; pumping of irrigation water; desalination of brackish and salty water; water distillation systems (for obtaining potable water at sea, for example);

sewage treatment systems; heating systems for chemical processing (such as in oil refineries); food processing systems (cooking); food drying or dehydration systems; frost prevention systems for orchards; and snow removal systems—permanently installed in sidewalks and roads.

By coupling fusion energy reactors to systems for the conversion of heat energy to mechanical or electrical energy, many more applications are feasible. For example: small power plants for rural or recreational use; direct thermoelectric conversion systems; power systems (probably with batteries) for small automobiles; emergency power systems; power systems for remote operations (such as mining); and power systems for manufacturing plants.

The cost for fusion power systems may be relatively high, Fox says. However, the cost of fuel (the deuterium in heavy water) is currently about 1¢ for the energy equivalent of a gallon of fuel oil or gasoline. This is the key factor driving the intense interest in fusion energy systems.



Appleby, et al. report an experiment in which sodium deuterioxide is used to replace lithium deuterioxide in a fusion cell (while it is producing measurable excess heat). The results are very low (but above zero) excess heat. When the lithium deuterioxide is restored, the cell regains its production of excess heat.

Experiments are needed in which it is determined if lithium is involved in a nuclear reaction or whether lithium acts as a catalyst. The theorists will need this type of specific information to help in the development of a comprehensive theory.

Neutron and tritium branching. In high-energy nuclear physics, the nuclear reactions (1) and (2) above have been observed to occur with about equal frequency. Although Oppenheimer¹² discussed the branching problem in 1935, there are many highly trained scientists who expect to find equal branching of the two nuclear reactions in the low-energy palladium lattice. (Note the quotation in the first paragraph.)

Many of the scientists who have successfully replicated the Fleischmann-Pons Effect have found that equal branching of the two deuterium reactions was not observed. In fact, experiments have demonstrated that it is much easier to build a working-fusion cell that produces tritium than to obtain

neutrons.

References 4, 5, and 7 all report the unexpected results that tritium production exceeds neutron production.

Tritium is found in volcano gases. The theory of cold fusion should explain the fact that tritium is found in gases from volcanoes.⁶

No reports of helium in palladium lattice. Further experimental verification will be required. However, at the present, there are no known papers in which helium-3 or helium-4 has been found to be present in the palladium lattice or in the fusion cell electrolyte in sufficient amounts to be compelling evidence of fusion byproducts. One case has been reported (Bockris in a speech given at the University of Utah) in which the level of tritium first rose and then almost exponentially decreased.

It has been suggested (Collins, personal communication) that the helium gases that may be formed from one or more nuclear reactions are being rapidly scavenged by other, as yet unreported, nuclear reactions. This may be the reason for the reduction of tritium in at least one experiment.

Bursts of short- or long-term heat. Bursts of heat have been observed by many investigators, including Fleischmann et al.⁴, Iyengar,⁷ Oriani,⁸, and Wadsworth.¹³ These bursts of

nuclear activity turn themselves "on" and "off" and may last from a few minutes to several days. The effect is not as yet understood.

Summary

The above list is long, but all of these observations are either well documented or are being prepared for peer review and publication. In most cases, the scientists cited are continuing their investigations, and therefore, the name should be used in any literature research. To those scientists working in the new and exciting field of cold fusion, these are the facts that they have observed. These scientists are rapidly expanding the facts about cold fusion and relation phenomena.

References

1. N.J.C. Packham, K.L. Wolf, J.C. Wass, R.C. Kainthla, and J.O'M. Bockris (Texas A&M), "Production of Tritium From D₂O Electrolysis at a Palladium Cathode" (publication pending).
2. B.V. Deryagin, V.A. Kluev, A.G. Lipson, and Y.P. Toporov, "Possibility of Nuclear Reactions During the Fracture of Solids," Institute of Physical Chemistry, Academy of Sciences of the U.S.S.R., Moscow, Translated from *Kolloidnyi Zhurnal* Vol. 48, No. 1, pp. 12-14, January-February 1986. Original article submitted Oct. 21, 1985. (UDC 539.375:539.1). (Includes 10 References.)
3. B.V. Deryagin, A.G. Lipson, V.A. Kluev, D.M. Sakov, and Y.P. Toporov, "Titanium fracture yields neutrons?" *Nature*, Vol. 341, Oct. 12, 1989, p. 492. (Includes 8 References.)
4. M. Fleischmann, S. Pons, and M. Hawkins, "Electrochemically induced nuclear fusion of deuterium." *J. Electroanal. Chem.*, 261, pp. 301-308, and erratum, 263, p. 187 (1989).
5. K.L. Wolf, N.J.C. Packham, D.R. Lawson, J. Shoemaker, F. Cheng, and J.C. Wass (Texas A&M), "Neutron Emission and the Tritium Content Associated with Deuterium Loaded Palladium and Titanium Metals," Proceedings of the Workshop on Cold Fusion Phenomena, May 23-25, 1989, Santa Fe, New Mexico.
6. S.E. Jones, E.P. Palmer, J.B. Czirr, D.L. Decker, G.L. Jensen, J.M. Thorne, S.F. Taylor, and J. Rafelski, "Observation of cold nuclear fusion in condensed matter," *Nature*, 338, pp. 737-740 (1989).
7. P.K. Iyengar, (BARC, Trombay, India) in "Cold Fusion Results in BARC Experiments," (Fifth International Conference on Emerging Nuclear Energy Systems, Karlsruhe, B.R.D., July 3-6, 1989) states in his summary: "The very high probability for the tritium branch in cold (D-D) fusion reactions would indicate processes of neutron transfer across the potential barrier as postulated by Oppenheimer over half a century ago and elaborated on more recently by Rand McNally. . . ." [See Oppenheimer and Philips, Note on the Transmutation Function for Deuterons. *Phys. Rev.* 48, 500 (1935).]
8. R.A. Oriani, J.C. Nelson, S.K. Lee, and J.H. Broadhurst, "Calorimetric Measurements of Anomalous Power Produced by Cathodic Charging of Deuterium into Palladium," presented at the Electrochemical Society meeting at Hollywood, Florida, Thursday, Oct. 19, 1989.
9. A. Belzner, U. Bischler, S. Crouch-Baker, R.M. Gur, E. Lucier, M. Schreiber, and R.A. Huggins, untitled invited paper presented by Huggins at the Workshop on Cold Fusion Phenomena.
10. A.J. Appleby, S. Srinivasan, Y.J. Kim, O.J. Murphy, and C.R. Martin, "Evidence for Excess Heat Generation Rates During Electrolysis of D₂O in LiOD Using a Palladium Cathode—A Microcalorimetric Study," Workshop on Cold Fusion Phenomena.
11. A. De Ninno, A. Frattolillo, G. Lollobattista, L. Martinis, M. Martone, L. More, S. Podda, and F. Scaramuzzi (Centro Ricerche Energia Frascati), "Neutron Emission for a Titanium-Deuterium System," Workshop on Cold Fusion Phenomena.
12. J.R. Oppenheimer and M. Philips, "Note on the Transmission Function for Deuterons," *Phys. Rev.* 48, 500-502 (1935).
13. M. Wadsworth (University of Utah), "to be obtained," NSF/EPRI Workshop on Anomalous Effects in Deuterated Materials, Oct. 16-18, 1989.

Experiments show anomalies occurring

The remarks excerpted below were delivered at a press conference following a workshop on Anomalous Effects in Deuterated Materials sponsored by the National Science Foundation and the Electric Power Research Institute on Oct. 18, 1989 in Washington, D.C.

Dr. Paul Werbos, National Science Foundation. The idea for this workshop originated in some conversations between EPRI and NSF months ago and then we decided we needed some very highly credible people, who were balanced, to chair the panel. We were very delighted that John Appleby and Paul Chu from Texas A&M and from the University of Houston agreed to serve as the chairmen. You probably have all heard of Paul Chu's work in high-temperature superconductivity, and you've probably heard of John Appleby's work in fuel cells, [which] is internationally known and very well recognized. It was their responsibility to lead the technical members of this workshop to produce conclusions we would find useful. The session was not very widely publicized in advance, for a number of reasons. First, we were not seeking publicity. Our goal was just to have a small, little research planning session—the kind of thing NSF does every day of the week, and the goal was to try to assess the general state of the field. Even more importantly, to figure out what kinds of new research might or might not be justified in this area. This workshop was not intended to be an endorsement of cold fusion. It was not intended to be a debate about the reality of cold fusion. NSF does not have an official position of whether cold fusion is or is not real. . . . The statement was written jointly by John Appleby and Paul Chu. . . .

Dr. Thomas Schneider, Electric Power Research Institute. [W]e were not asking participants to address questions about practical usefulness of the phenomena. Indeed, meaningful speculation on that topic is just not appropriate at this point. We do not have enough information to really pursue that topic. In fact, the phenomena reflect a lack of understanding about aspects of both electrochemistry and physics which

are in themselves important questions. The focus of the meeting is to address these phenomena and seek and understand what is happening and provide some suggestions for directions for future work.

Statement of the workshop, presented by Dr. Paul Chu, Texas Center for Superconductivity, University of Houston. The anomalous effects reported in the metal-deuterium system are interesting. NSF and EPRI decided to hold this workshop in the last two and a half days to invite scientists who have direct and related experience in the research to assess the experimental status, to identify the experimental issues, and to determine possible future research needed to clarify these issues. In this respect, the meeting has been very successful.

New, positive results in excess heat production and nuclear product generation have been presented and reviewed in a logical, frank, open, and orderly manner. Based on the information that we have, these effects cannot be explained as a result of artifacts, equipment, or human errors. However, the predictability and reproducibility of the occurrence of these effects and possible correlations among the various effects, which are common for the accepted, established scientific facts, are still lacking. Given the potential significance of the problem, further research is definitely desirable to improve the reproducibility of the effects and to unravel the mystery of the observations.

We would like to point out that a large volume of experimental data has been presented and various models proposed. Although a brief summary has been made as you will hear later directly from Dr. George Miley, our subcommittee chairman, it would take time to determine specific detail steps needed to improve the overall understanding of the effects. The co-chairmen and the subcommittee chairmen will work closely with scientists in the field in the next few weeks to prepare a formal report of this workshop to address the charge that NSF and EPRI have given to the workshop.

Dr. John Appleby, Texas A&M. It was very gratifying to have the presence of Dr. Edward Teller, the dean of nuclear physics, at this meeting [the workshop] and to get some of his reactions to the data that were presented. . . .

I would like to point out that the use of the expression "cold fusion" has caused a great deal of confusion in the press and elsewhere. The reason for that is that cold fusion is really a fairly well-known phenomenon, involving normally the fusion of two deuterium nuclei catalyzed by heavy negative particles called muons. For that, the theoretical basis is relatively well-known. That is clearly not what is perhaps happening in the case of the experiments on palladium and deuterium in the presence of lithium. We don't know what it is. We are not sure if it is a chemical or a physical phenomenon. One could argue, perhaps, either way, and there are people

who participated in the workshop who are definitely still sitting on the fence. I prepared a few short statements of my own. . . . These are my basic conclusions.

I said already that we are happy that our results are showing that there is something strange going on, and we have found that other people have confirmed those results, and those of Fleischmann and Pons. . . . There is evidence that the appearance of high levels of tritium, which has been noted definitely by two groups, may not be an artifact. . . . I would like to point out that if tritium turns out not to be an artifact in this system, that means that nuclear phenomenon are involved. There is no other explanation. Notice, I did not say fusion phenomenon.

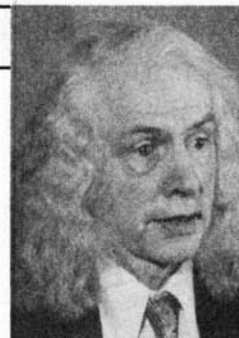
Future work requires more understanding to make knowledge of the process systematic. That will require energy and product balances, and it must also determine the precise significance of palladium and its surface conditions, of lithium and of deuterium. We want to know if other things are involved, if any changes take place. There is no evidence that any process taking place can serve in energy devices at the present time. However, that of course, is based on our present and very limited knowledge.

If confirmed, the events are of great scientific interest and they are difficult to account for by the present state of chemical or physical knowledge, which, of course, is disconcerting, and quite clearly, if we have to explain anything, we would prefer to stay within the framework represented by present knowledge of chemistry and physics. We do not want to rebuild the whole system, or even attempt to do so, based on phenomenon that are not yet understood. Those broadly, were the conclusions of the meeting.

Statement of Dr. Edward Teller, read to the press conference. Numerous interesting and partially contradictory results on cold fusion are in disagreement with the solidly established nuclear theory of fusion. There is a possibility to reconcile the results with the theory, assuming that the deuterons act as neutron donors with various materials (other deuterons, or lithium, or palladium) acting as neutron acceptors. The neutron transfer by direct exchange is prohibited by the Gamow penetration factor, but a catalytic transfer of neutrons might be possible. It is conceivable that the catalyst could be an as-yet-undiscovered neutral particle.

It is proposed that U-235 be tried as a neutron acceptor because of its great energy release and of its characteristic response to neutron absorption. One may also try to replace deuterium in its role as neutron donor by beryllium nuclei.

It is recommended, in recognition of the high-class work that yielded surprising results, that the effort be supported in order to obtain clarification, whether the results are due to sophisticated difficulties in the experiments, or whether a new phenomenon is involved. An example of such a new phenomenon has been proposed above without claiming that this indeed is the explanation of the results.



Dr. Robert Moon 1912-1989

by Jonathan Tennenbaum

The wealth of any nation is in its people. The United States, and the whole world, have lost a precious jewel: a brilliant man of science, an inventor, a teacher, a beautiful soul who radiated to everyone around him his deep love for people and for all of God's Creation.

Dr. Moon was a scientist from head to toe. For him, science and the love of God were one and the same thing. To discover how our Universe is organized, and to construct some remarkable device based on a new discovery, that might improve the lives of people—was the joy of his life. He was always working, and he loved his work immensely. He possessed in the highest degree that rare, childlike quality of playfulness and enthusiasm which is the mark of a creative thinker and teacher.

Robert Moon's enthusiasm was contagious, and he knew it. He loved nothing more than to share his joy in science with everyone around him, and especially with young people. I shall never forget one night at a childrens' camp in Virginia, when Dr. Moon was taking some of his young friends on an exciting guided tour of the planets and stars using the camp's telescope. As the night went on, his pupils retired to bed, one by one. I woke up just before dawn, and glanced out the window: Lo and behold! There was Dr. Moon, alone, still standing at the telescope, absorbed in the study of some important phenomenon up there in the heavens.

It has become a cliché to talk about "great Americans." But if we ask ourselves, what the United States has meant to the world in a positive sense, then Dr. Moon shines out as a brilliant example. He was an American scientist in the best sense of "American." For him, all of science was summed up in the verb "to create." He knew no distinction between the "theoretical" and the "practical." In the most abstract physical concepts he saw hypothetical designs for technologies that might benefit mankind, and in the tiniest detail of an engineering problem he recognized the reflected image of universal law. He was committed to the republican conception of science, and insisted that science belonged to all the people, and not to some hermetic caste of specialists.

Obsessive pursuit of fame and prestige, instead of truth, has greatly damaged the practice and teaching of science in recent years. Dr. Moon did not enjoy the dubious honor of

being a "star" of the scientific community. Yet, his discoveries and inventions have benefitted humanity more than the work of many a Nobel Prize-winner. His contributions to electromagnetic technology, to physical chemistry and materials science, to the development of nuclear energy, medical technology, and biophysics—just to name a few of fields in which he worked—have affected our daily lives far more than most of us could imagine. Few people realize, for example, that the X-ray scanning machine which is now a routine instrument in any well-equipped hospital, was Dr. Moon's original invention.

In his last years Dr. Moon made a fundamental contribution to the understanding of the structure of the atomic nucleus. This work summed up a lifetime of thinking about how to realize nuclear fusion as the principal energy source of mankind. Soon after the first publication of his nuclear model came the announcement of the discovery of high-temperature superconductors, and then, a bit later, the sensational news of "cold fusion." What joyful events these were for Dr. Moon! The scientist who assisted at the birth of nuclear energy, lived to witness the beginnings of a new scientific and technological revolution, coming along exactly the lines he had worked on for half a century.

Dr. Moon loved his country and worked for its best interest throughout his life. In many ways he played a decisive role in the growth of a political movement, upon which the future existence of United States, in large measure, now depends. The illegal closing of the Fusion Energy Foundation (whose scientific journal he edited), and the political persecution of Lyndon LaRouche, by agencies of the U.S. government, were a heavy blow to Dr. Moon. But he never gave up hope that the United States would once again become the "Temple of Liberty," for the sake of whose preservation he had once joined the Manhattan Project. He celebrated the first legal victory, reversing the government's bankruptcy proceedings, just a few days before his death on Oct. 31, 1989.

Dr. Moon was above all a beautiful soul, who never thought of gain to himself, but only of what he could give to others. He was an inspiration and a precious friend to those who knew him, and a profound loss to us all.

Friedrich List and the program for Europe today

by Anton Chaitkin

During 1989, the world has celebrated—although far too little officially—the 200th anniversary of the birth of one of the heroes of Western statecraft, Friedrich List. List fought throughout his life for nation-building as the basis of economics, against the rapacious looting policies of the British Empire and its apologists Adam Smith and Karl Marx. Today, with Marxism being massively rejected, and with the Adam Smith cult discredited by its baleful effects on the developing sector, it is urgent that List's method be understood, as exemplifying the kind of thinking uniquely capable of turning mass ferment in Europe into an economic boom.

Like Lyndon LaRouche, the American economist who belongs to the same Leibnizian tradition today, List was hounded, falsely accused, and imprisoned, and his health was destroyed, merely because he propounded principles for national economic development that would have upset the oligarchy's monopoly on wealth and power.

Friedrich List was the principal organizer of the German nationalist republican political movement, whose program led to the formation of the nation of Germany. He was born in Reutlingen, Württemberg on Aug. 6, 1789, just as revolutionary victor George Washington was forming the new government of the United States of America.

At the end of the wars in Europe and America in 1815, cheap British goods flooded both continents, destroying jobs, which with Metternich's police system spurred nationalist thinking everywhere. Reformers including List, then a young economics professor, proposed unity and protective tariffs among the tiny, feudalist-ruled German principalities.

Under List's direction, organizers worked with thousands of factory owners, workers, and merchants, circulating petitions and setting up inter-state committees. List's growing Handelsverein group aimed for a free republican constitution, and national promotion of home industries.



Western European government leaders, especially France's President Mitterrand (center) and Germany's Chancellor Kohl (right) have a lot to learn from Friedrich List (left, in an 1844 engraving).

In 1820 the Austrian Hapsburg government denounced List as "a dangerous revolutionary." The king of Württemberg forced List out of his professor's job, labeling him an agent of a foreign state (i.e., Germany). List was elected to Württemberg state parliament, but phony corruption charges forced him out of both the parliament and his own organization, and he was framed up and thrown in prison, sentenced to hard labor.

After several months of prison, Professor List was exiled from his native country in 1825. List went to the United States at the invitation of the Marquis de Lafayette, serving as a translator for Lafayette on the general's tour of America.

Friedrich List joined Nicholas Biddle, Mathew Carey, and Henry Clay in their revival of the nationalist program of the American Revolution. Proclaiming Alexander Hamilton the founder of modern economics, List gave theoretical and practical counsel to the Pennsylvanians on their project to industrialize the U.S.A. He opened coal mines, helped plan the American canal system, designed rail transport, and proposed the cutting of a Panama Canal. The explicit attacks against the Tory views of Adam Smith, launched by List and Mathew Carey, guided the Henry Clay Whigs and shaped the thinking of Abraham Lincoln.

List returned to Germany in 1830 as a U.S. consul, working with James Fenimore Cooper, Lafayette, and others in the "American party" fighting for the free national development of Europe, and a common front with America against the bloody British Empire. Yet the Senate of Hamburg refused to ratify his appointment, and finally he returned as consul to Leipzig, where in 1833 he launched his program for a national railway network.

His renewed nationalist activity bore fruit in the Zollverein, or German Customs Union. List's republican party terrified the imperial strategists, whose anti-nationalist subversion on the continent included both "free trade" politics and

the British Foreign Office initiation of "Marxism." Every trick must be tried to prevent independent manufacturing power from growing in Germany, France, or other potential republican centers.

Eventually, List's movement was crushed, and he died of poisoning in 1847—allegedly a suicide. His projects for German railroads were a stunning success, though his nationalist concepts were actualized only in a distorted form by the German empire of Bismarck.

Reciprocal development concept

Friedrich List's written works, along with those of Mathew Carey's son Henry, went before the world of the late 19th century as the spokesmen for national liberation against the empires, particularly in Asia and Ibero-America.

Above all, List's influence was felt in the spectacular American notion of development which he helped spark in Philadelphia in the 1820s. This was, that the East Coast would be enriched by the development of the American West; the U.S.A. would benefit massively by the growth of prosperity and power in Ibero-America; that the Western Hemisphere would be rewarded economically if investment and trade could make Asia a new center of manufacturing; and so forth.

List and the other shapers of the American System of economics took this idea from the War for Independence. Europeans like Lafayette, sick to death with the oppression and corruption of Old World aristocracy, had put their lives on the line in a new chance for world freedom, in America.

List's proposals for trans-European rail lines, for new European banks to outflank the murderous old financial powers, for free national constitutions in slave countries, may now finally come into their own with a rush, 200 years after his birth.

Friedrich List's collaboration with republican circles in France

by Laurent Murawiec

The following is adapted from a speech delivered to a conference on celebrating Friedrich List held in Cologne, West Germany on June 10, 1989 and sponsored by the Patriots for Germany party.

The great respect which republican circles in mid-19th century France had for Friedrich List, is clearly shown by these words from one of those republicans:

"In Germany, there is a man who is devoid of any honors or titles, of any personal wealth, who has no prestige other than that given by patriotism and talents, but who has become nothing short of a great power. We in France are familiar with this sort of royalty of the mind . . . but on the other side of the Rhine, it has taken on the dimensions of an extraordinary phenomenon. The man to whom we refer is not a religious reformer, nor is he a people's tribune. . . . The man is an economist, whose primary concern is to make his fellow citizens aware of their own material interests. He is backed not by impressionable and excited masses, but especially by the manufacturers. Dr. List is the father of the German Customs Union and of the German railways. Thus, Germany's two most significant accomplishments in the course of the past quarter-century, are his brainchildren. With the advent of the Customs Union, the idea of the German fatherland lost its peculiar vagueness and became reality."

List's ties to France go back a long way, and they turn out to be continuous and extensive. Here I would like to present the two critical elements of this connection. The first of these is of a conceptual nature, and shows List to be in the heritage of the French school of political-economy; the second is of a more personal nature, and shows List as a confidant, friend, and ally of the French republicans who in the 1820s and 1830s were better known as the leaders of the "American party" in France and Europe.

Economic life is a transformational process: Human labor alters nature and creates wealth, which in turn puts mankind into a position to steer its own development. The task of the economic sciences is to methodically understand how to most rapidly speed up the pace of this process. The French school of political-economy has developed this concept of the economic sciences over the course of three centuries.

We do not necessarily have to go all the way back to King Louis XI (1423-1483), whose economic ideas and policies already tended in this direction. Let us begin with the 16th-century scientist Jean Bodin (1530-1596), a follower of Erasmus and the leading figure in the *Politiques*, the group of statesmen and scientists who so powerfully helped King Henry IV (1553-1610) to bring to a close the disastrous Wars of Religions, which had torn the nation asunder for nearly one century, and to rebuild France. Bodin and his cohorts, the king's ministers and his advisers, developed a concept centered around the imposition of protective tariffs with the aim of protecting the development of manufactures, but also as protection against rapacious foreign financial powers. These measures corresponded to Bodin's motto, "*Il n'est richesse que d'hommes*," "There is no other Wealth but Men," a thoroughly dynamic concept of God and the universe, whereby humanity, through its labor, continues God's work.

This concept achieved full blossom under Jean Baptiste Colbert (1619-83), who held the highest office in the kingdom of France from 1661 until his death and who, together with Leibniz, originated the notion which was most crucial for the furtherance of growth. The year 1666 saw the baptism of the Academy of Sciences—the first such scientific institution, whose sole intended function was to make scientific breakthroughs possible, to make these into technological reality, to make them useful for manufacturing, and to instruct engineers and workers in the techniques of their use. Working within the framework of this concept, no objects as such could be considered to be wealth (e.g., the land, money, etc.), but rather solely the process itself, within which wealth is created. "Colbertism" meant the creation of the conditions favorable to speeding up the implementation of what the Academy had spawned—i.e., infrastructure, healthy manufacturing firms, etc.

Colbert's life work was continued by the great administrators of the 18th century, such as Daniel Charles Trudaine "the Elder," (1703-69) who founded the *Ecole nationale des Ponts et Chaussées* (national school for roads and bridges)—a central state school which tackled the greatest weaknesses of the national economy through the application of the most advanced scientific methods.



Left: French minister Jean-Baptiste Colbert (1619-83) put science to work to develop the nation-state; right: Austrian Chancellor Clemens von Metternich (1773-1859) dedicated his life to suppressing science and national freedom.



