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The overwhelming vote in the House of Representatives on April 4 for a resolution demanding early recognition of independent Lithuania, shows that many Americans are now registering that the Soviets are still the main threat to the United States and the free world as a whole. And moreover, that Mikhail Gorbachov is no "Russian Abe Lincoln defending the Union," an obscene bit of Communist propaganda recently erupting from certain Anglo-American Establishment media and institutions. This sobering realization sets the stage for our two major packages this week.

In the *Feature*, we offer some timely reminders about what it was that President Lincoln, assassinated 125 years ago, really stood for—most broadly, the centuries-old fight for the republican outlook as opposed to the oligarchist one, and in the domain of economic policy, the "American System" school. This is the best historical reference-point in the immediate past, for the "third way" solution to the physical breakdown of the world economy today. Be sure not to miss reading the interview about Poland on page 9, to see the strategic urgency of reviving Lincoln's notions of economics.

Secondly, our expanded *Science & Technology* section drops a political bombshell. Carol White and Charles Stevens explain in detail why the Brilliant Pebbles proposal does not live up to the claims of Drs. Lowell Wood and Edward Teller to fulfill the aims of the Strategic Defense Initiative. Rather it has all of the shortcomings of previously identified off-the-shelf kinetic energy weapons. The only effective program that represents a policy to defend the U.S. while Soviets are still continuing to advance in laser and electromagnetic pulse technologies, is now the conception of the SDI of Lyndon LaRouche and his associates.

Please take note that the worldwide mass movement for freedom from political and economic oppression has struck even the most supine of populations, in the United Kingdom (p. 50). This does not bode well for Nanny Thatcher's White House admirer George Bush. Whether the Green Air Act's police-state destruction of the U.S. economy (p. 68) will be Bush's "poll tax" that sparks revolt in the United States, we can't say. But while his inclination is to "let them eat cake," the spoiled patrician Bush may soon be forced to eat . . . his broccoli.

Nora Hamerman

DIR Contents

Interviews

9 Mathis Bortner

A leader of the French wing of the Polish Solidarnosc movement, just back from Warsaw, warns that the "shock therapy" adopted by the Polish government will mean that many Poles will die needlessly.

Science & Technology

24 'Brilliant Pebbles' are not that smart

In an effort to salvage something from the Bush administration's dismantling of the Reagan-LaRouche directed-energy weapons Strategic Defense Initiative, some military specialists are clinging to "Brilliant Pebbles" kinetic weapons as a cheap alternative. The problem is, it won't work; and Charles Stevens and Carol White explain precisely why.

32 Appendix: the missile intercept problem

Departments

63 Report from Bonn

Trains are gaining speed, at last.

64 Panama Report

Noriega trial a political bombshell.

65 Dateline Mexico

PAN party self-destructs.

80 Editorial

Invest in America.

Economics

4 Flood of U.S. insolvencies drowns out G-7 meeting

The world financial system is proceeding, as Lyndon LaRouche predicted, from "controlled disintegration" to just plain collapse.

6 Is U.S. committing financial hara-kiri?

7 Soviets deny plan to abolish 'Polish model'

11 Currency Rates

12 How the U.S. lost its lead in steel production

15 Clash builds between Brazil and bankers

16 The city of Houston: a terminal case of 'free enterprise'

19 U.S., Mexico push for 'free-trade' pact

20 Banking

Bush's thrift plan floundering.

21 Agriculture

New U.S.-U.S.S.R. grain treaty.

22 Business Briefs

Feature



Modern-day Americans dressed as a Massachusetts Union regiment assembled in a Virginia town to reenact the 125th anniversary of a Civil War battle.

36 Abraham Lincoln's enemies must still be defeated

The idea that Czar Mikhail Gorbachov in any way resembles the great republican Abraham Lincoln, a line now being pushed by American Gorbymaniacs on the occasion of Lincoln's birthday, is "obscene beyond belief," according to U.S. statesman and political prisoner Lyndon LaRouche.

38 The 'Gorbachov is Lincoln' fraud

40 Discoveries and inventions

Full text of Lincoln's "favorite stump speech" on man's progressive command over nature.

42 If the South had won the war, we'd all be slaves

Comment by American historian Allen Salisbury.

43 American Civil War: republic vs. empire

By Anton Chaitkin, author of *Treason of America: From Aaron Burr to Averell Harriman*.

International

46 Ukrainians back Lithuanian independence, ready their own

They're calling for an economic federation of all liberated Eastern European and Baltic nations.

48 Bush gives Gorby free rein in Lithuania

49 The Volodin plan to save imperial Russia

50 Honecker out, Zhivkov out, Ceausescu out . . . now Thatcher?

52 The superpower drive to curb the Mideast 'missile race'

54 Group of Rio shames Panama's Endara

55 Colombian government opens talks with drug traffickers, with U.S. blessing

57 U.S. demands coalition government in Argentina

58 Cambodia: decision in the battlefield

60 Soviet secession law right out of Orwell

61 East German security police remain intact

62 Labour to hold line till crash in Australia

66 International Intelligence

National

68 The Clean Air Act: on the road to perdition

It will throw almost one million out of work, cost billions, and will create more pollution than it purports to stop.

70 Will the Democrats lose their historic opportunity?

72 Bush attacked for not backing Lithuania

73 OSI set precedent for Lithuanian betrayal

The Karl Linnas case revisited.

74 Bankruptcy brief rips 'Get LaRouche' plot

75 ADL and Pamyat make strange bedfellows

76 Congressional Closeup

78 National News

Flood of U.S. insolvencies drowns out G-7 meeting

by Anthony K. Wikrent

The finance ministers of the Group of Seven began their meeting April 7 just after an acceleration in the velocity of shock waves resonating in their doomed financial and banking system indicated that the world financial and economic crisis had moved into a new phase.

On Friday, March 30, the last business day before the end of the Japanese fiscal year, the Tokyo stock market plunged 3.37%, as Salomon Brothers manipulated the traditional selloff accompanying the close of the fiscal year. The following Monday, financial rumors reached critical mass, and the collapse exploded out of Salomon's control. The 225 stocks of the Nikkei index were driven down 6.6% to close at 28,002.07—the second worst Nikkei plunge in history and the biggest since the October 1987 world stock crash.

The blowout of the Tokyo market prompted the London *Independent* to reveal the increasing anguish of the Anglo-American regime. "There are nightmare possibilities," the *Independent* wrote, "such as an international liquidity crisis, caused by falling property and share values, which would force Japanese banks to slash lending as their capital bases are reduced."

Whether consciously or not, the *Independent* admitted something the ruling elites in the U.S. and Britain have been loath to admit up to this point: The continued existence of the Anglo-American financial and monetary system depends on the margin of liquidity granted it by foreign creditors. But now, the granting of that margin of liquidity is rapidly becoming a thing of the past. Over \$2 trillion of paper riches have dissolved since New Year's—twice the wealth lost in the October 1987 crash. The Japanese stock market crash has eliminated \$1 trillion in paper values; \$250 billion has been lost in the 10-12% drop of German and Japanese bonds; \$500 billion has been eliminated in the 8% fall of U.S. bonds; and

there have been yet further losses on U.K. gilts (long-term government bonds).

Corporate bankruptcies

In the United States, the least important phenomenon associated with this liquidity crisis is the wave of corporate bankruptcies and insolvencies announced over the first week of April. The most spectacular, of course, was Shearson Lehman Hutton's declaration that it will lose up to \$917 million in its first quarter, the largest quarterly loss in Wall Street's history. Shearson will thus consume in a mere three months the \$1.15 billion cash infusion recently given it by its parent, Kissinger's piggybank American Express.

On March 29, Thomson McKinnon Securities, the ninth largest investment house before the October 1987 crash, filed for Chapter 11 bankruptcy protection. The same day, General Electric Co. announced it was pumping \$550 million into its troubled subsidiary, brokerage house Kidder Peabody. In a complex recapitalization scheme, GE will up its current 80% ownership of Kidder to 100%, in exchange for buying Kidder's portfolio of junk bonds, bridge loans, and related garbage for \$750 million.

On April 3, First Executive, the parent of Executive Life Insurance Co., one of the nation's largest, announced a loss of \$835.7 million in its fourth quarter, largely because of the crumbling of its portfolio of junk bonds, leaving it with a loss of \$775.6 million for the year.

On March 30, the *Wall Street Journal* revealed that First Chicago Corp., parent of the First National Bank of Chicago, was stuck with \$200 million in loans from the collapsed VMS Realty Partners. The same day, the *New York Post* disclosed that federal "regulators" were examining the real estate portfolio of Chase Manhattan Bank, after Chase's non-perform-

ing real estate loans rose 48% in 1989. On April 3, Fleet/Norstar Financial Group, now the second-largest bank in New England with \$33 billion in assets, disclosed that its non-performing loans rose 50% during the first quarter, to \$600 million. The week before, One Bancorp of Portland, Maine, restated its 1989 financial results, to increase its year-end loss from \$122.8 to \$144.7 million, after adding \$24 million to its loan loss reserves for commercial real estate.

On March 27, the *New York Times* listed a large number of banks which had recently announced real estate losses after visits from federal examiners, including Shawmut of Boston, Southeast of Miami, Barnett of Jacksonville, Fla., and Hibernia of New Orleans. Several other banks thought to have real estate problems, included New Jersey's Midlantic, Summit, and UJB; Michigan National; and Citizens and Southern of Atlanta. A *New York Post* article added CoreStates Financial, Mellon Bank, and PNC Financial to the list. The same day, Standard and Poors downgraded \$2.9 billion of Bankers Trust's debt.

Physical breakdown

This liquidity crisis, in turn, only mirrors the far more important physical breakdown of the U.S. economy. Companies involved in producing and distributing goods are in worse shape than the investment houses and banks that have looted them. For example, the bankrupt VMS Realty partners that now threatens First Chicago is owned by electronic office equipment maker Xerox Corp. On April 4, Xerox announced that it would write off its entire equity stake of \$106 million in VMS, more than \$250 million in notes and interest, and part of \$200 million in secured loans.

On March 30, ANR Freight, the tenth-largest U.S. trucking firm, which lost \$22.2 million last year, announced it was closing half its terminals and dismissing 3,000 employees after a proposed merger with another trucking company fell through. On April 1, the front set up to acquire the Georgia textile maker West Point-Pepperell in March 1989 for \$1.56 billion, defaulted on a \$733 million bridge loan, after talks to restructure the loan broke down. One day later, one of Florida's largest developers, General Development Corp., announced that it may have to file for bankruptcy protection if it cannot negotiate a new line of credit to pay a \$10 million property tax bill. On April 4, Baxter International, the health care products and services company, announced that it is taking a \$566 million charge in the first quarter to cover the costs of closing plants that employ about 10% of its 64,300-person workforce.

On April 3, the creditors of Eastern Airlines, driven into bankruptcy by corporate leech Frank Lorenzo, angrily rejected an offer to pay them 25¢ on each dollar they are owed. In mid-March, the creditors had been notified that Eastern was unable to meet the terms of an accord reached in February that was to give creditors 50¢ on the dollar. According to the *Wall Street Journal*, the committee of unsecured creditors

will now ask Eastern's Chapter 11 bankruptcy judge to dismiss present management and appoint a court trustee, possibly to liquidate the airline. TWA, the airline taken over by Carl Icahn, another corporate parasite, posted \$298.5 million in losses for 1989. Icahn is now seeking to force his genius on USX, the largest U.S. steel maker of which he owns 18%, and have it sell off all its steelmaking operations.

Southland Corp., which operates 7-Eleven, the world's largest chain of convenience stores, announced it had lost \$1.01 billion in the fourth quarter, ending with a loss for the year of \$1.32 billion. Two weeks before, in a model of how the Anglo-American financial system cannot survive without outside sources of liquidity, Southland agreed to sell 75% of itself to its Japanese subsidiary. The second largest chain of convenience stores, Circle K Corp., 38% owned by "Dope, Inc." mogul Carl Lindner, was barely able to persuade its creditors to renegotiate the terms of \$1.17 billion in debt, mostly junk bonds. The creditors were only willing to extend a seven-month grace period, after which they may seek to take control of the company, or liquidate it.

On March 30, Federated Stores Inc., the entity established when Campeau Corp.'s two American units, Allied Department Stores and Federated Department Stores, went bankrupt three months ago, also filed for bankruptcy protection. The parent company, Campeau Corp., also revealed that it was unable to meet interest payments on two different debt obligations the next day. On April 4, a bankruptcy judge ordered the liquidation of most of the stores in the famous Bonwit Teller after no one could be found to buy them from their bankrupt parent, the L.J. Hooker Corp.

Finally, we are treated to the curious spectacle of first-class leech Donald Trump opening a lavish new casino in Atlantic City, while the public transportation system of Buffalo shut down briefly for lack of cash, and the state of New York had its bond rating dropped two notches in one fell swoop. The re-rating of New York, from AA- (the fourth-highest) to A (the sixth-highest), gives it the third-lowest state rating in the country, and the lowest in the state's history. As in so many other states, New York has run up a \$1.5 billion deficit in its \$51 billion budget in a scant two months, and is rapidly running out of funds to cover immediate expenses.

This ever-lengthening tale of woe ought not be seen as financial houses going broke, or transportation companies sinking into bankruptcy, or production companies laying off their workers and seeking shelter from their creditors, or cities and states imposing confiscatory taxes just to stay in existence. Behold, the terminal stages of the process of looting the physical economy, politely called "financial deregulation" and "free trade," begun over 20 years ago. We have reached the point where the paper claims of the usurers, which can no longer be met by the real wealth-creating sector of production, are used to seize and liquidate assets. It is the final rite of an economy cannibalizing itself.

Is U.S. committing financial hara-kiri?

by William Engdahl

When they met at an emergency conference in California on March 24, U.S. Treasury Secretary Nicholas Brady is reported to have arrogantly told a bitter Japanese Finance Minister Ryutaro Hashimoto that Washington regarded the contractions in the Japanese stock market and the yen currency market to be "strictly a domestic Japanese problem." The tremors radiating outward from Tokyo since then may signal that Washington's short-sighted foolishness has already begun what will be viewed in future history as America's financial "hara-kiri." Here are some little-reported elements of the situation.

Since the beginning of this year, the Bush administration, acting in close coordination with elite Wall Street investment firms, including Salomon Brothers, has launched an economic and financial warfare assault against its principal financial and trade partner, Japan. This is the real background to the breathtaking plunge in Japan's stock market since January.

Aggravating tensions between the United States and Japan was the refusal by Brady, during his talks with Hashimoto, to lift a finger to help Japan stabilize the falling yen. Since January, the currency has lost an alarming 10% against the dollar, and record outflows of funds have been triggered, pulling the world's largest stock market down with it. Since Dec. 28, Tokyo's Nikkei Dow stock index has lost fully 30% of its peak value, with no bottom yet in sight.

What Washington has done must be viewed as the application of the newly public "Webster Doctrine" announced by CIA chief William Webster in a Sept. 19, 1989 speech to the Los Angeles World Affairs Council. Webster announced the intent to reshape U.S. intelligence away from concern with communist powers and toward deployment against allies in Asia and Europe who are now deemed a "national security threat" as "economic competitors."

In the false name of "national security," the Bush administration has pursued an extraordinary series of "softening up" moves to prepare Japan to bleed its domestic economy, in order that the debt-ridden U.S. economy can continue to get transfusions of vitally needed credit from abroad. With tactics which can only be termed imperial, Defense Secretary Richard Cheney was sent to Tokyo in March to threaten militarily vulnerable Japan with U.S. troop pullout, if Japan did not make major trade concessions to Washing-

ton. In early March, Bush summoned newly elected Prime Minister Toshiki Kaifu to California, where he reportedly hammered away on Japan's strategic military dependence on the U.S., before demanding draconian trade concessions under Washington's Structural Impediments Initiative talks (SII).

U.S. drops 'laissez-faire' approach

The disastrous consequences of more than a decade of Milton Friedman-style "free-market" excesses in Washington have brought the U.S. economy to the brink of ruin. The West German daily *Die Welt* on April 3 outlined the horrors of the current U.S. economic reality: "Sand has gotten into the American economic mechanism: Productivity is stagnating, infrastructure has rotted out, the social problems of the 1960s are unsolved. In the biggest market in the world, the domestic businesses are losing ground."

The only factor keeping the financial asset sector of stocks and real estate from collapsing in recent months, has been massive government manipulation of economic data and blackmail pressure, especially against Japan, to keep the flow of money coming into the U.S. economy. As much was admitted in an influential Wall Street weekly, *Bondweek*, on March 19, when it said, "Current financial difficulties are driving America to drop its *laissez-faire* approach to financial markets. . . . The externalities of private risk-taking—evidenced by the bailout by the U.S. Treasury of S&Ls, and the *Fed's* bailout of the stock market—may move Washington to supervise and 'guide' financial markets much as Japan's Ministry of Finance."

That's close to an admission that, as *EIR* has warned, the United States is on the brink of imposing fascist controls over "free markets" in order to prevent panic. In desperation to prevent what economist Lyndon LaRouche has called "the great financial mudslide," Wall Street and its Washington assets are resorting to administrative fascist measures that will do nothing to solve the underlying problems.

Here are the essential elements of Washington's "economic warfare" deployment to keep Wall Street afloat:

- Maximum pressure against Japan. This has included a nasty Wall Street-run aggravation of a planned Japanese stock market "controlled deflation." Beginning in mid-February of this year, when it was well known that Japanese stock brokers would have to try to lower their activity as their March 31 fiscal year deadline neared, and when the Bank of Japan was deliberately pushing prices downward, Wall Street houses led by the aggressive Salomon Brothers triggered a "free fall" panic in the Tokyo stock market and the yen. The selloff soon spread worldwide, as speculators from London to Hong Kong began to sell yen futures and buy dollars. The effect was a boon for the threatened dollar. In February, Japan's capital outflows jumped up to \$15.1 billion from only \$6.9 billion in January, a huge monthly increase. A panic outflow had been started by Wall Street's calculated

use of computerized "stock index arbitrage," run in tandem with Washington's unprecedented "Jap-bashing" on trade and other issues.

- A deliberate U.S. move to collapse the price of one of the major non-dollar "safe haven" investment commodities, gold. On March 26, a private syndicate of Saudi investors reportedly linked to Saudi Arabia's ambassador to Washington, dumped a staggering 70-120 tons of gold on the market, triggering panic selling in an already weak market. Reliable reports from London gold channels, and banking sources in the Middle East as well as the United States, confirm that the "request" to do this came from the U.S. State Department, because Washington views as "priority number one" to keep the dollar high.

- A drive to delay German-German economic unification and, more broadly, the emergence of an economically unified Western Europe which is opening a vast new economic region of trade and investment into Eastern Europe. Washington has attempted to sabotage French President François Mitterrand's proposal for a European Bank for Reconstruction and Development by blocking one proposal after another.

Financial 'earthquake' looms

The drama is rapidly building to a climax. On April 7, finance ministers and central bankers from the seven leading industrial nations, the so-called Group of Seven, will hold an extraordinary meeting in Paris on request of Washington. The real issue, according to City of London economist Stephen Lewis, will be "whether Washington agrees to help stabilize Japan's yen." Lewis rates chances of Washington agreeing to do this as less than zero, for the reasons alluded to above. The Bush administration is desperate to keep the yen weak so that money keeps flowing into the U.S. debt bubble. "If there is no deal to support the yen," Lewis stated, "the Japanese must act in self-defense." They have no options, other than to let their currency fall like a stone and risk an even more destabilizing collapse, to again raise interest rates, or to impose control on their currency flows. The first is unlikely. Either of the latter two options will, at this juncture, trigger the "financial equivalent of the Tokyo earthquake." Hardest hit will be, of course, the United States. But already London markets are feeling the pain, as Japanese "Eurobond" trading in London has all but collapsed.

All signs at present indicate that Bush may have miscalculated how far he could push Tokyo. Japanese banks may soon be forced to call in their assets in the United States to shore up their domestic positions. As the London *Independent* newspaper put it on April 3, "There are nightmare possibilities such as an international liquidity crisis, caused by falling property and share values, which could force Japanese banks to slash lending as their capital bases are reduced." If that now happens, the biggest losers will be the free-wheeling *laissez-faire* capital centers of London and New York.

Soviets deny plan to adopt Polish model

by Mark Burdman

In an interview with the news agency TASS April 3, Soviet economist Leonid Abalkin stated that the Soviet Union would not adopt the Polish "shock therapy" model. Abalkin, head of an official Soviet commission studying economic reform options, said that the Soviet Union is considering various economic models for possible application. First among these are the experiences of "Austria, West Germany, and Japan after the Second World War." Next are "present-day China and Poland."

After stating that "none of these can be transplanted without modifications," Abalkin commented that the Soviet Union "can not apply the economic shock therapy that has been successfully applied in Poland, to stabilize the situation in the Soviet Union." Poland, unlike the U.S.S.R., had a "10-year preparation period" for such measures, he stressed. Abalkin said that the Soviet priority is to "revamp its financial system," especially by applying "anti-monopoly measures."

Abalkin's statement is intended to refute conjectures that have spread in the West since mid-March, that the Soviets were about to adopt the "Polish model." This has been purveyed in *Newsweek* magazine, in various British papers, particularly the London *Guardian*, by the British Broadcasting Corp., and elsewhere. Such coverage, interpreting what the Soviets mean when they use the expression, "market economy," or "radical reform," is aimed at pushing Moscow down the shock therapy track.

Lyndon LaRouche, the American economist who is an acute observer of the Soviet leadership, commented that despite Abalkin's disclaimer, "the Soviets are not to be believed; there's no indication so far that they are not going with the Polish model." He noted, "The Soviets have a propensity for copying all kinds of things, and accepting all kinds of suggestions; however, the Soviets never like to admit such a thing, so they always change things around, particularly names." He gave an example of "Soviet sophistry" by quoting the following imaginary dialogue: "Can you prove that we've adopted the name of Polish model as a model for our economy?" "No." "Then we didn't, did we?" "No." "All right, then it's not the Polish model."

LaRouche added, "Gorbachov is not exactly a genius in political economy. He's a thief; a thief may know how to steal, but . . . his inclination to steal may reflect his disinter-

est in production." But if the Soviets *do* adopt the Polish model, or its equivalent, LaRouche warned, they will run into the accelerated collapse of the Soviet economy, which "will bring us right next to a bloody war." Anyone pushing this in the West is "insane," he said.

Lessons of Poland at hand

As foolish as many Soviet policymakers often are on matters of economics, it remains to be seen if they as stupid as Harvard's "shock therapy" theorist Jeffrey Sachs and his ilk, and willing to commit collective suicide by following the advice of Harvard yuppies or London's Adam Smith Institute. The Soviet Union is going through an economic crisis of epochal dimensions, characterized by the breakdown of the physical economy, chaos in the administrative sector, labor unrest and militancy, and worsening shortages. The Kremlin is reacting, in part by reflex, by reinforcing the role of the Army and military industries in the day-to-day management of the economy and social and political life. Mikhail Gorbachov's new Presidential Council is composed of several important figures in the military-industrial complex, typified by First Deputy Prime Minister Yuri Maslyukov, head of the state planning agency Gosplan and a key figure in the defense industries complex.

While Soviet claims to "realism" are largely bogus, they can hardly have missed the chaos that is now descending on the "free-market paradise" of Margaret Thatcher's Britain. Abalkin made his comments one day after the second-greatest fall ever on the Tokyo stock market. In an April 2 commentary on Lithuania, Radio Moscow warned the Lithuanians that if they broke from the Soviet Union and oriented to the West, they would become dependent on the International Monetary Fund and would have to apply the IMF's "painful medicine."

The Soviets also may have noticed that a disaster of unimaginable proportions is unfolding in Poland, even if Abalkin talks of the Polish model's "success." By the end of February, unemployment in Poland was 152,000. It climbed to 216,000 by mid-March, to 266,000 by the end of March, and is expected to reach 400,000 by the end of April. By the most conservative estimates, it will reach 1.7 million by the end of the year. The Soviet ambassador to Warsaw, Vladimir Brovnikov, has been among the most outspoken of Soviet officials, in insisting that precipitous reforms in the U.S.S.R. would bring "chaos."

On March 30, the head of the U.S.S.R.'s Commission on Prices, Vyacheslav Senchagov, said that the "Polish variant" was one of the options that the Soviet government had been studying. Were there an immediate transition to a "Polish-style market," he noted, prices of oil and coal would increase by 300 to 500%, some 80% of collective farms would close; unprofitable enterprises would shut down; and unemployment would increase fast. Senchagov was posing this as a worst-case option, and he presented other, more moderate

alternatives; yet the London *Guardian* in its March 31 article from Moscow on Senchagov's comments, reported that Polish-style shock therapy would be "inevitable" for the Soviet economy.

Other models?

Nikolai Petrakov, the man appointed in January to be Gorbachov's personal economics adviser, told France's *Le Monde* in an interview published March 24, that those economists who were recommending the "shock therapy" treatment for the Soviet economy, were suffering from "great naïveté."

On March 27, Gorbachov, speaking before the first meeting of the new Presidential Council, said that the U.S.S.R. needed "resolute steps in the economy," based on "controlled transition to a market economy," all of which would have the aim of increasing supplies and combatting inflation. Although he spoke of price reform, ruble convertibility, etc., he stressed that in the transition period, "state control would be predominant," while "different forms of management" would simultaneously be encouraged. The aim would be to "raise the efficiency of the entire system of management."

On March 22, the Soviet embassy in Tokyo reported that an 18-member Soviet delegation, headed by Anatoli Milyukov, vice-director of the Soviet Communist Party Central Committee's social and economic affairs department, would be visiting Tokyo on April 15-28, to study the "secret" of Japan's postwar economic success, particularly how the government promotes scientific research. According to the German weekly *Der Spiegel* March 23, the Soviets' favored models from abroad for developing their economy are those of Singapore, Taiwan, and South Korea. Vis-à-vis the last case, bilateral relations are improving very rapidly. There has been a growing number of diplomatic and business contacts between the Soviets and South Korea in recent weeks.

One other indicator of how certain Soviet elites are thinking about the economy, is the analysis by Dr. Valery Barsakov of the Vernadsky Institute of Geochemistry and Analytical Chemistry. Radio Moscow reported March 21 that Barsakov believes that the solution to the economic crisis lies in bringing the entire Soviet economy up to the standards of the Soviet space program. Criticizing those citizens who say that the U.S.S.R.'s economic difficulties require cutbacks in space outlays, Barsakov stressed to Radio Moscow that space exploration is "one of the few areas in which Soviet technological standards are among the highest in the world. . . . We should not bring the space program down to the general standards of the overall economy, but should bring the general standards up to those of our aerospace." His remarks parallel those of Soviet Foreign Ministry planner Mikhail Aleksandrov, who wrote in the December 1989 *Soviet Military Review* that the U.S.S.R. should support mutual U.S.-Soviet deployment of strategic defense technologies, because of the spinoffs for the Soviet economy.

'Balcerowicz Plan will lead to the deaths of men and women in Poland'

Emmanuel Grenier of EIR's Paris bureau spoke on March 14 with Mathis Bortner, a French businessman of Polish origin just returned from Poland. Mr. Bortner is the former president of the Solidarnosc-Côte d'Azur Association.

EIR: Mr. Bortner, you are back from Poland. There is less reportage these days about this country in the French media. While there is some interest in East Germany because of the elections, Poland seems to have vanished from people's concerns. What is going on there, on the ground?

Bortner: Incredible things are going on! Everything is topsy-turvy. There is a crisis everywhere, as never before. You can say that there is an authentic revolution, in the sense that the policy conducted by the Polish government is leading to the systematic destruction of the middle class. That's what struck me the most.

The "normal" citizen can no longer make any plans. I estimate the drop in living standards at 50%, in terms of capacity to live and to eat. The government had already officially accepted that they have to go through a 30% drop, but I think we're a long way past that. People are forced to sell their houses. For example, somebody proposed to me to buy his house at 20 million zlotys, whereas that house had cost him 25 million. He had to do it, because he is collapsing under debts and expenses. In the month of January, the banks unilaterally demanded a 40% interest rate from their clients, on the principal of loans already taken out. This, without any prior notice, and payable at once!

EIR: This means a phenomenal inflation.

Bortner: Absolutely. And for the month of February, the figure was 20%. For March, they expect a rate of 18%. So, over three months, that makes 78% in interest payments!

EIR: In your view, is this drop in living standards unprecedented since the immediate postwar period?

Bortner: To such an extent that people long for the old days. I was amazed to hear that very often, including from members of my family who have always been staunch anti-communists. But life has become so hard that people, mostly the

elderly, prefer the "mafias" of the past, the hoaxes, the old "arrangements." At least they allowed them to survive.

EIR: And now this "combinazione" is no longer possible?

Bortner: Let's take the example of a retired man, worn-out, tired, who had an auto repair garage but had closed it. Now this man is forced to reopen his garage. His pension remained at the ridiculously low rate of 900 zlotys, which will buy you one loaf of bread. Nine hundred zlotys a month! But even with going back to work, he is badly off. In January, his bills were higher than his income. And he still owned a few things. Imagine what it is like for those who have nothing!

Another sign of the crisis is the revival of banditry. After Solidarnosc came to power in the government, criminality increased by over 100%. It is getting dangerous now to leave your house without surveillance; many people are buying dogs, etc. Let us also recall that the government proceeded to an absolutely scandalous amnesty when it took power, freeing all prisoners, whether they were political prisoners or common criminals. This amnesty was very badly understood among the population. Finally, let us note that the Milicja don't seem to know how to do their work. When you call them, you have to wait for hours before they show up. Remember that the Milicja are the police of the Polish United Workers Party [communists].

EIR: But does this Milicja still exist?

Bortner: Yes, all the special sections like the Zomos have been suppressed, but the Milicja remains. It will probably change its name and become a normal police force. But it seems that it delays intervening . . . purposely?

EIR: To get back to what you were saying: There is the destruction of the middle class. Young people are without jobs, the major industries are closed. Could not this all cause an enormous jobless rate?

Bortner: Yes, and the first to be touched are the private sector workers. The civil servants are still relatively protected. During my previous trip, it was difficult to find a taxi. Now, you see long rows of them at the taxi stands. I think

many of them are going to leave this occupation. You also note many Poles who are going to turn in their car registrations and sell the car, because they no longer have the money to pay for fuel and excise taxes.

As for unemployment, my opinion is that it is not utopian to expect the number of unemployed to exceed 4 million soon. Less than a year ago, the official number of jobless was zero! Of course, there were plenty of "underemployed" jobs, restroom attendants, cloakroom attendants, and so forth, but now, the number is estimated at 300,000 without jobs. Obviously, there is a positive aspect to this. It gives an image of the reality of the country, and that will make the Poles re-learn the meaning of work.

Positive unemployment? Let me explain myself. Communism is a theory that destroys the capacities for creation and for work. Forty-four years of communism made the Poles used to sipping their tea and chatting during work hours. As unemployment did not exist, many people were simply there because they were forbidden to be on the streets or elsewhere. The fact that now you can fire people, has created a fear of losing one's job.

But what is serious, on the other hand, is that the policy of the present government, under the influence of the Balcerowicz Plan, is going to lead to 4 million jobless. Now, among these 4 million, it would be ridiculous to say that there are nothing but incapable, lazy bums. It's a whole generation which is going to be sacrificed.

Now they talk about subsidizing the unemployed. I think therefore that the money printing press is going to be speeded up soon in Poland.

EIR: There is a lot of talk about new markets in the Eastern countries. What is really going on? Where are the "joint ventures"? Will they be able to replace the jobs that are disappearing?

Bortner: For the moment, not at all. There is certainly a chance for a certain type of development, but aimed at a foreign market, which is not beneficial for Poland. I watched the election of Miss Poland on television. The whole thing was sponsored by the "Trois Suisses." The Trois Suisses set up a branch store in Warsaw. But I don't see where they are going to look for their market! Nobody has any money. On the other hand, I saw some Italian and German companies, which are coming to seek in Poland opportunities for their already existing market, not for a hypothetical Polish market.

EIR: By opportunities, you mean lower wages and other facilities?

Bortner: Exactly. I have seen the investment of several millions of dollars into factories making finished products: lighting equipment, metal office furniture, etc. Evidently this creates a certain wealth, because the wages paid by the foreign companies are more than double the usual wages. But



As in this June 1989 photo, the Milicja regularly showed up to intimidate Solidarnosc demonstrations, before Solidarnosc took power. Now they delay intervening . . . deliberately?

this will not develop the country, or only much more slowly.

EIR: This situation, is it provoking reactions at the mass level, and in what form?

Bortner: I have yet to see anyone in the streets, as you would see in the West. On the other hand, everyone complains, everyone is unhappy, and people express it privately, in the cafés or through personal contacts. At the political level, this is translated into a flourishing of dissident movements from Solidarnosc, founded by people disillusioned with the movement.

EIR: Can you give us a description of the food situation in Poland?

Bortner: That is the most serious problem. The average wage today just barely allows you to eat. It is about 250,000 zlotys per month. One kilogram of meat costs 25-40,000 zlotys. A suit costs 220-360,000 zlotys. So your paycheck has to be almost entirely given over to food. A kilogram [2.2 pounds] of potatoes costs 4,000 zlotys. You can find everything today, but you can't buy it. This is new—you can find bananas, and meat, but they are inaccessible to Polish wage levels.

An anecdote will tell you more than many theories. I was eating grilled meat with my wife in an open-air restaurant. I paid 9,000 zlotys for these two skewers of grilled meat, one-twentieth of a monthly wage. We were sitting next to a trash can. There, I witnessed a scene I had never seen before. We saw a little old man come up who stuck his hand into the trash can to pull out a few chunks of fat which people had thrown in there. I was on the verge of tears. I found a 2,000

zloty bill in my pocket and offered it to him. He wanted to kiss my hands!

As soon as he leaves, an old woman arrives. She too sticks her hands into the filthy trashcan to examine the refuse, looking even deeper into it. She gets out a few chicken bones that were not completely bare of meat and puts them into her bag, very ashamed that we saw her. At the end, as we were leaving the place, my wife, who had not finished her piece of bread, intentionally left it on the table. We had barely turned our backs when a hand seized it.

EIR: Where did this happen? Is this a scene which is generalized in Poland?

Bortner: This happened in Lodz. I would say that it's a marginal scene, but significant: Three persons in five minutes who are reduced to rummaging in the garbage. And we don't see those who are in their own homes, who are incapable of moving. This story made me reflect a great deal. I regret to say that the policy conducted by the Solidarnosc government will certainly lead to starvation. I regret this, because I have always supported the struggle of Solidarnosc. I came out of it, I was chairman of the regional association of the Côte d'Azur [French Riviera], I have done everything that I could for them. But this policy, this Balcerowicz Plan, will cause the deaths of men and women.

EIR: What is the present popularity of Solidarnosc?

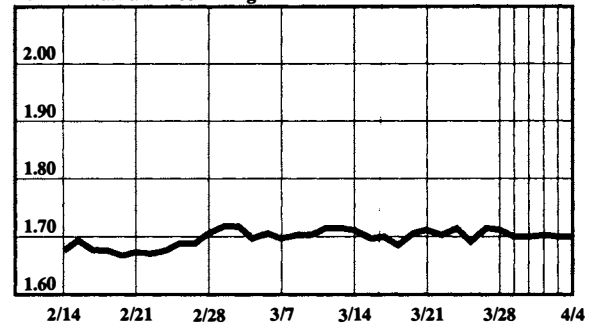
Bortner: I think that the people still accord it their trust. For the people, the Solidarnosc movement still represents the one which fought for freedom. It is still inconceivable to go back to the communist regime. That is a positive point. But, as I was telling you, new movements are appearing, dissidents from Solidarnosc. The problem, is that they have no economic program. They believe that there are only two kinds of policy in the world: the Marxist system and free market financiers' economics. Since Marxism is a sinking ship, they see nothing but free market economics to replace it. They don't see that there is a third way, the way which built the great nations, that of [Friedrich] List, Washington, and de Gaulle. Lech Walesa is currently much more concerned with politics than with economics; he has abandoned the economic sector. The problem is that, of all those whom I have been able to meet, from many standpoints, they all have very interesting political conceptions, but not one has the slightest economic program.

The officials to whom I was able to talk all have a totally monetarist conception of money. They do not understand that investment in the internal productive capacities of the country can be non-inflationary. At one fell swoop, all the internal projects, and in particular the food and agricultural ones, even if they did not require huge sums of money, have been frozen or abandoned outright. So, since the "liberation" of Poland, very little has been done to satisfy the needs of the internal market.

Currency Rates

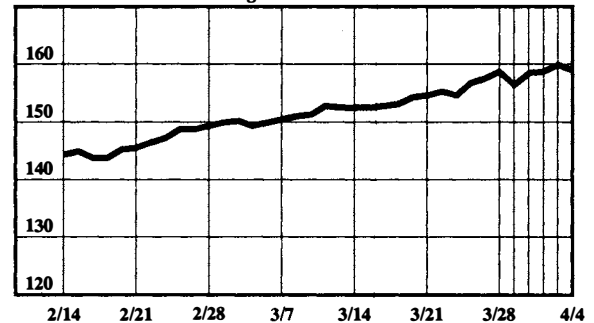
The dollar in deutschemarks

New York late afternoon fixing



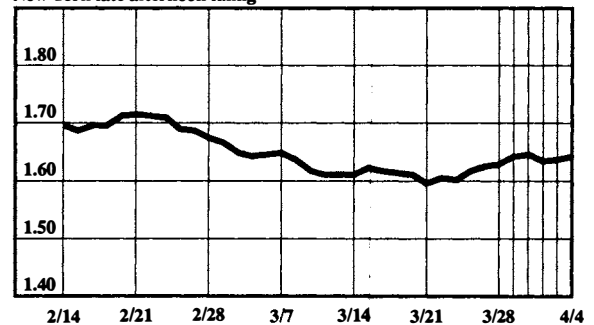
The dollar in yen

New York late afternoon fixing



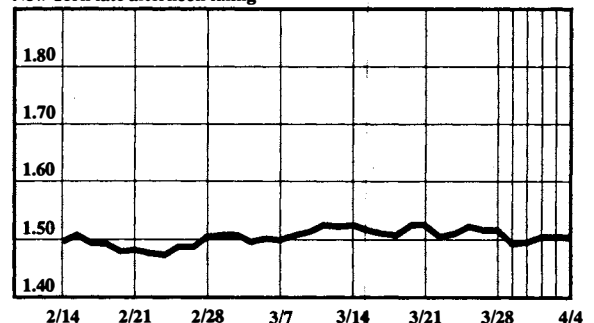
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



How the U.S. lost its lead in steel production

by Anthony K. Wikrent

Since *EIR* issued its warning of the imminent bankruptcy of the U.S. economy in 1986, the United States has passed the point of no return. The industrial production base of the United States is now so decimated, that the nation is no longer able to initiate its own recovery. The implementation by American elites of their "post-industrial" policies has left the U.S. significantly behind other industrial nations in most areas of productive activity—while those elites whine about "unfair competition." This week, we examine how the U.S. lost its lead in basic raw steel production.

Paul Volcker's 20% interest rate shock of 1979 caused the postponement and cancelation of durable goods orders and large construction projects in the early 1980s, initiating a collapse in the demand for steel. Reflecting the collapse of orders, shipments of steel plunged from 100.3 million tons in 1979, to 61.6 million tons in 1982, a drop of 38.6% in just two years (**Figure 1**).

From 1982 to 1987, the U.S. steel industry racked up losses each year, eventually totaling over \$12 billion for the period. Shareholders' equity in the industry plunged from \$15.4 billion to \$2.9 billion, as a number of firms, including LTV, the second-largest steel maker, went bankrupt. Today, 15% of the industry still operates under bankruptcy protection.

In the 1860s, American steel makers, led by such men as Pennsylvania Rep. William "Pig Iron" Kelley, would have responded by politically annihilating Paul Volcker. In the 1980s, however, American steel makers responded by quietly reducing capacity, gouging their work-force, and loudly accusing the Japanese and others of "unfair competition." Steel blast furnaces in Pittsburgh and elsewhere were literally dynamited. Today, the United States can produce only three-quarters the amount of raw steel it could produce in 1980. Total industry capacity is now 116.8 million net tons annually, compared to 160.0 million net tons in 1977 (**Figure 2**).

The number of jobs in the industry was halved, from 452,400 in 1977 to 165,600 at present. The impact on local communities was devastating. In the Monongahela Valley south of Pittsburgh, for example, U.S. Steel closed three mills, including the famous Homestead Works that was a linchpin of the World War II mobilization. In 1979, U.S. Steel had 26,500 workers in the Mon Valley able to produce 8.5 million tons of steel. Now, there are 4,000 workers left,

and the capacity to produce 2.5 million tons of steel. The Mon Valley has lost at least 10% of its total population.

