

EIR

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that can rescue Poland**



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The Brazilian daily *Tribuna da Imprensa*, commenting on the outrageous censorship of news developments in Panama by the U.S. Southern Command, described *EIR* as the only source of non-censored news. Speaking of newly installed puppet President Guillermo Endara, the paper's editor wrote, "The *Executive Intelligence Review*, a Washington-based publication, has revealed that the current Panamanian President is partner of one of the top narcotics dollar launderers in the invaded country, Carlos Eleta." *EIR*'s exposés "clearly did not have to go through the Southern Command's censors."

Going against every "authoritative" media outlet in the United States and Western Europe, we have been right. Now, with Panama's General Noriega arraigned before a U.S. court on fraudulent drug charges, all hell is set to break loose. Around the world, commentators are speculating about the bombshells that Noriega will drop on George Bush—including notably the links of the Iran-Contra "Enterprise" to drug running in Ibero-America. In our cover Feature last week, we predicted that the genocide being carried out in Panama would be the beginning of the end for Bush. This week, we further document, to America's shame, the fascist occupation policy being carried out in Panama (page 36).

Our analysis of the Soviet Union is also abundantly confirmed by recent developments. Contrary to most of the world's press and intelligence agencies, we have insisted that perestroika is dead, and that the demise of Gorbachov will bring about cataclysmic events inside the U.S.S.R. This week's evaluation by Webster G. Tarpley (page 34) shows how close we are now to such an explosion.

But the hope for this New Year in Eastern Europe is vividly conveyed in an eyewitness report by Laurent Murawiec from Prague (page 49), on Czechoslovakia's celebration of its newly won freedom.

Our cover Feature proposes an economic program for the development of Poland, elaborating a concept put forward by Lyndon LaRouche late last year, as the Berlin Wall was being dismantled. LaRouche said that restoring and upgrading railway links from Paris to Berlin to Warsaw would create the basis for political stability as well as tremendous economic expansion. In this issue, our Economics Staff outlines the way it will have to be done (page 22).

Susan Welsh

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Ninety years ago, the warriors on disease trained by Louis Pasteur, such as Eugène Jamot, vowed and fought to rid the African continent of sleeping sickness—and won. But today, the genocidal economic policies being applied to Africa are such, that even if a vaccine against the HIV virus were available right now, most people with the virus would die anyway of other diseases such as TB, leprosy, and kala-azar. It is time for us to return to Pasteur's "total war" approach.

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What's so great about opening up countries to the "world marketplace," when the depression which the world is now entering will put ever fewer goods out there? Yet that's what the international food cartels, backed by a fantasy-ridden Bush administration, think they're going to do this year.

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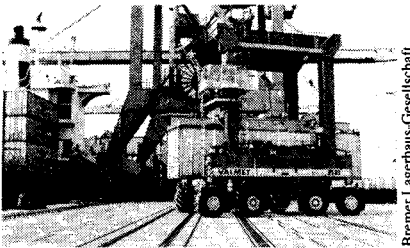
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Poland will turn into the unspeakable tragedy of which Lech Walesa has warned, unless it moves immediately to dump both Karl Marx and Adam Smith, in favor of a return to the economic methods which built modern Europe, as laid out by by Gottfried Leibniz, Alexander Hamilton, Friedrich List, and Lyndon LaRouche. *EIR's* Economics Staff presents a proposal for the major areas of concentration for such a "Third Way" for Poland.

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In March 1983, Gorbachov's predecessor in the Kremlin, Yuri Andropov, offered the U.S. a free hand to conduct wars and invasions in the Western Hemisphere, in exchange for Soviet control of Europe. That doctrine, which violates all U.S. strategic interests, is now the official policy of the U.S.-Soviet global condominium, explains Lyndon LaRouche.

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Agriculture talks kick off world trade scramble

by Marcia Merry

While grain, steel, and other basics of world production are declining per capita, various parties are scrambling to get better positions to control world trade, and to profit from scarcity rather than remedy it. The watchword of the new decade, carried over from the 1980s, is "world marketplace"—a euphemism for the process whereby the commodities cartel companies are maneuvering through their assets in various national capitals and in the United Nations General Agreement on Tariffs and Trade (GATT) to eliminate national sovereignty barriers to any and all trade practices the cartel chooses to employ. At the same time, Washington officials are encouraging East-West business ventures, which they mistakenly believe are an antidote to the economic slowdown in the West.

As the year opened, the saddest example of the privation that occurs from being in "the world market" was the nation of Poland. On Jan. 1, the Polish currency was devalued by 31.5%—the twelfth devaluation since September, bringing the exchange rate from 1,441 zlotys to the dollar, to 9,500 zlotys to the dollar. For the average Polish consumer, food prices are impossible. Unemployment may hit 3 million people.

The International Monetary Fund and the international trade and banking giants state that such austerity is necessary for "opening up" the Polish economy to the "free" world market. Behind this doubletalk, Poland continues to be looted by such companies as the U.S.-based food cartel Archer Daniels Midland. ADM, through its German associate Toepfer of Hamburg, makes guaranteed profits off selling Polish grain and oilseeds to the West, and brokering subsidized Western grain into Poland.

Agricultural trade was the subject of the year's first world trade gathering on Jan. 3-4, when officials from the United

States, the European Community, Australia, Canada, and Japan met in Orlando, Florida. Designed as an informal get-together of the five food powers, called "Quint," the conference agenda was dedicated to how to "liberalize" world agriculture trade—which means how to further the perceived interests of the small number of mega-food companies: Cargill, Continental, Louis Dreyfus, Archer Daniels Midland/Toepfer, Bunge, Andre/Garnac, Nestlé, Ferruzzi, and a few others. These companies have worked on agricultural trade through the deliberations of the 97 nations in the GATT group in the "Uruguay Round" of talks, which began in Punta del Este, Uruguay in 1986. The plan is that by December 1990 there will be a new GATT world agriculture treaty, whose advance proposals make no mention of the world food scarcities.

Collapse of food aid

World per capita grain production has dropped from 370 kilograms per capita in 1983 down to below 330 kilograms per capita in the last couple years. At least 500 million people in the world lack basic nutrition. In December, Edouard Saouma, the head of the U.N. Food and Agriculture Organization issued an emergency call for food for Ethiopia and other Africa nations suffering famine. He said, "Millions are in danger, unless there is a relief effort of major proportions."

Pledges of food aid from the "Quint" food powers and others have declined drastically, from a high of 13 million tons in 1987, down to 8.4 million tons this year.

Yet the January agriculture meeting took up no questions on increasing food output and targeting exports to points of need. Instead, the ministers talked of "crisis management" of food supplies in terms of potential food safety—not food quantity. The safety issue refers to incidents such as the 1989

scare over cyanide in Chilean grapes imported into the United States—a case where the presence of cyanide on two grapes was used to ruin the entire season's sales of the Chilean grape crop. A U.S. spokesman at the Florida meeting said that food safety has now become a "front-burner issue."

Present were Agriculture Secretary Clayton Yeutter, EC Agriculture Commissioner Ray MacSharry, and the agriculture ministers of Canada, Australia, and Japan. They are committed to shipping huge amounts of scarce Western food to the Soviet Union and China for political reasons, and selectively denying food to other areas, such as Africa.

Since last November, Soviet and U.S. officials have been negotiating a new Long-Term Grain Agreement between the United States and the U.S.S.R., involving unprecedented amounts of grain and soybean products. On Feb. 15 there will be a day-long seminar in Washington, D.C. co-sponsored by the Soviet Embassy and the American Farm Bureau, and Jaenke and Associates, on perestroika and the impact on American agriculture.

There are similar discussions for East-West non-food trade and joint venture arrangements for the 1990s. The advocates of the "New Yalta" economic deals evade the issue of volume of industrial production, just as they evade the inadequate level of global agriculture output. In the 1980s, tons of crude steel output per capita have been steadily falling, on a world scale, from over 0.16 ton in 1970, down to less than 0.10 tons at present. However, these parameters are not being addressed in the discussion of the "free world market" at present.

Instead, ADM chairman Dwayne Andreas, who heads up the U.S.-U.S.S.R. Trade and Economic Council, shuttles back and forth between Moscow and Washington to promote East-West joint ventures and trade deals, based on hype, and on the idea of using cheap Soviet labor.

At the 1989 annual meeting of the trade group, Dwayne Andreas told interviewers, "Overall relations" between the U.S. and the U.S.S.R. "are at the highest point I have seen in the more than 35 years I have been traveling to the Soviet Union. With all the startling changes under way in the Soviet Union, both in the political and the economic sphere, there is more genuine cause for optimism than I can ever recall."

President Bush and President Gorbachov agreed at their December Malta summit that by June 1990, there should be a new trade pact to sign. Negotiations could begin as early as next month, covering taxes, export finance, investments, and the question of granting Most Favored Nation status to the U.S.S.R.

By Jan. 15, the National Foreign Trade Council, a Washington-based group that reflects such companies as General Electric, General Motors, Caterpillar, and Johnson & Johnson, is expected to release its list of "priorities" for the new East-West trade deals.

Like the pot of gold at the end of the rainbow, there are to be great benefits to come to those who get in on joint

ventures with the Soviet Union and China, say the East-West trade advocates. At present, this is portrayed as the shining alternative to the 1980s binge of failed junk bond ventures, "restructuring," etc.

Pie in the Russian sky

John J. Murphy of Dresser Industries, who is active in the U.S.-U.S.S.R. Trade Council, described perestroika last year as "stunning, particularly for someone who has been in the market for a long time. High on the list has to be joint ventures. The concept of foreign ownership representing more than 50% of a joint venture registered in the Soviet Union just a few years into the Gorbachov administration is a development that seemed unimaginable just a few years ago."

According to Murphy, the greatest opportunities are agribusiness, and "energy, the chemical and petrochemical industries, consumer goods and services, and technology and equipment for the retooling of Soviet industry."

However, the real potential for such projects is not what is promised. The decrepit condition of the Soviet economic and social infrastructure and impoverishment in China make such prospects impossible.

An ABC television program on Jan. 3 was downright laughable in its attempts to hype the new opportunities for East-West joint business ventures in 1990. Executives were interviewed from three companies who have trade deals with Moscow—soft drinks, vodka, blue jeans, sweatshop garment manufacture, and cosmetics. There was no one available to represent basic industry.

Pepsico has 15 bottling plants in the Soviet Union, and gets its money out of rubles by marketing Russian Stolichnaya Vodka in the West—a longstanding political deal.

Estée Lauder has recently opened a cosmetics shop in Moscow. To be able to get its rubles into Western hard currency, Lauder has been given the concession to market Russian sweet almond oil in the West.

Gitano Co. is opening up a jeans store in the Soviet Union, and plans to get its earnings into Western money by shipping Russian fabric and piece goods to sweatshops in South America, and selling the final garments in the United States.

While the media tout these pathetic examples as promise of a new era of joint-venture perestroika, the U.S. media are blacking out the fact that Soviet bigwigs declared Gorbachov's perestroika policy defunct back in December. Soviet Prime Minister Nikolai Ryzhkov, in a speech to the Congress of Deputies in Moscow Dec. 13 said, "If contrary to objective reason, we should try to introduce full-fledged market relations by 1991, it would bring us to serious socio-economic upheaval, a new stage of galloping inflation, falling production, mass unemployment, and aggravation of social tensions." This is a repudiation of the "free market" which was the essence of Gorbachov's program.

Desperate Beijing leaders return to Maoist centralized planning

by Mary McCourt Burdman

The Chinese Communist Party's Central Committee, meeting in plenary session on Nov. 9, determined to junk Deng Xiaoping's economic "reforms"—the reforms so praised by Henry Kissinger following the Tiananmen Square massacre—and reimpose centralized political control over the economy. Ten years of Deng's decentralization and incompetence, following 30 years of Maoist idiocy, have now created an economic crisis that holds the potential for a renewed political explosion—this time on a scale even greater than the events of last May-June.

A reliable intelligence source reports that the Beijing leadership is now anticipating the outbreak of mass strikes leading to a major urban insurrection, before 1990 is out. Select units of the People's Liberation Army have been redeployed around the major cities, in preparation for such an eventuality.

The Chinese Communist leaders have indeed provided the model for the Kremlin, which officially dumped Gorbachov's *perestroika* restructuring policy on Dec. 13, a month after the Chinese Central Committee Plenum.

Deng's decentralization policies had left the central government badly indebted and desperate for funds, at a time when its political control was growing shakier. Whatever U.S. National Security Adviser Brent Scowcroft may have promised Beijing during his visit there on Dec. 11, the efforts of the U.S. and British governments to shore up the regime will not be enough. The fall of China's closest allies in communist Europe, Egon Krenz in East Germany and Nicolae Ceausescu in Romania, have the Chinese regime justly concerned. The revolt against Ceausescu holds a special lesson: The Chinese leaders have stated repeatedly that they are determined to repay the foreign debt, whatever austerity the population may have to suffer to do that. Ceausescu repaid Romania's debt by starving and freezing the Romanian people for years, and earned their undying hatred.

Unrest inside China is growing again. The first publicly reported protests in China since the June massacres were provoked by the economic situation. BBC reported that on Dec. 9 a small group of protesters gathered outside the Minis-

try of Radio, Film, and Television, with one sign reading, "Why is China so poor?" The protesters were herded away by police.

Three days later, the London *Times* reported from Beijing that Chinese workers are writing anonymous letters to government offices, threatening to strike if they are not given more money. Many workers who made 150 yuan a month (about \$35) a year ago now get as little as 40 yuan (\$10). Their pay envelopes have been robbed by their employers to pay taxes, and the "bonuses" most workers need to feed their families have been stopped. Some factories have already been hit by unofficial work slowdowns, the *Times* reported—on top of the "usual" situation in which most factories are closed three days of the week due to energy shortages.

The Communist Party's decision to dump *perestroika* followed a full year of chaotic, incompetent attempts to cut back on Deng's reforms through the imposition of harsh austerity. But the treatment was as bad as the disease, and production has collapsed. Indeed, a group of Hong Kong bankers told Reuters in December that lending to China is falling sharply because of the retrenchment policies imposed by government in 1988. China's "efforts to halt inflation were too drastic, and there are already signs of recession," a China specialist in a Hong Kong bank said. A French banker said, "The economic reform was on the right track, and we felt comfortable lending. But now it's obvious there is a return to a state plan-style economy. It may get worse in the future and we must think of China's repayment ability." Most telling, one Bank of China official in Hong Kong said the June massacre only accentuated the drop in lending to China. "There has not been much business since the fourth quarter of 1988 because of the economic austerity program," he said.

Only international development will work

One of the most disgusting aspects of President George Bush's kowtowing to the bloody crew in Beijing, is that the Chinese leadership is highly vulnerable, and could be boxed in if the industrialized nations were to offer massive infrastructure investment in return for the end to repression. Deng

Xiaoping and Prime Minister Li Peng have repeatedly stated that China must have Western help, and especially Western technology, if China is going to survive. China has one-fifth of the world's population, only one-twentieth of the world's arable land, and no infrastructure or energy, after 40 years of communist rule. The incompetence and corruption of the Communist Party in running the economy, have destroyed the fanatical support for the communist movement which gave Maoist and Dengist excesses a free hand.

China must have international help to develop, a point made repeatedly by the founder of modern republican China, the great Dr. Sun Yat-sen, in his 1922 work *The International Development of China*.

But this is the last thing the depression-ridden United States and the Thatcherite catastrophe in Britain could, or would, give China. With the collapse of *perestroika* in the Soviet Union, China is their last hope for slave-labor, in-and-out looting operations to save Wall Street and the City of London just a little longer—if Deng Xiaoping's army can hold out.

The communist leaders admit openly that they can only hold on to political power through military rule, as Deputy Premier Li Peng told the West German daily *Die Welt* on Nov. 16. When asked about Mao Zedong's statement that "power comes from the barrel of a gun," Li said, "I do not claim that our [socialist] system is yet perfect. It is in the development phase. Therefore we want to reform the system, and we need the experience of the West. . . . The decision to strike back against the counterrevolutionaries was a collective decision. . . . The Chinese state power is founded on guns. You are right, power comes from guns. Therefore we call the Army the 'Iron Wall of China.' "

This is the context in which the Chinese government's assertions of its commitment to "reform" must be seen. The official news agency Xinhua reported Dec. 12 that Li Peng had told a "group of foreign visitors" that it is "necessary to maintain continuity and stability of reform and open policy" in China. There will be, he said, "no change in the contract responsibility system" for rural households and factories, or in the development of special economic zones or efforts to attract foreign capital. China will continue "combining a planned economy with market regulation," Xinhua reported, quoting Li that "the view that a smaller proportion of the market economy in the whole economic setup, means the retrogression of the reform, is incorrect. Reform of the political structure is synchronized with the reform of the economic structure." Political reform, like economic reform, "should proceed from China's actual situation. . . . Reform of the political structure should be aimed at promoting national stability and prosperity; it is not to give rise to social turmoil."

And, while the official newspaper *Renmin Ribao* (*People's Daily*) reported Dec. 6 that the government's policy toward the private sector will not change, just four days earlier it had published a many-page article attacking a "Dec-

laration of Private Ownership" published in April 1989 "as the turmoil began." The paper defended "socialist public ownership" as the only way to save large-scale production and prevent chaos and social turmoil in China.

Blaming corruption

In the year since the austerity policy was announced, and especially since the June massacres, one Communist Party spokesman after another has denounced the loss of central control, and blamed inflation, corruption, the collapse of production, and every other economic problem on the decentralization. This culminated in the decisions of the Central Committee Plenum which ended Nov. 9.

Documents from the plenum which are circulating privately among China's officials, charged that "years of mismanagement" of the economy by "central authorities" had dealt a "mortal blow" to the economy. But it is the Chinese people, not the rulers, who will suffer to make up for this mismanagement: The only public pronouncement from the plenum was a communiqué broadcast on state television Nov. 9, which proclaimed that the austerity program adopted in October 1988 would be maintained for at least two more years, to force down inflation below 10% and curb "overheated" economic growth to 5-6%.

Reports of the plenum documents appearing in the Western press say that the Communist Party decided to slash imports of luxury goods and high-quality consumer goods. Spending will be frozen except for defense, price subsidies, and priority construction projects. Yet, official figures show that 80% of China's imports are either vital raw materials such as steel, iron ore, or machinery. The documents exhort officials to "aggressively strive for long-term, low-interest loans from foreign governments and international organizations. . . . [But] never in the past nor in the future will China bow to any foreign pressure."

Finally, almost a month later on Dec. 14, the *People's Daily* and the English-language *China Daily* published the new rules dictating increased centralization of the economy. "Under a new policy to give central government more control over the economy, industrial firms are told to surrender part of their sales automatically next year," the *China Daily* wrote. The system will curb the "contract system" set up by dismissed Communist Party head Zhao Ziyang, which allowed state enterprises to keep a pre-negotiated part of their earnings, and individually invest or dispose of them. Many firms took advantage of this system and gave the government nothing. The new regulations will allow the government to reduce sales autonomy, increase taxes, and take over key enterprises, especially in coal, timber, iron, steel, and other metal production. The government will also take a bigger share of raw materials for the state sector.

The Chinese have reason to warn about "foreign pressure." Since the government ended its "no-debt" policy in 1981, China has gotten more and more into debt, especially

in the last three years. External debt alone now stands at about \$42 billion, which is small compared to other developing-sector nations, but, as the P.R.C. magazine *Outlook* reported in September, China ranks 100th in average per capita productivity in the world, with an average per capita GNP of 1,270 renminbi, or \$345.

China's foreign exchange reserves are at \$14.19 billion, down from \$18 billion last year; its trade deficit is \$6.6 billion, nearly twice that of last year.

A British China analyst told *EIR* that "no bankers want China to default on its debt," and the International Monetary Fund is already intervening. On Nov. 14, 1989, Minister of Finance Wang Bingqian and Li Guixian, the governor of the Bank of China (China's foreign exchange bank) both met with an IMF consultation mission in Beijing. The IMF delegation was led by Asian Director P.R. Narvekar. Both Chinese officials briefed the delegation on China's current financial policies and "expressed hope of expanding cooperation with the IMF," *Xinhua* said. A week later, the government imposed tight controls on Foreign Exchange Certificates, its convertible currency. FECs can no longer be sold for hard currency, or even deposited by foreigners in bank accounts, for fear the funds will be withdrawn as hard currency.

China devalued its currency, the yuan, by 26.9% on Dec. 17, and it promptly fell again against the dollar on the main foreign exchange market in Shanghai. China officially devalued the yuan from 3.72 to the dollar to 4.72, and it then fell further to 5.67. The devaluation was done to boost production and promote foreign trade; but China's main exports include both crude oil and textiles, both of which are subject to international controls or quotas, and the devaluation will not increase them much. One Japanese banker said a 50-60% devaluation would have been more realistic.

In addition, Western sanctions, moderate as they are, have taken a toll. The Chinese government simply cannot afford to make necessary investments, even by focusing all its available credit on heavy industry. Two major steel-producing projects in northeast China, the Tianjin and Anshan seamless steel tube plants, have been blocked because they cannot import Italian equipment linked to soft loans totaling \$210 million from the Italian government. Due to the May-June upheavals, Baoshan steel works near Shanghai, built with cooperation of Nippon Steel of Japan and West German companies, was for the first time unable to meet payments to its foreign creditors on time. Due to this and international sanctions, Japanese bankers in Beijing said that it may be impossible to raise financing for the third phase of building the project, the *Japan Economic Journal* reported Nov. 11.

Internal mess

The Chinese state, supposedly the center of the economy, lost control through Deng Xiaoping's "reforms." *China News Analysis* reported in its Dec. 1 issue that the state's national

income decreased from 37.3% in 1978 to 19.2% in 1988; and the portion appropriated by the central government shrunk from 70% in 1950s to 42.8% now. "The Center is fighting a defensive action" in trying to retake control. Economist Dai Yuanzhen says that the situation whereby only 19.2% of the national income goes to the government is unheard of in socialist countries and rare among capitalist countries; in China it should be 28%.

Finance Minister Wang Bingqian addressed this problem of decentralization in a report in the Sept. 2 *Economic Daily*. The rate of state enterprises retaining earnings has increased at a "phenomenal" rate, Wang said. Since the 1950s, ratio of central financial revenues to national financial income has fallen from 70%, or 60% in the 1960s, to 47.2% now, while price subsidies increased 39.8% between 1978 and 1988. The problem is compounded by a falling rate of labor productivity. "Inefficiency has not been tackled," Wang said. The profitability of industrial enterprises fell from 16.9% in 1978 to 8.7% in 1988; tax rate on turnover fell from 26.7% to 18.9% in 1988. Now, the crisis has hit the distribution sector: Capital tied up in the distribution sector has risen from 18% in 1981 to 25% in 1989.

The government must maintain heavy subsidies on food and other necessities, which are the only way most Chinese workers are able to afford to eat. The government spent \$140 billion on subsidizing everything from food to clothing, transportation, and toilet paper over the past decade, the *People's Liberation Army Daily* reported Nov. 28, as the only way to keep prices down as inflation took off due to Deng's reforms. Collapsing state industries are also subsidized: The government paid about \$22 billion to keep them going in 1988.

The result is a growing internal debt. In November, *Xinhua* reported that the State Debt Management Department had announced that China has an internal debt of 80 billion renminbi, (\$21.5 billion), but this figure does not include bonds issued locally by Chinese banks or enterprises. *China News Analysis* on Dec. 1 reported a much higher figure—an internal debt of 116.5 billion renminbi or \$31.5 billion. The government must repay \$8 billion in domestic debt in 1990, and \$7 billion in foreign debt.

The Communist Party leadership was warning already in September that "retrenchment"—malthusian austerity—was going to be imposed. The mass movements of May and June took a huge toll from the fragile economy, and there are constant reports of labor slowdowns since the June massacre.

Politburo standing committee member Yao Yilin, who distinguished himself by proclaiming that China could always turn to the Soviets if the West cut off economic relations, laid out the details of the policy in the *Economic Daily* Sept. 1. He called for a "mass campaign to increase revenues while reducing overhead . . . necessary to strengthen management of tax collection . . . and cut down on expenses. . . . Resolute measures should be taken to restrain excessive

growth rates of individual consumption. . . . Enterprise units should stop dishing out bonuses, subsidies, and goods indiscriminately." All investment which does not fall into the category of "controlled investment" will be cut off; but all regions should attract more foreign investment.

One result was that 1 million rural enterprises were shut down in the first nine months of 1989—over 5% of the rural enterprises that employ 100 million people in China. Asian sources say that the figure of enterprises closed was actually 2.1 million. These enterprises' total output value was almost 650 billion yuan last year, 25% of the country's total social output value. The *China Daily* reported in December that 3 million more rural enterprises are being closed.

China's rate of industrial growth was *negative* in October 1989, the *China Daily* reported. After an industrial growth rate of 18% all last year, the rate fell to 0.9% in September and -2.1% in October. Official estimates said profits of state enterprises (i.e., most of Chinese industry) have dropped 17.7%, despite a fund of 100 billion yuan from the state banks. Public sector losses rose 120% in the first half of 1989.

China's coastal provinces, where Li Peng wants the West to invest, are all facing crisis. By November, the decline in industrial production had hit the province of Liaoning, on the northeast coast, hard. Liaoning is the largest industrial concentration in China. Total industrial output for November was 7.428 yuan, only 0.9% above the figure for November 1988. A 4.2% increase over 1988 had been recorded in the first nine months of 1989.

In Guandong (Canton) township, one of the "showcases" of China, "blindness in their development and . . . economic retrenchment have caused unprecedented difficulties," Xinhua reported in December. The township registered a 40% increase in output value in the first half of the year, but from July on, output dropped fast. Due to weak markets, rising raw materials prices, and lack of credit, 45,000 enterprises in 1989 were closed, merged, or changed their production—and the township had a total of 1.15 million enterprises. For the whole province, the number of entrepreneurs fell by 15,300, to 967,000 since June, and was expected to fall another 30% by the end of 1989, Xinhua reported.

China's leadership will only lurch from wild "reforms" to heavy-handed retrenchment, as they have for the past 40 years, a Chinese economist told *EIR* in December. With its current bottlenecks, especially in energy and transportation, the Chinese economy cannot "afford" rapid development, and after five years' growth, the economy collapses for six or seven years.

This is what has happened in the past year. Beijing television reported Oct. 31 that from January to September, investment in state-owned units' fixed assets dropped by 9.2% from last year, and overall investment by state-owned enterprises fell by 20%. Investment in the fixed assets of autonomous regions dropped also from last year, as much as 20%

in many coastal provinces. Profits and taxes from every 100 yuan of industrial funds fell from 23.4 yuan last year to 20.1 yuan this year.

Growth of labor productivity slowed month by month in the third quarter of 1989, Xinhua reported Nov. 3, and actually fell in September. Compared to 1988, increases in productivity for state industry was 4% in July, 2.1% in August, and -1.8% in September. Worse, there has been no increase in the number of industrial products meeting quality standards for the past four years.

Stagnation in agriculture

China's leaders have consistently proclaimed agriculture the basis of her economy, but China can barely feed its people.

On Nov. 27, the State Council proclaimed that China's "governments at all levels must exert unremitting efforts to revitalize agriculture through promoting scientific and technological progress. They must consider this a strategic project." Three days later, at a national meeting of provincial governors and officials, the leaders warned that agriculture is in a "stagnant situation." Provincial officials attacked the central government policy of cutting investment the moment "overproduction" was reached. Investment in cotton production in Hebei was cut totally in 1984 due to "overproduction," and, as a result, production dropped ever since. In Anhui, China's granary, the vice-governor said, the "ability to withstand natural disasters is very poor." Only 40% of the province is irrigated, and wheat production, in particular, was hit by natural disasters. But, he said, "agricultural investment earmarked in the state budget has not even returned to the 1980 level."

Agriculture in China is "in the hands of the gods," the *Ming Pao Monthly* of Hong Kong reported in October. All the talk of bumper harvests in the summer of 1989 is almost meaningless: The harvest was the largest on record, but only 2.5% above last year, and bad weather after July cut the fall harvest. At this point, even equaling the 1984 record harvest will not suffice: Population has increased by 70 million in five years.

Industry is held in check by stagnating agriculture. Agriculture provides the key raw materials for many industries, especially light industry. The drop in cotton production to 4 million tons, down from over 6 million in 1984, could put the whole textile industry—which accounts for the largest portion of China's foreign currency income in a "serious crisis," *Ming Pao Monthly* wrote.

The central government is in too much of a cash crisis to buy much of the 400 million tons of agricultural products produced in 1989, Asian sources report. Food is distributed to the cities almost entirely through a subsidized government system. In the province of Hopei, the government could not raise the 100 million yuan (about \$20 million) to purchase food, and much of 1989's crop is now rotting in warehouses

as a result.

The P.R.C. Agriculture Department reports that almost 130 million metric tons of food are wasted every year in China: 40 million metric tons between the harvest and primary processing, and another 25 million metric tons during transport.

An irrational system

The real problem of the Chinese economy is the incompetence of those running it. As Jin Lizuo, a member of the State Commission for Restructuring the Economy, wrote in an article in *Britain-China* in 1989, China's problem is "resource dislocation" and an "irrational" investment pattern which is worsening rapidly. Energy consumption per \$1 GNP in China is *threetimes* that of the advanced industrial nations. Investment in agriculture fell sharply in the past decade: from a high of 11.1% of total capital construction investment in 1979, it fell steadily to 3.3% in 1987. Farmers' own investment was primarily in building new housing, Jin wrote, because houses as private property have never been touched since the P.R.C. was established, but land is only leased from the state, and no personal investment is secure from appropriation.

Investment in transportation and communication are only comparable to figures in the United States from a century ago, yet investment in these sectors has remained constant at about 15% of total capital construction investment over the past decade, Jin wrote.

China's communist leaders have one solution for their problems: robbing the workforce blind. Farmers in Jiangsu province, on the coast north of Shanghai are being taxed out of all their yearly profits when they sell their grain to the state, *Inside China Mainland* reported in November. The Money Collection Division has set up shop right at the buying stations, and in many cases farmers had to turn over their entire earnings to pay the tax.

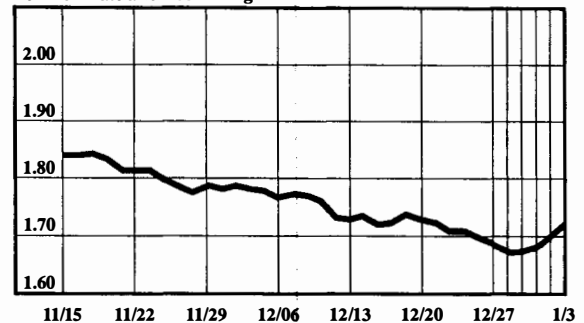
Rural revolts may also be building: In September, one official was killed in the relatively well-to-do province of Zhejiang, and about 200 land inspectors have been injured in the past months, mostly in disputes about peasants illegally farming state land.

On Nov. 18, the *China Daily* reported for the first time that workers were "contributing" up to 30% of their pay to buy government bonds, and that the practice of taking the money for the bonds from workers' pay may have "caused resentment." State-owned companies began stealing wages from workers' pay envelopes to pay for both state bonds and public debt bonds months ago. The state issued 12 billion yuan in bonds in June, and gave workers until the end of the year to buy them. The bonds pay 20% interest—the equivalent of China's official inflation rate. Already there is a black market in treasury bonds in over 100 cities, as the Chinese speculate that the state will be short of cash for many years to come.

Currency Rates

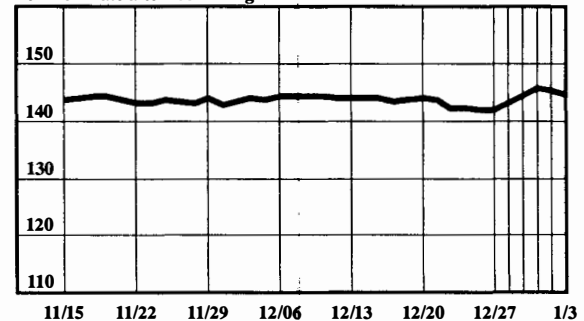
The dollar in deutschemarks

New York late afternoon fixing



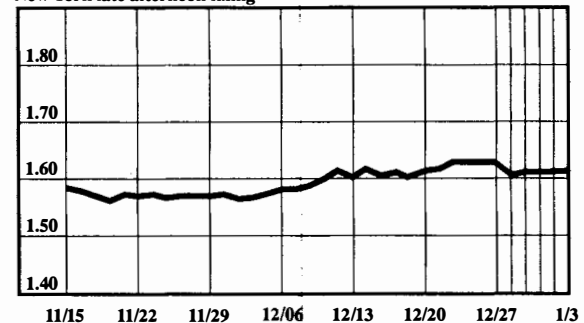
The dollar in yen

New York late afternoon fixing



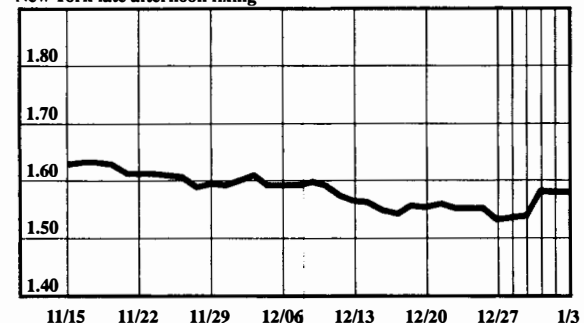
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The hypocrisy of UNICEF

The U.N. Children's Fund calls for a world summit to save children, but wants Third World to "adjust" to policies that are killing them.

The United Nations International Children's Emergency Fund or UNICEF, predicts in its just-released annual report that it expects more than 100 million children under the age of five will die in the next decade from starvation or from diseases which could easily be prevented or cured.

These children will die for lack of clean water, lack of food, and for lack of the kind of vaccinations which American children must have by law—DPT shots to combat diphtheria, tetanus, and pertussis (whooping cough); or MMR shots, that wipe out measles, mumps, and rubella. It costs just \$1.50 to fully immunize a child from polio and these diseases—which would save the lives of more than 3 million children a year. Making a simple ten-cent packet of oral rehydration salts available to each child would save another 4 million children a year from diarrheal disease, while a dollar's worth of antibiotics per child when necessary could save 2.2 million more from death by respiratory infections—both of these two diseases relentlessly claim over 16,000 young lives every day. For every child who dies of these causes, another dozen or more are rendered severely handicapped by them for life. For instance, over a quarter million children in the undeveloped countries go blind every year because they are deprived of a dime's worth of vitamin A in their daily diets.

Meanwhile, on Dec. 13 the United Nations Food and Agriculture Organization (FAO) warned that a huge shortfall in contributions this year will make it impossible to send food to hundreds of thousands of needy persons in 1990.

With the release of UNICEF's State of the World's Children—1990 report, James P. Grant, executive director of UNICEF, called upon world leaders to mobilize the money and resources needed to save the lives of 50 million of these children who would otherwise die during the 1990s. The monies would be applied to inexpensive but proven health maintenance techniques like the inoculations mentioned above. According to Grant, the cost for this would be an additional \$2.5 billion a year—roughly what the American tobacco industry spends each year on advertising cigarettes or what people in the Soviet Union have been spending on vodka each month. More importantly, it is as much as the developing world is paying every week to service its debts.

To gather the critical top-level political commitment for this campaign, Grant called for a "world summit" for children

to be held in New York this fall, which has the endorsement of over 100 governments.

Debt paid with blood—and children's lives

A major issue of this summit will be how the poorest and most vulnerable of children have paid the Third World's debt by sacrificing their lives and health. Incredibly, UNICEF reports that the poor world is now paying the rich world \$178 billion a year—about three times as much as all the aid it receives from the industrialized countries—just to service its debts!

Correctly, UNICEF lays the blame for the state of the world's children at the foot of international lending institutions like the International Monetary Fund and the World Bank, who demand their usurious loans be paid by bleeding Third World countries—for it is these institutions, the UNICEF report states, which created a trend in which "more than a quarter of a million of children under the age of five are dying every week in the underdeveloped world of easily prevented illness and malnutrition." UNICEF cites how the undeveloped countries, under the thumb of the IMF and the World Bank, are tied to the infamous loan "conditionalities" that demand they make their economies more "efficient" by gutting social programs.