Just as later, in the early 19th century, Prussian king Frederick William III, after the humiliating defeat he suffered at the 1806 Battle of Jena at the hands of Napoleon, was obliged to turn to the reformers in order to save his country and his own skin, so also in France, war and defeat suffered by the radical and incompetent “revolutionary” extremists, brought a new generation of Colbertistes to power: Lazare Carnot (1753-23), Gaspard Monge (1746-1818), and Jean Chaptal (1756-1832)—two mathematicians and one chemist—who all stood firmly in Leibniz’s tradition. From their new position of power, initially acquired in 1794, they went to work applying the principle of least action to strategy, warfare, economic development, scientific research, and education, a process which in 1794 became incarnate with the founding of the famous Ecole Polytechnique.

In the many capacities they were vested with, in the succeeding 20 years they fleshed out the concept of “productive forces,” as was also done by their friend, the scientist, economist, and statesman François-Pierre-Charles Dupin, to whom Edgar Allan Poe paid special tribute by naming his famous detective Dupin after him. This new science, which was aimed at applying the labor output of technology in order to achieve the highest density of energy throughput, Dupin named the “science of dynamics.”

Chaptal had been invited by George Washington to the United States, where he met Alexander Hamilton, the first American Secretary of the Treasury. When Friedrich List came to Paris for the first time in 1824, Chaptal presented him with an edition of Hamilton’s 1791 tract *Report on Manufactures*, which was the quintessence of the American System of political-economy. Chaptal’s 1805 book *De l’industrie française*, as well as his numerous other writings, were

later systematically cited by List along with those of F.L.A. Ferrier, Dupin, and other collaborators of Carnot and Monge.

The ultimate implications of their theory—namely, the development of national wealth at the expense of domestic and international feudal-oligarchic forces—made it necessary to put into place the political formations best suited to it, i.e., a republic and a republican movement. It was also necessary to conscientiously raise workers’ educational levels, in order to create that “middle class” to which the German “poet of freedom” Friedrich Schiller referred in his 1802 inaugural lecture as Professor of History at the University of Jena—in contrast to the existing system with the feudal lord at the top and the slaves and serfs on the lowest rung of the social ladder.

Anyone who has ever read List’s works, such as his 1827 *Outlines of National Economy* or his 1837 *Natural System of Political-Economy* can easily establish this close affinity and also the identity of the thematic material: List is part of the same school, and it was by no means an accident that it was the ward and adopted son of George Washington, Gilbert de Lafayette (who was also a close friend of Hamilton), who brought List to the United States.

1824: Lafayette and Paris

In his early writings during the time around 1820, one of List’s citations of Chaptal was in a letter he wrote to Prince Clemens von Metternich (1773-1859), Chancellor of the Austrian Empire, dictator of Europe. The letter is said to have sent its recipient into a fit of rage. In 1819 List, in his capacity as “consul” of the *Handelsverein*, met in Vienna with Wilhelm von Humboldt (1767-1835), the scientist and statesman, and henceforth became on increasingly intimate

terms with the politically defeated, but still hopeful and active circle to which Baron Karl vom Stein (1757-1831) and Schiller also belonged. In 1817 List had begun his collaboration with the publisher, republican leader, and éminence grise Georg von Cotta, who was his guardian and who had good connections to the Humboldts, both of whom had likewise been students at the Ecole Polytechnique. Finally, in 1822 List approached Cotta with the proposal to translate Chaptal's masterpiece into German.

When he later was forced into exile as a member of the political opposition and turned up in Strasbourg, republican friends and confidants soon guided him on the "right path," i.e., to Paris. At the time he was already corresponding with Lafayette, the leading French-American figure who was the living symbol of the European-wide American party. But Lafayette was also the chief of the young American party's intelligence service, the Cincinnatus Society.

I am of the view that List was sent to France by a group around Cotta, first for his own protection; second, so that he could broaden his horizons and could speed his education as a political leader; and third, in order to be presented to the head of the American party's intelligence service. Lafayette had advantages enjoyed by no other European republican at that time, namely, if the oligarchy ever attempted to lay hands on him, America would take this as a *casus belli*. This meant that Lafayette's freedom to act was incomparably greater than that of his collaborators, and thus he played a significant role not only in the selection process, but also in the protection of young, promising republican leaders. In a letter dated to List dated March 1824, Lafayette praises him as "a courageous, distinguished philosophical mind. . . . The spirit of all friends of justice and freedom breathes in you"—a formulation which should be read in light of almighty power of the censors, the supreme power in Europe. The correspondence between List and Lafayette—or rather, what remains of it today—shows evidence of the most careful precautionary measures in this regard. When Lafayette traveled to America for the year-long celebration of the 50th anniversary of the American War of Independence, with his other purpose being to assist the Whigs in electing John Quincy Adams as President, he chose List from among 100 other candidates, to accompany him there.

List wrote to his wife on that occasion: "Lafayette received us heartily. Then he opened up his entire heart. . . . But my circumstances are such, that he believes he owes it to my person and to the Good Cause, to do everything in his power to help me. The magnificent old man embraced me and moved me to tears" (Letter to Karoline List, April 28, 1824). Unfortunately, List was unable to immediately accept Lafayette's proposal, and spent 10 months in prison instead. But no sooner was he released from prison, than the offer from across the Atlantic was repeatedly and emphatically renewed. And so, in early April 1825, when he crossed the border with his family, List cried out: "Let's go! Let's get

out of the old rubbish of 500 years of infamy, and go into the New World!"

In America, Lafayette introduced his young friend to all of the nation's principal political leaders. He also helped List become accepted into the supremely important Pennsylvania Society, for which List was supposed to formulate the guidelines of the American System. List accompanied Lafayette during his entire triumphal tour through the United States.

What was List's actual mission? A letter to Lafayette, dated Nov. 29, 1827, begins with the following words:

Dear General,

The annexed account will inform you of the success I have obtained by my Essays on political economy. The Pennsylvania Society has engaged me to write a whole work on the American national economy, and I see before me a life full of usefulness in this country, which happy change in my fate I owe to the greater part to you. . . . The members of the said Society are desirous that you, Dear sir, might please to give us some information on the great influence of the French National Polytechnical Institute and pronounce your opinion, which beneficial effects are to be expected if the different states, and the general government of the United States, would imitate France in this respect.

1831: second stay in Paris

A completely transformed Friedrich List—how could it have been otherwise?—decided that he had to return to Europe, in view of the revolutionary upsurge in 1830, which promised to topple the bloody rule of the Holy Alliance. He now had been appointed Consul of the United States by President Jackson, who had been acquainted with him and his works, and, thus enriched with experience and successes, could now reactivate his many confidants of years past, along with the networks of the Cincinnatus Society.

In France, Lafayette had to be satisfied with a compromise: Following the collapse of the Bourbon dynasty in July 1830, he was unable to bring the republic into existence—this would have been the pretext which the czar, Metternich, and the British were waiting for in order to wage war on France. Nevertheless, his republicans were now occupying powerful positions in the new regime, such as Casimir Perier, the speaker of the parliament and later prime minister, along with dozens of other veterans of the circles around Carnot, Monge, and Chaptal. List stayed in Paris from December 1830 to October 1831, and familiarized his friends with the ideas of Hamilton and the plans of the American Whigs.

These circles also included Chaptal's friend, the Baron André de Ferussac (1786-1836), a scientist and an army officer who published the *Bulletin universel des Sciences et de l'Industrie* and was a member of parliament. Another was François-Pierre-Charles Dupin, whom Edgar Allan Poe described so respectfully in the figure of "detective" Dupin,

and whose own book *Les forces productives de la France* was the first to analyze the concept of productive forces in a universal form. Yet another was geologist and mineralogist Pierre Cordier (1777-1861), who had gone to Egypt together with Monge and Napoleon in the last decade of the previous century, and had become one of the leading figures in the industrial development of France, notably as inspector-general of manufactures. List organized engineers and scientists, politicians and intellectuals, including such people as the Duke Elie Decazes (1780-1860), a former prime minister who was anti-British and hostile to the Russians, and who was a significant industrialist in his own right; and the two founders of the newspaper *Le National* and Cotta's correspondents in France, the politician and historian Adolphe Thiers and the railway builder Jean Baptiste Paulin.

During this second stay in Paris, List presented his plan for the national economic development of France: the simultaneous and interconnected creation of 1) a national system of railways, 2) a national paper currency, and 3) commercial banks. His idea was to create favorable conditions for investment in railways through the issuance of money, whereby the commercial banks could be assisted in the creation of this credit. This plan had the marvellous advantage that it bypassed, nay, it short-circuited the Paris-based but Geneva-



The French patriot Marquis de Lafayette during his 1825 grand tour of the United States, when he was accompanied by the young List. This engraving is based on a portrait by American artist, inventor and patriot, Samuel F. B. Morse.

and-Amsterdam-bred Haute Banque, which in the past had repeatedly and vehemently sought to obstruct all forms of economic development.

During 1831, the *Revue encyclopédique* published a three-part series by List on "Ideas on economic, commercial, and financial reforms applicable to France." The articles were widely read, and were later published as a pamphlet by Ferussac's Society for the Spread of Scientific and Industrial Knowledge. The articles represented a deeply-delving analysis of the situation in France and of how the nation could be pushed further ahead. But it also conveyed the author's own stratetgic method, and his rigorous epistemological application of the principle of least action to a concrete situation.

List's influence can certainly not be measured in weeks. But for two and one-half years, France's government and parliament moved in the direction he had indicated, while the circle around List pointed out the precise pathway.

October 1837-March 1840: third stay in Paris

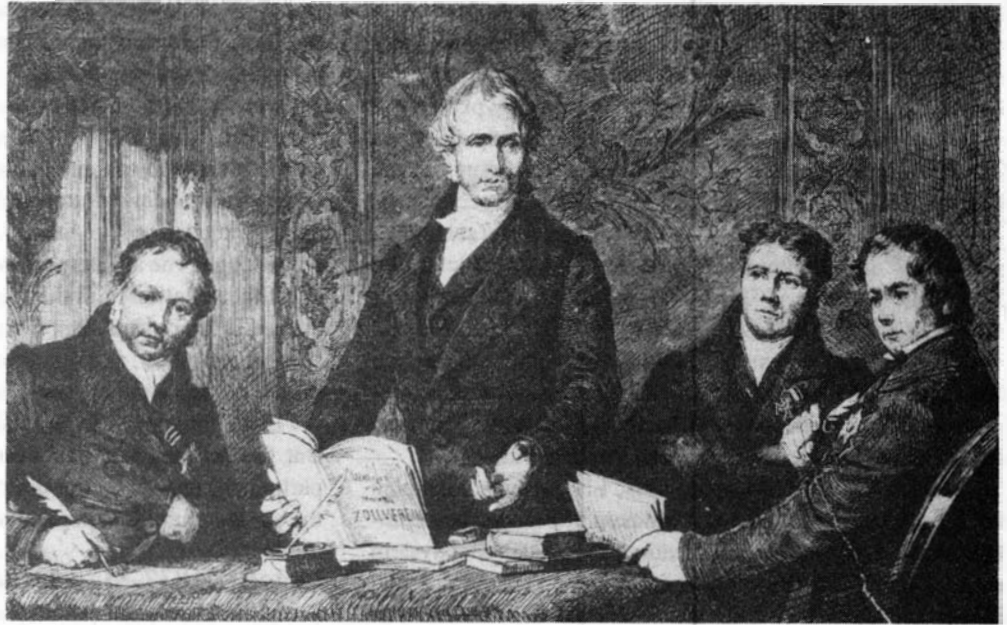
List's third and final stay in Paris was also his longest. He returned to Paris via Brussels, where he had been received by the Belgian King Leopold I, who in turn recommended him to his own stepson, French King Louis Philippe. List's influence, which by then had become enormous, and the unstoppable process which he had set into motion, opened doors which had been closed to him. The French king received List several times in private audience to discuss the latter's proposals. List wrote a memorandum for the French government, and then a shorter version for the king. The king instructed the members of his cabinet to openly collaborate with List—once again, to the great fury of the Paris Haute Banque, the Comte d'Argout of the Banque de France, James de Rothschild, and the Calvinist Hottinguer family.

The memorandum which List presented to the king on Nov. 21, 1837 is a small masterpiece, which further deepens his 1831 proposals for the development of a railway system, a banking system, and credit formation. Inside the French government, the memorandum became the object of wild conflicts, which sometimes came to blows.

The republicans stuck firmly with their concept. Finance Minister La Plage wrote, however, that "Mr. List's project violates all rules and is not even in the form of a well thought-out combination. . . . Such a project borders on the absurd." On the other hand, the minister for public service, Martin, complained that "old models of behavior, ossified customs and shriveled ideas" would prevent the project from succeeding. The general director for road and bridge building flatly stated: "In France, public opinion has such a mistrust of paper money, that, if anyone wanted to halt the development of railroads, all one would have to do is carry out Mr. List's proposal."

Behind all the nonsense, however, there lurked a real power, in the form of a lengthy analysis by the governor of the Banque de France, d'Argout (1782-1858) which the latter

Representatives of the founding states of the Zollverein (Customs Union), whose intellectual author was List. It was the first milestone along the path to a German state.



sent to the French foreign minister, and whose every line was brimming with cold rage and blind hatred. The oligarchy saw itself forced into this flanking maneuver in the framework of its counteroffensive, because it had become clear that List could no longer just be ignored if the attempt were made to prevent List from finally becoming assured of the king's favor. Thus, after it was ascertained that List's memorandum contained nothing new, the claim was made that List has manufactured a quite remarkable admixture of economic growth and monetary policy. The Duke stated emphatically, that his bank was opposed to long-term loans, especially for productive investment, and then generously conceded that "under certain circumstances, railways could be of some use," but that "the author takes us for being more backward than we really are. . . . Without any mature consideration, he has abandoned himself to this mania for great endeavors, as are characteristic of his own country [the United States]. . . . The general committee of the bank is of the opinion, that no further steps should be taken with regard to this project."

A careful reading of List's memorandum today cannot fail to remind one of the memoranda which Lyndon LaRouche had directed over the years to the governments of many nations on the topic of the economic development of their respective countries. And the reactions from the financial world have remained the same, too.

It is quite likely that Heinrich Heine, List's friend and confidant, and the republicans' spy in Rothschild's salon, provided his friend with intimate insider knowledge of the goings-on in the ranks of the financial oligarchy. The Swabian publicist Ludwig Boerne reports, at any rate, that Heine's only qualm against List's European railway network was that

it would then be possible to travel back into the empire ruled by Metternich in only 12 hours.

And even if the king himself was no longer pushing the project forward, the same effect could be seen as in 1831: Just as the railway served as a catalyst for economic development, so List's activities catalyzed the political-economic developments. In 1840 the young engineer Michel Chevalier, whom Thiers had sent to the United States on List's emphatic advice, published a book titled *Lettres sur l'Amérique* which was widely circulated and which furthered the development of the railways. List himself wrote an increasing number of articles directly in French (such as "L'économie politique devant le tribunal de l'histoire" ["Political-economy Before the Tribunal of History"]) in 1838, which contained a forceful and effective polemic against Adam Smith et al.).

In 1840 Thiers made List an extraordinary offer: that List, a German-born American citizen, should become France's minister of transportation. List, of course, had better things to do than become a mere member of a government, and therefore declined. But the offer indicates the level of influence which List had achieved by that time. In a letter he wrote in late May 1845 to a friend, List good-naturedly reported: "Thiers, [the former war minister] Général Bernard, [the education minister] Victor Cousin were my old acquaintances and friends from the time when they were not yet ministers, but poor devils and starvelings." That was only a few months before his final, short trip to Paris, and one year before his death.

The sum of his life, I think, is clear: It is List's own motto, "Et la patrie et l'Humanité." For him, as well as for his French, American, and other republican allies, the worldwide nature of their mission was beyond doubt.

The new railroad boom beyond the Elbe

by Rainer Apel

If something productive is to come from the historic visit of West German Chancellor Helmut Kohl to Poland, from the special European Community summit proposed by French President François Mitterrand, and from the various promises from the West for credit to Warsaw, then there is no time to lose in beginning the economic development of Poland.

The development of Poland's economy and that of East Germany is interrelated, and the question of German reunification can only be solved in this connection, in close cooperation between the Germans, the French, and the Poles.

On Nov. 15, the American politician and economist Lyndon H. LaRouche proposed a policy of beginning "real economic development," of development of industrial infrastructure in the tradition of the German national economist Friedrich List. The industry of East Germany could play a key role in the development of Poland.

"If we consider East Germany's economic statistics, we recognize that the industrial productive capacity of East Germany is not bad. The only problem is that the country has been bled far too much by the Soviet occupation troops, and in fact in various respects. The population of East Germany has available a relatively high level of professional qualifications with the ability for accelerated conversion of advanced technologies."

Only a few days before, LaRouche had called for the use of "mobile methods of military engineering" on the civilian task of developing the Polish economy: "We need a team that works like an engineering staff. That will make the airlift at the time of the Berlin blockade look like a minor matter."

The immediate program

The task to be solved and the financial resources necessary for it are enormous. A choice must be made between immediately effective measures, and those steps that will show concrete results only after the passage of a certain amount of time. The problem of emergency transport to Poland could be immediately solved: There already exist rail lines that lead into Poland's most important economic centers (see **map**, next page). The best constructed of those is the central line from Berlin to Frankfurt/Oder to Warsaw; another runs in the north from Rostock through Szczecin to Gdansk; and another in the south from Berlin through Cottbus

to Wroclaw and Katowice. The industrial regions in south-east East Germany around Leipzig, Dresden, and "Karl-Marx-Stadt" (Chemnitz) are in part connected (on the German side) by electrified train lines to the principal lines out of Poland.

Of course, these lines in East Germany are for the most part single-tracked, and the antiquated track bed seldom allows velocities over around 35 miles per hour; but according to experts, with better organization of loading and unloading capacities to solve what has long been the actual bottleneck, there could be a doubling of the transport capacity of these lines within a short time.

Currently, chronic congestion of thousands of railroad cars is prevalent at the East German-Polish border and in Polish train stations because of sloppy dispatch work. If, additionally, the even greater backup of rail cars (currently 30,000 merely in East Germany) and the inefficient employment of Polish railway workers on the Soviet border could be quickly eliminated, further capacities for Poland would be freed up.

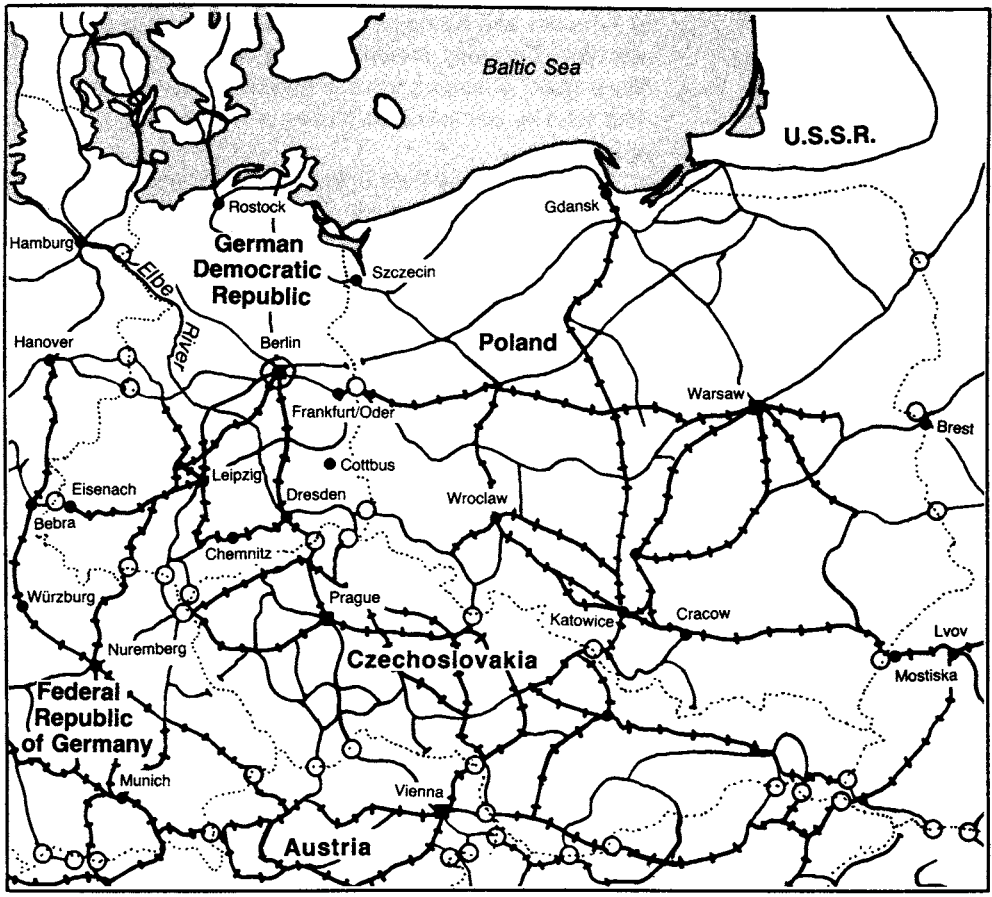
Soviet trains have a larger track gage than the Polish, making necessary considerable transfer work at the Polish border. The required deliveries from Poland and East Germany to the Soviet Union and the large-scale collapse of Soviet railway management has recently led to intolerable conditions. It is urgent that there be discussions with the Soviet Union on this.

According to the assessments of Western experts, there could be a considerable increase in transport volume between East Germany and Poland after elimination of the bottlenecks in shipping. This would affect, however, only emergency deliveries—for example, those urgently desired by the Polish government for improvement of the agricultural output in the coming spring: 10,000 tractors and 3 million tons of grain and fodder that must still be transported to Poland this winter.

A new railroad net—a gigantic task

The complete commitment of East Germany's existing rail net for aid to Poland is only possible for a brief time, given the need for renovation and buildup of the German national railroad. A solid railway infrastructure must be built from the ground up, making possible the operation of modern, high-speed trains with maximum speeds of 100 or even 150 mph. The investments necessary for that are enormous, and vary according to the nature of the terrain. The planned suburban rapid line between Hanover and Berlin of approximately 175 miles in predominantly level areas, will cost more than \$2.7 billion; estimates for the only slightly shorter new stretch between Hanover and Würzburg, which goes through hilly land and will require extensive tunnel construction, are over \$6 billion.

A fast track, leading for example from Bebra in the Federal Republic through Eisenach (G.D.R.) to Leipzig, would supposedly cost \$8 billion; a connection from Frankfurt/Oder



Main railways in Eastern Europe

- KEY**
- ⊕⊕⊕ Electrified lines
 - Other lines
 - Frontier post

In the east, Brest and Mostiska are the two major frontier posts of transfer from the wide Russian gage track to the standard gage used in Poland. Chemnitz is the soon-to-be-resumed historical name of the city called "Karl-Marx-Stadt" on many modern maps.

in the G.D.R. to Wroclaw in Poland, as much as \$11 billion. Fast tracks must be considered as arterials, to and from which a dense web of additional veins, additional new rail lines, would lead. As in the last century, when the fundamental structure of the present European rail network came into existence, the construction of track would unleash a general upswing of industrial investment along the rail lines. Rail construction would be necessary for the creation of a strong industrial work force, especially for the Poles, who are still predominantly agricultural, in contrast to the East Germans.

If we start from the ambitious concept of a fast-track line with 150 mph maximum velocity, and make a decision for the equally useful system with intercity capacities (ca. 100 mph maximum), then pure construction costs could be lowered by 30-40%.

The general method for construction of a fast-track network would be to continue operation on existing lines, while constructing the new lines parallel to them. One question that would have to be answered quickly, is whether the electrification of existing lines, which will have to be discontinued for a time, should be accelerated, or whether the existing rail network should be used to a maximum by diesel trains until the new express networks are available.