There was yet another unpleasant surprise. Throughout the 1970s, U.S. steel makers had been forced to spend billions of dollars for pollution abatement and emissions control equipment, while Japanese, German, and Korean steel-makers steadily advanced their steel making technology. In the 1980s, U.S. steel makers began to be bluntly told by their customers that imported steel was of significantly higher quality than domestically made steel. Imported steel was easier to form, and less liable to break in the presses. It had far fewer surface defects, and was thus easier to paint. And, at the beginning of the 1980s, imported steel was cheaper as well.

From a market share of 16.3% in 1980, imported steel climbed to a 21.8% market share in 1982 and a 26.4% share in 1984. In October 1984, the free-trade ideologues of the Reagan administration reluctantly implemented a steel import restriction program, based on Voluntary Restraint Agreements. The market share of imports declined slightly, but remained well above 20%, until last year, as **Figure 1** shows.

Imports continue to take such a large share of the U.S. market because U.S. steel makers have responded to international competition the wrong way. In accordance with the anti-labor, anti-science precepts of the Anglo-American management style, they attempted to drive down the cost of their product through a brutal assault on their work force, following in the footsteps of Hitler's Economics Minister, Hjalmar Schacht. And they have succeeded: through wage givebacks and freezes (hourly wages remained unchanged from 1982 to 1988), wages of U.S. steel workers have been driven *below* those of steel workers in Japan and Western Europe. Moreover, ruthless cutting of corners and labor speed-ups has reduced the amount of time to produce one ton of steel to 5.6 employee hours, compared to 6.0 hours in Japan and 5.8 hours in West Germany.

In contrast to this assault on productive labor, the Japanese, Germans, Koreans, and others have maintained or even strengthened their competitive edge by pushing forward with new technological developments, *enhancing the productive powers of labor*. As the 1990 *U.S. Industrial Outlook* notes, "Many of the important technological developments are orig-

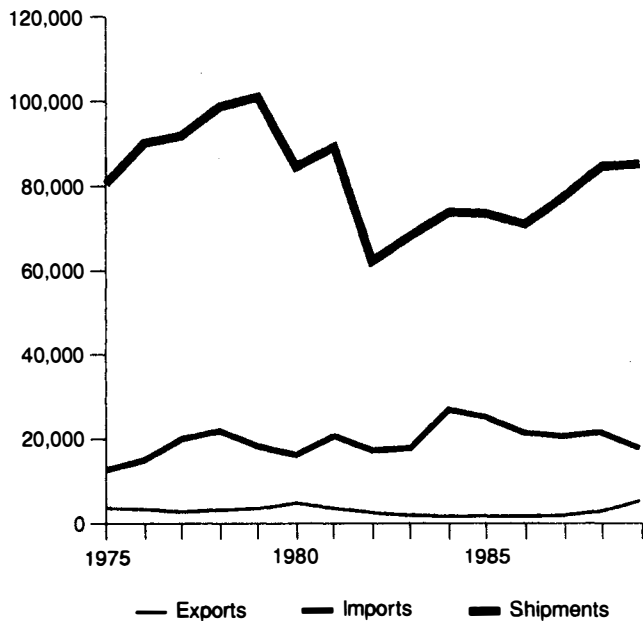
inating in Japan and Western Europe. . . . Steel technology eventually reaches the U.S. on a delayed basis through purchases or joint ventures, leaving domestic firms one step behind foreign competitors.”

The technological superiority of the Japanese is simply the result of the Japanese willingness to invest in new technologies. During the 1980s, U.S. steel makers were forced to seek out overseas technology just to survive (**Table 1**). Japanese steel makers alone invested over \$3 billion for modernizing and constructing steel production facilities in the United States during the past decade. Japanese steel companies now have a direct stake in about one-third of U.S. steel-making capacity.

Unable to raise cheap capital for technological improvements in a U.S. financial system that is fundamentally intolerant of the lower rates of return associated with capital-intensive investments in improved production technologies, U.S. steel makers interested in remaining in the business have been forced to look overseas for financing capital improvements. For example, three Japanese creditors provided \$330 million of the \$470 million required to build the I/N Tek mill in New Carlisle, Indiana, (55 miles east of Inland's Indiana Harbor works), a joint venture between Nippon Steel Corp. and Inland Steel. The New Carlisle mill is an exact replica of Nippon's Himeji mill, located in southwestern Japan.

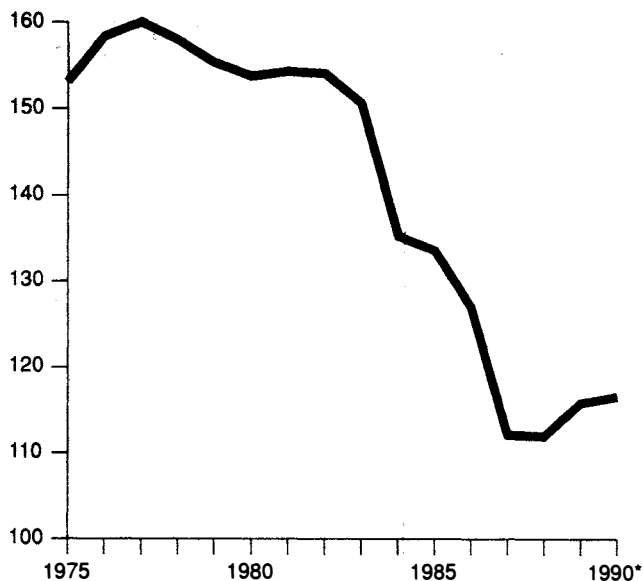
John L. Selky, one of the Inland executives involved in

FIGURE 1
U.S. steel imports, exports, and shipments
(millions of tons annually)



Source: American Iron and Steel Institute monthly newsletter

FIGURE 2
U.S. steel imports, exports, and shipments
(millions of tons annually)



*preliminary
Source: American Iron and Steel Institute

initial negotiations with Nippon in the early 1980s, and now the head of the I/N Tek operation, told the Dec. 11, 1989 *Washington Post* that during the initial negotiations, before each dinner “The Japanese would give this little preamble, saying that in the '60s, the U.S. steel industry had helped them and given them equipment and technology. Now they realized it was time for them to reciprocate. They felt it was important to help America. It made you feel a little disappointed that we hadn't kept up with the technology in the '70s. You knew what they were saying was true. You hated to hear it. You knew why they needed help in the '60s; it was because they had been demolished in the '40s. We didn't have that excuse.”

The leading U.S. mini-mill producer, Nucor Inc., has teamed with SMS Schloemann-Siemag AG, a West German firm that has developed a nozzle able to pour a two-inch thick slab of steel, instead of the standard ten-inch thick slab. Pouring thinner slabs eliminates at least half the rollers and presses needed to reduce the slabs to the quarter inch thickness or less needed by auto and appliance manufacturers. Schloemann-Siemag also developed a way to supercharge the rollers, so that the steel passes through five times faster.

Nucor's chairman, Kenneth Iverson, says that the new technology will allow a ton of steel to be made in 1.5 man-hours, costing \$50 to \$70 a ton less, compared to the 4-6 man-hours, and the total cost of \$250 to \$500 a ton now

TABLE 1

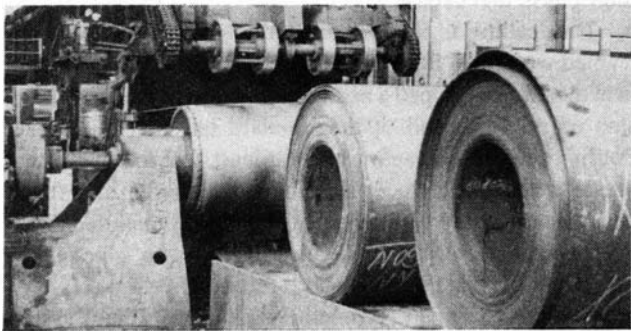
Major foreign involvement in U.S. steel production

U.S. company	Foreign company	Country ownership	Percent	Year	Type of operation established
Fort Wayne Specialty	Slater	Canada	100%	1980	Specialty bar mill
Wheeling-Pittsburgh	Nisshin	Japan	50%	1983	Electrogalvanizing line
California Steel	Kawasaki	Japan	50%	1984	Flat rolled products
California Steel	Rio Doce	Brazil	50%	1984	Flat rolled products
National Intergroup	NKK	Japan	50%	1984	National Steel Co.
Avesta	Avesta AB	Sweden	100%	1984	Stainless plate
LTVSteel	Sumitomo	Japan	50%	1986	Electrogalvanizing line
Armco	C. Itoh	Japan	50%	1987	Steel processing
Baker Hughes	Sumitomo	Japan	50%	1987	Pipe products
Phoenix	CITIC	China	100%	1987	Platemill
USS-Posco	Pohang	Korea	50%	1987	Pittsburg, Calif. works
Nucor	Yamato Kogyo	Japan	50%	1988	Structural steel
AITech	Sammi	Korea	100%	1989	Specialty bar mill
CSC-Copperweld	Daido	Japan	17%	1989	Specialty bar mill
Armco	Kawasaki	Japan	40%	1989	Eastern division mills
Inland Steel	Nippon	Japan	50%	1989	Cold rolling mill
USS Division, USX	Kobe	Japan	50%	1989	Lorain, Ohio mill
Inland Steel	Nippon	Japan	50%	1991	Electrogalvanizing line
LTVSteel	Sumitomo	Japan	50%	1991	Electrogalvanizing line

Source: The WEFA Group, in the *Washington Post*, Oct. 20, 1989.

standard. The idea of pouring thinner slabs was first raised by Henry Bessemer a century ago, but nozzles smaller than ten inches have never been used before, because they became clogged by impurities in the molten steel. A thinner pour also allows more defects to form on the surface as it cools.

Nucor is having problems with the SMS nozzle because Nucor uses a significantly higher percentage of scrap metal in its charge. Scrap steel has more impurities (copper, zinc, other metals mixed in) than steel made from scratch. This would not be a problem with new technologies based on plasma physics, increasing the energy applied to the work area, and hence temperature, by several orders of magnitude. This would be one way that technologies developed for a



Flat rolled steel accounts for half of U.S. industry shipments, but the collapse in consumption dropped the price more than 15% between spring and summer of 1989 alone.

relativistic beam defense of the country could reverse the economic collapse of the United States.

Dr. Malcolm K. Roberts, the chief of Bethlehem's research division, forthrightly told the Nov. 19, 1989 *Baltimore Sun* that Bethlehem had too much money tied up in older technology to abandon it, and will instead try to develop, in cooperation with other large steel makers, technology able to pour slabs even thinner than two inches.

While capital investment by the U.S. steel industry rose from \$1.2 billion in 1987 to \$1.8 billion in 1988, it was still far short of the \$2.4 billion invested in 1981, and the \$3.0 billion minimum the American Iron and Steel Institute believes must be spent annually for the U.S. steel industry to keep pace with foreign competitors. The U.S. industry also lags in research and development, spending only 0.5% of sales on R&D, compared to 1.5% in Japan, and slightly less in Western Europe.

In 1989, the market share of imported steel finally sank under the 20% level, to 17.9%. The total volume of imports also dropped, to 17.3 million tons, from 20.9 million tons in 1988. The decrease was not made up by increased domestic shipments, however, which rose less than 1 million tons, from 83.8 million tons in 1988 to 84.3 million tons, indicating a further collapse in U.S. consumption of raw steel, now at per capita levels last seen during the Great Depression.

In response to the collapse in demand, world spot prices for steel dropped almost 10%, to \$415 a ton by the end of June 1989. Flat-rolled steel, which accounts for half of

industry shipments, was down to between \$460 and \$480 a ton, from a high of \$560 a ton in spring 1989. Nucor Corp. had cut its domestic selling price to \$320 a ton on 40% of its products. Analysts expected shipments in the last half of the year to decline by about 15%, costing U.S. steel companies at least \$700 million in lost revenues. Shipments for 1990 are expected to fall another 8-10%, to 75 million tons.

Not surprisingly, the financial situation of U.S. steel makers is looking bleak again. Bethlehem Steel Corp., the second largest U.S. steel maker, saw its profit drop 39% to \$245.7 million in 1989, from \$403 million in 1988. LTV, the third largest steel maker, which is still operating under bankruptcy protection, posted a 49% drop in its operating income in 1989, \$230 million compared to the \$452 million of 1988. Fourth-quarter earnings at Inland Steel, the nation's largest operator of steel service centers as well as fourth largest steel maker, plunged 63% to \$6.7 million, from \$57.5 million in the same period a year ago. For 1989, Inland's profit of \$119.7 million was 46% below its 1988 profit of \$262.1 million.

Apparently, Inland is taking the only possible road to survival, given the Anglo-American elites' refusal to even consider a change in their suicidal economic, financial, and banking policies. In December 1989, Inland announced that it was selling 185,000 newly issued shares of preferred stock to Nippon Steel for \$185 million, giving Nippon a total 14% stake in Inland. Inland is following the lead of other major U.S. steel makers, who have sold out significant parts of their operations to foreign control. National Intergroup Inc. has sold 50% of National Steel Corp. to Japan's NKK Corp. Armco has sold 40% of its eastern steel making capacity to Kawasaki Steel Corp. And corporate leech Carl Icahn, with an 18% stake in USX, the largest U.S. steel maker, is now waging a proxy fight to force USX out of steel making altogether.

Certain factions in the U.S. are now attempting to find even cheaper labor to gouge, and may be eyeing Mexico's national steel industry. Mexico's Planning Secretary Ernesto Zedillo announced in early March that the Salinas de Gortari regime has decided to sell to foreigners the Lázaro Cárdenas and Altos Hornos de México steel-making complexes, rather than spend \$2.33 billion to modernize them. Observers familiar with how Salinas is controlled by the Anglo-American establishment suspect the denationalization may be part of a recent secret deal in which the United States doubled the quota for steel imports from Mexico.

Moving steel production overseas appears to be the ultimate aim of the Anglo-American "post-industrial" lunatics: The new Clean Air Act will shut down what is left of the U.S. steel industry. Walter Williams, chairman and chief executive officer of Bethlehem Steel, has warned that the second round of emissions cuts would shut every single coking plant in the U.S., even after steel makers had installed over \$5 billion in new emissions controls.

Clash builds between Brazil and bankers

by Peter Rush

Less than two weeks after the administration of new Brazilian President Fernando Collor de Mello took office, Bankers Trust Senior Vice President Lawrence Brainard issued a savage warning that Brazil had better change its policy on payment of interest on the foreign debt, or face dire consequences. His attack was a response to the announcement by Brazilian Finance Minister Zelia Cardoso that Brazil would only pay about \$5 billion in interest in 1990, and would not pay \$5 billion in arrears. With the sparks already flying in public, it now remains to be seen if the stance taken by the new government will prove to be just a bargaining position, or whether it constitutes a decision to force the banks to take a back seat, and to put economic growth ahead of interest payments.

In his inaugural speech on March 15, Collor clearly stated that he intended to put growth before debt payment. "Our proposal to renegotiate [the \$115 billion foreign debt] is based on a fundamental principle," he said. "For us, it is not a question of knowing how much we can grow after servicing our debt, but of knowing how much we can pay after guaranteeing our economic growth at levels that are in keeping with our traditional growth rates and with our projects for promoting development and justice, which will guide our future actions."

He continued that "one of the main obstacles in our way is undoubtedly the servicing of our foreign debt at current levels." Emphasizing that he did not want confrontations with Brazil's international creditors, he nonetheless said, "I will not accept contracts establishing unilateral solutions," in apparent reference to high interest rates now being charged.

Three days later, on March 15, Finance Minister Cardoso announced in a televised interview that the new government "does not intend to make any agreement on the \$5 billion of back interest." The next day, she told a group of Brazilian businessmen that the foreign debt policy of the country was to pay no more than 2% of the Gross National Product in interest on the debt, which she estimated would come to between \$4 and \$5 billion a year.

Backing up his minister, Collor made the government's position clear once again in a press conference on March 27. Studiously avoiding the term "debt moratorium," and specifying that "at no time do we want confrontation . . . with banks, or with the international financial system," Col-

lor called on the creditor banks to make concessions, especially in regard to interest rates, beyond what they have offered to Mexico, Venezuela, and other debtor countries.

"It has become clear that the foreign debt of the Third World, not just that of Brazil, is absolutely unpayable under the current terms," he said. "We must therefore find ways and terms to renegotiate it in a way that would promote the economic growth of debtor countries, and make the creditor banks understand that it is much better to have a customer with affordable interest rates—not those abusive, outrageous rates that have been charged especially throughout the past decade—who can pay the debt under terms and interest rates established through that renegotiation."

"Our negotiators will at no time allow our economic growth to be affected or our domestic market be weakened, because this would bring about many problems," the President added.

Bankers respond

Response from the international banks has not been long in coming. The March 28 edition of *Folha de São Paulo* quoted unnamed U.S. bankers demanding two things of Brazil immediately: a "symbolic" payment on the interest arrears, and the restarting of talks on renegotiating the foreign debt. The next day, Allistair Tedford, vice president of Salomon Brothers, and Peter McPherson of the Bank of America, called on Finance Minister Cardoso to discuss the foreign debt situation.

Two days later, Brainard of Bankers Trust, clearly speaking for many other top banks, showed his fangs in interviews with two Brazilian papers. He told *Estado do Brasil* that Brazil had better immediately begin making interest payments, or else "the country is headed for the abyss, just like Argentina. The next step," he threatened, "is that the IMF will pull out, the American government will wash its hands of the problem, the World Bank also won't get involved. No one will want to touch the country." On the proposal to limit interest payments to \$5 billion a year, he replied, "I don't think it's a good idea. This is derived from the principle that the payment of interest endangers the country's growth. . . . It's proven that countries which reduce, or fail to pay their foreign debts, will not attain acceptable levels of growth."

Speaking to *Gazeta Mercantil*, Brainard was even harsher, threatening that "there's nothing Brazil can do to hurt us, but there are many things we can do to hurt you."

Undeterred, Cardoso reiterated to a conference of the Inter-American Development Bank in Montreal on April 2 that Brazil would no longer let foreign creditors dictate the country's economic policy. "The fact is that every time that this has happened, it has resulted in failure. We now await from the international financial institutions and the international financial community a response commensurate with the sacrifices now being undertaken by Brazilian society," she said.

The city of Houston: a terminal case of 'free enterprise'

by Carol Hugunin

Since the onset of the Reagan-Bush "economic recovery," the city of Houston has been transformed from what passed for an economic miracle, to a nightmare of poverty, homelessness, and disease. This is the legacy of the Gramm-Rudman budget-slashing policy, which has devastated the nation's productive capacities and its infrastructure—ports, roads, bridges, water management—in the name of Donald Trump-style "free enterprise." The story of Houston, is the story of what happens to all those thousands of unemployed, once their unemployment checks run out.

In 1979, when the auto industry began massive layoffs, thousands migrated to Sunbelt cities like Houston, sporting bumper stickers like: "Will the Last One Out of Michigan Please Turn Off the Lights." Shanty towns and soup kitchens sprang up. Since the Sunbelt was a boom area, many of these blue-collar families found new jobs.

But then in 1983, the price of oil collapsed, ruining first the local oil industry, then feeder industries, then real estate, and finally, in the past year, even the banks around Houston. Adverse weather further set back local farming. Homelessness was on the rise, along with tuberculosis (TB), acquired immune deficiency syndrome (AIDS), and measles—at precisely the time that supportive infrastructure collapsed, from homeless shelters and hospital emergency wards, to railroads, bridges, and roads.

In December 1989, McKinsey and Co. released a study of homelessness in Houston and the surrounding Harris County area, which had been requested by the Coalition for the Homeless of Houston/Harris County. On any given night, 10,000 in Houston/Harris County are homeless, including 1,500 children. Almost 40% of these have been victimized by crime since becoming homeless. In addition, 150,000 more people are marginally homeless: These double up with relatives or friends for as long as the host will tolerate them, then move on to visit somewhere else. More than 30,000 of these marginally homeless are children growing up under highly adverse conditions, constantly changing schools.

In addition to these, 250,000 more citizens are just one paycheck away from becoming homeless; just one illness, or even the temporary loss of a job, would move them into the streets. So, on any given night in the Houston/Harris County area, there are 10,000 homeless plus 150,000 marginally

homeless, and 250,000 at risk of becoming homeless—for a total of 410,000 homeless or at risk; that's roughly 10% of the population! And this time around, unlike in 1979, they are Texans, with 46% born in Houston.

Could it happen to anyone?

These are not, generally, your stereotyped "Skid Row" types or substance abusers. Look at some examples:

Case #1—A \$100,000-a-year procurement expediter working overseas came back home to Houston after the savings and loan institutions collapsed. Although he's highly skilled, companies won't hire him because he is over 50 years old. He now lives on private charity.

Case #2—A very frugal, hard-working professional couple, pushing 60, had put all their savings in bank stocks, and lost everything when their savings and loan collapsed. She's a mechanical engineer; he ran a business that employed 30 until it folded when their bank went under. He has a viable idea for chemical treatment of solid wastes, but no capital now to start a new business. Along with their life's savings, the couple lost their health: All their teeth went, heart conditions became a problem, and both are now too ill to look for work. They now live on private charity.

Case #3—The first black engineering graduate of Rice University, a design engineer and part-time minister, with a wife and three small children, lost his job as design studies dried up with the collapse of real estate. He now works at a 7-Eleven store, has lost his home and phone, and is just one paycheck away from becoming homeless.

Case #4—Another white-collar worker, an accountant, lost a \$50,000-a-year job and tried to get hired doing computer work, but found companies weren't willing to take a 50-year-old because of the potential medical insurance risks. He lost his home and car, and is now doing physical warehouse work and would make maybe \$20,000 a year—except that the work is seasonal, not steady.

Case #5—Two single mothers shared an apartment, trying to make it by pooling resources. One worked a day job at a grocery store; the other a night job waitressing; each took turns babysitting, while the other worked. But the pressures of trying to scrape enough together to raise a family this way, and at the same time, to get just a bit more education to get out of the minimum wage category, inevitably led to a falling-out between the two women. The apartment arrangement collapsed, and both become homeless, although employed, are looking for help from private charity.

The McKinsey Co. survey indicates that 5% of the marginally homeless and 10% of those one paycheck away from becoming homeless are white-collar workers: certified public accountants, geologists, engineers; the rest are mainly blue-collar workers. These are average citizens with hard-luck stories, working one, two, or even three minimum-wage jobs to try to support their families; or elderly willing to work even at hard physical labor, as long as their health holds up.

Budget cuts, health care crisis

Houston, Sunbelt city, is the fourth largest city in the United States, built in the spirit of wheeler-dealer, anything-goes "free enterprise." It never had a great public health system, or much in the way of publicly funded homeless shelters or soup kitchens. Now, with the extensive budget cuts, this city, already deficient in social, medical, and other services, has less and less. But the need is growing: In 1988, some 20,000 citizens in the Houston area showed up for a free Thanksgiving dinner, being unable to afford their own. In 1989, plans were made to feed 35,000, with the realization that hunger was increasing in the area. An estimated 60,000 showed up, and many went away hungry.

The most glaring example of this problem is the acute health care crisis. In January 1990, when Hermann Hospital, one of the three area hospitals that handles poor patients, closed its trauma unit, the Houston area went into an acute care crisis. Many poor patients now wait three or more days in the emergency room for problems that should be treated rapidly. Ambulances with trauma patients are turned away. The result is a sad irony: In a city with arguably the best medical research centers in the country, an increasing percentage of the unemployed and poor die because of inadequate health budgets and poor planning. If you're part of the 40% of the homeless who have been subjected to a violent crime since losing your home, your ambulance ride is now likely to end at the morgue.

Staff under these conditions are overworked and face tremendous supply shortages. Fire Department paramedics commonly work *24-hour shifts* to make up for the fact that the Fire Department has hired only two-thirds of the number of paramedics required for the job. Paramedics are reduced to "lifting" medical supplies from county hospitals; "borrowing" common items such as blankets from the house closest to the emergency; and personally paying for items like C-cell batteries for laryngoscopes, required as a matter of life and death, to check the airways of unconscious or non-breathing victims. But internists and paramedics who constantly see people die due to lack of emergency wards, lack of staffing, lack of beds, lack of supplies; who chronically work double-time to fill in for shortages; themselves get burnt out. Their marriages become strained and sometimes crack; or they give up on saving lives and quit their jobs; or they fall asleep at the wheel and become the trauma victim who will probably end up at the morgue because of the acute care crisis.

A similar story can be told about the city shelters and other services. The Star of Hope, Houston's largest men's shelter, was forced to close a 350-bed unit because the city lacked the money to bring the building up to city standards, and lacked the funding for the staff to support it.

Children are hardest hit

The worst tragedy, is that the children of Houston are the greatest, and largely unspoken for, victims.

Last year, Houston/Harris County had the largest measles epidemic in the United States since vaccination became widespread: 1,804 cases with 10 deaths. The victims were children, mainly preschoolers.

Houston has averaged, over the last five years, an infant mortality rate of 11.5 deaths per 1,000 live births. But in the Northside, a poor area of the city with no medical facilities, the rate is 23.4 deaths per 1,000 if you're white, and 21.8 deaths per 1,000 if you're black. This is far worse than in any European country, and worse than some Third World countries. Israel has an infant mortality rate of 13 per 1,000; Cuba and Czechoslovakia 15 per 1,000; Bulgaria 16 per 1,000; Costa Rica, Poland, and Portugal 19 per 1,000. Yet in Houston, both private and public hospitals have excellent neonatal care for low birth-weight infants.

A *Houston Chronicle* reporter, Ruth SoRolle, matched birth and death medical records provided by the state of Texas on roughly 3,000 infants who had died in the Houston/Harris County area over the last seven years, in an effort to find the causes of this problem. Normally in Houston, 7% of infants are born with low birth weight, but among those that died, 60% were low birth weight. The tragedy was best summarized by the all-too-typical case of the first baby born in Houston in 1989. His mother was black, young, and poor; she smoked, suffered from a nutritionally inadequate diet, and had never held a job. This baby, like her previous baby, died within a few weeks of release from the hospital, from sudden infant death syndrome (SIDS). Yet, public health workers had not indicated to her that this baby needed any special monitoring, or was at any kind of risk for SIDS. The mother had had no prenatal care and advice.

Medical infrastructure doesn't exist on the Northside, and for the poor, the \$1.50 round-trip cost to visit a clinic elsewhere by public transportation generally means one-half gallon of milk less for the children. To qualify for public health care, roughly 50 pages of health forms must be filled out, and a pregnancy test must be taken. At most clinics, bilingual aid, or any other kind of help filling out forms, is not available, and few of the most needy are literate or persistent enough to complete the job on their own. Pregnancy tests, like childhood vaccines, are only available on certain unstaffed days. The pregnant woman is advised to "call back next week at 8:30 a.m. sharp." Only the first 12 calls are actually tested for pregnancy; the rest can try again the following Monday.

So Houston's county hospitals spend hundreds of thousands of dollars valiantly trying to save low birth-weight infants, born to mothers who never received inexpensive preventive prenatal medical care and nutritional assistance. And their infants die, sacrificed to the mentality which insists that public health infrastructure just isn't necessary.

TB is rampant in Houston, which in 1988 had 27.6 cases per 100,000 people. The United States as a whole has only 9.1 cases per 100,000 people. Of course, New York City,

with 32.8 cases per 100,000, and Miami, with 55.0 cases per 100,000, have a worse TB problem, but these are cities with large immigrant communities. Houston's TB problems are clustered in poor black neighborhoods, not among the Spanish-speaking or Asian immigrants.

The "free enterprise" policy also increases the rate of child abuse, as adults turn to alcohol and drugs, and take their frustrations out on their children. In 1979, when Harris County started recording child abuse cases, Houston was still a booming Sunbelt city, with 8,010 recorded cases of child abuse. By 1988, with the economic collapse in the area, the number had grown to 12,579 per year—157% of the 1979 figure.

Gangs and drugs are the latest plagues to overwhelm the city's inadequate infrastructure. Again, the tragedy is that the children are the worst victims. Crack and cocaine babies not only come into the world facing the horror of withdrawal from involuntary drug addiction; they also suffer strokes prenatally. They are born brain-damaged, with severe mental retardation and physical handicaps.

These problems, naturally, are not unique to Houston. The nation's capital has an infant mortality rate twice as high as that of Houston: 23.2 deaths per 1,000 live births in 1988, and probably higher now. In Ward 8 in the District of Columbia, the rate is 60 deaths per 1,000 live births—worse than many Ibero-American countries.

The ideologues of radical "free enterprise," some of whom even consider themselves Christians, should read Matthew 18:2-10: "But whoso shall offend one of these little ones which believe in me, it were better for him that a millstone were hanged about his neck, and that he were drowned in the depths of the sea."

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U.S., Mexico push for 'free-trade' pact

by Peter Rush

Two officials from the Mexican government, Commerce Secretary Jaime Serra and economic adviser to the President José Córdoba, secretly came to Washington in late February for several days of meetings with top U.S. trade officials. Present at the discussion for the U.S. side were Commerce Secretary Robert Mosbacher, Secretary of State James Baker, National Security Adviser Brent Scowcroft, Special Trade Representative Carla Hills, and Michael Boskin, chairman of the Council of Economic Advisers. Yet despite the very high-powered representation from the U.S. side, not only what was discussed, but even the very existence of the talks, was kept a secret for a full month, until a "leak" revealed that the talks concerned a "free-trade" pact between the two countries.

The leak appeared in the *Wall Street Journal* of March 27. "U.S. and Mexican leaders have agreed to negotiate a free-trade pact between the two nations, a move that effectively would create a unified North American Common Market (NACM), Bush administration officials said," reported the article. It cited one official who said that an announcement of plans to negotiate an accord is tentatively set to coincide with a visit by Mexican President Carlos Salinas de Gortari to the United States in June.

While billed as a boon to the Mexican economy, in reality the NACM is nothing of the kind. It has for years been a pet project of Henry Kissinger, which he recently puffed again in a syndicated column, and of the Georgetown Center for Strategic and International Studies, on whose board Kissinger sits, which has an entire unit devoted to promoting the NACM. After being put through the wringer, Mexico is to be reduced to an economic colony.

The NACM, or a free-trade association, has no other purpose than to depress the economies and wage levels of both countries. The project will open up Mexico for unrestricted "investment" by U.S. companies in factories producing for the U.S. market. Given Mexican wage levels, often no more than 10% U.S. levels, this permits U.S. companies to relocate their plants to Mexico and hire labor at virtual slave wages.

The idea in pushing it now is to kill forever the possibility of Ibero-American integration, in which Mexico would become part of a common market of Spanish and Portuguese-speaking nations, and which has been the dream of Ibero-

American nationalists for a century.

According to the *Journal*, "The Bush administration is expected to run the proposed free-trade negotiations through the usual inter-agency review process in the coming weeks. It then will have to win congressional backing for the talks, and streamlined 'fast-track' procedure for winning congressional approval of whatever agreement ultimately results."

Patriotism versus imperialism

Interviewed by Reuters news service, a U.S. trade official confirmed that U.S. and Mexican negotiators have been "talking about" a free-trade pact. "We've discussed a number of ways to broaden and deepen our relationship including the requirements necessary for a free trade association," the official said. But White House spokesman Marlin Fitzwater quickly stepped in to say that the February meetings included only "preliminary discussions," that no decisions had been made, and that "We really haven't gone very far down that road yet," referring to the question of a free trade pact.

Mexican officials were studiously vague on the question. Foreign Secretary Fernando Solana said that "Mexico is following a strategy of participating in the direction of change, and is in the vanguard of transformations of the world." The Mexican embassy in Washington said the February meeting was "only a working group," whose purpose was to gain greater access for Mexican exports to the U.S. markets. And in a commentary in the *Wall Street Journal* April 4, President Salinas de Gortari himself made no mention of free trade, and merely laid out his demands for greater access to U.S. markets.

Salinas's public caution stems from the sensitivity of the issue. *Excelsior* columnist Gastón García Cantu wrote that what was at stake was not economic integration, but an "annexation" like that of Texas, and a betrayal of the rest of Latin America. Historian Lorenzo Meyer wrote in the same paper March 28, "Our way of life is at stake. We should take decisions knowing, as much as is possible, what we will gain and lose by integrating ourselves with the economy of a great power, one from which we previously considered it our historic and patriotic duty to protect and separate ourselves."

Juan José Mercado, assistant director of the Association of Mexican Importers and Exporters, told Reuters March 28, "The disparity between the levels of development of the two countries puts us at a disadvantage. We run the risk of becoming simply suppliers of raw materials for the U.S. and Canadian markets."

But there is already concrete motion toward such a pact. Speaking to participants at the VIII Conference of Governors of Mexico-U.S. Border States March 23, Mosbacher said that a free trade pact "would convert Mexico into an industrial power by the beginning of the next century." At the conference, the governors of several Mexican states revealed that there already exists a situation of near free trade between their states and the U.S. border states.

Bush's thrift plan floundering

Just like the savings and loans themselves, the thrift "bailout" is sinking fast.

The slow-moving "bailout" of the nation's thrifts was dealt a well-deserved blow March 21, when U.S. District Judge Royce Lamberth of Washington, D.C. issued an injunction prohibiting the Office of Thrift Supervision from seizing Olympic Federal Savings and Loan of Berwyn, Illinois, on the grounds that neither the first director of the OTS, M. Danny Wall, nor his replacement, Salvatore Martoche, had been confirmed by the Senate as required by the Constitution. Despite the plea of OTS attorney Aaron Kahn that a ruling against the agency would be "an invitation to chaos," the judge ruled that the Constitution prevailed over the administrative desires of the government.

The situation remained unresolved until April 5, when the Senate confirmed Timothy Ryan to replace Martoche as director of the agency. Ryan has no experience in thrift management or regulation. In fact, he's not even sure there should be a savings and loan system. During hearings before the Senate Banking Committee, Ryan said, "I do not have a view . . . on whether or not there should be a thrift industry." Coming from a man whose ostensible mission is to rescue the thrifts, that is an alarming statement.

The matter is indicative of the arrogance and incompetence that has pervaded the government's handling of the thrift crisis, in which law and reality have been sacrificed in the name of perception management, political games, and a fascist consolidation of the banking system.

The real goal of the regulators and

their Wall Street controllers, as *EIR* has repeatedly warned, is the dissolution of the nation's thrifts, and the seizure of their deposit base by the giant commercial banks. The *Wall Street Journal* was blunt in its lead editorial April 2: "In fact, in the current financial environment there is no public policy justification whatever for a separate and distinct savings and loan industry. The good thrifts should become banks. . . . The rest should be put out of their misery."

The same philosophy is driving the growing clamor for "reform" of the deposit insurance system. Deposit insurance is the great equalizer, making the neighborhood bank just as safe a place for your money as the giant money center banks. Were deposit insurance to be eliminated or substantially degraded, that would no longer be the case. The result would be that deposits would flee the smaller banks to the relative safety of the "too big to fail" giants.

Meanwhile, the Resolution Trust Corp., the agency created to dispose of the assets of the thrifts seized by the OTS, continues to bungle its way from one disaster to another. The RTC has amassed a huge pile of assets, which it must sell in order to raise the cash to finance new seizures. The RTC is already the nation's largest owner of real estate, and is well on the way to being the nation's largest holder of junk bonds. As the *New York Times* noted March 13, the RTC could eventually wind up with some \$450 billion in assets, making it "the largest financial institution in the world, the largest single owner of real estate, the

largest liquidation company, and the largest auction firm." And, one might add, the largest boondoggle.

To clear out some of this swelling inventory, RTC Chairman L. William Seidman, who also heads the FDIC, recently announced "Operation Clean Sweep," a plan to sell or close 140 thrifts by the end of June. "Losses can only be stemmed by the swift sale of all property to private sector buyers," Seidman said. "We have yet to find citizens who will buy assets out of a sense of patriotic duty. To attract customers, you must provide them what they want. They want a potential for profit." In other words, in order to sell the properties, you must price them well below even the currently depressed market value. The common term for this is "dumping."

In the interim, the RTC will once again try to raise working capital by issuing, through the Treasury, 40-year bonds. The first such try, in January, was a disaster. Some analysts were surprised that the Treasury would try another such sale, but as Stone and McCarthy Research managing director F. Ward McCarthy told the *Wall Street Journal*, "Not to issue another 40-year bond would have been tantamount to admitting that the first one was a failure. If they did that, they could never come to market with another one."

While the Bush administration continues to fiddle with its so-called bailout, the nation's financial system continues to burn. Deposits at the nation's thrifts have declined for 18 of the last 19 months, with depositors withdrawing \$74 billion more than they deposited in 1989. The disaster is growing as the depression deepens, and neither the administration nor the Congress has the slightest idea of how to solve it. So they shuffle papers and issue meaningless statements, while the nation dies.

New U.S.-U.S.S.R. grain treaty

It makes big promises to Moscow; over whose dead bodies will Yeutter deliver the goods?

At the scheduled June summit meeting between President Bush and Soviet head Mikhail Gorbachov, there is to be an official signing of a new Long-Term Grain Agreement. This LTA—the continuation of one begun in 1983—exceeds all previous treaties in terms of the size of the U.S. food commitments to Moscow, and the sweetheart terms of trade.

The pending treaty was agreed upon by negotiators for the respective nations on March 22, in Vienna, in what observers called a “surprise” decision. Last December’s round of talks on the treaty was inconclusive. But after only one day in Vienna, the new package was announced.

Typical of the farm media reaction was the headline, “Sudden Decision by Moscow Suggests Soviet Union Wants to Buy for a Long Time,” from the San Angelo, Texas *Standard Times*.

Speaking on behalf of Agriculture Secretary Clayton Yeutter, his press secretary Kelly Shipp tried to play down the significance of the treaty. She told Associated Press, “They just came to agreement much quicker than anyone anticipated. They were just able to wrap it up.”

Events in the Soviet Union in 1990 indicate why the rush to agreement over food supplies. George Bush and a band of financial and commodities powers in the West are backing Gorbachov—or his possible stand-in—no matter what the body count, as Moscow intervenes against the strikes, hunger riots, and freedom movements now sweeping the Soviet empire.

The related question about the new LTA, is: How will Yeutter make good on his sweetheart deal? Who will not eat in order for Bush and Yeutter to try to placate Moscow?

There now exists an unprecedented, global grain shortage. For the third season in a row, the world has harvested a total grain crop (wheat, corn, rice, barley, millet, sorghum, oats, and all grain types) that is *lower* than the annual average consumption as of the end of the 1980s. Starvation is racking Africa on the scale of genocide. And “Africanized” conditions now prevail in large parts of Mexico and South America. Mexico, for example, which was a grain exporter in the 1960s, harvested a corn crop last year that was *half* the recent annual acreage. Years of harsh IMF conditionalities have destroyed the physical productive powers of whole nations, that now need short-term food relief and massive rebuilding.

Mocking the suffering, the powers holding sway over the agriculture policy in the major food-exporting countries—whose productive potentials could make a difference in the short run—are refusing to introduce food output emergency measures. Instead, in the U.S., Canada, the European Community, Australia, and New Zealand, food *reduction* policies are being implemented, in the name of “protecting the environment.”

Therefore, sending U.S. grain to the Soviets, without mobilizing new production, will take food from the mouths of someone else in the West—a needless, immoral situation.

The following are some of the new

features of the LTA pact. The pact will:

- Increase the annual minimum shipments of grain to the Soviets to 10 million tons, up from the current minimum shipment of 9 million tons. This will guarantee a total of 50 million tons of grain exported to the U.S.S.R. over the five-year treaty life, as opposed to the current 45 million ton total.

- The cap on how much the Soviets may buy in any one year—without asking for special authorization from Washington—will be raised to 14 million tons, up from the current cap of 12 million tons. In recent years this cap has been routinely ignored by Moscow, and Washington has granted automatic approval for additional grain exports.

Over the last trade year—the first year of the Bush administration—Soviet purchases were more than double the specified minimum limit of 9 million tons, and several million tons over the 12 million tons cap. Much of this grain has been sitting and rotting in Soviet ports, for want of proper storage, handling, and transport facilities. But Bush and Gorbachov are proceeding regardless.

- Allow the U.S.S.R. greater flexibility in its annual shopping list for grains. For the first time, the agreement includes barley and sorghum along with corn, under the treaty-approved classification of feed grains.

- Allow Moscow to substitute up to 750,000 tons of corn or wheat for each other, when tallying that the Soviets meet the treaty specification of purchasing a minimum of 4 million tons each of wheat and corn.

- Allow Moscow more flexibility in any one trade year in choosing how much of a feedgrain or wheat (food grain) to buy in that year; although the minimums are to be met over the life of the pact.

Business Briefs

Railways

Magnetic-levitated train pushed by Bonn

Magnetically levitated trains should play a great role in future East-West European transportation, Heinz Riesenhuber, West Germany's cabinet minister of research and technology, told the press in Bonn on March 28.

The West German experimental train, Transrapid, could help to bring millions of future passengers quickly from one end of Europe to the other, Riesenhuber said. He added that given the political changes in Central and Eastern Europe, plans for the future of transportation in Europe must be rethought. Transrapid routes on, or crossing the territory of, present-day East Germany, could be considered.