The imposed austerity precipitated a disastrous decline in these countries' living standards and a rapid deterioration in health and social programs throughout the developing world, including an unprecedented stagnation and reversal in the numbers of children receiving primary schooling. The number of children not enrolled in primary schools in the developing world now mirrors the 1975 levels.

"Unfortunately," the report states, "the debt crisis is now becoming a debt trap. The way out of this debt crisis, is through a return to healthy economic growth, but the hard-won surpluses which should be available to invest in that growth are instead being sluiced away into the servicing of the debt itself. If the trap is pried open by efforts to increase exports and foreign earnings, then it is likely to be snapped shut again by sudden increases in interest rates." The result is that 40,000 children under the age of five die every day—and this statistic in no way reflects the devastation done by the HIV-AIDS epidemic sweeping through the nations of Africa.

UNICEF calls for a new ethic which "ensures that the protection of children has first call on the concerns and the capacities of adult society in times of turbulence and transition." This ethic is needed everywhere, UNICEF states, for in the last ten years, Great Britain has had a doubling of the number of homeless families. In the United States, "one-third of Hispanic Americans and one-half of African-Americans are living below the accepted poverty line, as are 40% of the children of New York, the financial capital of the world."

Adjustment with a human face

What is truly outrageous is that UNICEF thoroughly details how unjust debt obligations cause death—but it then demands that poor countries abide with the genocidal economic perspective that historically fostered death by forbidding any advanced agricultural, industrial, or housing solutions which would modernize these countries and wipe out their high death rates overnight. What UNICEF fails to mention is that the IMF-World Bank imposed and enforced backwardness on these countries condemns tens of millions of people to die with every hostile turn of nature. Consider the yearly floods that ravage India, Bangladesh, Indonesia, simultaneously destroying tens of thousands of the population and precious crops—these tragedies can be stopped. Consider the famines and drought that whipped through these nations and China and Africa—these too can be defeated. But, that is not UNICEF's aim, even though these *preventable* tragedies contribute enormously to malnutrition and death. Approximately 40% of all young children who die in the world each year, 45% of the children who are malnourished, 35% of those who are not in school, and over 50% of those who live in absolute poverty, are to be found in just three countries—India, Pakistan, and Bangladesh.

True, UNICEF calls for some form of debt relief or loan discount, but its campaign is called "Adjustment with a Human Face"—Africans will just have to "adjust" to evil economic policies. "The blame" for this crisis, UNICEF says, "lies with irresponsible borrowers and irresponsible lenders, and with international economic arrangements, including trade regulations and commodity prices, over which the developing world has little control but within which it must earn its living."

UNICEF is dedicated to working within the existing undeveloped structure of these societies. Rather than focusing on producing new wealth, it wants to shift around the crumbs available. The UNICEF writers launch a diatribe against training new doctors, arguing that it is more cost-effective to train primary health care workers who will remain in rural areas. They complain about unemployed physicians in Mexico and elsewhere—implying there is a surplus, but in a plummeting economy—again imposed by debt, while there is a critical need for expanded medical services. To get basic, cheap medical care into the countryside, UNICEF wants to

After record cold spell, another oil hoax?

In just a few days during what has turned out to be about the coldest December ever, a new energy "crisis" seems to have gripped the nation. Almost overnight, consumers have been hit with skyrocketing energy prices, startling shortages of heating fuel, and rolling electricity brownouts and blackouts.

Wholesale prices for heating oil, natural gas, and propane have nearly doubled, with consumers in the Northeast already paying 50% more for oil, natural gas, and propane. In many areas, propane has simply run out; suppliers are enforcing de facto rationing, restricting the amounts that even residential customers can purchase, while jacking prices way up.

Is this overnight energy crisis real? Or are the oil and gas companies pulling a new oil hoax, like those of 1973-74 and 1979?

According to the American Petroleum Institute and other energy experts, the United States has an ample supply of natural gas and both crude and refined oil, including heating fuels. Natural gas stocks at the beginning of winter were at an all-time high of 7 trillion cubic feet, sufficient to meet any winter demand.

Heating oil stocks as of Nov. 1 stood at 122 million barrels, virtually the same quantity as last year. Although consumption of petroleum products is exceeding the amount refined, the difference is only about 1.8 million barrels per day, which has been readily offset by imports.

Yet with the intensely cold December weather increasing demand some 30%, heating fuel marketers and local distributors have run short, and are scrambling to find fuel anywhere at almost any price.

There is a scam here, but it's not because of the oil industry per se, and certainly not because of local distributors. The local fuel supply shortage is indeed real; suppliers really don't have sufficient fuel on

shift health expenditures from city hospitals to "meeting the needs and investing in the capacities of the poor." As if the poor somehow don't need or deserve advanced diagnostic equipment or laboratory tests or doctors! Instead of advanced universities to produce that country's future leaders, UNICEF wants the one-teacher schools with a basic primary education, "accessible to the children of the poor majority

hand despite the ample production. The shortage is being caused strictly by the insane "free market" speculative financial policies that have otherwise ruined the entire U.S. economy.

Prior to the 1973 oil hoax, virtually all fuel energy financial transactions were on the basis of long-term contracts with prices based on cost of production and more-or-less-established profit margins of the various companies in the chain of production and supply. Distributors would stock up on heating fuel over the summer at discount rates, and simply keep on hand for future use any unused heating fuel.

This system depended on a relatively stable price range for oil and gas. After 1973, everything changed. Oil became a speculative investment, its price no longer grounded on real cost and profit requirements, but on what "the market" would bear. "The market" has become the crapshoot known as the "futures." In the United States, it is centered in the New York Mercantile Exchange, where more than 99% of the contracts traded have nothing to do with actual supplies of oil and gas, but are simply financial paper betting on the future price of the commodity.

'Free market' causes supply breakdown

This market is dominated by the major oil companies, but also by specialist oil-trading firms like Phibro and J. Aron, which are subsidiaries of Salomon Brothers and Goldman Sachs, two of the largest New York brokerage and investment houses. And it is the brokerage houses who control the Merc and who have increasingly used the market to govern the delivery and price of oil actually produced.

With the price of heating fuel drifting downward in recent years, and with the potential for losses having also jacked up their financing charges—often to 15% or more—fuel distributors cannot afford to hold it in storage and suffer losses. After several years of mild winters, distributors this year have generally "bet" that they could get by with minimal stocks. They bet wrong, and they—as well as the consumer—are now victimized by the rising costs of Wall Street's futures market speculation on the weather-induced shortage.

Even if energy prices were somehow stabilized, the insane financial policies of the last 15-20 years have virtually halted major capital investment by the energy industry. We have reached a point where current temporary power and fuel shortages will soon become chronic, with the United States subject to the fuel disruptions and power outages typical of Third World nations.

Oil refineries have been working at nearly full capacity for several years, and have just barely managed to keep pace with consumption requirements. Between obsolescence and unprofitability, some of these refineries are no longer in service, and the overworked remainder is becoming subject to bigger and more frequent breakdowns.

Incredibly, the last major refinery was built 15 years ago, in 1974, and there are no plans whatsoever to construct any more. Despite technology improvements that have enormously reduced construction costs, these costs have more than doubled, while per barrel profits on refined products have remained roughly the same as 20 years ago. Furthermore, the plethora of environmental regulations has nearly tripled the construction time from three to eight years, meaning that a company would have no cost recovery for over a decade.

The situation is similar for natural gas. Twenty years ago, the largest users of natural gas were heavy industries. Natural gas consumption was nearly steady year-round, with only a relatively slight increase during the winter months that the system could easily handle. Twenty-plus years of post-industrial financial insanity have destroyed so much of U.S. heavy manufacturing, that the major natural gas consumers have now become those with more seasonal usage. Under current economic conditions, natural gas distributors cannot profitably maintain a large pipeline system just to meet two or three months of peak winter use. Hence, under severe conditions like a persistent cold wave, the current system, even stretched to the limit, simply cannot match the demand.

This very real crisis, of course, delights Wall Street. Stock market prices for the big oil companies are soaring as speculators cash in on big price increases caused by sure-fire shortages.

—Steve Parsons

and relevant to their needs." In other words, since they will only dig wells by hand—like their parents before them—they only need to know how to count change, sign their name, and "read" the color symbols on the village's antibiotics and aspirin rations.

We agree with UNICEF that civilization and progress are measured by development of human conscience and

by the degree which it acts when faced with the facts of human suffering. Thus, this unjust debt must be repudiated along with the economic policies that have fostered it and the death of 1 billion people in the Third World over the last decade. UNICEF proposes to make the 1990s the decade for doing the obvious; we can start with full-scale economic development.

New farm bill means less food

Continuation of the 1985 farm law will result in farm shutdowns and food control.

Secretary of Agriculture Clayton Yeutter announced recently that the Bush administration would have its proposals for the 1990 Farm Bill ready for congressional consideration "shortly after the first of the year," since it was "close to finalizing" its views in areas such as price income supports and environmental considerations. Some administration spokesmen say that the 1985 law will be resubmitted to Congress, with a few alterations, and Yeutter confirmed this, saying, "We will follow the techniques that were laid down in the 1985 farm bill, and adjust them as necessary to make the next bill more adaptable to the needs of the moment."

The "needs of the moment" for the Trilateral Commission-connected Bush administration, like the preceding Carter and Reagan administrations, is to restructure food production and processing into the control of a few international grain and food companies, to reduce strategic food reserves around the world, and to replace family farms with an American version of collectivized farming.

If you dare to pull back the curtain on the stage of food policy debate, you will see the ashen faces of the population control lobby pulling the strings implementing an agenda for world depopulation. Reduced food production is an efficient means to reduce population.

The 1985 Farm Bill established the 10 Year Conservation Reserve Program (CRP), which will lock 40 million acres of farmland out of food production by the end of 1990. Proposals for the 1990 bill by Sen. Wyche

Fowler (D-Ga.) would extend CRP to 65 million acres and will call for additional payments to extend the original 40 million acre enrollment period another five years. Other proposals would pay farmers increased incentives to plant trees on CRP acreage. Altogether, the end result is not to develop and improve land to make it more productive for future generations, but to turn it back into a state of wilderness which prohibits its ability to produce food. The end result is less food and the further shutdown of rural agro-industry.

Both Senate and House Agriculture Committees have discussed, and will continue to work toward, changes in legislation regarding agricultural chemicals, and issues related to groundwater pollution, food safety, exports, and alternative farming methods.

Yeutter underscored the rising power of environmental genocidalist organizations in a recent speech at the National Press Club. "Environmental considerations will clearly be at the fore much more than they have in the past," he said. These issues, which surfaced in the 1985 farm bill debates, "will emerge to an even greater degree this time around."

"Alternative" agriculture (as opposed to "conventional" farming) is also a hot issue expected to shape the farm bill and future agricultural policy to encourage farmers to reduce the use of fertilizer and chemicals. Yeutter and many Senate staffers believe research and development programs will get a boost in the 1990 Farm Bill. The centerpiece of the debate may be

a bill introduced by Rep. Jim Jontz, (D-Ind.), known as the Sustainable Agricultural Adjustment Act.

This bill provides farmers with incentives to rotate crops and thereby "reduce the need for fertilizer dependence to maintain productivity." Rotating more farmland into grass crops reduces the number of acres devoted to grain production. Only cattle can utilize grass. With cattle prices below the cost necessary to maintain a profit, a prudent farmer wouldn't buy cattle to lose money. The net result: reduced grain production and no increase in meat production.

Some policymakers have suggested that the crop base formula be redesigned to permit farmers greater flexibility in deciding which crops to plant yet still be able to qualify for the farm program. They argue that current requirements coerce producers into growing crops that result in surpluses, and greater flexibility would allow farmers to respond to the "market forces"—the international grain cartels.

Decoupling, unlinking farm support payments from farm production, is being promoted by Sen. Rudy Boschwitz (R-Minn.) The goal of this proposal is to make farmers' planting decisions entirely neutral from the government farm program. The farmer could grow whatever he wants—or nothing at all—and still get government "exit payments." A transitional exit payment would start out at the level of the current deficiency payment in the first year, and be reduced by 10% a year for the next five years.

According to the National Farmers Union, the president of Cargill and his vice president for public affairs have strongly endorsed the decoupling of farm programs and farm payments, and all Cargill officials see it as a transitional step to a totally free market.

Water shipping paralyzed

Nature is presenting the bill for the failure to invest in infrastructure programs planned three decades ago.

The severe cold of December, aftereffects of the 1988 drought, and cuts in the U.S. Coast Guard budget, have all combined to paralyze transportation on the Great Lakes and the Mississippi River system. Many of these problems would not be occurring if major infrastructure programs had been built as planned in the 1960s.

On Nov. 1, the U.S. Army Corps of Engineers curtailed water flow on the Missouri, to build up reservoirs for spring planting, forcing an early end to navigation on that river. Shipping on the Mississippi was seriously hampered, since 70% of the water flowing past St. Louis comes from the Missouri.

Missouri River system reservoirs were left parched by the drought of 1988, and without the major canal and irrigation systems that were planned in the 1960s but never built, the snow melt and rainfall of 1989 were not enough to restore water levels. "We can only pray for rain," said Morris Larson, executive vice president of the Merchants Exchange of St. Louis. "All we can do is look back and say 1989 did not replenish what was taken by drought in 1988."

In the first week of December, three tows hit sand bars near St. Louis. On Dec. 20, the Coast Guard placed severe restrictions on Mississippi River traffic between St. Louis and Cairo, Illinois because of low water and accumulated ice hazards.

Almost 900 barges were trapped, and all access was blocked to the Illinois River, one of the richest grain tributaries in the world. There is so much traffic on the Illinois, that it usually remains open for traffic through-

out the entire year.

Continental Grain Company began asserting that it would refuse delivery of the blocked grain, since it had been forced to buy grain elsewhere to meet export commitments. But Continental's sophistry was attacked and exposed by members of the audience at an emergency meeting convened by the National Feed and Grain Association.

Warmer weather at the end of December melted some ice, allowing greater water flow, and by Jan. 3, there were seven tows with 49 barges waiting to transit the long-awaited new Lock and Dam 26 at Alton, Illinois.

The severe cold weather also caused an early formation of ice in the St. Mary's River at Sault Ste. Marie, forcing the Corps of Engineers on Dec. 28 to cease all operations of the vital Soo Locks connecting Lake Superior to Lake Huron and the East.

The closure sent some steel makers scrambling to assure a continued supply of iron ore and limestone. U.S. flag carriers had projected moving 1.6 million tons of iron ore through the Soo Locks between Dec. 29, 1989 and Jan. 15, 1990. By comparison, more than 5.2 million tons of cargo passed through the Soo Locks between Dec. 16, 1988 and Jan. 15, 1989—including 4.2 million tons of iron ore, enough to make steel for 3.5 million automobiles.

The Lake Carriers Association stated that some of the 1.6 million tons could have been moved before Dec. 29, if repairs to the Coast Guard icebreaker *Mackinaw* had been completed on time, and been available to keep navigation tracks open. Delays in re-

ceiving parts for repairing an unexpected problem with the *Mackinaw's* main propeller shaft kept the icebreaker laid up in a Sturgeon Bay, Wisconsin shipyard for at least another week and a half.

The 1988 budget cuts had forced the Coast Guard to announce plans to retire the 45-year-old *Mackinaw*, leaving only five smaller, and less capable, ice-breaking tugs on the Great Lakes, but a mobilization by the LCA in Congress assured continued funding for the *Mackinaw*.

The premature freeze forced one iron ore ship carrying 50,000 tons for Inland Steel to dock for the winter in a Lake Superior port.

Inland spokesman Bob Lefley noted however, that Inland had already stockpiled most of the iron ore it planned to use during the remainder of the winter, and expected no problems with the final Lake Michigan run of three other Inland ships from Escanaba, Michigan to production facilities in Chicago.

USX was reported to be purchasing iron ore from third sources at Escanaba, since it was unable to ship ore from its Mesabi Range operations via Lake Superior and the Soo Locks. USX spokesman George Kuebler stated that USX had already stockpiled most of the iron ore it planned to use, but admitted that USX was planning to ship "a large amount" of ore by railroad from Minnesota to its production facilities in Gary, Indiana, which USX had not done "for six or seven years, at least."

Spokesmen for other steel companies said that their companies had no plans for shipping ore by rail, because rail shipment was so much more expensive than water shipping. George Ryan, president of the Lake Carriers Association, noted that several smaller companies may be seriously hurt by a lack of ore in February and March.

Business Briefs

Domestic Credit

Debt structure at the breaking point

"The overextended debt structure—personal, corporate, municipal, state and federal—continues to cry out for massive reflation, without which repayment is too painful to contemplate," writes Ed Hart in the Dec. 26 *Investor's Daily*.

The procedure is simple: Flood the economy and the world with liquidity, just like in the past. However, Hart warns, "It won't be as easy this time. The so-called bond market vigilantes, after seeing their purchasing power savaged by past reflations, are alert to any new flood of liquidity."

Space

Soviets halt Energiya launches until 1991

The Soviet Union will not launch another heavy-lift Energiya rocket again until 1991, according to the Dec. 10 issue of *Aviation Week* magazine.

The first test flight of the booster was in May 1987, and the second was in 1988 with the Buran Shuttle orbiter. The Energiya that has been stacked and is ready for launch will be stored, and has been made available to any other countries that have a payload for it.

Reportedly, the cancellation was due in part to budgetary constraints in the Soviet space program, which supposedly also caused the hiatus in manned flights to the Mir space station earlier this year. The 1991 Energiya flight is slated to carry an unmanned Soviet shuttle as its payload, which may dock at the Mir.

Production of the Soviet workhorse Proton launch vehicle has been cut by 30% to eight per year, according to *Aviation Week*. Though some Soviet officials state that the reduced launch rate is due to improvements in satellite technology which allow them to operate longer and be replaced less frequently, others believe that the production cut reflects the general cut-

back in space activities in the Soviet Union.

The first U.S. commercial cargo was launched in mid-December to the Soviet Mir space station, which can offer longer stays in microgravity. Payload Systems, Inc. designed a package of protein crystal growth experiments, which will grow for 56 days inside the Mir's Kvant science module.

A Japanese private trading company, the Horei group, has purchased a duplicate of the Soviet Mir space station for \$10 million, Kyodo news agency reported Dec. 14. The National Space Development Agency of Japan believes that it could be launched from the U.S. Space Shuttle.

Pesticides

EPA bans use of EBDC fungicide

U.S. Environmental Protection Agency head William Reilly announced on Dec. 5 that the EPA will ban use of 90% of the widely used fungicide EBDC, after laboratory studies showed a lifetime exposure to maximum levels had a cancer risk of more than 1 in 1 million. A high percentage of fresh fruits and vegetables will disappear from store shelves as a result.

The move follows a cowardly decision three months ago by manufacturers of the chemical, who voluntarily withdrew 60 of the 73 crops listed for approved use. The proposed ban will extend that to three other crops—bananas, tomatoes, and potatoes—which alone account for 40% of the EBDC used in the United States.

The ban will have devastating effects on crops, especially in the Río Grande Valley of Texas, in Florida, and in other Southeastern states, where the growing season is accompanied by high humidity. Many people will die from the increase in toxic fungus, since the fungicide, in use since the 1930s, is the most effective killer of such fungi.

The financial cost will also be enormous. Linda Fisher, EPA assistant administrator, said it will mean between \$32 and \$58 million in lost crops and higher costs for alternative fungicides. The cost to consumers will be more

than \$300 million a year, as growers pass along their higher costs.

World Trade

Moscow sets strict limits on exports

Izvestia, the government newspaper in Moscow, on Dec. 29 published a Dec. 11 Soviet Council of Ministers' decree banning all exports, by sale or barter, above the limits set in the 1990 State Plan, for food products, coal, oil and oil products, timber, fertilizers, and construction materials. The decree was issued under the aegis of Prime Minister Nikolai Ryzhkov, who announced the death of reform perestroika to the Congress of People's Deputies in a Dec. 13 speech.

The decree is not only meant to free urgently needed food and materials for domestic requirements and help ease shortages, but eliminates in one stroke the ability of enterprises to export on their own initiative—one of the decentralized economic "reforms."

The Ministry for Foreign Economic Relations has also restricted the issuing of licenses for construction projects involving foreign partners. Soviet partners are urged to keep in mind "the current campaign in the U.S.S.R. to reduce the volume of capital construction, and . . . the availability of qualified construction personnel."

Construction

Thrift bailout bill hurting developers

The bill reorganizing the U.S. savings and loan institutions has resulted in the abrupt cutoff of short-term S&L credit to developers, preventing them from developing raw land and constructing new homes, the *Washington Post* reported Dec. 30.

As a result, developers have been forced to seek higher-cost funds from other sources, or simply cancel their projects. The Financial Institutions Reform, Recovery, & Enforce-

ment Act (FIRREA) banned thrifts from aggregate loans to any one borrower that exceeded 15% of the thrift's capital. Given the state of the industry and the new capital standards, that means that many developers with projects already under way are being summarily cut off from normal short-term financing.

"You're going to see a whole string of bankruptcies by builders if this isn't straightened out," Kidder Peabody housing analyst Barbara Allen told the *Post*. "This is serious stuff. Already I'm hearing of lenders who are yanking back properties from smaller, vulnerable builders and then turning around and offering to sell [for later completion] to larger builders."

Nuclear Energy

Industry revival may arise from G.D.R. needs

A renaissance in the construction of new nuclear power plants in West Germany is about to be launched, because of the commitment of engineers in the German Democratic Republic energy sector to shift from lignite to nuclear energy use over the next few years.

Manfred Dahms, director general of the VEB Power Plant Construction Combine in East Berlin said, "We'll build no more plants based on lignite technology, we'll have to close down over-aged lignite power plants, which leaves us with the increase of the nuclear power sector as the most important alternative."

According to Dahms, a feasible program would be to build new nuclear power capacities of 6,000 megawatts total in the next 10 years, and the technology should be the best. Rather than continuing the unsatisfactory cooperation with the Soviet Union, East German power generation experts prefer to work with West Germany, which has the best standard in the world.

With the option of increased German-German cooperation, the East Germans feel they have a choice they didn't have before, when they were entirely dependent upon the Soviets.

An offer for joint construction of power plants has already been placed by the Preussen-

Elektracompany in Hanover, West Germany. Since all nuclear power project in West Germany have been phased out in the past few years due to radical ecologism, a program for joint construction of new power plants in the G.D.R. means a broad-scale restart of nuclear-power technology in West Germany.

Wall Street

Failures are the new business boom

Wall Street's new business boom is the massive wave of failures and bankruptcies, the Dec. 31 *New York Times* reported in its year-end coverage, entitled, "Wall Street prepares for a failure boom."

"'Failure is a growth business,' said one investment banker summing up Wall Street's new attitude" toward the wave of business failures that will cause a boom for the burgeoning "workouts and turnarounds industry."

"Major brokerage houses, including First Boston, Shearson, and Drexel, are dedicating more resources to reorganizations and restructurings, setting off bidding wars for bankruptcy specialists." These same houses, whose advice and managerial expertise has caused the collapse of these corporations, "are preparing to earn huge fees over the next few years correcting the mistakes they helped make. . . . And few on Wall Street find the concept odd. . . . Said one investment banker, 'As long as people need financial engineering, Wall Street will be involved and will be making money as a result.' . . . Making a profit by undoing its own deeds is a rich Wall Street tradition."

It is "virtually impossible to find an investment bank or law firm with experience in restructurings that is not already involved in the Campeau situation. . . . 'All of the advisers on Wall Street are going to max out on this deal,' said one investment banker, referring to the bankruptcy of the Robert Campeau junk bond empire. Houses like First Boston, which is stuck with \$500 million in worthless Campeau paper, is aiming to recoup its loss by carving up its host victim and finding "mickies" to reabsorb new debt, while making clothing suppliers take the loss.

Briefly

● **CORPORATE** bankruptcies are involving skyrocketing assets. Through Dec. 11, 1989 some 133 companies filed for Chapter 11 with assets totaling \$70 billion. In 1986, 159 companies filed, with only \$12.7 billion in assets.

● **EASTERN AIRLINES** will cut the pay of half its 20,000 workers, once President Bush's refusal to impanel a board of inquiry into the machinists' grievances brought the Eastern pilots' union to its knees. Eastern will also eliminate 600 middle-level management positions.

● **LATE MORTGAGE** payments, those 30 days or more past due, rose to 5% in the third quarter of 1989 from 4.5% in the second quarter, according to the Mortgage Bankers Association of America. This is the first surge in the delinquency rate since mid-1985.

● **L. WILLIAM SEIDMAN**, chairman of the FDIC, told a New York bankers' meeting in December, "I've been the Cassandra of real estate forecasting for some time now. . . . Unfortunately, events confirmed this view." Two-thirds of all new lending by commercial banks is now related to real estate.

● **INTEREST PAYMENTS** are absorbing 34% of U.S. corporate pre-tax earnings, while debt for the Standard and Poor's 400 Industrial companies has soared from 40% of equity in 1984 to 70% as of 1989.

● **MACHINE TOOL** orders were down 34% in November 1989 over November 1988, according to the Association for Manufacturing Technology. November orders were down 10% from October 1989. For 1989, orders at U.S. machine tool plants will drop more than 20% from 1988's \$3.59 billion.

A Pasteurian war plan to save Africa from AIDS

Garance Upham Phau describes how followers of Louis Pasteur developed medical practice to overcome the devastating effects of epidemics in Africa.

From the speech of Garance Upham Phau, to the Nov. 28-30 conference in Philadelphia on the use of AIDS as an instrument of genocide (see EIR, Dec. 15, 1989). Mme. Phau edits a newsletter in France, Médecine—SIDA—Sentinelle, and works with the Fusion Energy Foundation in Paris.

A year ago, an official from the Ivory Coast Health Ministry was reportedly arguing with industrial nations' representatives: "Can you tell us that the solidarity in the face of AIDS, which you are always talking about, will persist after treatment and vaccine is available? How can you give us this assurance, when today millions of our children die from all the diseases—tuberculosis, polio, measles—which are preventable diseases and for which a cure *does* exist?"

Say a cure for acquired immunodeficiency syndrome were found today: All the infected people in Africa and Latin America would still die. Why, and what we could do about it, is the subject of my talk. What must be understood by the layman is that the person infected with HIV, and being immuno-depressed as a result, will come down with whatever diseases, whatever pathologies exist in the area—TB, leprosy, kala-azar—and will *die* of TB, leprosy, kala-azar.

So two things must be done: There must be treatment available for *all* the diseases afflicting people in the tropics. What would be the use of saying, "I have a cure for AIDS," when the HIV-infected patient is dying of TB? There ought to be concomitant administration of anti-viral therapies, immunostimulants, and/or vaccines, as they become available to prevent the manifestations of HIV (neurological and immunological) that lead to what is called AIDS.

The story of sleeping sickness

To accomplish that task, I wish to communicate to you the untold story of sleeping sickness.

When Pasteur discovered the fermentation of grapes, he understood that wine is a disease of grapes—that is, that an outside *live* agent, "yeast," turns grapes into wine. So in the 1860s, he thought and understood that any disease of man, of animals or plants, is the result of a live organism, a "microbe" that it is not "innate" to man but comes from outside, and putrefaction is akin to the fermentation of grapes. So, he imagined what good could be accomplished if he, with the help of his friends, trained disciples in his method and sent them into the tropical countries to rid them of diseases by mastering the ecology of tropical climates' plant, animal, and human microbes and their effects, and by the same token develop farming.

He wrote to his friends, "If only I had a few millions, I would tell you all, my friends, Roux, Calmette, I would tell you: 'Come, we shall transform the world with our discoveries.'" One hundred years ago exactly, with the opening of the Pasteur Institute, Louis Pasteur was able to begin forming cadres to go into those areas.

These followers of his, scientific explorers who also created leading research centers, worked anonymously at their task, and many lost their lives. They were able to bring about a formidable increase in birth rates by eliminating many of the causes for infant and childhood mortality, and by creating the basis for agricultural development that would permit the feeding of more people. We owe to Pasteur and his followers the extraordinary expansion in the world population which

has been seen in the past 100 years.

So I am here to humbly bring you a little bit of the scientific method of a man whose main accomplishment in life was to have created, to have permitted, the formidable coming into being of black, yellow, and white people.

The first mission of exploration was Dr. Martin's 1905 research into sleeping sickness, which was carried out in the mountainous area of Guinea, called the Fouta Djallon. They traversed 100 miles by foot, with a handful of local mountaineers, a cow in order to vaccinate the villages against smallpox, and other animals, which they would infect with pathogens in order to bring samples back to the laboratories, since refrigeration did not exist. He went from village to village, looking for parasite-infected people and animals, looking for the insects, such as the tsetse fly, which carried the parasites, and living hand to mouth, eating whatever the villagers provided, including rotten eggs.

But therein, in the first and second principles of a mission, lies the origin of medicine: 1) Go out and find the patients, and 2) establish prophylaxis by understanding the ecology of disease, which means the life of the disease. Hundreds of missions of this sort were undertaken between the 1890s and World War I, with medical personnel crisscrossing Africa, trekking thousands of miles.

Sleeping sickness is a disease induced by a parasite known as a trypanosome. The trypanosome that causes sleeping sickness reproduces biologically in one type of insect, the famed tsetse fly. Initially the disease is more or less "silent," that is, the victim is ignorant that he or she has contracted the disease. The patient may have a low fever and swollen glands—nothing that today, in 1989, would make a villager seek help of a physician tens of miles away by foot. By the time the person becomes ill, the patient is incapable of walking to a physician, even were one there. The disease strikes the nervous system, the person becomes emaciated, loses weight rapidly—ultimately looking like an Auschwitz victim, skin and bones—sleeps most of the time, and becomes half-demented.

In the countryside today, Zairean physicians told me, it is sometimes hard to tell whether a patient is dying of AIDS or of sleeping sickness. At the beginning of the 1900s, sleeping sickness threatened to depopulate Africa, much as AIDS does today. For example, regions of Cameroon lost half of their populations. With the construction of railroads and World War I, the moving around of large populations brought the disease far and wide.

Eugene Jamot: 'Africa, wake up!'

Colonial administrators and military commanders denied the existence of the vast epidemic, but one man arose to assume responsibility for fighting the disease: Eugene Jamot. Jamot swore he would "awaken Africa" from the devastation of "sleeping sickness." Jamot, a military physician trained in Pasteur's method, demonstrated that the disease was

threatening the entire continent, and laid out the scientific military campaign that could stop the epidemic. If Jamot had not done what he did, there would probably not be many souls left in Africa today.

I am going to tell you a secret: Sleeping sickness is back today afflicting man and cattle. A World Health Organization report in 1986 acknowledges the problem. Chad asked for help to fight the epidemic in 1988, Mali's cattlemen are up against it. Furthermore, the two types of tsetse flies prevalent in western and central Africa respectively correspond to the areas of prevalence of HIV-2 and HIV-1.

Jamot recruited a few people to identify the parasite and administer the new drug Atoxil, which, though unable to cure the disease, cleansed infected patients' blood, thereby disrupting the infection cycle. In 1917-18, Jamot and his men examined 90% of the population in the area of the Oubangui and Chari rivers, along 1,100 kilometers, going village to village. In Cameroon, he reported that "in certain groups of villages, we were astonished to find out that 97% of the people were already infected, entire villages had disappeared or were about to disappear. The disease was spreading westward like a brush fire."

He expanded his prophylaxis team independently of colonial administrations, and trained 400 cadres in 1920-22 in Ayos. The evaluation carried out in 1928 showed how urgent the undertaking of the missions had been: There was a 40% depopulation of entire areas in five years. Villages were found to have infection rates ranging between 17 and 77%. A permanent prophylaxis mission was established in 1926.

Speaking of the personnel in Jamot's brigades, one observer noted: "The personnel, these doctors, these hygiene agents, these nurses, who without a minute of rest, for three years, have crossed all of Cameroon, under very harsh conditions, on foot, going through every village, working without a day off, without Sunday's rest, 10 hours a day, sometimes 11, their eye on the microscope. . . . All these people were paid back only by the fact that their leader was an exceptional man, a sort of god, and it is with a sort of enthusiasm—there is no better word than 'enthusiasm' for the way the teams forged ahead. Each one was convinced of his special place in the medical world; to be part of a mission was an honor, was glorious."

Jamot explained his method to the Society for Exotic Pathology in 1920: "Medical prophylaxis as such aims at destroying by chemical means viruses [the original term for all viruses, parasites, and microbes] circulating in the blood of patients. To realize that task, one must *seek out the patients*, treat them, and if possible cure them. This implies the periodic careful exploration of all the infected zones. And it must not be rapid inspection tours with hasty, approximate diagnosis, followed by insufficient or useless treatment, but rather we must visit and visit again, successively, all the villages, examine all the inhabitants one by one, and on the basis of a microscope-based diagnostic, do the nominative

census of all the people infected with trypanosomes, who will then receive treatment.”

When the first real medical “treatment” for trypanosomiasis made its appearance, Jamot argued with success, that there was no reason only the white colonists should have access to treatment, and that the black masses have as much a right to treatment as anyone. One hopes today, that voices will make themselves heard in the advanced sector to drive home the same argument for the expensive anti-viral therapies against HIV.

Jamot polemicized strongly against the argument that sleeping sickness could just be handled like any other disease, by general practitioners located only in townships, or that colonial rules and bureaucratic procedures could be abided by in time of danger. “And if salvation demanded it, we should not hesitate to create this state within the state, even if it means stepping on some people’s pride.”

His prophylaxis services, independent of colonial administration, respecting no borders, screened 40 million individuals in the 1930s. In the meantime, he was scandalized and stripped of all responsibilities in Africa. In 1944, Vaucel extended the method to the other tropical diseases, while Richet established a system for screening leprosy patients by “margerite” rotating teams with (periodic) treatments, and rigorous census of all patients for bacteriological and clinical control and followup.

Jamot’s ‘MMAAPP’ principle

With independence in the postwar years, the new African nations set up the Organization for Coordination and Cooperation for the Fight against Major Epidemics (OCCGE) in 1963 and the Organization for Coordination for the Fight against Epidemics in Central Africa (OCEAC) in 1964. Physician General Léon Lapeyssonnie, renowned in Africa for his struggle against meningitis and a world expert on parasitical disease, explained in the following manner the Jamot principles, which ought to be the bible of any serious health scientist today: MMAAPP.

M for Masses: To leave pockets of infections is to let a disease fester. In order to check for infectious diseases, one must go out to the population and screen each and every individual, regardless of whether he or she looks sick or healthy. In most diseases, the initial infection is invisible, or unapparent, but the person is contagious, and by the time the infection is visible, in parasitical and several other diseases, it may be too late to treat the person, and it is too late, in terms of the community, because the disease has progressed to other individuals.

M for Mobile: The teams must be constantly on the move, in areas which are 90% rural, such as the African continent. The team must go to the people, go to the community, go to the village. Go, and go back again to see if the disease has returned or has moved, and how patients are responding to treatment.

A for Arms: A team must have weapons, which today means antibiotics, vaccines, sufficient stocks of syringes, etc. You must realize that this is luxury in Africa, where hundreds of thousands of women still die in childbirth, because they contract tetanus during labor, and the vaccine, which costs a few cents, is not available. You must realize that only the privileged few have access to medicine, via black markets, and that the majority of the population has no access to essential basic medicine to treat common diseases.

A for Auxiliaries: Auxiliaries, such as Jamot’s first Congolese assistants, who were trained quickly at the Pasteur Institute in Brazzaville, are essential in order to multiply the efficiency of the operations—in much the same way as educated soldiers are for a good army—as well as what good can come only from basic training in scientific endeavors.

Today, I believe it could be a source of remoralization for our youth in both developed and underdeveloped countries to give those youth a few months’ training and send them out into the field. They might come back appreciating life, and with a sense of the importance of science, certainly better than Western fads and Coca-Cola culture.