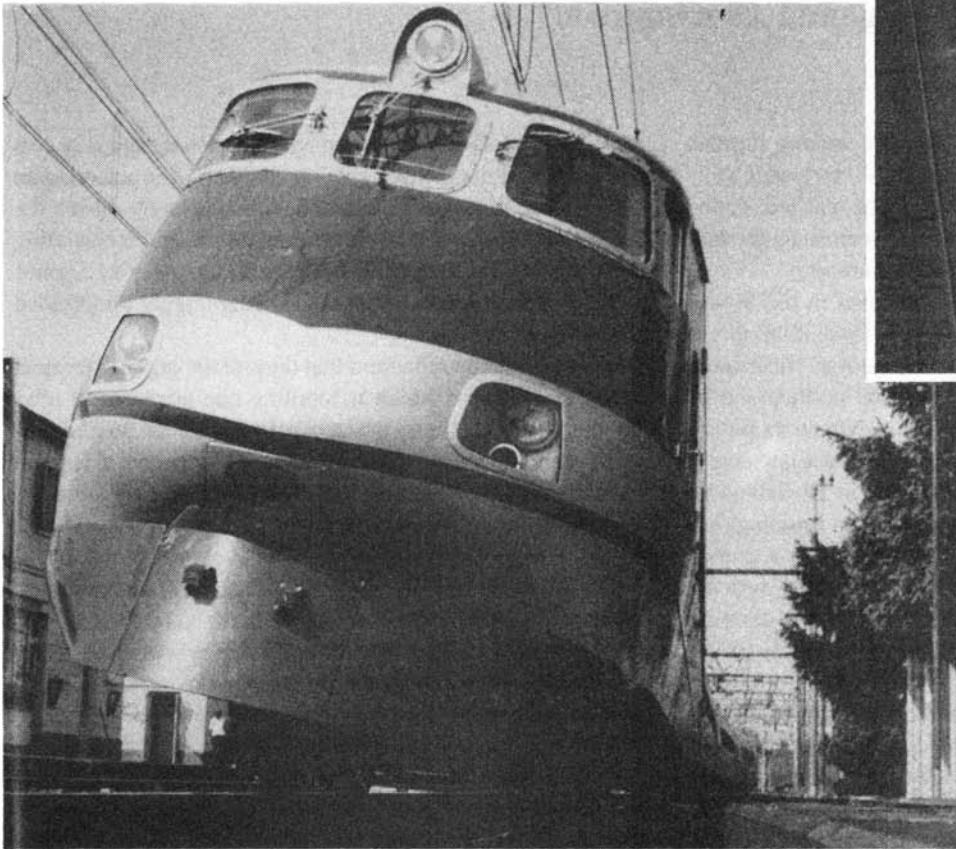
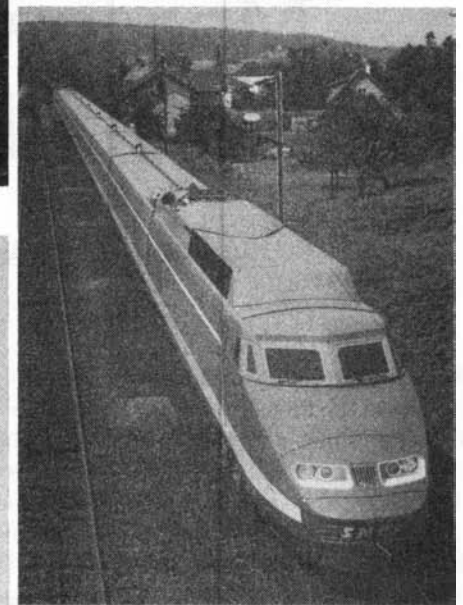
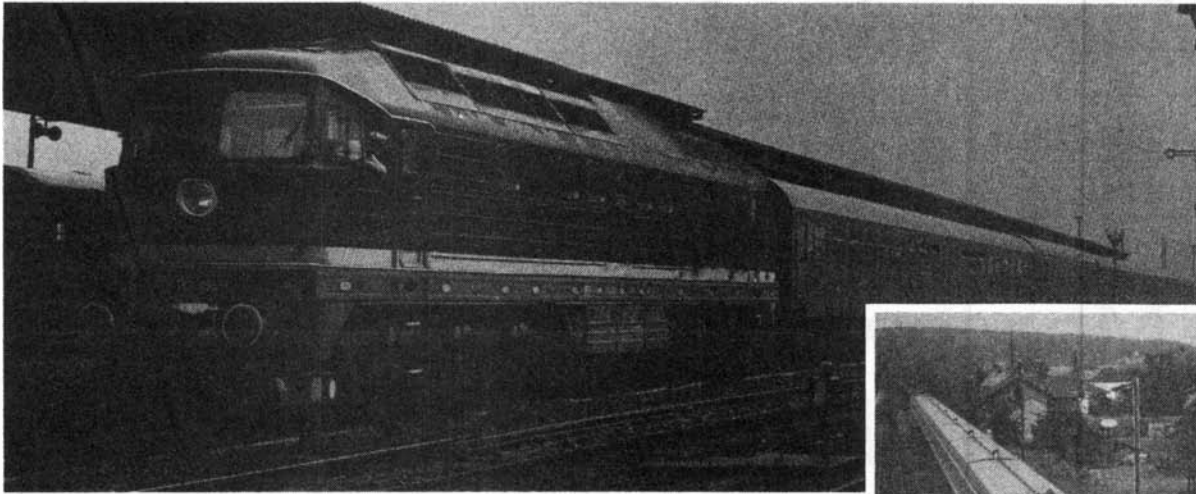
It is sensible to use the French experience gained in the

construction of fast tracks (TGV) between Paris and Lyon, which went into operation in 1981. Using the most modern technology then available for the completion of the 270-mile line, the French required 10 years, including planning time. Can that be sped up?

The new economic miracle

Construction time can be reduced. That depends on employment of machines, construction material, and workers. For the construction of rail track, enormous amounts of concrete and steel, electrical and electronic equipment, and especially new electrical power capacities are necessary. For tunnel construction, which can, of course, take place at many places simultaneously, earth-moving and driving equipment are employed. Interior covering from reinforced concrete must be put in and insulation installed. Tunnel sections are the most capital- and labor-intensive sections. According to existing West German and French standards, they require up to \$34 million in construction costs per track mile. The more machines and trained workers are available, the more quickly will the construction work on tunnel sections proceed.

Equally expensive will be bridge construction, which requires a tremendous amount of reinforced concrete. The construction of modern tracks for high-velocity trains with



Modern high-speed intercity European trains are exemplified by the French TGV, shown in the photo above, right on the Paris-Lyon line speeding across Alsace, with an initial maximum speed of 162 mph, building to 186 mph; and the Italian Fiat "Pendolino," with a tilting capacity of up to 9° and a maximum speed of 156 mph (left). Current East German standards are exemplified by the Russian-built diesel Class 132 (above, left), photographed near Halberstam in 1978, with a maximum velocity of 75 mph.

maximum speed of at least 100 (intercity) and possibly even 150 mph (TGV, ICE), means a gigantic increase in the production of steel, construction equipment, concrete, electric and electronic equipment, and the employment of qualified construction workers and engineers. We must consider that for each job in large industry, there is added approximately two or three others in middle-sized and small supplier firms. The railroad program, here only roughly sketched, would

have an effect on the European labor market in the magnitude of many millions of new jobs.

The stimulation for industry in both Western and Eastern Europe, including East Germany, would be tremendous. In expert circles, the modernization and use of the rail network for a total length of 24,000 miles east of the Elbe (8,400 in East Germany and 15,600 in Poland) is estimated to cost more than \$500 billion!

Moscow could still decide to crush the revolution

by Konstantin George and John Sigerson

By as early as two weeks after the Dec. 2-3 floating summit between U.S. President George Bush and Soviet leader Mikhail Gorbachov, a point of no return could be reached, defining a global strategic crisis on a level not seen since the late 1930s, centered around the maelstrom in Europe.

The danger is posed not by the upheaval in the Soviet bloc as such, but by two further factors. First, both Great Britain and the U.S. administration of George Bush have responded to the economic breakdown and political earthquakes rocking the Soviet Empire, with a dangerous policy of appeasement—typified by U.S. refusal to act decisively against Fidel Castro's military operations in El Salvador. Second, France and West Germany have been footdragging on the implementation of a workable alternative: a grand-scale aid package for modernizing the infrastructure, agriculture, and industry of Poland and East Germany, coupled with emergency food aid for the hungry inhabitants of the U.S.S.R.

The mixture of mass ferment in the East and leadership failure in the West is explosive indeed, notes U.S. congressional candidate and political strategist Lyndon LaRouche. "If we look back to the case of Hungary in 1956 and Prague in 1968 and other related precedents," LaRouche said from his federal prison cell in Rochester, Minnesota, "and if we look also at the rather idiotic way in which members of Congress fell into the Castro-El Salvador trap recently, in suggesting a backoff from the government of El Salvador in the ongoing civil war there, then we must read all the signs to say that it's not certain, but it should not be overlooked, that the Soviets might move in a crushing pattern in Eastern Europe and elsewhere any time from about Dec. 15 onward.

"Where and how this might occur is unknown," he continued, "but the factors which point in the direction of the

possibility of such a development are known, and it is also indicated that the United States, which has been suffering an intelligence functioning breakdown increasingly during the course of the second Reagan administration, and accelerating after the demise of former Director of Central Intelligence Casey, that the United States is running largely blindfolded into a future history."

The candidate remarked that despite the popular ferment in Eastern Europe which is toppling one government after another—most recently in Czechoslovakia—the Soviet military forces and those of their satraps are quite intact in Hungary, Poland, East Germany, Czechoslovakia, and Bulgaria. "The repressive interior ministry-secret police apparatus is intact. The political command to take over in a coup is intact. At any time, physically, any time Moscow should order it, there could be a coup in any or all of the nations—Poland, East Germany, Czechoslovakia, Hungary—on Moscow's orders. Everything is ready to go, except—to our knowledge, at least—the orders to conduct the operation."

There are currently 380,000 Soviet troops stationed in East Germany, and another 75,000 in Czechoslovakia, and reinforcements are ready for deployment from their bases in the western Soviet Union.

Fidel's 'Tet offensive'

"The key thing to look at is El Salvador and its implications," LaRouche continued. "Fidel Castro's faction in Central America, after eliminating bloodily the people who might have killed Fidel for Gorbachov, have moved in a prepared operation to unleash what looks like an echo of the 'Tet offensive' in Vietnam. This operation reflects an international factional alignment among Castro, Kim Il Sung of North Korea, the present hardliners in the Beijing Communist lead-

ership, Ceausescu of Romania, and so forth. . . . Fidel has lit a spark which clearly has the implicit intent to set off the anti-Gorbachov reaction inside Moscow."

Contrary to the lunatic assurances of Great Britain's Margaret Thatcher that Gorbachov has never been more secure, the anti-Gorbachov reaction has become so violent that 20,000 Russians gathered in Leningrad on Nov. 24 in order to hear Communist boss Gidaspov call for Gorbachov to resign and for the Soviet Communist Party leadership to "justify itself." Commented the West German daily *Bild Zeitung*, "Never has the Kremlin chief been so close to failure as he is now." With polls in the Soviet Union now indicating that 57% of the population has lost faith in their leader, *Bild* asks: "Will Gorby fall this winter?"

On top of this are strong signals that, far from reducing its war-fighting potential, the Soviet military is pressing ahead with preparations for an offensive war. The most telling signs are the promotions of two protégés of Marshal Nikolai Ogarkov, the architect of the Soviet war plan. An ultra-secret Soviet Politburo session on Nov. 15 promoted Gen. Col Mahmoud Gareyev, currently deputy chief of staff, to be general of the Soviet army, while Politburo member and war economy expert Lev Zaikov has been advanced to be first deputy chairman of the Soviet Defense Council. Zaikov is a specialist in directing high-technology Soviet production, such as for Moscow's new crop of electromagnetic beam weapons.

But for all the pressure on Gorbachov, replacing him will not be an easy decision for the Soviet ruling elite. "It's easy for the Soviets to dump a Soviet leader," commented LaRouche, "but it's more difficult to replace him, and sometimes the difficulty in agreeing upon a replacement for the leader they wish to drop, is the force which keeps the old leader in place. This is to a large degree true of Gorbachov at the present time.

"However," LaRouche added, "we are coming up to a point of no return from the standpoint of some of these fellows in Moscow. Even without toppling Gorbachov—because Gorbachov's group is a bunch of gangsters, a bunch of pragmatists—they might force these pragmatists to accept a hard-line reaction from military-Chekist forces—and Castro, knowing this, is attempting to light the fuse to such a development."

When could Castro light that fuse? LaRouche estimates that "the time for him to do it probably comes to a peak between the middle of December and Epiphany [Jan. 6]. That's about the time this would tend to happen if it's going to happen either under the present Gorbachov regime, or in the process of dumping Gorbachov." In the meantime, LaRouche advised, the United States would do well to harden its stance on Castro's El Salvador operations, and to stop all the blather about the "historic significance" of President Bush's impending non-summit meeting with Gorbachov.

The extremely rapid pace of events in Eastern Europe is

bearing out this assessment. Following the opening of the Berlin Wall on Nov. 9, Czechoslovakia has also become the scene of daily mass demonstrations by hundreds of thousands in the capital, Prague, and by tens of thousands in the Slovakian capital of Bratislava, and all provincial centers, including Brno, Olmutz, and Liberec. The immediate trigger of the mass explosion was the bloody suppression of student demonstrations by security forces on Nov. 17. Students then fanned out throughout the country to organize working people to join in their demand for freedom.

On Nov. 25, the crisis came to a head when Czechoslovakia's ruling Communist Party, faced with the threat of a general strike and still more demonstrations, dismissed seven members of its leadership, including party leader Milos Jakes, the person who ran the purge following the Soviet invasion of Czechoslovakia in 1968. The news caused jubilation among the 300,000 demonstrators in Prague's Wenceslas Square, who were addressed by none other than Alexander Dubcek, now 67, whose "Prague Spring" was crushed by Soviet tanks 21 years ago. "Long live Dubcek!" the demonstrators were heard crying.

Moscow's apparent "flexibility" so far in the face of these developments, should not be overrated. Gorbachov has actually gone no further than Stalin did from 1945-48 in allowing "coalition governments," including non-communist regimes (such as Benes and Masaryk in Czechoslovakia) in his satellites, under conditions of security forces totally and exclusively under Moscow's control. But in short order, during late 1947 and early 1948, these coalition and non-communist-led governments fell one after the other in a wave of Stalin-ordered coups.

The West's responsibility

The best course for the Western governments under these circumstances, would be to offer and quickly implement a "grand design" economic aid package, coupled, of course, with an abrupt end to Thatcher's and Bush's worse-than-Munich appeasement policy.

As Lyndon LaRouche indicated in his proposal to that effect last year, such a proposal, if put forward now in a non-nonsense manner, would be difficult for the Soviet Union to reject. Moscow would very likely even agree in exchange to grant major political concessions, above all allowing the permanent stability of non-Communist rule in Poland, and paving the way for a non-Communist regime in East Germany, that would form the bridge to German reunification in the foreseeable future.

This perspective has nothing to do with any "nice side" to the Soviet beast. Moscow would prefer to devote its military energies to attaining undisputed strategic superiority through development of military space systems and the next generation of radio-frequency and other new weapons of mass destruction—rather than to become embroiled in the risky business of simultaneous bloody repressions in Eastern Europe.

Unrest in Eastern Europe and European U.S.S.R., November 1988-November 1989



← refugees lightning strikes ▽ mass demonstrations 🔥 terrorism and sabotage ✕ ethnic conflicts ■ armed repression

EC summit paralyzed by Thatcher, IMF

by Paolo Raimondi

French President François Mitterrand, addressing over a thousand European industrialists in Paris on Nov. 15, touched the real issue determining today's revolutionary events in Europe, when he stated that "at the moment where the centralized economic systems are in the process of collapse, we can contribute to help entire peoples to build their present and future, between unworkable collectivism and wild liberalism. . . . In the transition which is beginning in the East, an economy of the *third type*, based on mutuality, cooperation, and associative life, will bring a human response adapted to needed."

Mitterrand invited the businessmen to establish joint ventures on an equal basis with partners from Poland, Hungary, the Soviet Union, and East Germany.

Just before this speech, Mitterrand had announced his intention to organize Western European governments to support the formation of a "European Bank for the Modernization and Development of the East" powerful enough to finance "great projects" which could not be sustained by any single European nation acting on its own. Mitterrand's "Development Bank" plan included the creation of a board of directors consisting of representatives from the governments of the European Community and the four abovementioned Eastern countries. The bank would jointly define a list of projects, and would begin with a capital base of 10 billion European Currency Units, to be collected from the EC governments, proportional to their gross national products, and through a new bond issued by the bank.

The realization of an industrial plan to promote large-scale investment in infrastructure and agriculture would surely revive the mood of economic growth in Western Europe, and would put Western Europe in a position to firmly deal with the revolutionary developments in the East. The question which remains to be answered, is the concrete meaning Europe will give to the notion of "third type" of economic model.

It is clear to everybody who has an idea of the implications of the collapse of the so-called "free market economy" in the United States in particular, that the International Monetary Fund (IMF) and its "conditionalities" policy have no place in a serious program for the revival of the *physical economy*. It is exactly the persisting confusion on this point that led to paralysis of the emergency EC heads of state

summit organized in Paris on Nov. 20 to discuss Eastern Europe. High on words and low on concrete action, the summit represented a setback and, at the very least, a dangerous loss of time in relation to the timetable for those European economic and monetary reforms urgently needed to face the global economic challenges.

Thatcher loves Gorbachov

Contrary to the stories spread by the media about the "newly found unity" summit, British Prime Minister Margaret Thatcher managed to sabotage both the conference and the more serious economic initiatives like the new European Bank. Mrs. Thatcher publicly declared that "this bank is for the much longer term," and, in private comments, she went further, dismissing this initiative entirely.

Thatcher reportedly told EC leaders that no ambitious aid programs for the East bloc should be set in motion, since this would be "destabilizing" for Mikhail Gorbachov. Her obsessive defense of the free market economy, despite the bankrupt condition of the United Kingdom itself, nevertheless still strongly affects the other European heads of state, whose own records of economic performance so far have not been much to speak of.

Typical of this problem was Mitterrand's own emphasis, in speaking about economic aid for Poland and Hungary, that "for both countries, everything will pass through an initial agreement with the IMF. This is why the IMF must act quickly. The EC will insist to the IMF that the agreements be finalized before the end of 1989."

Exactly the same line was repeated at the summit by Jacques Delors, the president of the EC Commission, who recently traveled to Hungary and Poland in order to assess the situation first-hand. "First the deal with the IMF, and then everything else will follow," he said, forgetting that the IMF demands have added economic disaster to a catastrophic 40 years of Soviet and Communist domination, and failing to realize that the Polish Solidarnosc government is running out of time in the race against total economic chaos and general hunger.

At the EC summit, the European Bank project was handed over to a special commission consisting of France, Ireland, and Spain, for further "study." On Dec. 8-9 the EC heads of states will reconvene again, this time with the aim of discussing global reforms in the functioning of the European Community, to speed up the monetary and economic unity. The intention is to reach a consensus to change the EC statute in such a way that Thatcher's Great Britain could not use its discretionary veto to sabotage any decision, particularly the few good ones, by the European Community.

But with or without Thatcher, the real question will remain whether the leaders of Europe want to learn the lessons of the failure of the policies of "wild liberalism" of the free market, and decide instead to go back to a genuine industrial and technological economy.

Soviets on rampage against German unity

by Mark Burdman and Konstantin George

Since the opening of the Berlin Wall on Nov. 9, the Soviet government and Communist Party spokesmen have issued approximately one dozen statements attacking the reunification of Germany. The majority of these were issued in a four-day stretch, Nov. 14-17.

The Soviets have been attacking German reunification as “destabilizing” and “threatening to stability,” even though in fact, it is the insanely provocative response of the Soviet authorities to the dramatic developments in and around Berlin that is destabilizing and threatening. What makes it doubly insane, is that the Soviet Union itself—as distinct from its leadership—needs an economically and politically strong Germany, linked to a prosperous Poland and Eastern Europe. This is necessary, in order to ensure that the conditions of prosperity exist in Europe, in which the necessary levels of aid can be provided to the U.S.S.R., to head off economic catastrophe and the starvation of millions within the U.S.S.R.’s borders.

As the saying goes, “Why bite off the hand that feeds you?” But then again, sanity has never been the Russians’ strong point.

‘Not on the agenda’

Three of the Soviet diatribes were uttered by President Mikhail Gorbachov himself. On Nov. 14, he met visiting French Foreign Minister Roland Dumas and stated that German reunification was “not on the agenda.” He strongly warned that the processes of change in Eastern Europe had to be carried out in a “calm and considered way,” or else the process of change as a whole could be “undermined.” He attacked those who in the West who were “crying victory in the Cold War” and trying to “export capitalism” to the East.

Meeting Soviet students in Moscow the next day, Gorbachov declared that the postwar division of Europe is an “historical reality” resulting from World War II. “This fact has been recognized by the world community, and one should proceed from this reality,” he went on. He said that talking about reunification only “opens a Pandora’s box.”

Then, meeting with a joint Franco-German delegation led by the two countries’ respective parliament speakers Laurent Fabius and Rita Süßmuth Nov. 17, Gorbachov warned that it would be playing with fire to discuss eventual German reunification. “Who would dare to destabilize the very system that has preserved peace and stability in Europe?” On

West German television the night of Nov. 18, Süßmuth confirmed that Gorbachov had told the Franco-German delegation that German reunification is “not on the agenda.”

Provocative language was also used by Soviet Foreign Minister Eduard Shevardnadze Nov. 15, during a meeting in Moscow with France’s Dumas. According to the Soviet news agency TASS, Shevardnadze warned: “The question of a reunited Germany touches the life-and-death interests of many European countries.” He denounced “circles in West Germany” who are trying to push the theme of “German reunification . . . to the level of the policy of the day,” as “an effort to call into question the existence of a sovereign state, namely the German Democratic Republic, and even of the territorial-political order on the continent as a whole.” Shevardnadze stressed that the “territorial order of Europe” is the “sensitive core component of security on the continent.”

Reportedly, the two foreign ministers clashed on the subject, with Dumas stressing that the German population had the right to freedom and self-determination.

Other diatribes came from: Alexander Yakovlev, head of the International Policy Commission of the Central Committee of the Soviet Communist Party, while on a visit to Tokyo in mid-November; at least twice from Nikolai Portugalov, an adviser on Germany to the Central Committee, including at an international conference in Munich over the Nov. 19-21 period; Gennadi Gerasimov, spokesman of the Foreign Ministry; Vitaly Zhurkin, head of the Institute of Europe of the U.S.S.R. and an adviser to the Soviet Foreign Ministry, speaking on a nationally televised interview in the U.S. Nov. 12; and Sergei Karaganov, deputy director of Moscow’s Institute of Europe.

The Soviet media have also been giving favorable coverage to statements made by Polish Communist Party head Mieczyslaw Rakowski and by the Polish Communist Party mouthpiece *Trybuna Ludu* against German reunification and warning about future German-Polish territorial and border conflicts. These Polish Communist comments have been in contrast to Polish Solidarity leader Lech Walesa’s expressed sympathy for German reunification.

The common thread throughout the Soviet officials’ declarations has been: “There must absolutely be *no* change of postwar borders and political structures. Two sovereign German states are the basis of peace and stability in Europe. Discussion of reunification is inopportune, and threatening to the foundations of stability in Europe.”

On Nov. 21, Karaganov gave a speech at London’s Royal Institute of International Affairs, also known as Chatham House, stating his “personal” opposition to German reunification, saying it would be better if the German question were resolved in a “two states-one economy arrangement.” Karaganov located this in the context of new superpower condominium arrangements for Europe. He said that the U.S.S.R. must be treated as a “major European power,” and that NATO and the Warsaw Pact should become instruments

of dialogue to cement a new "super-institution" straddling their common security interests, which would lead to a new all-European security system. If such a "new European security framework" were not created over the next two to three years, Karaganov warned, Europe would be driven by events, lose control and face growing instability and the prospect of "balkanization."

British sources report that Karaganov has been buttonholing London strategists in the days following the opening of the Berlin Wall, and saying: "We don't want German reunification, and you don't want it either. Why don't we work together to stop it?"

Military threats

Further psychological warfare on the German reunification question came in a "round-table" discussion broadcast by Radio Moscow's English-language service on Sunday, Nov. 19. A leading participant was Moscow U.S.A.-Canada Institute head Georgi Arbatov's deputy Radomir Bogdanov, who claimed that the reaction of "informed" people to German reunification was calm, but that "rank and file citizens in our country are panicky. 'Reunification of Germany?' they ask. 'But we have survived a major war with Germany!'"

Later in the program, it became evident that the Soviets are doing their utmost to play an "Anglo-French card" on the German reunification question: Britain and France are both nuclear powers, and are both part of the Four Power postwar arrangements in Germany. Hence, Radio Moscow's round-table moderator exclaimed, "France is opposed to German reunification; Britain is lukewarm." Soon thereafter, a discussion began about how the changes in Eastern Europe were increasingly making nuclear weapons obsolete and irrelevant. Bogdanov ejaculated: "If there is a real possibility of

reunification, and a united German state, the question of nuclear weapons for Britain and France will become different than before. I leave it to *your* understanding what I mean." The moderator broke in with the suggestion that a united Germany could be "neutral." Bogdanov retorted, "If not, we will have a massive arms race that will make what is happening now a kindergarten in comparison." He raised the specter of an "armed and nuclear Germany."

Mitterrand waffles

Certainly, the French have been receiving strongly worded messages from Moscow on the subject of German reunification. This is evident from some notable and curious comments made by French President François Mitterrand. In a front-page interview published Nov. 22, Mitterrand told the *Wall Street Journal-Europe* that, whatever Western countries think of reunification, the Soviets would certainly block it. The future of Germany, he claimed, is dependent on what the Soviets want, and they are absolutely opposed to any change of borders. "The Soviets may not have political power, but they have military power," said the French President, and advised that the Germans wouldn't risk war by opposing Soviet desires to keep the border intact. France and the other Western nations, he said, do not have the same strategic objections to reunification as the Soviets, "because it doesn't threaten our existence."

Given a choice, said Mitterrand, reunification "would probably be the natural wish for the majority of Germans." But he added: "Reunification is not something I'm scared of. . . . Personally, I have no ideological or political opposition to the idea of reunification. I only have some practical arguments, whereas the Russians have some really strategic, geopolitical, and historical interests."



Polish Solidarity leader Lech Walesa, during his trip to Washington, expressed sympathy to the prospect of a united Germany, in contrast to the Soviets and their Western stooges.

Stuart Lewis

Castro unleashes El Salvador war

by Mark Sonnenblick

Fidel Castro launched the Salvadoran terrorists' "final offensive" Nov. 11, in which at least 1,300 people perished. Castro and the leaders of the Farabundo Martí Liberation Front (FMLN) knew they lacked the military strength to defeat the Salvadoran army. Their intent was, as with the Vietnam Tet offensive in 1968, to demoralize the enemy to the point that its Henry Kissingers surrender at the conference table, what had been won on the battlefield.