A spokesman of Riesenhuber's told *EIR* on March 29 that there is "pre-thinking about a future route leading, let's say, from Cologne over Dortmund, Bielefeld and Hanover to Berlin, or, one may also begin the project in Berlin extending into the West and on the other side, to Warsaw in the East or even beyond. All of this is possible." He emphasized that the magnetically-levitated train is not conceived of as an alternative or substitute, but a complement to the electric-driven high-speed trains now being built or planned. Both types of trains figure in Lyndon LaRouche's "development triangle" proposal to link Paris, Berlin, and Vienna.

Industry

'Factory of the future' being mothballed

An extremely sophisticated, world-class "factory of the future" facility built by UNC, Inc. of Maryland and nearing completion in Uncasville, Connecticut is being mothballed and its workforce disbanded due to cuts in Pentagon spending, according to *Metalworking News*.

The termination is due to the decision of the Department of Energy to use a single source for the fuel for the nuclear-powered SSN-21 Seawolf submarine. Single-sourcing,

the practice of relying on only one supplier for a component, is the policy most criticized for the decline of the defense industrial base.

The top-secret plant is known to be "a state-of-the-art CIM facility which performs different types of operations with very little interface" said to involve "an enormous amount of on-line data acquisition." The software system is said to have wider use where routing, documentation, and other data-integration features are paramount, but UNC cannot afford to complete the plant on its own.

"That new facility was the wave of our future," said Robert Bonito, UNC vice president. Company executive David Dragics said the firm would just about cover its costs by scrapping the program now. "From our standpoint, we're getting out of a no-growth, low-return business."

AIDS

CDC study shows high infection rates

An Atlanta Centers for Disease Control study of AIDS has shown that one out of every four men aged 25-44 admitted to surveyed hospitals in New York City tested positive for AIDS, *New York Newsday* reported April 4.

Dr. Timothy Dondero released the results to date of the so-called Sentinel Hospital Survey April 3 at an AIDS conference at Johns Hopkins University in Baltimore. For two years, CDC has carried out large-scale, anonymous testing of people treated for non-AIDS-related ailments at 26 hospitals nationwide, selected to reflect different segments of the population. Three hospitals in New York City and three in New Jersey participated.

"The overall rate for New York City hospitals was 8% positive," the highest rate was in the male population aged 25-44, where 24% of men and 8.1% of women tested positive, Dondero said. "This rate [for men] is higher than what has been reported out of Africa."

Dondero said the CDC believes the only declines in rates of new infections are among homosexual men in New York, San Francisco, and Los Angeles. Elsewhere, he said, the epidemic continues to grow. The Sentinel Hospi-

tal Survey shows a steady increase for all demographic groups nationwide.

Dr. Gerald Friedland of the AIDS program at Montefiore Medical Center in the Bronx said he found the CDC study "very, very sad. The epidemic is clearly not declining, and I think all indicators for our environment are that things will get much worse. . . . The potential consequences of this information are staggering."

Cold Fusion

First annual conference airs promising results

Stanley Pons of the University of Utah opened the First Annual Cold Fusion Conference held March 28-31 in Salt Lake City with a defense of his cold fusion measurements as both conservative and understated, Reuters reported March 29.

Pons said many of his cells "operate for weeks or months and then spontaneously show heat increases," and that during these bursts "total excess energy rises very sharply."

Perhaps the single most important new experimental result reported at the conference was that of Robert A. Huggins of Stanford University. Huggins's group reports 20 megajoules of energy per mole (molecular weight) of palladium, over long periods of time, according to Hal Fox of the Fusion Information Center. That amounts to excess heat of 15-20%, they said.

Fox told *21st Century Science & Technology*, "To get that amount of energy by chemical means, you would have to combust all of the apparatus and part of the work bench."

Credit

Chips industry needs lower interest rates

The semiconductor industry needs a lower interest rates, the House Committee on Science, Space, and Technology Subcommittee on Science, Research, and Technology

was told by industry representatives on March 29. Their testimony implicitly recognized the need for a two-tier credit system to promote productive economic activity.

Dr. Ian Ross, President of AT&T Bell Laboratories and Chairman of the National Advisory Committee on Semiconductors, testified that while the reasons for the decline of the U.S. semiconductor industry are varied, the cost of capital is one of several areas in which Congress could improve the business environment.

Dr. George Bodway of Hewlett-Packard stated that one of contributing factors in the failure of U.S. Memories, a government-industry consortium, was the difference in interest rate of capital in Japan versus the United States. With 12% interest rates in the U.S. and 4-5% rates in Japan, U.S. Memories would have had 16% higher cost in 1991, and 13% higher cost in 1993, than a similar company in Japan.

Transportation

U.S. airline deregulation failed, says study

Instead of promoting healthy competition to reduce air fares, the deregulation of the nation's airline industry has failed, resulting in the bankruptcy or sale of more than 200 airlines, according to a study by the Economic Policy Institute, a Washington research center, released March 28.

The study confirms *EIR's* analysis, released before deregulation was enacted by Congress, that deregulation would destroy the industry.

Ten years after deregulation became law, only 74 air carriers remain in business, and that number may narrow to 9 or 10 carriers by the end of the century, the study said. "What had begun as a program of modest liberalization became an avalanche of abdication of responsible government oversight.

"We ought to have the courage and wisdom to admit we made a mistake. The time has come to roll back deregulation," wrote Paul Stephen Dempsey, a University of Denver transportation law professor who previously

defended deregulation as a lawyer for the Civil Aeronautics Board, who authored the study.

Air travel cost is up 2.6% per mile per average passenger from pre-deregulation prices, and per trip costs may have increased as much as 33% because deregulation has encouraged longer flights, the study said.

Citing Department of Transportation statistics, the study said poorer service has resulted in complaints, ranging from delays and congestion to overbooking, missed connections, bumping, loss of baggage, cancellations and deteriorating food, increasing from 7,326 in 1983 to 40,985 in 1987.

The study said the margin of safety in airlines has narrowed in recent years, with more than half of the jets in service 16 years or older. Accidents are on the rise, with many pilots attributing deterioration of safety procedures to deregulation practices, the study said.

Space

Japan readies Moon development technology

All major Japanese corporations are involved in ongoing work to research and develop the technologies which will be needed to develop the Moon, according to a review of some of this work in the April 2 *Journal of Commerce*.

In an article headlined, "Japanese Don't Plan to Be Lost in Space," the *Journal* reports that all of the top Japanese companies have staffs looking into questions of construction materials, architecture and engineering studies of buildings, and how to mine helium on the surface of the Moon.

According to a U.S. liaison to the Tokyo Institute for Future Technology, 68 people at the institute supervise the work of industry in Japan for space exploration. The institute is doing research with the University of New Mexico using lunar soil simulant to develop mining technologies for the lunar surface.

On March 30, the White House announced that cooperation will be sought with Japan, Europe, Canada, the Soviet Union, and other countries for the Moon-Mars exploration initiative.

Briefly

● **THE SOVIET** economy suffered 9.1 million man-days of work lost in January and February 1990, more than the 7.3 million lost for the entirety of 1989 due to strikes, absenteeism, and ethnic conflicts, according to a report published by the Soviet State Statistical Commission. *Trud*.

● **DAIMLER-BENZ**, which recently forged joint ventures with Mitsubishi, is now working on a deal to integrate its MTU aircraft engine research, development, and production operations with United Technologies' Pratt and Whitney division.

● **ELECTRICITY** prices will rise 10-20% above inflation due to environmental requirements, according to Department of Energy Deputy Undersecretary Linda Stuntz, the March 28 *Washington Times* reported. "If you're going to attack sulfur dioxide and oxides of nitrogen and attack acid rain, you're going to increase costs," she said.

● **FRANCE** will delay payments from the Soviet Union for five years for an oil and gas refinery, the *Financial Times* of London reported March 31, as inability to pay has led to "mounting concern about arrears" in payments from the Soviet Union.

● **THE FDIC** has classified eight states—Alaska, Arizona, Arkansas, Colorado, Louisiana, New Mexico, Oklahoma and Texas—as "economically depressed regions," according to an agency press release issued March 22.

● **UNEMPLOYMENT** in Panama is up more than 33% since the U.S. invasion, the Mexican daily *La Jornada* reported March 31. There are 320,000 unemployed, 120,000 of them laid off in the last three months, and a large number of strikes, including a 48-hour hunger strike against firings and for payment of back wages.

'Brilliant Pebbles' are not that smart

Charles B. Stevens and Carol White show why the future of the Strategic Defense Initiative is at risk from the mistaken reasoning of "Brilliant Pebbles" proponents.

Two weeks ago, *EIR's National* section covered the status of the Strategic Defense Initiative (SDI) as conference participants reported to the annual meeting of the American Defense Preparedness Association. The situation they reported looked pretty grim because of the reality that the Bush administration is killing the program with not-so-benign neglect. This week, we intend to analyze the hegemonic Brilliant Pebbles Program from a scientific standpoint.

To state our conclusion in advance: The idea of going with a kinetic energy weapons (KEW) ballistic missile defense as a first stage to precede deployment of an ABM system based upon directed energy weapons was devised by Dr. Edward Teller and his associate Dr. Lowell Wood, in collaboration with other SDI scientists, as a means of breaking through the apparent impasse which had stalled the SDI as the pace of disarmament negotiations with the Soviets increased. These 100-pound missiles would each have advanced computing capabilities which—so the proposal went—would obviate the problems of centralized systems control for targeting, allowing for flexibilities and significant cost reduction.

Since 1982, and particularly after President Reagan's March 23, 1983 policy statement which established the SDI, as such, Lyndon LaRouche and, we his associates, have been extremely critical of basing an anti-ballistic missile defense system on kinetic energy weapons. LaRouche's original proposals, which had been instrumental in President Reagan's original definition of the Strategic Defense Initiative, had all been based upon the use of new physical principles—lasers,

electron beams, and other applications of what are fundamentally plasma processes. We were particularly critical of proposals by the High Frontier grouping, whose major spokesman was Lt. Gen. Danny Graham.

High Frontier advocated the use of off-the-shelf KEW technology for a spaced-based anti-missile defense system. At that time, we proved conclusively that his system would not be effective, and would also be prohibitively expensive. Recent studies have shown that despite their apparent advantages, the Brilliant Pebbles design bears all of the hereditary flaws of a KEW system. We therefore submit that going with a flawed system, as a means of keeping the SDI alive politically, is the reverse of having one's cake and eating it. It's a situation of: If I win I lose.

The resources required to put the Brilliant Pebbles into place would prove, in the not too distant future, to have been misspent. This would not redound to the political benefit of the program, and, most important, it would not give the United States, and any allies who adopt it with us, an adequate defense against a Soviet missile attack.

We dismiss any notion that a space-based ABM defense is needed to protect against accidental launch or Third World aggression. A missile which is out of control can be detonated in flight by the country from which it originates. Third-party IRBMs can be hit from the ground. As the events of Lithuania are unhappily underscoring, the Soviets are, and in the immediate future will remain a serious military problem, to ourselves, and to those nations, to whose freedom we should be committed to defend.

A pebble in the wind

A well-known Warsaw Pact military defector to the West once characterized the heart of Russian military doctrine as the axe strategy: Simply put, if your enemy can attack you with a knife, you strike him with an axe; if he attacks with a sword, you shoot him with a gun. In other words, superior firepower, overwhelming firepower is an essential predicate of a victorious military strategy. Even a passing glance at the Soviet arsenal of strategic nuclear weapons, compared to those of the West, demonstrate that this doctrine remains the existing and continuing guiding principle for the U.S.S.R.'s military strategy.

And when it comes to strategic defense, defense against nuclear-tipped missiles included, the Russians have been left with a monopoly of deployed capabilities and a growing, significant research and development edge.

It is now being proposed that the U.S. deploy a first phase of a missile defense consisting of ground-based interceptors and space-based rocket interceptors, which are called Brilliant Pebbles. The problem with this old type of missile defense is that it is like trying to hit a bullet with a bullet. And it does not even come close to the firepower potential offered by directed energy beam weapons, like lasers and relativistic particle beams, which hit their targets over ranges of thousands of miles at the speed of light. The Brilliant Pebbles proposal appears to be a deployment of rock catapults when the enemy is preparing to deploy gunpowder artillery.

The Brilliant Pebbles appear, at first sight, to have a certain attractiveness because, being light and relatively inexpensive, they can be deployed in relatively large numbers. Two aspects of SDI which are rarely brought out in discussion are surveillance and survivability. As we know, the Soviets have a KEW ASAT system and are working on ground-based laser (GBL) anti-satellite (ASAT) systems.

The U.S. ballistic missile surveillance capability—our early warning system, known as the Defense Satellite Program (DSP)—is limited to only a few satellites; and these are satellites which are incapable of defending themselves from enemy attack. Obviously it is highly advantageous for the Soviets to be able to knock these out and blind U.S. defenses. To improve the survivability of this system, the Air Force is considering dispersing the capability among many satellites.

Thus, instead of accomplishing the ballistic missile surveillance mission with a few very expensive satellites, the same mission would be accomplished with many relatively cheaper satellites. This approach makes the Brilliant Pebbles attractive, if they are to be put to the purpose of becoming Brilliant Eyes.

At about the same cost, the Soviets would be presented with many relatively low-value targets as opposed to the present situation in which they face just a few high-value targets. The loss of individual units is not such a blow to the

effectiveness of the whole system, and can be compensated for while leaving the system otherwise intact. As a weapons system, Brilliant Pebbles are not all that great; however, as a surveillance system (Brilliant Eyes) the system is more survivable than that presently in use. In fact, it is in the sensor, signal processing, and onboard computer areas that the Brilliant Pebbles push technology the most.

While this proposal seems attractive on its face, we would agree with some of its Air Force critics who would prefer to go the route of the initially more expensive, but in the end far more capable sensing devices.

It would appear that the real reason for the proposal to deploy the kinetic-kill Brilliant Pebbles, as a first-phase for a U.S. missile defense, has more to do with trying to patch up the increasingly precarious position of U.S. surveillance, communications, and intelligence satellites. Within the context of the existing U.S. strategic doctrine of Mutually Assured Destruction through Flexible Response, these satellites provide the means of early warning against a Soviet surprise first strike with intercontinental ballistic missiles.

The surveillance satellites would see the takeoff of the Soviet missiles in time to provide sufficient warning time to allow the U.S. to either get off a launch-on-warning retaliatory strike of its own, or to provide missile field commanders enough data on the incoming strike to mount a last-ditch defense, or both.

What defense? Today it would be the dust defense. The missile field commander would simply have to detonate some of his own warheads on the missiles in their silos at the right moment to loft rocks and dirt up in the air. The incoming Soviet warheads would then collide with the debris, and hopefully either be destroyed or detonated at sufficient standoff ranges to ensure the operational survivability of most of the U.S. missiles in that particular missile field. In any case, the surviving members of the U.S. National Command Authority would have realtime video tapes of the results of the initial engagement—in order to do proper damage assessment!

Soviet capabilities

It is well known that for many years the U.S.S.R. has tested and deployed a kinetic kill anti-satellite missile, that is a kinetic energy weapon anti-satellite (KEW ASAT). The Soviets launch a "killer" satellite into orbit which contains an explosive device. They then issue commands to the satellite to cause it to rendezvous with its target. When the satellite and target converge, they detonate the explosive.

More recently, the Soviets have deployed a ground-based laser with significant anti-satellite (GBL ASAT) capabilities as well. Given that laser light travels at the speed of light, many U.S. surveillance satellites—those over the Soviet Union at the time—could be destroyed or essentially disabled within seconds, instead of the hours apparently required for the KEW ASAT missile interceptor.

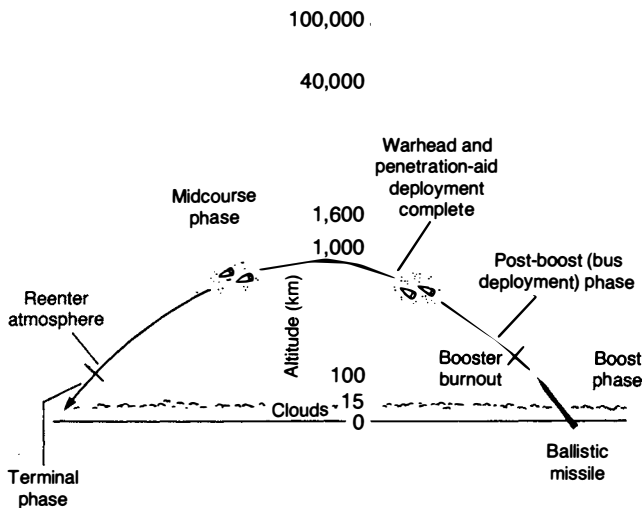
Despite the potential advantage of Brilliant Eyes over the existing early warning system, the U.S. Defense Satellite Program (DSP), competent military commanders—among whom the Soviet High Command are emphatically to be numbered—know that military superiority over an adversary requires constant scientific and technological advance. The faster the advancement the greater the superiority. Thus they welcome a high rate of technological attrition, which is built into their military budget.

The problems with the Pebbles

Detailed simulations have already shown that Brilliant Pebbles don't make it as missile defense systems. Summarily, this can be stated as: Shooting bullets with bullets is a very hard thing to do, even in the case where the bullet—the Brilliant Pebble—is actually traveling at twice the speed of the missile which it is attacking.

A satellite traveling in low-Earth orbit travels at about 7.61 kilometers per second (kps). An ICBM at burnout travels at about 6.5 kps. The Pebble would pick up velocity with a ΔV of somewhere between 4 to 6 kps, giving it a velocity of 11 to 14 kps in comparison with the missile which it is attacking.

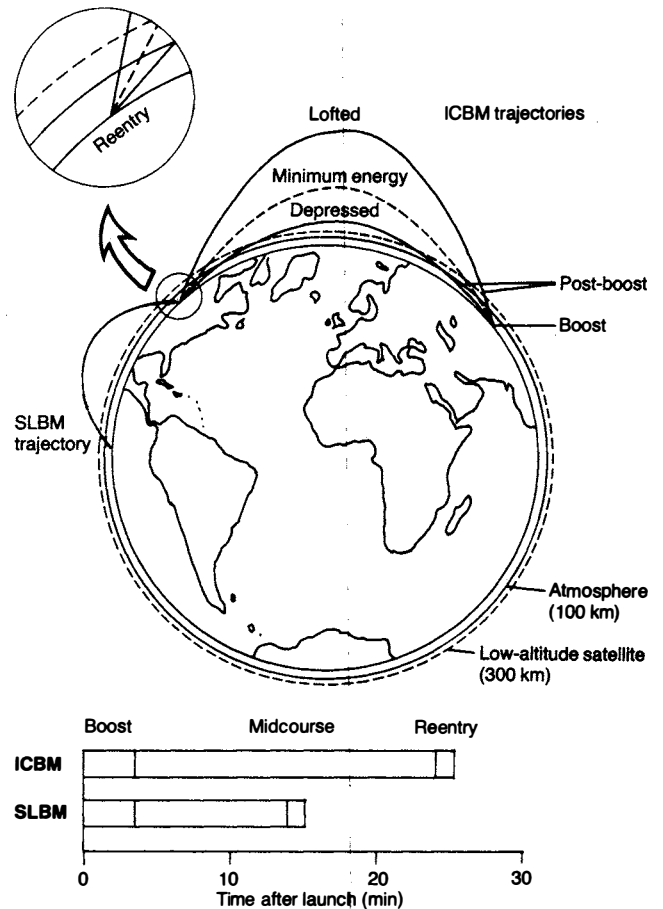
FIGURE 1
Phases of a typical ballistic missile trajectory



During the boost phase, the rocket engines accelerate the missile payload through and out of the atmosphere and provide intense, highly specific observables. A post-boost, or bus deployment, phase occurs next, during which multiple warheads and penetration aids are released from a post-boost vehicle. In the midcourse phase, the warheads and penetration aids travel on trajectories above the atmosphere, and they reenter it in the terminal phase, where they are affected by atmospheric drag.

This question of the relative speed of the Pebble versus its target missile, means that a considerable number of missiles must be orbiting over the Soviet Union at all times, in order to have any chance of effectiveness. The ratio of missiles in position to fire at ICBMs, to those in orbit in more distant locations is known as the absentee ratio. For every 10 Brilliant Pebbles which are deployed, about 1 will have an oppor-

FIGURE 2
Trajectory phases



The above diagram gives a truer picture of the trajectory of an intercontinental ballistic missile (ICBM range=10,000 km) traveling from Siberia to Chicago. A submarine-launched ballistic missile (SLBM range=5,000 km) trajectory is also shown in the lower left. Because of its much shorter path, the SLBM spends less time in space and moves at speed many times less than that of the ICBM. Because of its shorter time in space, the SLBM is less able to make use of lightweight decoys. The diagram also shows the rough trajectory of a low-Earth orbit for a satellite. Various ICBM trajectories can in principle be utilized: 1) depressed, 2) minimum energy—the trajectory that involves the least amount of rocket fuel, 3) lofted.

tunity to intercept a Soviet booster.

It is necessary to consider all four of the phases of flight of a ballistic missile (see **Figure 1** and **2**). In its first, booster stage, it is an extremely attractive target. This phase can last up to five minutes. The large missile is launched and is slowly accelerated to the velocity of 6-7 kps needed to travel "ballistically" from the Soviet Union to the United States.

During this boost phase the missile with its large engine exhaust makes an easy target to see and track. In the second, post-boost phase, the post-boost reentry vehicles (RVs), which actually carry the thermonuclear warheads, are deployed by the last rocket stage of the missile—what is called the post-boost vehicle (PBV). It resides in the nosecone of the intercontinental ballistic missile (ICBM). This deployment leads to having each RV take an entirely independent course, which sometimes means toward separate targets that are hundreds of miles apart.

This final stage of the rocket and its PBV is much more difficult to detect and track than the booster, because there is no large, hot, rocket-engine exhaust. The post-boost phase can last up to 10 minutes.

In the third phase—midcourse—the RVs fly ballistically, that is they literally fall to their targets in the United States. Because the RVs are flying through the relative vacuum of space, light-weight balloons and other decoys, which look like or hide the RV, can be deployed and fly along with the RV until the atmosphere is reentered. This is the most difficult phase for detection and tracking. The RV is cold and has no exhaust. Sensors designed to find and track RVs can even mistake stars for RVs. Decoys and other penetration aids greatly increase this difficulty.

Finally, in reentry or terminal phase, RVs return to the Earth's atmosphere traveling at high speed. This causes a large heat wave to engulf the RV which makes it easy to see and track again. This phase lasts only a few minutes.

Absentee ratios

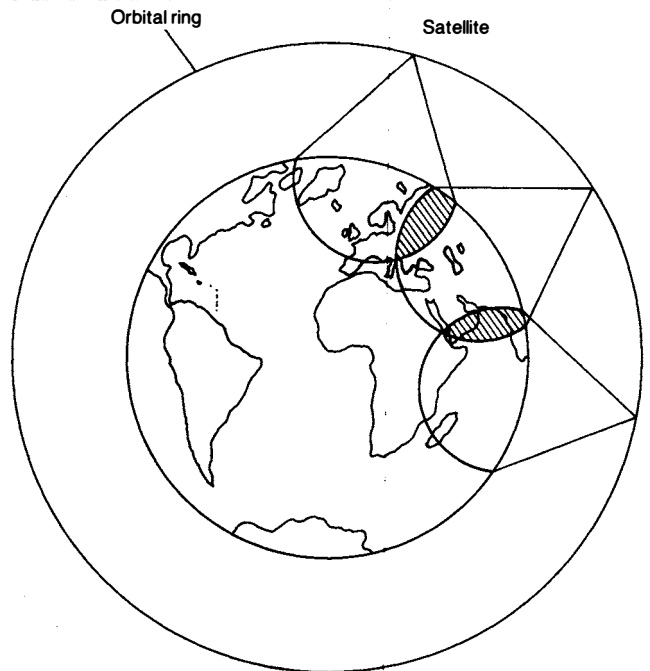
Brilliant Pebbles are thousands of small satellites that orbit the Earth once every 90 minutes. All of these orbits taken together form a constellation. This constellation can be considered to lie on the surface of a sphere whose radius is the radius of the Earth plus the Pebbles' altitude. The orbit of each Pebble forms a ring around the sphere. Relative to the center of the Earth, the sphere and the orientation of each Brilliant Pebble orbit or ring is fixed; it never changes.

The Earth spins on its axis within the Brilliant Pebbles constellation sphere once every 24 hours. At any moment of the day there is roughly a fixed number of Brilliant Pebbles over any part of the Earth, such as the U.S.S.R. In general they must be in the vicinity of their targets if they are to achieve a kill (**Figure 3**).

This is particularly so for the easiest kill, the boost-phase missile. Only Brilliant Pebbles near or over the U.S.S.R.

FIGURE 3

Requirements for global coverage by satellite



Brilliant Pebble space-based interceptors would be limited to intercepting missiles which fly through their cone of action. This cone—three of which are shown—is determined by the maximum velocity of the BP and its available flight time. To intercept a target anywhere over the Earth, the cones must intersect without gaps.

during ICBM launches can intercept boosters. Roughly, only 1 in 10 pebbles are over the U.S.S.R. during a ten-minute ICBM launch and are able to intercept boosters. This 1:10 figure is known as the boost-phase absentee ratio. Only about 2 out of 10 Pebbles will have an opportunity to intercept the final rocket-stage PBVs, and only about 4 of each 10 Brilliant Pebbles will be able to intercept RVs in their midcourse.

These intercept capabilities can be found by knowing the flyout range of the Brilliant Pebbles, the volume of space encompassing the trajectories of the targets, and the distribution of Pebbles over the Earth. For example, take the case of the absentee ratio for boost phase interception. We begin an approximate calculation by taking the land area of the Soviet Union compared to that of the entire Earth: 8,650,000 square miles divided by 197,000,000 square miles. (A more detailed calculation of this and other technical issues brought up in this article are discussed in the following technical appendix.) This equals 0.04, or 4%. This means that, given a Brilliant Pebbles deployment to cover the entire Earth, only 1 in 25 will be over the U.S.S.R. at any given time.

Since a Brilliant Pebble passes over the U.S.S.R. in about six minutes, the entire set of Brilliant Pebbles over the U.S.S.R. is replaced by a new set every six minutes. If boost phase lasts for about six minutes as well, then 2 out of every 25 Brilliant Pebbles will be able to engage the boosters.

Countermeasures

Because Brilliant Pebbles achieve kills by colliding at high speed with their targets—a kinetic energy kill—they are highly susceptible to countermeasures and decoys. Since a PBV can deploy decoys, flares, and other countermeasures, and since RVs are surrounded by penetration aids and the like, the probability of Pebble kill against PBVs and RVs is much less than against boosters. Countermeasures for boosters are not practical since they are such a “hot,” i.e. easily located, target. A decoy for a booster would have to essentially be a booster itself.

In midcourse, the RV deployed by an ICBM is a cold target. This means that countermeasures, decoys and the like, need not expend much energy to be effective. If decoys or countermeasures can confuse the Brilliant Pebble just enough so that its intercept trajectory is slightly in error, it will miss its target.

Boosters are the highest value targets for Brilliant Pebbles. The booster carries upwards of 10 to 20 RV warheads. Therefore, one Brilliant Pebble intercept of a booster is equal to 10 to 20 Brilliant Pebble intercepts of RVs. Also, the probability of a kill is highest for the booster stage.

If the boost-phase kills of the Brilliant Pebbles can be mitigated, the effectiveness of the entire Brilliant Pebble defense constellation can be called into question. This is especially the case when decoys and countermeasures are utilized during the PBV post-boost and RV midcourse phases.

Soviet possibilities for response

One way to mitigate Pebble booster kills would be for the Soviets to modify their existing deployed ballistic missile defense system.

The existing Soviet ABM defense system consists of short-range rockets deployed on the ground. These ABM interceptors could be easily converted into low-altitude anti-satellite ASAT systems, or what are called direct ascent ASATs (DAASAT). The missiles could be targeted to destroy the low orbital Brilliant Pebbles. (Brilliant Pebbles must fly in relatively low-Earth orbits in order to achieve boost-phase intercepts.)

This would work in much the same way in which the Soviet ABM interceptors are programmed to intercept incoming RVs which are reentering the Earth's atmosphere. And since Soviet ABM interceptors destroy their targets with a nuclear warhead detonated in the vicinity of the target, rather than by attempting to collide with only one target, U.S. countermeasures to defeat the Soviet potential nuclear DAASATs would probably have to be more sophisticated

than U.S.S.R. countermeasures to defeat Brilliant Pebbles.

The Soviets have a high incentive for reprogramming their ground-based ABM interceptors as DAASATs against a Brilliant Pebble deployment by the United States. First of all, the Pebbles that are over the U.S.S.R., and are, therefore, possible DAASAT targets, are also the majority of Brilliant Pebbles that can attack Soviet ICBMs in their boost-phase. Secondly, if the Soviets punch a hole in the constellation directly over the Soviet Union, their ICBMs can fly through the hole unscathed, leaving the Brilliant Pebbles with only the harder-to-kill and less valuable PBVs and RVs as targets. And lastly, recalling that the effective absentee ratio for Brilliant Pebble boost-phase interception is 10:1, this means that for every Pebble that a DAASAT kills, 10 additional Pebbles must be launched into orbit to replace it. Or, in other words, the cost of a DAASAT can be up to 10 times the cost of a Brilliant Pebble for a breakeven cost exchange.

The overall result of detailed simulations is that the Soviets could probably defeat the Brilliant Pebbles as a missile defense through reprogramming their ABM interceptors into DAASATs for two major reasons: 1) Brilliant Pebbles limited to operating against the post-boost and midcourse phases would have very low kill probabilities and would not therefore offer an effective defense of any kind at the projected Brilliant Pebble deployment levels. 2) For each Brilliant Pebble that a DAASAT could potentially kill, 10 more Brilliant Pebbles must be placed in orbit in order to maintain a boost-phase kill capability. And a DAASAT could cost 10 times more than a Pebble and still be a very cost effective countermeasure to the Brilliant Pebble missile defense. Therefore the Soviets could defeat the Brilliant Pebble for less than it cost the U.S. to deploy it.

The proponents of the Brilliant Pebble have been confronted with these results of detailed simulations. These proponents argue that the sensor, signal processing, and computer on each Brilliant Pebble will be very sophisticated and have sufficient capability to implement state-of-the-art discrimination algorithms so that the Brilliant Pebble will be able to defeat any conceivable PBV or RV countermeasures.

But when these claims are scrutinized in greater detail, it turns out that the deployment level of Brilliant Pebbles contemplated is not sufficient to mount a significant interception of RVs during the midcourse. That is, given the absentee ratio, and the large number of RVs, around 10,000 (and the additional numbers of RV decoys), it is virtually impossible for the Brilliant Pebbles to mount a significant interception capability. And, in fact, detailed analysis has shown that the Army's ground-based ERIS and HEDI ABM rocket interceptors are probably more effective against RVs in the late midcourse and reentry phases.

This has forced Brilliant Pebble proponents to base their claims on only one phase of the battle—the post-boost phase. This means that the Brilliant Pebbles would be attacking PBVs which are still deploying RVs and therefore contain

more than one warhead.

But as it turns out, the argument at this point degrades into an almost endless cycle of point versus counter-point. For example, the Brilliant Pebble critics point out that the Soviets could deploy fast-burn boosters and quick deployment PBVs so that RVs can be deployed almost immediately after booster burnout. This, together with DAASATs, would clearly defeat Brilliant Pebbles, but the Brilliant Pebble proponents argue back that this would be extremely costly for the Soviets.

The question of cost

In order to be an effective anti-ballistic missile weapon, the Brilliant Pebbles must prove that they are cost-effective relative to countermeasures. Are Soviet countermeasures potentially as costly as a Brilliant Pebble system? This is hard to answer, but likely not.

The more intelligent backers of Brilliant Pebbles do not directly address this cost issue, but go on to say, let the Soviets respond to Brilliant Pebbles with fast-burn boosters and single-RV PBVs. While they are switching over to these new ICBM systems and diluting their own directed energy beam weapons research and deployments, Brilliant Pebbles have bought us enough time—and have gotten the foot in the door—to begin deployment of Phase 2 of the SDI—lasers and particle beams.

That is, the Brilliant Pebble backers reply that directed energy weapons could then be deployed. Only these speed of light weapons have the firepower, range and mobility needed to shoot PBVs, RVs (and all their decoys and penetration aids if they have to) in an efficient, effective, and economic manner. And some Brilliant Pebble proponents then say that since the Soviets know that U.S. capability to go over to directed energy exists, this will dissuade them from converting their ICBM systems and leave Brilliant Pebbles forever as an effective defense against Soviet missiles. In other words: "We guarantee Brilliant Pebbles' effectiveness by threatening to deploy a more capable SDI." This is more reminiscent of Mutually Assured Destruction than of strategic defense.

In conclusion, Brilliant Pebble does not offer the kind of missile defense advertised. It is also a poor substitute for an upgraded and more survivable DSP surveillance, intelligence, and communications satellite system. Most significantly, Brilliant Pebble does not involve the sort of breakthroughs in science and technology represented by directed energy laser and particle beam weapons—breakthroughs which promise to revolutionize the civilian economy and help lead to the reindustrialization of the United States.

In an age of lasers and particle beams, Brilliant Pebbles will be totally outgunned. The Soviets are developing these directed energy weapons. Our commitment, therefore, must be to outpace them there, not to delay U.S. laser and particle beam work with Brilliant Pebbles.

Glossary

The following lexicon is intended to give the reader some tools to understand the language in which questions of anti-missile defense are usually couched.

The **Brilliant Pebble** is basically a kinetic energy weapon—a bullet hitting a bullet, that is a missile which intercepts a missile (see **Figure 4**). Thousands of Brilliant Pebbles would have to be placed in low-Earth orbit to provide any significant level of missile defense. The ERIS and HEDI are ground-based missile interceptors. ERIS would operate against incoming warheads which were still in space. The HEDI is designed for interception within the atmosphere during the reentry phase.

The Brilliant Pebble concept was the result of two long-term defense research projects: S-1, a computer R&D effort, and popeye, a major advance in sensor technology. The basic idea of BP is to combine breakthroughs in both areas of these "off-the-shelf" technology development programs to produce a cheap, small interceptor capable of intercepting missiles or their warheads during any phase of their trajectory.

Acquisition—searching for and detecting a potentially threatening object in space. An acquisition sensor is designed to search a large area of space and to distinguish potential targets from other objects against the backdrop of space.

Algorithms—rules and procedures for solving a problem.

Anti-satellite weapon—a weapon designed to destroy satellites in space. The weapon may be launched from the ground or an aircraft, or be based in space. The target may be destroyed by nuclear or conventional explosion, by collision at high speed, or by directed energy beam.

Architecture—description of all functional activities to be performed to achieve the desired level of defense, the system elements needed to perform the functions, and the allocation of performance levels among those system elements.

Ballistic missile—a guided vehicle propelled into space by rocket engines. Thrust is terminated at a predesignated time after which the missile's reentry vehicles are released and follow free-falling trajectories toward their ground targets under the influence of gravity. Much of a reentry vehicle's trajectory will be above the atmosphere.

Battle management—a function that relies on management systems to direct target selection and fire control, perform kill assessments, provide command and control, and

facilitate communications.

Boost—the first portion of a ballistic missile trajectory during which it is being powered by its engines. During this period, which usually lasts 3 to 5 minutes for an ICBM, the missile begins to dispense its reentry vehicles. The other portions of missile flight, including midcourse and reentry, take up the remainder of an ICBM's flight time of 25 to 30 minutes.

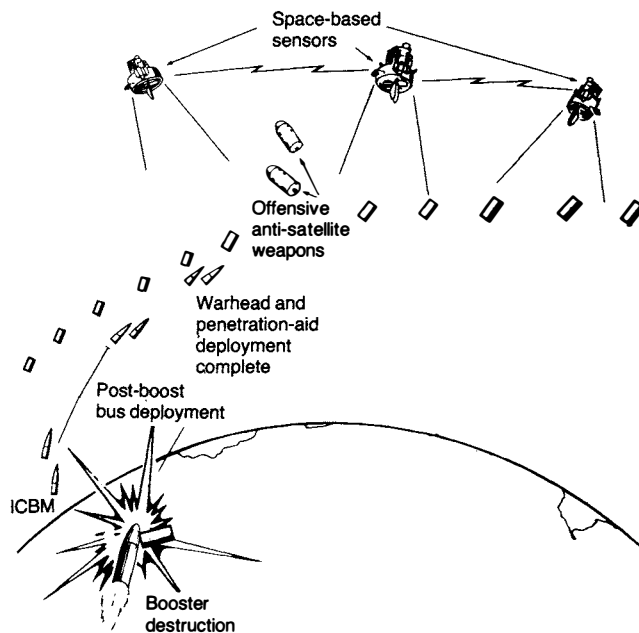
Booster—the rocket that propels the payload to accelerate it from the Earth's surface into a ballistic trajectory, during which no additional force is applied to the payload.

Brightness—the unit used to measure source intensity. To determine the amount of energy per unit area on target, both source brightness and source-target separation distance must be specified.

Bus—also referred to as a post-boost vehicle, it is the platform on which the warheads of a single missile are carried and from which warheads are dispensed.

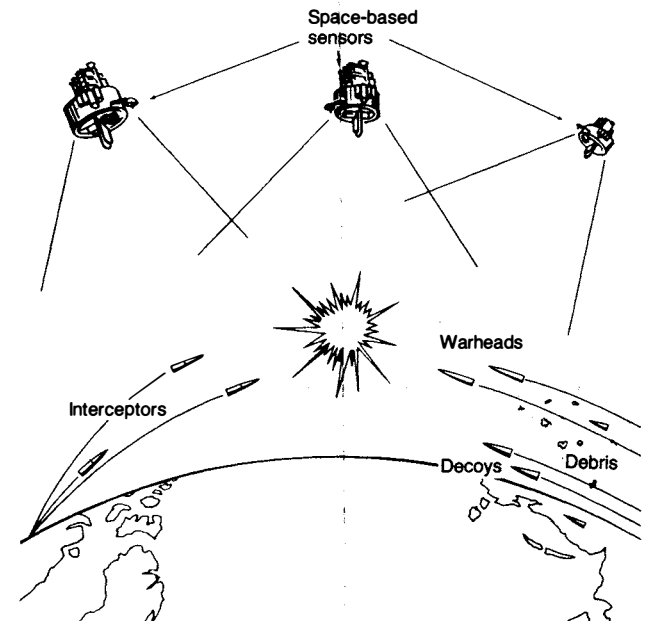
Carrier vehicle (CV)—A space platform whose principal function is to house the space-based interceptors in a

FIGURE 4a
Strawman concept for ballistic missile defense during the boost phase



The above shows Brilliant Pebble interceptors deployed in low-Earth orbit. These would have to detect a missile that has been launched and then fly on a course to intercept the path of the missile.

FIGURE 4b
Strawman concept for ballistic missile defense during the midcourse phase



protective environment prior to use.

Chaff—strips of frequency-cut metal foil, wire, or metalized glass fiber used to reflect electromagnetic energy, usually dropped from aircraft or expelled from shells or rockets as a radar countermeasure.

Chemical laser—a laser in which a chemical action is used to produce pulses of intense light.

Communication—information or data transmission between two or more ground sites, between satellite and a ground site.

Decoy—a device constructed to simulate a nuclear-weapon-carrying warhead. The replica is less costly and much less massive; it can be deployed in large numbers to complicate enemy efforts to read defense strategies.

Directed energy—energy in the form of atomic particles, pellets, or focused electromagnetic beams that can be sent long distances at, or close to the speed of light.

Directed energy device—a device that employs a tightly focused and precisely directed beam of very intense energy, either in the form of light (a laser) or in the form of atomic particles traveling at velocities at or close to the speed of light (particle beams). (See also Laser).

Discrimination—the process of observing a set of attacking objects and differentiating between decoys or other

non-threatening objects and actual threat objects.

Electromagnetic gun—a gun in which the projectile is accelerated by electromagnetic forces rather than by an explosion as in a conventional gun.

Endoatmospheric—within the Earth's atmosphere, generally considered to be at altitudes below 100 kilometers.

Engagement time—the amount of time that a weapon platform takes to negate (destroy or incapacitate) a given target. This includes not only firing at the target, but all other necessary weapon functions involved that are unique to that particular target.

Excimer laser—also called "excited dimer" laser, which uses the electrically produced excited states of certain molecules, such as rare gas halides (which produce electromagnetic radiation in the visible and near-ultraviolet part of the spectrum).

Exoatmospheric—outside the Earth's atmosphere, generally considered to be at altitudes above 100 kilometers.

Exoatmospheric Reentry Vehicle Interceptor Subsystem (ERIS)—the original name that refers to the Lockheed variant of a ground-based interceptor (GBI) that could be used in a strategic defense system.