P for Prophylaxis. Prophylaxis means that it is necessary to establish priorities for rapid interventions, like surgical strikes, into the disease process, followed by more refined “rebuilding” of the health standards of a given population. It was Pasteur who said, “I never thought of curing a disease; I always thought of preventing it.” Few people today in the industrialized nations realize that medical practice that aims first at protecting the whole community, precedes and partakes of development, and that curative medicine follows afterwards. No community has ever lived on the basis of curative individual medicine. Prophylaxis deals with the “collective” and historical life form of disease. It deals with pandemics, endemic diseases, and epidemics as such.

P for Polyvalence. Polyvalence means that today’s mobile teams ought to be equipped to specialize in sleeping sickness as well as in tuberculosis, in human immunodeficiency viruses, as well as in arboviruses [insect-borne viruses]. The choice of which specialists head the team’s deployment in one area would obviously depend on the suspected prevalent diseases in that one area. Then, there would have to be interstate collaboration and cooperation.

Finally, hygiene agents are necessary to do the “ant work.” This is somewhat of a pun, since these are the people in charge of insect surveillance and eradication programs. The hygiene agents, in the Pasteurian era, had a task they would still have today. In the 1940s, 13 million households were visited to be checked for insect infestation, for *Aedes stegomyia* (the flies that carry the yellow fever virus), or *Aedes aegypti* (the flies that carry the malaria parasite), the tsetse fly (which carries the “sleeping sickness” trypanosome), etc. It means eliminating areas of stagnant water near housing, spraying pests, control of river flows, cutting underbrush (where tsetse flies nest) around houses or cattle pens, or

providing screens in housing. No less important is educating citizens in surveillance methods. Insect surveillance also paves the way for the draining of marshes and the reclaiming of land for cultivation.

This is military warfare, because the enemy is alive. Charles Nicolle, a great Pasteurian and the founder of the Tunis Pasteur Institute, wrote, "The infectious disease is en-

Jamot said that his "patient" was "people as a whole" and his enemy the virus. Perhaps the war-winning strategy of Jamot seems obvious to you; yet, present-day policy of international institutions in charge of health matters is precisely the opposite.

dowed with the characters of life: Those properties come from its animated cause and from the reaction of the cells of our organs which are living things. A disease, as all living beings, has a birth, a life, and a death, an end. . . . Disease has three forms of existence: individual, collective, and historical."

State of war on disease

Hence, an epidemic is comparable to an invading foreign army. Someone here was asking me about law pertaining to HIV-infected individuals yesterday. As in war, the law starts from the standpoint of the Constitution, from the standpoint of protection of the state as delineated in the Constitution. The state has the right and obligation to protect its citizens against foreign invasion; to do so, the law provides for state measures: 1) to protect the community from the epidemic; 2) to protect the community from the infected individual; 3) to protect the right of the infected individual, the right to care, the right to be free of the risk of contaminating others, the right to a decent life sustenance for him and his family when incapacitated by disease.

The AIDS epidemic, like any epidemic, is comparable to a foreign invasion. In response to it, our health authorities are basically saying, to paraphrase the French former Health Minister Barzach's slogan: "AIDS shall not go through me." In other words, "Each one of you run for cover and avoid getting shot. And if you do get shot, obviously your behavior was at risk, and if you do get killed, it's your fault." In contrast to that, Jamot's method represents basically sound war-winning strategy: 1) Gather intelligence on enemy deployment, e.g., on how virus travels, its speed, efficiency, and direction. 2) Raise an army, mobilize the resources to stop the spread of

the disease, and get the help to the afflicted. 3) Get the material means to fight the war, which for us entails toppling the present austerity policy. No one has ever fought a war from the standpoint of respecting a balanced budget. One cannot fight tanks with slingshots, any more than African nations can fight AIDS and associated diseases with aspirin. 4) Use flanking maneuvers to counter presently evolving epidemics, deploying screening and prophylaxis. 5) Shoot the enemy, with medicine and vaccines, develop R&D as fast as we can, bringing in the poorer nations to the ongoing effort with the richer countries. And, as Pasteur did, we ought to foster the coming into being of large research centers in tropical areas.

Jamot said that his "patient" was "people as a whole" and his enemy the virus. Perhaps the war-winning strategy of Jamot seems obvious to you; yet, present-day policy of international institutions in charge of health matters is precisely the opposite. For austerity reasons, and coinciding with the World Bank's abandonment of industrial projects in the developing sector, the World Health Organization adopted the policy labeled "primary health care" at the Alma Ata conference of 1978. Primary health care—along with the motto "Health for All by the Year 2000"—means stationary, unskilled, unequipped (e.g. no ELISSA testing equipment, no working microscope, no medications), often semi-literate, poorly paid or unpaid personnel are to safeguard the population against disease. One high-level European medical scientist in a position of responsibility in a West African country explained to me with straight face, that "primary health care means providing soap and water to the villagers."

In fact, it doesn't even mean that, because there is no clean water in the villages. A neurologist from Tanzania told me, during the recent Marseilles conference on AIDS in Africa: "If only we had a handful of antibiotics in the MST centers! We could really slow down the spread of AIDS (e.g. by treating genital ulcers). If only!" If only! Millions need not become blinded, crippled, or die, just because some bureaucrats are cowards, or evil, or both. As Dr. Lapeyssonnie, himself an expert on parasitical diseases for WHO and former head of WHO's Mediterranean office in Cairo, told me, "WHO could not act even if it wanted to!" I can tell you, that this is the best known "secret" in Europe among all the scientists and officials who know something about Africa, in contrast to WHO and home health ministries as such.

To conclude, I would like to remark on something that I deal with in amusement: I belong to the majority—that majority of humanity who has been, is being, or will be, maimed by a major disease—poliomyelitis in my case—and I am confounded, as well as amused, by the fact, as I once told the former French health minister, that present policy, far from protecting the human rights of the afflicted, is a policy of protecting the human rights for all viruses!

So, I appeal to you, for I wish to become a minority: Something can be done: It means war, a war against disease, a war on behalf of mankind, and we can do it.

A program to rescue Poland and secure peace

by EIR Economics Staff

This winter Poland faces a devastating crisis, a crisis which on one level threatens the existence of the country, and on another, if that crisis is not successfully addressed, the very existence of humanity, in war arising out of spreading economic breakdown and political turmoil in Eastern Europe.

The crisis is the result of an overall global financial and economic crisis, fueled, on the one side, by the accelerating economic breakdown of the Russian and Soviet collectivist system, and on the other side, by the de facto bankruptcy of the dollar-based world credit system, and accelerating economic slide into depression in the West. The latter, the cumulative effect of 25 years of slide into the utopia known, in the United States, as the "post-industrial society" compounded in recent years by the liberals' monetarist insanities, in the name of Friedmanism or Thatcherism.

To get out of this twofold breakdown crisis, a new approach is needed. More precisely, not a new approach, but a return to the methods of economic policy which have proven themselves over the course of modern European history since the Golden Renaissance, in opposition to the liberals and the monetarists, as well as the communist collectivists.

Currently that new method is best associated with the work of the jailed U.S. politician and physical economist Lyndon H. LaRouche. LaRouche is the author of what is called the LaRouche-Riemann method of physical economy, the application of the mathematical physics of Gauss, Riemann, Cantor, and Beltrami to the method of economics associated with Gottfried Leibniz, and the creators of the American, or National, System of economics.

LaRouche has proposed that the needed approach be called "the Third Way." In his usage, the term "Third Way" signifies something which in a sense lies between the two extremes of evil, bolshevism and Thatcherism, and which is also opposite to the bankers' socialist form of fascist or corporatist economy which is generally popular among Anglo-American and some other sections of the Socialist



A food line in Poland, summer 1989. Solidarnosc leader Lech Walesa (inset) has warned repeatedly, since the Solidarnosc-led government came to power last August, that political catastrophe looms if substantial economic assistance is not quickly forthcoming from the West. The program presented here is urgently required—not the crushing austerity measures now being applied, at the behest of the International Monetary Fund.

International today. In a more positive sense, it means the alternative to, and opponent of, Thatcherism, the dogmas of Adam Smith, and so forth; it is known as the American System of Political Economy, so identified by U.S. Treasury Secretary Alexander Hamilton, and otherwise associated with Henry and Mathew Carey and with Friedrich List. It also means, in a broader sense, the physical economy of Gottfried Leibniz, which is our own adoption, the LaRouche-Riemann method in economic analysis or physical economy, and which is also, in a broad sense, the tradition of Colbert and of the cameralists generally.

This “Third Way” fosters increases in potential relative population density, by fostering those advances in technology which will increase productivity, measured per capita and per hectare, while promoting the broad development of infrastructure, power systems, transportation, water management, communications, which are proven to support the necessary rates of increase in technological advance.

The point is, the Third Way as we identify it, the American System and what it symbolizes, will work, will succeed—the American System, which Germans know as the tradition of Friedrich List. The alternatives, Thatcherism, bolshevism, and bankers’ socialism, which is bankers’ corporatism, will be a tragedy possibly for the entire human race, possibly for many generations to come.

Like other nations in Eastern Europe, Poland has been caught between the two, incurring debt in the West to finance projects for the benefit of the Russians, seeing capital assets stripped out and depleted, to be then handed over, after the national economy has been bled dry, to rapacious Western

financial insistence on maintaining the stream of debt service.

France’s President François Mitterrand has recently proposed the adoption of what he called a “Third Way” between the failures of Russian collectivism and Thatcherite neo-liberalism, a “Third Way” based on cooperation and mutual interest. The Federal Republic of Germany’s Chancellor Helmut Kohl has put forward a 10-point program for intra-German economic cooperation, under which commissions would be formed, from the Federal Republic and the German Democratic Republic (G.D.R.) to study ways in which cooperation and integration might proceed.

This winter, it is proposed, Poland ought to be the subject of such discussions, and the recipient of their benefits. If intra-European cooperation, over this winter, can save Poland, then an alternative can be put forward to save the world from the consequences of the failures of both the communist collectivists’ and the Western liberal monetarists’ insanities.

Chancellor Kohl and President Mitterrand have put forward the idea of improving east-west rail links. From his cell in Rochester, Minnesota, jailed U.S. physical economist Lyndon LaRouche has proposed an emergency effort to reopen and upgrade rail links, along the artery Paris to Warsaw, to the end of delivering Poland the means by which the disasters looming this winter might be averted. Out of such an effort, Eastern Europe’s plunge into deepening economic chaos and political turmoil could be reversed, to the benefit of all.

Helping Poland out of its winter crisis would then become the crucial experiment which proves definitively the superiority of the “Third Way,” based on the application of Western

culture's conception of the sanctity of every human life; as absolutely different from that of the lower beasts, and the defense of the related Western system of the sovereign nation state. And related ideas, which from the time of St. Augustine have defined the absolute superiority of Western scientific and technological progress-based cultures over all others.

This is the tradition associated in the physical sciences with Cardinal Nicolaus of Cusa and Leibniz, and in economics with Leibniz, the mercantilism of Colbert, the cameralism of the Prussian reformers and nation-builders, the national economy of Friedrich List, and the American System of Alexander Hamilton and Mathew and Henry Carey. This is the tradition that can ensure that the disastrous insanities of communist collectivism, and the liberals' monetarism, can be competently replaced. It is also the unique way by which peace might be maintained.

Areas of need

The principal elements of a winter rescue package for Poland should include the following:

1) A debt and financial reorganization package which would eliminate the usurious pressure to maximize hard currency earnings. Restoration of rationality to pricing policies to eliminate the "buy cheap, sell dear" swindles, which ensure that countries like Poland don't receive the fruits of their labor in international trade.

2) Related to the first: an ensured supply of food over the winter months.

3) Emergency efforts to maintain supply of fuel and power, and bulk industrial raw materials, especially where, as in the case of oil, petroleum products, and natural gas, supplies are disrupted by the failure of Gorbachov's so-called *perestroika*.

4) Emergency provision of pharmaceutical supplies and medical equipment.

5) Emergency delivery of spare parts and capital equipment required to restore looted production capability to some degree of functioning, and permit the reopening, or resumption of work, on the capital improvements which have been shut down under the usury regime of the last years.

6) Protection for the production and distribution of construction materials.

7) Preparation, in terms of provision of parts, agricultural machinery and implements, animal feed, and related products, for next spring's planting.

Effect on rail transport system

We have estimated that the transport and delivery of the increased volume of freight required to meet the winter emergency would require more than a 50% increase in the volume of inbound rail-borne freight. Presently, Poland's railroad system carries about 400 million tons annually, of which about 40 million tons is made up incoming freight. The volume of increase on a quarterly basis would be, perhaps, in

the order of 5-7 million tons. This means providing for an extra 4,000-6,000 freight trains this winter, or rather more than 60 per day at the higher level. Freight movement to ensure spring planting will roughly double this increase in traffic flow. Therefore, the winter weeks ought also to see efforts to get rail capacities in shape to handle about 120 incoming freight trains per day, roughly double the level which prevailed in 1986.

Most of the increase, so far as bulk goods are concerned, would not involve rail links with the West, but would flow internally, from the Baltic ports of import and transfer, inland. Of the inbound rail-borne freight, only about 6 million tons per annum comes by way of the links over the border crossings between the G.D.R. and Poland. For this winter, supplies of food, raw materials for industry, and fuel, would be shipped into one of Poland's Baltic ports, and then transhipped onto the Polish State Railway (PKP) system. Rail traffic through the G.D.R., from the West, would increase as a function of increased shipments of Western and G.D.R.-supplied spare parts, tools, and capital goods.

The increase can be compared with the PKP's estimates of daily freight traffic. Internally, as of 1985, roughly 4,500 freight trains were employed daily, and another 150 were dispatched for international freight transport. Eighty percent of all the goods carried were bulk goods, and about half of the total moved on a daily basis involved the Upper Silesian industrial area. Collapse of internal freight transport since 1985 would probably have resulted in 350-450 of the country's daily freight train schedule being taken out of service.

To put this in perspective, it should also be kept in mind that almost half of the total of rail-borne incoming freight is iron ore. The iron ore is primarily carried on the line that runs from Hrubieszow on the Soviet-Polish border to Katowice. The line's track gauge is the same as the wide-gauge Russian system, so border transfers are avoided. Iron ore is brought in, products from Silesia's metal- and materials-processing industries are shipped out directly to Russia. Other imported raw materials are shipped into Baltic ports like Szczecin and Koszalin, entry for iron ore from Sweden, and then carried down to the Upper Silesian mining and basic industry region. More than 70% of the outbound rail freight is comprised of coal mined for export in Silesia and hauled by unit train back to the Baltic ports.

By 1986, while the total volume of freight carried on all modes of Polish transportation had reportedly declined by about 35% since the crisis of 1980, the decline in rail freight was only one-third as much—10%—and the decline through the ports was comparable. This margin of unused capacity at the ports, and presumably in classification and marshaling yards, increased during the past year, when the volume of goods carried on Poland's railroads fell by a further 30 million tons. The collapse in goods transported reflects the collapse of the steel industry, and therefore a reduction in iron ore imports, and a reduction in the movement of coal, both

internally and for export. Coal shipments made up 160 million tons, one-third of the total volume carried in the last year. The unused capacity is a primary margin to provide for the necessary expansion of service.

Polish railroads

Within Poland there are 27,000 kilometers of railroad, of which 15,000 are single rail, and 10,000 are fully electrified. In 1986, there were 161,300 rail freight cars; 1,800 electric locomotives; 2,600 diesel locomotives; and 700 steam locomotives. The national average was 7.8 kilometers of railroad per 100 square kilometers. (Map 1.)

Kilometers of railroad per 100 square km

Region of Poland	Km of railroad per 100 sq km
Katowice	21.5
Walbrzych	14.5
Warsaw	13.1
Poznan	10.9
Rzeszow	11.3
National Average	7.8

Of the 431 million tons of goods moved by rail in 1986, 25 million tons were exported by land, and 24 million tons were exported by sea; 28 million tons were imported by land; 325 million tons were moved as "local traffic."

Speed of freight train

(kilometers per hour)

Year	Total	Electric	Diesel
1986	39.9	43.5	34.6
1985	39.9	43.8	34.9
1980	38.0	43.8	34.6
1970	37.4	47.3	38.9

Speed has probably fallen since 1986. There has reportedly been a noticeable deterioration in the track bed, following a sharp drop in investment for maintenance, etc. since 1986. The state rail plan adopted in 1986 envisioned that transit from Rzepin on the western border crossing with the G.D.R. to Malaszewice on the eastern Soviet border would take 20 hours, the north-south route from Gdynia to Zebrzydowice 24 hours, and the journey from Szczecin into Upper Silesia around 20 hours.

The main line (Poznan-Warsaw) from the G.D.R. border is a double line, and is fully electrified. The following rail lines are important, and are also fully electrified: Warsaw to Krakow; Warsaw to Katowice; Szczecin to Silesia; Gdynia/Gdansk to Warsaw; Gdynia/Gdansk to Wloclawek. (Map 2.)

The line that runs from Cottbus in the G.D.R. to Wroclaw is not electrified. Rail lines in Czechoslovakia are also not electrified.

MAP 1

Poland's railway system



Poland's freight trains average about 1,300 tons carried per journey, over a 280-km run. Hence the estimated total requirement for extra freight trains required over the winter months is in the range of 4,000-6,000. The average wagon-load is about 36 tons, the daily run per wagon about 104 km, and the turnaround time for wagons just over five days. On this profile, it would take two freight trains four days to carry one trainload of freight between Frankfurt, on the Polish-German border, and Warsaw. (See Map 3.)

Rail routes into Poland

The principal rail route into Poland is of course the direct one from Warsaw, through Berlin to Hanover. There are subsidiary southern routes, from Warsaw, through Wroclaw and Katowice, via Dresden, Prague, and Bratislava respectively, to Munich and Vienna. (See Map 4.)

Bottlenecks

Increasing the volume of freight carried into Poland is first to increase the frequency of the traffic. On one side, this means re-establishing broken links, especially those between the Federal Republic (F.R.G.) and the G.D.R., as the respective governments have begun to do. On another, it means upgrading existing track.

The big bottleneck to overcome in expanding the freight moved into Poland by rail from the west, is the G.D.R. Within the G.D.R. the bottlenecks, up to now, have been of two forms—political as well as physical. The main physical

MAP 2

Electrification of Poland's railroads



— Lines electrified before 1985
 - - Lines planned to be electrified 1986-90

Polish State Railway

bottlenecks to the movement of goods, tracing their path westward from the Polish-G.D.R. border, are the following (Map 5).

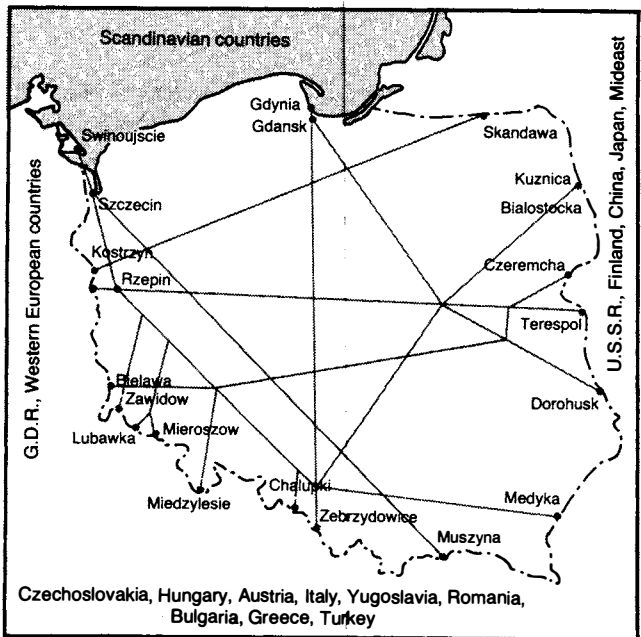
First, the principal line into Poland runs from Berlin, through Frankfurt on Oder to Poznan. Double-tracked, like the rest of the line from Berlin, as far east as Chita in Siberia, this line has been accorded, up to now, only the lowest priority for electrification. The electrification of the final stretch was expected to be completed by the end of December 1989, after many years of in-fighting.

Second, and a problem of a far bigger order, is the one which has developed around Berlin. Prior to the Second World War, Berlin was one of Europe's biggest transport hubs. This obviously is no longer the case. About 15 million tons of freight are delivered to West Berlin by rail every year, coming from the Federal Republic into the Hamburg-Lehrte freight station in central West Berlin. For east-west, and even north-south movement by way of Berlin, the two ring systems, the outer "Aussen-Ring," and the ring which now carries S-Bahn subway passenger traffic for East Germany, have to be put in shape. (See Map 6.)

First, they need to be turned back into rings, so that freight can be moved around the city, and not through it. They need to be electrified, around their whole circumferences.

MAP 3

Major routes of rail freight through Poland



Polish State Railway

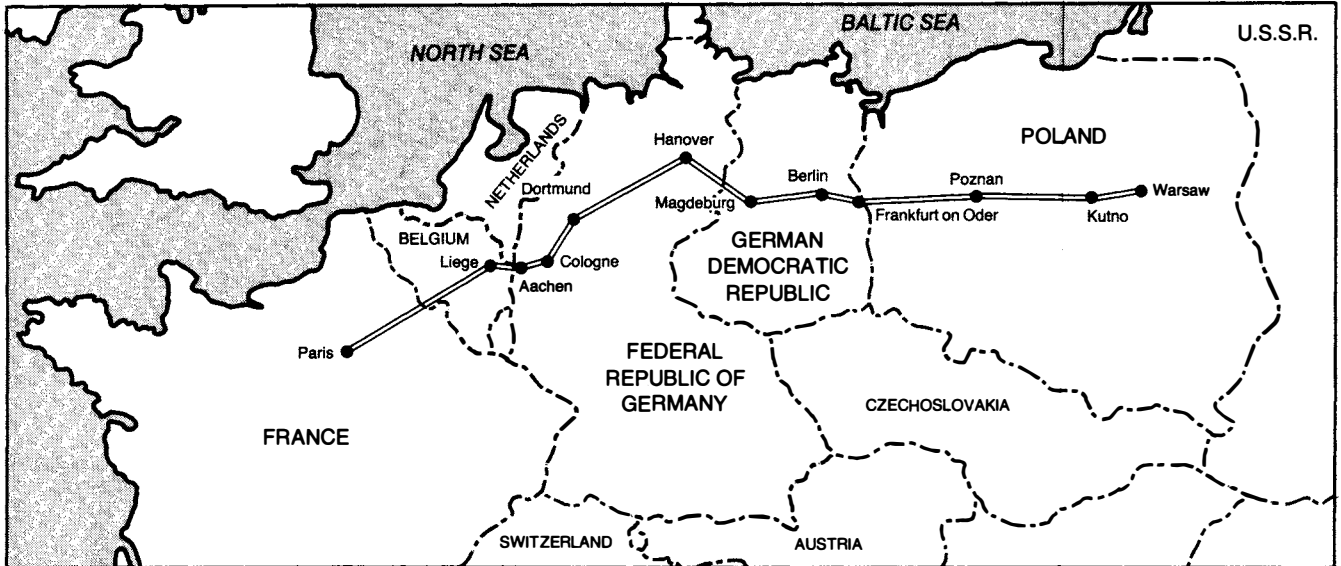
Tracks have to be upgraded to standard. And, classification and marshaling systems have to be built, with location and scale depending on how rapidly it is desired to turn Berlin, once again, into a European hub for movement of goods and passengers.

The rail freight center at Machen outside Hamburg, which, handling 4,000 wagons per day, in multi-mode fashion, is now Europe's largest, would be the model for the freight handling centers which will be built around Berlin.

The third bottleneck is the matter of access to Berlin from the west. Traffic coming from the west is restricted to two access routes: a northern one, entering the western side of West Berlin, by way of Nauen, Wustermark, and Spandau, for trains from Hamburg and the north; and, a southern access, on the southwestern side of the city, along the line Potsdam, Griebnitzsee, Wannsee, which seems to be for traffic from all other directions. Map 6 shows the present entry points, as well as cut lines which have interrupted previously existing track. The map also shows the problems with the ring systems.

Fourth is the quality of existing lines linking East Germany with the West. Here, as in and around Berlin, physical bottlenecks stem from political and military considerations. The practice seems to be, as in the crossing Bebra-Gerstungen, a loop back into the territory of the Federal Republic, once the border is crossed, followed by a single-track, non-

The Paris-Warsaw rail corridor

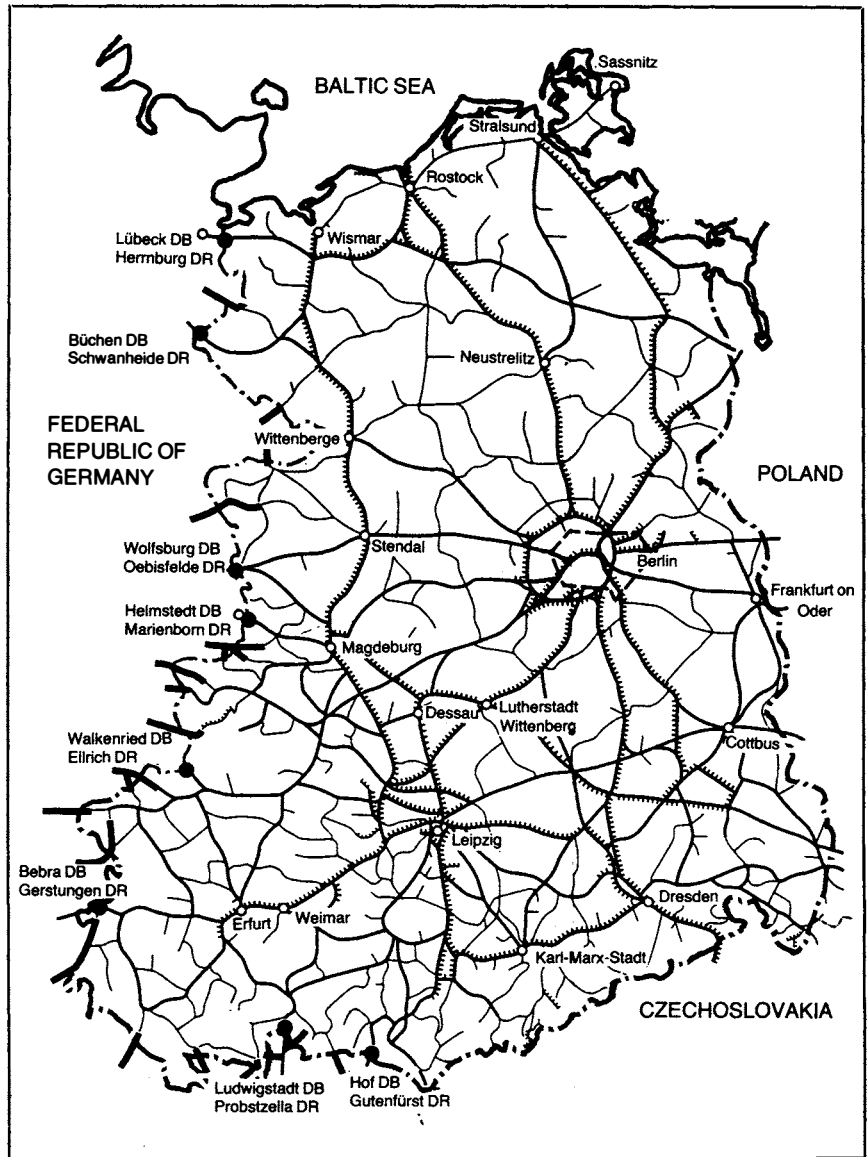


Principal junctions and approximate distances from Warsaw

North link	Direct (distance in km)	South link
Gdynia-Gdansk Bydgoszcz-Szczecin	Warsaw	Krakow-Katowice Lodz-Radom-Lublin
Gdansk-Szczecin Wloclawek	Kutno (80 km)	Katowice-Ostrava-Bratislava-Vienna
Gdansk-Szczecin Bydgoszcz-Gorzow	Poznan (250 km)	Wroclaw-Katowice Wroclaw-Prague-Pilsen-Munich Wroclaw-Dresden-Munich Wroclaw-Dresden-Frankfurt/Main
Szczecin	Frankfurt/Oder (410 km)	Wroclaw
Rostock Bremen-Hamburg	Berlin (480 km)	Erfurt-Stuttgart-Zurich Leipzig-Munich Cottbus-Wroclaw Dresden-Prague
	Magdeburg (570 km)	
	Hanover (730 km)	
Rotterdam	Dortmund (910 km)	
Antwerp	Cologne (1,110 km)	
Brussels	Aachen (1,170 km)	
	Liège (1,230 km)	Thionville Metz-Luxembourg
	Paris (1,400 km)	

MAP 5
G.D.R. railroads, with German-German border crossings

DB=Deutsche Bundesbahn (West German)
 DR=Deutsche Reichsbahn (East German)
 [Symbol: Dashed line] Electrified lines
 [Symbol: Solid line] Other lines
 [Symbol: Thick solid line] Lines cut by the border



Idé Infographie

electrified stretch, until the first city, Eisenach, is reached. The line is then electrified until the turn-off for Berlin is made north of Dessau. Existing links have to be double-tracked and electrified.

Fifth, rebuilding cut railroad connections, some of which are shown on Map 5. This work has been adopted as a priority by combined task forces of the F.R.G. and the G.D.R. following the Nov. 7, 1989 decision to end visa requirements for travel from east to west. Christmas border opening for west to east travel makes the upgrading more urgent.

Sixth, the physical context for relieving the bottlenecks is defined by the brutal reality that East Germany, unlike West, was never rebuilt after World War II. Where the railroad network is concerned, this means that existing infra-

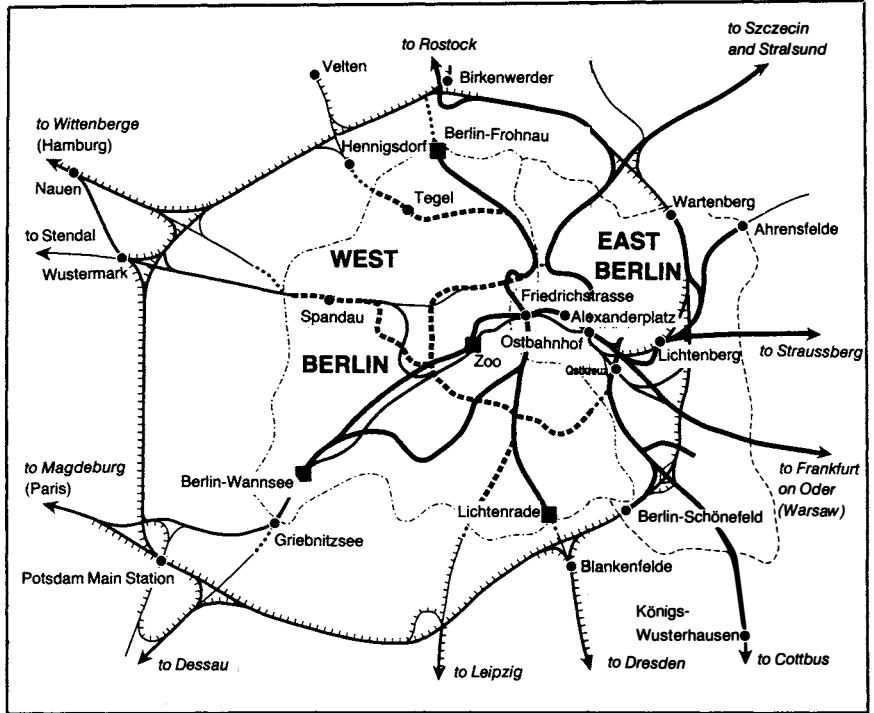
structure—track beds, stations, goods handling, rolling stock repair facilities—actually pre-date the First World War. Steam-driven switching systems, decrepit facilities for steam trains, even if now unused, are not always such silent witness to what has to be done to make the East function. Fix-ups and restoration of broken links ought to proceed from the standpoint that the whole system ought in any case to be rebuilt.

Seventh, expanded passenger travel possibilities following the ending of visa requirements for travel between the Federal Republic and the G.D.R., bring these matters to the immediate forefront. Though travel will not remain at initial elevated levels, there will have to be adopted long-term solutions which integrate both territories, otherwise nothing will

MAP 6

Rail approaches to Berlin

- ▬ Major electric lines
- Major non-electric lines
- ▬ Other electric lines
- Other non-electric lines
- East Berlin subway
- West Berlin subway
- West Berlin subway lines abandoned or used for freight
- Other abandoned lines



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work. Given the cheapness of rail transport, economically an order of magnitude advantage for passengers and freight over roads, and given the primitive state of G.D.R. highway networks and facilities, there will be a premium on rapid development of integrated east-west rail links.

The best way to approach this would be to integrate the eastern countries—G.D.R., Poland, Czechoslovakia, Hungary—into the planned western high-speed rail system. Berlin would be the hub for such an extension, with high-speed passenger links radiating in all directions. Existing line segments could then be upgraded for more effective transport of freight.

Eighth, any significant increase in the capacity to move freight eastward into Poland across the G.D.R. will rather soon stress the predominantly north-south-oriented railroad system of the Federal Republic.

Credit and monetary matters

It ought to be recognized by all concerned that Poland cannot continue to sustain the burden of servicing its foreign debt. It ought also to be recognized that Poland's internal credit and pricing arrangements cannot be pulled out of present chaos without reorganizing the foreign debt over 25-30 years, and providing new credit for the development of infrastructure, agriculture, and industry.

The day-by-day and week-by-week labor of Sisyphus to earn hard currency to pay Western creditors and Russian import bills has to be ended, and replaced with efforts to

sustain a long-range capital improvement effort which will permit Poland's people to become productive again.

Such a debt reorganization ought properly to be the subject of emergency action taken, as sovereign acts, by the governments which would be directly involved in the effort. What Poland perhaps cannot contemplate on her own, or France or the Federal Republic on their own, becomes possible and urgent, when done together, to preserve peace.

Debt reorganization makes possible the introduction of sanity to foreign exchange and currency policy. That means dropping the monetarists' insistence on full convertibility for the Polish currency, the zloty. There is no way currency convertibility can be put forward as an agenda item, separate from the catastrophic consequences which will ensue from the attempt to make the zloty convertible. There could be no shorter route to the restoration of communist rule than the package of financial measures recommended by Harvard monetarist Jeffrey Sachs and the International Monetary Fund.

Contrary to these bloodthirsty ideologues, Poland's currency is undervalued, and massively so. Poland does not need currency convertibility, but protection, as defined by the 19th-century economists of the American System, with tariffs on imported products, to protect domestic productivity, to permit the necessary capital improvements in infrastructure, agriculture, and industry to achieve critical mass for take-off. Comparison of the economic costs of production of standard market baskets of consumers' and producers'

goods between Poland, the G.D.R., and the Federal Republic would establish that Poland is functioning at about one-sixth the productivity of the Federal Republic, and the G.D.R. at, or under, one-half. Such weightings, as refined, would permit equitable balances to be established for the purposes of trade, and tariff structures, designed not to preserve low productivities, but permit successful investment to reduce the discrepancies in cost along a technology-intensive, energy-intensive pathway.

Debt reorganization, and an economically founded currency stabilization and protectionist tariff screen, should be accompanied by the corresponding introduction of rationality into pricing arrangements.

Changes in pricing policy ought to be effected in coherent fashion, without the influence of Thatcherite "magic of the market place" free enterprise ideology about letting prices find their own levels. Pricing ought to be freed from the usurious and speculative structures tied to the present bankrupt New York- and London-based monetary system. Pricing, as in the case of pricing of agricultural products, what the Americans call the parity system, ought to reflect the economic costs of production, in terms of equipment, material, and labor, while providing for the producers' equitable profit.

This can be approximated by setting a standard for commodity and other product pricing for the Western and Eastern zones which would be participating in the effort to rescue Poland. It is proposed to take the deutschemark import and export prices of commodities and products quoted at Hamburg as the central reference price for all commodities and products shipped through the territories of nations involved in the effort. Thus, Poland would be paid the Hamburg deutschemark price for its exported production. That same price would apply to the nation's imports, and would provide the floor from which tariff arrangements would be calculated.

This would more accurately cover internal Polish production costs than the present "buy cheap, sell dear" swindles organized out of London's commodity exchanges.