The aging Cuban dictator is again wielding his fire-brand, as best he can, in Ibero-America, to prove that "imperialism" can be defeated not through Gorbachov's propitiation but through straight-out confrontation. The flare-up in El Salvador blows a big hole in promises made by Soviet Foreign Minister Eduard Shevardnadze during his Wyoming talks with Secretary of State James Baker that the Soviets would cool out their surrogates in Central America, particularly in El Salvador.

After those talks, Shevardnadze flew to Managua, Nicaragua, and proclaimed that from now on, the Soviets and the United States would jointly enforce a "Pax Americana" in the hemisphere. Observers noted that the State Department and official Washington in general said not a word to refute the Soviet claim to have equal imperial rights over the Americas. That silence convinced the Soviets that by bandying promises of "enforcing the peace," they could bludgeon the United States into abandoning what had long been considered its most vital security interests.

A few weeks later, Sandinista honcho Daniel Ortega gave Bush a big slap in the face at the Costa Rican summit. Ortega got himself into a photo conversing with Bush and the next day scrapped the nine-month cease-fire with the Contras in Nicaragua.

One, two, many Salvadors

The freeing of U.S. military and civilian hostages held in the San Salvador Sheraton Nov. 22 will hardly end dramatic and heart-wrenching violence in that country. But Castro's current strategy is to create "one, two, many Salvadors." On Oct. 28, reported by the Cuban press agency two weeks later, Castro offered his indictment of Gorbachov's *perestroika* and of the reforms being made in Eastern Europe in response to

the growing anti-Bolshevik movements there. Castro proclaimed, "Now there are two types of revolutionaries, two types of socialists, two types of Communists: the good and the bad, according to the imperialist definition. And we—what an honor—we are among the bad, because we are incorrigible, because we don't do what imperialism tells us to do, we don't flirt and play around with capitalism in this country."

Like a "baaaad dude" in a crumbling ghetto, Castro is looking for any fight he can get. On Cuban television Nov. 15, he showed his paternity for the FMLN "final offensive." He bragged, "It is an impressive offensive, a kind of lesson to imperialism, which is currently all euphoric and thinks it has the world at its feet." "Just look how these people can fight!"

Castro is now threatening to set fire not only to El Salvador, but also to the whole South American continent. On Nov. 18, the pro-Castro Tupac Amaru Revolutionary Movement (MRTA) terrorists assaulted the Salvadoran embassy in Lima, Peru. They tossed three home-made bombs onto embassy grounds and painted the wall with FMLN slogans. Although they praise only Mao, Peru's deadly Shining Path is already on full terrorist mobilization.

"Watch out for Fidel, warned a commentary in Bogotá's *El Tiempo*, Nov. 20. "When he is threatened he becomes more dangerous, since his defensive tactic . . . is to respond with a surprise and almost always excessive attack. Everything points to the FMLN's bloody offensive being part of Castro's own counterattack strategy, just like the abrupt breaking of the Nicaragua truce and the simultaneous resurgence of guerrilla actions in Colombia.

"These are pieces Castro usually moves around the Latin American chessboard," the paper states. "Castro knows very well that his only hope is that Gorbachov and his *perestroika* fail, and the hard-liners like Ligachov returns to power," *El Tiempo* explains. It warns Colombians to expect sharpened attacks from the terrorist National Liberation Army and the Popular Liberation Army and from the Communist Party's FARC, which, "following the Farabundo Martí model, speak of dialogue without ceasing to strengthen their military apparatus."

The final offensive

Before daybreak on Nov. 11, some 5-6,000 FMLN guerrillas simultaneously attacked 50 targets, including 20 in the capital, San Salvador. "Our mission is to win or die," one told the *New York Times*. One squad, accompanied by reporters, laid siege to the President's house for an hour. Another did the same to the president of the National Assembly. A U.S. Pentagon official later said the guerrillas had failed in all their initial objectives: to assassinate the Salvadoran President, vice president and other top officials, infiltrate general staff headquarters and kill military leaders, and knock out the government helicopters at Ilopango Air Base.

The FMLN threw everything they had into their desperate show. For six months they had stockpiled weapons in safe-

houses, a source close to the CIA told *EIR*. The FMLN anticipated a mass insurrection of a population ravaged by a decade of war and of International Monetary Fund starvation economics. But the masses, even members of labor and community groups heavily infiltrated by the guerrillas, voted with their feet and tried to get out of rebel-held neighborhoods.

The FMLN risked everything. They ordered into armed combat the entire secret logistical and propaganda structure on which any urban guerrilla depends. The "independent human rights groups," whose half-truths about "army-linked death squads" are cited uncritically by liberal U.S. politicians, unmasked themselves. As he toured the streets of the FMLN-held Zacamil neighborhood Nov. 15, Reuter's war correspondent recognized several such pacifist leaders brandishing M-16 assault rifles. Bernardo Rodríguez, the leader of a group known by its acronym PAEDCOES, which supposedly protects war refugees, told the reporter, "We held marches, we held strikes, and the government, instead of solving our problems, they massacred us. We decided that the only solution is to take up arms." Privately, however, he confessed that his group had longstanding ties to the FMLN terrorists.

Mari Ortíz, also with her M-16, is the leader of a group of the mothers of people who have disappeared known as FECMAFAM. She also admitted she had been with the FMLN underground. The Salvadoran authorities had long known that the safehouses run by such groups serve as the logistics and control centers for the assassins. FMLN squads would go out to murder officials or to blow out the capital's electric power lines and then disappear into a densely populated neighborhood. If the Army surrounded them, they would pretend to be civilian refugees. During the November offensive, they made the most cynical use of civilians to shield themselves from bombardment by the Army.

Again, during the Nov. 21 seizure of the Sheraton Hotel, the terrorists pinned down dozens of civilians, including the secretary general of the Organization of American States, for up to 10 hours and U.S. military advisers even longer. FMLN spokesman Salvador Sanabria, who for some reason is allowed to operate freely in Washington, D.C., told a press conference there that the guerrilla attack on the hotel was designed to bring the war into an area in which the government would not be able to counterattack. He claimed the hostages "are not hostages." He said they would be released as soon as the United States forced the Salvadoran government to let the International Red Cross ferry the encircled terrorists back to their bases.

The U.S. almost surrenders

Six Jesuit priests were murdered Nov. 15. With its liberation theology, the Jesuit order was the intellectual author of the brutal, decade-long guerrilla insurgency which has cost over 70,000 Salvadoran lives. They were frequently accused of aiding and abetting the terrorist Farabundo Martí Libera-

tion Front (FMLN).

That provoked a universal explosion of condemnation of the Salvadoran government, and almost resulted in the United States cutting off military aid. Assistant Secretary of State Bernard Aronson shared with the press his "gut reaction" that the perpetrators were right-wing death squads linked to President Alfredo Cristiani's party.

However, the Salvadoran government television and radio has repeatedly broadcast tapes of the martyred Central American University President Ignacio Ellacuria, S.J., giving a speech a few months ago in which he distanced himself from the guerrillas and began cooperating with President Cristiani's efforts to put an end to the genocidal conflict. It should not be ruled out that the FMLN may have slaughtered the priests in order to trigger Washington's political outrage and economic sanctions against the government.

Bishop's murder ignored

The international uproar over these death contrasts sharply to the complete lack of concern when Cuban-run National Liberation Army (ELN) guerrillas assassinated Colombian Bishop Jesús Emilio Jaramillo Monsalve on Oct. 2. Although the ELN acknowledged it had killed the bishop, whom the terrorist group called "the traitor," most U.S. newspapers and television did not even mention the murder. No one in Washington talked of giving Colombia military aid to be used to bring the guerrillas to justice. No one in Washington talked of taking reprisals against Fidel Castro, the controller of the ELN.

Many members of Congress fell into Castro's El Salvador trap. Democrat John Kerry of Massachusetts demanded in the Senate Nov. 17, "not a dime of military aid should go to El Salvador" until its military were purged of people accused by the human rights groups of death squad activities. In an emotional outburst, Alan Cranston (D-Calif.) charged that "military forces are involved in acts of murder. President Cristiani . . . is unable to control right-wing death squads operating under the protection of U.S.-armed military forces."

The Bush administration, for once, held its ground, and Congress did not cut aid. But, it did introduce into the foreign aid bill more of the kind of restrictions which permitted the terrorists to maintain legal front-operations in the capital of a country they are ravaging.

Although the United States is spending \$1 million a day on El Salvador, Salvadoran strategists, such as the late Edgar Chacon, charge that the strings to the U.S. aid put the government forces in a no-win situation and prolong the bloodshed. Now, the FMLN is trying its best to provoke direct U.S. military involvement in a Central American Vietnam, under similar no-win conditions. President George Bush stated Nov. 21 that such intervention was being considered. The *New York Times* the next day reported special units were ready to jump in.

Chinese Premier Li Peng completes image-building trip to South Asia

by Ramtanu Maitra and Susan Maitra

Chinese Prime Minister Li Peng, one of the prime movers behind the June 3 massacre of pro-democracy students at Tiananmen Square in Beijing, completed an eight-day (Nov. 14-21) visit to Pakistan, Bangladesh, and Nepal, gingerly circling India. It was the Chinese regime's first major diplomatic foray since the Tiananmen crackdown shattered the illusion that China's leadership had changed and had become less brutal. Besides assuring "traditional friends" that "all is well" in China, Li's mission was aimed at securing some assistance to ease relations with the West.

With one well-cultivated myth in ruins, Li Peng had to undertake this journey to replace it in the minds of the gullible with yet another: that China has successfully weathered a turbulent episode, and its leadership has now secured full control of the country and its people. That the reign of terror is intact as before in China, was indicated in a Nov. 5 Pakistani news item that three Chinese diplomats were missing from the Chinese Embassy in Islamabad.

From the outset, Li Peng's South Asian tour was promoted as "strengthening relations with China's traditional friends." Since India is not considered a "traditional" friend, Li Peng stayed away from New Delhi. With the notable exception of Nepal, where irritation of India was perhaps unavoidable, the Chinese premier was generally careful to keep shaking the olive branch in the direction of New Delhi as he tiptoed around India's perimeter.

Balancing factor

In Pakistan, where Chinese friendship is considered a necessary deterrent against neighboring "big powers" such as India and the Soviet Union, and a critical balancing factor in the United States-Pakistan relationship, Li Peng's visit was labeled "important" by newsmen. Pakistan Prime Minister Benazir Bhutto, barely recovered from the opposition onslaught against her government, laid down the proverbial red carpet to the Chinese premier. As Li's own spokesman put it: "The warmth of reception at Islamabad Airport illustrated the close, friendly ties and high regards in which Prime Minister Bhutto and the government and people of Pakistan hold Mr. Li Peng, the Chinese government, and the great Chinese people."

Besides a well-manicured effort by Li Peng to portray the present Chinese leadership as friendly and benevolent, Li

Peng also employed the big-power tactic of handing out goodies. Among assurances of increased trade and cooperation between the two countries in various fields, Li Peng said China would supply Pakistan with a 300 megawatt nuclear power plant, and an agreement to this effect was signed. It was pointed out that since both China and Pakistan were members of the International Atomic Energy Agency (IAEA), the project would be undertaken with the stipulated IAEA safeguards. This is not a first: China has supplied heavy water for the Karachi Nuclear Power Plant and helped to keep it operational.

Dhaka, Bangladesh was Li Peng's next stop. After extensive talks with President Hossain Mohammed Ershad, Li Peng declared the visit a "big success." Bangladesh boasts of "special relations" with China, with ties that go back more than a decade. Bangladeshi officials frequently visit China, and it has been reported often that Dhaka, not unlike Islamabad, looks to China for arms and to provide a "security blanket" in the region. Thus it is no surprise that when thousands of students at Dhaka University campus rallied in protest against the P.R.C., denouncing its leadership for unleashing the People's Liberation Army against the unarmed students, President Ershad kept quiet.

The goodies for Bangladesh consisted of four agreements: \$14 million in soft loans, abolition of the visa system between the two countries for official visits, purchase of 120,000 tons of urea fertilizer from Bangladesh for cash, and a new five-year trade agreement to begin next year. An air link between the two nations' capitals is also under discussion, as well as the possibility of using Chinese expertise and assistance for flood control, small industries, and population control.

High-altitude games

In Katmandu, Nepal, Li Peng made a clear effort to capitalize on the trade and transit feud that has soured Indo-Nepali relations, to strengthen Chinese influence in this strategically sensitive area. Addressing the Nepal nobility and gentry at the banquet held in his honor by Nepal Prime Minister Marich Man Singh Shrestha, Li Peng said the Chinese government and people would support the South Asian countries, including Nepal, in their effort to safeguard their independence and sovereignty and develop their national economies.

Since China has long been courted by the Nepali kings to act as the balancing power against India, Li Peng's visit at this juncture to the mountain kingdom is highly significant. Throughout the 1960s and 1970s Nepal sidled up to China to deflect the growing domestic pressure for democratization of the political system, which under a feudal king has remained highly underdeveloped. The late King Mahendra's glowing gestures to Mao, Zhou, et al., and rabid anti-India rhetoric during that period, fully reflected Beijing's attitude toward New Delhi.

Subsequently, under cover of providing technical and skilled manpower to Nepal, China has carried out various road- and bridge-building projects inside Nepal. Even today a large contingent of Chinese "engineers" is actively involved in "road-building efforts" in western Nepal, to the dismay of Indian security officials. China's help, and Nepal's eagerness to accept it, has already resulted in completion of a strategic road from Lhasa, Tibet to the Nepal border, linking Beijing and Katmandu.

Also disturbing from the Indian point of view is the report that last year China sent 400 truckloads of arms to Nepal. The arms cache reportedly included missiles, AK-47 assault rifles, and anti-aircraft guns. It is well known that these two issues have further clouded Indo-Nepal relations, but there is no indication that the Chinese premier paid much heed to this sensitive situation.

Driving the wedge

On the contrary, Li Peng went some distance to drive the wedge further. Besides lamely qualifying that the Sino-Nepal weapons link was not directed against any other country, the Chinese prime minister actively took up Nepal's brief in the current disputes with India. Said Li Peng: "We consider it unjustified for a neighboring country to impose a 'blockade' of Nepal because the final victims, the direct victims, are the people of Nepal," adding imperiously: "As a big country in South Asia, we hope India can be more magnanimous and more generous in handling the issue."

As if that were not enough to raise the hackles in New Delhi, the Chinese premier's open endorsement of Nepal's long-term campaign to become a "zone of peace" surely was. In what India considers a tactical ploy, Nepal's King Birendra unilaterally declared his country a "zone of peace" and has sold the concept to at least 70 countries. India maintains that the zone of peace scheme violates the 1950 bilateral treaty between India and Nepal.

Otherwise, Li Peng seemed eager to assuage India. His endorsement of the proposal to make the Indian Ocean a zone of peace, which India has long pushed, considering as it does that the Indian Ocean is India's economic zone, is one sign. It was also reported that Nepali authorities were disappointed with the written statement Li Peng released upon arrival in Katmandu, which had emphasized that the Chinese premier was anxious to discuss international as opposed to regional

issues. During the tour Li Peng stated repeatedly that improvement in Sino-Indian relations was not directed against any country, explaining that the "climate of discord" between India and China for the last two decades had been broken down with the visit of Indian Prime Minister Rajiv Gandhi to Beijing last December. He said both countries are involved in peaceful negotiations to resolve the longstanding border dispute.

When asked to comment on the India-Pakistan dispute over Kashmir, Li Peng was equally circumspect and said there was no change in China's stand of non-interference in the internal affairs of other nations. He expressed the hope that both India and Pakistan would amicably settle their border dispute—à la Gorbachov—while adhering to the five principles of coexistence.

Economic motivation

Diplomatic positioning aside, the main reason behind Li Peng's visit to the traditional friends was economic. It is no secret that China's economy has taken a decided downturn. While various belt-tightening measures have been taken during the last two years with the hope of easing the 30%-plus inflation rate, China desperately needs foreign exchange, preferably in the form of foreign investment. However, the brute force exhibited by the present triad—Li Peng, Yang Shangkun and Deng Xiaoping (now a shadow warrior)—at Tiananmen square last June has scared away many among even the most adventurous capitalists of the West. Li Peng, with the help of Henry Kissinger, is now trying to get back these investors, and there are reports that the Chinese premier requested the Pakistani premier to goad the American investors to reinvest in China. Efforts are also afoot to smooth the feathers of the Asia Development Bank-International Monetary Fund-World Bank and other financial institutions.

Li Peng's second—and not unrelated—job was to sell arms in the region. The Pakistani media point out that the Pakistani Army is keen to have Chinese missile technology. What they have in mind is the Chinese-made Silkworm missile which, when sold earlier to Iran, caused an uproar in Washington. Since Pakistan is considered a friendly nation by Washington, Li Peng has reason to believe that selling Silkworm missiles to Pakistan will be accepted in the right spirit by the United States. Pakistani defense circles are said to believe that the Chinese missiles will be adequate to counter the Prithvi and Agni missiles which India has successfully tested recently. As the Islamabad-based English daily, *The Muslim*, pointed out, the induction of P-7 sophisticated Chinese planes by the Pakistani Air Force just on the eve of Li Peng's visit is telling. It is a pointer that Pakistan-China collaboration in defense is increasing.

The economic angle to the arms deals should not be underestimated. Li Peng stressed in response to press queries that all these countries he had visited could obtain weapons from not only China, but from anywhere they wish.

Russian chauvinism—the real danger of a fascist resurgence today

by Luba George

The revolution in East Germany has touched off a chorus of howls in Great Britain, alleging that the “danger” of a “Fourth Reich” looms in a “reunified Germany.” The British campaign is worse than a Big Lie. It is hypocritically covering up the fact that a dangerous fascist Reich is indeed in the process of being formed—in Russia. Beyond that, the insidious British campaign, by attacking a free, reunified Germany, is attacking, among other things, the continent’s and the free world’s very ability to contain and nullify the threat of the Russian fascist Reich. A look at what’s going on inside Russia underscores this.

Although chauvinism, racism, and anti-Semitism are not the only, or even the principal, features that define a fascist movement, they are among the most hideous aspects of the Nazi ideology, justifying mass persecution and murder under a regime of fascist economy austerity.

‘Smell of blood in the air’

Many Soviet Jews who had hoped to emigrate to the U.S. were shocked and desperate over the new American immigration rules which greatly limit the number of Soviet Jews to be admitted. The new regulations come at a time when Russian anti-Semitism has reached a frightening level. “I don’t think the U.S. action is just,” Pavel Mogilevsky, a 30-year-old would-be emigré, told the *Jerusalem Post* on Oct. 24. “There is a smell of blood in the air in the Soviet Union today, and just at the time of maximum danger for the Jews, the U.S. closes its gates.”

Anti-Semitic propaganda of the crudest forms is on the rise, including leaflets threatening Jews with physical extermination in Moscow and Leningrad. According to the Soviet periodical *Argumenti i Fakti* (No. 33, 1989), the wide distribution of these leaflets has caused alarm throughout the Jewish communities. This is what Mogilevsky was referring to when he told the *Jerusalem Post* that until now he had had “no desire” to go to Israel because “I don’t want to live in a warlike situation . . . but, I will definitely make every effort to get to Israel now. Every Jew must get out of this country while he can.”

As Soviet historians Sergei Rogov and Vladimir Nosenko pointed out earlier this year, according to *Sovetskaya Kultura*’s Feb. 8 issue, anti-Semitism and Russian chauvinism—

encouraged through “influential patronage” by top Soviet officials through the KGB, military, and other networks—had been a key factor in the decision of “tens of thousands”—in fact over a quarter of a million—Soviet Jews to emigrate. In 1988 the number of Jewish émigrés reached 18,965, compared to about 8,000 the previous year and a mere 914 in 1986. There are some 2.5-3 million Jews in the U.S.S.R., and a major exodus is expected in the next three to five years, say Jewish sources. According to the U.S. National Conference on Soviet Jewry, the emigration total for 1989 stands at 51,336, exceeding the previous high of 51,320 in 1979. In October alone, 9,450 Jews emigrated, and for 1990 a new record, greatly surpassing 1989, is expected.

The mass Russian chauvinist organization Pamyat was officially registered shortly after Mikhail Gorbachov came to power in 1985. Since then, Pamyat’s prominent lecturers—such as Dmitri Vasiliev, Evgenii Evseev, Vladimir Begun, Aleksandr Romanenko, V. Yemeljanov—have been openly spreading their anti-Jewish venom, telling millions of Russians all over the U.S.S.R. that “Jews and Latvians” were guilty of murdering the last Russian Czar in 1918; that “Jewish physicians” poisoned Lenin in 1924; that the chief of Stalin’s secret police, Lavrenti Beria, was half-Jewish and, in the course of the “Great Terror” in the late 1930s, executed 85% of the top military leadership in order to undermine Soviet defense capability; and that the same “half-Jewish” Beria suffocated Stalin with a pillow in 1953; and so on and so forth. (For Pamyat’s origins and supporters, see *EIR* Jan. 8, 1988 and July 28, 1989.)

Under conditions of growing food shortages and ensuing famine, Russians are also being told by Pamyat that the Jews are out to ruin Russia. Gorbachov’s *perestroika* (restructuring) program, they say, is being “sabotaged” by the “rootless cosmopolitans.” Most of the “rootless cosmopolitans” under attack by Pamyat happen to be some of Gorbachov’s top “reformers” and architects of *perestroika*. These include the economist Abel Aganbegyan, whose real name, they say, is “Hoffmann,” and who they say is not an Armenian at all, but a “Jew” and Freemason (reported by Julia Wishnevsky, “Soviet Media Sound Alarm over Anti-Semitism” *Report on the U.S.S.R.*, No. 9, 1989, pp. 7-9).

Early this year, a mass rally took place at the Moscow

Sports Palace, organized by the editorial boards of Russia's most virulent Russian nationalist and anti-Semitic journals, *Moskva*, *Molodaya Gvardiya*, and *Roman Gazeta*, among others. Participants in the rally carried banners proclaiming, "No to Rootless Cosmopolitans!" and showing St. George slaying a serpent. The "serpents" identified by the participants included, from the past, Stalin's "Old Bolshevik" Trust opponents—namely Leon Trotsky, Yakov Sverdlov, and Nikolai Bukharin, plus the sole Jewish member of Stalin's Politburo, Lazar Kaganovich. The present-day targets are a "who's who" of the "Great Reformers" of Gorbachov's *perestroika*: Alexander Yakovlev, Tatyana Zaslavskaya, Abel Aganbegyan, Nikolai Shmelyov, Vitali Korotich, Leonid Abalkin, Boris Vasiliev, Andrei Nuikin (a leading member at the Institute of Cinema Arts), and many others. Wishnevsky reports in the same location cited above, that the journals *Znamya* and *Ogonyok* and the newspaper *Moscow News* were depicted as reptiles toadying to the "decadent West."

The anti-Jewish frenzy has reached such a point that today Pamyat and other extremists express their views at open-air mass meetings with shouts of "Kill the Jews!" An approaching, violently anti-Western, anti-Semitic mass Slavophile transformation in the Soviet Union was heralded in two statements made in the United States by Boris Yeltsin, the would-be Russian Mussolini. Yeltsin endorsed the "mainstream" of Pamyat, and declared that "in the coming period," in the U.S.S.R. "5-7 million will die in a bloody conflict," whose main features would be inter-ethnic.

While Yeltsin was touring the United States in September, the most important coalition of Russian nationalist and anti-Semitic groups since the "Black Hundreds" of Czarist times was launched. A new "United Council of Russia" was founded, uniting all regional and national organizations, including the new Pamyat-linked "united fronts," "interfronts," and "intermovements," along with the new "United Front of Russian Workers," itself founded only a week earlier in the Urals city of Sverdlovsk. These new mass Russian extremist organizations have drafted platforms which go beyond anti-Semitism and demand the crushing of national movements in the non-Russian republics, which movements are portrayed as tools of "international monopolies." As their speeches in Sverdlovsk, covered in *Sovetskaya Rossiya*, reveal, these organizations reflect an anti-Gorbachov and anti-Western groundswell among ethnic Russians. The demand is for an end to *perestroika* which, they maintain with some justification, is leading the country inexorably toward physical economic breakdown, and for a break with Moscow's Western partners and the scrapping of joint East-West ventures.

Only Russian nationalism allowed to grow

To counter the growth of non-Russian pro-sovereignty movements in the U.S.S.R., there has been a clear policy by Soviet authorities to allow the growth of Russian chauvinist

organizations as well as outright neo-fascists. Their growth has been accompanied by growing threats against Jews and vandalism against Jewish homes and businesses. Russia's leading nationalist newspapers and magazines, such as *Molodaya Gvardiya*, *Nash Sovremennik*, and *Moskva*, have gone on a rampage of denunciations against the non-Russian nationalists. "For decades, our republics improved their well-being at the expense of Russia," said Apollon Kuzim, leader of Pamyat's "sister" organization, "Otechestvo" in an interview with *Literaturnaya Rossiya*.

The monthly *Nash Sovremennik* (No. 11, 1988) published a letter to the editor from Vladimir Begun, a "Belorussian" of shady background, attacking the Baltic nationalist centers, including the establishment in Estonia of a "Jewish nationalist center." He said it was "unforgivable" to what degree "Zionism" was allowed to thrive in the U.S.S.R. Begun told his readership that such an association may be turned into a gang whose only purpose would be "to follow and to kill other men and women," strongly implying that it was part of a "secret organization" existing "in Europe, Israel, and many other localities."