Fluence—the amount of energy per unit area on target. (It should be specified whether this is incident or absorbed fluence.)

Gamma ray—electromagnetic radiation resulting from nuclear transitions and reactions.

Ground-based interceptor (GBI)—the generic name for a ground-based interceptor, such as ERIS.

Imaging—the process of identifying an object by obtaining a high-quality image or profile of it.

Interception—the act of destroying a moving target.

Intercontinental ballistic missile (ICBM)—a land-based ballistic missile with a range greater than 3,000 nautical miles, or roughly 10,000 km.

Kinetic energy—the energy from the motion of an object.

Kinetic energy interceptor—an interceptor that uses a nonexplosive projectile moving at very high speed to destroy a target on impact. The projectile may include homing sensors and on-board rockets to improve its accuracy, or it may follow a preset trajectory (as with a shell launched from a gun).

Laser (Light Amplification by the Stimulated Emission of Radiation)—a device for producing an intense beam of coherent light. The beam of light is amplified when photons (quanta of light) strike excited atoms or molecules. These atoms or molecules are thereby stimulated to emit new photons (in a cascade or chain reaction) which have the same wavelength and are moving in phase and in the same direction as the original photon. A laser may destroy a target by heating, melting, or vaporizing its surface. Laser light can be much more efficient, in terms of required energy, than kinetic energy weapons. When the light has sufficient power density,

the vaporization process generates a shockwave which rips a hole in the target. This process can require far less energy than a kinetic interceptor requires—and much shorter engagement times.

Layered defense—a defense that consists of several layers that operate at different portions of the trajectory of a ballistic missile. Thus, there could be a first layer (e.g., boost) of defense with remaining targets passed on to succeeding layers, i.e., post-boost, midcourse, terminal.

Leakage—the percentage of intact and operational warheads that get through a defensive system.

Midcourse—that portion of the trajectory of a ballistic missile between boost/post-boost and reentry. During this portion of the missile trajectory, the target is no longer a single object but a swarm of RVs, decoys, and debris falling freely along present trajectories in space.

Non-nuclear kill—a destruction of a target that does not involve the use of a nuclear explosion. While kinetic energy kills involve greater total energies than directed energy weapons, directed energy weapons can achieve power densities like those found with nuclear kills. But with a laser directed beam weapon, only the small spot of the beam on the target has this high-power density.

Nuclear kill—a nuclear explosion that destroys a target. Exploded at high altitudes or in space, nuclear detonations can destroy RVs and their warheads at up to distances of several kilometers from the detonation point. The kill mechanism is usually that of a shockwave-induced destruction generated by the intense x-ray burst deriving from the nuclear fireball. In fact, most of the energy of nuclear explosion is initially in the form of x-rays. But, when exploded in the atmosphere, the x-rays are absorbed by the air and the energy is converted into a shockwave. In space the x-ray burst can travel hundreds and even thousands of miles, though the burst intensity may only be sufficient for killing targets a few kilometers away.

Particle beam—a stream of atoms or subatomic particles (e.g. electrons, protons, or neutrons) accelerated to nearly the speed of light.

Penetration aid—a device, or group of devices, that accompanies a reentry vehicle during its flight to misdirect defenses and thereby allow the RV to reach its target.

Post-boost—the portion of a missile trajectory following boost and preceding midcourse.

Post-boost vehicle (PBV)—the portion of a missile payload that carries the multiple warheads and has maneuvering capability to place each warhead on its final trajectory to a target. (Also called a "bus.")

Reentry vehicle (RV)—The part of a ballistic missile that carries the nuclear warhead to its target. The RV is designed to reenter the Earth's atmosphere in the terminal portion of its trajectory and proceed to its target. The RV is usually shaped like a cone and has a very tough heat shield for atmospheric reentry and is thus a hard target to kill.

The missile intercept problem

1) BP flight time to booster is

$$t_f = t_{BO} - t_0 .$$

2) Consider the *vertical* flight of the BP. At what elevation angle must the BP be fired to intercept booster at its burnout point? Intercept occurs when two objects arrive at the same place at the same time (**Figure 5**). To arrive at h_{BO} at time t_{BO} the BP must fly downward at the following speed:

$$V_v = (h_{BO} - h_0) / t_f .$$

This neglects BP acceleration due to firing of its engine. That is, it assumes the acceleration time is short.

If we now assume the earth is flat and neglect gravity effects (the resulting errors are small if the BP flight time is much less than the period of the BP orbit: since flight times are about 5 minutes, and the BP orbital period is about 90 minutes, the assumption is a good one), the vertical

component of the BP's *total* speed is given by

$$V_v = \Delta V \sin E .$$

Thus we have

$$-1 \leq \sin E = (h_{BO} - h_0) / \Delta V t_f \leq 1$$

and

$$\cos E = \sqrt{1 - \sin^2 E} .$$

Now, t_f spans a range of values, depending on when the BP is fired relative to booster launch, that is, the value of t_0 . The largest possible value of t_0 for an intercept is given by

$$\frac{h_0 - h_{BO}}{\Delta V (t_{BO} - t_{0_{max}})} = 1 .$$

Therefore

$$t_{0_{max}} = t_{BO} - (h_0 - h_{BO}) / \Delta V .$$

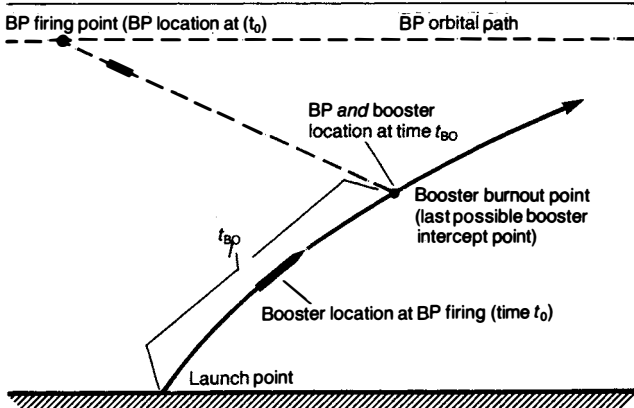
If $t_0 > t_{0_{max}}$, intercepts are not possible. The minimum possible value of t_0 is zero. *Corresponding to $t_{0_{min}}$ and $t_{0_{max}}$ are a minimum and maximum value of E for which intercepts are possible.*

3) Consider the *horizontal* flight of the BP. At what azimuth angle must the BP be fired to intercept the booster? Assuming a BP's orbit passes directly over the booster intercept point, the horizontal speed of the BP fired at the intercept point is

$$V_H = V_0 + \Delta V \cos E .$$

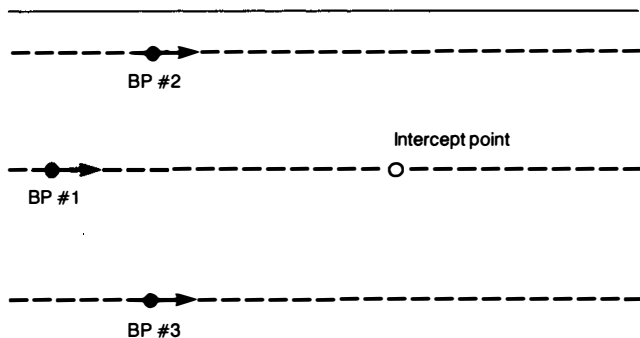
But what about the situation in which the BP's orbit is to the "left" or "right" of the intercept point (see **Figure 6**)? BPs #2 and #3 in Figure 6 can also fire their engines and reach the intercept point.

FIGURE 5
BP intercepting a booster



All times measured relative to booster launch.

FIGURE 6



BP's #2 and #3 can also fire their engines and reach the intercept point.

We define an (x,y,z) coordinate system with origin at the intercept point. Let the z axis be "up" and the x axis be parallel to the BP orbital plane (see Figure 7). The BP must fire at some relative azimuth α , as shown in Figure 7, to reach the intercept point.

The equations for the BP's velocity in terms of the three components "down," "forward," and "left or right" are

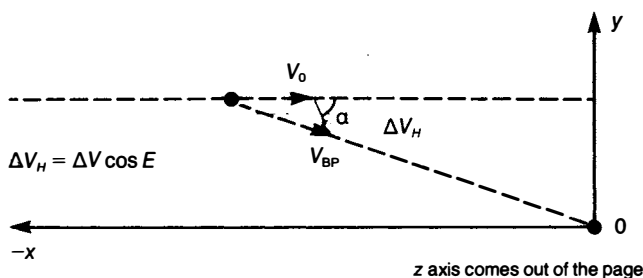
"forward": $V_x = V_0 + \Delta V \cos E \cos \alpha$

"left or right": $V_y = \Delta V \cos E \sin \alpha$

"down": $V_z = \Delta V \sin E$ (equivalent to V_v)

FIGURE 7

The coordinate system



An (x,y,z) coordinate system with origin at the intercept point. The z axis is "up" and the x axis is parallel to the BP orbital plane. The BP must fire at some relative azimuth α to reach the intercept point.

where E = elevation angle from BP's local horizontal, up being positive, and

α = azimuth angle from BP's local vertical, clockwise being positive.

The total absolute speed of the BP is given by

$$V_{BP} = \sqrt{V_x^2 + V_y^2 + V_z^2}$$

Note that V_x and V_y lie in the horizontal plane and that V_H is the maximum value of V_x , as well as being the maximum value of the "vector sum" of V_x and V_y , that is,

$$V_H \geq \sqrt{V_x^2 + V_y^2}$$

The angle α can be solved for in much the same way that we solved for E . For an intercept, we must have

$$V_y = y/t_f \text{ and } V_x = x/t_f$$

Therefore

$$\sin \alpha = \frac{y}{\Delta V t_f \cos E} \text{ and } \cos \alpha = \frac{(x/t_f) - V_0}{\Delta V \cos E}$$

Of course, the above equations are subject to the restrictions that

$$-1 \leq \frac{y}{\Delta V t_f \cos E} \leq 1$$

and

$$-1 \leq \frac{(x/t_f) - V_0}{\Delta V \cos E} \leq 1$$

These restrictions impose limits on x and y for given values of ΔV , t_f , E , and V_0 .

Given a y , ΔV , t_f , and E , the above equations tell us what azimuth is required and how far downrange (value of x) the BP must be to yield an intercept.

It is extremely useful to solve for x and y in terms of the other parameters. Two forms of the solution are possible:

$$\tan \alpha = \sin \alpha / \cos \alpha = y / (x - V_0 t_f)$$

Therefore

$$y = (x - V_0 t_f) \tan \alpha, \quad 0 \leq \alpha \leq \alpha_{\max}$$

Rather than the above parametric form, an explicit form

Notation

h_{BO}	=	Altitude of booster burnout point
t_{BO}	=	Time from booster launch to booster burnout (length of boost-phase portion of trajectory)
t_0	=	Time from booster launch to firing of BP
t_f	=	BP flight time to BP/booster intercept point
h_0	=	Altitude of BP orbit
V_0	=	BP orbital speed
	=	$\sqrt{\mu/(R_e + h_0)}$, μ =gravitational constant = 398601.2 km ³ /sec ² R_e =radius of earth = 6378 km
ΔV	=	BP gain in speed due to the firing of its propulsion system
V_{BP}	=	BP total speed
V_x	=	BP in-plane component of total speed after firing
V_y	=	BP cross-plane component of total speed after firing
V_z	=	BP vertical component of total speed after firing
V_H	=	Maximum value of V_x
V_v	=	Same as V_z
E	=	Local elevation angle at which BP is pointed and fired
α	=	Local azimuth angle at which BP is pointed and fired
x	=	Distance from booster intercept point in same direction as BP orbital velocity
y	=	Distance from booster intercept point perpendicular to x in the horizontal plane
z	=	Vertical distance up from booster intercept point
N	=	Total number of satellites in orbit
$N_{S/R}$	=	Number of satellites per orbit ring
N_R	=	Number of orbit rings
N_Δ	=	Number of satellites in a region
$\Delta\nu$	=	Angular spacing between satellites in a ring
$\Delta\phi$	=	Angular spacing between rings where they cross the equator

without α can be found, namely

$$\sin^2\alpha + \cos^2\alpha = \frac{y^2}{(\Delta V t_f \cos E)^2} + \frac{(x - V_0 t_f)^2}{(\Delta V t_f \cos E)^2}.$$

Therefore

$$y^2 + (x - V_0 t_f)^2 = \Delta V^2 t_f^2 - z^2, \quad z = h_0 - h_{BO},$$

which is the equation for a circle centered at $y=0$, $x = -V_0 t_f$, and of radius $r = \sqrt{\Delta V^2 t_f^2 - z^2}$. Note that we have substituted for $\cos E$ from section (2) above. Thus, for t_f a maximum, the above expression defines the largest circle for which a BP on the circle's perimeter can intercept a booster at the booster burnout point. Recall that V_0 is dependent on the BP altitude.

We define the region enclosed by the family of circles corresponding to all feasible values of t_f as the BP boost-phase firing zone.

4) Boost-phase battle space. The locus of all regions over the earth containing BPs that can intercept boosters (firing zones) is known as the boost-phase battle space. These are roughly circles (exactly circles for a flat earth) offset from the booster burnout points. The direction of the offset depends on the orbital velocity of the BP, that is, the offset lies on a BP ground track that passes under the booster burnout point.

For BPs in polar orbits (passing over north and south poles) traveling north and south over booster launch complexes, the boost-phase battle space is as shown in **Figure 8**.

5) Number of BPs in boost-phase battle space. If N_B is the number of boosters, then there must be *at least* N_B BPs in the total boost-phase battle space to intercept all of the boosters.

6) Distribution of BPs over the earth. Suppose BPs are placed in polar orbits (orbit passes over North and South poles) and that the spacing of BPs at the equator is uniform at some instant in time (see **Figure 9**). If $N_{S/R}$ is the number of BPs (satellites) per ring, then

$$\Delta\nu = 2\pi/N_{S/R}.$$

For uniform spacing at the equator (to ensure uniform coverage against submarine launched missiles),

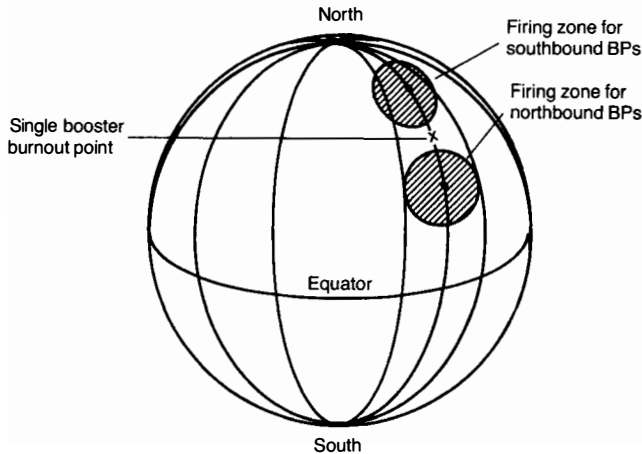
$$\Delta\phi = \Delta\nu,$$

the number of rings is given by

$$N_R = \pi/\Delta\phi,$$

FIGURE 8

The boost-phase battle space



The locus of all firing zones defines the battle space.

and the total number of satellites is given by

$$N = N_{SIR} N_R$$

Suppose a specified region over the earth requires a certain number of BPs to be found within it at every instant, or conversely, given a constellation, suppose we wished to find the number of objects within a specified region. The relevant equation for a uniformly spaced polar constellation is

$$N_{\Delta} = N(\Delta \text{ longitude}/2\pi)(\Delta \text{ latitude}/\pi)$$

$$= N(\Delta \text{ longitude (deg)}/360)(\Delta \text{ latitude (deg)}/180).$$

If 500 BPs are required to be in a band with $\Delta \text{ latitude} = 60^\circ$ and $\Delta \text{ longitude} = 90^\circ$, the total number of BPs on orbit, assuming a polar constellation of uniform spacing, is

$$N = N_{\Delta} (360/\Delta \text{ long})(180/\Delta \text{ lat})$$

$$= (500)(4)(3)$$

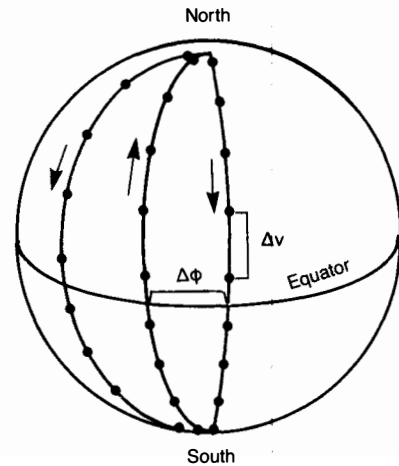
$$= 6000.$$

Note that the *absentee ratio* for the region is 1/12.

Roughly half of the BPs in the band are traveling northbound and half are traveling southbound. Thus the band must contain both northbound and southbound BP firing zones if all of the BPs in the band are to be targeted to boosters.

FIGURE 9

Distribution of BPs over the earth



To ensure counter-rotating rings, N_R must be an odd number.

The absentee ratio as defined above is the *instantaneous* absentee ratio, that is, the fraction of BPs within firing zones at any instant. If all the boosters are launched simultaneously, the *instantaneous absentee ratio* is equivalent to the *battle absentee ratio*. If boosters are launched over a certain time span, however, new BPs enter the firing zones as boosters are launched. In this case, the battle absentee ratio may be *more or less* than the instantaneous value, but is *less* for typical scenarios.

Suppose, for example, that 1,000 ICBMs are launched over a ten-minute span. Suppose further that BPs enter (and leave) the firing zones at a rate of 100 BPs per minute. (This is easy to calculate given the firing zones and the BP constellation.) For all the boosters to be intercepted, the *rate* of booster launches must be less than the *rate* of BP entry into the firing zones. For our example, therefore,

$$1000 \text{ ICBMs}/10 \text{ min} \leq 100 \text{ BPs}/\text{min}.$$

Therefore all ICBMs can be targeted.

The *battle absentee ratio* is 1/6 for a 6,000 BP constellation. The sizing of a BP constellation for extended booster launches is straightforward.

Simultaneous launches cause the greatest absentee ratios, and hence this scenario must be used to size the BP constellation if simultaneous launches are a possible threat. The BP constellation gains in utility as the battle is stretched out over time.

Abraham Lincoln's enemies must still be defeated

by Lyndon H. LaRouche, Jr.

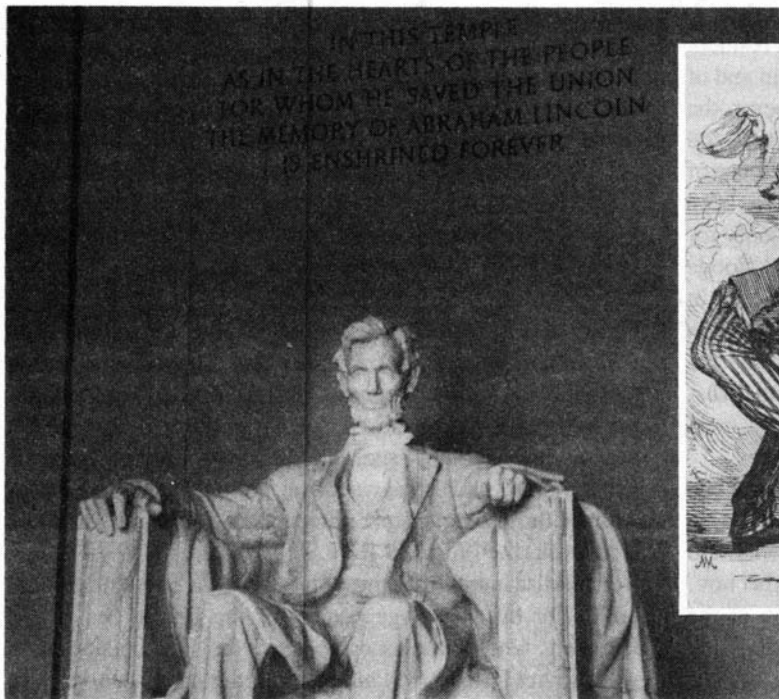
Mr. LaRouche was asked by EIR's editor to comment on the 125th anniversary of the surrender of the Confederacy at Appomattox on April 9, 1865, which brought the American Civil War to a close. The imprisoned American statesman's remarks follow here:

I'll start with a message on the subject of the Soviet recent references and comparison of Gorbachov to Lincoln, beginning with the Akhromeyev and Yazov statements of last mid-year.

Back in the old days there were some brothers, called the Foner brothers. These were communists; they were communist ideologues, and particularly ridiculous ideologues. They were considered by some of us as the original communist model for the Hollywood creation, "The Three Stooges"—not the Marx brothers, though the Foners I think at times would have been esteemed to have been the Marx brothers, especially Eric, a fellow associated with Columbia University, now lecturing in Moscow.

From these Foner sources comes the most obscene concept of the postwar period, perhaps—maybe not the most obscene, but at the moment, it's obscene beyond belief—and that is, to compare Gorbachov, in his attempt to repress Lithuania and others, with President Abraham Lincoln, and to treat the Balts, together with the Ukrainians and others, as the Confederates, and Gorbachov, as the forces of the Union. This, of course, is pure sophistry of the type one would expect from Hollywood's Three Stooges. However, such low humor, such low comedy, coming from a powerful state, the Soviet state, through such powerful and menacing channels as General Akhromeyev and Defense Minister Yazov, is no laughing matter: It is satanic. What is worse, is the tendency of some in Washington, as well as the expected gaggle of inveterate old communists in the United States, and fellow travelers, to welcome Foner and Foner's dogma, as transmitted through Gorbachov's military representatives—particularly as this dogma is represented in practice against Lithuania.

Well, sorry, Foner, you missed again. Lincoln would be on the opposite side



The Lincoln Memorial in Washington honors the man who not only saved his country but gave hope to all of humanity. Inset, British hatred of the great Civil War President is seen in this racist cartoon attacking Lincoln for signing the Emancipation Proclamation in 1863.

on this, and would recognize what Gorbachov is, and would look closely at the relationship between that disgusting British nanny, Prime Minister Margaret Thatcher, and the object of that nanny's obscene, middle-aged or mid-life crisis crush upon the rather ugly, monstrous, and thuggish Czar of All the Russias, Czar Mikhail Sergeyevich Gorbachov.

British traitors and the Confederate States

The issue here in understanding Lincoln is not looking at the mere empty formalities of the U.S. federal Union; it was obvious to those such as Lincoln back in the middle of the 19th century, that the United States as a federal Union must be preserved, not merely for some formal reason, but because the United States and the federal Union embodied a principle of republicanism, which must be defended for the sake of United States' people and for the sake also of all humanity.

The enemy in that period was not a couple of poor fools around Atlanta, the ancestors of some of the internal enemies of the United States today. The enemy in Atlanta—as around August Belmont, the traitor in New York City, and head of the Democratic Party at that time, and others—was in London. The Confederacy was a concoction invented in London, and steered from London, to the intent of the destruction of the United States, to render the United States so vulnerable by means of civil conflict and division that the British fleet, supported by France's Napoleon III, who was an asset of London since an early age, would take over the Western Hemisphere and readily subjugate the United States to Metternichean forms of

balance-of-power negotiations among: the Union on the one side; the Confederate States, a kind of Nazi-like Spartan dictatorship over slaves and poor whites on the other side; a West Coast entity; an expanded Canadian entity; and so forth and so on. They would thus eradicate from the hemisphere, once and for all, that principle of law upon which the United States had been founded.

So, in Lincoln's time, the issue was not the formality of Union versus the Nazi-like Confederacy, centered on Atlanta, or centered among the family of Teddy Roosevelt, later President; the issue was essentially republicanism against oligarchism. The issue was the same as in the American Revolution.

We broke from Britain in the American Revolution because it was morally intolerable to subject our people to the system of philosophy and law represented by the puppet government of the British East India Company—the puppet government of King George III.

The issue in the 1850s and 1860s, was the same. The British interests, continuing the tradition of King George III's Jeremy Bentham, were determined to destroy the United States with aid of traitors centered originally in Boston, Connecticut, and New York, centered around the families of Harvard, Yale, and so forth, and also centered in the families of Atlanta: the Atlanta Confederacy, the Magnolia Mafia. These people represented that against which we had fought in the United States War of Independence; they had been traitors, British agents ever since, and *they were simply British traitors* in the middle of the 19th century.

Lincoln and Landsbergis

The issue is the same in Russia. In this case, President Landsbergis of Lithuania bears the mantle of Lincoln and of George Washington; whereas Gorbachov is the emperor, the Czar of All the Russias—that is, the manager of that zoo called the Soviet Union, that zoo which is a captive house of various species of nationality. The zookeeper wishes to keep human beings in a condition of subjection suitable only for animals in a zoo. Now, only a stooge, a communist stooge as disgusting as Eric Foner, could, among Americans, see in such a situation, any likeness between President Abraham Lincoln, the great statesman of the federal Union, and the great thug, Czar Mikhail Sergeyevich, Czar of All the Russias, and the captive house of nationalities. Now that must be said first; we must keep a clear perspective.

There are many conflicts in European civilization. The essential conflict, as identified by Friedrich Schiller, is a conflict between the tradition of Spartan slavery—a tradition which continues through Nazism, through Czar Gorbachov, and through my enemies of the oligarchical faction of the U.S. today—on the one side, and on the other side, the tradition of Solon of Athens—the republican reforms of Athens under Solon's leadership, a tradition which leads through Christian civilization in Western Europe later, into the U.S. Constitution, our Declaration of Independence, our federal Union, and Abraham Lincoln. These two are absolute opposites; and we must be prepared if necessary to die for the latter in order to accomplish at the same time the obliteration of the former. Its evil has been suffered much too long. It is now time for it to go, and may Foner and Gorbachov go and take one another with them.

Otherwise, on the subject of Lincoln and science: It was axiomatic, so to speak, from the onset of the Republic, that we could prosper only by fostering energy-dense or power-dense capital-intensive investment in technological and scientific progress. That is uttered in Treasury Secretary Alexander Hamilton's 1791 "Report to the Congress on the Subject of Manufactures"; it was echoing the quarrel with Britain, in which, during the 1760s, Benjamin Franklin was the spokesman for the United States, himself embodying a commitment to participation in science and fostering of scientific progress. That is Lincoln's tradition: Lincoln's fostering of the Department of Agriculture, in order to establish the transmission of new technologies, such as that of Justus Liebig in chemistry to the American farmer, so that our prosperity might be increased.

On the other hand, the opposite side is that of today's environmentalists, such as Russia's Gorbachov, the Czar of All the Russias, Mikhail Sergeyevich.

Lincoln's is that to which we're committed; without that we shall suffer; without that we are suffering and have been for the past 25 years, ever since the malthusian insanity was injected into Washington as policy, first, under President Johnson on a small scale, and then, on a rip-roaring scale

increasingly, under Nixon and his successors. This is the same issue. It expresses itself in the conflict between us and Gorbachov today.

Two cultures

You can express the conflict between the heritage of Sparta and Solon's Athens in many ways. Sparta represents Nazism; Sparta also represents communism, particularly bolshevism. Even if you strip away the appurtenances of ideological bolshevism from Moscow, and you go back to the Czar—that is, Ivan Grozny, rather than the Romanovs—you still get the same conflict: Russia today (Great Russia, under Gorbachov), is, like Himmler's Nazi Germany, in the tradition of Sparta. Gorbachov is in the tradition of the Magnolia Mafia, those families such as the James Bullocks and the Elihu Roots, which spawned the political phenomenon as well as the biological phenomenon of President Theodore Roosevelt, the President Roosevelt who created the FBI as a Bonapartist institution quite literally, as a political thought police for his New Age control of the United States; the President whose circles established the first collaboration with Soviet Russia with aid of the grain cartel people from the Twin Cities; the Theodore Roosevelt who established the New Age party, which he discreetly named the Progressive Party, which gave us much of our tradition of brain-dead but rabid radicalism, poisoning the United States internally today.

There are two cultures: One is a culture based on reason, the culture of Solon, and the other is the culture based on evil, arbitrary power, the power of an oligarchy, which considered itself a law unto itself against all power, against the Creator of the Universe. That's the conflict between Gorbachov and the human race, between Gorbachov and the heritage of Abraham Lincoln. Only a communist stooge such as Foner, could, like a court jester of the new satanic regime in Moscow, confuse the two.

The 'Gorbachov is Lincoln' fraud

by Mark Burdman

With the aid of historical revisionists at Columbia University and other institutions in the West, the Soviet propaganda apparatus has unleashed a "big lie" campaign claiming that President Gorbachov's brutal policies in Lithuania and his overall assumption of dictatorial policies in the U.S.S.R. has a precedent: U.S. President Abraham Lincoln's conduct during the American Civil War.

This line popped up in 1989 in the Soviet Foreign Minis-

try's *International Affairs* English-language magazine, and from the entourage of Soviet Defense Minister Dmitri Yazov when he visited the Gettysburg battlefield in July 1989. The campaign gathered steam, on the eve of the 125th anniversary of Lincoln's death. According to the *International Herald Tribune* March 24, a seminar has recently been held at Moscow State University, with Soviet students studying the American secession crisis of the 1850s. The discussion director is Columbia University historian Eric Foner, who is quoted by the *International Herald Tribune*: "There really is a genuine parallel between Lincoln and Gorbachov. Lincoln's position, like Gorbachov's, was that a union, no matter how it was formed, cannot be abandoned. The question is: who decides? Gorbachov and Lincoln contend that the entire union must decide. The Lithuanians, of course, resent the parallel because they consider themselves illegally occupied."

On March 14, the Soviet weekly *Literaturnaya Gazeta* ran an interview conducted in New York with another Columbia University professor, who stated that historical justification for Gorbachov's assumption of extraordinary powers in the U.S.S.R. can be found in Lincoln's actions during the Civil War. On March 20, Soviet journalist Mikhail Brukh was interviewed on the British Broadcasting Corp.'s "Today" program. After defending the deployment of Soviet troops and the KGB in Lithuania as a "good warning" to the Lithuanians from Moscow that the Soviet Union must "stay together," Brukh expressed the wish that Gorbachov would take inspiration from Lincoln's message to the U.S. Congress of July 4, 1861. Brukh quoted from parts of that speech, including where Lincoln spoke of "elevating the condition of man," and creating an "unfettered start and a fair chance."

There is no question that the "Gorbachov-Lincoln parallel" is becoming a central legal component of the ongoing U.S.-Soviet "condominium" relationship in the effort to find a justification for what the Soviets are doing in the Baltic. One can imagine the U.S. State Department and U.S. Department of Justice staffs burning the midnight oil trying to come up with all sorts of historical sophistries to "prove" this point, hoping that knowledge of history is so weakened in the United States that people will accept the fraud. They might be reminded, that it was Lincoln himself who warned, "You can fool all of the people some of the time, and some of the people all of the time, but you can't fool all of the people all of the time."

Not 'conceived in liberty'

The condominium is attempting to establish an equivalence between Lincoln's efforts to preserve a constitutional republic that was "conceived in liberty," and Gorbachov's efforts to preserve a multinational Greater Russian empire. That empire, by its very existence and essential principles, rejects the principles enumerated in Lincoln's 1863 Gettysburg Address, such as the famous "dedicated to the proposi-

tion that all men are created equal." The Soviet empire is premised on the belief in the racial superiority of Russians and/or Slavs.

Another insidious trick is to make an equivalence between the secession of the southern U.S. states and the declaration of independence proclaimed by Lithuania. Lithuania was forcibly annexed by Stalin in 1940, in the context of the Hitler-Stalin Pact, one of the monstrous criminal acts of this century. The southern states had joined the republic voluntarily and in several cases—Virginia, South Carolina, North Carolina, and Georgia—had been among the 13 colonies that joined to form the American Republic and to go to war against Great Britain. Even in the case of Texas, the one Confederate state that had been an independent republic from 1836-45, there is not the slightest parallel, since Texas voluntarily joined the American Union in 1845.

In the light of natural law, it is President Vytautas Landsbergis and his countrymen, rather than the Russians, who have the moral force of Lincoln's deeper arguments on *their* side. For a population that is historically part of Western culture like the Lithuanians, living in the Greater Russian empire is a form of subjection, if not outright slavery, given that the Soviet Union has been a dictatorial police state in which basic freedoms are denied. For Americans in particular, the Lithuanians' March 11 proclamation should be most reminiscent of the 1776 *American Declaration of Independence*, which is the moment in time that Lincoln refers to in his Gettysburg Address: "Four score and seven years ago . . ."

Still another hoax is the comparison between Gorbachov's recent acquisition of presidential emergency powers and Lincoln's alleged use of such powers. To some extent, that image of Lincoln as a "dictatorial President" is projected in Gore Vidal's historical novel *Lincoln*. But whatever one makes of what Lincoln did, the fact is that Lincoln was always President during a situation of hostilities to suppress an armed insurrection. This was a civil conflict, admittedly, but one with international involvements and implications. It was also the bloodiest conflict in American history. The Soviet Union is not now in the middle of civil war. Is Moscow intending to initiate one? Has Moscow already initiated one? If so, who is at war with whom? Have the Soviets already pre-calculated losing millions of people in this war?

As absurd as the Lincoln-Gorbachov parallel may be, it has many features that are particularly useful to the Soviets at this point. It is a historical fact that Russia helped Lincoln's Union forces during the Civil War. Without such help the Union's victory would have been much harder to achieve, because the Russian intervention was crucial in neutralizing direct interference of Great Britain on the Confederacy's side. The 1860s Russian-American cooperation happened during a period when republican tendencies were strong in both Washington and Moscow, in the latter case with Alexander II's freeing of the serfs modeled to a large degree on

Lincoln's Emancipation Proclamation.

By invoking the Lincoln-Gorbachov parallel, the Soviets are implying that the U.S. owes a debt to the Soviet Union. Never mind that the Bolsheviks overthrew the czarist state that helped the United States, nor that all the arguments cited already make this claim ridiculous. But unfortunately, the George Bush who invaded Panama is no Abraham Lincoln. That invasion occurred soon after the Bush-Gorbachov Malta summit, where the next phases of the superpower condominium were worked out. Did Gorbachov extract such a promise in Malta?

Of Harrimanites and Theosophists

It is no surprise that Columbia University should be in the forefront of this revisionist campaign. Columbia University is a hotbed of pro-appeasement Harrimanite influence, including having an Averell Harriman Institute for the study

of the U.S.S.R. It was at Columbia that certain crucial U.S.-Soviet "Trust" axes were built up, such as the relationship between Zbigniew Brzezinski and Aleksander Yakovlev, the men who later became the respective Rasputins of Jimmy Carter and Mikhail Gorbachov. Yakovlev attended Columbia in the 1950s, in the years before he became the Soviet Union's influential ambassador in Canada.

There is one last point to make about an East-West operation to "assassinate Lincoln again." Although Alexander II was a Lincoln ally, certain Russian-linked American networks were involved in crucial aspects of the coverup of the 1865 Lincoln assassination. Colonel Olcott, a co-founder of the gnostic Theosophy movement with Russian intelligence operative Madame Blavatsky, was head of a commission that was founded to look into the Lincoln assassination, and which buried all the relevant truths about why Lincoln was assassinated.

Discoveries and inventions

Abraham Lincoln's favorite speech of the 1860 presidential campaign, sets forth the basic philosophical principles of the American System of political economy.

Reprinted from The Civil War and the American System, America's Battle with Britain, 1860-1876, by Allen Salisbury, Campaigner Publications, New York, 1978.

All creation is a mine, and every man a miner.

The whole earth, and all *within* it, *upon* it, and *round about* it, including *himself*, in his physical, moral, and intellectual nature, and his susceptibilities, are the infinitely various "leads" from which, man, from the first, was to dig out his destiny.

In the beginning, the mine was unopened, and the miner stood *naked*, and *knowledgeless*, upon it.

Fishes, birds, beasts, and creeping things, are not miners, but *feeders* and *lodgers* merely. Beavers build houses; but they build them in nowise differently, or better now, than they did, five thousand years ago. Ants and honey bees provide food for winter; but just in the *same way* they did, when Solomon referred the sluggard to them as patterns of prudence.

Man is not the only animal who labors; but he is the only one who *improves* his workmanship. This improvement he effects by *Discoveries* and *Inventions*. His first important discovery was the fact that he was naked; and his first invention was the fig-leaf apron. This simple article, the apron, made of leaves, seems to have been the origin of *clothing*—the one thing for which nearly half of the toil and care of

the human race has ever since been expended. The most important improvement he ever made in connection with clothing, was the invention of *spinning* and *weaving*. The spinning jenny, and power loom, invented in modern times, though *great improvements*, do not, *as inventions*, rank with the ancient arts of spinning and weaving. Spinning and weaving brought into the department of clothing such abundance and variety of material. Wool, the hair of several species of animals, hemp, flax, cotton, silk, and perhaps other articles, were all suited to it, affording garments not only adapted to wet and dry, heat and cold, but also susceptible of high degrees of ornamental finish. Exactly *when*, or *where*, spinning and weaving originated is not known. At the first interview of the Almighty with Adam and Eve, after the fall, He made "coats of skins, and clothed them" (Genesis iii: 21).

The Bible makes no other allusion to clothing, *before* the flood. Soon *after* the deluge Noah's two sons covered him with a *garment*; but of what *material* the garment was made is not mentioned (Genesis ix: 23).

Abraham mentions "*thread*" in such connection as to indicate that spinning and weaving were in use in his day (Genesis xiv: 23), and soon after, reference to the art is frequently made. "*Linen breeches*" are mentioned (Exodus xxxviii: 42), and it is said "all the women that were wise-hearted did *spin* with their hands" (Exodus xxxv: 25), and, "all the women whose heart stirred them up in wisdom *spun*

goats' hair" (Exodus xxxv: 26). The work of the "weaver" is mentioned (Exodus xxxv: 35). In the book of Job, a very old book, date not exactly known, the "weaver's shuttle" is mentioned.

The above mention of "thread" by Abraham is the oldest recorded allusion to spinning and weaving; and it was made about two thousand years after the creation of man, and now, near four thousand years ago. Profane authors think these arts originated in Egypt; and this is not contradicted, or made improbable, by anything in the Bible; for the allusion of Abraham, mentioned, was not made until after he had sojourned in Egypt.

The discovery of the properties of *iron*, and the making of *iron tools*, must have been among the earliest of important discoveries and inventions. We can scarcely conceive the possibility of making much of anything else, without the use of iron tools. Indeed, an iron *hammer* must have been very much needed to make the *first* iron hammer with. A *stone* probably served as a substitute. How could the "gopher wood" for the Ark have been gotten without an axe? It seems to me an axe, or a miracle, was indispensable. Corresponding with the prime necessity for iron, we find at least one very early notice of it. Tubal-Cain was "an instructor of every artificer in *brass* and *iron*" (Genesis iv: 22). Tubal-Cain was the seventh in descent from Adam; and his birth was about one thousand years before the flood. After the flood, frequent mention is made of *iron*, and *instruments* made of iron. Thus "instrument of iron" at Numbers xxxv: 16; "bedstead of iron" at Deuteronomy iii: 11; "the iron furnace" at Deuteronomy iv: 20, and "iron tool" at Deuteronomy xxvii: 5. At Deuteronomy xix: 5, a very distinct mention of "the ax to cut down the tree" is made; and also at Deuteronomy viii: 9, the promised land is described as "a land whose stones are iron, and out of whose hills thou mayest dig brass." From the somewhat frequent mention of brass in connection with iron, it is not improbable that brass—perhaps what we now call copper—was used by the ancients for some of the same purposes as iron.

Transportation—the removal of persons and goods from place to place—would be an early *object*, if not a *necessity*, with man. By his natural powers of locomotion, and without much assistance from discovery and invention, he could move himself about with considerable facility; and even, could carry small burthens with him. But very soon he would wish to lessen the labor, while he might, at the same time, extend, and expedite the business. For this object, wheel-carriages, and water-crafts—wagons and boats—are the most important inventions. The use of the wheel and axle has been so long known, that it is difficult, without reflection, to estimate it at its true value. The oldest recorded allusion to the wheel and axle is the mention of a "chariot" (Genesis xli: 43). This was in Egypt, upon the occasion of Joseph being made governor by Pharaoh. It was about twenty-five hundred years after the creation of Adam. That the chariot then men-

tioned was a wheel-carriage drawn by animals is sufficiently evidenced by the mention of chariot *wheels* (Exodus xiv: 25), and the mention of chariots in connection with *horses* in the same chapter, verses 9 and 23. So much, at present, for land transportation.

Now, as to transportation by *water*, I have concluded, without sufficient authority perhaps, to use the term "boat" as a general name for all water-craft. The boat is indispensable to navigation. It is not probable that the philosophical principle upon which the use of the boat primarily depends—to wit, the *principle*, that anything will float, which cannot sink without displacing more than its own *weight* of water—was known, or even thought of, before the first boats were made. The sight of a crow standing on a piece of drift-wood floating down the swollen current of a creek or river, might well enough suggest the specific idea to a savage, that he could himself get upon a log, or on two logs tied together, and somehow work his way to the opposite shore of the same stream. Such a suggestion, so taken, would be the birth of navigation; and such, not improbable, it really was. The leading idea was thus caught; and whatever came afterwards, were but improvements upon, and auxiliaries to, it.