Debt reorganization, combined with fair prices for exported goods, would permit Poland to reduce the volume of its exports while maintaining hard currency earnings at or above present levels, without recourse to ultimately self-defeating autarkical approaches. It would help stabilize the situation in the countryside, and permit peasants to start buying inputs again, for example. It would help end the usurious and outrageous looting of Poland's mines, industries, and population.

Reorganizing debt, setting a rational basis for credit and prices, clears the garbage out of the way to permit concentration on what Poland can really do, and what others can do for Poland. Equally, it is important to get rid of the kind of mental images that would tend to get in the way, associated in the United States with the notorious "Polish jokes" or in Europe with so-called "Polish economics."

Prior to 1980, Poland had developed world leadership in areas such as magneto-hydrodynamics (MHD) research. Here the practical benefits, in the form of direct reduction of Poland's enormous coal reserves, would pale into insignificance beside the advances in human knowledge that are waiting to be achieved in the mastery of plasmas and high-energy physics. In the economy, Poland's mining sector—and not just the production side, but the affiliated research institutes, and the mining process machinery sector—were world class. Not so long ago, the case of Poland's contribution to increasing productivity of coal fields through automation and mechanization was well known, and Poland led the world. It wasn't only in coal mining though, where Poland still ranks number four in the world, but also in the development of copper and natural sulfur reserves, among the largest in Europe. Poland's contribution to the automation and mechanization of underground mining has put it high on the list of countries with the expertise necessary to build sustainable human colonies on the Moon and Mars by early in the next century.

No matter how rapidly, or universally, the necessary transition to generation of electricity by nuclear fission, or fusion, is made, for the next generation the world is still going to need all the coal it can get, even if reduction technologies are advanced in efficiency and cleanliness. Therefore, the world is also going to need the expertise and excellence that Poland has developed in this area, and has applied in France and Germany, India and Indonesia, as well as within the Comecon.

Culturally, Poland is part of the West's Judeo-Christian tradition of fostering and protecting the individual's capacity, in the image of the Creator, to develop the creative powers which contribute to the development of the species as a whole. In confronting the difficult crisis of the winter, it is the freeing of the nation's such creative capacities, for the benefit of all mankind, which ought to provide the inspiration and commitment, instead of the detraction of the worn-out clichés which otherwise rationalize our continued acceptance of communist tyranny and monetarist usury.

Winter priorities

Priorities for winter have to include supplies of food and fuel.

In the case of the former, Poland's per capita consumption at the end of the 1970s, when people at least were not going hungry as they are now, was about 0.8 metric tons per year. Assuming, as a maximum, that over the coming 13 weeks, one-half of the food supply of the urban population has to be met, then Poland will require roughly 2.4 million tons. This breaks down into daily and hourly food flows into the transport grid of the country of 6,800 metric tons per day, or 280 tons per hour. It amounts to about five freight trains filled with food per day.

The assumption here is that Poland is about 25% short of

necessary food supplies, although the actual situation may well be worse. U.S. "experts" claim that there is no food shortage in Poland, simply hoarding by peasants, or insufficient money in circulation. After nearly 10 years of aggravated looting for hard currency earnings, this is a brutal absurdity. Politically, it serves to split peasants from city-dwellers. "Reform" in Poland, as in the Soviet Union, has made food disappear from the stores. It is distributed through place of employment, obtained by management under barter agreements with other suppliers. So the black market replaces regular distribution, "price reform" proceeds, and those who don't have access to supplies—like pensioners, unemployed widows, employees of non-prioritized enterprises—go hungry.

There are said to be efforts under way, by the Western Europeans, to provide emergency shipments of grains—wheat and barley—through the Baltic ports, and meats brought overland by refrigerated truck. The amounts are not adequate.

Together with food, a guaranteed fuel and power supply ought to be at the top of the list. Shortages in fuel supply could deliver the death blow to Poland. Coal production is estimated to be down at least 10% over last year. Imports of oil and gas from the Soviet Union are reported to have been curtailed by the same amount. As with the case of food, these estimates are probably low.

Fuel supply will probably dramatically worsen after Jan. 1, when the impact of newly approved Soviet export guidelines is felt. The estimates are based on the assessments of travelers from Poland. Where fuel is concerned, temperature becomes a consideration. Estimates are that if the temperature does not fall below -15°F for a sustained period, then stocks at electricity-generating stations, existing before winter set in and estimated at one month's supply, against the three of normal practice, ought to be sufficient. However, more devastating, coal production is thought to be down this year by about 10% from the 150-160 million tons produced in 1988. This in turn is reduced from about 200 million tons per year in 1979.

The effects have been and will be felt on electrical-generating capacity, which accounts for about half of Poland's total energy consumption, and everywhere else. Another approximately 25% of the total is consumed by industry as a whole, of which more than 60% is accounted for by the combination of the iron and steel industry, the chemical and petrochemical industry, and non-metal minerals processing. Households account for rather more than 20% of the consumption.

Equally devastating is the reported shortfall in Soviet-supplied oil and gas, which, along with other raw material inputs for the economy, have been sharply curtailed because of the worsening economic breakdown of the Soviet Union itself. Where supply of oil, gas, and refined petroleum products is concerned, this is thought to entail, at least, a 10% reduction

from the levels of the year before, and perhaps more.

Oil and natural gas are reported to account for 33% of Poland's primary fuel requirements, in oil equivalent tons. The combined shortfall of coal, oil, and gas, can therefore be put in the range of 15-30% of the country's needs—the lower figure relative to recent years, the higher relative to the coal production peak of 1979. This will minimally affect more than 20% of electricity generation capacity and in the range of 7-10% of industrial capacity, more in the more energy-intensive branches like the iron and steel industry and chemical processing, where, on these estimates, the shortfall would be twice as much.

Beyond the matter of fuel supply, Poland's electricity-generating capacity has been at the breaking point since the late 1970s, when rationing was introduced. Generating plants will need spare parts, and maintenance work.

Poland's energy expansion plans in the 1970s depended on the development of the Lublin coal basin, which was to have provided the margin to take coal production from the 200 million ton level reached in 1980 up to 290 million tons by 1990. It didn't happen. Existing electrical-generating plant, made up of about 57 general-use installations and 230 specific application operations for industry, combined with 2 large generating plants that were scheduled to come on line in the 1980s, accounted for available coal from the Upper Silesian fields. Expansion in the 1980s, instead, where it did occur, was to be by way of adding brown coal-burning capacity.

In addition to parts and maintenance for existing plants, what is required to put non-completed plants into operation and open up the Lublin coal fields, should be figured in. Priority consideration might also be given to the German-engineered retrofit of brown coal plants to improve the efficiency of coal combustion. However, since the retrofit is reported to take 18 months, and the plant being upgraded is out of service for that time, it would be better to move directly ahead with the elaboration of a nuclear-sourced electricity-generating program for Poland. Priority should also be allotted to restoring Poland's research work in MHD.

In the industrial-processing sector, beyond the iron and steel industries, chemical- and petrochemical-processing account for about 20% of the electricity consumed by Poland's industries and 40% of the natural gas. The oil and gas shortfall, over the year, assuming a minimum 10% reduction (which should be more precisely estimated) is in the range of 2.5-3 million tons, with gas counted in oil equivalent tons. Oil accounts for two-thirds of the whole, 1.65 to 2 million metric tons.

Household use of coal as a fuel, said to range from 0.6 to 0.8 tons per person per year between 1979 and 1987, accounts for about 20% of the coal produced in the country. If half of the fuel is burnt during the winter months, then the overall requirement of households for the coming 13 weeks ought to be in the range of 15 million tons, with an estimated foreseeable shortfall in the order of 1.5 million to 2 million tons.

Poland exports about 40 million tons of coal per year for the hard currency earnings; 12 million tons of the exported coal is provided to Russians living in the western extremities of Soviet territory, not because the Russians need the imports, but because the nearness of Poland's mines to Russian consumers makes deliveries much easier.

The combined effects of shortfalls in coal, oil, and gas will also affect the transportation system directly and indirectly, reducing freight- and passenger-carrying capacity by around 10%.

Increased coal production can be generated internally. But the transport system must be capable of moving the increase. The oil and gas requirement cannot be produced domestically; nor can the Soviet Union, itself sliding into economic chaos and political turmoil, be counted on to supply what is needed. Therefore, other sources for the oil and gas are needed, whether from Norway's North Sea fields, or from Middle Eastern producers.

Similar considerations apply to Poland's other bulk imports of industrial materials, starting with the largest, iron ore. In this case, imports have been cut by half since the late 1970s, and another 10% reduction is taking place because of Soviet supply cut-backs. Here the range would be, on an annual basis, 10 to 20 million tons, with 20 million the figure reached in the late 1970s. If the winter months account for one-fourth of the annual consumption, then Poland would require 2.5-5 million tons of the ore over the winter months. Vital would be to find other suppliers, from African and Ibero-American nations desperate for expanded and dependable export markets, to free Poland from its dependency on Russian primary materials.

In recent years, Poland's railways have carried around 400 million tons of freight annually; out of this, approximately 40 million tons are exported and 40 million imported. Thus the system is called on to handle the throughput of approximately 10 million tons every quarter, with no account made for seasonal variations. The food, fuel, and iron ore requirements sketched out here would amount to an extra 5.4-6.9 million tons of freight carried over the winter months. Thus, if the emergency action is designed to produce a doubling of the throughput, with a safety margin added on, it would be in the right general direction. This would translate into the developed ability to handle, on a daily basis, in excess of 160,000 tons of incoming freight, or 6,000-7,000 tons per hour.

Spare parts and supplies

All areas of industrial processing are affected. Relative to other European nations, Poland is well endowed with raw materials, with the exception of iron ore, bauxite, oil, and gas. The country's extensive copper deposits, located in Lower Silesia near Legnica and Glogaw, are among the largest in Europe. Lead reserves are number two in the world; zinc reserves are number five, and are located on the northern

edge of the Upper Silesian coal field. Sulfur and rock salt materials for the chemical industry are also among the most extensive in the world, and are found, respectively, at the confluence of the Vistula and San rivers southwest of Lublin, and between the Vistula and the Notec rivers, between Bydgoszcz and Lodz.

For the mining sector as a whole, ambitious development plans had been adopted in the 1970s, including planned development of downstream processing. Poland became a significant producer of electrolytic copper, and of sulfuric acid, and also of equipment for making sulfuric acid. The earlier development plans ought to be dusted off and recapitalized, after the years of looting.

In industrial processing, Poland used to be the second largest steel producer in the Comecon, and the eighth largest in the world, producing more than 12 million tons per year. The steel industry typifies the overall problem. Of the 27 plants which existed in the early 1980s, only two had been built since the end of the Second World War. The most modern was the Katowice Iron and Steel Plant, opened in 1976, with an initial capacity of 4.5 million tons. The Lenin Iron and Steel Plant at Nova Huta opened in 1954 with a capacity of 6 million tons. Obsolete open hearth technology makes up the bulk of the capacity, with just over 12% of the steel produced by basic oxygen converter, and another 14% by electric arc furnace. Poland had designed a two-phase plan for steel: 1) production of low-quality product for export, followed by 2) the addition of high-quality specialty steels. In the second phase, the Katowice plant was to have been expanded to 9 million tons capacity. It never happened. One specialty steel plant was completed in Warsaw, of the planned additions to capacity in Phase II.

The chemical industry, located near the sulfur deposits in Upper Silesia, and at Plock, a junction with the Soviet gas pipeline halfway between Warsaw and Bydgoszcz, and, for fertilizers, at Szczecin, is also reported to have been among the best in the Comecon. It concentrated on basic industrial chemicals, like sulfuric acid, nitric acid, sodium hydroxide, calcined soda, carbon disulfide, and fertilizers, which could be produced from local materials, and on raw materials for synthetic fiber production. The industry, like so much else, was capitalized by the West in the 1970s, and then cannibalized as part of the drive to reduce imports in the 1980s, reducing output below the levels achieved by the late 1970s.

It is the same with the textile industry and textile machinery manufacture, centered on Lodz and Woclawek; with shoe and leather manufacture, which has also suffered from the decline of agriculture; with the consumer electronics industry set up under license from Grundig in the Federal Republic in the 1970s; and with the Warsaw auto production facilities set up by Italy's Fiat. With the older industry like textiles, some of the capital equipment predates World War II; these industries were recapitalized in the 1970s, and then destroyed, handed over to final looting by Western finance, after the

Soviets had extracted what they could. Food processing and storage, including construction of refrigerated warehouses, would also be a priority under this heading.

Each could be gotten to function again. It is proposed that the machining for the parts required, and thus the parts, be supplied from the machining and precision industry center in the southern part of the G.D.R. Capital goods capabilities of the Federal Republic could be employed to jump-start the East German capital goods and machining capabilities, by fulfilling orders for Poland, as G.D.R. capabilities could help jump-start Polish capacity.

Spring planting

Provision for spring planting will increase the demands on the rail system significantly beyond the requirements sketched above. Roughly 5,000-6,000 further trains will be required to move machinery, implements, fertilizers, quality animal feed, and perhaps also seed, which will have to be brought in.

The rough magnitudes are as follows. For machinery, Solidarnosc has stated that Poland will require some 16,000 tractors. At 20 tractors per train, this would come to another 800 trainloads. Animal feed production capacity, manufactured, not from forage and silage, has been reduced by 30-50% since the end of the 1970s. Herd sizes have been reduced too, because of the pressure for foreign exchange earnings. The import requirement here may be 1-1.5 million tons. Similarly for fertilizer, incoming shipments of especially potassium-based fertilizers have been slashed in recent years. Here the volume required may reach 3-4 million tons. It is also necessary to ensure that there be sufficient seed available to maximize return by harvest-time.

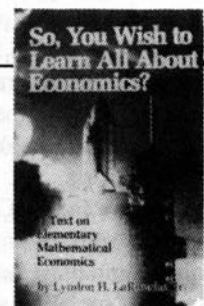
General considerations

To ensure that the spring planting functions, as the final phase of overcoming whatever emergency this winter might bring, is also to commit to the ultimate development and recovery of Poland, as part of a broader effort aimed at the recuperation of the G.D.R., Czechoslovakia, and Hungary. The broader considerations of accomplishing that objective, adding another 100 million producers and consumers to the 300 million and more who comprise the "Inner European Market," ought to govern the approach taken to help Poland successfully out of the winter crisis.

The rough rule of thumb is that Poland would be to the G.D.R. as the G.D.R. would be to the Federal Republic. In energy throughput per unit population density, the product of energy per capita and energy per inhabited and cultivated hectare, density of throughput in the F.R.G. is roughly three times that of the G.D.R. and Czechoslovakia, and 15 times that of Poland. In terms of capital intensity of employment, the labor cost of agricultural production in the F.R.G. is one-third to one-half the cost of the same activity in the G.D.R. and Czechoslovakia, one-sixth the cost of production in Po-

land. In manufacturing employment, the same pattern prevails, the worker in the Federal Republic being six to eight times more productive in production, per capita of the total population, of selected consumer items, food, clothing, appliances, automobiles, than the worker in Poland, and four to six times more productive than the worker in the G.D.R. and Czechoslovakia.

Such considerations make a mockery of the idiocy put forward in the West by the monetarists, and their hired thugs like Harvard's Jeffrey Sachs. These argue that the advantage of investing in the East is cheapness. They mean the relative cheapness of labor, in terms of wage expenditures. Economically they are illiterates. What is crucial is what they overlook. Poland, the G.D.R., Czechoslovakia, and Hungary are culturally part of the West. Their populations are culturally capable of assimilating scientific and technological progress in the way that Western culture, based on the idea of the sanctity of each individual, makes possible. Providing capital improvements to develop basic infrastructure, transportation, water management, communications, and upgrading the technology content of capital goods stocks, while promoting and protecting those cultural values which, for the West, define Man as uniquely different from the lower beasts—such policies would mean rates of growth such that in the medium term of 5-10 years, the expanded European market, integrating the eastern frontier lands of Western culture, will easily be the most powerful on the face of the Earth.



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The condominium strikes back

by Webster G. Tarpley

Back in November, U.S. congressional candidate Lyndon H. LaRouche outlined considerations pointing toward a likely hardening in the political climate in the Soviet empire sometime between Dec. 15 and the frosts of Epiphany. With the official liquidation of the former economic reform policy called perestroika, through the ukase of the Russian military-industrial complex presented by Prime Minister Nikolai Ryzhkov on Dec. 13, that prediction has already been fulfilled in spades. Now, with a few days left before Twelfth Night, ominous shadows of Kremlin-directed counterrevolutionary regroupment are lengthening over Eastern Europe as well, putting an end to the euphoria of the October-December revolutionary upswing.

Gorbachov and his Comintern co-thinkers are attempting to stabilize "soft" or "reform" communist regimes—or regimes of communist retreats—in the satellites, under the rubric of the "socialism with democracy" that was the centerpiece of Gorbachov's New Year's address. This momentary impulse takes advantage of the continued Soviet military presence, and of the fact that, whatever has been alleged in public, the repressive and secret police apparatus in East Germany and Czechoslovakia, to say nothing of Poland, Romania, and the other states, remains essentially intact, although perhaps in a "privatized" form. With the demagogic carrot of "democratic socialism," as endorsed by Margaret Thatcher and the Socialist International, and the brutal stick of the Red Army, the neo-Bukharinite "cosmopolitan" faction in the Kremlin is scrambling to reassert its hold over Eastern Europe after the explosions of the autumn.

Moscow's counterrevolutionary hopes depend for their success on the worldwide U.S.-U.S.S.R. alliance that was reaffirmed and extended by the Bush-Gorbachov Malta summit in December. In this sense, the Bush presidency is re-

vealed more than ever as a vehicle for the Moscow-Washington-London power-sharing arrangements represented by British intelligence asset Henry Kissinger. Bush and Secretary of State James Baker are incapable of elaborating policy; the policy comes from Kissinger, specifically in Kissinger's capacity as a conduit for such London oligarchical and merchant banking circles as Chatham House (the Royal Institute for International Affairs) and the friends of Lord Victor Rothschild.

The framework for policy is the *modus vivendi* reached by Kissinger with the late Yuri Andropov, based on Andropov's celebrated interview with Rudolf Augstein's *Der Spiegel* magazine back in April 1983: The Soviet Union is a land power and considers the Eurasian land mass as its sphere of power. The United States is a maritime power with interests in the Western Hemisphere and in other insular and littoral areas. This crude carving up of the globe in the spirit of a New Yalta, which furnished the thesis for Zbigniew Brzezinski's recent book *Gameplan*, is momentarily the matrix of world politics and strategy. The U.S. adventure in Panama thus goes together with the calls from Sen. Sam Nunn (D-Ga.) for a cut of 100,000 men in U.S. military strength in Europe.

Despite Bush's repeated pre-Malta lies that he was not acting in the spirit of a New Yalta, this was exactly what happened at the "Seasick Summit." In the wake of Bush's adventure in Panama, experienced central European observers who thought they had seen everything are voicing shock over the cynicism and shallowness Bush showed at Malta. Especially in the Bush-Baker-Gorbachov-Shevardnadze tête-à-tête, these observers report, the following monstrosity was haggled out: On the one hand, Gorbachov was granted *carte blanche* for atrocities within the borders of the

U.S.S.R. The only proviso was a meek request for restraint in the Baltic states, presumably for racial reasons. In the Transcaucasus and the rest of the U.S.S.R., massacres will be studiously ignored by Bush. In the satellites, bloodbaths can be decided on a case-by-case basis. In the case of Romania, for example, the Soviets could have intervened with impunity (and were invited to do so by Baker on Dec. 24), but decided that this was not necessary. In exchange, the United States was granted a free hand in such locations as Panama. Both regimes, according to these observers, agreed on a five-year freeze on any steps toward German reunification, with the U.S. in effect providing a guarantee of the continued existence of East Germany, as signaled by the pre-Christmas Baker visit to East German leader Hans Modrow and by the renewed lockstep of the four victorious powers in their reassertion of controls over West Berlin.

Nevertheless, according to reliable sources, the month of December was catastrophic for Gorbachov, as signaled by his humiliating threat to resign on Dec. 9, and by the disintegration of the Gorbachov group during the Central Committee meeting held on Christmas Day. Gorbachov's only stock in trade is now the Malta package, and his sole argument against those in the *nomenklatura* who regard him as useless ballast, is that it is after all Gorbachov who has the deal with Bush and the Americans, which without him might be open to question.

Gorbachov is tormented by the separatist agitation in the Baltic states. Despite all the threats pronounced by him against the Lithuanians, Dec. 28 saw the formal registration in Vilnius of the breakaway Lithuanian Communist Party of Brazauskas, and an openly secessionist Democratic Party, with the secessionist Social Democratic Party right behind. On the same day, the Latvian Parliament was debating a constitutional amendment to abolish the primacy of the Communist Party in state and society, although a final vote was put off until later. *Pravda* denounced the Lithuanian multi-party system, alleging that this was provoking the Soviet party to take decisions that would end perestroika. Gorbachov is supposed to go to Lithuania to resolve the impasse, but he is clearly not anxious for what is almost sure to be a new debacle for him. Instead, in the first week of the New Year he convoked the Lithuanian Politburo to Moscow for talks.

At the same time, British Labour Party leader Neil Kinnock made the interesting revelation that Gorbachov has canceled all meetings with foreign statesmen during January, citing the excuse of pressing internal matters. Kinnock said that this had been the content of a note from Gorbachov calling off a scheduled meeting with him. Such a development is exceptionally ominous for Gorbachov, whose only successes have been his foreign policy swindles. With that cut off, he is left with nothing but the domestic catastrophe he has done so much to create. The great Russian chauvinists of the Red Army's Pamyat milieu have become increasingly

militant, now founding a new election front to carry forward their line of cutting off all contacts with Western imperialist exploiters. Moscow store shelves remained absolutely empty even during the New Year's holiday, with even longer lines than usual.

Rapid-fire developments in Eastern Europe

Salient aspects of Eastern Europe are as follows:

In Romania, additional information corroborates the hypothesis that the overthrow of Nicolae Ceausescu was the result of a Soviet-directed and Soviet-assisted byzantine palace coup, featuring communist leaders Ion Iliescu, Petre Roman (the rumored former lover of Ceausescu's daughter), Gen. Nicolae Militaru, and General Vlad of the Securitate, and prepared over many months. With these leaders, Romania is now more under Soviet domination than it was under Ceausescu, with the obvious implications for Soviet troop transit toward Yugoslavia and Bulgaria.

In Yugoslavia, social tensions are being exacerbated by the heavy austerity, which is being portrayed by the fascist Slobodan Milosevic as a Croatian-Slovenian plot against the Serbs.

As for Baker's incredible *invitatio ad offerendum*, former German Defense Ministry official Lothar Ruehl correctly pointed out in *Die Welt* of Jan. 2 that Baker's remarks amount to a revival of the 1968 Brezhnev Doctrine, asserting limited sovereignty for all Soviet satellites in the Warsaw Pact. Ruehl, with a memory that is somewhat longer than that of the current French government, notes that we are dealing here with the "two hegemonies" rejected by de Gaulle a quarter-century ago.

In Poland, the suicidal fury of the Mazowiecki-Balcerowicz austerity measures is creating optimal conditions for the early destruction of Solidarnosc and the reestablishment of Soviet control. Not much enthusiasm can be expected for the removal of the "people's republic" label, when it accompanied 38% increases in the price of bread, 600% for coal, 400% for electricity, 100% for gasoline, and 75% for sausage, all accompanied by a wage freeze and the 13th (almost weekly) devaluation of the zloty. Rakowski's Communists and their OPZZ trade unions will have a field day against the increasingly hated Solidarnosc ministers. Gen. Wojciech Jaruzelski retains control over the state apparatus.

In East Germany, Prime Minister Modrow, Stasi Gen. Markus Wolf, and Communist boss Gregor Gysi remain in de facto control against a fragmented opposition, and are benefiting from an absurd "neo-Nazi" scare concocted with the help of the Anti-Defamation League and British intelligence. The Communists are seeking to re-legalize the allegedly dissolved Stasi secret police even before the May elections, citing the need to combat the neo-Nazi menace! Many Stasi members continue to draw government paychecks, and have access to weapons caches. Four hundred thousand elite Soviet troops remain on the scene.

Bush plans to keep U.S. troops in Panama forever

by Carlos Wesley

President George Bush plans to continue the U.S. occupation of Panama forever. Although the supposed chief aim of the invasion was achieved on Jan. 3, when Gen. Manuel Noriega surrendered to U.S. forces to prevent a threatened attack against the Vatican's embassy in Panama, the puppet government installed by Bush is being run by the U.S. occupation forces.

The *Los Angeles Times* reported Jan. 1, "The man who runs Panama has an office in the Presidential Palace and roars through town in a bulletproof limousine accompanied by armored bodyguards who wear ominous dark glasses. He decides who can walk free and who goes to jail, when citizens can be on the street and when they have to be in their houses, and even what avenues are open to traffic. This man is not President Guillermo Endara. . . . He isn't even a Panamanian. . . . His name is John Bushnell—and he is the closest thing the United States has to a proconsul." Bushnell, the number-two man at the U.S. embassy in Panama, has since been superceded by Deane Hinton, who was appointed Jan. 2 as the new ambassador.

EIR repeatedly warned since the campaign against Panama was launched in 1985, that the U.S. was out to destroy Panama's Defense Forces in order to renege on the 1977 Panama Canal treaties, which call for the United States to turn over the canal to Panama in the year 2000, and to withdraw its military bases in Panama.

In our *White Paper on the Panama Crisis*, first issued in July 1986, we said that the recolonization of Panama was part of a project "to establish a new supranational global order, run as a condominium between Western bankers and the Russians." We also said that the grouping the U.S. wanted to install in power in Panama is "neither honest nor democratic, but rather frontmen working for the drug mafia: drug money launderers, lawyers for cocaine and marijuana traffickers, terrorists." One of their aims, we said, "is to eliminate the Panamanian military outright."

Our warnings have been confirmed. Bush has ordered the dismantling of the Panamanian Defense Forces (PDF). Puppet-President Guillermo Endara announced Dec. 28 that Panama will not have an army, just a police force. As the *Washington Post* commented, the decision "would also indicate a continued major role here for the U.S. military, especially after Panama assumes full control of the Panama Canal in 2000." The operational commander of the U.S. invading

forces, Lt. Gen. Carl Stiner, said that the new force "will be armed only with shotgun and pistols," reported the *Washington Post* Jan. 6.

Narco-fascism

U.S. occupation forces in Panama are implementing police-state measures to eliminate any nationalist opposition to the occupation or to the drug-linked government of Endara, and his vice presidents Ricardo Arias Calderón and Guillermo "Billy" Ford. Thousands of Panamanian civilians are being detained daily for questioning, and many are being held in concentration camps set up by the occupation forces. On Dec. 29, Elmo Martínez Blanco, former Minister of Industry and Commerce, was taken handcuffed from his home by U.S. soldiers. His family has not seen him since. The same happened to labor leader Mauro Murillo, and to economist Rafael Mezquita.

This is complemented by a campaign of psychological terror designed to stamp out any nationalist sentiments. The print media is publishing "enemies lists," to sow fear and distrust among the population.

Former U.S. Attorney General Ramsey Clark charged in Panama Jan. 6 that the American media is engaged in a "conspiracy of silence," by not reporting on the political persecution and by hiding the true number of civilians killed by the invading forces. When a hostile reporter said that "only 89 civilians were killed" and challenged Clark's claim that the number of victims was at least 4,000, Clark replied that he had personally examined one mass grave, 40 yards long, 6 yards wide, and at least 5 yards deep. "You do not need mass graves to bury 89 bodies," said Clark.

There is increasing evidence that the invasion and the occupation was targeted mainly against Panama's black and mestizo population, and other minorities, including Jews. Widespread looting during the invasion destroyed 90% of Jewish-owned businesses in Panama City, with losses approaching \$1 billion, said Moisés Mizrachi, head of Panama's Anti-Defamation League. The lie put out by the media is that the looting was carried out by the Dignity Battalions loyal to Noriega. Yet the occupation forces did almost nothing to stop the looting. If the looters were indeed Noriega's forces, why didn't the invaders shoot?

Mizrachi further pointed out that Endara was a "protégé of [Arnulfo] Arias," the Nazi former President, whom he

described as “anti-Jewish, anti-Negro and anti-Oriental.” Mizrahi maintained, however, that Endara himself “harbors no anti-Semitism.”

Total losses to the Panamanian economy may exceed \$2 billion. But, despite promises by Bush that he will help to rebuild the economy, so far the only money made available is a small portion of the Panamanian funds the U.S. held in escrow as part of its sanctions against Noriega. In fact, while Panamanian economists say the U.S. owes Panama at least \$700 million, Washington only acknowledges a debt of \$370 million. The administration says the U.S. alone will not pay for the cost of rebuilding Panama, and says that help should be provided by Japan, Europe, and financial institutions such as the International Monetary Fund. But those institutions will not lend any money “until Panama pays \$400 million in back loans, and adopts structural reforms,” reported Mexico’s *El Financiero* Jan. 1.

There have been some cracks in this conspiracy of silence, at least regarding the drug connections of the puppet government. On Dec. 31 *Jornal do Brasil*, Brazil’s largest daily, ran a front-page article on the “special vulnerability of Guillermo Endara,” because of his connections to Carlos Elea, “accused in the United States of laundering money and trafficking in 600 kilos of cocaine.” Vice President Arias Calderón’s brother Jaime is tied to the First Interamericas Bank, whose owner, Gilberto Rodríguez Orejuela, was accused in 1985 of overseeing the transfer of \$46 million in drug proceeds to the Banco Cafetero Panama in New York, the paper reported. As for Billy Ford, he is implicated with politicians Carlos Rodríguez (Endara’s ambassador to Washington) and Bobby Eisenmann in the laundering of drug funds through the Dadeland National Bank in Miami.

The *Miami Herald* reported Jan. 5 on the ties between Medellín Cartel money launderer Ramon Milian Rodríguez and Henry Ford, brother of Panama’s second vice president, Guillermo Ford. Milian Rodríguez “laundered millions of dollars in drug money in the early 1980s through a Panamanian company in which Ford’s brother Henry was an officer.”

The same day, the *Oakland Tribune* came out with an editorial stating: “It is significant that Noriega’s political foes, who now enjoy power, opposed a rollback in the country’s bank secrecy law that passed the legislature in December 1986.”

One of those mentioned by the *Oakland Tribune* is Rogelio Cruz, installed by the U.S. occupation forces as Panama’s new Attorney General. Cruz was a member of the board of directors of First Interamericas bank, which was closed down by the Panamanian government in 1985, after a joint operation with the U.S. Drug Enforcement Administration revealed that the bank was engaged in money laundering and that its principal shareholder was Gilberto Rodríguez Orejuela, kingpin of the Cali cocaine cartel.

Backlash against U.S. invasion begins

by Gretchen Small

Bush administration officials appear as confident that Ibero-America will soon accept U.S. occupation of Panama as a *fait accompli*, as they were that the Panama Defense Forces would lay down their arms without a fight. So confident is President Bush, in fact, that he sent Henry Kissinger down to Caracas Dec. 29 to meet with Venezuelan President Carlos Andrés Pérez and his shady business sidekick Gustavo Cisneros, to work out how to quickly “mop up” continental resistance to U.S. plans to eliminate Panama as a nation. Upon leaving their pleasant luncheon, Kissinger assured the press that “Panama is an incident” which will soon blow over.

Indeed, the United States has deployed unprecedented diplomatic and military pressure to silence Ibero-American resistance as quickly as possible. Every U.S. asset in the region has been activated in support of the invasion, while wire services pump out a steady stream of propaganda that all resistance throughout the region has collapsed.

Despite the pressure, however, the U.S.-imposed Guillermo Endara government in Panama has thus far been recognized by only four countries: the United States, Great Britain, Luxembourg, and Dominica. From the standpoint of Ibero-American patriots, a battle as during the 1982 Malvinas War is again taking shape, to defend the continent’s right to sovereign development against the attempt to subjugate it to Anglo-American rule.

‘You’re with us, or we’re against you’

The veiled ultimatum issued to the Argentine government by Bush’s ambassador to Argentina Terence Todman, exemplified Washington’s message. “We regret that those who, for years, have expressed their support for hemispheric efforts to liberate Panama from the Noriega regime, now do not deem it appropriate to support the United States in the necessary measures which we have carried out,” Todman stated in a Dec. 21 communiqué. “The decision of President Bush to act with firmness and legitimacy in self-defense and in the name of the conscience and democratic norms, deserves not opprobrium, but the full support of all sister democracies.”

Within 24 hours of Todman’s communiqué, Argentine Army officials announced that retired Col. Mohamed Alí Seineldín—who issued a Dec. 22 appeal for all American patriots to support Panama against the “aggression against the principle of national sovereignty”—had been placed un-

der 20-day house arrest.

Seineldín, whose patriotic leadership in the past five years has made him increasingly looked to by civilian and soldier alike as the savior of the Argentine nation as crisis loomed, replied that it was “an honor to be sanctioned for defending the sovereignty of a Latin American nation which, in its moment, offered solidarity to our Malvinas cause.”

U.S. pressure also succeeded in having Colombia’s Foreign Minister Julio Londoño sent on a sudden “leave of absence” to attend to “personal matters,” shortly after he had drafted a harsh condemnation of the U.S. invasion which he proposed be submitted to the foreign ministers of the “Group of Eight Minus One” (Argentina, Brazil, Colombia, Mexico, Peru, Venezuela, and Uruguay—the “one” being Panama). The Colombian press reported how the State Department had contacted Colombia’s ambassador to the United States, and pressured him in turn to contact U.S.-favored Colombian ex-President Julio Turbay.

The invading U.S. military command was deployed politically against the Mexican government. On Dec. 27, Gen. Maxwell Thurman refused landing rights for a plane sent by the Mexican government to remove Mexican nationals from the scene of fighting, until the Mexican government contacted the Endara puppets as the real “authorities” on the ground. After their plane had circled Panama City for as long as it could, Mexican authorities decided to contact the Endara group, but specified that contact did not constitute the diplomatic recognition of the Endara government that the United States was seeking.

But if some governments have been intimidated, the populations and legislatures of the region have not been. The day after the invasion, the Mexican Congress unanimously condemned the invasion. “For us Mexicans, this is the equivalent of the French invasion of 1861, in which the same pretexts were given about the government then—that of President Benito Juárez—not being able to guarantee the security of the lives of [foreign] citizens as are being given about Panama today,” one deputy said during the debate.

Outrage against the U.S. occupation came from across the political spectrum in Mexico. The popular opposition leader Cuauhtémoc Cárdenas, widely believed to have been the real winner of the 1989 presidential elections, sent an open letter to Bush demanding the immediate withdrawal of all U.S. troops, because the U.S. invasion “has no justification, neither in law, nor in reason, nor in truth.” Jesús González Schmall, foreign policy secretary of Mexico’s National Action Party (PAN), wrote in an official statement Jan. 3 that “the [U.S.] attempt to take his [Noriega’s] life is a certainty . . . that was the primary motivation for the occupation of Panamanian territory by U.S. military forces.”

A similar resolution was endorsed the same day by the Argentine House, and the Bolivian Congress approved a resolution calling on all Latin American governments not to recognize the puppet government in Panama.

Documentation

Voices of outrage from Ibero-America

Brazil

Jornal do Brasil, the New York Times of Brazil, has run a near-daily series of exposés on the fraudulent nature of the Endara government established by the U.S. military forces. The first in the series, published Dec. 31, 1989, under the headline “Dangerous Relations with Drug Trafficking,” reviewed how Guillermo Endara and his two vice presidents are linked to drug trafficking. Most of those links were reported in EIR, Jan. 5, 1990 (“Bush names drug mob capos to rule Panama”). We provide selections of other articles here.

Jornal do Brasil, Dec. 31: “Guillermo Endara, a Miserable Peon in the Americans’ Game”:

Endara is called “Nhonho” by his political colleagues—the name of a stupid fatso boy who wears a hat and short pants in a Mexican television series—while ordinary folk call him *Pan Dulce* (“Sweetbreads”), fat and soft, *Jornal* reports.