Aside from the Baltic republics, similar campaigns have been waged by Pamyat and affiliated organizations in other non-Russian republics with large Russian minorities, where there has been large-scale anti-Moscow unrest. Pamyat has tried to channel popular rage against the system into focusing on the Jewish minority as scapegoat. For example, in recent months, mysterious leaflets have appeared in Ukraine and Moldavia urging discrimination and "action" against Jews.

Pamyat's united front of Russian workers

The shock of the July strike wave throughout the U.S.S.R. brought about the founding of the umbrella organization called the United Front of Workers of Russia (UFWR). Its founding conference was held in Sverdlovsk Sept. 8-9, attended by 110 delegates representing 29 Russian cities and also Russian groups in Moldavia, Tadjikistan, and the three Baltic republics. Their stated goals: struggle against the "cosmopolitans"—i.e., the market-oriented and pro-Western forces who are "selling out to the West"—and increasing the number of worker representatives in the Soviet parliament. They strongly oppose the nationalist movements in the non-Russian republics. The UFWR members include workers from the Baltic and Moldavian republics who had already organized strikes by tens of thousands of people in August and September, to protest against new laws aimed at strengthening the republics' sovereignty. According to Belorussian sources, another Pamyat-linked "workers' front" is about to be sprung on Minsk in the very near future.

The pre-founding inaugural meeting of the UFWR in Leningrad in June 1989 was attended by Leningrad then-regional party boss, Yuri Solovyov, and Nina Andreyeva, the notorious Stalin glorifier and anti-cosmopolitan author of letters to leading leading Soviet papers that have caused

uproars since March 1988. The proceedings were covered on Leningrad television, where one of the organizers of the UFWR, shipbuilding engineer Anatoli Ryzhov, denounced Politburo member Aleksandr Yakovlev for “destroying Russian ideology,” adding that *perestroika* has so far allowed only the intelligentsia to make gains.

At the numerous rallies and protest strikes held by the UFWR in the Baltic republics and Moldavia, speaker after speaker railed against the cooperatives and likened the pro-market economist Deputy Prime Minister Leonid Abalkin to the “liberal” press, since “attacking everything is not democracy.”

Guardian correspondent Martin Walker wrote from Moscow, “The Soviet Jewish Cultural ‘Chronicle’ recently sent a reporter to infiltrate Pamyat in Leningrad, and he ominously recounts that the first qualification for new members is to supply the addresses of three Jewish families.”

Still other groups were formed this year to counter the non-Russian national resurgence. The Edinstvo (Unity) International Movement was born in reaction to the Moldavian Popular Front to defend the Russians’ privileged position economically and culturally. Edinstvo is presided by none other than Nina Andreyeva. It was created, says Andreyeva, “to counter the counter-revolution” in the non-Russian republics, according to the Spanish daily *El País* of Aug. 20. In an interview with the *Washington Post* this past August, Andreyeva, after bitterly lashing out at “Jewish” and “Zionist conspirators,” complained: “Four years of *perestroika* [has] undermined the trust of the working people. . . . In the past, a person going to bed at night knew that in the morning he’d go to work and have free medical care—not very skilled care, but free nonetheless. And now we don’t even have these guarantees.”

In early September, the UFWR members joined with Edinstvo, Interdvizheniye (“Inter-Movement”), and other Russian populist-fascist formations to participate in the inaugural congress of the “United Council of Russia.” Participants included all the old and newly established Russian nationalist organizations: Pamyat, the “military-patriotic” Otechestvo, the Brotherhood of Russian Artists, Union of “Afghantsi” (Russian Afghan war veterans), the All-Russian

Cultural Foundation, and others. The event was led by Russia’s top chauvinist writers and artists: Yuri Bondarev, Pyotr Proskutin, Ilya Glazunov, Apollon Kuzmin, Vadim Kozhinov, and Mikhail Antonov.

Speakers at the conference said the Russian working class should struggle against republics’ break-away attempts, and against “capitalist” elements being introduced into Soviet economy.

‘Rothschilds’ vs. ‘Russians’

Shortages in the shops worsen daily while goods in demand pile up in railway sidings and ports because of an inefficient distribution system and worker unrest; and hungry Russians are being told that “the Jews” are to blame. In this spirit, Pamyat has launched the campaign targeting private cooperatives as “Jewish.” The cooperatives as such, with their sky-high prices, have already become the internal “enemy image” that the “kulaks” were in the late 1920s, and are hated by most of Soviet citizens. The U.S.S.R. has over 150,000 cooperatives now, employing about 3 million people. As winter approaches and food and energy shortages worsen, Soviet Jews fear the worst, now that the adjective “Jewish” has been pegged to the hated word “cooperative.”

This Pamyat campaign was given nationwide publicity through an article in the latest issue of the mass circulation Russian chauvinist journal *Nash Sovremennik* (No. 11, 1989), which strongly denounced the “reformers’ ” cooperative movement and the rising “social inequality” in Soviet society—between the “Rothschilds” and the “Russians.” The author, Aleksandr Kazintsev, condemned “the huge patronage of Russian merchants” and “contemporary intelligentsia” for increasingly bowing to the “gold corpuscule of cosmopolitanism,” calling it “the 4% of the biologically active persons.” Similarly, Veniamin Yarin, the co-chairman of the United Front, spelled out his views in the trade union newspaper *Trud*, complaining that under Gorbachov’s economic reforms, workers were worse off, dividing society between the rich and the poor.

Early this summer, the first Jewish co-operative restaurant opened in Moscow. It was not long before a firebomb was thrown through its window. According to Jewish sources, it was the work of Russian anti-Semites.

British correspondent Martin Walker returned to Moscow after one year’s absence. In the Nov. 4 issue of the *Guardian*, here’s what he had to say: “Apart from the shortages in the shops, the most sobering change since I was last in Moscow is the increase in open anti-Semitism. You can get the flavor from letters sent to *Ogonyok* magazine this month. ‘You Jews started the damn Revolution and now your plot to ruin Mother Russia has succeeded, you are scuttling out again. . . . We must not let you slink out of the country so we have to come and hunt you down abroad, like we did to Trotsky. We’ll get you here, because this way it will be

Ukrainian nationalists reject anti-Semitism

In mid-April, the Ukrainian Helsinki Union reported that organs of the Soviet KGB and party functionaries in major cities began spreading provocative rumors that on April 20, Hitler's birthday, some "extreme nationalist" organizations were preparing Jewish pogroms, kidnappings of Jewish children, and so forth. This was even echoed in the official Soviet press.

The attempts by Pamyat and its KGB backers to extend the wave of anti-Semitism into non-Russian Slavic republics has failed so far, especially in the populous Ukraine, where about 15 million Russians reside. The failure has not been accidental. It is the fruit of a conscientious campaign by Ukrainian nationalists to defend Jewish rights and to expose anti-Semitism as a Moscow "divide and conquer" scheme.

A powerful resolution against anti-Semitism was unanimously passed and circulated throughout the republic at the September founding congress of the Ukrainian nationalist movement, Rukh. Key passages from this extraordinary document, titled "Against Anti-Semitism"

and never before published in the West, read:

"The Congress of Rukh is acting against any form of national discrimination, and is extending its brotherly hand to the Jewish people. . . . A people that for many years has lived in Ukrainian territories, a people which has excelled in its talent and hard work, still does not feel as an equal. . . . Years of Stalinism, as well as Brezhnevism, and fascist genocide during World War II has left them with many losses. . . .

"The people of Ukraine are not to blame for that. We reject any formulations and allegations that try to portray Ukrainians as anti-Semites. Anti-Semitism in Ukraine, and in other regions of the country [U.S.S.R.] exists not in the hearts of nationally conscious and civicly active people, but in the denationalized masses who thrive on the lies of politicians who are acting on the old imperial principle of 'divide and conquer'—sowing enmity amongst nations. In fact, it's characteristic that today, in a time of great social and national revival in Ukraine, anti-Semitic meetings are not taking place.

"The Congress calls on all the conscious citizens of Ukraine and representatives of all nations and nationalities who are living in Ukraine to raise their voice against any form of anti-Semitism and to come to the defense of their own national integrity and the integrity of the Jewish people, their culture, education, religion, rights of representation in electoral organs, as well as their right to speak, develop, and teach their children Yiddish or Hebrew."

cheaper.' . . . The Soviet Jewish Cultural *Chronicle* [*Vestnik*] recently sent a reporter to infiltrate Pamyat in Leningrad, and he ominously recounts that the first qualification for new members is to supply the addresses of three Jewish families. According to the *Chronicle's* editor, Tankred Golenpolski, Jewish self-defense groups are being widely organized. . . . Three hundred members of the Writers' Union have sent an anguished telegram to Gorbachov complaining that there is a group of journals 'encouraging anti-Semitic pogroms.' Most Jews I know are worried sick."

Russia's 'fashiki'

In addition to these alarming developments, "fashiki" (fascist youths) and neo-Nazis who are known to enjoy support in higher places—the *nomenklatura* included—have been running around with Nazi regalia for the last several years committing criminal acts of vandalism, according to an article, "Fashiki," by Vitali Yeremin, in *Nedelya*, (No. 15, 1989). These acts have included beatings of Jews and other nationalities, murder, and rape. Borrowing their ideas from the works of Russian writer Fyodor Dostoevsky (such

as *Diary of a Writer*) and Nazi ideologists such as Hitler, Alfred Rosenberg, and Josef Goebbels, these Russian thugs call themselves the "Russian National-Socialist Workers' Party," the "National [Russian] Front," and the "Organization of National-Socialists." Established firmly in Leningrad and Moscow, these groups are found in almost every major city of the Soviet Union where Russians live: Murmansk, Sverdlovsk, Novosibirsk, Minsk, Alma-Ata, Riga, etc., says Valeri Kononov, in *Report on the U.S.S.R.*, (June 16, 1989, p. 10). Recently, the journal *Semya* (*Family*), No. 31, 1989 published an article about how these "fashiki" were on the loose, terrorizing the entire city of Voronezh, going around and raping young girls on the open street.

On July 8, 1988, a documentary film "Tak i zhivem" (This Is How We Live) appeared on the popular Central Television program "Vzglyad," featuring two young Russian neo-Nazis from Leningrad who attacked non-Russians as "inferior races." "We will finish what the Führer began," one of them said. "He didn't bring in the right kind of Nazism in Germany. Only Russian soil is suitable for the real thing."

Battle for justice in the case of Soviet target, John Demjanjuk

by Irene Beaudry

Cleveland autoworker John Demjanjuk, accused of being the "Ivan the Terrible" guard of the Nazis' Treblinka death camp, was imprisoned the day after Easter, 1985. He was kept in prison while awaiting a decision from the extradition court and then in February 1986 was extradited to Ramala, Israel to the Ayalon Prison. He is kept in a totally isolated area, basically solitary confinement with the exception of his three guards who monitor him 24 hours a day. Mr. Demjanjuk was sentenced to death by hanging. If his appeal, which is to be heard May 14, 1990 fails, then the sentence could be carried out within weeks. The following interview was conducted on Nov. 6 with Mr. Demjanjuk's son-in-law, Edward Nishnic.

EIR: As recently as two weeks ago U.S. Attorney General Thornburgh with members of the Justice Department's Office of Special Investigations [OSI], traveled to Moscow to establish even closer collaboration than before. There seems to be a joint KGB-OSI operation to intimidate East Europeans in the West. Would you say that the prosecution of John Demjanjuk is part of it?

Nishnic: The original allegations against Mr. Demjanjuk surfaced in a Soviet propaganda publication from New York City in 1976, entitled *News From Ukraine*, or *The Soviet Way*. This is a newspaper written by Mr. Michael Hanusiak, who is very cozy with the Communist Party in the United States. This same newspaper is responsible for branding other innocent Ukrainians as Nazi collaborators, such as Ivan Stebelsky of Denver, Colorado, who was accused of murdering numerous Jews, and after a trial, it was proven he was actually saving Jews.

Also, a federal member of parliament in Canada, Mr. Yuri Shymko, was accused by the same publication of being a Nazi collaborator. This was during an election campaign. Mr. Shymko, who last year was elected president of the World Congress of Free Ukrainians, headquartered in Toronto, Canada, addressed those allegations and proved that he was a seven year old boy at the time they said he was a collaborator.

The first set of allegations against John Demjanjuk came out in 1976 and then in 1977 he was charged. In 1978, on

Aug. 25, [Rep.] Joshua Eilberg [D-Pa.] wrote a letter to the attorney general at the time, Griffin Bell, requesting that the Department of Justice take the Demjanjuk case from the hands of the INS [Immigration and Naturalization Service] and place it into the hands of the Special Litigation Unit. Eilberg concluded his letter saying, "We cannot afford the risk of losing another decision."

There were a few cases when this thing started. In 1978 there was the case of Tscherim Soobzokov, who was acquitted, the case of Fedorenko, which had the exact same witnesses used in the Demjanjuk case—and the judge did not believe them in the Fedorenko case. Then the Special Litigation Unit had Frank Walus on trial. They had three losses under their belt. The next in line was Demjanjuk.

So, based on this information, the allegations came that Mr. Demjanjuk was, number one, a traitor to the motherland, and number two, a Hitlerite henchman from the camp Sobibor. Note I said Sobibor and not Treblinka. In this article was the first time ever seen or released in the press in the West or anywhere else, this alleged identity card which came with the set of allegations that Mr. Demjanjuk was in Sobibor which is 175 miles from Treblinka. The Immigration and Nationalization Service immediately began to investigate this, interviewing Jewish Sobibor survivors, other guards, etc. Nobody but nobody could identify Mr. Demjanjuk as being in Sobibor.

At the same time, the OSI was investigating the Fedorenko case. They sent photographs of Fedorenko, Demjanjuk, and others to the State of Israel. The Israeli investigating authorities prepared an extremely suggestive photospread with the largest and clearest photo being that of Mr. Demjanjuk, strategically placed right next to that of the known Treblinka guard, Feodor Fedorenko, and claimed that Demjanjuk reminded them of "Ivan the Terrible" who was present at Treblinka from September '42 through August '43. As a result of this identification procedure, the OSI was faced with an irreconcilable dilemma. On the one hand, the OSI had an allegation from an alleged Soviet witness who claimed to be with Demjanjuk from March '43 until April '45 together with a document, the so-called Trawniki ID card, to support its

allegation. On the other hand, the OSI had five Treblinka survivors who claimed Mr. Demjanjuk was in their camp from Sept. '42 through August '43.

I believe at this time, a conscious decision was made to keep the identity card, conceal the alleged eyewitness testimony that came with this identity card concerning another camp, and apply the identity card to the Treblinka survivors.

EIR: Has Mr. Demjanjuk's appeal been postponed?

Nishnic: The Supreme Court of Israel had agreed to allow the defense to have a delay in the appeal until May 14. The appeal was to have been heard Nov. 1. Now, over and above agreeing to the delay in the proceedings, they also had accepted new evidence that will help Mr. Demjanjuk's case, and actually, it's in total contradiction with the findings of fact of the district court in Jerusalem.

The new evidence that was accepted by the court was testimony taken here in Cleveland, Ohio in 1981 of a Treblinka survivor by the name of George Rajgrodzky. He was a Treblinka survivor from West Germany who came to the United States and identified Mr. Demjanjuk as being this Ivan the Terrible. The significance of his testimony in 1981 is as follows: First of all, George Rajgrodzky died sometime after his testimony. Under Article 15 of Israeli law, the past testimony of a witness, now dead, can be admitted as evidence. During the '81 trial, Rajgrodzky was asked whether he played the violin for the guards. Rajgrodzky clearly answered, "This was in the summer of 1943." The summer of 1943 could only have meant May, June, or July, because the inmate uprising took place on Aug. 2, 1943.

This is important to Mr. Demjanjuk's defense because at the end of the Israeli District Court proceedings, through a court order we were finally able to extract the Soviet interrogation report from the Justice Department's Office of Special Investigations. This was a report supplied by the Soviet KGB which alleged that a man named H. Danilchenko claimed that he was with Demjanjuk from March of 1943 through April of 1945. Although we don't believe the Danilchenko statement to be true, we submitted it to the court to illustrate that now we have two separate sets of eyewitnesses that identify Demjanjuk as being in the same place. It would raise the issue of doubt. After all, every one of the Treblinka survivors testified clearly that they saw Ivan the Terrible every single day from September 1942 through Aug. 2, 1943, every day.

Now, when we did present this evidence to the court, the judges were faced with a heck of a dilemma and that was, how do we justify one man being in two places at once with two separate sets of eyewitnesses? And they clarified that. They said they're both correct! That John certainly was Ivan the Terrible from September 1942 but only until February 1943 and even though the eyewitnesses say they saw Ivan until the very last day of Aug. 2, 1943, they only thought

they saw Ivan, this arch-criminal of Treblinka. But in reality, he was already gone to where he had been transformed into Ivan the Less Terrible of Sobibor Camp.

The judges say he departed Treblinka in February and then actually returned to Treblinka sometime after Aug. 2, 1943 when the Jewish inmates revolted. Now Rajgrodzky, the testimony we just submitted, claims that he played the violin for Ivan in the summer of 1943 but according to the verdict, Ivan was not even in Treblinka. So this is significant to show how implausible the judges' conclusions were concerning two separate sets of evidence.

Another interesting piece of evidence that was submitted to the court were internal Justice Department memoranda and also a record of an interview report which was located in the Office of Special Investigations garbage dumpsters behind their building.

It has recently come to our attention that during the latter part of 1985, 1986, and 1987, certain individuals were pulling garbage bags out of the dumpsters behind OSI's old office on K Street in Washington, D.C. Recently, a large portion of this garbage was turned over to us. In this garbage we found original documents.

These documents tied directly into the identification of the only non-survivor witness from Treblinka and he was an SS man by the name of Otto Horn. What was shocking to us was that the contemporaneous documents that were pulled out of the trash dumpsters were wholly inconsistent with the testimony given in 1981 by Otto Horn before Mr. Demjanjuk was denaturalized. In other words, if these documents were produced in 1981 it would have clearly shown, without a doubt, that Otto Horn had been perjured. He actually did not identify Mr. Demjanjuk as the prosecution led the court to believe he did.

This is the main problem that's involved in these kinds of trials, that they are held in civil court, not in criminal court. In other words, the OSI levels unproven heinous war criminal activities against fingered individuals, many of whom were originally fingered by the Soviet Union and they take them to trial in federal civil proceedings. They are not afforded a trial by jury, they are not afforded any counsel, any financial assistance whatsoever, and they drag these cases on with unlimited funding against just regular people who cannot afford to defend themselves and in the end, the person will eventually lose, because what has to be proven in these cases is that they falsified their immigration papers to enter into this country. They lied. Mr. Demjanjuk did lie to come into this country like tens of thousands of other naturalized American citizens. He lied because he was afraid to be forcibly repatriated back to the Soviet Union.

EIR: Wasn't there a deal worked out after the war?

Nishnic: Yes, it took place in the Yalta agreement. One of the programs was called Operation Keelhaul where the United States and the Allied forces beat, drugged, and threw

people who were "ex-Soviet citizens" back to Stalin. The great majority of these people were fighting originally with the Red Army and had been taken prisoner and then began to fight against Stalin. With the stroke of a pen about 2 million people were sent back and they never returned.

Mr. Demjanjuk, like tens of thousands of others, knew that he could not say to the U.S. Immigration that he belonged to Soviet-occupied Ukraine. They could not acknowledge this, at least, they could not acknowledge this any time before or after the year 1939. Mr. Demjanjuk's big lie was that he said he was in Poland as a farmer from 1937 until 1945 which beats by two years what would have sent him back to the Soviet Union.

We thought the court would look at this seriously because there are examples of people who jumped off the repatriation train knowing what would happen to them when they got back because the Soviets have what is called the bullet law, and that is, you are not to be taken prisoner, you're to save one bullet and that is to kill yourself. Anyone that had been taken prisoner was classified a traitor in the Soviet Union which is punishable by death. John certainly wanted to save his life. He had no love lost for Stalin or his henchmen primarily because of what had taken place in 1932-33 in Ukraine, which was the forced famine in Ukraine, the forced collectivization where 9-10 million Ukrainians were starved to death, totally starved to death by Stalin, Kaganovitch, and their known accomplices.

In my opinion, if this kind of travesty can take place in this God-blessed America, then we are, in fact, a captive nation. When we have the truth on our side and people are going out of their way to avoid this truth, then, we are a captive nation.

Luckily there was for us one Congressman on all of Capitol Hill that decided to stop and take a stand on this case and he is a Democrat from Youngstown, Ohio, James A. Traficant, Jr. Three times he has put into the *Congressional Record* his concerns over the Demjanjuk case.

EIR: A very nasty operation that tries to stop people from getting the truth out, is the ADL [Anti-Defamation League of B'nai B'rith], better known as the American Drug Lobby. This outfit uses pressure and dirty tricks to intimidate people. It will be interesting to see how far Traficant will go. Clearly, without an international movement for justice no one individual could stand up to fight against such injustice.

Nishnic: Yes, certainly we are in, strategically, the best position we could be in right now, but financially, we are in the worst position. As of this date, we are over \$140,000 in debt. We don't even know how we are going to get through tomorrow. Our phone is usually disconnected two out of every three months for lack of payments and there are only two of us left running this operation which is my brother-in-law, John Demjanjuk, Jr. and myself.

The only way that we have been keeping the ship afloat

is by the contributions from people out there who are interested in seeing that justice is done and trying to help the little guy, us in this case, fight against three superpowers, meaning, the United States OSI, the Israeli government as well as the Soviets who started this in the first place. It's very difficult and next to impossible, but we feel with the truth on our side and the help of Almighty God and people out there who are interested in helping the little guy, we will prevail eventually, be it in Mr. Demjanjuk's lifetime or afterwards. But we hope it will be done before this horrible, horrible tragedy of hanging Mr. Demjanjuk for crimes that he did not do, takes place.

We have opened up the John Demjanjuk Defense Fund in Cleveland, Ohio, with a local bank. It is at a lock box number, P.O. Box 92819, Cleveland, Ohio 44192. I really hope and pray that some of your readers out there will help us to win this case and see that justice is done. I don't believe this is just a simple case of three superpowers against John Demjanjuk. This case should ring home to every American citizen, because if this can be done to Mr. Demjanjuk, who we know is an innocent man, it can be done to anyone.

EIR: Is it because of these documents found in the garbage that you now are being gone after by the OSI?

Nishnic: Yes, as a matter of fact, I found this to be a bit odd. Because of the fact that we received these documents after the OSI had thrown them into their trash, we are now giving them back to the Justice Department. Only this time, through the courts, so that our judicial system will be aware of what can happen when a group of overzealous prosecutors become advocates of a cause, rather than seekers of justice. On Sept. 13, 1989 we submitted a motion for extraordinary relief before Judge Louis Oberdorfer who had heard my original Freedom of Information case which is *Nishnic v. Department of Justice* 86-2802.

Basically, what we asked the judge to do is to produce statements of five separate individuals that we know the Justice Department was in contact with. Number one, specifically, was Otto Horn, whose contemporaneous report we plucked out of the garbage can. Number two, was a man by the name of Franz Suchomel, who was a SS man in Treblinka, a sergeant who in August of 1943 transferred to Trieste, Italy to the Risiera di San Sabba concentration camp. Interestingly enough, in 1977, Franz Suchomel was interviewed by an Italian author, Pier Arrigo Carnier, who wrote a book on the Risiera di San Sabba, and in this interview Suchomel clearly told this author that Ivan the Terrible of Treblinka, after the revolt of August 1943, was sent to Trieste, Italy and was probably killed in 1945 by the partisans in Italy.

Now we find this to be pretty amazing, but what is more amazing is that the OSI had interviewed Franz Suchomel in Germany in 1979, which was two years after he had told this Italian writer all about Ivan in Trieste. In fact, the OSI also

showed Suchomel a photograph of Demjanjuk, the immigration photo which made Demjanjuk 32 years old and Suchomel failed to identify Demjanjuk as this Ivan the Terrible.

In this complaint we are asking the Justice Department to produce the statements of Suchomel, also the statements of Kurt Franz who was the commandant, the second lieutenant in Treblinka wholly responsible for what they call the Ukrainian guard unit, although there is much wondering if they didn't distinguish between Ukrainian or Russian.

Now Kurt Franz also knew Ivan the Terrible very well. We've learned that in the past and recently the OSI had gone to see Kurt Franz in 1979 before Mr. Demjanjuk was denaturalized. They showed him an older picture of Mr. Demjanjuk and Kurt Franz failed to identify him as Ivan the Terrible. We want the record of interview report as to what Franz told them exactly. Also we want the interview report of Richard Glazar who is a Jewish Treblinka survivor who now lives in Switzerland.

The third part of our request was to have the Attorney General of the United States contact the Ministry of Justice of the State of Israel, either directly or through the State Department as may be appropriate, and tell them that the U.S. Department of Justice OSI has withheld relevant documents regarding the Demjanjuk case from also the State of Israel, and in case these documents have been destroyed, a detailed explanation as to the destruction of these documents. A description of these documents will be given to the Ministry of Justice of the State of Israel when it is supplied to us, the plaintiffs, and the court.

The OSI and Neal Sher are now accusing me of having knowledge of an "unknown confederate" working inside of the OSI and planting garbage bags into dumpsters for people to retrieve.

These latest allegations indicate just how desperate the OSI is getting. I now learn that the garbage situation has been the subject of a year-long investigation by the Justice Department's Office of Professional Responsibility and the FBI. Evidently, Neal Sher claimed that the documents were stolen. I believe Mr. Sher knows that his claims and assertions are total fabrications or a figment of his imagination.