As man is a land animal, it might be expected he would learn to travel by land somewhat earlier than he would by water. Still the crossing of streams, somewhat too deep for wading, would be an early necessity with him. If we pass by the Ark, which may be regarded as belonging rather to the *miraculous* than to *human* invention, the first notice we have of water-craft is the mention of "ships" by Jacob (Genesis xlix: 13). It is not till we reach the book of Isaiah that we meet with the mention of "oars" and "sails."

As man's *food*—his first necessity was to be derived from the vegetation of the earth, it was natural that his first care should be directed to the assistance of that vegetation. And accordingly we find that, even before the fall, the man was put into the garden of Eden "to dress it, and to keep it." And when afterwards, in consequence of the first transgression, *labor* was imposed on the race, as a *penalty*—a *curse*—we find the first born man—the first heir of the curse—was "a tiller of the ground." This was the beginning of agriculture; and although, both in point of time, and of importance, it stands at the head of all branches of human industry, it has derived less direct advantage from Discovery and Invention, than almost any other. The plow, of very early origin; and reaping, and threshing, machines, or modern invention are, at this day, the principal improvements in agriculture. And even the oldest of these, the plow, could not have been conceived of, until a precedent conception had been caught, and put into practice—I mean the conception, or idea, of substituting other forces in nature, for man's own muscular power. These other forces, as now used, are principally, the *strength* of animals, and the *power* of the wind, of running streams, and of steam.

Climbing upon the back of an animal, and making it carry

If the South had won the war, we'd all be slaves

I came across this speech of Abraham Lincoln's in 1978 while I was researching the various economic battles taking place in America prior to and just after the American Civil War. The manuscript of the speech was thinly bound and covered with about 20 years of dust at the University of Pennsylvania, which has the country's largest open-stack library. The inscription inside the cover described the speech as Lincoln's favorite stump speech. I have yet to see this speech reprinted in any other of Lincoln's collected works heretofore published.

Despite the popularity of the "country-western" song "If the South Had Won the War, We'd Have It Made," nothing could be further from the truth: In fact, we'd all be slaves. As Lincoln and others well knew, the American Civil War was fomented over years by the British oligarchy and their obedient servants in both the North and the South. These would-be aristocrats were from the same families who were Tories in the Revolutionary War against the British Crown.

Their intention was to set up in America a collection of feuding entities that could be continually manipulated into warring with each other, and thus, end forever the American Republic which had become the hope of the world.

In Lincoln's speech printed here, he clearly enunciates his view of mankind as distinct from that of the feudalist. For Lincoln, as it was for those who fought the Revolution, man was more than a beast or a chattel slave; man had a divine spark which separated him from the beasts of this Earth, and it was the duty of civilization to continually accentuate and celebrate this difference—although I know some in the animal rights movement will violently disagree with this view.

For Lincoln, man is the only being who constantly

improves the conditions of his life. "This he does through science and discoveries," he states in this speech. Lincoln goes on to use the Bible to show how man continues to improve his livelihood and his society by the use of discoveries and inventions. In this, Lincoln is clearly following the command of Genesis, which beseeches us to go forth and "have dominion" over nature, to "be fruitful, and multiply."

The would-be feudalists who fomented the Civil War conceived of man as no better than a beast. Both medieval and latter-day feudalists see themselves, not as seeking dominion over nature, but as "stewards" who, by virtue of power and some mythical birthright, would assign the rest of civilization to stations in life while they lord over us.

This oligarchical concept of "stewardship" has even been inserted in the new editions of the Bible replacing the command of Genesis to "have dominion" over nature. This concept of stewardship has been uttered by President Bush and his environmentalist friends as they seek to wipe out whatever commitment to scientific and technological progress that is left in America. This view of mankind was thoroughly endorsed by the Confederacy's President Jefferson Davis and his British sponsors. Indeed, many who fought for the Republic along with Lincoln blamed the spread of feudal ideologies on Sir Walter Scott, whose novels extolling the virtues of aristocratic pastoral life were popular in the South and among would-be aristocrats generally. This is not to denigrate those thousands of men who died, flying the Confederate flag. Indeed, even today there are those "good old boys" who fly the rebel flag, as if to protest the injustices done to the South after the war. But I can assure them that if that flag were flying over our country instead of the Stars and Stripes, they would not have it made—they'd be slaves.

There is no better time than now to reprint this speech by President Lincoln, not just because April 14 is the 125th anniversary of his assassination, but so it will remind all of us of those principles upon which the nation was founded so we will be better able to fight those who are seeking to destroy those principles now.

—Allen Salisbury

us, might not occur very readily. I think the back of the camel would never have suggested it. It was, however, a matter of vast importance. The earliest instance of it mentioned, is when "Abraham rose up early in the morning, and saddled his ass" (Genesis xxii: 3), preparatory to sacrificing Isaac as a burnt-offering; but the allusion to the *saddle* indicates that riding had been in use some time; for it is quite probable they rode bare-backed awhile, at least, before they invented saddles.

The *idea*, being once conceived, of riding *one* species of animals, would soon be extended to others. Accordingly we find that when the servant of Abraham went in search of a wife for Isaac, he took ten *camels* with him; and, on his return trip, "Rebekah arose, and her damsels, and they rode upon the camels, and followed the man" (Genesis xxiv: 61).

The *horse*, too, as a riding animal, is mentioned early. The Red Sea being safely passed, Moses and the children of

Israel said to the Lord “the *horse* and his *rider* hath he thrown into the sea” (Exodus xv: 1).

Seeing that animals could bear *man* upon their backs, it would soon occur that they could also bear other burthens. Accordingly we find that Joseph’s brethren, on their first visit to Egypt, “laded their asses with the corn, and departed thence” (Genesis xlii: 26).

Also it would occur that animals could be made to *draw* burthens *after* them, as well as to bear them upon their backs; and hence plows and chariots came into use early enough to be often mentioned in the books of Moses (Deuteronomy xxii: 10; Genesis xli: 43; xlii: 29; Exodus xiv: 25).

Of all the forces of nature, I should think the *wind* contains the largest amount of *motive power*—that is, power to move things. Take any given space of the earth’s surface—for instance, Illinois; and all the power exerted by all the men, and beasts, and running-water, and steam, over and upon it, shall not equal the one hundredth part of what is exerted by the blowing of the wind over and upon the same space. And yet it has not, so far in the world’s history, become proportionably *valuable* as a motive power. It is applied extensively, and advantageously, to sail-vessels in navigation. Add to this a few wind-mills, and pumps, and you have about all. That, as yet, no very successful mode of *controlling*, and *directing* the wind, has been discovered; and that, naturally, it moves by fits and starts—now so gently as to scarcely stir a leaf, and now so roughly as to level a forest—doubtless have been the insurmountable difficulties. As yet, the wind is an *untamed*, and *unharnessed* force; and quite possibly one of the greatest discoveries hereafter to be made, will be the taming, and harnessing of it. That the difficulties of controlling this power are very great is quite evident by the fact that they have already been perceived, and struggled with more than three thousand years; for that power was applied to sail-vessels, at least as early as the time of the prophet Isaiah.

In speaking of *running streams*, as a motive power, I mean its application to mills and other machinery by means of the “*water wheel*”—a thing now well known, and extensively used; but, of which, no mention is made in the Bible, though it is thought to have been in use among the Romans. (Am. Ency.-Mill), the language of the Saviour “Two women shall be grinding at the mill, etc.” indicates that, even in the populous city of Jerusalem, at that day, mills were operated by hand—having, as yet had no other than human power applied to them.

The advantageous use of *Steam-power* is, unquestionably, a modern discovery. And yet, as much as two thousand years ago the power of steam was not only observed, but an ingenious toy was actually made and put in motion by it, at Alexandria in Egypt. What appears strange is, that neither the inventor of the toy, nor any one else, for so long a time afterwards, should perceive that steam would move *useful* machinery as well as a toy.

American Civil War: republic vs. empire

by Anton Chaitkin

The American Civil War was the climax of a continuous struggle that has raged from colonial times, and has yet to be decided.

The question posed in that war, and in all American politics, is as follows:

Should the U.S.A. exist as a powerful, independent nation? Should it be the example and partisan of freedom, so that all peoples gain independence and industrial power, and the world breaks free of the grip of empires?

During April we commemorate the 125th anniversary of the end of the Civil War, and of the assassination of President Abraham Lincoln. Dishonest men today smear Lincoln’s name and wildly distort the facts of the Civil War, claiming the Russian empire is acting “like Lincoln” in its military attack on Lithuania.

We may get closer to the truth of the matter, if we examine certain aspects of the Civil War which appear at first glance not to require much analysis. 1) When was the war fought? 2) What were the two sides? 3) Who won?

The chronology of secession

The full-scale war of 1861-65 was preceded by earlier skirmishes between the United States and the secessionist political movement.

With encouragement from the British ambassador to the United States, former Vice President Aaron Burr led a band of frontier mercenaries down to the new Louisiana territory in 1806. His objective was to seize money and arms in New Orleans, then combine Spain’s Mexico colony and the U.S. west under himself as emperor. President Jefferson arrested Burr for treason, and Burr’s adventure never amounted to a popular movement.

But Burr and his circle defined secessionism from then on: a British-backed movement, based in Boston and South Carolina, to eliminate the threat of American republicanism, and to subject the Western Hemisphere to European imperial rule. During the second U.S. war against Great Britain

(1812-15), the British party among wealthy Bostonians worked for the secession of New England. The majority of northern citizens sided with the nationalist, patriotic South, so the traitorous Hartford Convention of 1815 was a fiasco.

A mercurial English immigrant radical, Thomas Cooper, became president of South Carolina College and started a movement to nullify the federal tariff laws in the mid-1820s. Here the British Free Trade movement was trying to inflame the slave owners to revolt, either to stop the industrialization program of the nationalists, or to break up the Union.

By 1832 the Nullifiers dominated South Carolina. The federal government avoided a civil war by lowering the tariff and threatening force.

The British party in Virginia (the trans-Atlantic Tucker family), South Carolina (the Scottish Rite of Freemasonry), and Georgia (the Lamar family), staged a more ambitious secession attempt in 1850. President Zachary Taylor, himself a Louisiana planter, vigorously opposed the secessionists' schemes against the western territories. President Taylor indicted Scottish Rite leader and secession organizer John A. Quitman for an "Iran-Contra"-style plot to conquer Cuba. But Taylor died in office immediately thereafter, and it took a compromise drafted by the aging Sen. Henry Clay to pull the country back from the brink of separation.

The imperial party, controlling the James Polk administration, marched the U. S. A. to war against Mexico in 1846-47. Throughout the 1850s the same imperialists sent small mercenary armies (called "filibusters") into Mexico, the Caribbean, and Central America. They announced their objective: one vast empire of Negro slavery from the Ohio River to the bottom of South America. The most spectacular adventurer was William Walker, who proclaimed himself dictator of Nicaragua, reinstated Negro slavery in Central America, and allied his cause to the European empires. He was twice arrested by the U. S. Navy, and twice released through imperial influence.

Congressman Abraham Lincoln led the opposition to the Mexican War in 1847. Lincoln devoted five years of the next decade to intensive self-education, preparing for the inevitable showdown with the imperialists. Abraham Lincoln's 1860 election to the presidency prompted the South Carolina secessionists to declare the United States dissolved. Lincoln denounced their action as a fraud, a 30-year-long conspiracy falsely claiming to act in the name of the people of the South.

But the secession party seized control of 11 states. South Carolinians fired on the U.S. Fort Sumter and all-out war began in April, 1861.

Who was fighting whom?

According to current popular history, the Civil War was a conflict between the northern and southern sections of the United States, fought largely in Virginia. American and European strategists of that era viewed the struggle in an entirely

different light.

The international reality is immediately apparent in the opposing naval strategies. At the outbreak of the war, the Union set up a blockade of the southern coast, aiming to reduce the flow of British arms to the Rebellion. Meanwhile, James D. Bulloch, uncle of the future President Theodore Roosevelt, purchased a "Southern Navy" in England for the destruction of the American merchant fleet.

An active secessionist party caused great tension in the new state of California, while Oregon's Sen. Joseph Lane was the 1860 vice presidential running mate with John C. Breckinridge for the secessionist wing of the Democrats. California's pro-Union Democratic leader, David Broderick of San Francisco, was killed in an 1859 duel by a thug operative of the secessionists, who were known alternately as the "Chivalry" or the "Vigilantes."

The Pacific Coast was vulnerable because no road or rail line had yet made a connection with the settled East. The western anti-Union party hoped to pull the Pacific Coast states into the orbit of the British and French empires, who were bombarding and invading China and Southeast Asia as the American Civil War began. The U.S. Navy and Consul Townsend Harris had opened up Japan to republican development in the 1850s, while American Protestant missionaries spread the ideas of technological progress and self-government in Hawaii and South Asia. President Lincoln, looking to the future of the American West tied to a republican Asia, began the construction of the transcontinental railway.

With the U.S. military tied down by the Rebellion, British and French armies invaded Mexico and installed a Hapsburg as emperor. Spain invaded Peru. The British organized a gruesome war of extermination by Brazil and Argentina against tiny Paraguay, which had followed the "dangerous" U.S. example and industrialized itself.

At the outset of the war, the all-white Union army was strongly racist. Lincoln's Emancipation Proclamation of Jan. 1, 1863, and the courageous performance of the newly formed Negro troop units, changed the nature of the war. America and the world now saw it as a fight for freedom on behalf of all humanity.

During Abraham Lincoln's four-year presidency, he instituted measures which were to fundamentally alter American society and the international status of the country. Five national railroads were commissioned. A steel industry was forced into existence through a 50% tariff. Banking reforms forced interest rates down and channeled investment into productive industry and agriculture. Free farmland ("homesteads") was available for all families. Free government-run colleges were established in each state. A Department of Agriculture was created, to bring European science to American family farmers. By the 1880s, largely because of the Lincoln economic reforms, the United States had leapt ahead of Britain as the world's greatest industrial power.

The London-New York-Boston financial axis always bit-

terly opposed the nationalist economic and political program which Abraham Lincoln advocated throughout his career. At the time of Lincoln's murder, April 14, 1865, the President was engaged in a showdown with the Anglo-American banking syndicate over whether British gold would rule America's finances. The Southern commander Robert E. Lee had surrendered only five days before.

Abraham Lincoln, a devotee of Shakespearean dramas, had shaped the world's largest armed force, ended slavery, and begun the largest industrialization program in history. He was not the kind of man those financiers wanted to have leading a peaceful world.

Who won the Civil War?

U.S. troops were deployed to the Texas-Mexico border at the end of the war, to support and to transfer arms to Benito Juárez's nationalist forces. The French imperial army withdrew in 1867, and the Mexicans executed "Emperor" Maximilian with the encouragement of Gen. Ulysses S. Grant. Victorious federal troops occupied the southern states from 1865 to 1876. During that time southern blacks began to live as free citizens in a racially mixed society. When the protective troops left the south, blacks effectively lost the right to hold office, and they were still economically oppressed and mostly uneducated.

In the 1870s and 1880s, some southerners who had been in Lincoln's prewar Whig Party disguised themselves as Democrats and began building industry, especially railroads. Rail lines spread through southern Virginia, Tennessee, Kentucky, and Georgia. A steel industry sprang up in Alabama.

Then the London-New York banking syndicate moved in, bought up the railroads and the mills, and crushed competitive industrialists. By the turn of the century, J.P. Morgan and his junior cohort, E.H. Harriman, dictated to the South. Almost all American business was soon trustified under Morgan's control. The idea of southern industrial development was canceled. The Harriman family, enthralled with new racist theories which would later be called "fascism," moved into Virginia and popularized British-modeled fox hunting as a pastime for the Better People.

Theodore Roosevelt was catapulted into the U.S. presidency shortly after his inauguration as vice president, when President William McKinley was shot to death in 1901. Teddy Roosevelt's family background typified the leadership of the imperial party which shaped the 1861-65 attack on the U.S.A.: on his father's side, Wall Street finance loyal to the British Empire; on his mother's side, Georgia-born Confederate spies acting in New York and England.

Teddy Roosevelt reversed the outcome of the American Civil War. Lincoln's programs for railroads and farm construction were ended. The frontier was declared closed, western settlement was discouraged. Under the Roosevelt social experiment called "conservation," massive land areas were frozen as permanent government reserves. Other huge land

areas were given free to friendly plutocrats such as Harriman and Weyerhaeuser, who promised not to allow cities, farms, or factories to be built.

Consider today's "environmentalism." Compare it with the mind and goals of Lincoln, the most important builder of industry in American history. Compare it again with Theodore Roosevelt, the apostle of White Empire.

Abraham Lincoln was a passionate advocate for the justice of national liberation in the tropical countries. Teddy Roosevelt threw U.S. muscle into the collection of debts for the London-centered banking syndicate. Gunboats enforced imperial dictates against Latin America. Under the new regime, the concept of pro-republican Yankees was eliminated, and its memory has been carefully erased from our history books.

Wall Street's Sullivan and Cromwell law firm is a fascinating study in the crushing and mocking of the idea of America by the imperial party, defeated in the Civil War, rising to power again in the 20th century. Founder Algernon Sullivan was a Confederate agent jailed by the Union, and an intimate family friend of the Roosevelts. His protégé, William Cromwell, organized Harriman railway employees in Colombia's Panama province to revolt in 1903, and stole Panama for Teddy Roosevelt. Cromwell later brought John Foster Dulles into the firm.

The imperial party began reversing the racial outcome of the Civil War in the 1890s. Harvard University, meanwhile, was cooking up a racist nightmare, pseudoscientific mystical biological theories which would be exported to Germany and Italy. Under President Theodore Roosevelt, southern blacks lost the rights that remained to them from the conclusion of the Civil War. *It was in this period that the Jim Crow race segregation laws, designed at Harvard University, were imposed on the people of the South.*

The southern reader may perform an experiment in his or her locality: Observe the date on your town's statue or plaque honoring the Confederate rebellion. Likely, it was put up during the 1901-09 presidency of the northern aristocrat, Theodore Roosevelt. Washington, D.C. is now very much as the most radical secessionist of 1861 might have hoped it would be. Its aristocratic leaders are allied to the old world imperialists. They have presided over the collapse of America's once-proud industrial might. The armed forces are shrunk, and prohibited from their mission of deterring the imperial Russian enemy; but a feudalist general is dispatched to invade and wreck Panama. Imported dope has restored slavery to the American scene, while imperial banks process the immense profits—as long as the bubble lasts.

But today's world is inspired by new struggles for freedom, as profound as that led by Abraham Lincoln. If the U.S.A. can be returned to its proper role as champion of that fight, American patriots have grounds for hope that we may recover the nation that was saved in 1865, and lost again in our own time.

Ukrainians back Lithuanian independence, ready their own

by Luba George

On April 1, in defiance of a Soviet ban, mass rallies in support of independent Lithuania called by the Ukrainian national movement Rukh, involving over 300,000 people, were held in at least nine major cities of Ukraine, by far the largest of the U.S.S.R.'s non-Russian republics. In the capital of Kiev, 30,000-50,000 demonstrated in a sea of blue and yellow Ukrainian national flags. In the western Ukraine metropolis of Lvov (Lviv), over 100,000 took part, while in the western Ukrainian cities of Ivano-Frankovsk and Ternopol, the count was 50,000 each.

In Kiev, the crowd roared its approval to a Rukh resolution denouncing Gorbachov for "interfering in the internal affairs of the independent republic of Lithuania." In Lvov, Ivano-Frankovsk, and Ternopol, the crowds also approved a Rukh resolution calling for an "all-Ukraine [political] strike . . . if the imperial pressure on Lithuania continues." The crowds in Lvov chanted slogans such as "Hands off Lithuania" and "Ukraine and Lithuania are sisters."

Rukh's program calls for a post-independence economic confederation among Lithuania, Belorussia, Ukraine, Czechoslovakia, and Poland.

Each of the Rukh demonstrations was peaceful, except in the mining city of Donetsk, the region which led last summer's coal miners' strikes. There, authorities tried to brutally suppress the demonstration, but failed when crowds reassembled and marched on the city center.

Rapid growth of Rukh

These demonstrations, which have established Ukraine as the main center of support inside the Soviet Union for beleaguered Lithuania, are themselves a measure of how rapidly the internal crisis threshold in the Soviet Union has lowered since this year began. It was only last September that Rukh held its founding congress in Kiev, which was

highlighted by the attendance of a Polish Solidarnosc delegation led by Adam Michnik, a former political prisoner and now editor of the daily *Gazeta Wyborcza*.

In a very short time, Rukh developed into a mass movement, as its 500-kilometer human chain demonstration of 1 million on Jan. 22 for Ukraine's independence proved. Soon after that, Moscow abandoned its overtly hostile stance towards Rukh, registering it as a legal informal association on Feb. 9.

Rukh's next significant victory was the March 11 elections for the new Ukrainian parliament. Rukh and Rukh-supported candidates, organized in the electoral alliance called the Democratic Bloc, won 110 of the 440 seats, and in many of the big cities, won overwhelming majorities, smashing the candidates from the Communist Party. In Kiev, Rukh won 16 of 22 election districts; it swept all districts in the western cities of Lvov, Ternopol, and Ivano-Frankovsk, as well as in some eastern industrial centers, such as Donetsk and Sumy.

These candidates won on a platform which delineated the following basic principles that would create the political conditions for independence: 1) genuine political and economic sovereignty; 2) a multi-party system, and the abolition of Article 6 of the U.S.S.R. Constitution, which guarantees the leading role of the Communist Party; 3) an economic system based on a variety of forms of ownership, with equal rights to all enterprises; 4) a cultural renaissance and the free development of the Ukrainian language and culture and the cultures of all other national groups living in the republic, including Russians and Jews; 5) freedom of religion, including the legalization of the Ukrainian Catholic Church and the Ukrainian Autocephalous Orthodox Church; and 6) the preparation of a new constitution of the Ukrainian Republic that would guarantee sovereignty and political rights based on internationally accepted human rights laws.

Rejection of chauvinism, anti-Semitism

Leaders of Rukh and its allies are acutely aware of the danger of the current revolutionary upsurge being diverted into the trap of national chauvinism. As Michnik of Solidarnosc told an interviewer in Toronto, Canada at the end of 1989: "Either we choose the road of constructing some sort of community that would resemble Western Europe—and this will not be an anti-Russian community; there is a place for Russians, and it is an important place, but the Russians must understand that they must now make a break with the habit of Great Russian chauvinism . . . or, on the other hand, nationalist, chauvinist orientations will gain the upper hand in our countries. And then we will be doomed to a bloody conflict that will bring only harm to our nations. Whereas in concord, agreement, we will win together." ("Report on the U.S.S.R.," Jan. 5, 1990.)

Rukh has waged a continual, and very successful, campaign against Russian and all other forms of chauvinism and anti-Semitism. It has systematically exposed and preempted what it calls "Moscow's divide and rule tactics" of pitting one nationality against another. At Rukh's founding congress, all nationalities were represented who live in Ukraine, including the large Jewish community. Rukh founding member Burakovsky gave a speech on behalf of the Kiev Jewish community, in which he stressed that "Ukrainians and Jews are feeling a real harmony."

Rukh's secretariat passed a resolution against anti-Semitism which denounced the Russian chauvinist organization Pamyat for its so far unsuccessful attempts to launch anti-Semitic pogroms in Ukraine. According to the resolution, which was distributed as a leaflet at the recent demonstrations: "The executive of the Popular Movement of Ukraine (Rukh) expresses its indignation and sense of outrage with regard to the anti-Semitic actions and statements of Pamyat and similar chauvinistic associations. The provocative articles which recently appeared in *Nash Sovremennik*, *Molodaya Gvardiya*, *Literaturnaya Rossiya*, and *Sovetskaya Rossiya*, the chauvinistic plenum of the Supreme Soviet of the R.S.F.S.R., the meeting of the 'Black Hundreds' in Red Square, and finally the recent appeals of emissaries from Pamyat calling for an anti-Semitic action on May 5, 1990—these are all links in the same vile chain. . . .

"The provocateurs operate on the basis of the old chauvinistic concept of 'one and indivisible imperial Russia,' refusing to recognize the rights of non-Russian nations and peoples in the U.S.S.R. striving for independence; they call on anti-Semitic actions, while forging the prison shackles and chains for all of us, including the Russian people. The words and deeds of these followers of Puryshkevych and Shulgin, of Stalin and Beria are trying to disgrace our country before all of civilized humankind. These words and actions cast a shadow of Hitler's national-socialism on our country.

"On behalf of thousands of its members and on behalf of many millions of honest citizens of Ukraine—Rukh sympa-

thizers—the Rukh leadership categorically and resolutely states its unequivocal support of the Jewish population and its readiness to defend its dignity, peace, and life. Rukh will not allow these provocateurs to violate the unity, friendship, and spirit of brotherhood of the peoples of Ukraine. . . . Our Jewish brothers and sisters! Rukh is with you!"

Leaders of Rukh, starting with its chairman, the writer Ivan Drach—known as the "Vaclav Havel" of Ukraine—not only coordinate with other national independence movements inside the U.S.S.R. but also see it as absolutely crucial to develop and expand ties with the new leaders of Czechoslovakia and Poland, and with workers, students, and the intelligentsia of both countries.

In an interview with the Ukrainian monthly *Kultura i Zhitya*, Drach said: "Rukh—this is an evolutionary path toward development of society. We are sick and tired of those 'revolutions' which have only led to poverty, hunger, starvation, and cruel terror, particularly in our country. Therefore, we are carefully aiming to go the 'European way' and I have in mind the Czechoslovakian variant . . . and not the Romanian or Chinese. . . . We must not shy away from our historical and cultural European roots. . . . Recently I participated at the Sajudis [Lithuania's independence movement, and now government], where the Rukh leadership together with the leaders of this organization—Landsbergis and Chepaitis—agreed to form a 'Lithuanian Charter'—based on a new codex of laws—which would provide the basis for establishing and guaranteeing Ukraine's sovereignty . . . later to be joined by Poland and other countries."

The next test for Rukh will come later in April, when workers are expected to go on strike; Rukh's program of economic sovereignty has gained wide support among Ukrainian workers, since Ukraine is on the brink of a physical economic breakdown. Ukrainians are continuously short of food—meat especially—at the same time that some 600,000 tons of meat are exported yearly—as well as other basic commodities, and above all, housing. Some 2.4 million families, or 14% of the population, are in dire need of housing. The average wage in Ukraine, which has the largest concentration of heavy industry in the U.S.S.R., is considerably lower than in Belorussia, the Russian Republic, and the Baltic Republics.

In an interview to the *Sunday Telegraph* of Britain, Ukrainian Helsinki Movement leader Bohdan Horyn said: "Our aim is to secede from the Soviet Union. Free Ukraine will have normal neighborly relations with Russia. . . . The forces that are pulling the Soviet Union apart are those of national sentiment and economic logic—and you cannot stop these with tanks. Gorbachov knows that the moment he cracks down, his myth will disappear and his maneuver for the opening to the West will be doomed. Lithuania is already unstoppable. Our time will come."

Ukrainian leaders realize a difficult period is ahead. The Anglo-American sellout of Lithuania has been duly registered.

Bush gives Gorby free rein in Lithuania

by William Jones

When Eduard Shevardnadze arrived in Washington on April 3, a day earlier than planned, he was not deprived of seeing a strong manifestation of the anti-Russian feeling which has been awakened in the U.S. population in response to the Soviet step-by-step crackdown in Lithuania. Hundreds of Lithuanian-Americans and others demonstrated in front of the White House (one of the biggest demonstrations there in quite some time), while others gathered, in spite of inclement weather, outside the Capitol.

Later in the evening, they all gathered outside the Soviet Embassy in Washington, in a candlelight vigil, chanting "Nyet, Nyet, Soviet." On April 4, the House of Representatives passed a resolution calling on the Bush administration to recognize the new government of Lithuania as soon as possible. The resolution passed by an overwhelming 416-3 vote, indicating the groundswell of support for the Lithuanian government. On the following day, the LaRouche for Justice campaign committee took out a full-page ad in the daily *Washington Times*, condemning the appeasement policies of the Bush administration and calling for immediate recognition of the Landsbergis government. WTOP, the Washington all-news station, was airing forty 55-second played paid ads by LaRouche, a Democratic candidate for Congress from Virginia, condemning the Bush administration's policy.

The heat was definitely on Secretary of State James Baker III, one of the key authors of the new appeasement policy of the administration, who perhaps had an inkling of the backfire potential of those policies. The first day's meeting with Shevardnadze was billed as dealing with Lithuania. Baker and Shevardnadze held a short press conference after the first day, where Baker told the press that Shevardnadze had assured him that the Soviets would deal with the situation in Lithuania by dialogue rather than using force. Baker expressed his assurance that he took Shevardnadze at his word.

But while Baker was speaking, Gorbachov was warning the Estonian President that if the Estonians dared to stand by their declaration of intention with regard to independence, he would give them the "Lithuania treatment." At the same time, at 10:30 a.m. on Thursday morning (Washington time) April 5, some 50 armed Soviet soldiers, clad as militia, occupied the prosecutor's office in Vilnius, a further move in

Gorbachov's attempt to strangle the Lithuanian independence movement.

Summit is the real issue for Bush

But the real issue for Baker and Bush, as for Gorbachov, was discussed on the second day of the Baker-Shevardnadze talks. Then it was announced that Bush and Gorbachov would hold a five-day summit in the United States starting May 30, almost one month earlier than was previously planned. Not only was the question of a possible summit not being used by the administration to gain concessions from the Soviets in Lithuania, but the summit date was moved forward.

Some Washington wags are mooting that the change of date is due to the fear in the administration that Gorbachov will crack down even harder in Lithuania as time goes on. Bush wants to seal a major new arms agreement and a trade deal with Gorbachov before Gorbachov exposes himself as the new Ivan the Terrible in his suppression of Russia's numerous Captive Nations.

The administration hopes that a new arms and trade agreement with the Soviets would help to prop up Gorbachov's somewhat shaky position back home. Giving the Soviets Most Favored Nation status would be a necessary consequence of such an agreement. Bush and Baker would like the "Lithuanian problem" to quickly disappear so as not to jeopardize the U.S.-U.S.S.R. condominium. A crackdown, perhaps, but it must be done quietly, with little drama so as not to upset the superpower appletart, they seem to reason. Gorbachov seems also to understand this. That's why the crackdown in Lithuania is done in a step-by-step, methodical fashion, rather than in one fell swoop, which would create a lot of unpleasant publicity.

There is a hitch, however, to these sinister calculations. Firstly, the hardened resistance of the Lithuanian people and the other Baltic peoples may not permit such a slow-motion crunch. Secondly, the U.S. electorate, having lost a good deal of their previous Gorbymania, has received some rather sobering reminders by the recent actions of the Russian troops in Lithuania. Underneath the media froth, there is a good deal of common-sense mistrust of the Russian motives.

This has also made itself felt in Congress. Support for House Concurrent Resolution 289 on Lithuania was carried by both conservative Republicans and liberal Democrats. A trade treaty or even a new arms agreement with the Russians under circumstances of Russian repression against the Lithuanian nation will not be as easy to ram through the Senate as the INF Treaty. "I don't know what kind of deal Bush has with Gorbachov," said Sen. Malcolm Wallop (R-Wyo.) at a press conference on Wednesday, April 4, "but it's got to stop." More of this kind of talk might be heard as Bush pushes further in his desperate attempt to save Gorbachov. The President would do well to remember that as Hitler fell from power, so grew the real scorn for Neville Chamberlain—the man who helped put him there.

The Volodin plan to save imperial Russia

by Konstantin George

The Russian policymaking elites, beset with economic breakdown, a systemic crisis, dissolution along national lines, and the demise of the Communist Party as a ruling institution, have come up with a program for preserving the core of the empire, in preparation for future expansion. The plan was outlined in an article written by Eduard Volodin, titled, "The New Russia in a Changing World, A Realistic Prognosis," which appeared in the Jan. 26 issue of the Russian Writers' Union weekly, *Literaturnaya Rossiya*.

As *EIR* has reported, the demise of communism in the Soviet bloc means that the Soviet Union itself has now come under the rule of a statist dictatorship, the Presidential Council—a new "Politburo," a veritable Imperial Russian Council, headed by a Czar Mikhail Gorbachov. The Presidential Council, faced with a lowered threshold of internal crisis, highlighted by Lithuania's Declaration of Independence and the moves towards independence by other non-Russian republics, has adopted the Volodin plan as a guideline for action.

The Russian Writers' Union is no talk-shop of academics; its leadership represents the very highest echelons of the policymaking elite. One of its leading figures, the Russian chauvinist writer Valentin Rasputin, is a member of the new Presidential Council, and another of its leaders, Sergei Bobkov, is the son of the number two man in the KGB, First Deputy Chairman Gen. Filipp Bobkov, who directs all KGB internal security functions.

Volodin himself is one of the top figures in the Russian elite. He is co-founder and a leader of Raisa Gorbachova's Slavic Culture Fund (see *EIR*, July 28, 1989). The Culture Fund was created in March 1989 to draft policy options for keeping the empire's Slavic core intact.

Volodin's prime concern, now being openly implemented in Gorbachov's dealings with the Baltic states and Eastern Europe, is how to pull Russia through its systemic crisis by converting any territorial losses into net gains for Russia's economic strength and military strategic position, ensuring its status as number one military superpower.

Volodin's main points were:

- Consolidate Russia, and develop "its well-equipped, technologically advanced Army";
- At all costs, keep Ukraine and Belorussia "in union with Russia," to prevent "a national tragedy";
- If secession of non-slavic republics cannot be avoided, then prolong the process as much as possible; negotiate new borders by detaching parts of their territory and ceding it to the Slavic core; Russia will maintain post-independence "embassies" in these republics to protect the "interests" of ethnic Russians, and Moscow's foreign and domestic debts will be "shared" on a "proportionate" basis with these republics (every one of these tenets has since become Soviet policy in the brutal campaign against Lithuanian independence);
- Georgia and Armenia, should they choose independence, will receive no Russian military help, and be on their own to face any future Turkish or Iranian military threats.

U.S. plays Russian roulette

Rather than causing alarm bells to be sounded in Washington, U.S. policymaking circles have hailed the Volodin document as providing a justification for the West's appeasement of Gorbachov. Leaders of the U.S. intelligence community and of the Eastern Establishment—as exemplified in the former category by Hoover Institute Senior Fellow John Dunlop, and in the latter category by publications such as the *Boston Globe* and *Forbes* magazine—have cited Volodin as proof that Russia is "turning inward." They have misread his document as a call for Russia to "go isolationist," and be willing to abandon large parts of its empire. Volodin has been invited to the United States, to be followed later this year by Valentin Rasputin of the Presidential Council.

These U.S. strategists are making the same fatal appeasement mistake that was made concerning Adolf Hitler, when his statements that he was interested solely in consolidating the German-speaking world, his *pre-foreign conquest goal*, were falsely identified as his end goal.

For the Russian elite, consolidating Russia is the necessary precondition for the empire's next round of *expansionism*. Volodin said so, quite explicitly, in the part of his article that Washington chose to ignore. Quoting the famous czarist general Alexander Suvorov, he wrote, "We are Russians, and we can overcome anything," adding that a "reborn Russia" will be able to relaunch, in the code language for expansionism used by Fyodor Dostoevsky in the last century, Russia's "universal appeal."

There is another ugly parallel to the 1930s appeasement. As the United States and Britain appeased Hitler, so they betrayed the pro-Western German Resistance. Today, there is also a positive process under way among certain urban strata of the Russian population, generated by the democratic revolutions in Eastern Europe, and reflected in the desire of millions for Russia to *join Europe*. By playing the "Imperial Russia card," the West is betraying, not only the captive nations, but the true interests of Russians themselves.

Honecker out, Zhivkov out, Ceausescu out . . . now Thatcher?

by Mark Burdman

During his meeting with British Prime Minister Margaret Thatcher on April 13 in Bermuda, President George Bush would do well to draw the lessons from what is going on now in Britain, and what is happening to the erstwhile "Iron Lady," who has now become the Western world's leading "lame duck." As has become obvious since the weekend of March 31-April 1 in particular, Britain has entered a period of mass-strike political ferment, the likes of which have not been seen there in a very long time. This is the most immediate spillover into the West, of the 1989 democratic revolutions in the communist world, and could be a harbinger of things to come in North America during the next weeks and months.

What is catalyzing the British mass-strike process, is the national revolt against the hated Thatcher poll tax policy, which went into effect on April 1 in England and Wales, after having been experimentally tried out on a hostile Scottish population during 1989. The poll tax, devised by London's Adam Smith Institute, imposes a tax for community services on a "flat-rate" basis, in contrast to the previous standard, where taxes are imposed on the basis of ability to pay. It imposes the same flat rate per resident within a locality, such that a street-cleaner pays the same tax as a titled duke, earl, or lord with vast wealth. The poll tax is monstrously undemocratic, unfair, and financially oppressive for poorer layers in Britain.

On March 31, a crowd of 100,000 to 200,000 demonstrated against the poll tax in London, the largest peaceful demonstration there in over 100 years.

The anger at the poll tax policy intersects, and feeds, a growing rage against Mrs. Thatcher's leadership. For years, Mrs. Thatcher has played the political-psychological role of a "nanny" to Britain's population. But the nanny is now being rejected.

Beyond all this, Britain's economy is characterized by mortgage rates nearly 16%, interest rates of 16%, inflation rates approaching 9%, and collapsing infrastructure.

Political observers in London and continental Europe now forecast a "prolonged period of mass instability" in Britain, as years pent-up rage boils to the surface.

The most likely consequence of these factors will be the

near-term political demise of Mrs. Thatcher herself. How she leaves office, and whether she goes so gracefully or not, remains to be seen. Certainly, if the Tories do badly in local elections scheduled for early May throughout Great Britain, pressure on her to step down will increase.

The writing is already on the wall. From March 29-31, in Cambridge, there was the annual meeting of the prestigious Koenigswinter Group, which brings together top-level British and German influentials. One of the participants exclaimed with a chortle, "Honecker, Zhivkov, Ceausescu . . . Thatcher, you are next."

Thatcher, George III, and George Bush

Mrs. Thatcher's political downfall would have profound political repercussions, particularly in the United States, which has been on a Thatcherite "free-market" economic course throughout the Reagan-Bush years.

In an April 5 column in the *International Herald Tribune*, Jim Hoagland drew attention to the effects of a collapse of Thatcher in the U.S. He compared Thatcher to Britain's King George III, and likened her tax policies to those of the administration of another George, namely George Herbert Walker Bush. Characterizing the poll tax policy as a "political disaster," Hoagland stated: "British rulers beginning with George III have discovered that tax policy is a dangerous way to go about defining Us and Them. To continue her remarkable run at 10 Downing Street, Mrs. Thatcher needs to demonstrate that it is a lesson she has absorbed. . . . Philosophically, the poll tax suggests that the time of nation-building as a common social endeavor has passed in industrial societies like Britain and the United States. The Thatcher approach is an advanced version of the current effort in Washington to push the burden of new taxation out to the states and cities."

In recent days, U.S. congressional candidate Lyndon LaRouche has likened Mrs. Thatcher to George III, against whose policies the American colonies mounted the War of Independence.

Aside from LaRouche, French President François Mitterrand has pointed to the devastating effects of Thatcherism in both Britain and the United States, in comments made during an interview with France's TF-1 television March 25. He

stated: "Laissez-faire liberalism has exhausted itself. I don't want to upset the British government, but it is clear how the ultra-free market experiment of Great Britain is falling apart. In addition, look at the United States. There are 50 million poor people. It is obvious that the difference has become too great within these societies between rich and poor, such that you have a rich society and a poor society within the same country. This all justifies my conviction that while communism is collapsing, economic liberalism is fully exhausted. It is therefore urgent to correct the effects of free-market economics."

Blame it on Thatcher!

Throughout March, anti-poll tax ferment had brought the usually docile British population onto the streets. The Thatcher government's attempts to discredit the anti-poll tax mobilizations as orchestrated by Trotskyists, skinheads, and terrorist elements have only further alienated the British population, since in fact the vast majority of demonstrators have been workers and their family members, as well as hard-hit groups like pensioners. The poll tax was the single issue in the March 22 mid-term election in the Mid-Staffordshire electoral constituency in the town of Lichfield, in which the Tories lost a usually safe seat to the Labour Party by 16 points. Polls taken since then, have shown Thatcher trailing Labour by 23 to 28 points on a national basis.