He is a member of one of the poorer of the white oligarchical families which have alternated power with the military since 1904, the article reports. He “began his political life as an obscure commercial lawyer in Panama City, in the law firm of Galileo Soliz, foreign minister in one of the Arnulfo Arias governments. . . . Through Soliz, Endara fell into the good graces of Arias, who made him his legal counselor.

“‘But “Nhonho” never gave Arias a juridical opinion. He was nothing more than the chief’s briefcase porter, always ready to shower him with praise and rapid in opening doors for the leader,’ said a Panamanian politician. . . . When Arias went into exile again, in 1980 . . . Endara was chosen his spokesman in Panama. ‘The choice was more than logical,’ recalls a National Assembly deputy. ‘Endara never had his own ideas; he was as faithful as a puppy and adored repeating what Arias said. . . .’

“The recent history of Panama is marked by disputes between the aristocracy and the military, a split which the Americans always take advantage of to play one off against the other and keep their dominion over the country.”

Jornal do Brasil, Jan. 2, front page, “Panama’s Sovereignty Only Survives on Paper”:

"The finest flower of Panamanian society was represented at the New Year's party in one of the Punta Paitilla mansions. There were the Solizes, the Ariases, the Galindos, the Endaras—families of the country's white aristocracy which, with the American invasion of the 20th, renewed their hopes of freeing themselves of mixed-blood up-and-coming types like Gen. Manuel Antonio Noriega. . .

"When a group of foreign journalists asked if the Panamanian government would be able to firm itself up without the presence of the gringos, the aristocrats responded with rage, in impeccable English. 'This is our country. We are not going to keep licking the gringos' boots,' said one of them. . . .

"The sons of the traditional Panamanian families did not differ in their bravado from the unfortunate Noriega. Only there is something ever more pathetic in their proclamations of independence. . . . Panama's sovereignty was always a fiction. The only exceptions to the tradition of governments obedient to Washington were, for different reasons, Arnulfo Arias's, Omar Torrijos's, and Noriega's."

Jornal do Brasil, Jan. 2:

"'Endara only exists today thanks to the Americans,' a presidential adviser admits. It's true. In the recent episode of the invasion of the Nicaraguan embassy, for example, the ambassador from that country, Antenor Ferrey, did not seek anyone from the country's government." He went straight to U.S. ambassador Arthur Davis.

"Julio Linares, Panama's own foreign relations minister, sought out the U.S. embassy to learn how his government should behave during that same Nicaraguan embassy crisis. A top U.S. diplomat, asked if it should have been the reverse—i.e., that, at least for protocol, someone from his embassy should have gone to the minister's office—tried to give an explanation but ended up muddying up things even more. 'In fact, Linares did not have to come here. We installed offices for our diplomats in rooms in the Panamanian foreign ministry. All he had to do was walk into one of them,' he said candidly. . . .

"By overthrowing Noriega, the Americans returned power to an aristocracy which always has exercised power based on two untouchable pillars: nepotism and shameless favoritism to allies. . . . 'The invasion pulled Noriega's soldiers from power. But in their place, put other soldiers,' the Panamanian deputy said ironically."

The new police "are closely watched by American troops, who have absolute control. . . . Based on anonymous tips—from Panamanians or American intelligence itself—Mad Max's troops could enter any house and seize any person, without needing a judicial warrant—something impossible in their home country."

Mexico

Mexican press and politicians also refuted U.S. administration lies about the invasion and occupation.

Excelsior, Dec. 27:

"The horrifying lack of solidarity by all the Latin American governments and citizenries with the Panamanian cause, cannot but auger awful consequences for all. Amidst generalized apathy, one Latin American country is about to disappear in the most violent attack on international law, and few stop to think that there is nothing stopping the process from continuing into other latitudes of the continent. It is lamentable but predictable that U.S. presence in Panama will be long-lasting. . . .

"Panama's requiem [is] the dirty diplomatic inauguration in Latin America of President Bush and those who applaud him. In the midst of just a few months of 1989, which were prodigious in shining achievements for democracy in the world, the U.S. behaved ominously, grotesquely. This augers a lugubrious decade, which, God help us, will last only ten years."

Excelsior, by Luis Suárez, Dec. 28:

"The true goal was to destroy the PDF and its Commander Manuel Antonio Noriega. . . . It is clear that the 25,000 or 30,000 soldiers did not go to Panama for the head of 'drug trafficker' Noriega, but for the chief of the Defense Forces who offered resistance to its plans for the Canal and also for the whole military institution, educated in his nationalist spirit."

Excelsior, Dec. 27:

"The invasion demonstrated the urgency of uniting that part of the continent. . . . Agreements around an immediate end to the military occupation of Panama and restoration of its independence and sovereignty must be made. It should be clear that the imposition of a government presided by Guillermo Endara could not possibly mean a return to constitutional legality, broken by U.S. interventionism four months ago. . . .

"There will not be a legitimate national government in Panama without immediate troop withdrawal and new elections. During the next few days, news which is militarily controlled and generously induced with abundant dollars, will try to give the world the image of a nice guy and popular Endara, although his only support comes from the U.S. troops."

Excelsior, by Raúl Moreno Wonchee, Jan. 3:

"Not only are the sovereignty and security of every country at risk, but the United States seeks to annihilate a Latin American nation. The absorption of Puerto Rico is next on the imperialist agenda."

Excelsior, José Luis Mejías, Jan. 3:

"Latin America has been left with no remedy other than defending, by itself, its sovereignty, its dignity, its culture and even its race."

International press attacks invasion

West Germany

Frankfurter Allgemeine Zeitung, editorial, Jan. 3:

Attacking the Panama intervention is no "cheap anti-Americanism" but justified. The Americans exceeded a mere "surgical" military operation. The violation of diplomatic immunity of the Nicaraguan ambassadorial residence, the acoustic war of nerves against the Nunciature of the Vatican, and "more grave even, the big number of deaths among the civilian population," have alarmed the world public.

Italy

Corriere della Sera, editorial, Dec. 30:

"The Nunciature is no colony. It is not admissible, from the standpoint of international law, that a state invade another one, just because its head of state is accused, rightly or wrongly, of grave faults. . . . To this, one must add the arrogance used against the Apostolic Nunciature in Panama, arrogance that has not yet elicited adequate indignation. . . ."

Il Secolo XIX, editorial, Dec. 30:

"The U.S.A. does not give up their imperial rights. No international treaty grants the U.S.A. this right to invade. . . . It is incredible that a crime defined in the internal law of a state implies the right to occupy another state. . . . De facto the U.S.A. adopted the Brezhnev Doctrine. . . . The toughness of the Holy See is clear: Today it is called upon to defend human rights and international law in the face of the U.S.A."

East Asia

Philippine Newsday, Francisco S. Tadad, Dec. 22:

"When one thinks that Mr. Bush came to power promising a kinder and gentler America, we can only thank our lucky stars that he is not committed to making America the most dangerous nation in the world. . . . It seems to us—and so should it seem to our officials in Congress—that if there is anything that concerns us here, it is America's invasion of its puny little neighbor, not the political quarrel between Noriega and Endara."

Daily Malaya, editorial, Dec. 22:

The U.S. "has no compunction about riding roughshod over the sovereignty of another country if its vital interests so require. Today, Panama. Tomorrow?"

Pakistan

Muslim, editorial, Dec. 22:

"If it were to be accepted that a country has the right to invade another country in retaliation for the killing or wounding of some of its citizens, then what would be there to prevent any country that has the capacity from doing the same? This is a dangerous argument which if accepted would sanction any state interfering where ever it pleased. . . . The real issue is no country has the right to decide what sort of government another country should have. Neither the Panama Canal Treaty, nor the United Nations Charter, nor the Charter of the Organization of American States (OAS) gives the U.S. that right, though all of these were cited by Secretary of State James Baker in justifying the U.S. action."

Great Britain

Independent, letter to the editor by Austen Ivereigh of Oxford, Dec. 28:

"Will the U.S. invade Britain to save Britons from 'Mad Thatcher'? The shocking aspect has been the U.S. response. To the obvious argument that America has acted illegally by all standards of international law, the response of senators on Newsnight was to say that Noriega is insane. Mrs. Thatcher, in recent months, has also been going mad, but would we appreciate an American invasion to clean things up?"

Guardian, Dec. 28 editorial:

"George Bush went hunting and fishing for a very long week-end yesterday, which is probably the best place for him. Whilst the earthquakes of freedom grow ever more thunderous across Eastern Europe, all the President of the United States has to occupy his time is a tedious and embarrassing wrangle with the Pope about the fate of General Noriega. And, so far, the Pope commands the high ground. . . . In spite of the U.S. troops who ring the refuge, in spite of much White House bluster, there is no reason for him to change in mind; indeed, just sitting tight seems the best immediate policy." Insisting that Noriega has no chance of getting a fair trial in the U.S. and that Endara is acting like a perfect "Washington stooge," the paper says the Vatican's best course would be to keep Noriega for several months, waiting to see if a legitimate Panamanian government ever actually develops. "Handing him over in any other circumstance would be a mockery of justice."

Daily Telegraph, Dec. 30:

Accuses U.S. forces of mimicking the tactics of the "Chinese during the Cultural Revolution" in its use of rock-music psychological warfare against the Nuncio's office. "It is saddening that the Americans, whose forcible deposition of General Noriega we supported as warmly as Mrs. Thatcher, should now diminish their cause by resorting to such crude and absurd tactics as playing heavy metal music through loudspeakers. Aural warfare, practiced notably by the Chinese during the Cultural Revolution, is an undignified way of conducting diplomacy."

New monetarist scheme to stem collapse of Argentina's economy

by Peter Rush and Cynthia Rush

After less than six months in power, the administration of Argentine President Carlos Menem is facing a worse economic and financial crisis than that which it confronted when it took over from social democrat Raúl Alfonsín last July. Prices were rising so rapidly as of Jan. 2 that many retailers refused to even sell their goods for fear they wouldn't be able to replace them except at a steep loss, while the currency, the austral, threatened to go into an unstoppable free fall in value. Inflation for December was thought to have been at least 140%, and possibly as high as 200% or more.

In a desperate move, on Dec. 30 the Peronist government embarked on a savagely monetarist economic program, misnamed the "Lazarus Plan," in an attempt to stem inflation and bolster the value of the austral. Judging from the contents of the plan, and the fact that its architects are avowed monetarists—Foreign Minister Domingo Cavallo and foreign debt adviser Alvaro Alsogaray—Argentina's near-term future will be one of deeper economic depression. The role of the Bush administration in shaping Argentina's economic policy also merits close scrutiny.

Recent weeks of the Menem administration have been characterized by extraordinary policy disarray. Finance Minister Nestor Rapanelli resigned Dec. 15 after failing to slow the fall of the austral with a sharp devaluation. His replacement, Antonio Ermán González, immediately freed all prices, eliminated all controls on the exchange rate of the austral, and permitted interest rates to rise "freely"—which they promptly did. Rates of up to 600% a month were registered by the end of December.

When these measures not only failed to stem the flight from the austral, but amplified it, reports circulated on Dec. 29 that the government intended to announce a plan to "dollarize" the economy, including the creation of a new currency tied to the dollar, signifying a large devaluation, imposition of harsh new austerity measures, and increased public utility rates. Economic Management Secretary Eduardo Curia was the author of the plan, but he, too, was forced to resign on Jan. 1 reportedly over presidential anger that the plan had been leaked to the media.

Menem told the nation on Dec. 31 that such a plan to "dollarize" the economy had never been contemplated, making Curia look like a liar. But according to the Jan. 4 edition

of the Buenos Aires daily *Clarín*, Curia's plan was thrown out only after Finance Minister Ermán met with U.S. Ambassador Terence Todman on Dec. 29, and learned that the Bush administration would not back such a scheme. Todman also reportedly alluded to Argentina's criticisms of the U.S. invasion of Panama, as a further reason for not backing the proposed measures. Todman had made clear to Menem that the United States was displeased with the government's condemnation of the invasion.

Taking the side of the United States, it was Foreign Minister Cavallo and Alvaro Alsogaray who argued in cabinet meetings that the "dollarization" plan shouldn't be attempted, and who are now the most outspoken promoters of the new plan, claiming that this is the way to put Argentina's "house in order." Alsogaray is a follower of the Austrian quack economist Friedrich von Hayek while the ambitious Cavallo, who covets his new post, is a protégé of Rudiger Dornbusch, resident economist at the Massachusetts Institute of Technology. Cavallo traveled back and forth with Menem over the New Year's weekend, in the President's private plane. Alsogaray, the man who helped to overthrow Juan Perón in 1955, went on national television to defend the new plan.

'Australs will become scarce'

What is the "Lazarus Plan"? Ermán González announced the details in a nationwide television address on Dec. 30. The program is premised on a scheme that has never been attempted by any government in the 20th century: to make australs so scarce in the country that businesses and private individuals would be compelled to pay U.S. dollars for them in order to meet legal obligations such as taxes.

The idea behind the new plan is to halt government printing of money to pay exorbitantly high, short-term interest rates on fixed-term deposits and on internal public debt, while forcing the private sector of the economy to pay the government in australs. This is supposed to so limit the supply of australs that people will literally be bidding for them, forcing up their price as measured in dollars, and supposedly rolling back the recent round of price increases. Ermán told the country in his televised address that the austral "would cease to be the instrument of our self-destruction."

The plan eliminates at a single stroke the so-called *plazos fijos*, short-term deposits that millions of Argentine citizens, and even many large businesses, have become dependent on in times of rapidly rising prices, to try to stay ahead of inflation. Henceforth, instead of being paid in australs at up to 600% a month interest—australs which the government has been reduced to just printing—Ermán González announced that interest and principal on these deposits would be paid not in cash at all, but in Argentine government dollar-denominated bonds called “External Bonds,” or Bonex. The interest rates on the Bonex are in line with international interest rates for U.S. dollar deposits.

The same substitution has been decreed for fixed-term government bonds constituting much of the nation’s internal debt. Many commentators noted that the Bonex will become a virtual parallel currency, and analysts are referring to the “Bonexization” of the economy. The measure is reminiscent of a similar one adopted by Ermán when he was in charge of finances for the province of La Rioja under then-governor Menem, and issued provincial bonds that functioned in place of currency.

According to the new plan, investors will be permitted to withdraw no more than 1 million australs in cash—the equivalent of about \$500—and companies dependent on australs for meeting their payrolls will be permitted to receive enough for this purpose. But any individual or business found abusing or cheating on the new regulations, will be hit with the full force of the law, Ermán announced.

A second set of measures is designed to force companies to spend U.S. dollars they have been hoarding, and buy australs. Ermán announced that henceforth, companies will be compelled to pay their full assessed tax burden, in australs, on time, or face being seized by the government and sold off—the “privatization of private companies,” as Ermán put it—to pay the obligations.

The finance minister advised Argentines that australs “are going to be very scarce and valuable. Be careful. Don’t be pressured into spending them. Wait until prices return to the levels they had before Christmas, because the increases in the past week are totally unjustified and the fruit of a type of collective hysteria,” he said.

It is reported that in the first day after the measures were implemented, Jan. 4, retailers did sharply lower their prices, and the austral-dollar exchange rate did return to pre-Christmas levels of around 1,200. But other consequences of the measures may make these gains very short-lived.

More recession?

By Jan. 5, the announced measures had led to a 50.3% revaluation of the austral and a drop in some consumer prices, just as the government had predicted they would. Just a few days earlier, many storeowners had refused to sell their wares, for fear that by the time they reordered their products, the price would have risen so far that the store would take a

severe loss on the item. Many pharmacies, in particular, were reported to be unwilling to sell drugs, even in cases of medical emergency.

But many economists are already warning that the Argentine economy is very close to full collapse, despite these initial “successes.”

The new measures have provoked reactions of panic and anger in a broad stratum of the population suddenly denied the use of most of their money. “Credit has all but dried up,” economist Enrique Szewach told Reuters news service. “The question is whether the Central Bank will ease its restrictions to help banks.” One European banker reported that businesses that had placed large amounts of money in short-term deposits were now left holding the Bonex bonds, and could be forced to default on their payments. Daniel Muchnik, chief economics columnist for the daily *Clarín*, pointed out that the plan was tantamount to dollarization, and that this would worsen the standard of living of a broad spectrum of the population. “Everything indicates recession,” he wrote Jan. 3. Economist Roberto Frenkel predicted “a brutal recession.”

Others are pointedly asking how the government, or the private sector, intends to pay the 30,000 austral (\$15) bonus promised the workforce. And it is entirely unclear how retailers will pay their suppliers for goods to restock their stores. Still others are questioning the legality of the measures, and anticipate immediate court challenges to the package.

Organizations of independent economists warn that the measures will provoke a general collapse of the banking and retail trade systems, reports Brazil’s *O Globo* Jan. 4. Bank depositors will lose all incentives to deposit funds in banks. They also predict that the chain of supply from manufacturer to wholesaler to retailer is threatened with breakdown as companies will lack the australs to pay. “Heterodox economists call the measures crazy” and doubt they can even be applied, *O Globo* reports.

Another question mark is how the government will keep the Bonex from losing value, as the government obligates itself for billions of U.S. dollars that it doesn’t have. Argentina’s U.S. dollar reserves are currently at only \$880 million, Ermán announced. The minister stated that he is seeking several billions in U.S. dollar loans to back up the plan, but that is a very doubtful prospect at present. Ermán is seeking a bridge loan from the United States, but, as the *Wall Street Journal* observed, “there is almost an inertia in Washington about Argentina.” The International Monetary Fund has a team in the country now and is reported to be very upset with the government’s economic performance.

Menem meanwhile has made clear that he will admit no public criticisms of his economic plan, either from anyone inside the government, or from the Peronist party. “This is the government plan, and whoever wants to criticize it or is in disagreement with it should submit his resignation,” he told his cabinet.

Another coverup in Afghanistan

by Ramtanu Maitra

After almost a year of prevarication, President George Bush is now ready to wash his hands of Afghanistan. Judging from recent reports, Washington and Moscow are preparing to sign the much-touted “negative symmetry” accord, whereby both the United States and U.S.S.R. will formally agree to stop arming their respective clients. It is also reported that the signing will take place in the early part of this year, so as to remove yet another thorn irritating the Bush-Gorbachov embrace before their planned June summit.

Bush’s decision to remove Afghanistan as an issue of mutual disagreement to make the summit a pleasant one became apparent when U.S. Assistant Secretary of State John Kelly visited Pakistan in October and aired such a prospect to Pakistani Prime Minister Benazir Bhutto. Earlier, chairman of the Senate Foreign Relations Committee Claiborne Pell (D-R.I.), with committee staffer Peter Galbraith (a personal friend of Bhutto) in tow, visited Pakistan and urged the Bush administration to promote a “political settlement” of the Afghan problem. Pell, a Democrat, said on that occasion that the United States should seek an agreement on “negative symmetry” with the Soviet Union.

These two visits, along with on-and-off discussions with U.S. Ambassador Robert Oakley, gave Bhutto the proverbial “willies.” She realized that a deal was in process, and President Bush was ready to forget Afghanistan so as to befriend Mikhail Gorbachov. Later, a few days before Bush crawled into the Soviet destroyer off Malta, Bhutto sent Inter-Services Intelligence (ISI) chief Lt. Gen. Shamsur Rahman Kallou (ret.) to Washington to urge U.S. authorities to keep the resolution of Afghanistan on the agenda. That, it seems, fell on deaf ears. At Malta, according to reports, both sides recorded their differences over the role of the Najibullah regime in any future dispensation in Afghanistan. In plain language, it simply means that the war goes on, and another killing season for Afghanistan has been secured by the super-powers.

On Dec. 17, U.S. Rep. Stephen Solarz (D-N. Y.) came to Pakistan “to discuss subjects of mutual interest, both bilateral and international.” More visitors from the United States are expected this month.

Implications of ‘negative symmetry’

From a formal technical standpoint, there is nothing wrong with “negative symmetry,” and it had real political

merit in an earlier day, before the travesty of the Geneva Accords. It will no doubt be welcomed by the unsuspecting. But its appeal hides highly disturbing realities—not the least of which is the implication for Pakistan, where 3 million refugees are a not inconsiderable political and economic burden. But there is more to it.

First, while Moscow was loading up the Kabul regime with massive shipments of arms, including sophisticated rockets and rocket launchers, the supply of U.S. weapons to the Afghan mujahideen—the rag-tag coalition that the Bush administration was allegedly backing to militarily dislodge the Moscow-supported Najibullah regime—remained suspended from February to August 1989! On Feb. 15 the Soviets finally withdrew from Afghanistan, it will be recalled, and the United States was telling all and sundry at that time that the mujahideen would overrun the Kabul regime within weeks. Never mind that the mujahideen were using single-barrel 122 mm rockets, the most sophisticated weapon in their armory, for attacks on Kabul. These rockets, experts agree, are unreliable. They often go wide of the mark, their launching system is relatively primitive, and they have no controlling device, the mujahideen claim.

Under the circumstances, one is compelled to wonder as to who benefited from the Bush administration claim that the Kabul regime would fall in no time. Besides the fact that that did not happen, those disarming claims, so to speak, only helped Kabul’s Najibullah to procure more arms from Moscow and strengthen himself militarily and politically. The ruse also helped to further discredit the mujahideen and set them off against each other.

According to those in the know, the Bush administration’s vociferous claim that the mujahideen would overrun the armed-to-the-teeth Kabul regime was so ridiculous that it had to be a big lie. It was widely appreciated that the Afghan Interim Government (AIG), set up by the late Pakistan President Zia ul-Haq’s henchmen and a few CIA operatives, was a mere sham led by such little-known individuals as Yunus Khalis (one Afghan observer says of Khalis: “You could not even discover him with a microscope, if you searched for him in Afghanistan then [before the Soviet invasion]”), Burhanuddin Rabbani, Rasul Sayyaf (both were obscure professors before they became “leaders”), and Gulbudin Hikmatyar, whose past is riddled with violence and misdeeds. Apart from the National Islamic Federation of Afghanistan (NIFA) leader Sayad Ahmed Gailani no one in the AIG was well known to the Afghans before Zia and Bush’s men made them into “national leaders.” Indeed, many educated Afghans and others, including this author, had said it would not be easy to defeat the Kabul regime with this Bush-Zia army known as the AIG.

More to the point, it was also known that the Kabul regime was at its weakest when the Soviets left on Feb. 15, and that Dr. Najibullah, in order to save this own neck, would have been ready to agree to a broad-based coalition

government in which the role of the ruling People's Democratic Party of Afghanistan (PDPA) would be minor. These facts were known to educated Afghans and told to the Americans, but were given short shrift by the latter under the pretext that the Najibullah regime would be swiftly brought to its knees by the Bush-Zia army. The rest is history, and the Gorbachov-Vorontsov-Shevardnadze troika now tells President Bush that the only deal Washington will get is "negative symmetry."

Why the ruse?

When AIG President Sibghatullah Mojaddedi met with President Bush for 30 minutes in Washington Nov. 27, the U.S. President promised the Afghan leader continuing support to set up a broad-based government in Kabul. President Bush did *not* promise Mojaddedi that he would make the removal of Najibullah an issue with the Soviet Union. With this the last shred of doubt as to the nature of the Bush administration's Afghanistan policy ought to have vanished. The rah-rah "policy" of removing Najibullah militarily stands in direct contradiction to what the administration is and has been doing with its hands and feet, as confirmed by Bush to Mojaddedi.

More important perhaps, President Bush has left Prime Minister Bhutto in the lurch. To this day Bhutto insists that a broad-based coalition government in Kabul is only possible if Najibullah steps down.

This leaves us with the unanswered question: Why did Bush, who earlier had headed the CIA and certainly was not unaware of various CIA covert operations, want everyone to believe that the Sayyafs and Hikmatyars and Rabbanis and Khalis, without any arms supply from the United States, would make mincemeat of the well-trained and well-entrenched Kabul army? Is it because the Pakistani ISI and his own CIA sold him a dud? Or, was it done deliberately, in order to weaken the Afghan resistance in the quest for a cozy deal with Moscow, throwing the Afghans to the dogs and worse? One or both of these is certainly true; but there are most likely other reasons as well.

According to one Afghan intellectual, who spoke anonymously to a journalist writing for the Bombay-based *Economic and Political Weekly*, there was money in it. This source pointed out, for example, that Yunus Khalis had a small bicycle repair shop in Afghanistan before he left. "But now Khalis owns one of the largest automobile parts shops in the Saddar area of Peshawar. He also owns more than 50 flying motor coaches which run the route between Swat and Dir," he added.

It is now acknowledged that Afghanistan has become the single largest producer of opium—and opium means heroin, and heroin, to some, means money. The nexus between drugs, arms, money, and the CIA, among other covert operators, is slowly coming to light. Perhaps President Bush want to cut his losses before it bursts open in Afghanistan.

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Book Review

Green fascists plot against humanity

by Mark Burdman

Earth Conference One: Sharing a Vision for Our Planet

by Anuradha Vittachi

Shambala Publications, Boston, 1989

146 pages (with index), paperbound, \$8.95

In post-Ceausescu Romania, one anecdote about the life of Nicolae Ceausescu's degenerate son Nicu has universal significance beyond Romania itself. It has been revealed, that while Romania's people were starving, Nicu was storing up vast amounts of caviar for his own private use, and had two personal maids just to feed him caviar and champagne.

This recalls a scene described in Anuradha Vittachi's book, *Earth Conference One: Sharing a Vision for Our Planet*: There they are, 200 individuals who are supposedly among the world's most enlightened and caring representatives, attending the Global Forum of Spiritual and Parliamentary Leaders on Human Survival at Oxford University in April 1988. Midweek, as the conference is going on, they are given a feast at Blenheim Palace, the palace that was built as the residence of the brutal Lord Marlborough in the early 18th century. For several days the Global Forum attendees have been discussing the virtues of reducing the world's standard of living, ending technological progress, reviving "Mother Earth" cults, and replacing the human ego and human free will with regression to infantile states. At Blenheim Palace, they get their just reward: ample supplies of caviar.

One of the few things to author Vittachi's credit, is that she expresses guilt feelings about having been feasted so lavishly, after all the pious words at the conference about being in atonement with the starving and poor. But her guilt feelings aside, her book demonstrates that the global ecological movement is to the world's neo-feudalist oligarchical interests, what the bloody Securitate was to the Ceausescu family. The book is a monstrous self-indictment, of intended

and actual crimes against the human race.

In January 1990, the Global Forum conglomerate is moving on to Moscow, so Anuradha Vittachi's book is highly recommended, in accordance with the useful practice of "know thine enemy." Her book is about the first Global Forum of Spiritual and Parliamentary Leaders for Human Survival. The second Global Forum is meeting in the Soviet capital from Jan. 13-19, on the theme, "Environment and Development for Survival." It is being co-hosted by the Soviet Academy of Sciences, the Supreme Soviet, the Soviet-run International Foundation for the Survival and Development of Humanity, and all the religious communities of the U.S.S.R. coordinated by the Russian Orthodox Church, and is expected to bring together over 700 participants from around the world, the majority of them from the U.S.S.R. itself.

Soviet leader Mikhail Gorbachov is due to address the attendees on Jan. 19 at the Kremlin. That day's proceedings are to be broadcast to 100 countries in the world, via the first-time-in-history cooperation between the Soviet's "Inter-Sputnik" satellite company and the "Intelsat" company in the West.

There are strong ironies in Gorbachov's pontificating before this crew. While the Soviet Union indeed is undergoing a profound, if not desperate ecological breakdown crisis, that crisis can only become catastrophic if the Soviets were to adopt the policies of the "Global Forum" Mother-Earth worshippers. What the Soviet Union would need to deal with its ecological collapse, is the widespread application in the society as a whole, of those space, electromagnetic, and laser technologies that they are now developing, albeit primarily for military applications. That is, the Soviets need precisely that "technological wizardry" and "technological intervention" that Vittachi and cohorts are fanatically against. Adopting "sustainable agriculture" would be just what is needed to push the U.S.S.R. food situation over the edge into the abyss.

What Gorbachov is encouraging by hosting the Global Forum event, is the growth of such Russian blood-and-soil neo-fascist groups as Pamyat, which adopt "ecological" ideas, such as "bio-dynamic alternative agriculture," as part of their "Mother Russia" cultism. Pamyat shares with Soviet "green" groups like the Soviet branch of Greenpeace, an ideological fixation that the pollution of "Mother Russia" has been caused by the intrusion of "Western technology" and related influences. U.S.S.R.-Greenpeace head Alexander Yablokov said exactly this in mid-September 1989, when he claimed that the U.S.S.R.'s "already polluted environment was being worsened by economic development [and by] the ecological exploitation by the West."

The prominent involvement of the Russian Orthodox Church is an important singularity in the Jan. 13-19 Moscow activities. The ROC is the foundation-stone for the "Russian party" in Soviet politics. The stronger this "Russian party" gets, under conditions of continuing collapse of the Soviet

economy induced in part by “ecological” lunacy, the more likely it becomes that this Frankenstein monster will turn against Gorbachov.

So, as one wag commented, the Western participants at the Jan. 13-19 events might have thought their real mission in coming to Moscow was not “human survival,” but “Gorbachov’s survival,” yet, in their ecological zeal, they may help bring about his downfall!

‘Terror’ against Socrates and Leibniz

Although Vittachi obsessively uses words like “love” to describe the atmosphere at the April 1988 Oxford proceedings, the Global Forum event was actually a hate-filled orgy against the existence of the human race itself. The philosophical guru was James Lovelock, the creator of the “Gaia”-Mother Earth hypothesis, who authors the book’s foreword. In a speech to the Oxford gathering, he attacked Socrates for having been a steadfast supporter of cities and urban culture. City life, Lovelock declared, “reinforces and strengthens the heresy of humanism.”

In a similar vein, Father Thomas Berry of the Riverside Center in the United States raved that “‘progress’ is the central word of modern civilization. It’s the central word of the industrial order—an order that did not come through spiritual means. In the 17th century the Western world decided, ‘We’ll do it with technology, with science.’ ”

This is an unmistakable attack on the great 17th-century philosopher and scientist Gottfried Wilhelm Leibniz, who first coined the term “technology.” Berry frankly stated that the only way to destroy this tradition was by “Terror. Something has to crash.”

Indeed, a global Securitate!

That such blatant attacks would be made against such philosophical ancestors of Lyndon LaRouche as Socrates and Leibniz is hardly surprising, in view of the fact that two of the “Global Forum” coordinators, Manuel Ulloa of Peru and Rev. James Park Morton of New York’s Cathedral of St. John the Divine, are bitter enemies of LaRouche. A third coordinator is Sheikh Ahmed Kustaro, the Grand Mufti of Hafez Assad’s Syria. Syria is an important base for Gnostic, Islamic fundamentalist, and Nazi-modeled cults, as well as being a chief coordination center for the international drug trade.

‘Technology was our real enemy’

Author Vittachi expresses great admiration for Arnold Toynbee, particularly those sections of Toynbee’s book *Mankind and Mother Earth* in which he attacks the 5,000-year tradition of the sovereign nation-state, and asserts, “What has been needed for the last 5,000 years is a global body politic composed of cells on the scale of the Neolithic Age village-community.” What she is actually recommending, by projecting the Oxford conference as a useful model for the human race as a whole, is the brainwashing of the

human race, to submit humans to pathological mother-dependency states of mind, in which humans are induced to believe, as Vittachi says, that they are “umbilically linked to Gaia.”

Vittachi employs the worst kinds of sophistries and hypocrisies. Posing as lover of peace, she attacks human being’s propensity to have “enemies.” But her book is filled with diatribes against “technological wizardry,” “technological intervention,” “the human ego,” “free will,” and the “military-industrial complex” as among her vast array of “enemies.” “Only humans, with our free will, are disorderly,” whereas Mother Nature, even when she belches out volcanic eruptions, “follows order.” Elsewhere, in a chapter entitled “The Case Against Technology,” she writes: “At times during the conference, it sounded like technology was our real enemy.”

Of course, to achieve an ecological-fascist world order, human ego and free will must be destroyed. In her view, the human ego is the “spanner in the works . . . which clings to the false reality that it could—or should—dominate its surroundings.” And Gaia is not a very kind mother: She will “eliminate us with no pity” if we don’t stop “exploiting the Earth in the name of technological efficiency and progress.”

Vittachi et al.’s main enemy is the very process of human development. She positively cites quack scientist Carl Sagan’s yearning for the days, 10,000 years ago, when human beings ostensibly lived in “hunting-and-gathering” societies, before progress was made to stabilize agricultural development, before “human aspirations” prevailed over “natural paths.”

There is much other evidence in the book, of the disgusting hypocrisy of the environmentalist movement, which positions itself vis-à-vis the human race as a parasite positions itself vis-à-vis the host. The very act of getting high priests from Togo, or Tibet, to the conference required airplanes, pure examples of “technological wizardry.” Likewise, the Blenheim Palace caviar feast mentioned above is no more an isolated phenomenon than was the Ceausescu regime in Romania. The eco-fascist movement is massively funded, and, frankly, uses massive amounts of the world’s resources. While Carl Sagan and Gorbachov disarmament adviser Yevgeni Velikhov could moan at Oxford about the world’s vast defense budgets (and especially about the American Strategic Defense Initiative program), the question could be posed, how many billions of dollars are now going into foundations, grassroots movements, government agencies, etc., to enforce a genocidal neo-malthusian order on the world? How much money and resources does Greenpeace have at its disposal, or, for that matter, Church of England head Dr. Robert Runcie, one of the honored participants at the Oxford meeting? And with what resources can the Soviet state, while its population has less and less food, somehow manage to put up visitors at the Rossiya Hotel in Moscow for this Global Forum extravaganza?

Greenpeace is welcome in Moscow as a tool for global genocide

Part II of an EIR Investigation

A year ago, then-British Minister of Defense Michael Heseltine warned against "Green geopolitics" and a Soviet attempt to exploit the Green movement exactly as they had done with the peace movement in the 1960s and 1970s, in order to influence public opinion against Western defense policies. At the time of Heseltine's statement, Communist Party General Secretary Mikhail Gorbachov and his foreign minister Eduard Shevardnadze had just demanded the creation of a "United Nations Ecological Security Council," which could take any measures necessary against nations that failed to cooperate. Heseltine emphasized that the West must resolutely assert itself against the danger of being undermined by Soviet "green peace" tactics.

His warning was well-founded. In the official organ of the Soviet Foreign Ministry, the man who has run the KGB since Sept. 30, 1988, Vladimir Kryuchkov, has lately demanded that "minorities" in Western countries such as the Greens and the peace movement "be used as a vehicle for change of the majority." "We have developed new concepts and new methods to use these forces," he said. Earlier, in June 1987, an organization named Greenpeace was created under the auspices of the Soviet Committee for Securing the Peace (which itself had also been founded "from above"), and Soviet contacts with Western ecological groups such as Robin Hood, the World Wildlife Fund, and Greenpeace were steadily intensified. "We need a Green International," demanded Soviet writer and environmentalist Sergei Salygin.

In 1989, Greenpeace opened its own office in Moscow, making the U.S.S.R. the 32nd nation where it has an outpost. The West Berlin-based "alternative" newspaper *tageszeitung* reports that Greenpeace enjoys close contacts with the International Foundation for Survival and the Development of Humanity. "The bridge to the apparatus for Greenpeace is the Academy of Sciences. Discussions with the environmentalists are carried on by the director for nuclear affairs, Yevgeni P. Velikhov," *tageszeitung* reports.

That foundation was established in Moscow at the beginning of 1988. Velikhov is one of the vice presidents, and founding member Prof. Hans Peter Dürr proudly told the West German Communist Party newspaper *Unsere Zeit* that,

because of it, scientists in the "world peace movement now have the advantage [of being] set up, so to speak, at the highest level." The founding members were able to talk for hours with Gorbachov, who supported the project "to the best of his ability." According to Dürr, "We have thus received, so to speak, the higher international consecrations."