Perhaps the most effective way to get to the truth in this late stage of the Demjanjuk proceedings is to have both Mr. Sher and myself subject ourselves to the most sophisticated lie detector test available. I believe that then everyone would see who is telling the truth.

EIR: Is there a law suit against you?

Nishnic: No. Evidently, there is a continuing investigation concerning these trashed documents. The OSI is arrogant and obviously they feel they will not be held accountable for any of their misdeeds. However, the wheels of justice turn slowly. In our case, it has already been 13 years. In the end, we feel that our system of justice will prove that nobody, including the OSI, is above the law.

Lockerbie coverup may be cracking

by Jeffrey Steinberg

On Nov. 18, CBS News's "Saturday Night with Connie Chung" aired an interview with Rep. Jim Traficant (D-Oh.) in which the congressman repeated his demands for a full-scale probe into the CIA's coverup of the PanAm 103 bombing. Last Dec. 21, some 270 people were killed when the Pan American jet was blown out of the skies over Lockerbie, Scotland by a terrorist bomb. According to information first developed by investigators working for PanAm, Frankfurt-based agents of the CIA, the Israeli Mossad, and the West German Bundeskriminalamt (BKA) all had advance warning of the bomb plot by radical Arab terrorists sponsored by Syria and Iran, but failed to preempt the attack.

In the case of the CIA, Traficant charged that the local agents were actually protecting a drug running network run by a Syrian named Mansur al-Kassar. A well-known international arms dealer, al-Kassar has been publicly identified as an intimate of Syrian President Hafez al-Assad and his brother Rifaat.

While it initially appeared that the al-Kassar ring was protected as part of a continued effort by U.S. intelligence to obtain the release of the American hostages in Lebanon through intervention by Damascus, new evidence now suggests that even more sinister motives may have been involved in the coverup of the PanAm tragedy.

In several recent press conferences on Capitol Hill, Traficant charged that the Frankfurt-based CIA team may have wittingly permitted the massacre of hundreds of innocent citizens in order to silence a rival CIA team that had unearthed evidence of drug payoffs to the Frankfurt-based operatives. At least three CIA officials, including the deputy station chief in Beirut and a highly decorated Green Beret major, perished aboard Flight 103.

According to the PanAm investigators' report, which has now been widely circulated within the international press corps, Major McKee and CIA officer Gannon were in Lebanon directing an eight man "secret team" assigned to locate the American hostages and determine whether a rescue operation might be possible. According to sources close to the PanAm probe, the team unearthed extensive evidence showing that the CIA Frankfurt unit was profiteering from its deal with al-Kassar, and that al-Kassar was a major player in the Syrian drug-running operations built up in the Bekaa Valley since the late 1970s.

Reportedly, the U.S. Drug Enforcement Administration has assembled extensive evidence, including videotape foot-

age, of massive opium production in the valley under the tight control of Syrian military intelligence. DEA estimates that the Bekaa Valley accounts for over \$1 billion a year in heroin profits. Further, investigations by a variety of anti-drug agencies in the United States, Western Europe, and Ibero-America indicate that al-Kassar, along with Rifaat al-Assad, have maintained longstanding business ties to the Medellín and Cali Cartels in Colombia. Reportedly, tapes and documents also exist of meetings between al-Kassar and Pablo Escobar Gaviria, the head of the Medellín Cartel.

Early this year, U.S. Customs and DEA investigators in Berne, Switzerland developed evidence linking a Syrian-Bulgarian drug money-laundering ring to a Los Angeles and New York-based ring known as "La Mina" which serviced the Medellín Cartel.

One of the questions which Traficant is apparently intent on answering, is whether the PanAm tragedy was the work of a corrupted and desperate team of CIA agents who sought to bury the evidence of their drug profiteering in the wreckage of PanAm 103. If that proves to be the case, then how far up the chain of command inside the CIA and the Bush administration does the coverup go?

Curious Israeli angle

Although the major American press—with the sole exception of the CBS interview with Representative Traficant—has buried the Lockerbie story altogether, some diligent regional investigative reporters have unearthed key pieces of the puzzle.

In mid-November, the Syracuse, New York *Post Standard* ran a series of articles which, among other things, identified the PanAm investigator as a former Israeli commando named Juval Aviv. Aviv today runs a private security firm in New York City called Interfor. According to the *Post Standard*, Aviv was a member of a secret Israeli hit team that stalked the Arab terrorists who slaughtered the Israeli team participating in the 1972 Munich Olympics. Apparently utilizing existing Israeli anti-terrorist networks in Western Europe, Aviv put together much of the material on the Frankfurt Airport smuggling ring and its links to Palestinian terrorist groups including Abu Nidal's Black September and Ahmed Jibril's Popular Front for the Liberation of Palestine-General Command (PFLP-GC).

With Congress in recess until the new year, the question of momentum becomes critical. So far, no one has taken up Traficant's call for a full congressional investigation into the Lockerbie disaster. President Bush just appointed a special panel to probe the crash. CIA director William Webster is reportedly scrambling to get on top of the case and is out to hermetically seal the agency against leaks until he personally sorts out the full extent of the mess. His career, and that of some other senior officials in the current and past administrations, may very well be on the line when Congress reopens its doors in January 1990.

Car-bomb in Beirut: Will Lebanon survive?

It may take weeks or months before the ultimate culprits behind the assassination of René Moawad and some 17 of his associates on Nov. 22, are found—if they ever are. And perhaps only two elements can be asserted with certainty. The timing of the car-bombing, coinciding with the 46th anniversary of Lebanon's Independence, was carefully chosen. The timing ensured that Moawad and his dignitaries would be part of the ceremonies, and above all, it struck at the symbol of Lebanese independence. Second, this violent death of a former parliamentarian, chosen only two weeks before by some of his colleagues to be the President of a truncated Lebanon, was contained within the logic of the Taif agreement.

Of course, most participants in the Taif agreement would deny this, arguing that it represented a chance for stability and putting an end to the last 12 months of heavy fighting around Beirut. In reality, the Taif process was an agreement among dupes, each bargaining the best for himself, at the expense not only of the others, but of Lebanon. Since it gave the appearance of stability, and set into motion an appearance of diplomatic negotiations which could, in some remote future, tackle the issue of the foreign occupation of Lebanon, most foreign powers were all too happy to support it and wash their hands of the country. And this was the success of the Taif agreement: It allowed all those who wanted to believe it, or at least to seem to believe it, to acquiesce to a piece of paper signed by all, according to which Syria, renowned for its fair and democratic elections, would allow a process of constitutional, political, and electoral reforms within Lebanon, and thereafter start negotiating its withdrawal!

Most powers choose to play the game by cynicism, others in the vain hope that concessions to the Syrians may gain them some respite to develop a "wait and see" policy. For those who refused to play the game, Goebbels-style propaganda was set into motion to discredit them. A heavy dose of such propaganda has been witnessed throughout all major international media since Moawad's death.

A major lie for example, since Taif took place, has been to repeat ad nauseam that all parties but Prime Minister Gen. Michel Aoun had accepted the terms of the agreement. Only Aoun stood in the way of peace, it was said. Yet, while Aoun did oppose the Taif agreement, from the standpoint that it represented an unacceptable violation of Lebanese sovereignty and dangerous concessions of Lebanese integrity, others opposed it too.

The opponents include most of Syria's closest allies, the very ones who should be expected to be on the side of Damascus. Walid Jumblatt, the chieftain of the Druze militia who works with Syria in the hope of escaping his father Kamal's fate—killed by the Syrians in the late 1970s—and Nabih Berri, the sectarian leader of the Shi'ite Amal militia, opposed Taif because their sectarian interests were not rewarded enough. Likewise the Hezbollah movement, which does not deny that its only aim is the transformation of Lebanon into a Khomeinist Islamic Republic of Lebanon. Pushed aside, even ignored and defeated by the political Taif agreement, any of these groups had an interest in derailing this process.

And indeed, but for a predictable denunciation from Syria and those who have vested interests in the defense of Syria, no one has dared accuse Michel Aoun of the murder. As a Western diplomat quoted in the Nov. 23 Paris daily *Libération*, underlined, "Aoun may be a Lebanese fundamentalist, but he is not a murderer."

Aoun also had no motivation for the act. Two weeks after a mockery of presidential elections, held directly on a Syrian military base, Aoun and his associates were firmly in control of East Beirut and the region extending to Junieh. Thanks to the events in the East bloc and especially in East Germany, Syria could not afford to resume the heavy artillery bombardment of last summer. At a time when the Berlin Wall is coming down, no one can condone the massacre of Christians in Lebanon. Likewise, a direct military offensive to retake East Beirut, street by street, house by house, would have been much too costly—ultimately unachievable. Time was playing in Aoun's favor. Within two months, with Aoun still holding firmly his position, the Moawad administration, based in West Beirut or in Northern Lebanon, would have reached the nadir of discredit.

For these very same reasons, some within Syria may have been tempted to sacrifice one of their assets in the hope that a worldwide outcry would point the finger at Aoun. Syria would then receive full support from a supposedly outraged world public opinion to get rid of Aoun and his associates at all costs. Whether this has been the case, will be seen in coming days and weeks.

Over the last 15 years, the Lebanese crisis has evolved through parameters which have not responded to Middle Eastern priorities, but primarily to the needs of the superpowers. The Lebanese crisis started in 1975 as a direct result of the 1970 Black September crisis in Jordan, played back and forth by then-National Security Adviser Henry Kissinger, to thwart any peace efforts—notably the timid Rogers peace plan. It is worth recalling that Hafez al-Assad, then a mere Air Force chief of staff, staged a coup and took power in Syria. Indeed, throughout these years, local agents have acted. Yet, few have ever been able to do so independently.

Michel Aoun represents the first Lebanese national leader who has not only challenged the local powers, but the super-

powers too—and managed so far to remain alive. There is no doubt that he himself may be the next victim of this wider conspiracy. What is it about? For the last 15 years, Lebanon has been the staging ground for a social and political grinding process whereby all ideas of the nation-state, all nationalist movements were suppressed in favor of sectarian, religious, or ethnic movements, Druze against Christians, Christians against Muslims, Sunni versus Shi'ites, a process which has extended from Lebanon to the entire region. In launching the "national war of independence" against Syria, uniting Christians and Muslims alike, Aoun upset a game which few, if any, had dared question.

There will be more fighting in Lebanon in coming weeks, and it may even spill over into a broader regional conflict. No one can accurately predict for the time being. Yet, those Lebanese nationalists who had denounced the Taif agreement as bearing the seeds of disaster for Lebanon, now proven right by events, will need more support than ever.

Letter from General Aoun

To the Lebanese throughout the world

The following letter was sent by Lebanese Prime Minister Gen. Michel Aoun on Nov. 18 from Baabda.

Since I last wrote to you, the events in our country have taken a turn such that our Lebanon, our homeland, is in perhaps the most dangerous situation of our history.

Free Lebanon is put now to a test which comes down to a question of life or death. We must undertake, and succeed in, a general renaissance, almost a resurrection, faced with an onslaught by nations which seek their own interests at the expense of our very existence, our freedom, and all the values which make up our cultural heritage, a heritage which has roots deeper than any other in this region of the world.

The onslaught I denounce is that which was launched against us seven months ago, and has reached its high point during the struggle in the Souk El-Gharb: These battles are unprecedented, both in the ferocity of the men and the exceptional cruelty of the weapons put at their disposal. Our courage, our faith in right on our side, have brought our army and our people up to a level of heroism, which has enabled them to resist barbarity. Our resistance has taken on the silence of a world which has not bothered, or not dared, to take the slightest step in favour of our small country and what it stands for.

We can do nothing less than defend our Lebanon, which

must continue to be the free country of the rights of man and the Commandments of God, against a conspiracy formed by the barbarity of some and the silence of others.

The plot against us has failed thanks to all we have thrown into the struggle against it, soldiers, martyrs, and saints. Appeals were made with a view to various forms of mediation, led by the mediators of the Arab triumvirate and backed by most of the international bodies and Arab and foreign countries. Desirous of bringing about Peace, messengers of the Law, praying that Justice would be guaranteed, we accepted that the Deputies leave for Taif.

First, the deputies agreed on the internal Lebanese issue, proving that there is no such thing as a Lebano-Lebanese discord. Though the Arab triumvirate had officially declared that the Syrian occupation was the only obstacle to the efforts to arrive at peace, the Arab High Committee finally bowed to Syrian will.

At Taif, the High Committee placed the Deputies before the following dilemma: Either they signed the document put before them, no matter what its content, or, they expose the country yet again to Syrian violence and deprecation. Caught between coercion and seduction, the deputies signed, to the advantage of the Occupant, a document which divests Lebanon of its national sovereignty and its democratic and parliamentary system.

Thus, by dint of Arab pressure and international compromise, the Occupant got what he could not conquer by fire and the sword at Souk El-Gharb.

In order that this divestiture not be entrenched constitutionally with the election of a President who will be putty in the hands of the Occupant, we had to use our constitutional powers and dissolve the Chamber of Deputies, thus cutting off any legislation which might lead to our country being swallowed up.

But the conspiracy I spoke of, went on to carry out its plan and its program. There took place a fictitious and anti-constitutional election of a President of the Republic at the military base of Kleiat, the background to which was the Occupant's bayonets and cannons.

Throughout the unoccupied parts of the country, the Lebanese people rose up in rejection and took to the streets in unprecedented numbers. The occupied regions await the moment they too can express their rejection of the Occupant's laws and of miserable compromises so far from the real reforms which would ensure justice and equality for all.

You, the people of Lebanon dispersed throughout the world, know that all free life in Lebanon is about to vanish. The Lebanon of liberty, of democracy, of peaceful coexistence, of fraternal cooperation, this exemplary Lebanon, is about to be broken up and dissolved, victim of a will to rule the entire region, victim of international silence which flows from mutual interest.

Today, more than ever before, Lebanon needs you. Answer our call. You must gather into one assembly all Leba-

nese living in all the nations of the world, leaving out none of the groups which represent our country, respecting our differences but holding together to achieve our common goals as a nation. You must gather together and unite, in an active unit, and do not allow centrifugal forces to eat away your efficiency. In all sectors, at all levels, use all your skills, all your options, to bring the world to grasp the reality, the deadliness of the plot against your country, your people, all the values which your cultural heritage bears within it and has given the world.

Without breaking the laws and regulations of the countries you may find yourselves in, you must lead public opinion in the capitals where international decisions are taken.

You must be the Ambassadors of Lebanon in the world, holding up the right of your people to live free, and the national right to liberation, sovereignty and independence. In that spirit, your government will deal with you.

Lebanese dispersed throughout the world, do not give the world any rest until that hour strikes when your country be freed from the Occupant's yoke. Be for your country what you have always been: a human and humanist mission beyond our borders.

*Lebanon is yours
Lebanon calls you
To Lebanon, be true.*

MIDDLE EAST INSIDER

Weekly Confidential Newsletter

Executive Intelligence Review has been the authority on Middle East affairs for a decade. In 1978, *EIR* presented a coherent profile of the "Islamic fundamentalist" phenomenon. *EIR* had the inside story of the Irangate scandal before anyone else: In 1980, *EIR* exposed the late Cyrus Hashemi as the Iranian intelligence man in Washington, organizing arms deals and terror.

Middle East Insider, created in November 1986, brings you:

- **the inside story of U.S. Mideast policy**
- **what the Soviets are really doing in the region**
- **confidential reports from inside the Middle East and North Africa that no one else dares to publish**
- **accuracy on the latest terror actions and terrorist groups**

A subscription also includes a "hot line," where you can call for more information on any item we publish.

Yearly subscription at 5000-DM. Write or call: Middle East Insider c/o EIR Dotzheimerstr. 166, P.O. Box 2308, 62 Wiesbaden F.R.G. Tel: (6121) 88 40. In the U.S., write to: EIRNS, P.O. Box 17390, Washington, D.C. 20041-0390.

Peak of E. German crisis lies ahead

The SED regime, backed by Moscow, won't give in to the people's call for change.

Media coverage on East Germany after the surprise opening of the borders to the West may lead some to conclude that the worst is over, now that the mid-October purges in the communist SED party leadership and the naming of a new government under "reformer" Hans Modrow mark the beginning of irreversible reforms.

The opposition in East Germany doesn't think so. The SED regime, as much in control of the new government as of the old one, has so far only offered vague promises, has made no substantial concessions of power, and has neither legalized any opposition group nor set a timetable for reforms or early elections before April 1991.

The opposition doesn't trust the truce between the regime and the people, and trust is lowest with Egon Krenz, the man at the top of the party, the state, and defense councils. A nasty joke is going the rounds in East Germany these days: Why is Krenz so fat? Because he puts on another suit of sheep's clothing every day.

The better-informed elements of the opposition are not fooled by the daily assurances of Krenz and other SED party leaders that their "commitment to reforms is serious." What really counts is the fact that the core of the SED regime's police state apparatus, the Stasi, is still intact and has only taken cover. The full exposure of the Stasi's 20,000 official members and a network of an estimated another 200,000 "unofficial" collaborators and informants in the factories and the transport sector, the media, the education sector, and the district commit-

tees of the housing areas, is a high-priority opposition demand.

The slogans "Put an end to Stasinism" and "Don't replace Stalinism with Stasinism," have become prominent in the opposition's political organizing. The abolition of the entire Stasi network is crucial, because there are well-founded fears that the economic emergency expected this coming winter will be taken as a pretext by the SED to impose quasi-martial law, before the opposition parties are officially recognized and established.

Unless the regime's repression apparatus is dismantled, the SED party's real power is not touched. The SED retains the key portfolios in the Modrow government—defense, police, state security, economic planning, and finance—the logistical basis for a winter emergency regime.

Remarks on Nov. 18 by Jürgen Kuczynski (86), the gray eminence of communist economic policy in East Germany, that the country will face a rough winter and may have to consider rationing of basic consumer goods, are a signal in the direction of emergency regime. Kuczynski said the supply of food and basic consumer goods has reached such a critical state, that food stamps for meat, milk, vegetables, eventually even bread, will have to be distributed. Without rationing, he said, the supply of basic consumer goods could not be guaranteed through the winter.

Apparently under the impact of new mass protest rallies in Leipzig, the center of the movement, the SED regime has offered an all-party roundtable on the crisis. This has been met

with deep mistrust by the opposition groups, because they are not legalized yet and have no say or direct influence on political decisions at the top.

The country is not yet on the verge of reforms, but on the verge of a deeper crisis. It has entered a highly complicated moment: The regime is shaken, the country has entered a kind of dual-power situation, but the opposition has not been able to win real power, and is still working on a program. The regime feels strong enough to play for time and crush opponents later, so long as the Soviets are backing them; meanwhile, the West is hindering West Germans from intensifying contacts to the opposition in East Germany, on grounds this "would be destabilizing."

Such policies will likely prove a gross miscalculation. The crisis can no longer be contained. Bush and Gorbachov may have the muscle to talk the Bonn Chancellor Helmut Kohl into restraint; but they have problems talking the mass ferment in East Germany into political abstention, not least because the spark of protest has already spilled over into neighboring Czechoslovakia. The level of communication between the two mass movements became clear when a Czech student spoke at the rally of 200,000 East Germans Nov. 20 in Leipzig, conveying a statement of support from Prague. He received big applause. One East German speaker called for "solidarity with the Czech freedom fighters," and then, a moment of silence was held for the victims the struggle for freedom has cost in Prague and other Czech cities in the past 21 years.

It is right there, through Leipzig and Prague, that the front line against the superpower deals over Europe is running now. An even more profound crisis, even bigger confrontation, lies ahead.

The condominium's little errand boy

Swedish Foreign Minister Sten Andersson has drawn fire for proving himself so useful to Moscow.

In the present period of revolutionary change sweeping Central and Eastern Europe, where peoples long subjugated to Soviet totalitarian rule are fighting to liberate themselves from their hated oppressors, Swedish Foreign Minister Sten Andersson, an illustrious representative of Sweden's much-touted "model of democracy," has chosen the side of the tyrants.

During his Nov. 8-12 trip to Moscow and the three Baltic republics of Latvia, Lithuania, and Estonia, Andersson categorically denied that those republics were Soviet-occupied territory.

Andersson shamelessly referred to Sweden's rapid *de facto* recognition of Soviet sovereignty over the Baltic states in 1940 after they were occupied by the Red Army, and intoned that Sweden's policy remains that Estonia, Latvia, and Lithuania are "republics" within the Soviet Union which now have good chances of gaining local autonomy within the Soviet federation. But any demands beyond local autonomy, he said, are "extremist minority" demands which threaten the success of Gorbachov, and are therefore, *ipso facto*, impermissible!

Contrary to Andersson, however, the peoples of Estonia, Latvia, and Lithuania resolutely maintain that their nations are occupied by the Soviets, and that the freedom they're fighting for is freedom from Soviet occupation, and not merely local autonomy. Freedom for a Baltic state means no less than what it means for any other state; the very idea of "freedom" as something some nations can enjoy *within* the Soviet Union is an absurdi-

ty. Indeed, Andersson's functional incapability of understanding this simple fact, is sobering testimony to how cheaply the Swedish government would sell the sovereignty of its own people.

Andersson's statements provoked an uproar, both among the Baltic leaders who are now challenging Moscow's authority, and among the Baltic communities exiled in nearby Sweden. It even caused the leaders of the Swedish opposition parties, usually permeated with consensus politics, to strongly rebuke Andersson. Andersson only added fuel to the fire with his threadbare "defense," that if he had accepted the notion of the Baltic states being under Soviet occupation, this would have amounted to his accusing those Baltic leaders of being "Quislings"—i.e., like Vidkun Quisling, the Norwegian Nazi and traitor who collaborated with the Nazi-German occupation power in Norway 1940-45.

Quite apart from any alleged concern not to offend the Baltic leaders as Quislings, the actual reason why Andersson insisted that the Baltic states are not occupied by the Soviets, was his concern to please his Moscow hosts. In keeping with Andersson's cynical trampling on the aspirations of the Baltic peoples, he also expressed his concern that the ousting of the old regime in the German Democratic Republic (East Germany) would create a problem of German chauvinism in Europe—a fear which is quite popular in British circles nowadays.

The Kremlin did not hesitate to applaud Andersson's statements. At

the Nov. 14 Foreign Ministry press conference, a Soviet spokesman said that Moscow "appreciates Sweden's recognition of the Baltic states' legal entry into the Soviet Union."

The question of whether or not the Baltic States, in Andersson's view, can be considered under Soviet occupation, was asked by Swedish journalists in the context of discussing Swedish policy and mediation efforts vis-à-vis the Israeli occupation of the West Bank and the Gaza Strip—one of the leading items on Andersson's agenda in Moscow.

Based on Swedish support for the cause of Palestinian statehood, the Swedish government has increasingly played a key role in mediating superpower policy in the Mideast. Andersson's personal role was strongly enhanced by his "love-at-first-sight" encounter with George Shultz, who as U.S. Secretary of State recognized the usefulness of dispatching someone like Andersson as an errand boy in the Mideast. Andersson shares with both Washington and Moscow an uncontrollable desire to promote the role of Syria, at the expense of both Lebanon and the real interests of the Palestinian people.

This was demonstrated at the ongoing trial in Stockholm of four terrorists from the Mideast: The tracks pointing to the Syrian authorship of the terrorist bombings carried out by the four were covered up, so as not to disrupt Andersson's sensitive mediation efforts in the Mideast.

It seems that the traditional profile of a neutral Sweden loudly offering its criticism of the "big bad" superpowers—if predominantly against the Western superpower—is now being replaced by a Sweden running errands for the superpower condominium trying to control the nations which are struggling to free themselves from supranational oppression.

Peru doesn't want to fight drugs

The García government's new "anti-subversive" strategy is national suicide: Drugs and terrorism are inseparable.

If nothing else, General Alberto Arciniega, the political-military commander of Peru's Upper Huallaga Valley emergency zone—Ibero-America's leading coca-growing region—will go down in Peruvian history as frank. Thanks to this quality, so rare among public figures, the world has learned from his mouth what the Alan García government's "new" anti-subversion strategy is really all about. This new policy began to be implemented at the beginning of this year, and is premised on the creation of a tactical alliance with the peasants who produce coca for the drug-trafficking cartels. The argument offered in its defense can be summed up thus: one mustn't repress the coca trade, lest the coca-growing peasants turn to the Shining Path terrorists.

This strategy is so far advanced that General Arciniega himself, when asked by the Lima magazine *Sí* "Does there exist payment [to the military] for the support and security provided the coca growers?" answered: "They don't pay us a quota, because we aren't in control; a quota is something demanded, [and] I don't ask them for anything in exchange. The only thing they help us with is supplies, because with the budget we get, we couldn't feed all the troops."

General Arciniega has been both cautious and precise in specifying responsibilities, and has repeatedly asserted that he is only following orders from the Joint Command of the Armed Forces, which in turn is subordinate to President García in his capacity as supreme commander of the

Peruvian Armed Forces.

What is clear is that General Arciniega has the total support of the executive leadership of the ruling APRA party. Defense Minister Gen. Julio Velásquez Giaccharini himself defended Arciniega from accusations that he is hindering the fight against the drug trade, accusations made just a few weeks earlier by a high-level official of the U.S. State Department. Everything, in fact, seems to suggest that relations between the current leadership of the Armed Forces and the APRA executive couldn't be better, to the point that the APRA congressional bloc has just approved a bill which will allow the Armed Forces command to remain in their posts for five years.