On March 31, Britain entered a qualitatively new era of political mass mobilization. While 25,000 were demonstrating against the poll tax in Glasgow, Scotland, an estimated 100,000-200,000 people were gathering in London's Trafalgar Square. Toward the end of that rally, a group of a few thousand went on a rampage, burning down shops, smashing shop windows, looting, rioting, and attacking policemen. Observers drew comparisons to scenes in Belfast and the Middle East. Thatcher and her loyalists seized on the rampage, in a cynical attempt to discredit the anti-poll tax ferment as a whole. It cannot be excluded that the Tories might have had some agents provocateurs mixed in with the ragtag assortment of anarchist, Trotskyist, and Maoist groups that was visible on the night of March 31. But the violence also reflects a political-psychological reality of Mrs. Thatcher's Britain: the enraged mood of those who have now rejected Thatcher as their "nanny" and are throwing a fit.

Jonathan Aitken, a leading British political commentator, wrote in the London *Guardian* April 2, that people are being brought onto the streets to protest against "unpopular legislation," and if there is violence, it is "to be blamed on Thatcher. The poll tax is her tax and no one else's." He labeled the poll tax a policy of "fiscal vandalism" against Britain's municipalities. Stressing that the violence only occurred "at the fag end of the biggest peaceful demonstrations ever," Aitken denounced the Tories for conducting a smear campaign to paint the demonstration as an anarchist uprising.

In any case, the March 31 violence was not an isolated

incident. On April 1, a prison riot began at the Strangeways prison in Manchester. As of April 5, prisoners were still in control of part of the prison, and at least one inmate and one prison guard had died in the unrest, and there were unconfirmed reports of many other deaths. Prisoners complained of horrendous conditions in food, lodging, and other facilities, as well as of overcrowding. Independent observers sent to Strangeways confirmed the validity of these complaints. During the week of April 2, there were also outbreaks at several other prisons.

Further unrest expected

The manifestations of mass instability can only increase in the coming days and weeks. There are several different aspects of this. First, there will be continuing, and expanding, ferment against the poll tax itself. According to the London *Independent* April 2, British government ministers and senior Conservatives "are bracing themselves for further outbreaks of civil unrest as a result of the poll tax." The paper reported that special measures are being adopted to protect poll tax collectors and city councils from the wrath of the constituents.

Second, there will be growing rage at the economic mess, particularly among homeowners.

This involves a third and related factor. Labor unrest, which has been boiling to the surface in the latter Thatcher years, can be expected to explode. On April 4, there was a one-day strike by teachers across the U.K., who were protesting against poor pay and poor conditions in the schools. Thousands of teachers have quit in the last few years, citing intolerable stress, violence in the classroom, and other factors. Said Fred Smithies, general secretary of the National Association of Schoolmasters and Women Teachers: "The only way in which a schoolteacher in England and Wales has been able to escape from a state of serfdom, has been by finding a different job."

A fourth factor, and a completely nonlinear situation in and of itself, is Scotland. The Scots are already seething with anger, over the fact that the poll tax was first implemented in Scotland. They are resentful at having been treated like "guinea pigs." This only reinforces a growing mood of wanting to be free from English dominance. As the April 1 *Sunday Times* of London headlined a letters-to-the-editor column filled with angry letters from Scots, "Scot 'guinea pigs' prefer independence." The latest poll taken in Scotland shows Mrs. Thatcher having a measly 15% preference rating, 39 points behind the British Labour Party.

The fifth factor will be the continuing self-imposed disintegration of the Tory Party. A post-Thatcher leadership struggle has already begun. It is no secret that former Defense Minister Michael Heseltine has the ambition to be the next Tory standard-bearer and prime minister. Nominally to head off Heseltine, former Tory Party chairman Norman Tebbit has declared his willingness to stand as standard-bearer.

The superpower drive to curb the Mideast 'missile race'

Special from Middle East Insider

Inadvertently or not, Iraq's Saddam Hussein has given new impetus to the carefully constructed effort of the United States and the Soviet Union over the past four years to impose a regional style accord on the Middle East, modeled on the U.S.-Soviet Intermediate-range Nuclear Forces (INF) agreement. With his speech of April 2 threatening to obliterate half of Israel with chemically equipped ballistic missiles, and with the March 28 arrest of three Iraqi agents at London's Heathrow Airport as they tried to smuggle nuclear detonators to Iraq, the environment has been created for a drive to control not only Iraq's missile capabilities, but everybody else's—including Israel's.

Since the ratification of the Intermediate Nuclear Forces (INF) treaty in 1988, the Soviet Union, which, for geographic reasons, is more immediately concerned than the United States with the issue of Mideast nuclear and chemical weapons proliferation, has regularly included the Mideast military balance in the superpower regional affairs agenda and could count on an increasingly receptive American response. The Soviet Union was and remains particularly concerned over the development and successful testing of the nuclear-capable Jericho II missiles and Israel's satellite program (as shown by the launching of Offek-II on April 3), which will give Israel a reliable ICBM capability and an independent early warning system. The Soviet Union's somewhat warmer relations with Israel over the past two years do not extend to Israeli missiles.

In contrast to its predecessors, the Bush administration has shown a far less sympathetic attitude to Israeli high-tech efforts in the military domain, and has in the main agreed with the Soviet position concerning the missile race in the Mideast. The primary American concern is to retain control over the proliferation of advanced military technologies by limiting the independence of regional actors. U.S. opposition to the Lavi jet fighter, to Jericho II, and more recently to Israel's independent Arrow ATBM (anti-tactical ballistic missile) program are motivated by this concern. Fear that a regional crisis would pass the threshold of classical conflict and spill over into the superpower domain has hardened both Soviet and American attitudes in this regard.

Ironically, the success of the Soviet-American non-proliferation campaign depended on the creation of an effective

balance of terror in the region. While the United States and the U.S.S.R. engaged in talks to build down their medium-range nuclear forces in Central Europe, they not only allowed, but in some cases assisted, the proliferation of weapons of mass destruction and appropriate vectors in the Mideast. In Washington and Moscow it was reasoned that only a no-win Mutually Assured Destruction equation would force both sides to engage in a general bargaining, leading to a build-down of forces under superpower supervision. Both Iraq and Syria now possess missiles equipped with chemical weapons warheads; Iran has chemical weapons; and Saudi Arabia has medium- and long-range missiles. Recently, Libya has developed mid-air refueling capabilities for its Sukhoi-24 and TU-22. Though Israel retains technological and strategic superiority, its future military preponderance depends on the development of a reliable ballistic missile defense umbrella.

The United States and Soviet Union did little over the past years to interdict missile proliferation. Why, one might ask, did the intelligence agencies of the United States so long allow the Space Research Corporation, praised by Iraqi President Saddam Hussein in his speech on April 2, to build up Iraq's missile force, when it was known that Iraq possessed a very large chemical weapons inventory? When, during the Iran-Iraq war, it was feared in Washington that the Iranian forces were about to overrun Iraqi defenses, the United States shifted support to Iraq and the Gulf Coordination Council; this led to a series of secret accords with the GCC concerning U.S. stationing rights which are still binding today. The tilt toward Iran after the war ended did not fundamentally affect Iraqi-U.S. relations, which remained good.

Recent declarations by former Under Secretary of State Richard Murphy, testimony of Under Secretary of State John Kelly to Congress stressing the need for good American ties to Baghdad, the moderate response of Washington to the execution in Iraq of British journalist Farzad Bazoft, all point to a carefully choreographed U.S. intelligence game. Iraq is currently the second-largest OPEC exporter to the United States.

Enormous pressure on the proliferation issue is now going to be brought to bear on all Mideast protagonists by

Washington and Moscow. The balance-of-terror theorists may, however, have overlooked the fact that geography and history make the Mideast an area of predilection for preemptive strike strategies.

Political manipulation

The "anti-missile" campaign was geared up in June 1988, when State Department official Michael Armacost embarked on an international tour to raise the issue with several countries in the Middle East. In Israel, however, he broached the subject only in general terms, expressing general concern about the missile race. A few months before the U.S. presidential elections, no one in Washington was going to take the risk of embarking on a head-on collision course with Israel over the issue.

On Sept. 8-9, 1988, Allen Holmes of the Political and Military Department at Foggy Bottom chaired a conference in Rome attended by French, British, Italian, German, Japanese, and Canadian military representatives. The main topic was an American warning to especially European representatives against helping non-NATO countries in developing ballistic missile capabilities. On Sept. 26, Holmes met with his Soviet counterpart Viktor Karpov in Washington, to strengthen the cooperation between the superpowers in "preventing the development of missiles, as well as the proliferation of other system capable of delivering nuclear weapons."

A few well-orchestrated scandals were given public prominence. Less than two months after the May 1988 Moscow summit between President Reagan and Gorbachov, the U.S. media made headlines over Egypt's missile project. By September, it was Argentina's turn, over the Condor-II medium-range missile project. The Argentina scandals allowed the U.S. media to start attacking European-based companies—Italian, in that case—for their complicity.

By January 1989, a new qualitative step was taken. A world conference to ban the use and production of chemical weapons was convened in Paris, attended by foreign ministers of more than 50 countries, including the superpowers and NATO members. The specter was raised of third countries—notably Third World countries—able to develop ballistic missile capabilities and to equip their missiles with chemical warheads. The antics of Libya's Muammar Qaddafi came just in time to substantiate the point. It was then revealed that a group of primarily West German companies was helping Libya to build a chemical plant at Rabta. After Egypt and Argentina, Libya was becoming a real danger.

By the summer of 1989, the campaign was extended to Iraq, when it was discovered that the Atlanta, Georgia-based branch of the Italian Banca Nazionale di Lavoro had extended close to \$2 billion worth of credit to Iraq over a three-year period, to help finance its military program. The scandal made international headlines by mid-August, only a few days after one of the Iraqi industries which had been financed through the BNL credit, the Al Iskanderia firm, was rocked

by explosions which reportedly killed dozens of people, when key elements of a missile program exploded.

In 1988, Moscow may have had a particular concern over Israel's technological capabilities. With political ambitions toward the region, and increased economic dependence on the Gulf oil-exporting countries (including Iraq), Washington was not long in agreeing on the need to bring Israel to heel. A few years earlier, the same case had been made when the U.S. administration had used all of its might to kill the Lavi jet project. While expensive, the project would have made Israel dangerously independent in its procurement of jet fighters. Worse, as far as American military industries were concerned, the Lavi would have been a dangerous rival to America's own arms sales, notably in Asia and in Ibero-America.

Israel's Jericho medium- and long-range missile production is an important target, but not the only one. As indicated by the ongoing negotiations in Geneva between the United States and the Soviet Union on the Strategic Defense Initiative, both superpowers are committed to remain the only powers able to deploy anti-ballistic missile capabilities. Yet, in the immediate aftermath of the initiation of Strategic Defense Initiative by the Reagan administration and prior to the INF treaty, several regional projects were set into motion, which would have included U.S. allies in an SDI-based defense system. Since early 1988, Israel has initiated the Arrow ATBM project, which will be submitted to a first series of tests starting this June, and should be deployed by the mid-1990s.

Washington has no ability to reverse these trends without provoking a head-on confrontation with most of its allies. Yet, it is committed at all cost to impose its control. Enforcing a missile treaty would obviously undermine the usefulness of anti-missile defense programs. In March, the U.S. administration offered to deploy in Israel its Patriot ATBM system; the Israelis bluntly rejected the offer, since accepting the Patriot would mean that Israel's defense would have to rely on American satellite guidance. Faces were grim in Washington when on April 3, Israel successfully launched its Ofek 2 satellite, the first serious step toward an independent satellite guidance system.

One of Washington's fears is that not only is the Arrow system going ahead independently, but that it has paved the way for cooperation involving Israel and several European countries, as indicated by the recent visit of Alfred Biehle, chairman of the defense committee of the West German parliament, who stressed the need for cooperation between two countries. The simultaneous deployment of anti-ballistic missile systems in both Europe and Israel would severely undermine the blackmail capabilities of both Washington and Moscow. No less worrying for the superpowers, is that deployment of such systems will give Israel and the Europeans the kind of space research and deployment capabilities over which both Moscow and Washington want to retain a monopoly.

Group of Rio shames Panama's Endara

by Robyn Quijano

A diplomatic brawl between Panamanian "President" Guillermo Endara and the Mexican government nearly culminated in a break in relations between the two nations, following the March 30 communiqué of the "Group of Rio" which called on Panama to carry out a "popular consultation without foreign interference," and urged the Endara government to respect the right of asylum and the immunity of diplomatic missions.

The seven foreign ministers of what was once known as the Group of Eight met in Mexico City, and refused to readmit Panama to its fold, while harshly attacking the U.S. occupation of that nation. "Foreign troops need to confine their activities solely to their military bases, as called for in the treaties signed by the United States and Panama, and refrain from carrying out actions for which the Panamanians are responsible," emphasized the ministers.

After Mexican Foreign Minister Fernando Solana read the communiqué, the rotund puppet Guillermo Endara broke all norms of diplomacy and started a cock fight with Solana and Mexican President Carlos Salinas de Gortari. Endara, screaming in uncontrolled rage, charged Solana with being part of a government in power through "electoral tricks" (a reference to the fraud-riddled July 1988 election of Salinas).

Now that Panama has a legitimate government, Endara cried on Panamanian TV on March 31, the Mexican foreign minister "comes to say *mil pendejadas*," which could be translated as "a bunch of crap" or worse, an insulting vulgarity in Mexico which would not be printed in the press, much less screamed by one President against another on national television. Now the Mexicans come to meddle in Panamanian politics, protested Endara. "Keep your nose out, Mexican Foreign Minister," he shouted.

Thieves fall out?

The brawl, seen by some as a falling-out among thieves, was in reality between a puppet government imposed by the Thornburgh Doctrine, and a government that fears that the Thornburgh Doctrine will be used next obliterate their own sovereignty. A press release issued by the Mexican foreign ministry the next day denied that Solana issued any personal statements or statements in the name of the Mexican govern-

ment about Panama and its authorities, but emphasized that the Mexican government stands behind the communiqué of the Group of Rio. The group was apparently split on whether or not to readmit Panama, and rumor has it that the Venezuelan foreign minister leaked private statements by Solana to Endara, causing the explosion of the unstable Endara.

The "Frentes Políticos" column of Mexico's largest daily newspaper *Excelsior*, which is said to represent government views, blasted the Panamanian regime. "The words of 'Mr.' Endara leave no doubt: Mexico continues to be the target desired by the United States for permanent subjugation." Behind Endara's attack on the Mexican foreign minister "is the immense power of the government which made him de facto President of Panama through a military intervention," states the commentary. *Frentes Políticos* blasts Endara for refusing to reply to Mexico's request for a safe-conduct pass for the former head of Panama's national bank, who took asylum in the Mexican embassy during the U.S. invasion. The request for safe conduct "was referred to the [U.S.] Southern Command, which is the true government of Panama. Accordingly, Mexico should request the safe conduct from the head of the Southern Command," it says.

"Mexico's position is unchangeable: If it does not recognize a government installed by a foreign military intervention, much less will it request the safe conduct, precisely from that foreign force, which is illegal and oppressive."

Panama's 300-pound Gandhi

The Mexican daily *La Jornada* noted that "it is painful to see Guillermo Endara's obsession for the world to accept not only his government, but his existence." *La Jornada* lampooned Endara's two-week hunger strike, ostensibly conducted to convince Washington to deliver financial aid, by citing a joke making the rounds in Panama: "The one thing that the invasion and its puppet government have gained is . . . a Gandhi! and one of 300 pounds! Ours weighs three times more than India's Gandhi. A tiny little country like our own, with a little more than 2 million people, must feel proud to have its own Mahatma Gandhi."

After the brawl began to cool down, the pathetic puppet government begged to be treated better by its neighbors. Panamanian Foreign Minister Julio Linares answered the Group of Rio communiqué by stating no new elections would be held, and defending the deployment of U.S. occupation forces throughout Panama as "an issue that falls within the competence and jurisdiction of the Panamanian state and no foreign country can dictate to us the norms of conduct."

To protest the Group of Rio communiqué as "foreign intervention" while the Bush administration's army occupies Panama might seem an odd defense. But stranger still is Linares's contention, reported in *La Estrella de Panama* on April 4, that the Group of Rio wronged Panama, which was the "victim" of the U.S. military invasion, instead of condemning the "victimario" or aggressor—the United States!

Colombian government opens talks with drug traffickers, with U.S. blessing

by José Restrepo

With military units and police hot on the trail of Medellín Cartel kingpin Pablo Escobar, “The Extraditables”—as the Colombian drug-traffickers facing extradition to the U.S. call themselves—threatened on March 31 that they would cause a holocaust in downtown Bogotá by setting a five-ton bomb, if the government did not halt military operations against the Medellín Cartel. They also announced that they intend to kill one member of the Cano family, the owners of Colombia’s most committed anti-drug newspaper *El Espectador*, for every member of the drug cartel extradited for trial in the United States.

The traffickers were worried. In late March, military and police units moved in to take over the home base of Escobar, the town of Envigado, 20 kilometers south of Medellín, where he is believed to have been staying. An officer involved in the operation to apprehend Escobar told the press that their plan is to force Escobar to leave the area where he still enjoys the peasants’ support, *El Tiempo* reported March 31. “Sooner or later,” the officer added, Escobar “will experience the same situation as ‘El Mexicano’ [Gonzalo Rodríguez Gacha], who left [his home town of] Pacho and was easily caught.” Rodríguez Gacha—Escobar’s partner—died in the resulting shootout with military police.

The drug traffickers moved quickly to display that their threats were not idle. On April 3, the “Extraditables” kidnaped Sen. Federico Estrada Vélez. Estrada was the Medellín debate manager for Liberal presidential candidate César Gaviria Trujillo in the recent elections, and shortly before being kidnaped, had made statements against negotiations with the drug cartel.

Then, on April 4, National Police were alerted by terrified citizens in a northern Bogotá neighborhood where the Labor Ministry is located and several leading politicians live, that a truck had been left in the area. Police investigators found a 1,600-pound charge of dynamite aboard, which they defused before it could explode.

Such barbarous acts are yet another proof of the absurdity of any “dialogue” with these Nazi-like murderers. Yet they bought Escobar valuable time. On April 4, President Virgilio

Barco announced from Europe, where he was on a ten-day trip, that if Escobar or any other drug trafficker surrendered, they would not be extradited to the United States but would get a “fair trial” in Colombia—even though every judge who has ever handled a case involving Pablo Escobar is now dead.

The announcement that the Colombian government is willing to stop extradition was a major victory for the narcos, and signaled that the government at least, if not the military and police, appears committed to continuing negotiations which, it has now been revealed, had begun secretly with the drug cartels last December, with U.S. State Department backing. The “Extraditables” signaled their pleasure, by releasing Senator Estrada unharmed on April 5.

Secret negotiations

As Colombian forces took over Envigado, *El Espectador* and other news media exposed the fact that a secret deal was being arranged between “certain areas of the government,” particularly, Germán Montoya, secretary general of the presidency, and the drug traffickers through the mediation of ex-President Alfonso López Michelsen. The government, which for six months had fought courageously against the narcos almost alone, was stung by the charges.

The narcos answered by threatening to kill members of the Cano family, which owns and directs *El Espectador*. It would not be the first time. In 1986, the drug mob gunned down Guillermo Cano, the paterfamilias and a vociferous opponent of the drug trade; in 1989 they nearly destroyed the paper’s headquarters by detonating a car-bomb next to the building.

President Barco replied to charges of secret talks on March 31 in a statement aired on national radio and TV. He admitted that private individuals had conducted “humanitarian efforts to free innocent persons,” but denied that those talks “compromise the policies and actions of the national government,” and accused the press of misinformation.

But the details of the narco-negotiations were soon revealed by one of the leading participants, Pablo Escobar’s lawyer, Guido Parra, apparently seeking to ensure the government did not backtrack. According to a lengthy letter from

Parra published in Bogotá's press, negotiations began after the "Extraditables" kidnaped German Montoya's son, as well as some relatives of President Barco in December. Montoya and Barco then contacted two people to ask they mediate with "the Extraditables": Alfonso López, who had met the narco kingpins in Panama at 1984, and the man who had organized the 1984 López-narco summit, Medellín architect Santiago Londoño White. White's ties with the cartel are well known, as he took 1 million pesos from the drug traffickers to support López Michelsen's 1982 presidential bid.

So López met with Escobar's lawyer Parra, and the two edited two comunicués, one issued in the name of the "Notables," and another by the "Extraditables." The "Notables," who included former Presidents López himself, Julio César Turbay, and Misael Pastrana Borrero; Patriotic Union president Diego Montaña Cuellar; and Cardinal Mario Revollo Bravo of Bogotá, sent a letter to the "Extraditables" promising them "a less severe treatment" if they liberate the hostages; the "Extraditables" promised to "surrender" if the government stopped the war. The negotiations were on.

The drug traffickers' strategy is no different than that implemented—successfully—by their allies in the narco-terrorist M-19 group, whose leaders, despite having assaulted the Justice Palace in 1985 and having killed half of the Supreme Court, today hold seats in Congress and are hailed internationally as model reformers!

Three years ago former Conservative Party presidential candidate Alvaro Gómez Hurtado was kidnaped by the M-19. In order to obtain his release, Gómez and the government negotiated an agreement which this year resulted in a general amnesty for the M-19 leaders, the election to Congress of Carlos Pizarro León-Gómez, the M-19's top leader, and their winning of mayoralties in several municipalities.

So today the drug traffickers argue that if the government negotiated with their agents, the M-19, why not do the same with the M-19's bosses, the traffickers themselves? The Gómez case was the drug traffickers' "proof" that whoever has capabilities to kidnap figures is entitled to hold office.

U.S. pressing for negotiations

The current negotiations with the narcos have been supported, and perhaps urged upon the Colombian government, by the U.S. State Department. The 1990 report of the State Department's Bureau of International Narcotics Matters, issued in March, lays the basis for a retreat on the key issue, extradition, stating: "While extraditions of major traffickers should continue during the next year, success ultimately rests in Colombia's ability to prosecute and jail traffickers in Colombia."

U.S. Ambassador to Colombia Thomas MacNamara said Feb. 7 to the Colprensa press agency that "extradition is not the solution" for the drug traffic. On the eve of the "anti-drug summit" in Cartagena, Colombia, MacNamara added that the United States won't interfere if the Colombian government

decides to make a deal with the drug cartels, a Bogotá paper reported March 14.

Thus, Escobar's lawyer Parra, in his letter explaining the negotiations, praised the Colombian government for having carried out enough diplomacy "to wrest from the U.S. authorities statements that discredited the mechanism of extradition as the only means to fight drug traffic."

In this climate of appeasement, the pressure for a deal is escalating. Conservative Party presidential candidate Rodrigo Lloreda Caicedo proposed on April 4 that the Acting President while Barco is out of the country, Horacio Serpa Uribe—an intimate of López Michelsen and long-time adversary to Colombia's military—hold a dialogue with the drug traffickers with the help of the International Red Cross. Lloreda even proposed that a "verification commission" be formed by foreign and national figures to monitor implementation of the agreements.

The proposal was immediately endorsed by "Notable" Diego Montaña Cuellar, president of the Communist Party-created Patriotic Union party. Former Conservative Party presidential candidate Alvaro Gómez Hurtado, for his part, called for legalizing the drug trade—exactly as the drug traffickers say.

Winning battles, but not yet the war

Anti-drug forces have not stopped, however. César Gaviria, winner of the early March primary elections of the Liberal Party, has reiterated his opposition to any dialogue with the drug mob.

"If the press had not been indiscreet and had not sowed the confusion alluded to by the President, everything would have transpired in silence. The silence would have continued for some days more, and now we would be at the point of an armistice dictated from the shadow of well-known estates by the capos of drug trafficking, naturally with the diligent assistance of the 'Notables,'" *El Espectador* wrote in an April 1 answer to President Barco's charges of press "misinformation."

Neither the Colombian people nor patriotic elements in the military will support this treasonous pact. Even in his bragging letter, Parra admitted that talks were almost ruined already, when Gen. Harold Bedoya, commander of the Army's IV Brigade headquartered in Medellín, denounced López Michelsen and Parra for coordinating the "Notable"- "Extraditable" exchange. Clearly, as Parra said in his letter, no deal would survive Escobar's capture.

Upping the ante on the government, *El Espectador* announced on April 3 that it would stop publishing editorials, and instead leave the editorial space blank, until the Barco government guaranteed freedom of expression in the country. "In this situation, *El Espectador* is obliged to omit its editorial opinion until the President of the Republic returns to the country and guarantees of human life and freedom of expression are fully in place," announced the daily.

U.S. wants government coalition in Argentina

by Cynthia R. Rush

Fully aware that there is *zero* popular political support for the policies of Argentine President Carlos Menem, Bush administration and State Department officials are urging the Peronist head of state to “broaden his base of support” by establishing a coalition government. Their advice is that Menem come to an agreement with the opposition Radical Civic Union (UCR), so as to bring UCR leader Eduardo Angeloz into the government. Angeloz, the governor of Córdoba, ran against Menem in last year’s presidential race, and is one of the few politicians who fully endorses the government’s economic policies. Washington’s view is that a “supra-party” government is most desirable—one which would include Menem, Angeloz, and Alvaro Alsogaray, the rabid monetarist from the Union of the Democratic Center (UCD) who is now Menem’s adviser on foreign debt.

The State Department wants Menem to act quickly, before Argentina’s social situation further unravels. In early March, State Department “roving ambassador” George Landau, who is also president of the Rockefeller-controlled Americas Society, met with Menem to promise that he would advise U.S. corporations to invest in Argentina, provided that the government quickly follow through on its plan to reform the state sector. The reform plan, the latest measures for which were announced on March 29, is based on privatizing many state-owned companies, and subjecting the rest to tough austerity; it is the keystone of the government’s program, and is also the aspect which has provoked the greatest opposition from Argentines. Thousands of state sector employees stand to lose their jobs under this plan.

Also whispering in Menem’s ear is Michael Skoll, the number-two man in the State Department’s inter-American affairs division, and Paul Volcker, former chairman of the U.S. Federal Reserve under Jimmy Carter and Ronald Reagan. According to the March 21 edition of *Somos* magazine, Skoll and Volcker have spoken personally with leaders of Argentine industry to promote a UCR-Peronist agreement, which they say is necessary to encourage “economic stability.” Along with these pressures, there is reportedly the promise of an investment package worth \$1 billion, and another one for \$900 million.

Buy a used Alfonsín, anyone?

How quickly, or if, any political agreement comes into being remains to be seen, however. Social democratic former President Raúl Alfonsín, now the UCR’s official director, says that until a “global political agreement” is reached between the UCR and the Peronist party, there can be no talk of Angeloz’s participation in the government. Menem cannot easily agree to this. He has almost no support within his own party, and not much anywhere else. While Alfonsín talks of a political accord, he is lining up with Menem’s factional opponents, such as Buenos Aires governor Antonio Cafiero, posing as the “nationalist” opposition to the government’s monetarist policies.

This is hardly believable, since Alfonsín’s embrace of the International Monetary Fund’s monetarism during his own presidency (1983-89) helped wreck the economy; he left office with a level of unpopularity that rivaled Jimmy Carter’s in 1980 in the United States. His reported plans to set up an anti-monetarist “Resistance Front” are due more to his attempts to prevent disenchanted Peronists and others from joining with the growing nationalist movement organized around the figure of Army hero, Col. Mohamed Alí Seineldín.

According to several reports, that movement is expanding rapidly, leaving the UCR and the political left in the dust. With the encouragement of his backers among Washington’s Project Democracy apparatus (of Iran-Contra notoriety), Alfonsín is devoting much energy to attacking Seineldín, whom he slanders as a fascist and coup-monger. Reflecting hysteria over nationalist strength, UCR Sen. Conrado Storani, a former Alfonsín cabinet member, publicly complained on March 31 that the “carapintadas”—“painted faces,” the term used to refer to army nationalists—“are acting with impunity in the country. They are holding civil-military meetings . . . without a political agreement, it will be very difficult to overcome this crisis.”

Meanwhile, nationwide protest over government policy grows daily. In every sector of the economy, strikes are on the rise. Almost all strikes are over wage demands and the cost of living, which increased by 420% during the first quarter of this year. Courts are now functioning only two days a week—personnel are out protesting on the other days. Strikes are expected to paralyze primary, secondary, and university education throughout the month of April. With operating budgets drastically reduced, hospitals are turning away patients.

Many of the top leaders of the Peronist-run General Confederation of Labor (CGT), such as metalworkers’ union leader Lorenzo Miguel, have refused to break with Menem, out of respect for their political deals; but the CGT base is fed up. Evidence of that was the incident which occurred in the province of Salta, where enraged workers assaulted the head of the provincial CGT, accused him of not defending their interests, and forced him to lead a protest march they had organized.

Tension is running high in the provinces, many of whose governments are close to bankruptcy and cannot pay workers' wages. The late-March rebellion of police in San Miguel de Tucumán over wage demands was only the tip of the iceberg; similar conflicts are simmering in the provinces of Santiago del Estero, Chaco, and Buenos Aires.

Menem talks tough

None of this has caused Menem to abandon the free-market economics demanded by the Bush administration. Far from it! He has stated that he intends to pursue his policy, and to punish anyone who doesn't go along with it. In an interview published in the April 1 edition of the Buenos Aires daily *Clarín*, he warned that he would consider jailing those who oppose him. "I consider that [the imposition of] a state of siege would be more feasible because of economic issues rather than political ones," he told *Clarín*. "State of siege, four or five [people] in the slammer and then you'll see how quickly things are put in order," he blustered.

Menem told *Clarín* that he was only talking about individuals "who haven't learned that they cannot continue to speculate in Argentina." However, the March 30 issue of the weekly *El Informador Público*, quoting a high-level Peronist source, reported that the President was studying such options as imposing a state of siege, jailing "corrupt" trade union leaders and businessmen, and ordering a federal takeover of provincial governments deemed unable to control social conflict, as a means of dealing with the crisis. During an April 3 press conference, President Menem also warned that he had devised his own battle plan, which included withdrawing the legal status of unions which strike, and discounting pay for every day that a worker goes out on strike.

As an additional measure, Menem has also authorized the Army to repress domestic social protest; but given the tense internal situation in that institution, this could backfire. There is real unrest over wages; according to one press report, payment of wages due at the end of the month had to be moved up to March 23, to avoid protest actions at many bases. Army nationalists, many of whom are loyal to Colonel Seineldín, have made known that they will not obey orders to repress poor and hungry citizens whose suffering has been caused by government policies.

Colonel Seineldín is currently serving a 20-day jail sentence for publicly calling on the Army high command to take steps to resolve its internal disputes and guarantee institutional unity in the face of the country's devastating crisis. The Army generals responded by naming Gen. Martín Bonnet as the replacement for Gen. Isidro Cáceres, who died suddenly on March 21. Bonnet, politically allied with the hated Raúl Alfonsín, not only has no support within the Army generally. He is hostile to the nationalist sector which supports Seineldín, and is expected to carry out a witchhunt against these officers. This will only exacerbate the Army's internal conflicts.

Cambodia: decision in the battlefield

by Linda de Hoyos

Speaking from Beijing, Cambodia's Prince Sihanouk declared that P.R.C. President Yang Shangkun had pledged support in a recent meeting that China would continue to supply weapons and ammunition to the Khmer Rouge and two other Cambodian guerrilla factions "until the day of our final victory." The prince's claims are most likely accurate, and to the point: The conflict in Cambodia will not stop until the People's Republic of China wants it to.

For the past two years, the world's attention has been focused on intricate diplomatic maneuverings among various factions in Cambodia and their key foreign sponsors in an apparent effort to end the Cambodian conflict. Hopes that the civil war in the country—now going into its 11th year since the Vietnamese invasion of Cambodia—sprang anew with the meetings, arranged in Paris, between Prince Sihanouk, leader of one of the non-communist resistance factions, and Hun Sen, prime minister of the Vietnamese-backed government in Phnom Penh. Thousands of gallons of ink have been spilled across the pages of the world's newspapers on the various statements and positions taken by all factions, including the Khmer Rouge, still led by mass murderer Pol Pot, at the negotiating tables in Paris and Jakarta.

Within this context, in September 1989, the Vietnamese withdrew their remaining troops from Cambodia, ending the 10-year occupation of the country. Hanoi motivations were twofold. First, Vietnam could no longer afford to maintain troops in Cambodia, given a decrease in funds coming from Moscow. Second, Western nations, the U.S. most importantly, had made Vietnamese withdrawal the condition for re-opening of diplomatic relations with Hanoi and ending the trade embargo against the country. Thirdly, it was hoped, the troop withdrawal would open the way for increasing the diplomatic pressure.

However, after September, the Western nations, with Washington in the lead, heaped more conditions on Hanoi, insisting that Vietnam assure a settlement to the Cambodian conflict. Although Vietnam had met financial requirements, it was denied reentry into the International Monetary Fund because of a U.S. veto. Within that context, no Western pressure was placed on Beijing to cease its arming of the Khmer Rouge, whose four-year rule 1975-79 resulted in the murder of upwards of 3 million Cambodians. Emphasizing its abject obeisance to the butchers of Beijing, Washington

has recently singled out the Phnom Penh government for attack on the issue of human rights violations.

Reliance on guns

The Khmer Rouge, however, has not relied upon the negotiating table. As soon as the Vietnamese had withdrawn, the Khmer Rouge with the other resistance fronts under Sihanouk and Son Sann, went on the offensive. Soon, the Khmer Rouge had captured the border town of Pailin, a gem-producing center and the gateway to the provincial capital of Battambang. By the beginning of February, the resistance forces had put a 250-mile swath of territory in northwestern Cambodia under its effective control. The rail bridges through Pursat to Sisophon had been cut. Reports from Bangkok indicated that the Khmer Rouge had overrun dozens of government positions, and were moving in thousands of civilians and soldiers from Thailand to the areas under their control.

Although the Khmer Rouge did not manage to capture Battambang—the keystone for their strategy—they carried out massive assaults on the city. By the end of February, the Khmer Rouge gains were such, that the Phnom Penh government proposed that a ceasefire be imposed and a dual interim administration be placed over the country—one from Phnom

Penh and the other in the west controlled by the resistance, in de facto recognition of the partitioning of Cambodia.

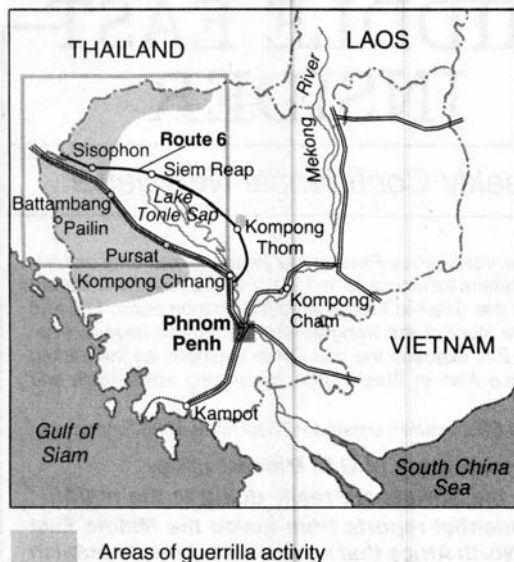
Given this battleground map, the Khmer Rouge felt no compulsion to negotiate, and the February Jakarta II talks came to a dismal end.

Therefore, given the West's hands-off policy toward Beijing and its sponsorship of the Khmer Rouge, it is not surprising to hear reports that Vietnamese forces have returned to Cambodia, although this has been denied by Phnom Penh. According to Brig. Gen. Chay Saing Tun, a government counteroffensive launched in the beginning of March has succeeded in regaining control of northwestern Cambodia, except for strips along the border. In early March, government forces knocked the resistance out of Svay Chek and Sisophon and are now closing in on Pailin.

Believing that it now has the upper hand, Phnom Penh is pressing for a new round of talks. Thai Foreign Minister Siddhi Savestila arrived in Beijing March 27 with Cambodia the major topic on the agenda of meetings with Foreign Minister Qian Qichen and Premier Li Peng. According to the *Hsin Wan Pao* of Hong Kong, Hanoi had asked Siddhi to "convey to China its hope of holding Cambodia." But Beijing's response was "icy," reported the Hong Kong daily.

FIGURE 1

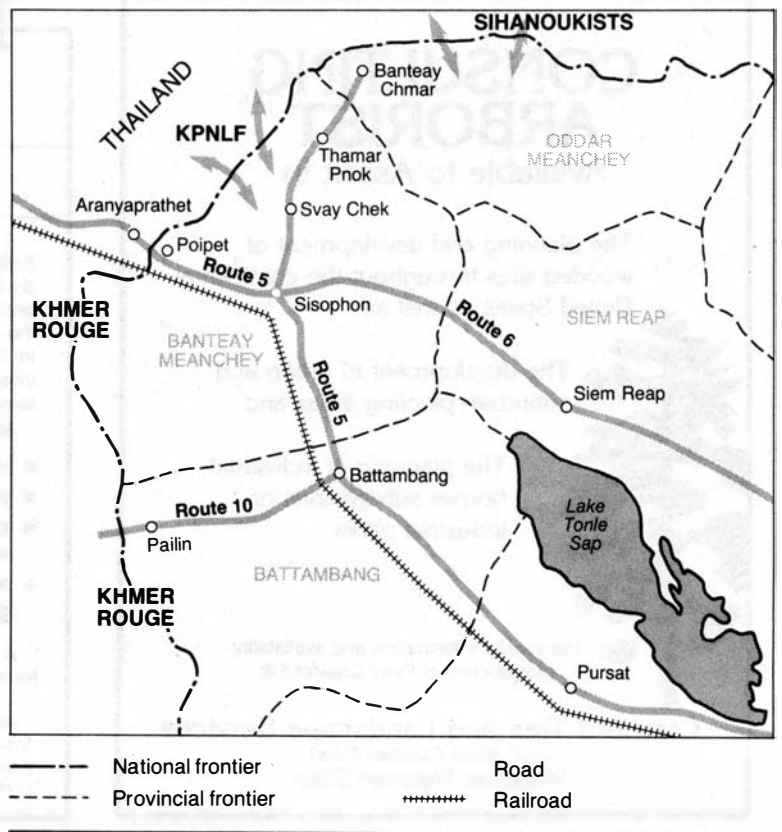
Cambodia battle zones



The Khmer Rouge forces of genocidalist Pol Pot, concentrated in the western part of Cambodia, are pressing eastward toward Battambang, while the Bush administration seeks to undermine those who are valiantly trying to resist.

FIGURE 2

Northwest Cambodian battle zones



Soviet secession law right out of Orwell

The new Law on Secession passed by the U.S.S.R. Supreme Soviet, which U.S. Secretary of State James "Munich" Baker praised on April 5, guarantees that, at least under this law, no republic would ever become independent. The new "secession" law is infinitely worse than the old U.S.S.R. Constitution article allowing for a republic to secede, which it has replaced.

The procedures now for a republic achieving independence are as follows: 1) The republic's parliament must first vote by a two-thirds majority, the republic's desire for independence. 2) Six months after that vote, the republic's population must hold a referendum, where again a two-thirds pro-independence vote is required. 3) Should that hurdle be cleared, then a mandatory *five year* period of "negotiations" between Moscow and the republic's leadership occurs, where all the economic, financial, and trade obligations (to the U.S.S.R.), military basing rights for the Red Army, the republic's new borders, *ad nauseam*, are to be regulated and "settled." On the borders' question, the law calls for not only

a republic-wide referendum, but for separate referenda in each district where minorities live.

This would ensure that large parts of the Baltic Republics, where the population is Russian (or, in Lithuania's case, Polish) would vote against independence, and for these regions to secede from the independent republic. So, at best, in theory, a territorially truncated "republic" can emerge, "independent," after five and one half years.

Soviet "lawmakers," however, are far-sighted. After these long, arduous, five and a half years, the republic's "independence" must then be approved by the new U.S.S.R. Federal Council, consisting of all 15 republic presidents and Gorbachov, and then ratified by the overwhelmingly Russian U.S.S.R. Congress of People's Deputies.

Should every "Catch 22" built into this particular law somehow fail to prevent independence, Gorbachov and his U.S.S.R. Supreme Soviet passed a parallel law in the same first week of April—the one the Western press is not even nominally covering—immediately after the "secession" law was passed. This law, called the Law to uphold "the Territorial Integrity of the U.S.S.R.," established the "legal" mechanism for the new President—Czar Gorbachov—to impose at any time where "actions by a republic" are "threatening the territorial integrity of the U.S.S.R.," direct presidential rule from Moscow over a republic, without having to first even consult with a republic's leadership, let alone get their approval.—*Konstantin George*

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East German security police remain intact

Special from *Neue Solidarität*

Despite the resounding defeat which the East German communist party, which now calls itself the "Party of Democratic Socialists" (PDS), received at the polls on March 18, the vast state security apparatus wielded by deposed dictator Erich Honecker, the Staatssicherheitsdienst, or Stasi for short, remains a powerful force in the country. As the new East German parliament just gets on its feet, the potential for the Stasi to run wrecking operations against the fragile new institutions now being formed in there should not be underestimated.