This foundation seems to stand in the center of the "Green International." It is closely tied to the international communist front organization called the World Peace Council and its national sections, as well as to the already-mentioned Soviet Peace Committee. It is also tied to Soviet support organizations for the Global Challenges Network, founded by Professor Dürr in 1987, an "international think tank for peace" according to *Unsere Zeit*, in which Velikhov and Georgii Arbatov of the U.S.A.-Canada Institute participate. Cooperative work is planned with Greenpeace International, Global 2000, the Club of Rome, the Pugwash Conference, and the United Nations. The foundation, whose financing "as well as the material and intellectual participation of the Soviet public" Gorbachov is said to have personally guaranteed, shares with Greenpeace the revenues of what is, according to the *Financial Times*, a gigantic joint venture, the sale of the rock album "Breakthrough," produced by the Soviet record company Melodiya. In March, under the headline "Greenpeace Joins," the official Soviet mouthpiece *New Times* reported that "Anyone who buys this album can consider himself to be a member of Greenpeace. That is to say, Greenpeace will soon have millions of new members in the Soviet Union."

Who is Professor Dürr, who received the highest Soviet blessings? In 1987, he received the "alternative Nobel Prize" for his services to the peace movement and his "profound criticism" of the U.S. Strategic Defense Initiative (SDI). Dürr advocates that there should be a worldwide group of 100 people possessing "the power and the oversight" to attack urgent tasks globally. Naturally, he would include himself in that number, and is also a member of the executive committee of the West German Greenpeace organization.

The worldwide Greenpeace organization represents the merger of "green" and "peace" themes. The first Greenpeace group was formed 20 years ago by American and Canadian

draft resisters. At the end of 1971, the first protest occurred against U.S. nuclear tests at Amchitka, Alaska. The U.S. test program in the Aleutian Islands was abandoned at the end of 1972. At about the same time, Greenpeace directed even more intensive protests against French nuclear tests in the South Pacific—even though France is responsible for only 8% of the nuclear explosions in the world. When the current president of Greenpeace, David McTaggart, began the Mission Greenpeace III in mid-1972, Nobel Peace Prize winner Linus Pauling—who is, in the words of an expert in Eastern secret diplomacy, a part of the “living inventory” of the Soviet propaganda apparatus—as well as Jean-Paul Sartre, Jacques Cousteau, the World Council of Churches, and the Sierra Club all supported the effort. McTaggart reported on aid from the World Federalists and the French Friends of the Earth—all protagonists of a strict ecological global policy.

In the extensive propaganda literature that Greenpeace has thrown onto the market, there are, of course, criticisms of all the nuclear powers. Most striking are the especially sharp attacks on the French, which even under Socialist President François Mitterrand has allowed no curtailment of its national sovereignty and its independent nuclear defense. Equally striking is Greenpeace’s consonance with Soviet disarmament rhetoric. According to that propaganda, the United States is to blame for the Soviet Union’s having ended its 18-month unilateral nuclear test moratorium in February 1987 (a moratorium announced by Moscow just as a Soviet series of tests came to an end). The U.S. “Star Wars program”—that is, the SDI—is portrayed as a dangerous driver for further armament and as a violation of international treaties. An article that received much emphasis in *Greenpeace-Nachrichten* (*Greenpeace News*), which inaugurated a new campaign against naval nuclear weapons, represented the Soviet naval strategy as “defensive.” In 1981, the West German weekly magazine *Der Spiegel* published a book against stationing U.S. Pershing missiles on West German soil, authored by *Der Spiegel* editor Wilhelm Bittorf, who is now a member of the West German Greenpeace executive committee.

At the end of 1986, in an article headlined “Greenpeace is causing quite a stir in Moscow,” the liberal *Frankfurter Rundschau* commented, “For official Moscow, Greenpeace is as welcome as the Greens because both—the one because of the nuclear test ban moratorium, the other in general—support the Soviet arms control initiative.”

Kid-glove treatment

Greenpeace actions directed against environmental abuses in the East bloc consequently encountered mild reactions from communist governments:

- In July 1982, the Greenpeace ship *Sirius* entered the Leningrad harbor to protest against nuclear tests. An official representative of the Soviet peace committee waited at the

dock to greet the ship, which was merely forced to leave the harbor, after the crew had released 2,000 protest balloons.

- In 1983, the Greenpeace ship *Rainbow Warrior*, supposedly undetected, penetrated Soviet waters off Siberia. Six crew members landed on the Chukchi Peninsula to document Soviet violations of the moratorium on whale hunting. Greenpeace had informed then Soviet leader (and former head of the KGB) Yuri Andropov of the action 14 days earlier. All that happened was that some people were arrested by a couple of soldiers whose attitudes ranged from polite to friendly, and then after a few days the protesters began their trip home unharmed and treated as friends.

- At a protest by Greenpeace in Karlovy Vary in the Czechoslovakia, the police intervened after a Czech banner against acid rain was unfurled. The demonstrators were fined the equivalent of \$10 apiece, and had to leave the country.

- “With surprising ease,” according to the press, Greenpeace received permission from Soviet officials in 1986 to set up an information booth at an international exhibition of environmental protection technology.

- In 1987, five Greenpeace demonstrators in Dresden were able to distribute all their leaflets against pollution of the North Sea. The police removed the Greenpeace sign on a heavily traveled bridge only after more than an hour. All demonstrators were allowed to leave unhindered.

- In the summer of 1988, a Greenpeace laboratory bus traveled with official “toleration” through the Soviet Union to take water samples, and was even displayed at a marine technology trade fair in Leningrad. In Poland, Greenpeace was even allowed to take water samples in a military security area.

- In October 1988, a Greenpeace delegation traveled from Hamburg to Moscow to negotiate a common “environmental education program” for Russian and German children.

- In July 1989, a Greenpeace “commando unit” boarded a Soviet submarine, and attached a black and yellow banner to the sub. According to Greenpeace, a Soviet officer then threw the banner overboard.

- In August, after Greenpeace had established itself in the Soviet Union with the support of Velikhov and Roald Sagdeev, the head of the Soviet space program as well as a leading member of the Soviet Academy of Science, a Greenpeace delegation traveled to Leningrad on invitation of the Soviet Organizing Committee for Peace, Culture and Ecology. During the trip there, the Greenpeace ship circled the Soviet ice breaker *Taimir* and received “remarkably friendly gestures,” according to Greenpeace lobbyist Jürgen Streich, writing in the newspaper *Deutsche Volkzeitung/die tat*, Soviet television carried a friendly report on the Leningrad visit. Journalists from the official Soviet news services Novosti and TASS helped their Western colleagues with the transmission of photos and text to their Western editors.

To be continued.

Triumph of Czechoslovakia's revolution

Prague celebrates its freedom in the New Year: an eyewitness report by Laurent Murawiec.

"The slogan 'better Red than dead' does not irritate me as an expression of surrender to the Soviet Union, but it terrifies me as an expression of the renunciation by Western people of any claim to a meaningful life and of their acceptance of impersonal power as such. For what the slogan really says is that nothing is worth giving one's life for." Thus spoke, in the year 1984, Vaclav Havel, who was elected the President of the Czechoslovak Republic on Dec. 29, 1989. Those words symbolize the moral integrity and intellectual strength of the revolution which swept away 40 years of colonial communist power within two short weeks.

A retired worker, met in the street, explained in broken German: "We've had 40 years of communism, and it was all bad. We'll never have it again. Havel is our man, he is our President. He could have gone into exile, emigrated. But he stayed with us, he chose to fight here, whatever the cost to him." And from the handful of intellectuals who signed the Charter 77 document, which established the existence of an opposition to the Russians' colonial puppets in 1977, grew a movement that has now taken power. After the students and the actors of Prague initiated the movement, in mid-November, it was a matter of days before workers joined, and with them, virtually the entire nation.

Havel's election by a vote of Parliament "opened a new era in our history," a professor said, and Havel, the playwright, lost no time in making it concrete: For his first trip abroad, he chose Berlin and Munich, and manifested the independence of the new power by saying, "Europe need have no fear of a democratic Germany. It can be as large as it wants," flying in the face of those who try to slow down the Eastern European freedom fighters.

On New Year's Eve, 150,000 inhabitants of Prague had gathered on Wenceslas Square for a most unusual celebration, that of their freedom. While each of them had a bottle of champagne, and many were joyously drunken, they were not there to "have a good time," but to shed tears of joy after the decades of oppression. They chanted: "*Ať žij Havel!*" ("Long live Havel!") An inscription painted on a wall, on the square, proudly proclaimed: "It's all over—Czechs are free!" They sang "We Shall Overcome," in Czech and in English. The national anthem was sung, and the "Prayer for the Fatherland" was sung by a popular singer: Public performance of her songs had been banned for 20 years, as well as her song. A beautiful Renaissance song was played on the loudspeakers,

and people informed me that the words had been changed: "It is an anti-Bolshevik song," they said. Humor was not missing, as people reported that "we had a great time looking at the face of our parliamentarians on television" the week before, when those Communist deputies elected the long-ostracized Alexander Dubcek to the position of Speaker of the Parliament, thus closing the parenthesis opened by the Aug. 21, 1968 military invasion by Soviet and Warsaw Pact forces. "I see this as a moral vindication for the hundreds of thousands of active participants in the Prague Spring," Dubcek said. His own election was highly symbolic: Rather than giving him much political power, it was the state making amends.

On New Year's day, state television aired a performance of Beethoven's Ninth Symphony, which fitted marvelously with a city of Prague covered with the national colors, those hundreds of thousands of flags alongside as many portraits of Vaclav Havel, the President who was in jail as recently as May 1989.

'Spiritual crossroad of Europe'

In his inaugural speech, on Jan. 1, Havel minced no words: "Our state should never again be an appendage or a poor relative of anyone else," he said—no appendage to the Soviet Union, and no poor relative of anyone in the West, especially not those who betrayed Czechoslovakia in 1938 with the Munich agreements made with Hitler, who condoned the Communist coup d'état in 1948, and remained passive in 1968 when the Soviet tanks rolled in. "We are a small country, yet at one time, we were the spiritual crossroad of Europe. Is there a reason why we cannot become one once again?"

I see every reason why that should be so. The ancient nation of Bohemia, Christianized in the ninth century, was indeed the intellectual capital of Europe. It is there that in the 14th century the Bohemian King, Charles IV, Holy Roman Emperor, established the Universitas Carolina, the first German-speaking university in Europe. It is there that the Italian poet Petrarca went, in the same century, to launch the great language project from which modern German—and modern Czech—emerged. Prague was the center of the movement that did so much to establish the national identity of the Czechs, that of Magister Jan Hus the reformer, burned at the stake in 1415 at the Council of Constance. Prague, perhaps

the most beautiful city in Europe, was the melting-pot where an exceptional culture was conceived, "by a collaboration and a confluence of Czechs, Jews, and Germans," as the Czechs proudly say. It was the city of Mozart, Dvorak, and Smetana.

It is not that the Czechs and the Slovaks had an easy way, as a small nation squeezed between competing empires. In 1620, the army of the Czech Protestants was savaged by the troops of the Catholic Hapsburg Emperor at the Battle of the White Mountain, and Bohemia disappeared for three centuries as an independent entity. The Czech tongue was banned, considered only a language for coachmen, domestics, and serfs. A foreign power occupied the land, and stole it from its owners—just as the Nazis did later, and shortly thereafter, their Russian accomplices in crime. As late as 1900, the Czech deputies at the Imperial Diet in Vienna had to mount a major fight for Czech to be allowed as a teaching language at Prague University!

The heritage of Masaryk

Then appeared on the stage a statesman who towers above most other figures of the 20th century, Thomas Masaryk (1850-1937)—philosopher, professor, deputy, founder and first President of the Czechoslovak Republic, and the acknowledged inspiration for millions of his fellow citizens today. In numbers, his portraits are only second to Havel's in the windows and on the walls throughout the country. Born to a blacksmith and a domestic in Slovakia, trained himself as a smith, Masaryk succeeded by hard work and genius in going through university, and becoming a professor, and soon, the rallying point for Czech and Slovak patriots suffering under the inane bureaucratic yoke of the Austro-Hungarian Empire. No man was more feared by the Vienna Hofburg, the seat of the imperial government, than this forthright, fearless fighter who became the focal point for all Slavs oppressed inside and outside the decaying Hapsburg Empire. At the same time, as shown by his insightful 1913 book *The Spirit of Russia*, Masaryk the intellectual had few peers.

When World War I broke out, Masaryk determined *his* war aims: that there should emerge from it a free, sovereign Czechoslovakia, an idea that was by no means self-evident. When he arrived in Paris, and later in London and Chicago, his Allied interlocutors did not even know that there was such a thing as a Czech nation! Masaryk convinced, used, and outwitted those Allied leaders who had no time for such fanciful notions as national sovereignty, being fully committed to some form of world-federalist order, in the mold of the 1815 Congress of Vienna, or later the Yalta agreements. He also outfoxed Lenin, and shaped the 50,000-strong Czech Legion he had raised into a considerable force: By 1916, Czechoslovakia had an army, without having a state yet.

When Masaryk returned to Prague, in 1918, it was in triumph, as President-elect of the republic. Typically, he refused to ride in the horse-driven imperial carriage—his



PF 1990

**V novém roce
ve svobodné zemi
se svobodným národem
do svobodných voleb**

Studenti VŠ Plzeň

This poster distributed recently in Prague reads, "For the new year/For a free land/For a free Nation/For free elections—The Students of Pilsen."

critique of "conservatives" was always their neglect of and contempt for workers. That is why his republic remained a democracy through the 1920s and '30s, while all neighboring countries became dictatorships. It needed the collusion of Adolf Hitler, Benito Mussolini, Neville Chamberlain, Edouard Daladier, and Josef Stalin to destroy it, two years after Masaryk's death.

The Czech and Slovak armed resistance to the Nazis during the war deserves to be cited as an example. Still, Messrs. Churchill and Roosevelt sold them out to Stalin at Teheran, Yalta, and Potsdam. There was no room for a sovereign Czechoslovakia in the superpowers' condominium. For a strong, prosperous Czechoslovakia, which had been the industrial heartland of the Austro-Hungarian Empire, the "spiritual crossroad of Europe," was a powerful pole of attraction for all Slavic nations otherwise treated as cattle by the great powers. Masaryk's scheme of a Slavic Federation excluding Russia was a potent idea, the realization of which might have stopped the collapse of Europe in World War II. This is equally true of the 1938, 1948, and 1968 disasters.

Vaclav Havel's father was a friend of Thomas Masaryk, and young Havel grew up steeped in Masaryk's ideas. History is made of such ironies, the underground life and progress of ideas that the powers that be cannot control.

The way ahead

That is probably what President Havel was referring to in his inaugural speech, when he said, "We have to discover the full truth of our recent history." He pointed out that 40 years of Communist mismanagement had left industry and the economy, and the environment, in a disastrous state. But, "the worst thing is that we live in a contaminated moral environment . . . because we became used to saying something different from what we thought. We became used to the totalitarian system and thus helped to perpetuate it." He added that the Communists had considered "people as little more than rivets in a thrashing, smoking machine which had no obvious purpose." "People, the government had returned to you," he paraphrased Masaryk. "I assume that you did not propose me for this office so that I too would lie to you. The best government in the world, the best Parliament and the best President cannot achieve much on their own. Freedom and democracy call for the participation and therefore the responsibility of us all."

Those who lived through 1968 and the hideous years that followed, where any sign of courage or virtue or talent was a sure ticket to be ostracized, harassed, and persecuted, and where hundreds of thousands lost their jobs, their rights, and their freedom—those people, while euphoric, know that the way ahead is not going to be simple. In mid-January, the Czech government will start negotiations with the Soviets, on the evacuation of the 75,000 Soviet occupation troops. Moscow is prepared to exact a heavy price for any concession in this direction.

At no time during the days I spent there did I see a portrait of Gorbachov, or did anyone mention his name. In 1986, the Russian leader had come to Prague, and the whole country was ready to welcome him as a liberator. Had he said one word to condemn, or merely regret, the 1968 invasion and its consequences, the trick would have been done. But Gorbachov backed up the old leadership, the evil old men who had purged and jailed a whole people. All he did was to kick upstairs the loathed Gustav Husak from secretary general of the Party to the presidency, and replace him with the hated secret police thug Milos Jakes. Czechoslovakia was then lost for Gorbymania, and for good.

For sure, the secret police still exists. But it has lost power, since people have lost their fear. It has no one to report to, no one who would act. Similarly with the party functionaries, who are more of an inertial burden than any active force: Once the purges of normalization "freed" the Communist Party of anyone with an ounce of competence, talent, or courage, only the careerists, the opportunists, and the thugs were left.

Those now in government spent the last 20 years in jail, in lowly menial jobs, in internal exile. They devoted much of those terrible years to thinking. While they have been catapulted into government much faster than their wildest dreams would have hinted, they have not arrived unprepared.

Typical is the case of Vice Prime Minister Valtr Komarek, an economist and member of the Academy of Sciences. Some two years ago, Prime Minister Ladislav Adamec, enough of an opportunist to be a Communist, but enough of a pragmatist to perceive that the economy was entering a deep crisis, asked Komarek to regroup the 1968 economists in an Institute of Prevision that would work on a diagnosis of the past decades of economic life, and issue proposals. The study Komarek and his collaborators delivered was a devastating indictment of Communist rule; it was not published at the time. The proposals were circulated, and inspired the present government.

This also explains the words of the new finance minister, Vaclav Klaus, at the end of December: "We will not fall into the trap of the International Monetary Fund, as Poland did." Only a small minority in government circles advocates a "shock treatment" similar to that prescribed for Poland by Harvard monetarist Jeffrey Sachs and his IMF cohorts.

For decades, the economy has been looted by the Soviets. In 1968, ten crowns were needed to buy one ruble. As a result of the Soviet occupation, the parity was raised to 18:1 one year later—"overnight, we had to almost double our exports to the U.S.S.R.," an economist explained. In the last few years, Russia bought 90 billion crowns worth of Czech industrial goods on loans extended by the Czech Treasury. They have never been reimbursed, and Prague cannot buy anything worth anything in the U.S.S.R. The railway system is on the brink of disaster; the roads, while better than in other ex-"socialist" countries, need a lot of work; the telecommunications system is outdated and inefficient. The entire sector of residential buildings is in urgent need of huge investment, being in long-standing, complete disrepair. There is no acute shortage of food, but living standards are low: An average worker earns 2,500 crowns per month (1 crown=10 cents, at the official rate, but 2.5 cents on the more realistic black market rate). And he needs two months of wages to purchase a poor-quality refrigerator.

The true Europe

The Civic Forum now in power with Havel and his collaborators, has power: The powers of the presidency are vast, including being the commander-in-chief of the Army. The Communist Party is a reviled relic. Much will depend on the West's ability to understand that we must help Czechoslovakia, like we must help Poland and East Germany. For Europe, a sovereign and prosperous Czechoslovakia is a necessity, and a decisive power in the middle of the continent, as Masaryk had seen it. The beauty of Prague, the extraordinary, truly impressive depth and passion of the national sentiment of Czechs and Slovaks, certainly demonstrate how absurd and illegitimate the postwar division of Europe has been, in the bastard continent cut and patched by the arbitrary will of the Yalta powers. There is no "Eastern" Europe, there is Europe, and it only ends where Great Russia begins.

'Ode to Joy' resounds in Europe

by Mark Burdman

In the days preceding the New Year and the new decade, the world public was presented with a stark contrast between two diametrically opposed notions of the cultural expression of political ideas and values. On the one hand, U.S. invasion forces in Panama were blaring satanic rock music against the embassy of the Church of St. Peter in Panama City. On the other hand, people on the European continent, from Romania to the northern tip of Germany, were commemorating the popular uprisings against communist police-state tyranny with such great music as Beethoven's "Ode to Joy" and Mozart's "Te Deum." We report here on that latter, happy trend.

At 5:00 p.m. on Dec. 31, millions of Germans were given a magnificent New Year's present, when German television, both East and West, broadcast a live concert of Beethoven's Ninth Symphony, performed by the Leipzig Gewandhaus Orchestra and Chorus, with Kurt Mazur conducting. Not only was the performance so moving that it was impossible to refrain from weeping with joy, especially during the last section's rendering of Schiller's poem "An die Freude" ("Ode to Joy"), but the event was made even more extraordinary by every viewer's knowledge that Leipzig was the birthplace of East Germany's peaceful 1989 revolution against the communist police state, and that Mazur himself had been one of the key figures in bringing that peaceful revolution about. His conducting was magnificent, especially as he "sang along" with the chorus in the concluding choral movement.

This televised concert was the third of three traditional performances of Beethoven's Ninth Symphony at the Leipzig Gewandhaus over the Dec. 29-31 weekend. Prior to that, on the night of Dec. 28, Mazur and the musicians transformed what is traditionally a dress rehearsal for the Ninth Symphony, into a performance of it for the citizens of Leipzig. This was an obvious celebration of Leipzig's role in the October-November 1989 revolutionary transformations, and also of the fact that Schiller had written his "Ode to Joy" while staying in Leipzig.

In a televised interview broadcast both before and after the Dec. 31 concert, Mazur stressed the importance of Beethoven, and Beethoven's Ninth Symphony in particular, in his own political thinking, and in having created the moral strength for East Germans to overcome the fear they felt leading up to and during the famous night of Oct. 9, when the threat of a bloodbath unleashed by the communist authorities

was very real. Mazur talked of the importance of music in the overcoming of *Angst* (fear and anxiety) and the development of inner courage. He avowed that he and others had been profoundly changed by that process of mastering fear and seeing the revolution through to a bloodless conclusion. Mazur spoke, too, of the specific importance of the Gewandhaus Orchestra as an institution in Leipzig, an institution that maintains a close relationship to the developments in the city, and which has developed an unusual relationship with the audiences.

The broadcast of the interview interspersed Mazur's comments with film-clips of Leipzig residents holding their candlelight vigils.

True German reunification

Leipzig was hardly an isolated episode of Beethoven celebrations. In Weimar, on Dec. 31, the Ninth Symphony was also played, as it was in many other East German towns and cities. In West Berlin, the Ninth Symphony was performed at the Deutsche Oper on Dec. 29. Jesús López Cobos, general music director of the opera company, said that the Ninth Symphony was "highly symbolic" for what is going on in Europe right now. According to the Dec. 30-31 *Berliner Morgenpost*, López Cobos declared: "There is nothing that can better express the joy of the developments of the last weeks than this music." To which the *Morgenpost* added its own comment: "Beethoven's Ninth Symphony has grown beyond simply being a piece of musical art. Today, it is a worldwide symbol of cross-border humanity, longing for peace and fraternity."

At midnight on Dec. 31, as the New Year and new decade were beginning, a recording of Beethoven's Ninth Symphony was played on West and East German television, as accompaniment to the sight of over 100,000 Germans celebrating at Berlin's magnificent Brandenburg Gate.

Also during the previous week, listeners to Radio Moscow's English-language broadcasts might have heard a voice-overlay from a Radio Nederland broadcast, of the "An Die Freude" segments of the Ninth Symphony, followed by the announcer discussing Beethoven's relation to Schiller. Even if it was not deliberate jamming, this amounted to a curious episode of republican cultural warfare in Europe.

During the joyous New Year's celebrations in Prague, Schiller's "Ode to Joy," sung in both German and Czech, was heard in Prague's beautiful Wenceslas Square. Czech students were seen distributing the words in Czech to the assembled crowd. Also heard at the New Year's celebration, was a beautiful Czech Renaissance song, which had been re-composed with new, anti-Bolshevik words, sung by over 100,000 Czech citizens gathered to celebrate the demise of the communist regime.

Earlier in the week, at the ceremony inaugurating Vaclav Havel as Czechoslovakia's first non-communist President in four decades, Mozart's beautiful "Te Deum" was performed.

Dirty tricks won't save communism

The SED party is desperately trying to split the East German political opposition movement.

East Germany is entering a severe economic and political crisis, which is not only the heritage of the old regime that was toppled in October, but also a result of the foul tactics of the new SED-led government of Hans Modrow. He refused to let the opposition parties enter the government, preferring to rely on the same discredited combination of the SED Communists and four licensed "bloc parties" that have ruined the country in the past 40 years.

Warning strikes in some of the bigger industrial combines, like the prestigious car-producing IFA complex in Zwickau, and the mass exodus of workers from the SED party are clear signs that the regime has lost confidence among the labor base. The FDGB, the discredited SED-run labor front, lost 10% of its members in the past two months. Things are working against the SED—especially in view of the May 6 elections for seats in the parliament, the Volkskammer.

But for the time being, the SED hopes to defend and consolidate its power positions, primarily in the security sector and the media, counting on splits in the opposition. The SED is playing for time, as is shown by the safety-valve function of the "roundtable talks" it held with seven opposition groups since early December. The weekly sessions have so far produced a lot of talk, no progress on the economic reform, no passage of an election law, and no legalization of the opposition.

Besides, the roundtable's decisions are not binding. Roundtable members are not even informed by the government on key aspects of policy

like state security matters. The roundtable operates in a gray zone, and various opposition figures intend to walk out, especially over the hot issue of "what is happening with the Stasi?" The infamous Stasi, the political police-state apparatus with 20,000 members and more than 100,000 agents and informants on its payroll, was not dissolved, but renamed and re-grouped, and not even disarmed. The Stasi's extensive file system on dissidents, data on the network of tens of thousands of covert informants in all layers of the society (including opposition groups, naturally), and data on Stasi cooperation with the Russian KGB, were hustled to secret locations to be safe from opposition insistence on their release to the public.

The media are under firm SED majority control, and have launched a dirty tricks campaign to split the opposition movement and discredit its leaders. First, the SED media concentrated on propagating a "new socialism," or, as they called it, a "return to the pure, original principles of the concept of socialism." They declared this to be the platform of the new Modrow government, insinuating that rather than reuniting with West Germany, East Germany should remain an "independent, sovereign state."

The crimes of the past 44 years of Communist rule were blamed on a few toppled SED party leaders, like Erich Honecker, and socialism was declared a "desirable concept of a new and better society which must not be given up because of a few grave flaws." Next, the desire of the majority, which doesn't buy socialism (old or "new") anymore, for non-socialist solutions to

the crisis, was put under attack by the black propaganda apparatus.

When banners against new socialist experiments and for German unity began to dominate the big public protest rallies, the SED-controlled media churned out a propaganda equation reading like this: Opposition to the socialist system is a return to anti-Sovietism, to the belief-structure of the Nazis, and this means the rise of a new fascism and the threat of a new war.

When this didn't help to contain the mass sentiment for reunification, the third black propaganda campaign was launched over New Year's on the phony issue of "threats of right-wing extremism and of neo-fascism." Hardly had this "threat" been discovered, than a series of anonymous swastikas were painted on Soviet army stations and anti-Semitic slogans on shop windows appeared. Capitalizing on the pause in public mass opposition rallies between Christmas and Jan. 8, the SED-controlled media stepped up the propaganda drive. The scare campaign culminated on Jan. 3 with an SED-staged mass rally of 200,000 party members and followers at the Red Army monument in Berlin-Treptow, ranting loudly against "the rise of a new fascism."

The outcome of this dirty tricks operation may prove short-lived and counterproductive, however. Most East Germans feel reminded of the methods employed by the hated Honecker regime that fell in October. After the SED's staged mass rally in Berlin, spokesmen of various opposition groups denounced the "smear campaign, the sole aim of which is to put false blame on the opposition and establish the SED as the party of law and order." Opposition leaders stated that from Jan. 8 on, the huge Monday mass rallies would be resumed, in order to increase the pressure on the regime.

Bush threatens Colombia blockade

With Panama's blood fresh on his hands, Bush is now trying his big-stick tactics on another Ibero-American ally.

The Bush administration is making plans to block all trade coming from Colombia, with the excuse of fighting the drug traffic—the same excuse he used to justify a genocidal war against Panama. A Pentagon official announced Dec. 27 that the operation is intended to “make every kind of drug shipment from Colombia, be it by air or by sea, impossible.” Despite promises not to “shoot people out of the air,” such a blockade would clearly intimidate even the most honest Colombian exporter.

The military operation, according to the same official, would include an aircraft carrier battle group and Air Force squadron, and would cover Colombia's Caribbean and, possibly, Pacific coasts. The battle group could include as many as 90 aircraft, including fighters, bombers, and reconnaissance planes, and several ships and submarines.

In a communiqué issued Dec. 28, the Colombian government responded to the blockade announcement, saying that “the United States government has not consulted with Colombian authorities about this particular subject. The national government has not received any proposals or requests on the subject of operations against drug trafficking in international waters.”

The Colombian government made it quite clear that the U.S. plan was unilateral. “The policy of the national government in regard to multilateral or bilateral actions against the drug trade is premised on the principle of agreement as the basis of international

cooperation,” the statement read. But the Bush administration had apparently decided to act without respect for such bothersome principles.

“We have discussed absolutely nothing with the United States government and have not agreed to share our own air and physical space with other countries,” said Yesid Castaño, head of the National Aeronautics Agency in Colombia. Castaño added that Colombia was planning to increase its own radar network, precisely to achieve sovereign control over air traffic flows, in fulfillment of its international responsibilities.

Some analysts have suggested that the threat of a U.S. blockade is in retaliation for Foreign Minister Julio Londoño's denunciation of the Panama invasion as “unacceptable,” and his demand that American troops be immediately withdrawn.

Immediately after Londoño's statement, the U.S. embassy in Bogotá pressed the Colombian government to retract the foreign minister's condemnation. When Londoño refused, an intimidated President Virgilio Barco sent him on “vacation” and issued a revised statement expressing “deep concern” for the invasion of a country on Colombia's own border.

More than one Colombian journalist has drawn the conclusion from the U.S. blockade threat, that Washington is rattling sabers again. Wrote one columnist, “If the U.S. can invade Panama [in the name of fighting drugs], why not Peru or Colombia?” Another wrote that such a blockade by the “forces of war of another country”

is the equivalent of “placing our sovereignty in quarantine.”

While the Bush administration claims it would impose the Colombian blockade in the name of fighting drugs, it is clear that on this subject, the U.S. has little to teach Colombians, who have been martyred by the hundreds in a bloody war with the drug cartels. President Bush's own badly stained record includes agreements with the cocaine-trafficking Medellín Cartel to finance and arm the Nicaraguan Contras, and other sordid details likely to come out in the trial of Panama's Gen. Manuel Noriega.

Lyndon LaRouche, the Bush regime's most prominent political prisoner, commented on the planned U.S. blockade of Colombia that the action has nothing to do with fighting a war on drugs. Rather, he said, it has everything to do with the “Andropov Doctrine” for a superpower condominium. According to that doctrine, the United States will take “a free hand in the Western Hemisphere, on condition of an adequate reduction of forces, including, possibly, the withdrawal of the Sixth Fleet from the Mediterranean, to reduce the threat to the Soviet heartland.” LaRouche added that “if the Panama operation is part of this, as it appears to be, then look for something following the staging of a naval force off Colombia, as leaning toward action against Cuba or Nicaragua.”

Bush will do everything he can to impose his blockade against Colombia, and the current plan is to ram through such a scenario at the upcoming drug summit meeting in Cartagena, where Bush is scheduled to discuss “joint” anti-drug actions with the drug-producer nations of the Andean region. If Bush's performance in Panama is any indication, a rejection of his blockade plan by the Colombian government is not likely to stand in the way of his “Teddy Roosevelt” image.

Fascism through chaos

The Anglo-American financial elites want to crush the national institutions of debtor nations through chaos.

With the headline "Hyperinflate, Brazil! It's the only way to get a horrendous government off Brazilians' backs," the London *Economist* magazine revealed the intentions of the Anglo-American financial oligarchy to use hyperinflation and resulting economic and social chaos to impose a fascist shock program on this country.

In its mid-November 1989 issue, the magazine wrote: "Argentina, and previously Bolivia, are a lesson for all of Latin America: Only hyperinflationary *shock* can produce the necessary conditions for a sensible economy." The *Economist* continues: "Our electoral wish for the Brazilians is a sudden take-off of hyperinflation, to crush the power of the politicians who have ruled so badly."

With Fernando Collor de Mello confirmed as the next President of Brazil, Anglo-American bankers are now moving to impose a draconian austerity program along the lines of what President Carlos Menem has attempted to impose in Argentina. According to the *Economist*, Menem "began a program of privatizations that goes far beyond the dreams of any Thatcherite, while recruiting his economic ministers from the largest multinational of Latin America."

In Brazil, the viewpoint of the *Economist* has been best expressed by two of the most important local representatives of the oligarchy, Helio Jaguaribe and Roberto Campos.

On Nov. 15, Jaguaribe, a super-malthusian sociologist and Brazil's only official member of the Club of Rome, told the magazine *Veja* that "The predictions are of a great mass

upheaval, worse than a revolution, by those who have nothing, [who will go out into] the streets to survive . . . assaults on supermarkets, stores, houses. . . . It is useless to say that inflation can be ended without recession, without unemployment, without belt-tightening. Drastic, overwhelming, ferocious measures will be necessary."

Former minister Roberto Campos, who bears much of the responsibility for the imposition of the unjust economic and financial model which has brought Brazil to its current calamitous state, also believes that social chaos must be used to dissolve the state, beginning with the dismantling of the state sector companies. Campos, who does not hide his admiration for the Thatcherite model, told the London *Financial Times* on Dec. 7 that to the extent the crisis takes on "apocalyptic dimensions," he is confident that President-elect Fernando Collor de Melo will impose a strictly liberal program. Campos elaborated that program in his Dec. 10 weekly column appearing in various Brazilian newspapers, in which he called for doing away with "the imbecility of excluding privatization and conversion of the debt of 'supposedly' strategic sectors, like oil, electrical energy, or telecommunications."

Jaguaribe and Campos come out of the same group and the same economic thinking, but sow their ideas in different political camps. The idea of creating political chaos to impose fascist policies dates back at least to 1983, when the circles of former U.S. Secretary of State Henry Kissinger de-

cidated to launch a strategy of financial strangulation of the nations of Ibero-America, to force them to impose suicidal austerity measures.

That strategy, which is followed to this day by the leading creditor banks, was decided upon in a private meeting of the American Enterprise Institute held in Vail, Colorado in August 1983. At that meeting, bankers led by Kissinger determined that a total suspension of new credits would force the debtor countries to open their economies up to direct foreign investments, while putting even their most strategic state companies on the sale block. In statements to *EIR*, a spokesman for Rockefeller's Council of the Americas attending the Vail meeting declared: "Somehow, in Latin America, the concept of bankruptcy has to be introduced into the public sector. There must be a change in the state laws of Argentina, Brazil, Mexico, and other countries. First, no state subsidies to public companies. . . . Then, either they are allowed to go bankrupt, or, if they need new money, open them up to private foreign investment. This goes for a company like Petrobras in Brazil as well."

The spokesman continued: "I don't feel confident about Brazil's ability, for example, to survive its current domestic situation. But there is no substitute for the austerity process. It is very true that it causes social chaos, but mass protests can be used to promote changes. There will be tremendous public pressure, due to unemployment, on these governments to change their laws to get access to new credit. We have to use the austerity and social chaos to crack the social institutions of the country, to change the laws."

So the catastrophic predictions of such "intellectuals" as Helio Jaguaribe and Roberto Campos are hardly original.

International Intelligence

Czechoslovakia's Havel hails German unification

Czechoslovakia's new President, Vaclav Havel, said on Jan. 2 during a visit to Berlin, that "Europe need have no fear of a democratic Germany."

Havel, the former opposition leader who was in jail in 1989 for his opposition to the Communist regime, made an unscheduled stop at the Berlin Wall and the Brandenburg Gate during the first leg of his one-day visit to East and West Germany.

"I was amazed the Wall was still standing," he said, according to the Reuters wire service. "Manfred Gerlach [the acting East German head of state] told me work would soon start to tear it down. I told him that if he had any problems, we could send some independent Czechoslovak workers to help free of charge," Havel said, to loud applause.

By pointedly avoiding Moscow as his first destination abroad as head of state, Havel made a clean break with the practice of the Communists who ruled Czechoslovakia for more than 40 years. "We have come to Germany because we want to make an important contribution to a united Europe," he said.