It would be totally legitimate for any Peruvian citizen to doubt the sincerity of the APRA government when it insists it is going to fight the drug trade. For example, it has not gone unnoticed that Economics Minister César Vásquez Bazán has completely legalized the informal dollar market in Peru, effectively turning it into one of the main sources for restoring the country's monetary reserves, despite his own admission that the dollar market is one huge drug money laundry.

What is happening is that the García government has forgotten a key moral precept: No nation can be built on the basis of criminality. The argument that export of coca can be used as the basis for national economic development is nothing more than an immoral complement to the efforts of the international drug mafia to legalize

narcotics consumption. Although the government's new strategy is presented as a nationalist option, there is every evidence that it was in fact prepared by the Inter-American Dialogue, an entity created in 1982 by the Aspen Institute, and which openly proposes the "selective" legalization of drugs. Three prominent Peruvians are members of the Inter-American Dialogue: FREDEMO presidential candidate Mario Vargas Llosa, and former ministers Pedro Pablo Kuczynski and Javier Silva Ruete.

In its 1989 annual report, the Inter-American Dialogue says, "if they are left in peace, the traffickers and growers will often support the national police and army in combatting the guerrillas." The example given by the Dialogue's report is, of course, Peru. That report was publicly presented in Lima last June, by the executive director of the Inter-American Dialogue, Abraham F. Lowenthal. Lowenthal met at the time with President Alan García.

Since then, spokesmen for the argument that terrorism and the drug trade cannot be fought simultaneously have been crawling out of the woodwork everywhere. The same is true for those who justify the legalization of narco-dollars.

Of course, there are also those who oppose all this. The Association of Retired Officers of the Peruvian Armed Forces published a communiqué Oct. 17, which said: "We hold the present [military] command responsible, with its pusillanimous attitude, for progressive institutional deterioration." And on Sept. 24, conservative journalist Patricio Ricketts Rey de Castro published an article in the daily *Expreso*, entitled "One cannot choose between the drug trade and terrorism," in which he explained why "either both are defeated together, or neither will be defeated."

International Intelligence

Venezuelan anti-drug leader muzzled

El Pueblo, the main newspaper in Tachira state of Venezuela, reported Nov. 21 that civil judge Milagros de Vivas granted a restraining order requested by Gnostic politician Walter Márquez against Alejandro Peña Esclusa, former presidential candidate and head of the Venezuelan Labor Party. The order says that Peña has violated Márquez's constitutional guarantees of his honor and reputation, and discriminates against him by reason of his creed or profession of religious faith.

The order came in the wake of a front-page story in the conservative daily *El Católico* of Tachira, Venezuela, in which Peña Esclusa accused gubernatorial candidate Márquez of backing the terrorist ELN guerrillas, who in early October admitted to having murdered Colombian Bishop Jaramillo Gonsalve. When the ELN killed five Venezuelan National Guardsmen later that month, Márquez protected the ELN by claiming that not they, but the military forces had staged the ambush. Peña, in public statements, has linked Márquez's support of terrorists to his leading role in the satanic Gnostic Church.

The leaders of the Márquez campaign categorically rejected Peña's charges that their candidate "supports bishop-killers," and aside from taking the legal action, have claimed that not Márquez, but Peña is "anti-Christian" for waging such a campaign.

British promote Anglo-Saxon racism

The reform movements in Eastern Europe do not represent the triumph "Western values," but of "Anglo-Saxon values," proclaimed the *Financial Times* of London's "Lombard" columnist Martin Wolf Nov. 24. Opening a new cultural-ideological flank in the British campaign against continental Europe, Wolf asserted that it is a "myth" to believe that the concepts of par-

liamentary democracy, market economy, and "a government of laws, not of men," are "universal Western values." Rather, "over the centuries these have been, above all, Anglo-Saxon values. Their triumph in this century is owed to one Anglo-Saxon power, the United States of America. . . . Europeans should give thanks to where their thanks are due.

"It looks as though the half of the globe dominated by the Anglo-Americans has now won a second great victory. This time the victory, a peaceful one, is against Russia, a Russia captured by the European totalitarian ideology, as a result of that debacle of European civilization, the First World War. Europeans should never forget the difference between the first and second halves of this century, between the world they made for themselves and the world they have made under American tutelage." On this matter of "European totalitarian ideology," Wolf claims that both Marxism and National Socialism "go back to Plato."

Wolf concluded with the "irony" that "the Anglo-Saxon powers have been falling on hard times," most notably the U.K., but the U.S., too. "The U.S. remains the one true global power, but, if the triumph of Anglo-Saxon values is to hold good into the next century, it will only be if their implantation in erstwhile enemies has been as successful as we all hope."

Romania tightens ties to China

The Romanian government announced on Nov. 17 that it was closing border crossings into Hungary at five points. The announcement came only days before the Romanian Communist Party's Central Committee was scheduled to meet on Nov. 27, and comes in the context of considerable diplomatic exchanges with the Chinese Communist regime.

One of the Chinese visitors to Bucharest will be Qiao Shi, chief of China's security forces and a member of the Communist Party's Politburo. He will reportedly be discussing further details on a proposal by Ro-

manian President Nicolae Ceausescu for upgrading cooperation between the two countries.

Ceausescu made the proposal in a Nov. 17 interview with the official Chinese *People's Daily*, where he said, "We see developing cooperation with the Chinese Communist Party and people as extremely important. . . . Now more than ever before, it is necessary to have cooperation between communist parties and between socialist countries."

Romania is the only Eastern European nation which has maintained unbroken good relations with China for 40 years. And not without reason: According to Katalin Popian, a Romanian Catholic priest who was interviewed in the Italian Catholic daily *Avvenire*, during the course of his rule Ceausescu has killed 1 million opposition figures, with the help of the Romanian secret services, which are among the most ruthless in the world. That figure includes 12 Catholic bishops and many Orthodox priests.

Communist China nears final breakdown

The collapse of industrial production in China is going to provoke an urban revolt, according to the Italian daily *Corriere della Sera's* Beijing correspondent Nov. 17. According to official and confidential information, the Li Peng economic reform launched in September 1988 has broken the backbone of the country's economy, especially affecting the industrial sector. In October there was an officially reported negative rate of growth of 2.1% in industrial production; in September it was only +0.9%, compared with +18% a year earlier. According to *China Daily* there is no money to buy raw materials or to pay wages.

In most of the biggest companies—like the steel mill in Beijing, which employed 300,000 workers—the management announced that they will no longer pay any production premiums, which were equivalent to one-third to one-half of take-home pay. In addition, in 1989, one month's wages will be used to buy government-issued treasury bonds. Workers are complain-

ing that they can no longer feed their families.

During the third week of November the Central Committee of the Chinese Communist Party declared that the Li Peng economic reform will have to be continued for another two years. Credit cuts enacted to contain the proliferating private sector, have already produced the bankruptcy of more than 1 million small firms in the countryside. Unemployed workers who want to go back to the land can not do so. The public sector that was supposed to become the beneficiary of the Li Peng economic reforms has seen an increase of 120% of losses in the first six months of 1989. In the cities unemployment is doubling.

China protests U.S. sanctions bill

The People's Republic of China called in the U.S. ambassador in Beijing on Nov. 19 to protest against the U.S. Congress's resolution to impose sanctions in response to the Tiananmen Square massacre in June. China's state radio said Ambassador James Lilley was told by Vice Foreign Minister Liu Huaqiu the Bush administration must oppose the bill or face the consequences.

"China voiced its utmost indignation and raised a strong objection," the broadcast said. "This has seriously hurt Sino-American relations and the feelings of the Chinese people." The broadcast called on the United States to block the bill. "We hope the U.S. government will take effective measures to clearly oppose this bill. Otherwise it will be solely responsible for the serious consequences. . . . China has never given in to foreign pressure. . . . This policy can only make the U.S. eat its own bitter fruit."

Soviet coal strike continues

As of Nov. 21, four of the 12 coal pits in Vorkuta, in the Arctic region of the U.S.S.R., were still out on strike, and strike leaders in these pits were insisting they

would be staying out of work for at least another 10 days to two weeks. The main pit in Vorkuta is staying on strike, while at another pit, four leading miners are on a hunger strike, in protest of the Soviet government's refusal to rescind a decision by the Supreme Court of the Russian Federation declaring the strike illegal. The miners' defiance continues despite an emergency meeting between strike leaders and Soviet Prime Minister Nikolai Ryzhkov on Nov. 17.

Soviet Deputy Prime Minister for Energy Lev Ryabev revealed on Nov. 20 that the Soviets have lost 25 million tons of coal this year. But only 7 million of these have been as a result of strikes. The rest of the losses are due to infrastructure breakdowns, transport breakdowns, etc. Ryabev claimed that the Soviet natural gas situation is tolerable, but that there are problems in "fulfilling the plan" in the oil sector.

Georgians confirm right to secede

The Supreme Soviet of the Soviet Georgian republic passed a strongly worded resolution on Nov. 19, reaffirming its right to secede from the U.S.S.R. The resolution challenges Moscow over the incorporation of Georgia into the Soviet Union some 70 years back, claiming that this was done on the basis of "military intervention," not the Georgians' free will.

The resolution further declared that Georgia reserves the right to ignore laws passed in Moscow if they are not in line with what the Georgians want. It upheld Georgia's right for sovereignty over its natural resources, including water and forests.

The Georgian Communist Party was forced to go along with the resolution, out of fear of losing all support in the next round of municipal elections in the spring. Most Georgians are still seething with rage over the KGB-led massacre of demonstrators in the capital city Tblisi last April. BBC radio says the situation presents many complications for Mikhail Gorbachov, because he is personally close to Georgian Communist Party head Gumbaridze.

Briefly

● **ONE EGYPTIAN** was killed and 70 wounded during street battles which broke out between Iraqis and Egyptians on Nov. 17 in Baghdad outside Egypt's embassy.

● **OVER 550,000** people from across Latvia gathered in the Baltic republic's capital of Riga on Nov. 18, to celebrate their Independence Day, which had just been declared by the authorities in defiance of the Soviet occupiers.

● **THE CYANIDE** poisoning of Chilean grapes exported to the U.S. earlier this year was most likely done in the United States, possibly by employees of the U.S. Food and Drug Administration, according to the Nov. 16 *Wall Street Journal*.

● **BRIAN MULRONEY**, Canada's prime minister, visited Moscow over the week of Nov. 20, in order to seal 20 new joint Canadian-Soviet business ventures.

● **ISRAEL** will restore its diplomatic ties with Poland, as the result of phone consultations held Nov. 16 between Polish Foreign Minister Krzysztof Skubiszewski and his Israeli counterpart Moshe Arens.

● **THE VATICAN** suddenly announced on Nov. 21 that a Vatican delegation will not be traveling to Moscow as planned in order to prepare for Gorbachov's visit to the Pope in Rome, which is still set for Dec. 1

● **PABLO ESCOBAR**, a top member of Colombia's drug mafia, barely escaped, in his underwear, when a combined army and police strike force invaded his hideout, capturing 55 of his bodyguards.

● **CESAR GAVIRIA**, the anti-drug Liberal Party presidential hopeful in Colombia, has taken a strong lead in polls over the U.S. State Department favorite backed by the drug-legalization lobby, Ernesto Samper Pizano.

Bush defense cuts increase war danger

by Kathleen Klenetsky

Less than two weeks prior to his floating summit with Mikhail Gorbachov, President George Bush has committed an incredible strategic blunder: His defense secretary, Richard Cheney, announced that the administration will seek huge cuts in U.S. defense spending. Cheney has ordered the armed services' chiefs to come up with proposals for slashing \$180 billion or more in spending over the next four years, despite the fact that the military budget has already declined by 15% after inflation since 1985.

The cuts will adversely affect nearly every aspect of the U.S. military, from the strategic missile modernization program, to the U.S. commitment to defend Western Europe against Soviet attack.

Although the administration has refused to be specific about what areas of the Pentagon budget the axe will strike most deeply, the only way such savings could be achieved would be through canceling major weapons programs, including the MX and Midgetman missiles, and through massive cutbacks in conventional forces, especially the American military presence in Europe and Asia.

First reported in the major American media on Nov. 18, and effectively confirmed by Cheney in subsequent newspaper and television interviews, the administration's decision will undoubtedly be seized upon by hardline military factions in Moscow as indisputable proof of profound U.S. moral, economic, and political weakness.

On the block

The kinds of cuts contemplated by the administration will gut the Armed Forces, and will render them incapable of any military action short of some ill-intentioned "special operations" actions in the Third World—for example, overthrowing leaders unpopular with the U.S. Establishment, such as Panama's Gen. Manuel Noriega. This was the basic thrust

of the 1988 "Discriminate Deterrence" report, a major study on U.S. military strategy commissioned by the Reagan administration and overseen by a "former" follower of Leon Trotsky, Albert Wohlstetter.

The administration reportedly plans to seek between \$15 and \$20 billion in defense budget reductions for the 1990-91 fiscal year, with an additional \$180 billion or more to follow in the subsequent three years. The State Department says that President Bush will make a decision on precisely what cuts he will recommend for the FY1991 budget after his Dec. 2 summit meeting with Gorbachov off the coast of Malta. Bush "might well make his decision," especially on troop levels in Europe, "in light of what he learns and from what he discusses with Mr. Gorbachov in Malta," State Department spokesman Margaret Tutwiler disclosed Nov. 20.

The pretext which the administration is offering for its behavior, is, of all things, the increasing instability in the East bloc. Appearing on ABC television's "This Week With David Brinkley" Nov. 19, Secretary Cheney declared that the likelihood of conflict between the United States and U.S.S.R. is "at its lowest point since World War II." Cheney cited the recent events in Eastern Europe as evidence that reduced U.S. defense spending generally, and a smaller American military presence in Europe, is justified.

He further confirmed that the administration is contemplating withdrawing more troops from Europe than the 30,000 manpower decrease which the United States has put on the table at the Conventional Force talks (CFE) in Vienna.

"Given the changes that we see today in Eastern Europe," Cheney asserted, "I think it's possible to contemplate the possibility over the next few years that we may, indeed, be able to reduce the level of our deployments in Western Europe."

Such a withdrawal would, in fact, hand the Soviets one

of their chief strategic objectives, the elimination of the U.S. defense commitment to Western Europe.

In another interview, published in the Nov. 18 *Washington Post*, Cheney insisted that, "While you need to be concerned about possible reversal of trends in the Soviet Union," nevertheless "there's a real sense that you want to take advantage of these developments." In other words, turn a blind eye to reality, if it interferes with what you plan to do anyway.

Cheney told the *Post* that the cuts in the Pentagon budget would center on weapons systems such as the B-2 Stealth bomber, but would extend to other areas as well. "There is no way I'm going to do what I have to do without force structure reductions, weapons cancellations, contract terminations and base closings," he said.

In addition to slashing manpower and killing weapons programs, Cheney is expected to propose sharp reductions in military personnel.

While Cheney has been careful not to get too specific, other sources have been more candid about where the deepest cuts will come. Some military sources believe that as many as 300,000 full-time American troops, out of the current total of 2.1 million, could be decommissioned by 1995, with a large chunk of those coming out of current Western Europe deployments.

In response to Cheney's order to the services for blueprints for defense cuts, the Air Force has put forth a proposal for \$34 billion in reductions, predicated on base closings, a stretch-out in the purchase of the B-2 bomber, elimination of the F-15 fighter, and retiring some B-52s and the Minuteman II nuclear missile.

The Army has come up with a similar plan. According to a news leak, the Army has proposed eliminating as many as 200,000 civilian, reserve, and military employees, and abandoning its M1 tank modernization program. Under the plan, three entire Army divisions would be disbanded.

According to some reports, there are plans on administration drawing boards for cutting Navy strength by as many as 30 ships and perhaps one aircraft carrier.

The Strategic Defense Initiative is also expected to suffer lethal cuts. Despite some rhetorical flourishes about the importance of the program, the Bush administration has refused to fight for it. Indeed, President Bush just put his signature onto the 1990 Pentagon spending bill which, for the first time, reduces SDI spending from the previous year's level.

Pragmatism run wild

While some Bush league Washington pundits claim that Cheney's widely publicized pronouncements should not be taken at face value, and are actually a preemptive attempt to undercut a new, more savage, round of Democratic defense gouging, this kind of excuse-making just doesn't hold water.

Just compare former Defense Secretary Caspar Weinberger's approach to the defense budget to Cheney's. Whereas Weinberger insisted on putting forth a defense bud-



Defense Secretary Richard Cheney: littleness in the face of historic challenge.

get that was based on the real world, no matter how unpopular it might be, Cheney's starting point is what he can get through Congress, no matter how idiotic it may be.

In any event, the tactic has already backfired. The administration's proposed defense gouging triggered a flurry of demands from the anti-defense establishment for even deeper reductions. Just a few days after Cheney's announcement, the *Washington Post* plastered a lengthy article on its front page reporting on a new study by MIT professor William Kaufmann, which claims that the U.S. defense budget could be halved over the next 10 years—without harming U.S. national security!

Former NATO commander Gen. (ret.) Andrew Goodpaster's recent Atlantic Council report, calling for sharp military budget reductions, and a 50% troop withdrawal from Western Europe, is also receiving major play. Rep. Les Aspin (D.-Wis.) commented that the defense budgets will now be "Gorbachov driven."

Aside from its strategic implications, the administration's projected Pentagon budget cuts will have a devastating effect on the domestic economy, which is already in such sorry shape that even the leading media cheerleaders of the great American recovery have been forced to admit that the country is in the grip of a deep recession. Defense stocks plummeted in the wake of Cheney's announcement; and as the cuts start taking effect, there will be a wave of massive layoffs, plant closings, and bankruptcies.

Slashing the defense budget is not the only present which Bush will bring with him to Malta. It appears quite likely that he will also have some economic concessions up his sleeve, including a commitment to give the Soviets Most Favored Nation status. A delegation of top Soviet trade officials was in the United States in mid-November for meetings with Commerce Secretary Robert Mosbacher and other officials, and it is quite likely that Washington will grant MFN status to Moscow within a few weeks to a month.

The Dwayne Andreas file: How the ADL works for Moscow

by Scott Thompson

The Anti-Defamation League (ADL) of B'nai B'rith, which was founded to defend Jewish-surnamed mobsters like Meyer Lansky by accusing their critics of anti-Semitism, is now in the thick of a bargain to trade the fate of persecuted Jewish refuseniks in the U.S.S.R. for profits in the Soviet trade. The sellout is being brokered by a man who, like many of the ADL's top funders and controllers, is not Jewish: Soviet agent-of-influence Dwayne Andreas, the Minnesota grain cartel magnate who was described by the *Wall Street Journal* in a Dec. 26, 1986 article as the man who may be "beginning to edge out Armand Hammer, the chairman of Occidental Petroleum Co., as Moscow's favorite American businessman." Andreas was identified in a Jan. 23, 1989 column by Rowland Evans and Robert Novak as having held a secret meeting with booze baron and ADL supporter Edgar Bronfman, where the subject was "an ugly deal" to repeal all obstacles to expanded trade and government-backed credits to the U.S.S.R. in exchange for Gorbachov's permitting token numbers of Jews to emigrate directly to Israel. In a recent interview which a journalist made available to *EIR*, Andreas announced that the U.S.S.R. and Israel are in the final weeks of negotiation through their consular exchange on an agreement that would force Jewish refuseniks to fly directly to Israel, bypassing Austria.

It may be because this secret deal was in the works, that the U.S. State Department said in November ago that a quota would be imposed upon Soviet citizens emigrating here. Sources have reported to *EIR* that the real reason why World Jewish Congress president Edgar Bronfman, who is also chairman of the greater New York fundraising effort of the ADL, launched his scurrilous attack on Austrian President Kurt Waldheim (falsely depicting this former junior officer in the Wehrmacht as a major "war criminal"), is that Waldheim had insisted that once Soviet Jews landed in Austria, they were free to emigrate where they will.

It appears that the "ugly deal" Evans and Novak warned about is now happening. According to Dwayne Andreas, the ADL has signed off on his scheme to suspend the Jackson-Vanik Amendment, which denies the Soviets Most Favored Nation trade status, in exchange for forcing Jewish refuseniks to emigrate to Israel, where they will become cannon fodder in the occupied territories. Andreas said, "I have spoken to the four heads of the mainstream Jewish organizations, and they would all like Jackson-Vanik to have been suspended

yesterday. . . . The only reason why they have not gone public with this is that they know a fourth of their constituency would tar and feather them. This is not an issue that the man in the street can understand."

Dwayne Andreas and the KGB

Andreas is in an admirable position to profit from Jewish refuseniks. He is both chairman of the grain cartel firm Archer Daniels Midland, Inc., which has made millions of dollars from subsidized grain sales to the U.S.S.R. of late, and chairman of the U.S.-U.S.S.R. Trade and Economic Council (USTEC). James Giffen, who was president of USTEC until he recently set up the American Trade Consortium for multibillion-dollar joint ventures with the U.S.S.R., said on nationwide TV recently that his goal was to turn the U.S.S.R. "into an economic superpower."

As *EIR* revealed in its series on ADL top funder Edgar Bronfman, USTEC has been a playground for the KGB, which is the chief oppressor of minorities in the Soviet "prison house of nations." Sharing the executive committee of the board with Andreas is Soviet agent Armand Hammer, who secret State Department documents from the 1920s and 1930s describe as having carried out "secret missions" on behalf of Moscow, ever since Lenin introduced Hammer to KGB (Cheka) founder Feliks Dzerzhinsky. Also on the board of USTEC with Andreas until recently was KGB Lt. Gen. Yevgeny Petrovich Pitovranov, a former personal favorite of Josef Stalin during the bloody purges, who, despite claims that he was retired from the KGB, had used his position with both USTEC and the Soviet Chamber of Commerce and Industry to establish the KGB's secret "Special Reserve."

As Soviet intelligence expert John Barron wrote in "The KGB's Deepest Secret," appearing in *Reader's Digest* in November 1988: "In diverse disguises, Special Reserve officers are presently hidden in Eastern and Western Europe, North America and Asia, in Moscow's banks, trade offices, and government ministries. Yet, outside the KGB high command and a small coterie surrounding Soviet ruler Mikhail Gorbachov, the very existence of the Special Reserve is all but unknown."

Another member of the executive committee of the USTEC board is Edgar Bronfman, chairman of the ADL's New York Appeal, which nets a large part of the ADL's \$14 million annual budget. Through the Samuel Bronfman

Foundation, he has personally given the ADL \$1 million since 1981. There is a good chance that some of those profits funneled to the ADL by Bronfman come from his multimillion-dollar deals for Soviet liquor sales in the U.S.

With this powerful USTEC clique backing the ADL, it should come as no surprise, as Andreas revealed in a recent interview, that Soviet President Mikhail Gorbachov has invited the ADL to open offices in Moscow "to explore anti-Semitism" there, including the rise of Pamyat and Russian ethnic chauvinism. The ADL may soon have a direct channel to Soviet authorities, rather than the indirect one it has enjoyed through the Justice Department's Office of Special Investigations, which has prosecuted individuals targeted as enemies of the Soviet Union as "Nazi war criminals," using KGB-doctored evidence to make its case.

The Minnesota mafia

Dwayne Andreas is part of one of the leading factions in the ADL, grouped around the Minnesota grain cartels and the affiliated liberal Democratic Party of former vice presidents Hubert H. Humphrey and Walter Mondale. These grain cartels have been doing a thriving business with the U.S.S.R. at the expense of U.S. consumers, since the 1971 "Great Grain Robbery," when their secret sales to the Soviets caused skyrocketing prices in the United States.

Through a variety of measures that have undermined parity pricing, the cartels have sought to turn the U.S. family farmer into a virtual serf. The ADL has been deployed from its Minnesota region to charge that Lyndon LaRouche's "Food for Peace" program, which seeks a return to parity pricing and to boost food production to stop the new Holocaust in the Third World, is secretly peddling an "anti-Semitic" conspiracy theory about the grain cartels.

This slander actually goes back to another non-Jewish patrician family which has controlling influence over the ADL, the Moores, the Nabisco magnates. William Henry Moore (1848-1923), the founder of Nabisco, was a business associate of Sigmund Livingston, who set up the ADL in 1917, and Nabisco gives money to the ADL; Mathew Rosenhaus, who was vice-chairman of Nabisco, was ADL honorary chairman in 1980. Current family head Paul Moore, while Episcopalian Bishop of New York in 1978, used this influence to retaliate against the exposure by LaRouche and his associates, in the first edition of the bestselling exposé book *Dope, Inc.*, of the families "above suspicion" that profit from the \$200 billion a year international drug-money laundering business. A spokesman for Moore told a journalist that his faction did not plan to attack LaRouche directly, but would "use the Jews" to smear LaRouche as "anti-Semitic."

In 1983, Bishop Moore played a prominent role in a joint meeting of the left-wing Institute for Policy Studies and Moscow's U.S.A.-Canada Institute, where 25 Soviet intelligence officials gave marching orders to the U.S. peace movement to stop President Ronald Reagan's Strategic De-

fense Initiative and to support the Mondale presidential candidacy. This conference was funded in part by the Hubert H. Humphrey Institute, which, in turn, has received substantial amounts of money from Andreas's Archer Daniels Midland Foundation.