According to an internal memorandum issued by the PDS executive committee in East Berlin shortly after the elections, the party and its Stasi enforcement wing is planning to play every dirty trick in the book in order to recoup its losses in the upcoming communal elections, which are set for May 6, and to slow down the process of unifying the two Germanys. Any politician who refuses to enter into coalitions with the PDS on a local or regional level, is to be discredited through the targeted release of documents pointing the person's former collaboration with the Stasi—similar to the way that Wolfgang Schnur, a leader of the Democratic Revolution party, was forced to resign shortly before the March 18 elections.

According to the West German daily *Frankfurter Allgemeine Zeitung* on March 29, a leading PDS member revealed that the party intends to use its well-tested method of presenting forged or altered documents impugning targeted politicians. Since, according to Western sources, Stasi technicians are past masters at the art of forging perfect replicas of West German identification cards and the like, this new task should pose little difficulty for them. Most of the Stasi's reports are already written with cover-names, so that with a little doing, they can be altered to be used against many different people simultaneously. The Stasi remains in the possession of extensive files on 6 million of East Germany's 17 million inhabitants, all of which are maintained in triplicate, or even quintuplicate.

This threat underlines the urgency of immediately handing the considerably monetary assets of the Stasi over to the new government, and of formally dissolving the PDS—a call which is now being raised by many East (and West) German

political groups. In effect, the PDS has no claim to be a "party" in the sense of those which have been formed over the last nine months, because its functions have remained inextricably tied with the Stasi ever since the communists took over in East Germany following World War II.

Markus Wolf under KGB protection

The Stasi's key leader continues to be Gen. Markus Wolf, who remains active despite his formal resignation as head of the Ministry for State Security in March 1987 following a heart attack. On Feb. 12, Wolf sought refuge in Moscow, and speculation is rife about what he is doing there. It is known that when East German caretaker Prime Minister Hans Modrow visited Moscow on March 5, he met with his old friend Markus Wolf.

According to usually reliable information, on March 5-6 a secret staff meeting was held at a location about 100 kilometers southwest of Moscow between leading cadre of all leading Stasi cadre in its Intelligence Department, and members of the Soviet military intelligence (GRU) and secret service (KGB). The main speaker was Markus Wolf. A few quotes from Wolf's reported comments give a clear indication of the current state of mind in the top Stasi echelons:

"Our Soviet Chekists [referring to the old name for the Soviet secret police, the Cheka] have received us here, so that we can successfully continue our struggle. I would like to cite the words of my battle-experienced father: 'There is no greater crime than not wanting to fight when you *must* fight!' The retreat is at an end. Thanks to the selfless sacrifice of our most capable Chekists, all financial and operative battle gear have remained in our possession. All data which would have been important for our opponents, are secure. Everything was transported out according to plan, without the slightest hitch. Battle-tested comrades have their new areas of activity [assigned]. A great portion of our conspiratorial equipment remains with us, and many old comrades remain inwardly faithful to us. Newly created depots have been secured against attack. All collaborators abroad have been comprehensively briefed, have new contact possibilities, and a healthy base of operations. Our most capable comrades have performed their duty to the point of exhaustion; we have thrown off ballast, and are potent and oriented toward the future. Many Chekists are positioned correctly and can be reactivated at the point when that becomes necessary. True to [Cheka founder] F.E. Dzerzhinsky's motto: 'Only he who *is* fire, can spread fire.' "

According to Western estimates, Markus Wolf's department deployed not only about 8,000 agents around the world, but he also had 6,000 Stasi agents reporting directly to him in East Germany alone. His brother Konrad, who until his death was president of East Germany's Academy of the Arts, was likewise Soviet-trained and in 1945 was already actively recruiting former Reichswehr soldiers as spies for the communists.

Labour to hold line till crash in Australia

by John Koehler

In Australia there is a drink known as "Claytons." It is advertised as a drink you have when you aren't having a drink, and the drinking and driving laws have made it quite popular here. We have just had a "Claytons" election.

In national elections for 148 members of the House of Representatives and one-half of the Senate held March 27, the socialist party of Prime Minister R.J.L. Hawke, himself a member of the Fabian Society, has been returned, albeit with a reduced majority of only eight or nine.

As of the beginning of April, counting still continues in a number of electorates owing to the complicated preferential voting system. It is the fourth successive Labour Party government.

The so-called "opposition" party to Hawke's, the Royal Institute of International Affairs-controlled Liberal Party, should have won easily. However, its controllers contrived to have it shoot itself in the foot on just about every occasion. This, coupled with what appears to be selective use of vote fraud, resulted in the socialist win.

Janine Haines, the leader of the Democrats, a socialist-inspired minor party, failed in her attempt to transfer from the Senate to the lower house, as did Senator Stone, a National Party member and former governor of the Reserve Bank and former employee of the International Monetary Fund.

Sydney independent

The only bright spot in the whole charade was the election of Mr. Ted Mack from North Sydney. Mack, an independent, won his seat easily owing to his reputation of absolute integrity as former mayor of North Sydney. As mayor he introduced Citizen Initiated Referenda to allow the rate payers to have direct involvement in the running of the council.

One of the first things he did in office was to sell off the limousines, which the previous council had purchased at no small expense, suggesting to the aldermen that they consider catching a bus or even walking to work.

The Labour Party victory is incommensurate with the "achievements" of the Robert Hawke government:

- Since 1983, Australia's total debt has risen from \$24.2 billion to \$117 billion in 1988. That's \$9,445 for every man, woman, and child in Australia. Australia is the world's big-

gest debtor nation, after the United States.

- Usury is widespread—rates on short-term loans are well above 20%.

- The national dōle is over \$1 billion a month!

There are signs that the voting was not totally fair and square. In the election, we saw once again the strange phenomenon of safe government-held seats almost being lost while marginal seats were easily retained—traditionally one of the telltale marks of vote fraud. The 1987 election of the socialists is believed to have been possible only with the aid of about 600,000 false votes. One member in the State of Queensland had even managed to get over 400 dead persons to vote for him—a remarkable expression of support for a government which has destroyed the economy.

For those who look behind the scenes there appeared to be genuine confusion as to who was supposed to win. After mercilessly attacking and refusing to give coverage to genuine alternative candidates who had entered the race, the media did not take sides with regards to the two major parties. The confusion might have been caused by the delay in the expected financial crash—the election of a "conservative" austerity government is premature.

Hawke's budding police state

The socialists have just about completed their job of turning the nation into a police state in readiness for the International Monetary Fund demands to abandon national sovereignty altogether. The government has even "legalized" private security officers as "protective service officers" with more power than the police. The socialists have ordered huge quantities of tear gas and the latest bullet-proof vests, for these paramilitary goons. On a more sinister note, 3,000 silencers to fit 9-millimeter pistols have also been ordered for this force—a procurement made via the federal police to hide it from any casual inquiry. This dangerous new move might not have been discovered at all except that it was an urgent order, and could not be supplied by the usual suppliers in the given time. Thus, the orders to manufacture the silencers were given out to a number of small gunsmiths.

In connection with this revelation, the question being asked of Mr. Hawke's government by increasing numbers of Australian citizens is, what legitimate law enforcement function, do pistol silencers fulfill? Citizens are asking whether, given the use of "silencers" traditionally as a tool of assassins, this is to be indicative of the prime minister's new "open government."

There is widespread belief in Australia that following the upcoming financial collapse, there will be new elections here. With respect to financial policy, the winning party has no new initiatives with which to proceed. Even the Labour Party seems to be already preparing for the eventuality. There has not been much jockeying for the top government positions, and some senior Hawke party members are even standing down.

Trains are gaining speed, at last

Discussion in Europe on modern railway grid is meeting resistance, though, from Bonn's "Mr. Trucking."

A press conference March 28 of the Bonn minister of research and technology, Heinz Riesenhuber, on projects and funding priorities broke the routine. At a point in the briefing when nobody expected anything spectacular, Riesenhuber declared that "magnetically levitated trains should play a big role in future East-West European transportation."

He explained that the West German experimental train, Transrapid, could help to bring millions of future passengers quickly from one end of Europe to the other. The political changes in Central and Eastern Europe over recent months require a rethinking of plans for the future of transportation in Europe, and among other projects in discussion, one may also consider Transrapid routes on, or crossing the territory of today's East Germany, Riesenhuber said.

A spokesman at the ministry leaked later in a discussion with *EIR* that there is "certain forethought about a future route leading, let's say, from Cologne over Dortmund, Bielefeld and Hanover to Berlin, or, one may also begin the project in Berlin extending into the West and on the other side, to Warsaw in the East or even beyond." The spokesmen emphasized that the Transrapid shall not be a substitute, but a complement to the electrically driven, high-speed trains now being built or planned.

The East German side has begun to move too. The outgoing transition regime of Prime Minister Hans Modrow gave the official go-ahead, in mid-March, for the Hanover-Berlin high-speed rail project. The start of

work on the project, which is the centerpiece of transport infrastructure linking Eastern and Western Europe, was set for spring 1992, and it shall be completed by 1996-97. This schedule can be moved up by the new government, naturally.

Also in mid-March, the East German railways signed an agreement with the Polish railways to increase the schedule of mutual cross-border rail transports. The East German will secure, in the new summer train schedule, six more trains per day on the main route Frankfurt (Oder)-Poznan-Warsaw, which is equivalent to some 9,000 tons of commercial trainload (30 to 35 cars) or 5,000 passengers (800 each on a train with 10 coaches) daily. Further, agreement was reached between the two state railways that the long-overdue project of electrifying the route from Berlin to Frankfurt (Oder) begins this year.

In Bonn, things are not moving. When in late March, senior representatives of the West and the East German state railways (Bundesbahn and Reichsbahn) resolved to set up a joint project commission, they met the veto of Friedrich Zimmermann, the Bonn transportation minister. He told the Bundesbahn to "step back and leave initiatives to the politicians, first."

Zimmermann is not taking initiatives on the railway issue, but is favoring road-transport by trucks. He has also been blocking the Transrapid project of his ministerial colleague Riesenhuber. And despite a few public remarks, not even Chancellor Kohl has made the railway grid a leading issue of cabinet debates on future

transportation between East and West. This indecision in Bonn has come under heavier attack.

The presidium of the West German railway workers union met in Munich March 27, and passed a resolution calling on Bonn to secure the East German rail grid which carries 75% of all commercial freight. The government was urged not to repeat the earlier mistake in West Germany's transport sector of shifting substantial freight to trucking. The railway workers also advised that East Germany become an integrated segment in the planned trans-European high-speed rail grid.

Zimmermann, "Mr. Trucking in Bonn," should take a cue from his Austrian colleague Rudolf Streicher, who proposed in Vienna April 2 that there be "a high-speed train that can make the entire distance from Vienna to Berlin in only three hours." He said that restoring existing routes alone won't suffice to secure transport of persons and commercial goods; new tracks for high-speed trains to link Berlin with Vienna, Prague, and Budapest must be built.

Streicher also announced that Austria will hike its investment budget for the next fiscal year from 4.5 to 5.2 billion deutschemarks, emphasizing bettering basic rail infrastructure into Czechoslovakia and Hungary. Eighty percent of all Austrian commercial exports to these two countries is carried by rail.

Within the next five years, the Austrian program will reduce average travel time from Vienna to Prague and Budapest from 5.5 and 2.5 hours respectively, to 3 and 2 hours. Basic investments into a modern rail route from the Austro-Hungarian border to Budapest will be around DM1.6 billion, said Streicher. He should get on the phone with his reluctant colleague in Bonn right away.

Noriega trial a political bombshell

The U.S. holocaust in Panama might cause the Noriega case to be dismissed, and may cost Bush the presidency.

Attorneys for Gen. Manuel Noriega asked a U.S. court in Miami that the drug case against the former head of the Panamanian government be dismissed because the U.S. government acted in a manner "shocking to the conscience of the court" when it invaded Panama last Dec. 20. "This is a unique situation. This is the first time the U.S. has invaded a country and leveled it to arrest one man," said Frank Rubino, who leads the defense team.

"It is like talking about the Holocaust," said attorney John May, who prepared the defense motion to dismiss that was the subject of the April 2 hearing by District Judge William Hoveler. "Our government knew before the invasion that there would be many civilian casualties. What happened was immoral," said May. "Essentially, we're arguing that nothing General Noriega is accused of justifies such a wanton taking of human life," he said.

"The facts of this case are so egregious, so at odds with the norms of civilized conduct that dismissal of the charges is warranted," stated the defense motion.

The defense cited several precedents where courts have ordered defendants released because they found the manner in which they were captured "shocking to the conscience of the court." One such case was that of Francisco Toscanino, whom a U.S. appeals court ordered had to be freed, if it were true that he was beaten and kidnaped in South America to be brought to the U.S. to stand trial on drug charges, reported the *Wall Street Journal* on April 3.

Former U.S. Attorney General

Ramsey Clark, who conducted a fact-finding tour of Panama in January, testified before Hoveler that the civilian victims could number in the thousands, far above the 220 deaths admitted by the U.S. government. Clark said he had heard estimates of 3,000-7,000 dead. "We were told of trucks zooming in and bringing bags, body bags," said Clark. "There were many reports of disposals of bodies. It would seem to be designed to prevent their being counted."

Clark had made similar charges during a Panama City news conference Jan. 6, when he accused the U.S. government of engaging in a "conspiracy of silence." At that time, the U.S. media proved him right, by virtually ignoring his charges, though they were widely publicized in Europe and Ibero-America.

However, this time there was widespread coverage of his testimony and of the entire proceedings of the hearings in Judge Hoveler's court. For example, CBS News's coverage on April 2 included an interview with Clark and graphic scenes of a mass grave and the devastation caused by the U.S. bombardment.

The evidence of the mass killing in Panama is so overwhelming that it has become impossible for George Bush to sustain the coverup. In a series of articles in the Mexican daily *El Día* starting on March 28, Argentine journalist Stella Calloni, who witnessed the invasion, described it as "a mini-Hiroshima." The Pentagon, she said, "imposed tight controls on the international press, including detaining all the correspondents, to prevent filming of scenes of the massacre. They even

murdered in cold blood Spanish photographer José Rodríguez of Spain's *El País*." According to Calloni, the invaders used new, sophisticated weapons, and "used Panama, just as Hitler used Spain as a proving ground for the weapons he would later employ in World War II." Those weapons included the super-secret F-117 Stealth fighter, reported Carmen Lira in another article series begun the same day in the Mexican daily *La Jornada*.

There might be other reasons why the U.S. media are changing coverage of the invasion. As we reported in the Jan. 5 issue, *EIR's* founding editor Lyndon LaRouche noted that the invasion might prove to be the beginning of the end of George Bush's presidency. "What I suspect we will be seeing is a President being put to the test. If he does not change—and I speak of typically the liberal Establishment, which will give him a little time and a chance to learn his lesson after he has been slapped in the press and elsewhere—then they will crush him," said LaRouche.

There was also widespread coverage on April 2 of General Noriega telling the Independent Commission of Inquiry on the U.S. Invasion of Panama, that the invasion was caused not because of the false allegations of drug trafficking against him, but because he refused to allow Panama to be used as a staging ground for U.S. military operations against Nicaragua.

That report came out on the same day that a Washington jury began deliberations in the Iran-Contra trial of Adm. John Poindexter, former national security adviser. It was Poindexter who delivered the ultimatum from the Reagan-Bush administration to Noriega on Dec. 12, 1985, that Panama join the war against the Sandinista regime of Nicaragua—or else.

PAN party self-destructs

A factional brawl inside the PAN could lead to a defeat of the "collaborationists" with the Salinas government.

On March 20, key leaders of the National Action Party (PAN) held a national press conference in Mexico to charge the U.S. Republican Party with financing and aiding a group within the PAN to seize control of the party and place it at the service of the Republican administration in Washington.

The denunciations were made by Pablo Emilio Madero, a former president of the PAN national executive committee, and endorsed by a powerful group of Catholic leaders within the party, including Jesús González Schmall, José Angel Conchello, Jorge Ortiz Gallegos, José González Torres, Gabriel Jiménez Remus, and 70 other national PAN leaders who are determined to prevent the party from falling completely under the thumb of PAN president Luis H. Alvarez.

In his March 22 response, PAN general secretary Abel Vicencio Tovar did not deny the charge, but assured the press that the matter was "closed and not under investigation." However, under grilling by the press, he admitted that the matter of foreign financing was under discussion at a national PAN assembly. But he insisted that the only aid received from foreign organizations were invitations to attend meetings of the International Democratic Union, with which the Republican Party is affiliated, and to attend courses on "civil resistance" in Panama in support of that country's puppet president Guillermo Endara. He also admitted that PAN members had been provided funds to attend "civil resistance" courses in the Philippines given by the group which overthrew Marcos.

Vicencio Tovar's brazen admis-

sions have not been investigated by police or national security forces because the PAN's current leadership, headed by Luis H. Alvarez, maintains a "strategic alliance" with the Revolutionary Institutional Party (PRI) headed by President Carlos Salinas de Gortari. The alliance was forged in October 1989 through a "letter of intent" signed by both Salinas and Alvarez, in which the PAN's 101 congressmen committed themselves to voting for a national electoral reform granting the government broad powers to control and censor all electoral processes. The PRI congressional bloc does not currently possess sufficient numbers of its own to reform the Constitution.

With the reform, President Salinas's continued reign is assured through electoral fraud. In exchange for PAN cooperation, Salinas agreed to hand the state of Baja California Norte to the PAN, which occurred in the fall 1989 state elections. The vote went to Ernesto Ruffo, current state governor and a close Alvarez ally.

On March 26, the group of PAN Catholic leaders around Madero told Mexico's *El Universal* that PAN international secretary Norberto Corella had been given 53 million pesos by the National Republican Institute for International Affairs to organize a meeting of affiliates of the International Democratic Union in Mexico City, which took place in July 1989. Independent media sources have confirmed to *EIR* that there exists documentary evidence that Alvarez and his group gets money from the Republican Party, evidence that will be made public shortly.

The outbreak of this battle within the PAN is related to the fact that the Alvarez forces are politically committed to a group of ultra-liberal financiers headed by businessman Eloy S. Vallina, himself the leader of the Chihuahua Businessmen's Association, known for its ties to a circle of Texas businessmen around George Bush. The Mexican state of Chihuahua shares a long border with Texas.

In 1982, when then President José López Portillo nationalized the private banks in Mexico, Eloy Vallina launched an insurrectionist political movement against the government, using Alvarez and Francisco Barrio as his battering rams. The next year, Alvarez and Barrio were elected mayors of the cities of Chihuahua and Ciudad Juárez, respectively. In 1986, Alvarez declared a hunger strike, which was publicized around the world through secret funding from Ollie North who maintained contact with Alvarez through CIA agents Sergio Americo Lastra and Ricardo Villaescalera. Both men met on several occasions with North's fundraiser, the homosexual Carl "Spitz" Channell.

In April 1987, the Mexican Labor Party charged that North was financing the PAN and a group of Mexican businessmen through Nicaraguan "Contra" Jaime Morales Carazo. The scandal triggered by the PLM denunciations had powerful repercussions inside the PAN, with the result that then PAN secretary general González Schmall decided to indefinitely suspend PAN member and Alvarez man Ricardo Villaescalera because of his ties to Channell.

On March 26, Alvarez threatened to expel Madero's followers if they continued to air these charges, making it clear that a total rupture between the two factions is imminent. Alvarez's star is on the wane, which won't make President Salinas happy.

International Intelligence

Pravda moots terrorism against Soviet officials

Is someone in the Soviet Union planning a bloodletting against top officials of the Nomenklatura? On March 30, a very ominous article appeared in the Communist Party daily *Pravda*, reporting that "often" in recent years, high-ranking Communist Party and state functionaries have narrowly escaped being killed by assassins, and were saved in the nick of time by the vigilance of the KGB.

Pravda quoted KGB Gen. Yuri Plekhanov, that "in recent years," assassins armed with knives and sawed-off shotguns have gotten close to and tried to kill leading functionaries. "Often" they were only caught "at the last minute," by "special units" of the KGB, and stopped from their nefarious plans, the general said. Plekhanov stressed that the problem continues up to the present time: "Each month, our men uncover and arrest about a dozen persons, on Red Square, in the Kremlin, or elsewhere, who have criminal intentions."

Korean expatriates out to dump Kim Il-sung

A movement has surfaced within the Korean expatriate grouping in Japan, which has historically been pro-North Korean, to dump North Korean dictator Kim Il-sung. The *Korea Times* reported March 22 that 855 of the Korean expatriates affiliated with the pro-Pyongyang organization, Chongnyon, were scheduled to make home visits to the North March 26-28.

According to a report in *Tongil Ilbo*, a daily published by Koreans in Japan, some 30 Chongnyon members, including Ha Su-to, director of the Research Institute of the Reunification of Korea—who was the deputy director of the Chongnyon's Organization Department—held a meeting recently and decided to stage a massive "rally of Koreans in Japan for the promotion of national reunification and the overthrow of Kim Il-sung's dictatorship."

Declaring that "what Kim Il-sung has

sought is neither national reunification nor the North Korean people's happiness," Ha Su-to asserted that "to achieve reunification between the North and the South, Kim Il-sung's dictatorial system must be overthrown."

Soviets: U.N. should replace military blocs

Soviet Defense Minister Dmitri Yazov said in an interview published on March 30 in the Paris daily *Le Figaro* that existing military blocs should gradually be replaced by political alliances underpinned by the United Nations. The formulations echoed schemes presented by President George Bush in an interview with the *Washington Post* last June.

Yazov was on a four-day visit to France.

"We wish to see military pacts turn into political alliances," Yazov said. "We want to pass from confrontation between nations to entente." Asked if military blocs should be dismantled, he said: "Yes, but not immediately. First we must give a political flavor to the alliances which will lead to entente between nations."

"An alternative security system already exists, within the United Nations. Its various institutions will be able to put new systems into place. It was thanks to the U.N. that a settlement was found to the Afghanistan War and the Iran-Iraq conflict."

Concerning the Lithuania crisis, Yazov said that Lithuanians would have to pay for their freedom. He claimed that only 26% of the population supports the pro-independence Sajudis movement. "Twenty-six percent is not 100%. The people of Lithuania themselves do not want to leave the Soviet Union," he said.

He reaffirmed that Lithuania could eventually leave the Soviet Union, but only after lengthy negotiations. "But for nearly 50 years, Lithuania has developed within a unified economy. The Soviet Union and its republics have built industrial and nuclear bases there. How do we share these out? What must Lithuania pay the other republics?"

Kohl affirms German role in NATO alliance

West German Chancellor Helmut Kohl said on March 30 that a united Germany should come under the full protection of NATO.

Speaking at a joint press conference with British Prime Minister Margaret Thatcher, Kohl said he did not want a united Germany to be subject to any special defense arrangements. "We want the full protection of NATO for the territory of Germany," he said.

Thatcher said she and Kohl had agreed in their talks at her Downing Street office that nuclear weapons would have to remain on German soil after unification.

Kohl suggested that short-range missiles had a reduced role to play, in the light of the changes sweeping Eastern Europe.

Scottish National party hails Lithuania

The Scottish National Party, which represents about 30% of the vote in Scotland, put out the following statement on March 14. The SNP is an independentist party which proposes to break the Treaty of Union between England and Scotland (see *EIR*, March 30, p. 49):

"The leader of the SNP, Mr. Gordon Wilson, today sent a message to the President of the Lithuanian Republic warmly welcoming the Lithuanian Parliament's Declaration of Independence last night.

"In his letter to the newly-elected Lithuanian President Mr. Vytautas Landsbergis, Mr. Wilson states:

"The SNP warmly welcomes the decision of the Lithuanian people and the Lithuanian Parliament to exercise your sovereignty and declare your nation's Independence.

"We salute the people of Lithuania's courage and determination, which serve as an inspiration to all other European nations, both East and West, struggling to achieve their freedom.

"You have shown that no one, not even one of the largest nations on earth, can stand

in the way of a people's march to Independence once they decide to exercise their inalienable right to self-determination.' "

Schiller Institute hosts anti-satanism conference

The Schiller Institute held a conference in Caracas, Venezuela on April 3, on the theme, "Rock and Drugs, First Step towards Satanism: Know the Alternative." Some 500 people attended, most of them students from Catholic schools and members of religious groups. The institute is an international group founded by Helga Zepp-LaRouche, dedicated to the creation of a new renaissance to counteract the dark age of contemporary "culture."

Presentations exposed the subliminal satanic messages conveyed through rock music and television; the effect of TV violence on children; the international war on drugs; and the need for a school curriculum to weaken the hold of the counterculture on children—stressing geometry, classical music, science, and great literature.

The main concern of the participants was how to create an institution capable of stopping the immoral influence of television, by bringing TV under control of the authorities.

Mandela, De Klerk to seek end to violence

Nelson Mandela, the South African black leader, announced that he would meet with President F.W. De Klerk on April 5, to discuss the future of the nation and an end to the violence which is sweeping black townships. Mandela, the African National Congress (ANC) deputy president, was released Feb. 11 after serving 27 years in jail.

The announcement came as a surprise, since the ANC had postponed exploratory power-sharing talks with the government set for April 11 after police killed up to 17 demonstrators in the black township of Sebokeng, near Johannesburg.

De Klerk on April 2 ordered more troops

and police into black areas to quell violence that has claimed more than 400 lives since Mandela was freed from jail. In Natal province, supporters of the ANC-allied United Democratic Front are fighting Zulu Chief Mangosuthu Buthelezi's Inkatha movement.

In a news conference, Mandela welcomed President De Klerk's decision to send in troops, but demanded consultation. "We welcome the measures which the President has implemented . . . but a unilateral action on the part of the government without consultation with black leaders is bound to be ineffective," he said.

The ANC has postponed a joint rally by Mandela and Buthelezi aimed at trying to stop the bloodshed. "Mandela said he had been informed that a joint rally will not be appropriate at this time, because the people are still very angry and there could be a bloodbath on that day," Buthelezi said in a television interview.

B'nai B'rith opposes Pope's meeting with PLO

Pope John Paul II was scheduled to meet with PLO chief Yasser Arafat on April 3, a meeting which was strongly opposed by B'nai B'rith chairman Seymour Reich, in a letter to the Vatican.

The Pope's meeting with Arafat "raises the most profound concerns within the Jewish community worldwide and constitutes a serious setback to the cause of mutual understanding," said Reich, who is also chairman of the International Jewish Committee on Interreligious Consultations. Reich said the meeting reopened an old wound inflicted in 1987, when the Pope met with Austrian President Kurt Waldheim. Waldheim was accused of Nazi war crimes, based on unsubstantiated evidence derived from East bloc sources.

Elon Steinberg, executive director of the World Jewish Congress, said: "It's vital that Jews and Catholics better understand each other. Just when things seemed to be getting back to normal between Jews and Catholics, this papal meeting throws a monkey wrench in it."

Briefly

● **FRANCE** has halted its two-month peace drive to stop the inter-Christian war in Lebanon, political sources told Reuters on March 28. They said French Ambassador René Ala had informed Lebanon's senior Christian spiritual leader, Nasrallah Butros Sfeir, that France was stopping its efforts.

● **POLICE** opened fire on thousands demonstrating in Nepal's Kathmandu Valley on March 30. Witnesses said that at least two people were killed during the battles between riot police and demonstrators that went on for several hours, in protest at attempts to arrest suspected opposition activists.

● **REUNIFICATION** of Germany and German relations with Poland were discussed during a short private audience that Rudolf Seiters, head of the Bonn chancellery, had with Pope John Paul II at the Vatican on March 31. Seiters also met Vatican Secretary of State Cardinal Agostino Casaroli and Cardinal Joseph Ratzinger, president of the Commission of the Faith. Seiters also met with Italian political leaders.

● **BRITAIN'S** new Defense White Paper, issued April 2, for the first time officially commits the British military to respond to the threat posed by the "proliferation of ballistic missiles and chemical and biological weapons in the Middle East."

● **THE SOVIET** military monthly *Voenny Vestnikh* called in its February issue for restructuring the Army, KGB, and Interior Ministry Troops to meet the threat of "the spread of ballistic missiles and nuclear weaponry" in the Third World, with particular emphasis on "the Near East," and of growing "low-intensity conflicts" inside the U.S.S.R. It described as "particularly dangerous," the situation in "the Near East, Punjab, and Kashmir."

The Clean Air Act: on the road to perdition

by Carol White

In 1973-74, the United States was put through an economic shock as oil prices soared. To take one example, electricity prices, which had been decreasing at an exponential rate, suddenly began to increase. Effectively, the entire economy was taxed. That was almost 20 years ago when the U.S. economy, relatively speaking, was in sound shape. Today, the U.S. economy is on the verge of bankruptcy; yet the U.S. Senate has willfully passed a Clean Air Act which will administer an even more devastating shock on an already ailing economy. On April 3, the Senate passed a bill which had been vigorously debated for 13 years.

Estimates of the number of jobs which may be lost as a result of forced industry shutdowns as a result of the imposition of the Senate-mandated so-called environmental protection measures, range as high as 750,000. Immediately, 5,000 West Virginia coal miners will lose their jobs. The automobile industry will be hard hit by a minimal \$600 added to the price of cars, which are already difficult to move through dealer lots. And every sector of the economy will be similarly effected.

According to the Bush administration, the cost of the Senate bill, which would put stricter controls on factory smokestacks, cars, and light trucks, will be a whopping \$21 billion per year by the year 2005 when the specified measures would be fully implemented. The National Association of Manufacturers contends that this is a gross underestimate. NAM released a statement which called the Senate bill "a regulatory disaster that could cost double the estimated \$21 billion."

The steel industry, which lobbied hard to block provisions of the act that would require multibillion-dollar investments in upgraded pollution technology, was also upset, as were lobbyists for car, oil, chemical, and other industries. Chemical plants, refineries, and coke ovens which are unable

to meet the strict new emission standards within 10 years, will be forced to shut down.

The next phase

But as bad as the Senate bill now is, the House of Representatives is about to force through stiffer, more radical measures in their own version of the act. The House Energy and Commerce Committee began debate on their amendments to the act on April 4, taking up where the Senate left off.

Rep. John Dingell (D-Mich.), who chairs the committee, unlike the environmentalist Senate Majority leader George Mitchell, the Democrat from Maine, where President Bush has his Kennebunkport vacation retreat, has resisted much of the worst environmentalist insanity. Dingell is answerable to a constituency whose economic survival depends upon the viability of the U.S. auto industry. Mitchell, representing the trees of Maine, was the most virulent promoter of the Senate version.

But, strongly challenged for control of his own committee, Dingell has struck a compromise over alternative fuels with Rep. Henry Waxman (D-Calif.), who heads a key subcommittee and who has led the environmentalist charge to seize control of the Energy and Commerce Committee, that would require widespread use in the 1990s of cleaner-burning reformulated gasoline. A similar provision in the Senate would require gasoline to be blended with such additives as ethanol, made from corn. This is a bonanza for the grain cartels, but not for Americans who are already staggering under increases in basic food prices or for those populations in famine-ridden areas of the world who need the grain to survive but can no longer afford to pay for it.

The oil industry has warned it could cost motorists 25-30¢ a gallon extra if the new law includes the ethanol provision. The industry estimates the overall costs of rebuilding

refineries could hit \$50 billion.

U.S. environmental laws—even before passage of the new Clean Air Act—are the most stringent in the world. Concomitantly, the U.S. has been losing its productive edge to Germany and Japan where investment has been allowed to flow into technology upgrades, rather than into scrubbers and the like.

U.S. leads in environmentalism

The White House estimates that since 1970 when the original Clean Air Act was approved, the United States has spent \$225 billion to control air pollution. But substantial increases in the burning of high-sulfur coal and road-miles driven, have made improved air quality difficult. Both the Senate and House bills would give the U.S. Environmental Protection Agency greater authority to control emissions of toxic chemicals.

Just as pernicious as the economic toll from the bill is the regulatory aspect. The Environmental Protection Agency, headed by William Reilly, President Bush's point-man for environmentalism, will have been not only upgraded to cabinet-level status—as is now proposed—but he will effectively become the czar of all industry. His agency will control the certification of the compliance of industry to these new regulations—from top to bottom. This is suggestive of President Franklin Roosevelt's National Reconstruction Act (NRA), which also created an American brand of administrative fascism administered by his czar, Hugh Johnson.

The NRA, which sought to enforce codes governing every aspect of production, was ruled unconstitutional, and we can hope that the new, more pernicious, environmentalist version of American fascism will quickly suffer the same fate. But the immediate prospects that the presently constituted U.S. Supreme Court would intervene in an analogous manner to rule that the regulatory powers given to EPA are unconstitutional, are in fact dim. That the court is tilting in the opposite direction is exemplified by their ruling, at the close of March, that the censorship law enacted by the State of Michigan, which limits corporate free speech, is constitutional. This law, which is similar to laws of the federal government and twenty other states, makes it a felony for corporations to spend general funds in order to express their opinions about the functioning of candidates.

The new fascism

The court's decision gives states the right to suppress corporate free speech where it does not "reflect actual public support for political ideas." In other words, corporations which might wish to continue to campaign against the Clean Air Act, or the practices of the EPA in administering the act, can be found guilty of a felony. Ironically, the same court system which has enacted this abridgement of the constitutional right to free speech has, with the exception of a spirited dissent by Justice Antonin Scalia, seen fit to accord purveyors

of child pornography protection under the First Amendment.

Too many Americans have accepted the Big Lie that there is some undefined menace hanging over us because we are interacting with our environment. They have yet to accept the reality of what enforcement of the Clean Air Act will mean to their way of life. As electricity brownouts and blackouts multiply, because of the inability of already-bankrupted utilities to invest in necessary expansion because their funds are being absorbed in attempts to comply with new anti-pollution standards, television sets will have more and more down time. Hopefully, this might ironically result in an increase in the I.Q. of the viewing public, which is typically lulled into fantasy land in front of the boob tube.

As *EIR* has repeatedly documented, the "greenhouse effect" and the "ozone hole" are two deliberately concocted myths whose purpose is to convince the American population, and the populations of other Western nations, to accept policies which will inevitably force the United States into a depression so severe that it will beg comparison with the Dark Ages rather than the Great Depression of the 1930s. Fortunately, we can confidently predict that the cold bath of reality, as the measures spelled out in the act are enforced, will fuel the kind of response in the United States that Margaret Thatcher's poll tax has evoked in the United Kingdom.

The Big Lie

Since 1970, auto emissions have become 96% cleaner, yet environmentalists present the remaining 4% as some kind of dramatic threat to health and the environment. Yet a new study has just been released by scientists from the University of Alabama in Huntsville, Alabama who are also working with the National Aeronautics and Space Administration (NASA), which found that there is no evidence of a global warming trend over the past decade. This alleged warming trend is one of the predictions made by scientists used as a justification for drastically curbing industrial pollution—thereby shutting down industry—in order to slow an alleged accelerating greenhouse, global-warming effect.

This latest report on global temperature trends is said by its authors to be the most reliable yet prepared. It relies on data gathered by a series of Tiros-N weather satellites launched into the upper atmosphere in late 1978 by the U.S. Department of Commerce's National Oceanic and Atmospheric Administration.

"While future global temperature variations were not specifically addressed, the decade from 1979 through 1988 showed no net warming or cooling trend," NASA said, summing up the report in a statement issued by its George C. Marshall Space Flight Center in Huntsville. The government satellites were equipped with devices able to measure the temperature in a layer of air 600 miles wide and 5,000 feet to 20,000 feet above sea level, a slice of the upper atmosphere where scientists predict the first telltale signs of global warming will appear.

Will the Democrats lose their historic opportunity?

by Kathleen Klenetsky

President George Bush is in deep political trouble. Public outrage over his immoral and cowardly handling of the Lithuanian crisis is combining with growing public panic over the collapsed state of the U. S. economy, to produce a politically explosive situation in which Bush's artificially high popularity rates could be coming tumbling down as quickly as the stock market did in October 1987.

But while Bush, and the Republican Party in general, face the prospect of a rout of historic proportions, the Democrats have thus far failed miserably in the task of offering a viable alternative to the administration's economic or strategic policies.

Instead of seizing this historic opportunity to reestablish the old Franklin Roosevelt coalition of the traditional Democratic constituencies—labor, farmers, minorities, independent entrepreneurs—and take back the presidency, the great majority of Democratic office-holders and party officials are either trying to out-Bush Bush—advocating even more abject appeasement of Moscow and Beijing, and harsher levels of austerity—or are throwing their hands up in despair.

It's not just the voters who are abandoning the party, but its leaders as well: Within the last three weeks, two Democratic governors, William O'Neill of Connecticut and Vermont's Madeleine Kunin, have announced that they will not seek reelection, O'Neill reportedly because the \$1 billion tax hike he backed last year has rendered him a political pariah, and Kunin explicitly because of the terrible state of the Vermont economy.

It is a sorry state of affairs, but nonetheless true: Instead of two contending parties, Washington is basically being run by a coalition government of Republicans and Democrats, committed to slight variations of virtually the same shopworn and provably incompetent policies. So concerned are the Democrats to keep their deal with Bush and the Republicans, that they don't even amount to a loyal opposition.

A case in point is the behind-the-scenes antics over the proposal recently put forward by the House Ways and Means Committee chairman Dan Rostenkowski (D-Ill.), which calls for eliminating the Social Security cost-of-living increase for one year, raising gasoline and income taxes, and slashing

defense outlays. Although supposedly one of the Democrats' "big, new ideas," the austerity scheme was actually worked out beforehand between Rostenkowski and the Bush White House.

This collusion extends so deeply, that Democratic Party hacks in certain areas are actually stymieing efforts to field Democratic candidates. As *EIR* has previously reported, such is the case in Virginia, where the party, despite having scored major victories in the November 1989 elections, decided not to run a candidate against incumbent Republican Sen. John Warner, and has tried desperately to prevent a LaRouche Democrat, Nancy Spannaus, from challenging Warner.

Two recent national party meetings underscore the party's current state of mind. In mid-March, the Democratic Leadership Council (DLC), formed by the self-styled "centrist" wing of the party, and the Democratic National Committee (DNC) convened separate conferences, presumably to devise party strategy for the coming period.

But nothing of the sort emerged. Not only was no comprehensive program for reversing the depression put forth, but neither meeting could muster anything resembling a battle-plan for electing the next Democratic President. Both meetings gave strong backing to the strategy of Sen. Daniel Moynihan (N.Y.). Not because it charts a sound course for the economy—it offers *no* such course, and, according to Moynihan himself (who says he only wants to protect the assets of the retirement trust fund), it's not intended to. But rather, because it's an ideal partisan ploy.

"A political stroke of genius," declared DNC Chairman Ron Brown of the plan. "The payroll tax burden on average American families needs to be reduced and progressivity restored to the overall tax structure," pronounced the DLC. Ironically, the DLC until now has carefully cultivated the profile of responsible fiscal conservatives, to whom any measure that would increase the deficit would be anathema.

Politics of exclusion

What happened at the DNC meeting goes a long way toward explaining why the party has thus far been incapable of breaking out of its losing streak. The real point of emphasis

at the gathering was placed on devising bigger and better schemes for excluding from the party anyone not interested in supporting the current idiocies of party life.

The muckety-mucks in attendance adopted new rules governing the Democratic presidential nomination process. The most telling of these was the decision to increase the number of votes a candidate must win in a presidential primary or caucus in order to receive delegates. Previously, the threshold was set at 10%, but this was apparently not high enough to keep out dissenting or new voices, so the figure was increased to 15%.

If the Democratic Party's inner circles think that these politics of exclusion are going to help the party's cause—at least as that term was traditionally defined to mean (if not always realized in fact) protecting the interests of the average working Joe, blacks and other minority ethnic groups, small businessmen, etc.—they've got another thing coming.

The party is no longer simply losing supporters: It's hemorrhaging them. The disgust and even hatred of the party among its former leading constituencies is reaching epidemic proportions. The chances of electing a Democratic President appear so remote right now, that, according to party insiders, no potential candidate is even thinking about going out the early caucus and primary states—a sharp break from past practice.

And no wonder! After all, why do you need a Democratic Party, when it has become nearly indistinguishable from the Republicans?

Are voters seriously going to turn to the Democratic Party, when all it offers is the same rubbish as the Republicans? Do they really want the likes of Virginia's Doug Wilder, the first elected black governor, who addressed the DLC meeting on the virtues of his austerity budget, or Sen. George Mitchell, chief sponsor of the revised Clean Air Bill, which will cost millions of jobs and lead to the wholesale shutdown of many American businesses? Do they want a party which nominated Mike Dukakis, who made such a mess out of the Massachusetts state economy that he's lucky he hasn't been lynched, or one that may nominate a Gov. Mario Cuomo, who is currently implementing one of the most draconian, inhumane budgets ever seen in New York State?

The LaRouche factor

No, not by a long shot. Anger at the present leadership's incompetence and corruption is already threatening to blow apart the party's current framework and method of operating.

That can be seen from the growing openness and support being shown toward LaRouche Democratic candidates and programs. While the party leadership scrambles, as it did at the DNC meeting, to erect stronger barriers against LaRouche and like-minded mavericks, the LaRouche movement is drawing new interest and support from those constituencies who feel betrayed by the party, and are looking for an alternative to the warmed-over plabum being dished out

by the party establishment.