German defense analyst hits condominium policy

The Bush administration's condominium agreements with the Soviet Union came under heavy attack in an analysis by a leading German defense analyst published in the daily *Die Welt* on Jan. 2. Former Assistant Defense Secretary Lothar Ruehl criticized recent endorsements of Soviet military intervention in Romania, made by U.S. Secretary of State James Baker, and of international military intervention there, made by French Foreign Minister Roland Dumas.

Such statements are symptomatic of "the beginning disintegration of the political East-West structures in Europe, and the high

degree of conceptual confusion in Western diplomacy in light of the transformations," he wrote.

"As a matter of fact, Baker's view insinuates sort of a democratic revival of the Brezhnev Doctrine, justifying an intervention of the Soviet Army as the armed instrument of the Moscow policy of control over a socialist country of Europe that is allied with the Soviet Union. Signaling U.S. support, [Baker's statement] provides such a military intervention with international legitimacy."

The idea of a new U.S. version of the "Brezhnev Doctrine" was also featured in a Dec. 21 editorial in Scotland's leading daily, *The Scotsman*, on the subject of the U.S. invasion of Panama. "The implication of Mr. Bush's decision is a return to the Brezhnev Doctrine in which one or two dominant states decide which governments are acceptable to them and which ones are not, and then remove the latter. That is not a sound basis for democracy," the paper wrote.

Yugoslavia's Djilas sees end of communism

Yugoslavia's leading dissident, Milovan Djilas, said Dec. 31 that the upheavals in Eastern Europe marked the beginning of the end of communism in the Soviet Union and its former satellite states. "This is the end of the Marxist-Leninist utopia," he said, in an interview with Reuters.

Once the closest lieutenant of Yugoslavia's late leader Josip Broz Tito, Djilas was fired in 1954 for his liberal views and became one of the communist world's leading dissidents.

"What has happened in Eastern Europe is not only a revolution, but something that will change the course of history everywhere and the world must adjust to it," he said. "Revolution is devilish, no one knows where it leads, but in Eastern Europe we have witnessed a democratic revolution unseen in history."

Djilas said the deposed Communist leaderships in Eastern Europe would inevi-

tably be replaced with Western-style democracies. "The same is inevitable in the Soviet Union, which is likely to split along ethnic lines in the long run," Djilas said. "It will disintegrate like the British Commonwealth."

He predicted similar upheavals in China and other communist countries. "In the long run China will have to follow this path, but not too soon," he said. "China is more backward than most people think, but it will have to change."

Djilas said Stalinist Albania, a holdout against the reforms sweeping the Communist world, would be next in line. "It is certainly the next and it's just a matter of time before the winds of change sweep across it," he said.

Aquino revamps cabinet after coup attempt

Philippines President Corazon Aquino announced sweeping changes in her government on Dec. 31, creating an "action team" to lead the Philippines, in the aftermath of the Dec. 1-7 coup attempt. Aquino replaced her finance secretary and seven other ministers, fired her intelligence chief, and created a new system of executive coordinators.

In her third major reshuffle since the U.S. State Department swept her into power in 1986, Aquino announced that her cabinet would be expanded by 3 to 25.

She retained Foreign Secretary Raul Manglapus, who will meet in January with U.S. negotiators on the future of American military bases in the Philippines, and Defense Secretary Fidel Ramos, who helped put down the coup attempt.

A spokesman for Aquino said the revamp would bring new blood to the cabinet and help tackle some of the issues underlying the coup attempt. Army rebels had accused Aquino's government—an enforcer regime for the International Monetary Fund—of failing to deliver basic services, tolerating corruption, being indecisive, and failing to provide leadership.

Aquino named Planning Secretary Jesus

Briefly

● **HERMANN OBERTH**, the German space science pioneer, died in Nuremberg, West Germany on Dec. 29, at the age of 95. Oberth developed the theoretical basis and engineering designs for the space and rocket programs of this century. He was scientific adviser to the 1929 film *The Woman on the Moon*, which inspired the future leaders of the Apollo program.

● **BEIJING** says it has "disciplined" 350,000 people and arrested more than 2,500 of them, in a nationwide campaign against the "six evils" of corruption. The official *People's Daily* said that most of those picked up in the month-long campaign against corruption were fined or otherwise penalized by police. But 2,200 were sent to labor camps.

● **MARIN CEAUSESCU**, the brother of the late Romanian dictator Nicolae Ceausescu and Romanian trade attaché to Austria, was found hanged in a Vienna cellar at the end of December. The Austrian government announced that it suspects he was a key spy. He is also reputed to have been involved in the Eastern European side of the Reagan-Bush administration's Iran-Contra operations.

● **F. SCHILLER'S** life will be the subject of a new TV film, prepared jointly by East and West German filmmakers. The production of the two-part video, filmed at original sites of the great poet's life like Weimar, Jena, and Marbach, is expected to begin in the spring.

● **NAZI EUGENICS** are being revived in Communist China. The provincial government of Gansu is aggressively enforcing a new law requiring the sterilization of people defined as mentally retarded. In 1989, more than 100 people in the poverty-stricken northwestern province were sterilized under the law, which requires people with significant mental retardation to be sterilized if they are married or intend to marry.

Estanislao to take over as finance minister from Vicente Jayme, who becomes presidential coordinator for financial and economic affairs. Jose Cuisia, head of the government's social security system and a member of its foreign debt negotiating panel, replaces Jose Fernandez as central bank governor.

The head of her National Intelligence Coordinating Agency, Gen. Rodolfo Canieso, lost his job after publicly predicting that 60-70% of the Army would remain neutral in the next coup attempt. He will be replaced by former Army chief Maj. Gen. Mariano Adalem, who will also serve as Aquino's military affairs adviser, instead of Gen. Jose Magno, who was also dropped.

Israeli coalition in crisis over PLO talks

The collapse of the Israeli governing coalition was narrowly averted on Jan. 2, when Prime Minister Yitzakh Shamir agreed to withdraw his decision to fire Science Minister Ezer Weizman. Shamir fired Weizman on Dec. 31, accusing him of having private meetings with the Palestine Liberation Organization; such contacts are forbidden by Israeli law.

Weizman, a member of the Labor Party, had helped negotiate Israel's historic peace with Egypt and has repeatedly urged Israel to drop its refusal to talk to the PLO.

The Labor Party threatened to end its participation in the unity government, unless Weizman were reinstated. A compromise was reached under which Weizman has been allowed back into the government, but he will be excluded from the inner cabinet.

Weizman revealed that Vice Premier Shimon Peres had also been involved in the discussions with the PLO, which led one of the right-wing opposition parties to call for Peres's suspension from the government. Weizman said he told PLO representatives, during meetings in June, to accept a five-point U.S. program for Israeli-Palestinian peace.

The crisis erupted at the end of a stormy

cabinet meeting over a clash Dec. 30 between police and at least 15,000 international participants in a human peace chain around the walls of Jerusalem's Old City.

Informed sources told *EIR* that the incident shows that contacts between Israeli officials and the PLO are more intense than ever before, and that Shamir's move to cut them off will not succeed.

China's Jiang: Crush 'reactionaries' abroad

Chinese Communist Party chief Jiang Zemin urged China's "invincible" ruling party to smash "reactionary" forces abroad, and to ensure the Marxist credentials of China's leaders. The official *People's Daily* Dec. 30 devoted half its front page to a speech by Jiang, declaring that revolutionary zeal was needed to take China through an "extremely critical time."

"The authority of leadership in the party and the country must be held in the hands of people who are loyal to Marxism," read a banner headline in the newspaper, over Jiang's speech.

Jiang said that from now on, people must be employed, elected, and trained with the prime aim of promoting revolutionary ardor or Marxism. After that, they can learn enough science and culture to be useful to China's modernization. This is a flat reversal of the anti-Mao line earlier pushed by Deng Xiaoping, under his slogan, "It doesn't matter whether the cat is black or white, as long as it can catch mice."

"The party must again show forth our invincible strength in smashing international reactionary forces," said Jiang. "Our party has plentiful experience in fighting imperialists and all kinds of opportunists. . . . Only leaders who have unconditional faith in Marxism and are willing to base themselves on that can lead. . . . Foreign influences in China have resulted in corruption and spiritual disintegration. What is necessary now is the unbeatable strength of the Communist Party to crush the assaults of international reaction."

East German dirty-arms trail leads to Iran-Contra

by William Engdahl

One consequence of the collapse of the East German Honecker regime last October, was the capture of documents in the port city of Rostock which holds a potential to open devastating new material relevant to the upcoming trial of former U.S. National Security Adviser Adm. John Poindexter, as well as others in the Reagan-Bush Iran-Contra illegal arms affair including, possibly, the President himself, according to some knowledgeable European assessments.

One fascinating trail leading from the East German Baltic port of Rostock goes directly into Panama and, if fully pursued, could shed light on the obsessive pursuit by the Bush administration of Gen. Manuel Noriega since the latter seized a Danish arms ship in June 1986, some five months before the Iran-Contra scandal forced the resignation of Lt. Col. Oliver North and Admiral Poindexter.

In early December 1989, angry East German citizens including members of the opposition New Forum together with television cameras went to a suspected, highly guarded site and uncovered a huge secret arms and ammunition depot in Kavelstorf outside the port of Rostock under the control of IMES GmbH.

Hours later, the man alleged to have been the mastermind of a multibillion-dollar illegal arms and probable narcotics smuggling operation went underground. Alexander Schalck-Golodkowski, a 220-pound, 57-year-old man nicknamed "Big Alex," had controlled East German foreign trade as Honecker's deputy foreign trade minister. On Dec. 6, West German authorities revealed that a panicked Schalck had turned himself over to West Berlin police requesting to be placed in protective custody. A warrant for his arrest on charges of embezzlement and illegal arms smuggling had been issued the previous day in East Germany after senior

members of the hated East German secret police—Stasi or Ministerium für Staatssicherheit as it was officially known until December, were caught in Rostock attempting to smuggle sensitive shipping files of the East Berlin and Rostock-based IMES state "export-import" firm to Cuba. The day earlier they had succeeded in getting one shipment off to "safe" hands in Ceausescu's Romania.

IMES GmbH was a key part of an international network over which Schalck had presided since 1967. A vast web of secret Swiss, West German, Liechtenstein and other "letter-box" firms were used by the East German Communist regime and the Stasi, overseen by Schalck under the Department of Commercial Coordination of the Ministry of Foreign Trade, or CoCo for short. According to informed West German reports, Schalck and his CoCo reported directly to Honecker and the Central Committee of the East German Communist party (SED). As indication of approval for Big Alex's services, Honecker gave Schalck the 1982 Order of Karl Marx, followed in 1984 by the Great Star of Peoples' Friendship.

How does the Schalck affair throw light on Irangate? What were the ties in the bizarre and lucrative communist arms traffic with the friends of Oliver North and other Westerners in the notorious Iran arms traffic to Khomeini's regime during the 1980s? The following is a partial report on an international investigation which *EIR* has conducted for more than four years. Some of the conclusions are presented here.

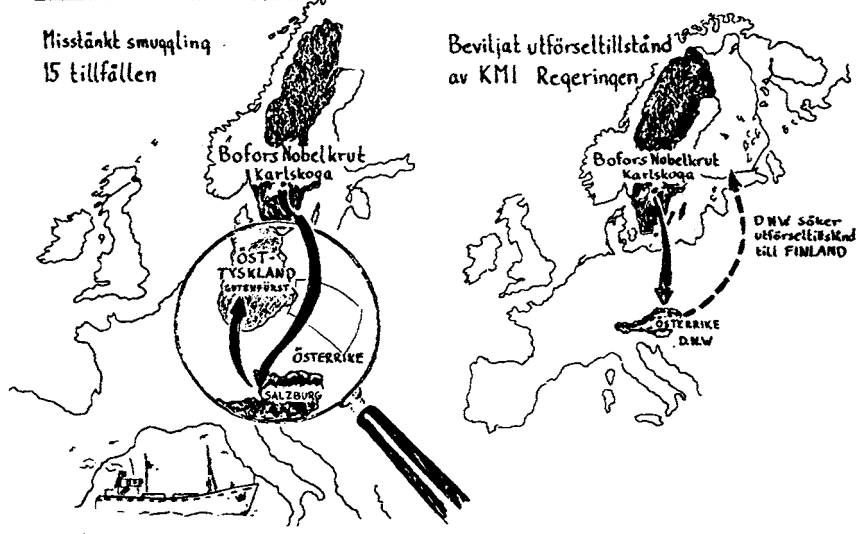
IMES and the 'northern route'

IMES Import-Export GmbH, housed in the International Trade Center on Friedrichstrasse in East Berlin, was the import-export firm which ran a lion's share of East German trade with Western firms. As such, it handled an estimated

AFFÄREN D.N.W Dynamit Nobel Wien GmbH
110.000 kilo krut Nc 1268 195.000 kilo Pentyl NSP 46
148.000 kilo sprängmed NSP 71 Värde 25.457.280 Sek.

Misslänt smuggling
 15 tillfällen

Beviljat utförelstillstånd
 av KMI Reqeringen



A Swedish Customs depiction of one of the complex arms-smuggling routes using IMES of East Germany (labeled "Ost Tyskland" on the map).

50% of all hard currency earnings of the state. With such a critical function in the Honecker dictatorship, it was at the same time an integral part of East German intelligence and foreign operations.

IMES GmbH first came to light when documents were seized by Swedish Customs officials at the Malmö offices of Swedish businessman Karl-Erik Schmitz on Sept. 29, 1985, a year before the world began to learn of Col. Oliver North's illegal Iran-Contra dealings. This raid followed an April 17, 1985 Swedish police raid on the Karlskrona, Sweden arms and explosives maker, Bofors-Nobel Industries. From those raids, authorities seized thousands of pages of vital documents on vast, coordinated international smuggling routes employed by what was known in the trade as the "explosives cartel," an elite group of Western companies including Bofors-Nobel, and related firms in West Germany, the United States, Belgium, Italy, France, the Netherlands, and Great Britain.

As a result of the toppling of the Honecker regime in East Germany and the flight of Schalck to West Berlin, Swedish Prosecutor Stig Age asked the Swedish Foreign Ministry to aid in bringing Schalck to testify this spring in the Bofors appeal trial. While the outcome at this point is not at all clear, including possible extradition of Schalck to East Germany to face trial, the potential of public disclosure by Schalck could embarrass more people than deposed East German officials. More than one Western government is believed to be alarmed at the prospect of his telling all he knows about illegal arms and drugs dealings in recent years involving his IMES GmbH.

Among the thousands of pages of documents seized from Schmitz's Scandinavian Commodities AB, authorities found ample documentation linking Schalck's mysterious IMES GmbH to this illegal Western NATO-based arms and explosives cartel.

The creation of IMES GmbH itself is shrouded in mystery. According to a confidential report from the Swedish Embassy in Berlin dated February 1986, IMES GmbH was in existence since before the imposition of the communist dictatorship at the end of the war—a reason why the East German firm says it uses a West German corporation designation, "GmbH" rather than the normal East German "AHB" (Aussenhandelsbetrieb). This would indicate that IMES had been involved with certain "Western" trading networks for some time. In fact, the existence of a secret international weapons cartel incorporating entities in communist countries as well as NATO lands has been in place for at least decades, according to statements by Schmitz prior to his recent Swedish trial for illegal weapons and war matériel shipping to Iran.

"Everyone has kept this secret until the Swedish Customs went like an elephant in a porcelain shop and destroyed it," Schmitz stated to the press in November 1987, the same time the explosive Iran-Contra revelations hit the White House.

Swedish official court documents confirm use of IMES GmbH by such Swedish arms firms as Bofors-Nobel since at least 1981. At that time, in spring 1981, AB Bofors established business contact with a Finnish firm, Sevico Oy in Aabo, to handle transactions in a complex triangular arrangement including IMES GmbH of East Germany. A Swedish Bofors-Nobel man, Thorbjorn Evarsdén, was installed in

SA-EL

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 Güterfracht DDR

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155 Tonnen Industriehemskellen in Qualität
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 "MC" 00750/39004/03 geliefert und
 in den technischen Lieferbedingungen
 zu o.g. Vertrag vereinbart.

355 Tonnen Industriehemskellen in Qualität
 MC 1268 Via bereits gemäß Vertrag
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 Fiedrichstraße, 117

Rechnung
 Sehr geehrte Frau Edvardson!

Wir gestatten und Ihnen für den zwischen Ihrer werten Firma und uns abgeschlossenen Vertrag - gemäß unserer Vereinbarung - folgende Rechnung für den festgelegten Umsatzrabatt aufzu-

Vertrags-Nr.: 87/330/5/603/03
Warenmenge: 7,8 t Industriehemskellen MC 1268 AC 608
Vertragswert: DK 221.520,-
Gesamtbetrag des Rabatts: DK 15.600,-
Zu zahlender Betrag: DK 205.920,-

Wir bitten Sie, die Überweisung auf unser Konto Nr. 773 bei der Deutschen Handelsbank AG, 106 Berlin, DDR zu veranlassen.

Nach erfolgter Überweisung bitten wir um Zahlungsbasis per Telex.

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Left to right: A Danish commercial directory listing of Tom Parlow and Svenda Andersen, S.A. Shipping; an export document from Bofors for a 1984 explosives shipment to IMES GmbH; and a bill from IMES GmbH to the Bofors company in Finland, Sevico Oy.

Sevico in Aabo to bring the arrangement, according to seized Finnish and Swedish documents.

A further strand in the deliberately byzantine web involved an Austrian firm, Dynamit Nobel Wien GmbH in Vienna. A typical Bofors illegal explosives deal would re-label military gunpowder destined for Iran, forbidden under a Swedish law which bans export to countries at war, as "civilian" explosives or "industrial chemicals." It would be exported to Austria, for instance, where it would be directly re-exported to Fürstenberg on the East German border. There it would be shipped to the IMES depot by East German special shipping networks. From that point, for a healthy commission, the East Germans would re-label and send the Swedish goods on to Iran.

What clearly emerges from study of the seized Swedish documents is that business between Western explosives suppliers such as Bofors and East Germany's IMES GmbH were a common affair for some time. As Schmitz told this writer in an interview in April 1989 from his office in Fribourg, Switzerland, "This is a network. You have what are called 'red' countries and what are called 'green' countries. If you are forbidden by law to export to a 'red' country, it is well-established that you simply go to a 'green' or legal country to export. They then re-ship the material to the 'red' country."

The strange affair of the 'Pia Vesta'

IMES GmbH again turns up in a mysterious case involving a Danish-built "coaster" ship named the *Pia Vesta*. On April 28, 1986, according to declassified U.S. National Se-

curity Council documents, the covert group run out of the White House by Colonel North, Poindexter, and others sent their representatives, Albert "Abe" Hakim and former CIA official Tom Clines, to Copenhagen where after three days of negotiations, they set up another complicated web of dummy companies and acquired a ship, the *Erria*, which was to make numerous deliveries of arms to Iran and Central America until the Iran-Contra scandal abruptly brought it to a halt that November. On April 28 the Danish *Erria* was sold to the dummy corporation, Dolmy Business Inc. of Panama, which was identified by the Tower Commission as owned by the Compagnie de Services Fiduciaires (CSF) of old Robert Vesco business associate Willard Zucker.

Dolmy immediately subleased the *Erria* to Udall Research Corp., a U.S. National Security Council-linked cover firm which also rebuilt an airstrip in Costa Rica for the Nicaraguan Contras. It was part of what North, Gen. Richard Secord, and the CIA's Ted Shackley jokingly called "Project Democracy." The world media later dubbed it the "Iran-Contra" affair.

The *Erria* was under the charter of another "letterbox" company, S.A. Chartering of Copenhagen, whose principal person was an equally mysterious Norwegian shipper and longtime friend of former CIA covert operations man Clines, named Tom Parlow. Parlow had moved from Norway to Copenhagen earlier that year to help his friend Clines in the secret shipping of weapons to Iran. Another briefcase firm of Parlow's was also in full service at the same time, S.A. Shipping Company SpA of Copenhagen, together with a

Danish shipper Svend Andersen. Some arms shipments were sent via Parlow's S.A. Shipping for Clines, Secord, and friends. Others went via Parlow's S.A. Chartering.

On May 6, a week after Clines and Hakim were in Copenhagen, another ship, the *Pia Vesta*, like the *Erria* a "coaster" vessel ideal for dangerous weapons cargoes, left the East German port of Rostock where it had been filled with a shipment including 32 military trucks, 1,500 Soviet AK-47 assault rifles, and 1,440 RPG rockets. A spokesman for the Danish Seamen's Union told press in December after the first IMES revelations around Schalck-Golodkowski, that his group would press for a full worldwide investigation into the *Pia Vesta* affair. "This will lead directly to the door of George Bush," insisted the spokesman. "Both the *Pia Vesta* and the *Erria* were run at that time by the same people working for Oliver North and company, namely Tom Parlow."

In the *Pia Vesta* case, the ship left Rostock with "end user certificates" for its cargo which falsely labeled it "specialized trucks and spare parts." IMES wrote that the cargo was headed for Peru. The ship's cargo was ordered by a Uruguayan "letterbox" company, Marnix, on behalf of a Geneva arms trade dummy company, Star Production, whose principal "boss" has been identified as George Starkmann. In a March 17, 1986 memo from Tom Clines to Ollie North, Clines identifies Starkmann (a.k.a. Stockman) and his Star Production, as having been among those used in General Secord's "operation," and "involved in the procurement and transportation of arms and aircraft for the FDN," the U.S.-backed group of Contra insurgents.

It was Starkmann's Star Production, which fronts as a maker of cassettes and children's movies, which actually paid IMES GmbH for the weapons loaded onto Parlow's *Pia Vesta* that May 6. More curious still is the fact that the money Star Production used to pay IMES originated from the Banco Arabe Español of Madrid, whose head is the former head of Qaddafi's Libyan National Bank, Abdulla A. Saudi. Still unanswered today is why a Libyan-controlled bank would be used to finance a shipment of East bloc arms destined for the Contras, in a deal organized by the U.S. National Security Council to overthrow the Nicaraguan government.

But equally unexplained are the circumstances which caused the return of the *Pia Vesta* from its sail toward Peru back to Balboa in Panama. On June 14, 1986 officials of the Panamanian government, acting reportedly on orders of General Noriega who himself had been alerted by Peru's President Alan García, the Panamanian government boarded the *Pia Vesta*, discovered the arms and the false end-user documents, and impounded the vessel and its contents. A subsequent investigation by the Peruvian Senate concluded that the *Pia Vesta* was actually carrying arms destined for the Oliver North-backed Contras in Central America. Other indications emerged that the deal had all been arranged by a Miami-based arms dealer named Duncan. The previously cited March 1986 memo from Clines to North also names a



Erria sejlede med viden for CIA. — Foto: Lars Poulsen

Våbencoaster solgt for 1,45 mill.

Queen Shipping købte skibet på tvangsauktion

Af Marchen Jerild

Coasteren Erria, der var involveret i den amerikanske våbenskandale, blev i går i Korsør solgt for 1,45 mill. kroner på tvangsauktion.

Auktionen blev holdt på begæring af shippingfirmaet Queen Shipping Aps fra København, der også købte coasteren. Erria har siden januar sidste år ligget i arrest i Korsør havn, fordi Queen Shipping havde penge til gode hos coasterens daværende ejer, Panama-selskabet Dolmy Business Inc., der har adresse i Schweiz og er blevet sat i

forbindelse med den amerikanske efterretningstjeneste CIA.

Erria var kraftigt involveret i den amerikanske Iran-våbenskandale. I følge Tower-kommissionens rapport om den amerikanske våbenhandel med Iran, købte Oliver North gennem stråmænd skibet af den danske ejer Arne Herup. Skibet blev indregistreret i Panama-selskabet og sælde derefter flere gange våben for amerikanerne til Iran og til contra-styrkerne i Nicaragua.

Firmer Queen Shipping har ikke truffet beslutning

om, hvad der skal ske coasteren.



This photo of the Tom Clines-Ollie North ship "Erria" appeared in the Danish press.

"Peter a.k.a. Pablo Duncan" among those cited for supplying the Contras under the Secord umbrella.

The open case of the *Pia Vesta* affair clearly hints at one possible reason for President Bush's obsessive efforts to get rid of Gen. Manuel Noriega, who had cooperated with Bush as far back as 1976 when both men were heads of their respective national intelligence agencies. In a Feb. 4, 1988 interview with General Noriega on CBS, Noriega made public that he had held a meeting Dec. 17, 1985 in Panama with the NSC's Admiral Poindexter. According to Noriega, Poindexter warned Noriega that unless he allowed the use of Panama as a staging ground to launch an invasion of Nicaragua, there would be "retaliation." Noriega refused. Six months later he uncovered the *Pia Vesta* arms cache from IMES GmbH in Rostock. Is there more to the Bush obsession with Noriega than is yet public? Perhaps Schalck-Golodkowski will fill out some important details.

LaRouche: Panama invasion is treason to United States

by Jeffrey Steinberg

Whether or not President George Bush explicitly discussed the pending invasion of Panama with Soviet President Mikhail Gorbachov at their December summit meeting in Malta, the U.S. pre-Christmas action signaled a Bush administration embrace of the global condominium arrangement first spelled out by Mikhail Gorbachov's mentor and once-removed predecessor, Soviet Communist Party General Secretary Yuri Andropov, in April 1983.

If there was any doubt that the Bush administration was operating from the terms of surrender that Andropov presented in his interview with *Der Spiegel* publisher Rudolf Augstein shortly before Andropov's death, all such doubts were dispelled on Dec. 24, when, in a televised interview, Secretary of State James Baker III endorsed a Soviet invasion of Romania in order to consolidate the overthrow of the Ceausescu regime. Four days earlier, Baker had averred to the Foggy Bottom press corps that "both the United States and the Soviet Union today are supporting democracy."

Both the illegal American invasion of Panama to overthrow the Noriega government and install the dope-tainted Endara puppet regime, and the endorsement of the principle of Soviet armed intervention inside the Warsaw Pact, conform precisely to the Andropov Doctrine. In April 1983, the Soviet boss proposed explicitly that the United States and the Soviet Union mutually acknowledge new spheres of strategic influence—with the United States sphere limited to the Western Hemisphere and the Soviet sphere subsuming all the European and Asian regions bordering on Russia, as well as sections of Africa. Within these spheres, each side would accept the other's right to use military force or any other means to achieve stability and maintain political control.

Congressional candidate Lyndon LaRouche has denounced this condominium arrangement and has branded the December "M(Y)alta" summit as a Bush administration

embracing of this doctrine and a betrayal of all U.S. and Western alliance basic strategic interests. LaRouche underscored the role of Henry Kissinger in shaping this condominium arrangement in a statement issued on Jan. 4:

"The Bush administration is in effect a Kissinger administration. Kissinger is a property of Chatham House. He always has been, apart from his special connections pointed out by the late James Jesus Angleton, who regarded him as a Soviet spy, which is not entirely incorrect. This is Kissinger. He represents powerful forces; he is not a power in himself. He is a sort of poor imitation of the 18th-century Lord Shelburne, the Lord Shelburne who controlled King George III and much of the British parliament in the same manner that Kissinger and his friends own George Bush, the Bush administration, and a significant part of the Congress, among other things.

"What we have seen is not a Bush-Gorbachov agreement, but essentially a Kissinger agreement with Andropov and Gorbachov. This Kissinger agreement represents, actually, the interests of the controllers of the U.S., otherwise known as the Chatham House/Wilton Park apparatus of which Kissinger is formally a spawn within the U.S. intelligence services.

"The Panama action was a part of the taking down of the U.S. military capabilities as [Defense Secretary Richard] Cheney has proposed in the preceding period, to limit its capabilities essentially to that of a condominium partner of the vastly superior Soviet military capability. The reorientation from defending the U.S. against a Soviet assault, which is the looming threat of the first half of the 1990s, in order to occupy itself with shooting our friends or our erstwhile friends in the Western Hemisphere. That is what must be understood, and that is what has happened."

LaRouche, who was railroaded into federal prison on

“conspiracy” charges on orders from the Gorbachov regime and its U.S. allies, minced no words in dismissing Bush’s claims that the invasion was only to capture Gen. Manuel Noriega as an alleged drug trafficker. “This is not a war on drugs. . . . The U.S. put the drug-pushers into power in the Endara government! . . . We are being betrayed by the Bush administration. And it is not patriotism or soldierly ethics to uphold treason.”

New role for military?

As of Jan. 4, such prominent military policy spokesmen as the retired chairman of the Joint Chiefs of Staff Adm. William Crowe and Sen. Sam Nunn (D-Ga.), who chairs the Senate Armed Services Committee, were appearing on ABC-TV’s nightly news commentary program “Nightline” and being asked to discuss whether the Panama adventure might not be the pilot project for a redirecting of the U.S. Department of Defense into so-called “war on drugs” deployments, since allegedly, the Cold War is coming to an end.

LaRouche blasted this dangerous folly on Jan. 5, stating that “we may be in the beginning of a new strategic crisis—an East-West strategic crisis, with complications elsewhere.

He emphasized, “Peace has not broken out strategically. We are headed for potential confrontations; they could come at any time. Everyone in the business knows that the fall of Gorbachov—which could happen any time and then again might be delayed—means the unleashing of an East-West strategic crisis.”

LaRouche warned, “We’d better get turned around fast, we’re headed for big trouble, including the setting off of the biggest depression of the 1990s,” adding, as if to remind President Bush, who has the power to release the exculpatory federal documents needed to overturn the judicial frameup of LaRouche and his associates, that there is a rational way out of the mess: “That is, it’ll be the biggest depression unless I’m in there straightening out the past 25 years of rotten U.S. economic, financial, and monetary policies.”

Other voices echo similar views

LaRouche’s assessment that the Panama invasion and other recent events signaled the acceleration of a “second Yalta” deal out of the “seasick summit” in Malta have been echoed in recent days by other voices in both the United States and Western Europe.

In the closing days of 1989, syndicated columnists Rowland Evans and Robert Novak reported that the Bush administration had made a pledge to Gorbachov to slow down the pace of German reunification in order to give the Soviet leader sufficient time to solve his internal economic problems. Bush, according to the generally well-informed columnists, had also made a firm commitment to seal a START treaty by June in order to give Gorbachov a measure of breathing room with his own Red Army high command.

Evans and Novak warned that the rush to conclude such a complicated treaty by an early fixed date would only benefit the Soviets and might leave the West thoroughly vulnerable to an intact Soviet nuclear first strike capability.

In a followup column on Jan. 5, Evans and Novak reported deep concern among Bush and Baker’s Texas constituents over the administration’s failure to launch a Marshall Plan for Eastern Europe, and the President’s wishy-washy attitude in general toward the surge of democratic values among the peoples of the East. They cited Housing and Urban Development Secretary Jack Kemp as being deeply disturbed at Commerce Secretary Robert Mosbacher’s endorsement of International Monetary Fund austerity medicine for Poland. And if the columnists are correct, the Bush administration is prepared to carry the doctrine of “benign” Soviet military intervention into the Baltic states as well:

“On the last Friday of 1989, mid-level diplomats prepared answers for the Jan. 3 State Department briefing on expected questions about Gorbachov’s imminent visit to Lithuania and his warnings of bloodshed. The proposed reply would have reminded him of his pledge against force in the Baltics, emphasized that the United States never condoned their incorporation in the Soviet Union and endorsed continued growth of pluralism in the region. But these remarks never saw the light of day. When the Lithuania question was asked at the briefing, spokesman Richard Boucher seemed singularly remote.”

The Thornburgh Doctrine

Knowledgeable Washington analysts have told *EIR* that the Bush-Gorbachov discussions at Malta did not directly touch on the pending American invasion of Panama. Rather, the two heads of state spoke in aesopian terms about joint commitments to fight “the war on drugs.” In the jargon of superpower summitry, this was a reference to a series of joint intelligence and “law enforcement” agreements hammered out between the Soviets and Americans during Attorney General Richard Thornburgh’s Oct. 14-20, 1989 extended visit to Moscow. These agreements, according to one source, represent a “new modality” for Soviet-American collaboration, in which, for the first time, government agencies publicly engage in joint actions in the international arena. In short, the Thornburgh trip and the subsequently elaborated “Thornburgh Doctrine” brought the old Anglo-American-Soviet Trust arrangements out of the closet and into the diplomatic light.

According to this source, the December 1988 United Nations convention against narcotics had already planted the seeds of the Thornburgh invasion of national sovereignty in “hot pursuit” of dope traffickers, and that increasingly both the United States and the Soviet Union would use this ostensible concern over the drug plague to install puppet regimes in their designated strategic spheres—as per the Andropov Doctrine.

Bush is no stranger to genocide

by Kathleen Klenetsky

During George Bush's 1980 presidential campaign, he made two gestures designed to improve his electability: He quit the Trilateral Commission, after disclosures of his membership cost him the New Hampshire Republican primary; and he started to portray himself as being staunchly anti-abortion and thus, presumably, pro-life.

Neither gesture signified anything beyond a superficial change, dictated by political expediency. Bush's loyalties to the Eastern Establishment have remained as strong as ever; and his contempt for human life, at least for those billions of people who do not share his membership in the white, Anglo-Saxon Protestant elite, was demonstrated with savage clarity in the slaughter of thousands of innocent civilians during the lawless invasion of Panama.

Not once during "Operation Just Cause" has Bush shown any hint of conscience over the genocide which he has inflicted on Panama, nor the fact that Guillermo Endara, the new U.S. puppet ruler of Panama, was a protégé of the openly pro-Hitler, anti-Semitic Arnulfo Arias. And no wonder! Bush has played a conscious and crucial role in the criminal war on human life which the neo-malthusian population control lobby has been waging for the past decades. Promoting Nazi-style racial extermination policies is an integral component of Bush's *raison d'être*.

Even the most cursory glance at Bush's political record reveals him to be a committed neo-malthusian, an ardent devotee of the belief that there are too many people in the world, and that getting rid of them should be a top priority of the world's political leaders. This same bestial view is shared by Bush's family, and by his closest political and personal associates. Bush was for all intents and purposes bred to this outlook—an outlook which places him in direct conflict not only with the Judeo-Christian tradition as a whole, but more specifically with the Catholic Church, whose continued opposition to population control has earned it the undying enmity of Bush's political circles.

The Bush record

Bush's support for the genocide lobby's agenda came early and often in his political career. In fact, he was the first U.S. congressman to propose population control legislation. According to the 1979 report of the Population Crisis Committee/Draper Fund, George Bush was among the "most conspicuous activists, proposing all of the major or controversial recommendations" on population control in the U.S. Con-

gress in the late 1960s.

This is no exaggeration. Bush was in the vanguard of the campaign to make population control official U.S. domestic and foreign policy. In 1967, he teamed up with fellow Republican Rep. Schneebeli to offer a series of amendments to the Social Security Act to make family planning services a priority. Their actions were largely prompted by congressional testimony by Dr. Alan Guttmacher, president of Planned Parenthood and a protégé of its founder, Margaret Sanger, a leader of the Neo-Malthusian League, a member of the Advisory Council of the Euthanasia Society of America, and a sponsor of the occultist Temple of Understanding. Among other provisions, the resulting House bill required even welfare recipient mothers of young children to seek work. It also barred increases in federal aid to states where the proportion of dependent children on public assistance increased.

Two years later, Bush was one of four congressmen to introduce legislation to create a National Center for Population and Family Planning within the Department of Health, Education, and Welfare. In addition, he took the initiative in forming and chairing the House Republican Task Force on Earth Resources and Population, just as the ecology movement was about to be launched with great media fanfare and generous financial support from liberal foundations. The Family Planning Services and Population Research Act authorized \$382 million for the establishment of a "comprehensive family planning program for the U.S." The act was reportedly authored in part by PCC/Draper Fund founder Gen. William Draper, Jr., a close personal friend of George Bush's father, Prescott Bush.

Bush was defeated in his U.S. Senate campaign in 1970, but that did not deter him from pursuing the neo-malthusian agenda in his subsequent political capacities, as well as through his membership in the Henry Kissinger-dominated Trilateral Commission, which campaigned avidly for curbs on global population growth.