Bailing out the ADL

Conveniently for Moscow, their man Dwayne Andreas has long been a sponsor and protector of the ADL. During fall 1987 hearings on U.S.-Soviet Trade Relations before a subcommittee of the House Foreign Affairs Committee, Andreas testified: "Mr. Ben Epstein, may he rest in peace, who was my friend for 20 years, to his everlasting credit, was my mentor and guidance on the matters of diplomatic positions. I worked with him for weeks at a time on this problem" of expanded trade with the Soviet Union. This Ben Epstein was the ADL national director for almost 30 years. In a recent interview made available to *EIR*, Andreas said that while it might have been an exaggeration to say Ben Epstein was his "mentor," still, Andreas "traveled around the world with Ben, including to Israel."

In the 1970s, the ADL was on the rocks financially, when Chemical Bank refused to continue to grant it loans without collateral. Then ADL national chairman (1970-76) Seymour Graubard took several steps to salvage the league. The first was to reestablish a link with a bank through Sterling National Bank in New York. The second was to create a one-year strategic reserve of funds, through the founding of the ADL Foundation. This is where Burton Joseph, who was then ADL national treasurer, came in.

Burton Joseph of the Minneapolis family that ran the small agricultural products firm of I.S. Joseph, put up \$500,000 seed money for the Foundation, according to the ADL's oral history compendium, *Not the Work of One Day*. Joseph was close to the Hubert Humphrey liberal Democratic Party machine in Minnesota, and, through it, he had known Dwayne Andreas, whom Graubard says was also "a great friend of [past ADL national chairman] Dore Schary and others." So, the ADL Foundation, according to its own oral history, was a joint project of Burton Joseph and Dwayne Andreas.

Andreas's largesse did not stop there. Through his ADM Foundation he contributed \$50-100,000 annually through the 1980s. When the ADL needed new headquarters, Andreas funded a Hubert Humphrey room at the new office on U.N. Plaza; he also endowed a Hubert Humphrey Award, given annually by Andreas to recipients designated by the ADL.

Another member of this "Minnesota mafia" who has bailed out the ADL is Irving Shapiro, whose family ran a dry cleaning establishment in Minneapolis, where he got to know Burton Joseph. Today, Shapiro is chairman of E.I. du Pont de Nemours. Shapiro helped the ADL snag big corporate contributors during the financially troubled 1970s, when he was chairman of the Business Roundtable.

'Armenian' bill put off to 1990

Action on Senate Joint Resolution 212, which memorializes the genocide of 1.5 million Armenians by the Ottoman Empire between 1915 and 1923, has been delayed at least temporarily until the next session of Congress. The resolution is threatening to disrupt U.S.-Turkish relations and seriously diminish NATO military preparedness levels.

On Nov. 20, resolution sponsor Sen. Robert Dole (R-Kan.), announced that he was not seeking floor action on the resolution during this session of Congress, in order to determine if acceptable language can be devised. The resolution will, however, be taken up in some form during the next session of Congress which begins in 1990.

In a hastily called Saturday afternoon press conference at the Turkish Embassy on Nov. 18, Turkish Ambassador Nuzhet Kandemir said that as a result of the recent resolution initiated in the U.S. Senate memorializing the genocide against the Armenians by the Ottoman Empire during World War I, "our two nations stand poised on the edge of a crisis of perhaps even greater magnitude than that which resulted from the 1975 arms embargo." Ambassador Kandemir said that its passage "will guarantee the opening of wounds in Turkish-American relations of far greater significance than the transient satisfaction it will afford the Armenian groups which have lobbied for it."

The Turkish government responded to the introduction of the resolution by imposing temporary sanctions against U.S. military activity in Turkey. Some fear that the Turkish government would go so far as to abrogate the joint military treaty between Tur-

key and the United States as a result of the resolution. The White House has expressed concern over passage of the resolution.

In response to a question from *EIR*, Ambassador Kandemir said that "instability in our relations is being sought by those pushing this resolution." He also said that the resolution would "lend moral justification to the Armenian terrorism." For the Armenian groups, which lobbied for the resolution, Ambassador Kandemir said, this is only the first step in their goal, "the territorial dismemberment of Turkey," indicating that Armenian groups will use passage of the resolution to demand reparations of the Turkish government for the killings and to make territorial claims.

Keating blames thrift crisis on Congress

Charles B. Keating, head of the insolvent Lincoln Savings and Loan Association, turned the tables on Congress on Nov. 21, blaming the regulators for what may become the largest failure of a savings institution on record.

Keating issued a statement to the House Banking Committee urging Congress to "turn to the unpleasant task of revamping the existing regulatory scheme, replacing inexperienced personnel with professionals and making a sincere attempt at providing a meaningful regulatory environment within which savings associations may profitably and lawfully operate." He added, "I am not sure that Congress is really up to the task."

The Keating case is the focus for the new thrift legislation which attempts to blame the sector's collapse on "corrupt thrift executives." The case of Lincoln Savings has received

much attention, since five U.S. senators who tried to help Lincoln are being scrutinized by the Senate Ethics Committee for possible violation of Senate rules—thus becoming the targets of the very police state measures they helped incorporate in the recent thrift legislation. A Gestapo-like raid was conducted by a small army of FBI agents, local police, private security officers, and regulators at 1:30 a.m. on Nov. 17 against the offices of Keating's Phoenician resort in Phoenix, Arizona. A Keating spokesman called it a "blatant act of terror . . . by our U.S. government."

Congress passes deficit reduction

Working until 4:30 in the morning on Nov. 22, Congress approved a \$14.7 billion deficit-reduction package. But the bill, lauded as an accomplishment given the lack of consensus between a Republican administration and a Democrat-controlled Congress, relied heavily on gimmicks.

"The entire process went from bad numbers to bad policy to worse compromises," commented Carol G. Cox, president of the Committee for a Responsible Federal Budget, a non-partisan group that monitors the budget. The largest chunk of the package, \$4.6 billion, comes from extending for 130 days the automatic spending cuts imposed under the Gramm-Rudman-Hollings sequestration. They have been in force since Oct. 1 and will be lifted after the first week of February.

The gimmickry also involves omitting projected Postal Service losses from the deficit numbers, thus saving \$1.8 billion this year. More than three-fifths of the total \$17.8 bil-

lion in deficit cuts claimed by the bill come from a combination of the across-the-board cuts, asset sales, and budgetary devices such as timing shifts. Nevertheless, Sen. Pete Domenici (R-N.M.) commented, "The way we did it this time is a plus for our ability to govern."

Skelton warns Noriega: 'Next coup will be bloody'

After a closed-door, top-secret briefing from Gen. Maxwell Thurman, chief of the U.S. Southern Command, Rep. Ike Skelton (D-Mo.), a senior member of the House Armed Services Committee, warned Panamanian military leader Gen. Manuel Noriega that the "next coup will be bloody."

Skelton claimed that "probably more than 100 officers and troops" were executed since the Oct. 3 coup attempt. "As a result," he said, "there cannot be a chivalrous coup in the future. . . . Noriega has changed the ground rules. . . . Whoever wins lives, and whoever loses will die. That's the game we're in now."

Foreign aid bill passes despite Salvador hysteria

After President Bush vetoed a foreign aid bill on Nov. 19 because it limited military aid to El Salvador and presidential foreign policy-making prerogatives, Congress passed another version of the bill which President Bush signed into law on Nov. 21.

With pressure mounting for the Congress to adjourn, the House voted 215 to 194 to prevent debate on an amendment offered by Rep. David Obey (D-Wis.) which would have

placed restrictions on military aid to El Salvador because of the murders of six Jesuit priests. The Senate tabled a similar amendment offered by Sen. Patrick Leahy (D-Vt.) in a 58-39 vote.

Legislators used the recent guerrilla offensive and the murders of the priests as a pretext for demanding an end to military aid to El Salvador. "I think, Mr. President," said Sen. Patrick Leahy (D-Vt.) on Nov. 19, "if we do not want to perpetuate a lie in our foreign aid, then let us for once say, no human rights, no aid from the United States, because the bedrock of our country is a belief in the fundamental rights of people and in human dignity." Sen. John Kerry (D-Mass.) proposed on Nightline on Nov. 21, that the U.S. withdraw all military advisers in El Salvador and discontinue further military aid. Sen. Christopher Dodd (D-Conn.) agreed, and called for a "plague on both their houses."

The vehemence was just as heated in the House. "There is a newspaper ad that many of my colleagues may have seen," said Rep. Vic Fazio (D-Calif.). "It states that Congress would not have given aid to Adolf Hitler, and asks why, then, are we giving aid to his admirers in El Salvador."

Rep. Henry Hyde (R-Ill.) called such proposals "outrageous." Rep. Dan Burton (R-Ind.) asked, "do we want to award their [FMLN] aggression? It would certainly send the wrong signal to our allies and friends in Central America and across the world. We should continue to support the democratically elected government of El Salvador and not cave in to the Communists. This is a signal we should send around the world."

Also eliminated because of White House objections was the amendment calling for economic sanctions against Communist China, which were origi-

nally included in the bill. On Nov. 20 China had accused the U.S. Congress of "a disgusting performance of power politics" for approving the sanctions in protest of the bloody crackdown by the Chinese leadership on the pro-democracy demonstrations.

The \$14.8 billion bill also contains the bulk of the Polish and Hungarian aid package—\$533 million. The controversial \$15 million, earmarked for the United Nations Population Fund, which has supported forced abortions and sterilization in China, were also dropped from the final version of the bill because of presidential objections.

Hollings attacks 'free trade' doctrine

Sen. Ernest Hollings (D-S.C.) attacked the "political establishment which loves to parrot the mindless phrase 'free trade, free trade, free trade,' as though it were a religion," in comments on the Senate floor on Nov. 16. Hollings called for a return to the "activist, assertive governmental tradition of Jefferson, Madison, and Hamilton."

Hollings lamented that "two trends—free trade fanaticism and anti-government demagoguery—have together put the American ox in the ditch."

Hollings recalled the days of the early American republic when Britain tried to "persuade us to accept a flood of their manufactured goods, all in the name of comparative advantage and free trade." In response to this, he said, Hamilton wrote his Report on Manufactures to reject this "British seduction." "In so many words," said the Senator, "he told the British so-called free traders to 'bug off.'"

National News

NASA submits options for Moon-Mars mission

The National Aeronautics and Space Administration has submitted its report on options for the Moon-Mars mission to the National Space Council. The most aggressive scenario would set the first manned mission to the Moon in the year 2001, and the first Mars trip in 2016.

This scenario would include a scientific and economic development program for the Moon, to lay the basis for the permanent settlement of Mars. The less aggressive scenarios either stretch out the timetable to reach the two major milestones, or envision a "quick and dirty" lunar program without a full scientific agenda. According to the Nov. 21 *Washington Times*, NASA includes no estimates of cost of any of the scenarios, though Office of Management and Budget director Richard Darman states that the Mars mission will cost \$400 billion.

The report points out that there is not currently an adequate programmatic effort to develop nuclear fission thermal propulsion, which it describes as an "extremely effective" technology.

According to an assistant to Dr. Aaron Cohen from the Johnson Space Center, who led the NASA study, the report provides a data base from which the National Space Council will put together a program to recommend to the President.

The aide stated that the report uses an envelope of the first decade of the 21st century for the return to the Moon and the second decade of the century for the Mars mission, and does not consider any longer-term timetables. He reports that the National Research Council and other committees may be called upon to review the NASA report.

LaRouche says drug legalizers are pushers

Lyndon LaRouche, candidate for Congress from Virginia's 10th District, said that advocates of drug legalization are the equivalent of drug pushers, in a Nov. 21 statement.

"Some people may think it's an exaggeration, even an hyperbole, to equate those who would legalize drug traffic with drug pushers," he said. "But if you think more carefully, then you realize, really, that anyone who is proposing the legalization of drugs is a drug pusher and just as dangerous, perhaps even more so, than the drug pusher on your local street corner or school yard.

"[T]he drug legalizers and the drug pushers are very closely tied together. So don't believe it when somebody says that cocaine, heroin, and so forth, are nothing more than the equivalent of tobacco or alcoholic beverages. It's a damn lie!

"Drugs are a device to be used by Communist China, by the Soviet KGB, and others with the specific intent of destroying the United States from within. Those who propose to legalize this sort of thing are serving the ends of those who have proposed to use this means to destroy our nation from within."

Satanist professor fired in Texas

Dr. Stephen Flowers, a professor of Germanic languages at the University of Texas and a board member of the Satanic Temple of Set, has been removed from the faculty of the University of Texas.

According to reliable sources, the University of Texas refused to renew Flowers contract.

Also according to sources, Lt. Col. Michael Aquino, the founder of the Temple of Set, blamed the fact that associates of Lyndon LaRouche revealed Flowers's connection to the Temple of Set as the reason Flowers was not rehired. Flowers is now employed by the Rio Grande Street campus of Austin Community College.

U.S. Army: 'This winter is a time of testing'

A spokesman for a special Army Intelligence unit that studies the Soviet Union at

Fort Leavenworth, Kansas agreed on Nov. 17 with *EIR*'s analysis that Mikhail Gorbachov faces a cold, bleak, hungry winter. "There are some people who are rejoicing in the collapse of the Soviet economy, but they have not realized that the situation might be worse than before," he said.

This unit is already exploring scenarios that include a putsch against the reformers, that has the Soviet military going to war for conquest of food and consumer goods with the "last sinews of their military superiority." They also agree with the *EIR* Global Showdown "Plan B" analysis, that the attempt to build a "leaner and meaner" military with a new, more advanced cycle of weapons collapsed the civilian economy of the U.S.S.R.

There is a debate under way in the classified domain at present, the spokesman said, as to whether or not the Soviet Union has a continued "willingness to make sacrifices in the civilian area," as they had when Marshal Ogarkov and others developed the plan.

NDPC slows government legal assault

The U.S. government has been slowed in its efforts to collect multimillion dollar fines levied against the National Democratic Policy Committee (NDPC), the political action committee representing the LaRouche wing of the Democratic Party, as part of a government effort to destroy the LaRouche movement. It was forced to "take back" its papers and admit to a Court in Boston that it had violated usual procedures in its haste to transfer the judgment to Virginia for collection.

The unusual government action of simultaneously withdrawing faulty papers and submitting a new version was caused by the NDPC's filing of a new appeal on Nov. 9 to the First Circuit Appeals Court, NDPC Chairman Warren J. Hamerman said. The new appeal opposed the government's attempt to register the \$2.7 million judgement in Virginia and identified the procedural flaws in the government's papers which they are now trying to clean up through a "pea and shell" switch of papers, Hamerman

pointed out. He emphasized that the new NDPC appeal places the government's attempts to shut down the NDPC in the light of the recent finding of Judge Bostetter of government "bad faith." Hamerman cited the following section in the NDPC's Nov. 9, 1989 Massachusetts appeal, highlighting what he termed the "ubiquitous bad faith m.o. of the Get LaRouche Task Force":

"The conduct of the United States, and its unverified pleadings unaccompanied by affidavits, should be viewed against recent events in the Virginia bankruptcy case that the United States does not mention. On Oct. 25, 1989, the bankruptcy court dismissed the bankruptcy case, holding that the United States had filed the case improperly. Among other things, the court found that the United States, by misleading representations and half-truths, had engaged in a 'constructive fraud on the court, wherein the court may infer the fraudulent nature of the government's conduct.'" Hamerman said the NDPC intends to challenge the computation of millions of dollars of fines imposed through secret, *ex parte* submissions, and will challenge fines imposed for any period of time after the grand jury ceased to sit.

Sentencing guidelines held unconstitutional

U.S. District Judge Harold Greene ruled that several features of the federal sentencing guidelines are unconstitutional, and dismissed two cases which were moved from D.C. Superior Court into Federal Court solely to take advantage of tougher criminal penalties. Greene's rulings will have effect only in the District of Columbia, but are the first rulings on a number of challenges to the guidelines now in the courts.

The guidelines, (i.e., the calculus which assigns X number of years in prison to Y violation) were ruled constitutional by the Supreme Court in 1988, but the Court did not examine the effect of the guidelines "as applied" by federal prosecutors. Greene noted that sentences and charges vary widely, and the decision on which to use is made, behind closed doors, by review committees in the prosecutors' offices, not in open

court. Similarly, the guideline condition for leniency is based on "substantial cooperation" by the defendant with the prosecutor—the evaluation of what constitutes "substantial cooperation" is made by a committee in the prosecutor's office, outside the court. Greene noted "It is difficult to conceive of a parallel situation in the law where substantial liberty interests . . . are beyond the power of inquiry by anyone."

He added, "It is not necessary for the fight against the illegal drug dealers . . . nor is it fair and legal, to shortcut the Constitution by resorting to procedures which violate the requirements of the Due Process Clause." The judge's slap at U.S. Attorney for D.C. Jay Stephens' forum-shopping is also an attack on the behavior of prosecutors like the notorious Henry Hudson in Alexandria, Virginia. Informed observers have noted that a growing number of federal judges are outraged by this conniving with the law.

Court rules elderly can be starved to death

The Illinois Supreme Court in mid-November ordered the removal of a feeding tube implanted in the stomach of 77-year-old nursing-home patient Dorothy Longeway.

Longeway's eyes are open and alert, she breathes freely and responds to verbal commands. Her daughter requested the legal murder and the court rejected a counter motion filed by the nursing home.

A split in the court forced the majority to preface its ruling by declaring, "We wish to state emphatically that we cannot condone suicide or active euthanasia in this state." One of the two dissenting judges of the six-judge panel said the majority judges "plunge heedlessly and needlessly into the abysmal abyss created by those who attempt to too quickly solve what they perceive to be life's tragedies."

An attorney for the Americans United For Life, Paul Linton, said, "Food and water simply are not medical treatment, and to remove them from someone who is incompetent is a form of euthanasia that the law should not tolerate."

Briefly

● **ADM. JOHN POINDEXTER'S** subpoena for President Reagan's diaries and other records was approved by Federal Judge Harold Greene Nov. 16 for his Iran-Contra criminal case. Reagan's former national security adviser had argued that he met "daily, frequently alone" with Reagan.

● **MINNESOTA** Agriculture Commissioner Jim Nichols and his trade analyst, Mark Ritchie, are being informally investigated by the French embassy and the U.S. Trade Representative for releasing classified documents regarding trade to a Belgian-born student under contract to a left-leaning French think tank, the Minneapolis *Star Tribune* reported Nov. 16.

● **AN 'ANTI-DRUG** military headquarters" has been set up at Fort Bliss near El Paso, Texas the Pentagon announced Nov. 13, to help the federal drug interdiction effort along the U.S.-Mexican border. Rep. Albert Bustamante (D-Tex.) told the Mexican daily *El Financiero* that it will be trained for "limited incursions into Mexican territory, always with the authorization of the Mexican government."

● **IRWIN SUALL**, the Fact Finding Director of the Anti-Defamation League, refused to apologize for falsely accusing Lyndon LaRouche of the assassination of Swedish Prime Minister Olof Palme, as the Soviets had done. Reached at his home Nov. 15, Suall said "no comment."

● **FRANK GAFFNEY**, a disarmament official in the Reagan administration, warned in the Nov. 17 *Washington Post*, "The Gorbachov years have seen a steady growth in Soviet military power. . . . It is a serious mistake to ignore these realities in the enthusiasm for Mr. Gorbachov and his stated agenda."

Mrs. Thatcher's 'I love Gorby' movement

Great Britain's Prime Minister Maggie Thatcher is doing her level best to sabotage Franco-German plans to unleash a new "Marshall Plan" for the economic reconstruction of Eastern Europe. In doing so, she is increasing the probability of a Soviet crackdown there, and is bringing the world closer to the brink of war.

An instance of this idiotic policy is her demand that all Western European economic aid to Eastern Europe—specifically to Hungary, East Germany, and Poland—be tied to acceptance by the recipient countries of International Monetary Fund conditionalities. This came up on the weekend of the Nov. 20 European heads of state summit in Paris, which broke down with no actual unity on any important questions.

The irony of this, is the impossibility for such conditionalities ever to be applied, since they are about to go out the window in any case. Not only is the Soviet empire in a physical economic breakdown crisis, as a result of Mikhail Gorbachov's attempt to impose free market structures upon an already collapsing Soviet economy, but the United States is in what some have described as the most serious downturn of the 1980s, which is actually the onset of a new general economic breakdown in the West—perhaps not as serious as that into which Russia is plunging, but something headed in the same direction.

Under these conditions, IMF conditionalities are not only cruel, as they have always been, but are downright suicidal.

Mrs. Thatcher's motives are not, however, primarily directed by her obsessive commitment to the insanities of Milton Friedman's free-market ideology. She is also intent upon propping up the tottering regime of Mikhail Gorbachov, and doing so at practically any cost whatever. Maggie's crush on Gorby is another piece of historic irony. In Moscow the Gorbachov era is seen as a catastrophic failure, with the exception of concessions which he has gotten from London and Washington. While there is no clear replacement for Gorbachov in sight right now, the growing crisis is

perceived in Moscow to be leading to a point of no return. This is forcing some action on them, perhaps as early as the last weeks of December or the first weeks of the new year. At that time, we may well see a military crackdown which will use the secret police apparatus still in place throughout Eastern Europe to effect a series of coups.

Softness in the West is precisely the wrong signal to be giving at this time, because it will simply be seen by hard-liners as a green light. Mrs. Thatcher's attempts to sabotage the Paris summit represent just such dangerous softness, but so, too, do the recently announced U.S. defense cuts and congressional softness on the terrorists in El Salvador.

The Soviets have got to perceive that there could be a hard reaction of the type they definitely do not like, if they move toward a replay of the events in Hungary in 1956 or Czechoslovakia 1968. We have got to toughen up our image on a number of things, and correct this wishy-washy nonsense. Let's not *assume* that it's going to happen, but let's recognize that it *could* happen, and let's prepare for it.

In this regard, Margaret Thatcher's spiritual infatuation—almost a sexual infatuation—with Mikhail Gorbachov since about December of 1984, is no longer to be tolerated as an element in world politics. This spinsterish, British nanny figure can not be allowed to hang the future of humanity on her indecent attachment to the brutal but sweet-talking Soviet dictator.

This is a factor of misapprehension in the situation among the Thatcher forces, but in the United States as well, typified by the zeal to impose a free market ideology upon the Soviet Union. In reality they are bankrupting the Soviet economy, rather than opening it up to Western investment. In reality they are creating the inevitable conditions for a hard-line shift, in which a bunch of hard-core KGB military types are going to rely upon muscle to get what they want.

So the "I love Gorby" policy of Britain's nanny Thatcher is not only wicked, but impotent as well.

THE POWER OF REASON

A 90-minute videotape of Lyndon LaRouche



Now available
from
The Human Rights Fund

An exciting new videotape is now available on the life and work of Lyndon LaRouche, political leader and scientist, who is currently an American political prisoner, together with six of his leading associates.

This tape includes clips of some of LaRouche's most important, historic speeches, on economics, history, culture, science, AIDS, and the drug trade.

This tape will recruit your friends to the fight for Western civilization! Order it today! \$100.00

Checks or money orders should be sent to:

Human Rights Fund P.O. Box 535, Leesburg, VA 22075

Please specify whether you wish Beta or VHS. Allow 4 weeks for delivery.

Executive Intelligence Review

U.S., Canada and Mexico only

1 year \$396
6 months \$225
3 months \$125

Foreign Rates

Central America, West Indies, Venezuela and Colombia: 1 yr. \$450, 6 mo. \$245, 3 mo. \$135

South America: 1 yr. \$470, 6 mo. \$255, 3 mo. \$140.

Europe, Middle East, Africa: 1 yr. DM 1400, 6 mo. DM 750, 3 mo. DM 420. Payable in deutschemarks or other European currencies.

All other countries: 1 yr. \$490, 6 mo. \$265, 3 mo. \$145

I would like to subscribe to
Executive Intelligence Review for

1 year 6 months 3 months

I enclose \$_____ check or money order

Please charge my MasterCard Visa

Card No. _____ Exp. date _____

Signature _____

Name _____

Company _____

Phone () _____

Address _____

City _____

State _____ Zip _____

Make checks payable to EIR News Service Inc., P.O. Box 17390, Washington, D.C. 20041-0390. In Europe: EIR Nachrichtenagentur GmbH, Postfach 2308, Dotzheimerstrasse 166, 62 Wiesbaden, Federal Republic of Germany, telephone (06121) 8840.

**Do you need to be plugged
in to the world's best
intelligence service?**

EIR Confidential Alert

With revolution brewing in Eastern Europe, the physical collapse of the U.S. economy all around us, and a financial crash on a hair-trigger, you may very well need to be *ahead* of the news.

When you subscribe to the EIR Confidential Alert service, you get stories on what's happening on the economic and strategic fronts, before the crises break in the regular press, or down on your head.

Every day, EIR gets news dispatches from our bureaus all around the world. As an Alert subscriber, you get access to the inside story on the most important trends among policy-makers and governments. Much of this material will never be published anywhere else!

EIR Alert brings you 10-20 concise news items, twice a week, by first-class mail—or by fax (at no extra charge).

IN THE U.S. Confidential Alert annual subscription: **\$3,500**

IN EUROPE Confidential Telex Alert annual subscription: **DM 12,000.** Includes Quarterly Economic Report.
Strategic Alert Newsletter (by mail) annual subscription: **DM 6,000.**

Make checks payable to:

EIR News Service
P.O. Box 17390
Washington, D.C. 20041-0390

In Europe:
EIR Nachrichtenagentur GmbH.
Postfach 2308 Dotzheimerstr. 166,
D-6200 Wiesbaden, F.R.G.