Take the case of Texas, deep in the grips of the depression which overwhelmed it in 1983. Although subjected to an intense slander campaign by certain factions of the Democratic Party associated with the Anti-Defamation League (ADL), candidates affiliated with the LaRouche movement scored hundreds of thousands of votes in the March 13 Democratic primary.

Enough Texans were drawn by the candidates' message that LaRouche's program for a new scientific and industrial revolution is vital for the survival of the state and the nation, that several LaRouche supporters won their races, while others received upwards of 20, 30, and 40%. Harley Schlanger, who ran for the Democratic nomination to the U.S. Senate, garnered 25% of the vote statewide, despite his having spent less than \$10,000, to his opponent's more than \$700,000.

That was no fluke, as subsequent events have proved. Over the first weekend in April, Texas Democrats held district conventions across the state. Numerous LaRouche candidates were elected as delegates and alternates to the state convention, and a resolution introduced by LaRouche backers, calling on the Bush administration to support Lithuanian independence and to establish full diplomatic ties with Lithuania, was passed in both Senate District 15 (Houston) and Senate District 10 (Tarrant County).

Of special note was the fact that at the Senate District 15 meeting, a resolution on LaRouche was introduced. Instead of the expected attack on LaRouche and his supporters participating in the Democratic Party, the resolution asserted that Democrats "welcome the participation, and presentation of ideas, by the followers of LaRouche," provided they abide by the rules of the party and support the party's nominees.

And if that didn't send a loud enough signal, the chairman of the Resolutions Committee publicly observed that "The LaRouche people have some good ideas," specifically citing the Lithuanian resolution.

LaRouche candidates are getting similar responses in other areas. In Virginia, where Nancy Spannaus is running for John Warner's Senate seat, she has found great receptivity from the farm sector, labor, and black groups—who regard Warner with contempt, and Democratic Party officialdom, with increasing skepticism and distrust.

Spannaus attributes this to the party's refusal to field a candidate—de facto endorsing Warner—and its overall position on economic issues. For instance, she notes that the Democratic Party and the state AFL-CIO both supported the recent shutdown of the Avtex Fibers mill, by Democratic Attorney General Mary Sue Terry, on specious environmental grounds. That plant closing put 700 workers, mostly Democrats, out of their jobs.

"The Democratic Party is going to have to open up to LaRouche's ideas whether it likes it or not," noted one party insider, "or we'll be holding its funeral not too long down the line."

Bush attacked for not backing Lithuania

The President is coming under increasingly harsh criticism for his refusal to upset his condominium arrangement with Gorbachov by backing the Lithuanian republic. Here are some examples (see also Congressional Closeup, p. 76).

Under the headline, "Double-Crossing Lithuania," syndicated columnist **Pat Buchanan** wrote on April 4: "As the awesome might of Moscow slowly crushed Lithuania last week, President Bush abruptly withdrew his moral support. All we ask now is that President Gorbachov, in carrying out his death sentence on the tiny Baltic republic, do it by lethal injection, not public firing squad. So long as Moscow does not do a Budapest, it has a free hand. . . . Lithuania cannot resist intimidation and pressure without Western moral support. Hence, the U.S. declaration of neutrality is the death warrant of Lithuanian independence."

Rowland Evans and **Robert Novak** charged in their April 4 syndicated column that "Bush's refusal to utter a word in public that might undermine President Gorbachov at home is similar to his self-defeating handling of China after Tiananmen Square. Retreat from principle has not improved China. That raises the prospect that Bush's reading of Gorbachov is as flawed as his reading of China. But the President alone decides."

The *Washington Times* on April 4 published an article by the London *Sunday Telegraph's* **Xan Smiley**, saying that an "influential slice of Washington opinion, from both left and right, is angered by Mr. Bush's reluctance to criticize the Kremlin and has started to accuse him of falling hostage to the charms of Soviet President Mikhail Gorbachov." "It's a return to the Kissinger approach," said one Soviet expert.

The *Minneapolis Star Tribune* published an editorial on March 13, two days after the Lithuanian Declaration of Independence, entitled "To the Republic of Lithuania, a Salute." The paper blasted the Bush administration for waffling, despite the fact that "for 50 years, American officials have refused to recognize Josef Stalin's forcible inclusion of Lithuania into the Soviet Union." Bush's position is not only "tantamount to withdrawing the American recognition that has been accorded free Lithuania for half a century," but

"it's also tantamount to repudiating the powerful precepts contained in the Declaration of Independence [which] declares that the right to self-determination is not granted by an external power, but resides with the people themselves."

LaRouche for Justice, the campaign committee for **Lyn- don LaRouche's** campaign for the Democratic congressional nomination in Virginia's 10th CD, took out an ad in the *Washington Times* on April 5, entitled "Support Lithuania; Stop Appeasing Moscow." The ad, which ran nearly a full page, carried the texts of two statements by LaRouche on the crisis (these also appeared in the April 6 issue of *EIR*).

State and local governments respond

Several city councils and state legislatures around the country have passed resolutions calling for a tougher stand in support of Lithuanian independence.

Baltimore: The City Council stressed that it is "alarmed at the escalating nature of this crisis and feels concern for the future of Lithuania," and resolved that it "recognizes the right of self-determination and sovereignty for Lithuania and urges that peaceful negotiations be employed to bring about a political settlement which acknowledges and honors Lithuania's right to self-determination."

Chicago: The City Council adopted a resolution on March 21 which pointed out that "more than 10,000 persons of Lithuanian ancestry . . . make their homes in the Chicago metropolitan area [and] identify with the struggle of the Lithuanian people for freedom." The councilmen expressed "our support for, and solidarity with the people of the Republic of Lithuania in their declaration of independence, and call upon all citizens of Chicago to support the cause of Lithuanian independence."

Cleveland: The City Council's resolution underlined that "after Lithuania declared independence in 1918, the U.S. did extend full recognition to Lithuania on July 26, 1922, and has never recognized the illegal annexation in 1940 of Lithuania by the Soviet Union—meaning that the U.S. recognition of the independent and sovereign state of Lithuania is continuing."

New Jersey: On March 29, the State Senate passed by unanimous voice vote a resolution supporting Lithuania. It stressed that events following Lithuania's Declaration of Independence "included expulsion of foreigners from Lithuania by the government of the Soviet Union and hostile activities by Soviet troops as they seized Lithuania's citizens and terrorized her people in hospitals and government buildings."

Los Angeles: Proclaiming "we are all Lithuanians now," City Council President John Ferraro greeted the unanimous vote by the Council on March 30 in favor of a resolution supporting Lithuania.

Texas: A resolution calling on the President to support Lithuanian independence and to establish full diplomatic ties with Lithuania was passed by Democrats in two Senate District conventions on March 31.

OSI set precedent for Lithuanian betrayal

by Joseph Brewda

When George Bush stated on March 13 that he would not recognize an independent Lithuania, it became clear that his administration had betrayed that embattled state in the interests of the superpower condominium. In an attempt to justify himself, Bush lied that there was no basis for such recognition since the Landsbergis government did not "control its territory." This "might makes right" concept of sovereignty, which is openly at odds with 200 years of U.S. diplomacy and the U.S. Constitution, is all the more disgusting as applied against Lithuania. The U.S. government had refused, for 50 years, to recognize the Soviet occupation of Lithuania, since to do so would have been to recognize the 1940 Hitler-Stalin Pact under whose "legal" authority the state was seized. Now Bush has changed all that.

It is important to recognize that the prosecution of Americans of Baltic origin as alleged "Nazi war criminals" by the Reagan Justice Department's Office of Special Investigations (OSI), provides the "legal" precedents for Bush's behavior. The origins of the OSI date back to the Ford administration's groundbreaking decision that Soviet testimony and state documents could be accepted as evidence in U.S. courts against U.S. citizens accused of war crimes. The decision was hotly opposed by many former government officials who argued that Soviet evidence is notoriously frequently forged, and that the Soviets would use the cases to selectively target Soviet opponents. The OSI was finally formed in 1979, despite this opposition, to collect this Soviet "evidence," and was uniquely mandated to work with Soviet intelligence agencies to this end.

The case of Karl Linnas

The case of Estonian-born U.S. citizen Karl Linnas shows how the Reagan-Bush administration used the OSI to grant de facto U.S. recognition to the Soviet occupation of the Baltic states on behalf of the U.S.-Soviet deal.

In January 1962, a Soviet state-prosecuted trial in Tartu, Estonia, found Karl Linnas guilty *in absentia* of war crimes during a period when he was allegedly a concentration camp guard. There was never any question as to what the court would decide; in an unusual and highly sensational error, the Soviet magazine *Soviet Legality* published the Linnas verdict

three weeks before the trial's conclusion. The Soviets duly attempted to extradite Linnas from the United States where he was then an anti-communist activist. However, President John Kennedy said "No." The Kennedy administration asserted that Soviet courts and Soviet authority in the illegally occupied Baltic states had no standing, and Soviet legal decisions, in any case, had no validity under U.S. law. Kennedy was unwilling to send Linnas to his death. For such reasons, the Soviets accused the Kennedy administration of harboring Nazis.

In 1980, however, the OSI began deportation hearings against Linnas based solely on the same Soviet claims rejected by the Kennedy administration. The U.S. District Court in Uniondale, New York revoked Linnas's citizenship, and the U.S. government prepared to deport him to the Soviet Union to face execution. Linnas, who always maintained his innocence, appealed the decision all the way up to the U.S. Supreme Court.

In addition to arguing his innocence, Linnas's attorneys simply repeated the arguments accepted by the Kennedy administration 20 years earlier: The United States does not recognize the Soviet occupation of the Baltic states, and consequently does not recognize Soviet legal authority over Estonian territory or nationals. Moreover, Linnas had never been a Soviet citizen; there was, consequently, no basis for deporting him to the U.S.S.R. Because the case was so important, the independent Estonian, Latvian, and Lithuanian legations to the U.S. protested the planned deportation. The legations are the still diplomatically accredited representative offices of the governments overthrown by Stalin.

Dancing around this issue, the Reagan administration State Department claimed, in a declaration made to the Supreme Court on Dec. 20, 1984, that the planned deportation of Linnas to the U.S.S.R. did not contravene its policy of non-recognition of Soviet seizure of the Baltic states. The State Department lied that the administration had designated the U.S.S.R. as the place of his deportation, not under the theory that it is was his country of origin, but merely because it was a state willing to "accept such an alien in its territory." The court accepted this absurd argument and subsequently ordered Linnas deported to the U.S.S.R.

Linnas was finally deported in April 1987, as the post-Reykjavik summit, U.S.-Soviet condominium was being dramatically strengthened. At the airport, Linnas, handcuffed and still an American citizen, screamed to onlookers that he would be killed, but that he still loved America. Upon his arrival in Moscow, the Soviets promptly put Linnas into prison and announced that their 1962 legal decision was still valid. Linnas was not legally executed, however, as directed by the Soviet court; he died of a "heart attack" while in a Soviet prison, within six months of his incarceration. Now that Bush has given Gorbachov the go-ahead, there will be many more Lithuanians and other Baltic anti-communists having "heart attacks" in Soviet prisons.

Bankruptcy brief rips 'Get LaRouche' plot

A response brief was filed in federal court in Alexandria, Virginia on March 27 on behalf of three companies run by associates of Lyndon LaRouche, which were shut down in April 1987, as a result of the U.S. Department of Justice's wrongfully filed involuntary bankruptcy action against them. That bankruptcy action was overturned by federal Bankruptcy Judge Martin V.B. Bostetter in October 1989. In his decision, the judge stated that the U.S. government had acted in "bad faith."

Earlier in March, the office of the U.S. Attorney for the Eastern District of Virginia, Henry Hudson, had filed an appeal to overturn Judge Bostetter's decision.

The brief on behalf of Caucus Distributors, Campaigner Publications, and the Fusion Energy Foundation, the three companies killed in the bankruptcy action, states:

"Operating in total secrecy, the Government deliberately failed to join other creditors in the [bankruptcy] petitions, and obtained, through an *ex parte* [one-sided] and unrecorded hearing, the appointment of interim trustees. At dawn the following day, U.S. Marshals, at the direction of the Alexandria U.S. Attorney's Office, seized all assets and padlocked all offices. By mid-afternoon physical possession was turned over to the interim trustees and all business operations were terminated. . . .

"This was the second massive, armed raid upon the [companies] by the Government in six months. . . ." The first was on Oct. 6-7, 1986, when 400 heavily armed men from the federal-state "Get LaRouche" task force raided companies run by LaRouche associates.

The brief shows that this bankruptcy seizure was one part of the Justice Department's "Get LaRouche" shutdown strategy and had nothing to do with legitimate bankruptcy concerns. It states:

"Those who were in charge of the criminal prosecution participated in the decision to file and gave the final approval for the bankruptcy action. Never before had the Government filed an involuntary bankruptcy petition; the pretext for doing so in these cases was to collect contempt judgments . . . which the Government believed were essentially uncollect-

ible. The evidence established [at trial] that the . . . petitions had virtually no economic justification, but were likely to enhance the Government's criminal objectives."

Attorney David Kuney, who successfully defended the three companies in bankruptcy court, presented the facts of the Justice Department's civil and criminal divisions' collusion to bring about the involuntary bankruptcy.

The planning occurred from September 1986 to April 1987, the brief states, describing 12 critical events or meetings among members of the two divisions, from the highest levels of the Justice Department to the Boston U.S. Attorney's office, to the Alexandria U.S. Attorney's office, culminating in the decision to file the action. The vigor of the action to "get LaRouche," led by the head of the Justice Department Criminal Division William Weld, is described in the brief by Kuney:

"In September 1986, Weld . . . reportedly 'demanded action from the U.S. Attorney's office in Alexandria, which had been relatively inactive on the LaRouche investigation' . . . and was described as having just thrown a 'hand grenade into the Department of Justice.' . . . The feeling was, 'Let's hit them.' . . . Weld's directive led to the immediate issuance of search warrants on October 5, 1986. . . ."

The government appealed the bankruptcy court's dismissal, in a brief that arrogantly demeans Judge Bostetter's legal findings. The government effectively asks the U.S. District Court to consider the "special circumstances" involving "these debtors" as the reason that the law should be disregarded to overturn the decision.

Government abuses

The companies' brief, in turn, argues the actual extent of the government's deliberate ignoring of the law. The most egregious abuse of law the government engaged in was to bring these petitions alone, even though it knew that there were more than 12 creditors of each company. This legal requirement is no "mere technicality"; it is "essential and vital policy 'to protect the debtor from the harassment of ill-considered or oppressive involuntary petitions. . . .'"

The final section of the brief is the companies' own cross-appeal. Here, the brief argues that the bankruptcy court, in finding "objective bad faith," should not then have also required a finding of "subjective bad faith" in order to award punitive damages against the government for its otherwise wrongful act. Bad faith is bad faith, the companies argue. The brief states:

"The . . . Court failed to accord proper consideration to the evidence of the Government's ulterior motives. . . . [Its] self-serving testimony that it was not seeking to advance its prosecutorial goals is belied by the . . . evidence of the entanglement between the civil and criminal units pursuing Mr. LaRouche. This case began with the articulated goal of William Weld to target LaRouche; it ended with the approval to file the petitions issuing from the Criminal Division."

ADL and Pamyat make strange bedfellows

by Scott Thompson

The B'nai B'rith's Anti-Defamation League (ADL) likes to portray itself as a watchdog against anti-Semitism. But it has a new, strange bedfellow: the anti-Semitic *Pamyat* (Memory) group in the U.S.S.R., which, along with the ADL, is avidly backing the strengthened role of Mikhail Gorbachov, who recently became "Czar of All the Russias."

The alliance should be no surprise to *EIR* readers who know that the ADL's leaders include Seagram's booze baron Edgar Bronfman, the chairman of ADL's Greater New York Appeal. As columnists Rowland Evans and Robert Novak detailed in a Jan. 23, 1989 article entitled "Swap Jews for U.S. Trade?" Edgar Bronfman is part of what they call an "ugly deal," from which he stands to make millions. The "deal" is that the Bush administration waives restrictions upon Most Favored Nation trading status for the U.S.S.R., now that Gorbachov is channeling Jewish emigrants fleeing from Pamyat's anti-Semitism, straight into the Israeli occupied territories, instead of allowing them to emigrate to Western Europe or the United States.

Bronfman's partner in the "ugly deal" is ADL funder and grain cartel magnate Dwayne Andreas, who is co-chairman of the U.S.S.R. Trade and Economic Council (USTEC), a group that includes Bronfman on its executive committee and advocates trading Jews for grain sales. (See *EIR* Sept. 29, 1989, "The Bronfmans' 'Golden handshake' with Gorbachov.") Also, as *EIR* reported last December, both Andreas and Bronfman have been involved in negotiations with Gorbachov to guarantee direct transport of Soviet Jews to Israel and to permit the ADL to open an office in Moscow.

'The historic exodus of Jews'

According to the March 1990 issue of the *ADL Bulletin*, this deal was very much on the agenda of the Feb. 8-11 meeting of the ADL's National Executive Committee held at The Breakers Hotel in Palm Beach, Florida. Says the *Bulletin*, "In resolutions passed during the NEC meeting, ADL called on Soviet President Mikhail Gorbachov to publicly condemn the emergence of anti-Semitism in the Soviet Union . . . [while] one resolution pointed out that anti-Semitic sentiment including public demonstrations by such groups as the nationalistic Pamyat organization . . . has become common-

place in certain Soviet cities. Another called on the United States to 'facilitate the historic exodus of Soviet Jews to Israel' by encouraging Moscow."

No wonder that with sponsors of this ADL operation like Bronfman and Andreas, Soviet dissident refusenik Vladimir Slepak told the *Jerusalem Post* back in 1987, that "Bronfman wanted to be tricked [by Gorbachov]. After all, he is a businessman, and does very good business with the Soviets."

At the same meeting, there was a report back from the ADL's director of international affairs, Kenneth Jacobson, who had just spent 11 days in Moscow meeting with officials of what the *Bulletin* describes as "the recently established Soviet Jewish umbrella organization known as the VAAD [Confederation of Jewish Organizations and Communities in the U.S.S.R.]" to discuss the danger posed by Pamyat. VAAD co-president Mikhail Chlenov does not share Slepak's concerns about Bronfman's greedy motives, if the Moscow University professor of ethnography's visit to New York during the week of March 26-31 is any indication. While in New York, Chlenov met with Bronfman's aide at the World Jewish Congress, Elon Steinberg, to discuss the formation of a Soviet Jewish Congress. On March 28, Reuters reported that he also met with the ADL's Jacobson to hash out an agreement on investigations of neo-Nazism in Moscow.

Gorbachov's Rasputin

What the ADL has deliberately avoided, is that Pamyat and related anti-Semitic, Great Russian nationalist groups are being promoted by Gorbachov, especially through his wife Raisa Gorbachova's Soviet Cultural Fund, which has been financing the ultra-ecologist "village prose" writer Valentin Rasputin. The aptly-named Rasputin, whom Gorbachov recently named to his select Presidential Council, has been the Great Russian-chauvinist border-guard for Gorbachov and for Gorbachov's palace maverick Boris Yeltsin, who are Pamyat's real patrons.

Raisa Gorbachova got her funds for Rasputin from Anglo-Soviet Trust agent Armand Hammer, who is on the executive board of USTEC with Bronfman and Andreas. There are also reports that the U.S. Information Agency (USIA) has invited Rasputin to the United States on a visit that may start in mid-April. USIA's main East-West body is the National Endowment for Democracy (NED), whose president is the former ADL official Carl Gershman. Gershman's new executive assistant is David E. Lowe, who until recently had been associate director of the ADL's Fact Finding Department under Irwin Suall, at the time when the ADL issued its 1989 pamphlet, "Pamyat: Hatred Under Glasnost," which identified Boris Yeltsin as having given Pamyat its "official stamp of approval." But the ADL has told *EIR* that it will no longer circulate or reprint this pamphlet; meanwhile, the NED-funded Center for Democracy, Inc., champions the "reformer" Yeltsin, whose Pamyat connection it conveniently overlooks.

'No fatal flaws' in Space Station: NASA manager

Dr. William Lenoir, former astronaut and NASA manager for Space Station Freedom, had to make his third appearance on March 29 before a House committee to counter much of the "black propaganda" which has been spouted in recent days by the *New York Times* on how Space Station Freedom is "fatally flawed."

Lenoir explained how the space agency does iterative studies to estimate things such as the number of hours of EVAs (extra-vehicular activities) required for station repair and maintenance, starting with very little information, and refining the estimates as the work proceeds.

The preliminary design review for Space Station Freedom is not due until December, when more detailed estimates of factors such as the life expectancy of particular parts and components will be available. Design changes will continue to be made for the next two years.

Bush-appointed attorney confirmed for top S&L post

Timothy Ryan, Jr., the Bush appointee to head the Office of Thrift Supervision and oversee the cleanup of the nation's ailing savings and loans, was confirmed by the U.S. Senate by a 62-37 vote on April 5. Ryan has little knowledge of savings and loan institutions and had few ideas about how to restore the sector to health, although this is not necessarily a disqualification from handling an important post in the Bush administration.

As Sen. Richard Shelby (D-Ala.) commented, "Half the Cabinet members don't have any experience in their areas." Moreover, Ryan admitted to having smoked cocaine back in the 1970s. The Senate Banking Commit-

tee had rejected the Ryan nomination on Friday, March 30, but the White House claimed that they had no candidates for the job other than the 44-year-old attorney.

Ryan did considerable lobbying for himself on Capitol Hill during the next days and succeeded in garnering the needed votes in the full Senate. The qualities which led to the White House appointment of Ryan were outlined by White House spokesman Marlin Fitzwater, who said, "We want somebody who can handle the law and is pretty tough, that can go in there and straighten out the problems in this industry." For the White House the problems of the thrift sector are not a question of economics but rather of law enforcement, not "what's to be done about it?" but "who's going to take the rap?"

Shevardnadze tries to woo Senate leaders

The Soviet foreign minister undoubtedly knew that he would get sympathy from the Bush administration for the plight of Mikhail Gorbachov, although he was by no means unwitting of the outrage generated in the U.S. by the Soviet squeeze on Lithuania. He also knew that that outrage would reflect itself, however dimly, in the U.S. Senate, the body which would have to ratify any trade or arms control treaty. Therefore he took some time to meet with Senate Minority Leader Robert Dole (R-Kan.) and Majority Leader George Mitchell (D-Me.).

In the one-hour meeting with them at the Soviet Embassy, Shevardnadze also stressed that if the U.S. didn't play ball, Gorbachov might be replaced. It's a "testing time for Gorbachov," said Dole, who had been the point man for the administration in stopping the Helms Amendment, call-

ing for U.S. recognition of Lithuania. Both Mitchell and Dole have been invited to Moscow for more sweet-talk.

Senator D'Amato refused entry to Lithuania

At a Capitol Hill press conference on April 4 arranged by the Conservative Caucus, Sen. Alfonse D'Amato (R-N.Y.) had announced that he was going to leave for Lithuania that very evening, armed with a visa from the Lithuanian government (no. 003), flying to Warsaw, and then would try to cross the Polish-Lithuanian border, recently closed by the Soviets.

D'Amato said that the Bush administration was treating the Soviet tanks in Lithuania "like welcome wagons," and that the media acted "like puppy dogs" when Moscow told them to get out of Lithuania. Traveling to Poland, D'Amato was refused entry into Lithuania April 5.

Talking to Associated Press from Poland, D'Amato said, "The sooner the U.S. wakes up to what is taking place and becomes realistic, the better. Gorbachov says one thing and does another. He talks about freedom and yet denies access to a free country. That is wrong," said D'Amato. Sen. Malcolm Wallop (R-Wyo.), also speaking at the April 4 press conference, said that if Gorbachov's position was so weak that a negative statement from the White House would bring him down, "then it's not worth staking our claim on him."

Lithuania resolution wins huge House majority

On April 4, the House of Representatives in an overwhelming 416-3 vote passed House Concurrent Resolution 289 on Lithuania. It calls on the Presi-

dent "to reaffirm his commitment to an independent and democratic Lithuania and to seek ways to actively demonstrate that commitment," and "to plan for and take those steps, at the earliest possible time, that would normalize diplomatic relations between the United States and the new government of Lithuania."

It also urges the President "to seek effective political support among our allies for Lithuanian self-determination." The resolution was voted on the first day of Soviet Foreign Minister Eduard Shevardnadze's visit to the United States.

Rep. Savage counters slanders of 'anti-Semitism'

Rep. Gus Savage (D-Ill.), who has been accused of "anti-Semitism" for his attempts to expose the powerful American-Israeli Political Action Committee (AIPAC), went on the counterattack on March 30 by inviting congressional colleagues to review the tapes of the speech in which he allegedly made anti-Semitic remarks. Savage had scored his congressional opponent not because he received support from Jewish organizations, but because he had received 96% of his funding from AIPAC, which is "supportive of a foreign nation." "It's very dangerous," said Savage, "when a foreign nation can pour 96% of the money into a campaign."

"Don't confuse AIPAC with the Jewish community," Savage added. "I'm not convinced AIPAC would have the support of the Jewish community." AIPAC had launched a major campaign to defeat Savage in the congressional elections. In comments on the House floor on March 29, Savage, citing a *Washington Post* article by Charles R. Babcock, had noted that "AIPAC's major goal is maintaining

the level of foreign aid to Israel, now \$3 billion a year and deflecting arms sales to Arab countries." Savage added that AIPAC therefore was working in the interest of a foreign nation interfering in the internal affairs and the elections of this Nation."

Director of FBI: Soviet spying on the increase

In testimony before the House Judiciary subcommittee on civil and constitutional rights on April 6, FBI Director William Sessions said that because of "arms control agreements, business opportunities in both the Soviet Union and the United States, immigration policies and numerous cultural and educational exchanges, Soviet intelligence services have now a much greater opportunity than ever before to exploit the United States and its citizens in an effort to compromise our national security."

Sessions characterized as "inaccurate" the perception that spying is on the decline as a result of improved U.S.-Soviet relations. "We must not drop our guard," said Sessions, "especially when faced with the prevailing uncertainties."

Bush reneges on promise to Chinese students

Rep. Nancy Pelosi (D-Calif.), a sponsor of the proposed legislation granting asylum to Chinese students persecuted by the Chinese communist regime, said the administration had not fulfilled its promise to protect the students. In a handwritten note Jan. 24 to Rep. Connie Mack (R-Fla.), the President had said he would issue an "executive order" that "does better by the students" than the proposed congressional legislation. President Bush had

vetoed this legislation.

In fact, Bush issued no executive order, but had simply written "instructions to the Justice Department." "It's typical of a syndrome in this administration," said Pelosi, "of 'let's not do anything about it and say we did. . . . Let's say my executive order will protect the Chinese students but not do one.'" Pelosi said that nothing has been published in the *Federal Register* that would provide firm procedures for the INS to follow with regard to the students, many of whom feared to return to China after the Tiananmen Square massacre last June.

Biden calls for reinstating coffee accord

On March 30, Sen. Joseph Biden (D-Md.), chairman of the Senate Judiciary Committee, presided over hearings on the Andean countries in which he made clear his recognition of the damage being done to the economies of the Andean region due to the collapse of the international coffee pact. Biden criticized the Bush administration, saying that it had "responded very slowly and cautiously to Colombia," referring to the "heroic war of Colombia." The "caution" of the Bush administration, Biden said, was "beyond what is needed."

"Why wait until 1991 to send new aid?" he asked. "We should act now." He noted that the effect of Colombia's war on drugs was to depress the price of coca in Bolivia, which makes them ripe for crop substitution efforts, and stressed that "our response should be swift and dramatic" because there is a better chance to move farmers away from producing coca. Biden was seconded by Sen. Alan Dixon (D-Ill.), who said that he thought the coffee pact should be reinstated at once.

National News

Bush seeks user fees in biotechnology

The Bush administration, in a proposal by the Food and Drug Administration, is seeking to impose user fees in fiscal year 1991 on companies who submit biologically engineered new products for FDA approval, according to the Industrial Biotechnology Association. The proposal is supposed to save \$157 million in the budget, but will simply drive smaller research companies out of business.

The IBA has estimated that it could cost up to \$400,000 to review a drug application, which a small company could not pay. The IBA stated in testimony last week that it is "bad public policy to have the salaries of government regulators paid for by the regulated industries."

The IBA said the FDA budget will only be cut by \$49 million, and is calling for the restoration of full FDA funding. It labeled the user fee proposal as "nothing more than fancy fiscal footwork."

Anglo-American group calls for gutting NATO

A new study released over the weekend of April 1 by the Johns Hopkins Foreign Policy Institute and the Paul Nitze School of Advanced International Studies, two institutes reflecting the Eastern Establishment outlook, proposes gutting the NATO alliance.

Entitled "Changing Roles and Shifting Burdens in the Atlantic Alliance," the study proposes that NATO function as a "political" organization with European security placed in the hands of the Conference on Security and Cooperation in Europe (CSCE), which includes Eastern Europe and the U.S.S.R.

The study calls for the cancellation of the Lance missile and troop reductions in Europe to the level of 70,000 to 80,000 by the end of the decade.

The study was immediately endorsed by Sen. Sam Nunn (D-Ga.), chairman of the Senate Armed Services Committee, who

participated in the preparation of the study led by former Defense Secretary Harold Brown and former Treasury Secretary William Simon.

Monetarists see good news in U.S. economy

Monetarists, those afflicted with moral dementia who insist there is no difference between a productive investment and social depravity, were heartened by the "good economic news" that the latest Teenage Mutant Ninja Turtle movie had the highest gross receipts ever.

But casinos, a counterpart to the Hollywood-pumped economy, were having some trouble. Donald Trump forced the Philadelphia investment house Janney Montgomery Scott to fire analyst Marvin Roffman after he told the *Wall Street Journal* that "the market just isn't there" for the Trump Taj Mahal in Atlantic City to succeed. Roffman had pointed out that the deal was so debt-ridden that even a week of rainy weather would force the casino under.

GOP pederasty scandal still under the rug

Larry King, the Republican wheeler dealer whose upcoming trial threatened to involve national political figures in charges of child sexual abuse, has been declared incompetent to stand trial by a federal judge and has been hospitalized for treatment of a "paranoid disorder."

A federal jury this summer was scheduled to decide whether King was guilty as charged of looting \$38 million from the Franklin Community Federal Credit Union in a predominantly black neighborhood of North Omaha, Nebraska. It was then charged that the embezzled funds had been used in part to fund orgies in which foster children were made available to Republican Party notables at parties in both Nebraska and other states.

The FBI and all local law enforcement authorities dismissed the child abuse

charges as unsubstantiated, but a special legislative committee has persisted in its investigations, and has forced a grand jury to be convened to examine new evidence.

The names of President Bush and former *Omaha World Herald* publisher Harold W. Andersen briefly surfaced in connection with the King-sponsored parties, but no list of the alleged child abusers has ever been released by the committee investigating the charges.

Bush allies with 'pagan' culture, columnist says

Columnist Patrick Buchanan charged that the Bush administration has allied itself with a "pagan" culture in a March 30 column attacking the National Endowment for the Arts support for the panoply of cultist rituals and obscenities which comprise the so-called "arts."

"The arts crowd is after more than our money, more than an end to the congressional ban on funding obscene and blasphemous art. It is engaged in a cultural struggle to root out the old America of family, faith, and flag, and recreate society in a pagan image," Buchanan charged.

"There is a war about the fundamental values of this country; and to see the White House endorse an increase in money for the NEA, and removal of any constraints on the recipients is to suggest, that, in the battle for America's soul, the administration plans to be something less than a fighting ally."

Trilateral Commission meets on Mother Earth

The Trilateral Commission will unveil a major task force report on environmentalism entitled "Beyond Interdependence: The Meshing of the World's Economy and the Earth's Ecology," when it meets in Washington for a three-day conference beginning April 21, according to a commission spokesman.

The report will be a follow-on to the Brundtland Commission report *Our Com-*

mon Future, and is co-authored by Jim O'Neill, the secretary general of the Brundtland Commission and lead author of that report. The report "will create quite a splash; it will be very policy-specific," a commission official told a journalist March 23.

The conference will also focus heavily on recent developments in Europe, and the U.S. response. Jacques Delors will keynote a panel on "Global Implications of Change in Europe," which is also expected to be addressed by a Soviet Politburo member. Count Otto von Lambsdorff, along with a representative of Poland's Solidarnosc movement and Zbigniew Brzezinski, will speak on "Regional Implications of Change in Europe."

Michael Boskin, head of President Bush's Council of Economic Advisers, will host a panel on "International Economic Cooperation," which will also include an official of the Japanese Foreign Ministry and a European representative.

Secretary of Defense Richard Cheney and Sony chairman Akio Morita, who wrote *A Japan That Can Say No*, will also speak. The Trilateral Commission will also issue a second report on Ibero-America.

CIA to host seminar on Russian chauvinists

The CIA is scheduled to host a seminar in Washington in April to discuss the best approach to establishing working relations with the different currents in the anti-Western, anti-Semitic, blood-and-soil-worshipping Raskolniki Russian nationalist movement. These Russian chauvinists are fixated on preserving the "Rodina," Mother Russia.

Dr. John Dunlop, a Sovietologist with the Hoover Institute and advocate of playing the "Russian nationalist card," will lead the seminar, which is part of a broader campaign being waged by a grouping in the intelligence community linked to the Anti-Defamation League and social democratic apparatus associated with the National Endowment for Democracy (NED), to open up relations with the Pamyat-linked "Russian Party." In May, a Pamyat-linked delegation including Gorbachov Presidential Council

member Valentin Rasputin and right-wing Russian nationalist Vladimir Volodin will be in Washington with State Department clearance.

The irrational logic behind playing the Russian nationalist card is that once they are securely in power, Gorbachov or not, they will no longer pose a military threat to the West. This logic extends to rationalizing U.S. non-intervention in Lithuania on the proposition that they are fed up with subsidizing these minority republics and will let them go as in Eastern Europe.

Bush advised Marcoses on funds, says attorney

Imelda and Ferdinand Marcos spirited millions of dollars out of the Philippines with the full knowledge of the CIA and invested it in U.S. real estate on the advice of Vice President Bush, Imelda Marcos's attorney told a court April 3.

Defense attorney Gerald Spence told the federal court he may seek to call President Bush as a witness in the racketeering, fraud, and conspiracy trial of the former Philippines First Lady.

Spence said the millions taken secretly out of the Philippines and invested in four Manhattan skyscrapers were a contingency measure to fund Marcos's return to power if communists took over the Philippines. Spence said the Marcoses moved millions out of the country, starting in the early 1970s, because they feared a communist takeover. "The CIA knew all about it. It was an open secret between the CIA and the Marcoses," Spence said.

He said that in 1981 the Reagan administration was concerned Marcos was about to invest in Libya, because Mrs. Marcos had become friends with Libyan leader Muammar Qaddafi. "Then Vice President George Bush went to the Philippines. He said he didn't want the Marcoses to deal with Qaddafi. He said to them, 'Why don't you invest in American real estate?' So the Marcoses, in an attempt to keep the goodwill of the United States, abandoned their idea of investing in Libya and began to buy real estate in Manhattan."

Briefly

● **THE DEFENSE** Department will no longer review exports of certain mainframe computers, telecommunications equipment, and medical equipment to the Soviet Union and Eastern Europe, and thereby ease curbs on high-technology exports, the April 2 *Wall Street Journal* reported.

● **SEN. JOHN WARNER**, (R-Va.) who touts himself as a strong supporter of the War on Drugs, in September 1988 at the behest of his former spouse, Liz Taylor, successfully sponsored a piece of legislation to exempt her son Michael Wilding, from immigration laws which would have kept him out of the country because of a drug conviction in Britain.

● **BETWEEN THREE** and 3.5 million Americans are paid less than \$3.80 an hour, according to Department of Labor estimates which is the number of people that will be affected by the new U.S. minimum wage, which rose from \$3.35 an hour to \$3.80 an hour on April 1.

● **ONE-THIRD** of U.S. state legislatures are deliberating requiring warning labels on recordings of rock and rap music, the *Wall Street Journal* reported April 2. This has caused the record companies to agree on a voluntary industry-wide standard warning label, "Explicit lyrics, parental advisory," or the printing of the lyrics on the record jacket.

● **THE WHITE HOUSE** does not yet have a position on whether Most Favored Nation trading status should be renewed for Communist China when the current treaty expires in May, spokesman Marlin Fitzwater said March 28.

● **THE DEFENSE** in the Iran-Contra trial of former White House national security adviser Adm. John Poindexter rested on March 28 without his attorneys calling him to testify. Prosecution witness Oliver North was deemed so effective that prosecutor Dan Webb shortened his case.

Editorial

Invest in America

At a time when sheer lunacy is gripping the U.S. Senate, as exemplified by their passage of the Clean Air Act—which would more appropriately be named the Great Depression Act—a proposal by Lyndon LaRouche for the kind of major infrastructure investment which would get the U.S. economy back on track, is especially important. Not only is it correct, but—unlike so much that passes as policy in the United States today—it is sane.

The proposal was prompted by consideration of the issue raised by Senator Moynihan, who justifiably criticized the fact that the administration is raiding the Social Security Fund which is \$60 billion in surplus. LaRouche's alternative would be to invest this money to rebuild the nation's basic infrastructure. This would benefit the taxpayer far more than the individual rebates proposed by Moynihan.

Moynihan is quite right in pointing out that over the past 25 years, the federal Social Security Fund has been a disguised tax, which has been used to reduce the federal budget deficit. However, reducing the Social Security tax at this time, when federal, state, and local government revenues are declining, would only escalate the economic crisis of government, and therefore not be of benefit to the taxpayer. The Reagan-Bush tax reforms were particularly unfair to those in the lowest tax brackets, but their worst aspect was the fact that they provided a stimulus to speculative rather than productive investment.

LaRouche proposes that the use of these funds would be coupled with a two-tier interest rate, so that federal credit for such infrastructure investment could be offered at a 1-2% level. Federal lending to assist these projects could come in the form of issues, under Article 1 of the Constitution, of federal Treasury notes, loaned in a national banking mode, parallel to other lending channels, at 1-2% and loaned exclusively for projects such as these basic economic infrastructure projects of national value.

Other items could be added to that category later as a part of a much-needed national economic recovery program. This would be coupled with a special investment tax credit similar to that enacted during the Ken-

edy presidency. Thus the LaRouche program would build upon the existing surplus, to generate a major non-inflationary impetus for growth to the whole economy.

Rail improvements, major water projects, electrical power generation, communications, and so forth, would be considered premium projects to receive investment from the Social Security Fund, but also from private sources. Essentially these investments would be a kind of utility stockholding, which would be guaranteed by the government. The government might even offer to match private investment in these areas.

This proposal is similar in nature to the policy which LaRouche recently proposed as the basis for the economic reunification of Germany: that Germany become the focal point for high-technology investment in basic infrastructure. The development triangle which he proposed, which would include Austria and France and would service Eastern Europe, would be the basis for hope that the otherwise impending global economic collapse might be averted.

The United States, unfortunately, is on precisely the reverse track—preferring trade war to investment. The Clean Air Act is the final nail in the coffin of technological obsolescence which now characterizes once preeminent American industry. The last 15 years have been marked by the formation of a bankrupt financial bubble, under the programs of the Carter administration, and then Reagan-Bush administrations. This has resulted in cannibalization of the physical economy, basic economic infrastructure, agriculture, manufacturing, high-technology services, exports, and high-technology imports.

Beneath all the hullabaloo about George Bush's skill to prevent the New York stock market from crashing, the fact is that the U.S. economy, not Japan's, is in deep trouble. The problem is that when the inevitable crash occurs, the United States will bring down Europe and Japan as well, driving the world economy into a dark age.

We heartily endorse LaRouche's program for America, as should all those who currently suffer from its aggressively monetarist politics.

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U.S.A. vs.
Lyndon LaRouche, et al.



Judge Albert V. Bryan was the judge who finally accomplished what a federal government "Get LaRouche" Strike Force had been attempting to do since 1983. That task force swung into motion using the resources of the FBI, CIA, IRS, and private agencies, at the instigation of Henry Kissinger, who bragged in the summer of 1984 that "we'll take care of LaRouche after the elections."

The first federal case against LaRouche and his associates, held in Boston before Federal Judge Robert Keeton, backfired on the government. A mistrial was declared, and the jury said they would have acquitted everyone on *all* charges.

But in Alexandria federal court, the "rocket docket" did the job. Judge Bryan hand-picked the jury in less than two hours, excluded all evidence of government harassment, and rushed the defense so rapidly that convictions were brought in on all counts in less than two months from the indictment.

LaRouche was sent to jail for 15 years, on January 27, 1989, a political prisoner. The conviction and imprisonment have provoked protests of outrage from around the world. In this book, you'll see why.

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