During his stint as U.S. representative to the United Nations in the early 1970s, Bush vociferously encouraged population control efforts, retailing the filthy lie that population growth was one of the worst dangers facing mankind. In 1973, he wrote the foreword to *The World Population Crisis: The U.S. Response*, a book authored by Phyllis Piotrow. A rabid proponent of population control, Piotrow subsequently wrote a diatribe against population growth for the New York Council on Foreign Relations' infamous "1980s Project," which called for the "controlled disintegration" of the world economy, and supplied a large portion of the policy blueprint and personnel for the Carter administration.

In his foreword, Bush wrote that "the population problem is no longer a private matter. In a world of nearly 4 billion people . . . population growth and how to restrain it are public concerns that command the attention of national and international leaders. . . . It is quite clear that one of the

major challenges of the 1970s . . . will be to curb the world's fertility. . . . Major world problems like population and environmental protection will have to be handled by large and complex organizations representing many nations and many different points of view. How well we and the rest of the world can make the policies and programs of the United Nations responsive to the needs of the people will be the test of success in the population field."

Bush noted that he had worked with Piotrow on population control issues, and praised the leading centers of the genocide lobby, including the Population Crisis Committee, Planned Parenthood, the Population Council, Zero Population Growth, et al., for having "played a major role in assisting government policymakers and in mobilizing the United States response to the world population challenge that is described in this volume."

All in the family

Bush's commitment to population control is a reflection of his family and his class. As witnessed by his frequent allusions to Teddy Roosevelt, Bush has patterned himself after the odious racist strain which became dominant in the U.S. elite during Roosevelt's reign.

An important factor in shaping Bush's views is his family's longtime association with the Harriman family. Bush's family on both his mother's and father's sides worked for the Harriman financial interests, and Bush's father, Prescott, served on the board of Brown Brothers, Harriman from 1930 until 1972.

As this news service has documented, the Harrimans sponsored the creation of the U.S. eugenics movement, which led to the mass sterilization of the "feebleminded" and "racially inferior" during the 1920s, and later transformed itself into the population control/environmentalist movement after Hitler's genocide gave eugenics a bad name. As part of this campaign, the Harrimans arranged several international eugenics conferences, one of which, held in 1932 at the Museum of Natural History in New York, unanimously elected as its president Prof. Dr. Ernest Rudin, the head of the German Society for Racial Hygiene, who later wrote the Nazi miscegenation laws against the Jews.

Although *EIR* is still investigating whether members of the Bush family were personally involved in these conferences, we do know that Prescott Bush was very much a part of the population control movement. In fact, as George Bush has written, "My own first awareness of birth control as a public policy issue came with a jolt in 1950 when my father was running for the United States Senate in Connecticut. Drew Pearson, on the Sunday before Election Day, 'revealed' that my father was involved with Planned Parenthood. My father lost that election by a few hundred out of close to a million votes."

We also know that Prescott's close friend, William Draper, Jr., was a leading participant at the same 1932 eugenics

conference that honored Nazi Dr. Rudin.

William Draper went on to play a pivotal role in inserting population control into U.S. foreign and domestic policy. A New York investment banker, he served as honorary chairman of the Population Crisis Committee, an offshoot of his Draper Fund, and special counsel to International Planned Parenthood, and also headed the seminal Draper Committee, set up by President Eisenhower in 1958, which was to prove one of the most important factors in establishing population growth as a "menace." Under the committee's aegis, Draper issued numerous public statements calling the "population problem . . . the greatest bar . . . to progress in the world," and urging concerted public action to limit population growth. One of Draper's chief protégés was former State Department bigwig George Ball, who has called for totalitarian measures to curb population growth, and who has bitterly attacked Pope John Paul II for opposing such efforts.

In a 1971 article, Draper likened the developing nations to an "animal reserve," where, when the animals become too numerous, the park rangers "arbitrarily reduce one or another species as necessary to preserve the balanced environment for all other animals.

"But who will be the *park ranger for the human race*?" he asked. "Who will cull out the surplus in this country or that country when the pressure of too many people and too few resources increases beyond endurance? Will the death-dealing Horseman of the Apocalypse—war in its modern nuclear dress, hunger haunting half the human race, and disease—will the gaunt and forbidding Horsemen become Park Ranger for that two-legged animal called *man*?" This same Draper was singled out by Bush for special praise in his foreword to the Piotrow book.

Draper's son, William III, has enthusiastically carried out his father's genocidal legacy—frequently with the help of his good friend, George Bush. Among other things, William Draper III sits on the board of the Population Crisis Committee/Draper Fund, whose board has included two of the chief architects of the concept of "population war"—the use of warfare as a means of genocide—which Bush implemented in Panama: the late Gen. Maxwell Taylor, and Robert "Body Count" McNamara.

In 1980, Draper, an enthusiastic backer of the Carter administration's notorious *Global 2000* report, served as national chairman of the Bush presidential campaign's finance committee; in early 1981, Bush convinced Reagan to appoint Draper to head the U.S. Export-Import Bank. At the time, a Draper aide, Sharon Camp, disclosed that Draper intended to reorient the bank's functions toward emphasizing population control projects. In 1987, again at Bush's behest, Draper was named by Reagan as administrator of the United Nations Development Program, which functions as an adjunct of the World Bank, and has historically pushed population reduction among Third World nations.

George Bush pro-life? Hah!

What went wrong with U.S. foreign policy?

by Jeffrey Steinberg and Scott Thompson

Now that the decade of the 1980s has ended, it is useful to look back on events that shaped the course of U.S. foreign policy toward its present fatal embrace of a global condominium with a Soviet empire that is itself dying from within. The seeds of that rotten deal were planted midway through the first Reagan administration during the spring-summer of 1982. The seminal figure in that effort was the very same Henry Kissinger, whom presidential candidate Ronald Reagan declared throughout his 1980 campaign, would be *persona non grata* in his White House.

Jailed American statesman Lyndon H. LaRouche, Jr., in a 1990 New Year's message, drew the following historical parallel: "In respect to the events of 1982-83 leading into the Bush election campaign of 1986-88 and the Bush administration of 1989, it should be stressed that Henry Kissinger's closest historical approximation in U.S. politics, is the role of Lord Shelburne, the Second Earl of Shelburne, during the middle to latter part of the 18th century, when Shelburne was the leading adversary of the United States."

Shelburne "effectively controlled Adam Smith, an adversary of the United States working for Shelburne and his cause. He was the controller of King George III, and the controller of William Pitt the Younger," LaRouche explained. The Bush administration "is essentially a Kissinger administration. . . . Bush is a figurehead in a Kissinger administration. This is all Kissinger policy . . . and Bush is—by being in largest part, owing to the Anglo-American liberal Establishment as exemplified by his association with the Trilateral Commission and Yale earlier—essentially a part of that."

LaRouche qualified, "Shelburne, of course, was a much higher ranking figure than Kissinger, but nonetheless, for purposes of comparison, that makes the analogy."

Permission of the British cousins

Ironically, the action that brought Kissinger more directly into the Reagan administration policy counsels appeared to many to be a defeat for Kissinger, namely when President Ronald Reagan summarily fired Kissinger's former subordi-

nate, Gen. Alexander Haig, from his post as secretary of state, appointing George Shultz in his stead. Yet Shultz—whose father Birl Earl Shultz had been at the center of East-West power-sharing and economic dealings as part of the Anglo-Soviet "Trust" from the 1920s—turned at once to Henry Kissinger in a seven-and-a-half-hour meeting on July 17, 1982. It was the first of many meetings that set the priorities of U.S. foreign policy.

Just before he resurfaced as a guru of American foreign policy folly, Kissinger had made a blunt admission as to where his principal loyalties had always lain. On May 10, 1982, in a speech before Britain's Royal Institute of International Affairs ("Chatham House"), Kissinger boasted of three decades of treasonous secret codicils between the British and American sections of the liberal Establishment, which had shaped U.S. foreign policy. In his now-infamous speech, which was circulated with the endorsement of David Abshire of the Center for Strategic and International Studies (CSIS) and the Reagan administration, Kissinger said:

"The British were so matter-of-factly helpful that they became a participant in internal American deliberations to a degree probably never before practiced between sovereign nations. In my period in office, the British played a seminal part in certain American bilateral negotiations with the Soviet Union—indeed, they helped draft the key document. In my White House incarnation, then, I kept the British Foreign Office better informed and more closely engaged than I did the American State Department—a practice which, with all affection for things British, I would not recommend be made permanent. But it was symptomatic. . . ."

"In my negotiations over Rhodesia I worked from a British draft with British spelling even when I did not fully grasp the distinction between a working paper and a Cabinet-approved document. The practice of collaboration thrives to our day, with occasional ups and downs, but even in the recent Falklands crisis, an inevitable return to the main theme of the relationship."

The economy: Reagan's Achilles' heel

President Ronald Reagan had won election to his first term partly because of his campaign pledge that he would not let the hated Henry Kissinger have anything to do with U.S. foreign policy. Yet, Reagan's perplexed adherence to an economic system based upon Shelburne's agent, Adam Smith, rather than American System economics, became the Achilles' heel through which Kissinger's promoters in the Anglo-American liberal Establishment managed not only to subvert Reagan's hopes for an independent U.S. foreign policy, but also to inject "creeping Kissingerism" into his administration, abetted by such friends as George Shultz and Lawrence Eagleburger at the State Department.

The immediate economic issue that Kissinger seized as his opportunity—the Third World debt crisis—also pitted Kissinger directly against political economist Lyndon H.

LaRouche, who in the summer of 1982 drafted his “Operation Juárez” plan, based upon American System economics. That plan would not only have permitted an orderly reorganization of the debt, saving the banking system, but combined with even greater Third World rates of development, would spark an international economic recovery. The first battleground on this issue was in Mexico in fall 1982. Kissinger was to travel to Mexico, shortly after LaRouche’s meetings with Mexican President José López Portillo that summer. Kissinger’s own trip, to demand International Monetary Fund-style austerity instead of the American System approach put forward by LaRouche, coincided with the founding of his global influence-peddling firm, Kissinger Associates, Inc., in partnership with Britain’s Peter Lord Carrington, Gen. Brent Scowcroft, and others. The clients included such major creditors of Third World nations as Chase Manhattan Bank.

When on Sept. 1, 1982 President López Portillo nationalized the Mexican banks, a spokesman for Kissinger Associates warned that Mexico must submit to IMF austerity, regardless of whether this creates a “volatile and potentially unstable situation,” that may lead to “serious problems—potentially even a coup—before 1990.”

Kissinger’s declaration of war against the sovereignty of Ibero-American nations on behalf of the banks was shopped into the Reagan administration not only by Shultz at the State Department, but also by Director of Central Intelligence William Casey and Casey’s lifetime sidekick Leo Cherne, who was then vice chairman of the President’s Foreign Intelligence Advisory Board (PFIAB). As Cherne himself has since confirmed, the Mexican debt crisis sent a shockwave through the administration. PFIAB not only set up an emergency Third World debt task force, but DCI Casey, with presidential approval, charged U.S. intelligence as a whole with the task of economic warfare against Ibero-American and other debtors, driving this major instrument of U.S. foreign policy—the intelligence community—into the hands of the Anglo-American liberal Establishment on this critical issue.

It started at the Grove

There were many other issues that pitted Kissinger against LaRouche in political intelligence warfare—including, for example, the revelations by LaRouche’s associates throughout 1981 that Kissinger had been tied to the illegal Propaganda 2 Freemasonic Lodge in Italy; and the August 1982 filing of a legal brief in Rome, by a close LaRouche associate, citing Kissinger’s repeated threats to Christian Democratic Party chairman Aldo Moro who was subsequently slain by terrorists linked to that same P-2 Lodge. But it was possibly because of the debt issue that at the July 1982 gathering of the quasi-Masonic West Coast cult, “Bohemian Grove,” Kissinger conspired with fellow revelers to launch a “Get LaRouche” operation within the government. At Bo-

hemian Grove (which was portrayed in the November 1989 issue of *Spy* magazine as a kook farm servicing the rich and powerful with a rustic version of the Marquis de Sade), Kissinger in 1982 held grope sessions with the new Secretary of State George Shultz, former West German Chancellor Helmut Schmidt, Singapore’s Lee Kwan Yu, then FBI Director William Webster and others.

On Aug. 19, 1982, Kissinger revealed this Grove meeting to have been the origin of the “Get LaRouche” effort, when he wrote “Dear Bill” Webster demanding that action be taken against LaRouche. The ensuing flood of correspondence, which was released under the Freedom of Information Act and published across the country by major media and in the *Congressional Record*, culminates with a Jan. 12, 1983 memorandum from “Dear Bill” Webster authorizing a complete investigation of “the LaRouche Group’s” finances. Webster said that this memo was based upon a mandate from PFIAB. At a PFIAB meeting, the publicist of Kissinger’s Chatham House speech, David Abshire, had called for an investigation of whether LaRouche “might be funded by hostile intelligence agencies.” Kissinger’s friend, Edward Bennett Williams, had seconded this demand from PFIAB. Thus officially began the “Get LaRouche” task force, and, less than a year later, after Kissinger had completed work on the President’s Bipartisan Commission on Central America, the once-unwelcome Kissinger was himself placed on PFIAB.

Kissinger and Andropov against the SDI

The year 1983 marked even more intensive political warfare between Kissinger and LaRouche, when on March 23, President Reagan adopted the LaRouche-authored “beam weapons” policy later named Strategic Defense Initiative, despite a full-scale attempt by Soviet leader Yuri Andropov and the KGB to stop this from occurring. Soviet countermeasures after the speech were varied and increasingly desperate. In April 1983, the German weekly *Der Spiegel* carried an interview with Andropov offering a global condominium, which would cede the Western Hemisphere to U.S. hegemony, while leaving Europe, Asia, Africa, and the Middle East as potential areas for Soviet hegemony. This “Andropov Doctrine” is the cornerstone of the condominium arrangements of the Kissinger-directed Bush administration, especially since the Malta summit.

However, President Reagan did not immediately drop SDI in favor of such “balance of power” arrangements, despite the urgings of such Kissinger cronies as Secretary Shultz. By the autumn of 1983, starting when the Soviets shot down KAL 007, and escalating from there, the Soviets applied massive psychological pressure to make the Reagan administration “blink.” Kissinger-linked forces within the Reagan administration led the capitulation to this pressure, ousting William Clark from his position as National Security Adviser, and breaking off all direct contact with Lyndon LaRouche and his associates at *EIR*.

Rock and the cultural war against Panama

by Leo F. Scanlon

The ugly spectacle of U.S. military forces in Panama blaring explicitly satanic rock and roll music at ear-shattering decibels at the the embassy of the Vatican in Panama City, where Panama Defense Forces chief Gen. Manuel Noriega was in sanctuary, has justly evoked international disgust and outrage. Not only was the action deliberate and authorized at the highest levels, but it typifies what was morally reprehensible about the invasion as a whole.

The “rock assault” was conducted by elements of the 4th Psychological Operations Group from Fort Bragg, North Carolina, which accompanied the 82nd Airborne troops who invaded Panama in December. According to knowledgeable sources, the decision to engage in such a provocation would likely involve the State Department and the U.S. Information Agency, as well as the military commanders directing the campaign on the ground.

The incident is cavalierly dismissed in Washington—by apologists as a harmless prank, by the White House as an expression of “the American sense of whimsy,” and by the Pentagon as “an effort to prevent eavesdropping on the conversations of American soldiers.” But the operation was truthfully characterized by an American colonel interviewed by ABC-TV as part of a “secret psychological warfare program” which utilized rock and roll to attempt to destabilize Noriega, who is known to be an opera lover. Such activities will likely be the hallmark of the coming civic action campaign to “stamp American influence” on the puppet government being created in Panama.

“These guys are the fingernails on the blackboard,” an Army official told the *Washington Post*. “They are very sophisticated in the psychological aspects of war. . . . They are engaged in propaganda.” The *Post* went on to report that the official was describing the psychological operations forces which have been shaping the events leading up to and following the massive invasion. “They are the troops roaring through the streets of Panamanian communities in tanks for a show of force. The troops roaming door to door in the countryside passing out pro-American leaflets, the men pumping ear-piercing music into the Papal Nunciature.”

An Army official says, “We call them nation builders.”

Since the earliest days of the Vietnam War, real nation building, in the meaningful sense of large-scale infrastructure

development, has been outlawed by the protégés of Robert Strange McNamara in the Pentagon and other government bureaucracies. Instead, there is a deliberate policy of “nation destruction.”

The military still pays lip-service to the “nation-building” idea, and the 352nd Civil Affairs Command will be sending a number of doctors and other useful specialists to Panama; but the main focus of these operations will be to build a new synthetic government and social structure.

According to Pentagon officials, one main objective of the invasion was to isolate the leaders of the PDF and political parties associated with the Noriega government from the population. Most of these individuals are now detained in prison camps established by the U.S. military forces; some have disappeared and are presently unaccounted for. In the meantime, the effort to create a government congruent with American “popular culture” is the prime focus of the civic action teams.

Methods of ‘community control’

A declassified Army document describes the methodology involved in a model “Citizenship-Training Program of ‘Psychological Operations’ of Interpersonal Communication Designed to Achieve National Identification, Motivation, and Constructive Community Action”: “The core of the program . . . consists of group interaction. . . . The organizers must include persons knowledgeable in the universal principles of human interaction (social psychology) and in . . . [cultural anthropology] . . . the graduates of each course will be organized as an Action Group that will keep meeting permanently every two weeks. At the fortnightly meetings each member is expected to report on his success and problems in teaching the course to new groups, as well as his success and problems in promoting community civic action aimed at environmental improvement. As a sociologist would say, the Action Group meetings provide a ‘reference group’ . . . an ongoing source of continuing civic action.”

This sociological schema is taken directly from the community control experiments run by the New Left in the United States in the 1960s.

According to the *Washington Times*, a pro-administration mouthpiece on such issues, “A Springsteen concert is a patriotic event. Bruce is at the forefront of what America does best—produce trash culture. We have not exactly bowled over the world with classical musicians, sculptors, and poets, but America has produced Hollywood movies, fast food chains, television shows, jazz and rock. . . . America’s trash culture is a whirling dynamo. . . . Its anarchic energy and its ‘give the people what they want’ ethos make it incompatible with Communist culture.”

A columnist, disparaging efforts to censor pornographic and satanic rock lyrics adds: “Rock and roll does not threaten the American way. More often than not it has supported what we cherish.”

Fatties in the White House

Fat Henry, who once incurred the wrath of Ibero-America by pontificating that "nothing important has ever come out of the South," added a new dimension to his disdain for the region when, from his Christmas vacation spot of Venezuela, he said: "I support President Bush," but the invasion of Panama is only an "incident."

Kissinger apparently finds the question of prompt debt service payments to Kissinger's clients, like the Chase Manhattan Bank, far more important than a resurgence of "gunboat diplomacy incidents."

Henry Kissinger chose as his companion on this little Shylock debt collection jaunt, fashion designer Oscar de la Renta. He made a three-hour visit to Caracas for meeting President Carlos Andrés Pérez, traveling from Santo Domingo, where de la Renta owns a villa called "La Romana" that is notorious among jet setters and is Kissinger's regular Yuletide haunt. The Cisneros clan of Venezuela once again provided Henry with their private plane.

As *EIR* has elsewhere documented, the Cisneroses have much in common with Henry Kissinger, especially since they banned distribution of a book in Venezuela that linked them to financial institutions and persons believed to be involved in drug-money laundering. Several of Kissinger's own clients, of course, are also linked to drug-money laundering, including Midland Bank PLC, whose

portfolio had been handled by Kissinger Associates president Larry Eagleburger. Midland's Crocker subsidiary was indicted in 1985 for laundering over \$3 billion which the Treasury Department believed to derive from "Golden Triangle" opium/heroin proceeds.

Fat Larry's travels

No sooner had Kissinger piped up to dismiss the fuss in Ibero-America about Panama, than his former employee and current Deputy Secretary of State, the even fatter Lawrence Eagleburger, was dispatched by President Bush to head a commission, ostensibly to investigate the financial needs of Panama. But, the State Department refused to rule out that Fat Larry might have really been sent for a last-minute push to pressure the Vatican into releasing Gen. Manuel Noriega from the Papal Nunciature in Panama City.

Wasn't this the same Larry Eagleburger who, after his December China trip to meet Deng Xiaoping, the "butcher of Beijing," had Henry Kissinger insist on CBS television that criticism of the trip was unfounded, because "all sorts of human rights issues" raised during his visit would soon become known? Among those issues, Fat Henry claimed that Fat Larry had raised was the right of Chinese dissident Fang Lizhi to have sanctuary at the American Embassy in Beijing.

The actual purpose of Larry Eagleburger's trip to Panama may only become known months from now, as happened with the secret trip he and Kissinger crony Gen. Brent Scowcroft (the only thin one of these three stooges) had made to China last July, which only became known in September. But whatever Eagleburger in fact did, he certainly did not deliver cash

pledges for the billions of dollars damage done by America's military "steel wall" tactics. In fact, Reuters news service, which reported the Eagleburger mission as kicking around a piddling \$70 million figure, quoted Eagleburger that Panama's economic problems had been caused by "the misrule and corruption of the Noriega regime"—a neat way of letting the United States off the hook for the effect of two years of U.S. sanctions and the recent blistering bombardment of Panama City.

Zbigniew Brzezinski, the former Carter National Security Adviser who today sits with Henry Kissinger on President Bush's Foreign Intelligence Advisory Board (PFIAB), recently recommended Fat Larry for a new job: overseeing all U.S. aid programs to Eastern Europe. As National Democratic Policy Committee spokesman Scott Thompson, who was the only person to testify against Lawrence Eagleburger's nomination, warned last spring, Larry Eagleburger's client portfolio at Kissinger Associates included several firms that have invested billions in Eastern Europe, raising the question of a major conflict of interest should he once again become involved in East-West trade issues.

Not only are banks of Kissinger Associates creditors located in Eastern Europe—including Poland, where Kissinger has advocated the sort of International Monetary Fund-style austerity that will discredit and possibly topple the Solidarnosc government—but Larry Eagleburger specialized in businesses working in Yugoslavia. He was a member of the board of Global Motors which produces the Yugo, and is a member of the LBS Bank of New York, itself a wholly-owned subsidiary of the Yugoslavian Ljubljanska Banka, that was indicted in 1988 for money laundering related to attempts to violate the Arms Control Act.

National News

Nunn urges deep cuts in forces in Europe

Senate Armed Services Committee Chairman Sam Nunn (D-Ga.) has launched a campaign for a massive withdrawal of American forces in Europe.

Nunn told the Jan. 1 *New York Times* that the Bush administration proposal to the Conventional Forces in Europe reduction talks (CFE) to reduce the number of American ground troops in Western Europe from the current 305,000 to 275,000 is inadequate, and that the U.S. should be seeking to cut its troops to between 200-250,000.

The U.S. should inform its NATO allies that "what we are going to be evolving toward will include U.S. strengths, and our strengths don't include getting a huge number of heavy forces to Europe during an emergency," Nunn said.

Echoing a proposal made by David Owens published by the Council on Foreign Relations, Nunn said that there should be a division of labor in NATO in which the U.S. would specialize in air power, while European NATO members would assume more responsibility for ground defense. "Independent of Gorbachov," he said, the U.S. "should have been putting more emphasis on air power and on light mobile forces."

Nunn also advocated a "partial, gradual drawdown" of American troops in South Korea, and the withdrawal of some U.S. troops from Japan.

Nunn is expected to push this agenda—which accords totally with the current direction of Bush administration policy, and with the Andropov doctrine—when his committee begins hearings later in January on the Pentagon budget and the development of a new U.S. military strategy.

Bush family faces S&L corruption scandal

House Banking Committee Chairman Rep. Henry Gonzalez (D-Tex.) is planning to continue his hearings into abuses of the sav-

ings and loan system and will subpoena records including those of an allegedly fraudulent land deal between Lincoln and the Denver-based Silverado S&Ls, the European edition of the *Wall Street Journal* reported Dec. 27.

"Neil Bush, son of President George Bush, served on Silverado's board until shortly before the thrift was seized by U.S. regulators," the *Journal* noted. President Bush himself was present as recently as early December at a Denver Republican fundraiser chaired by Larry Mizel, whose MDC Holdings Inc. real estate company is implicated in the collapse of both Lincoln and Silverado.

Mike Milken, the former junk bond king at Drexel Burnham Lambert whose lawyer, Arthur Liman, had formerly served as counsel to the Senate Iran-Contra hearings in 1987, is expected to be subpoenaed. Drexel's Belgian mother firm, Banque Bruxelles Lambert, was implicated in the CIA's Iran weapons traffic as a financial intermediary.

ADL head attacks Panamanian Jews

The national director of the U.S. Anti-Defamation League head Abraham Foxman attacked Panamanian Jewish leaders for demanding that the U.S. pay reparations to Jewish businesses that were looted during the American invasion of Panama, according to the Dec. 26 *Jerusalem Post*.

"There is a cost for freedom and liberty. I hope they have an insurance policy. There may in fact be some kind of settlement. The U.S. will do a lot because the economy of Panama is important to it. But to put forth a claim is terribly premature—and counterproductive," Foxman said.

According to the *Post*, Foxman was reacting to a statement by Moises Mizrahi, head of the ADL Committee in Panama, who claimed that 90% of the stores looted during the invasion were Jewish-owned, and that losses approached \$1 billion. The Jewish businesses are insured but the insurance companies are not paying since the policies do not cover acts of war.

Conflict of interest haunts the Bushes

The White House denied charges on Dec. 29 that President George Bush's brother Prescott Bush is involved in a conflict of interest in the People's Republic of China by having a consulting contract with a firm benefiting from the President's recent approval of the sale of military satellites to Beijing.

Shortly after the Tiananmen Square massacre, Asset Management International of New York hired Prescott Bush under a \$250,000 a year consulting contract, which entailed establishing a communications link via satellite, and the value of which was enhanced by Bush's go-ahead for selling Hughes Aircraft satellites to the P.R.C. This is the second China deal in which Prescott Bush has been involved since May 1988, when it was revealed that he had acquired a one-third interest in the development of a country club in Shanghai.

Prescott Bush sits on the board of Americares, the Maltese Order's Contra supply operation.

Pa. paper defends rights of Lewis du Pont Smith

The *West Chester Daily Local News* of Chester County, Pennsylvania, editorialized Dec. 26 that Lewis du Pont Smith, a political supporter and financial contributor to the causes associated with Lyndon LaRouche, is being harassed for his political beliefs. Smith is currently involved in a legal effort to overturn a decision of incompetency, imposed because of those beliefs.

"A Chester County judge maintains that du Pont heir Lewis du Pont Smith is mentally incompetent to manage his finances, but is that a judgment against Smith's politics and not his psyche?" asks editor Bill Mooney.

The paper noted that the bulk of the testimony of Dr. Abraham L. Halpern, a psychiatrist and leading authority on mental

health, is "that he does not believe Smith's conduct merits" a definition of incompetency. "Smith has donated large sums of money to the political organizations of right-wing extremist Lyndon LaRouche," the paper noted, but "Other than that, if there is any evidence that Smith is mentally unfit, it has yet to surface.

"Smith believes he is in effect a political prisoner. He might be right. . . .

"People—both foolish and practical—are separated from their money every day in America, and they are not hauled into court and declared incompetent. . . .

"Testimony also has shown that Smith disagrees with LaRouche on some issues, so it is hard to argue that he is a zealot to the cause, that he has surrendered all free will to the man. . . .

"It's the money—not the man—that others are worried about. If he is being foolish with it, well there is no law against that.

"And it seems clearer as this case drags through the courts that he is simply being harassed for his beliefs."

NDPC files new appeal to stop liquidation

The National Democratic Policy Committee (NDPC), the political action committee representing the LaRouche wing of the Democratic Party, has filed a new appeal to the First Circuit Court of Appeals in Massachusetts, announced NDPC Chairman Warren J. Hamerman Dec. 30.

"We are challenging the Government's attempt to destroy a purely political organization based solely upon the *in camera*, *ex parte* filing of an affidavit by an assistant U.S. Attorney and other secret documents," Hamerman reported.

"What the U.S. government has attempted to do against an independent political action committee is unconstitutional and unprecedented. . . . [by] attempting to do it through secret *ex parte* proceedings, furtive *in camera* filings and sealed affidavits," Hamerman said. "Our appeal is based on many legal precedents which establish that *in camera* proceedings are extraordinary events in the constitutional framework be-

cause they deprive the parties against whom they are directed the root requirements of due process—notice of the allegations and an opportunity for a hearing," he said.

NDPC's new appeal asks, 1) Whether the district court erred on remand when it imposed \$2.77 million in contempt fines upon a political action committee, a) without a hearing and b) based solely upon an affidavit and documents filed *ex parte*, *in camera* by the United States, and 2) whether the district court erred by imposing daily contempt fines for alleged non-production of documents to a grand jury after the grand jury ceased to sit, and by denying a hearing to determine when the grand jury ceased to sit.

RICO used against pornography opponents

A Racketeering Influenced and Corrupt Organizations (RICO) suit has been filed against the American Family Association of Florida "in retaliation for that anti-pornography group's attempts to get certain 'sexually explicit' magazines off the shelves of convenience stores and other outlets," *Village Voice* columnist Nat Hentoff reported Dec. 9.

"Among the 'patterns of racketeering' employed by the defendants. . . . have been letter-writing, boycotts and threats of boycotts," he reports. The suit has been filed by Burton Joseph, representing Playboy Enterprises; Maxwell Lillienstein, counsel for the American Booksellers Association; and Michael Bamberger, counsel to Media Coalition and lead lawyer for all the plaintiffs.

Hentoff reported that the AFA is charged with acts of "extortion" which "consisted of sending 'numerous' letters and postcards, picketing the home of an officer of a wholesale distribution company, and threatening to hold a press conference.

"As Gara LaMarche, program director of PEN's Freedom to Write Committee, points out: 'These are powerful institutions with many means at their disposal to counter the AFA—without lending legitimacy to an extremely repressive tool like RICO. What they've done will come back to haunt them. And all of us.'"

Briefly

● 'LYNDON LAROCHE' followers will win at least two state primaries out west," the *Washington Times* predicted on Jan. 1 in its "prophecies" for 1990.

● CHARLES KEATING'S lawyers will argue in upcoming court proceedings that the Lincoln savings and loan thrift should not have been seized by the government since it was not insolvent and investments the government considered risky would have paid off over time, Reuters reported.

● U.S. AIR BASES in Britain have been ordered by the Pentagon to remove bumper stickers with cold war slogans such as "F-111E—Warsaw Pact Central Heating," and "Jet-noise—the sound of freedom," the *Sunday Telegraph* reported Dec. 30.

● NEIL HARTIGAN, the Attorney General of Illinois, on Dec. 26 declared that Mark Fairchild, his Democratic primary opponent for governor and running-mate Sheila Jones had no right to be on the ballot, regardless of the validity of their petition signatures, because they are "anti-Semites" and "racist." Sheila Jones is black.

● GEORGE BUSH was criticized by the Dec. 26 *Washington Times* for his refusal to do anything about the bombing of PanAm 103. "The question remains open as to whether President Bush is willing to use force against governments that sponsor terrorist acts against Americans."

● THE UNITED MINE Workers reached a tentative settlement with Pittston Coal Co. which may set the stage for government involvement in the retirement benefit plans of the coal industry. While no details will be released until the membership votes on the agreement, it appears that Pittston will no longer be bound by industry-wide agreements.

Editorial

There is no 'peace dividend'

Around Capitol Hill, and in some of the news media, a lot of the politicians and commentators are talking about what they call a "peace dividend." What they mean is that they believe that very hefty cuts in the U.S. defense budget mean more money in the budget to be spread around to other things, particularly some social good doings that some of their constituents might like. Forget about it; there is no peace dividend.

There are two reasons for this. First of all, on the smaller side of things, it is possible that the cuts in the defense budget may shrink the tax revenues by as much, or even a greater amount, than is taken out of defense. That is because the defense budget, in at least some of the items which are being cut, is one of the biggest stimulants to the U.S. economy. States like Massachusetts and parts of California depend crucially on defense spending to maintain the high-technology sector of their economy. Without that high-tech sector in their economy, the whole economy of the state will suffer greatly. Thus, the United States could lose more tax revenue than it saves in defense cuts just from that source alone.

However, at the same time, the United States is going into the biggest depression of the 20th century. Now, it could be stopped; we could have a recovery program. The economist Lyndon LaRouche has had draft plans for that for a number of years. These would work quite well. But unfortunately, George Bush and the crew around him are dead-set against the kind of recovery measures which are necessary to stop this economic depression. And therefore, if George sticks to his guns, you can count on a depression.

As a matter of fact, the depression already started between last summer and last fall. But now we're going to see things blow. Not necessarily the stock market right away. Don't look at what some people call the "Upside-Down Jones Index." Look rather at real things; look at real estate markets, sales of real estate, construction in the real estate sector, such as homebuilding, the business, industrial sector. Look also at the mortgage sector. Look at bankruptcies in construction

and in real estate and in banking. Look at the collapse in manufacturing. Look at the collapse in retail sales, as typified by the lower profits in retail sales which have helped to send the junk bond-riddled Campeau trust toward bankruptcy. Look at a lot of things going bad very fast, and one thing tumbling after another.

On top of this, the global strategic crisis which LaRouche predicted would be sparked by the Soviet Union by mid-January, was formally ushered in on Jan. 4 with the announcement by the Soviet ambassador to the United Kingdom, Leonid Zamyatin, that Gorbachov is postponing all contact with foreign politicians scheduled for the month of January, and probably for the succeeding months as well. The stock markets, especially in Japan, trembled at the news. This Soviet crisis is preparing a rude awakening for those disgustingly immoral fools who have been saying that the U.S. military no longer has a significant function vis-à-vis our primary strategic adversary—the Soviet empire—so that U.S. forces can be used now to begin shooting down our former allies and friends in various parts of the world.

There are three possible areas where the Soviets might intervene militarily: 1) Azerbaijan, 2) the Baltic, as part of a Bush-Gorbachov deal involving Panama—or at least what Bush *thinks* is a deal, and 3) Eastern Europe, in either Czechoslovakia or East Germany. Only a fool would wait for shots to be fired, to deal with the fact that the Soviet military machine is on the move.

So we're headed for the biggest depression of the century and a military disaster, unless we suddenly change George Bush's policies for something like the "American System" policies which LaRouche has proposed. We can get out of it, but not if we don't change the composition of the Congress and if we don't change the way the administration runs its financial, economic, and monetary policy. There is no "peace dividend." We're still in a world crisis. The only dividend we are going to get is by electing the right people, the people who have a genuine economic recovery program.

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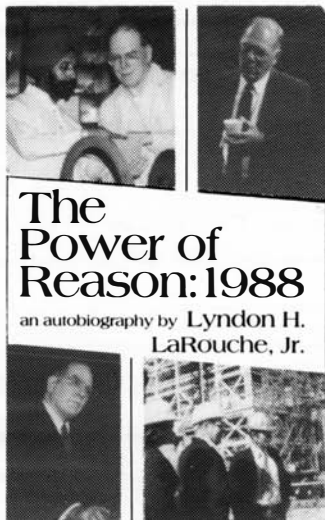
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—Lyndon H. LaRouche, Jr.

"Lyndon LaRouche is striving to undermine the influence of Communists and other left forces among the workers and student youth."

—Izvestia, March 12, 1984

"It's LaRouche's people. He's persecuting me."

—Henry A. Kissinger, responding to a demonstration in April 1983

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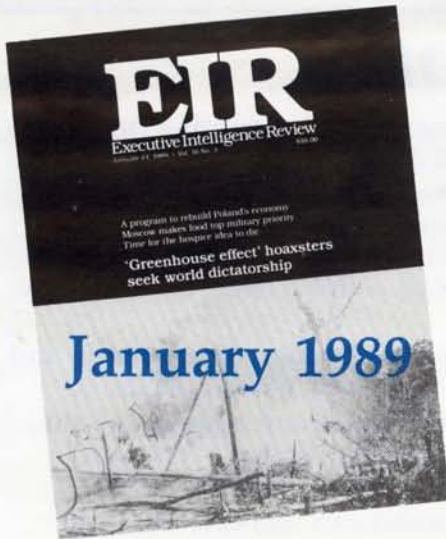
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